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BY E-MAIL

November 4, 2011

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Milton Hydro Distribution Inc.
2012 IRM3 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2011-0183**

In accordance with the Notice of Application and Hearing, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to Milton Hydro Distribution Inc. and to all other registered parties to this proceeding.

In addition please advise Milton Hydro Distribution Inc. that responses to interrogatories are due by November 21, 2011.

Yours truly,

Original Signed By

Georgette Vlahos
Analyst – Applications & Regulatory Audit

Encl.

**Milton Hydro Distribution Inc.
EB-2011-0183**

Board Staff Interrogatories

MANAGER'S SUMMARY

Interrogatory #1

Ref: EB-2009-0204 Decision

Ref: EB-2010-0137 Application and Draft Rate Order

Ref: EB-2011-0183 Application

As part of Milton Hydro's 2010 Rate Application (EB-2009-0204), the Board approved Milton Hydro's proposal to include the global adjustment sub-account rate rider as an adjustment to the monthly Provincial Benefit line on its bills to non-RPP customers. Again, as part of Milton Hydro's Settlement Agreement from their 2011 Cost of Service Rate Application (EB-2010-0137), it was decided that the disposition of Account 1588 – Global Adjustment sub-account would be billed to only non-RPP customers, excluding the MUSH sector (see Appendix A), as a separate line item with the global adjustment, or Provincial Benefit, as it is identified on the customer's bill¹.

Accordingly, for their its 2012 IRM3 Application (EB-2011-0183), Milton Hydro is seeking an "approval for the disposition of its December 31, 2010 RSVA Sub-Account Global Adjustment – USoA 1588 in the amount of (\$1,459,049) by way of a kWh credit to be applied to Non-RPP customers as a separate line item on the bill with the Global Adjustment charge or credit²".

Board staff notes that the decisions on most 2011 IRM Applications directed the GA sub-account rate rider be included in the delivery line of the bill.

- (A) Please confirm whether or not Milton Hydro is requesting to continue to include the GA sub-account rate rider, if approved by the Board, as part of the Provincial Benefit of a customer's bill.
- (B) If Milton Hydro intends to continue to include the GA sub-account rate rider as part of the Provincial Benefit line, please provide an explanation as to why.
- (C) Please confirm whether or not Milton Hydro's billing systems facilitate the inclusion of the GA sub-account rate rider in the delivery line of the bill.
- (D) If the answer to (C) is no, please provide the status of Milton Hydro's CIS system and if applicable, a tentative timeline of when it will be upgraded.

¹ EB-2010-0137, Application, Exhibit 9, Page 15

² EB-2011-0183, Manager's Summary, Pages 30-31.

Interrogatory #2

Ref: Manager's Summary, EB-2011-0183, Page 17

"Milton Hydro removed the Global Adjustment Sub-Account 1588 balance from the Group 1 Deferral and Variance Accounts and has prepared a separate continuity schedule specifically related to the Global Adjustment Sub-Account."

Board staff notes that the threshold testing methodology proposed by Milton is not consistent with the EDDVAR Report. In the EDDVAR Report, the Board established a preset disposition threshold of \$0.001 per kWh during the IRM plan term for all Group 1 account balances combined. Board staff also notes that if Milton Hydro were to include this balance in with the other Group 1 Accounts, the Threshold Test, as provided by the EDDVAR Report, would have been exceeded thus causing a higher credit back to customers.

- (A) Please explain Milton Hydro's reasoning for choosing to prepare a separate continuity schedule for Account 1588 – Global Adjustment Sub-Account.
- (B) Please explain Milton Hydro's reasoning for applying a separate threshold test for the 1588 Global Adjustment Sub-Account.

