

**IN THE MATTER OF** the Ontario Energy Board Act, 1998, being  
Schedule B to the Energy Competition Act, 1998, S.O. 1998, c.15;

**AND IN THE MATTER OF** an Application by Milton Hydro  
Distribution Inc. to the Ontario Energy Board for an Order or  
Orders approving or fixing just and reasonable rates and other  
service charges for the distribution of electricity as of May 1, 2012.

**MILTON HYDRO DISTRIBUTION INC. (“Milton Hydro”)  
APPLICATION FOR APPROVAL OF 2012 ELECTRICITY  
DISTRIBUTION RATES**

**Response to Vulnerable Energy Consumers Coalition Interrogatories**

**Filed: November 15, 2011**

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## **Revenue to Cost Ratio Adjustment**

### **VECC Question # 1**

**Reference:** 2012 IRM Revenue Cost Ratio Adjustment Workform

- a) Please reconcile the re-based billed customers or connections