Interrogatory #3

Ref: Manager's Summary, EB-2011-0183, Page 20

Table 11
2011 Global Adjustment Continuity Schedule, Projected Interest & 2.1.7 RRR

Account Descriptions	Account Number	2011				Projected Interest on Dec-31-10 Balances			2.1.7 RRR	Variance RRR vs. 2010 Balance (Principal + Interest)
		Principal Disposition during 2011 - instructed by Board	Interest Disposition during 2011 - instructed by Board	Closing Principal Balances as of Dec 31-10 Adjusted for Dispositions during 2011	Closing Interest Balances as of Dec 31-10 Adjusted during 2011 Disposition	Projected Interest from Jan 1, 2011 to December 31, 2011 on Dec 31-10 balance adjusted for disposition during 2011 ⁶	Projected Interest from January 1, 2012 to April 30, 2012 on Dec 31-10 balance adjusted for disposition during 2011 ^{6,7}	Total Claim	As of Dec 31-10 ⁴	
				\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 688,738	\$ 3,891	\$ 1,418,330	\$ 3,958	\$ 20,849	\$ 6,912	\$ 1,450,049	\$ 729,660	\$ 0
				\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
				\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 688,738	\$ 3,891	\$ 1,418,330	\$ 3,958	\$ 20,849	\$ 6,912	\$ 1,450,049	\$ 729,660	\$ 0

Board staff has been unable to verify the figure entered for Milton's RRR 2.1.7 filing as at December 31, 2010 for Account 1588 – Global Adjustment Sub-Account.

- (A) For Account 1588 – Global Adjustment Sub-Account, please provide a reconciliation of the regulatory trial balance that is reported to the Board as part of the RRR data and the audited financial statements.

REVENUE TO COST RATIO WORKFORM

Interrogatory #4

Ref: Revenue to Cost Ratio Adjustment Workform, Tab 6

Rate Class	Direction	Current Year 2011	Transition Year 1 2012	Transition Year 2 2013	Transition Year 3 2014	Transition Year 4 2015	Transition Year 5 2016
Residential	No Change	104.40%	104.40%	104.40%	104.40%	104.40%	104.40%
General Service Less Than 50 kW	Rebalance	99.20%	tbd	tbd	tbd	tbd	tbd
General Service 50 to 999 kW	Rebalance	83.20%	tbd	tbd	tbd	tbd	tbd
General Service 1,000 to 4,999 kW	Rebalance	115.00%	tbd	tbd	tbd	tbd	tbd
Large Use	Rebalance	115.00%	tbd	tbd	tbd	tbd	tbd
Unmetered Scattered Load	Rebalance	110.00%	tbd	tbd	tbd	tbd	tbd
Sentinel Lighting	Change	44.50%	70.00%	0.00%	0.00%	0.00%	0.00%
Street Lighting	Change	41.70%	70.00%	0.00%	0.00%	0.00%	0.00%

Board staff notes that for rate classes General Service Less than 50 kW, Sentinel Lighting and Street Lighting the R/C ratios listed differ slightly from what was reported in Milton Hydro's previous Cost of Service decision (EB-2010-0137).

- (A) If Milton Hydro believes the above figures are correct, please provide an explanation.
- (B) If Milton Hydro is of the view that these figures should be altered, please confirm and Board staff will update tab 6 with those numbers reported in Milton Hydro's previous Cost of Service decision.

TAX-SHARING WORKFORM

Interrogatory #5

Ref: A portion of the 2012 Tax Savings WorkForm, Tab 3

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C
RES	Residential	Customer	kWh	27,082	260,408,065	
GSLT50	General Service Less Than 50 kW	Customer	kWh	2,286	75,603,703	
GSGT50	General Service 50 to 999 kW	Customer	kW	293	188,689,653	511,697
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	13	112,523,353	230,486
LU	Large Use	Customer	kW	2	85,702,235	188,668
USL	Unmetered Scattered Load	Connection	kWh	201	1,519,815	
Sen	Sentinel Lighting	Connection	kW	272	167,188	465
SL	Street Lighting	Connection	kW	2,865	6,320,787	17,810

Ref: EB-2010-0137, Settlement Agreement, Appendix D

2011 Test Year Updated Load Forecast			
Milton Hydro Customer Class Load Forecast			
Description	Original As per Application	As per Settlement	Change
2011 Test Year Billed kWh	702,037,607	730,934,799	28,897,192
By Class			
Residential Customers kWh	27,832	27,832	-
General Service < 50 kW Customers kWh	258,520,606	260,408,065	1,887,459
General Service > 50 to 999 kW Customers kWh	2,315	2,315	(0)
General Service > 1000 to 4999 kW Customers kWh	75,044,767	75,603,703	558,936
Large User > 4999 kW Customers kWh	299	299	(0)
Streetlights Connections kWh	187,300,109	188,689,653	1,389,544
Sentinel Lights Connections kWh	507,929	511,697	3,768
Unmetered Loads Connections kWh	11	13	2
Total of Above Customer/Connections kWh	94,342,584	112,523,353	18,180,769
	193,246	230,486	37,240
	2	2	-
	78,821,751	85,702,235	6,880,484
	173,521	188,668	15,147
	2,895	2,895	0
	6,320,787	6,320,787	(0)
	17,810	17,810	(0)
	270	270	0
	167,188	167,188	0
	465	465	0
	208	208	(0)
	1,519,815	1,519,815	0
	33,832	33,834	2
	702,037,607	730,934,799	28,897,192
	892,971	949,126	56,155

Board staff notes that some of the number of customers/connections differ in column A than to what was agreed upon in Milton Hydro's 2011 Cost of Service Settlement Agreement.

- (A) Please confirm if the numbers reported in the Settlement Agreement are correct and whether Milton Hydro agrees that these should be reflected in the Tax-Savings Workform. If so, Board staff will make the necessary changes to Milton Hydro's Tax-Savings Workform.
- (B) If the answer to (A) is no, please provide support for the figures reported in the Workform.

Interrogatory #6
Ref: 2012 Tax Savings Workform, Tab 6

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Z-Factor Tax Change\$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	\$8,403,394.4970	63.77%	-\$17,692	260,408,065	0	-\$0.0001	
General Service Less Than 50 kW	\$1,703,293	12.93%	-\$3,586	75,603,703	0	\$0.0000	
General Service 50 to 999 kW	\$1,525,287	11.58%	-\$3,211	188,689,653	511,697		-\$0.0063
General Service 1,000 to 4,999 kW	\$827,895	6.28%	-\$1,743	112,523,353	230,486		-\$0.0076
Large Use	\$543,958	4.13%	-\$1,145	85,702,235	188,668		-\$0.0061
Unmetered Scattered Load	\$44,660	0.34%	-\$94	1,519,815	0	-\$0.0001	
Sentinel Lighting	\$9,367	0.07%	-\$20	167,188	465		-\$0.0424
Street Lighting	\$119,254	0.91%	-\$251	6,320,787	17,810		-\$0.0141
	\$13,177,109	100.00%	-\$27,742				

Ref: Chapter 3 of the Filing Requirements for Transmission and Distribution Applications, dated June 22, 2011, Page 17

The IRM Filing Requirements stated the following: “A shared tax saving workform will include a schedule for a distributor to complete, which will calculate a volumetric rate rider. Occasionally, the calculated rate adders or rate riders for one or more rate classes may be negligible. In the event that the calculation of one or more rate classes’ rate rider results in energy-based kWh rate riders of \$(0.0000) when rounded to the fourth decimal place and demand-based kW rate riders of \$(0.00) when rounded to the second decimal place, or is negligible, the distributor may apply to record the amount to be recovered or refunded in USoA 1595 disposition in a future rate setting.”

Board staff notes that for the rate class General Service < 50kW, the rate rider rounds to \$(0.0000).

- (A) Please confirm whether or not Milton Hydro wishes to refund/recover to customers the above amounts, or alternatively, to record the amounts in USoA 1595 to be addressed in a future rate proceeding.

- (A) Please confirm whether or not “Interval Metered” should be listed for the Large Use rate class in both the Rate Generator and Milton Hydro’s proposed tariff sheet and Board staff will make the necessary adjustments, if any.

ACCOUNT 1521 – SPECIAL PURPOSE CHARGE

Interrogatory #9

Ref: 2012 IRM Rate Generator, Tab 9

- (A) Please confirm what amount Milton Hydro paid in regards to the SPC Assessment and provide a copy of the original invoice.
(B) Please complete the following table related to the SPC.

SPC Assessment (Principal balance)	Amount recovered from customers in 2010	Carrying Charges for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charges Balance	Amount recovered from customers in 2011	Carrying Charges for 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted December 31, 2011 Carrying Charges Balance	Total for Disposition (Principal & Interest)

TARIFF OF RATES AND CHARGES

Interrogatory #10

Ref: A portion of Milton Hydro's Current Tariff of Rates and Charges effective May 1, 2011

Optional Interval/TOU Meter charge \$/month	\$	5.50
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35
Clearance Pole Attachment charge \$/pole/year	\$	5.59

Ref: A portion of Milton Hydro's Proposed Tariff of Rates and Charges effective May 1, 2012

Optional Interval/TOU Meter charge \$/month	\$	5.50
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35

Board staff notes that Milton Hydro's proposed Tariff of Rates and Charges does not include the line item "Clearance Pole Attachment charge \$/pole/year" as seen on Milton Hydro's current Tariff of Rates and Charges.

- (A) If Milton Hydro has inadvertently omitted this line item, please confirm, and Board staff will make the necessary changes to the proposed Tariff sheet.
(B) If the answer to (A) is no, please provide an explanation as to why this has been omitted from Milton Hydro's proposed Tariff of Rates and Charges.

LOST REVENUE ADJUSTMENT MECHANISM (“LRAM”)

Interrogatory #11

Ref: Manager’s Summary, Page 26 of 33

Ref: Appendix O, Page 2 of 31

On page 26 of 33 of the Manager’s Summary, Milton Hydro requests recovery of an LRAM amount of \$257,136 in relation to its CDM activities for 2005 to 2010. On page 2 of 31 of Appendix O, Milton Hydro requests an LRAM amount of \$315,727 for all CDM activities for 2005 to 2010.

- (A) Please discuss why Milton Hydro has included a request for recovery of two different LRAM amounts for the 2005 to 2010 period.
- (B) Please confirm that Milton Hydro is requesting recovery of \$257,136 as indicated in the Manager’s Summary.
- (C) Please confirm that Milton Hydro has relied on all final OPA program results in calculating applicable LRAM amounts for OPA funded CDM Programs delivered between 2007 to 2010.

APPENDIX A
Milton Hydro Distribution Inc.'s 2011 Cost of Service Application [EB-2010-0137],
Page 1139

Table 13 -
Proposed Rate Riders by Customer Class

Rate Class	Billing Parameter	Proposed Rate Rider, May 1, 2011 - April 30, 2012
Residential	kWh	(0.0007)
General Service <50kW	kWh	(0.0008)
General Service >50 kW < 999 kW	kW	(0.3405)
General Service >1000kW < 4999 kW	kW	(0.4110)
Large User Class	kW	(0.3564)
Sentinel Lights	kW	(0.2828)
Street Lighting	kW	(0.3348)
Unmetered & Scattered	kWh	(0.0007)

Proposed Separate Rate Rider		
Non-RPP Customers - only	kWh	0.0023

Global Adjustment Variance Account – 1588 Power

The Global Adjustment Variance Account captures the difference between the global adjustment billed to Non-RPP consumers and the global adjustment charged by the Independent Electricity System Operator. Consistent with the OEB Decision on Milton Hydro's 2010 IRM Rate Application, March 25, 2010, EB-2009-0204, Milton Hydro is proposing that a separate rate rider be established to dispose of this variance amongst Non-RPP customers, excluding the MUSH sector. Milton Hydro proposes to exclude the MUSH sector at this time as the Global Adjustment Variance Account relates to the 2009 year and the MUSH customers only became Non-RPP customers effective November 1, 2009.

Milton Hydro global adjustment rate rider is set out in Table 13 above. Milton Hydro will identify this rate rider as a separate line item with the global adjustment, or Provincial Benefit, as it is identified on the customer's bill.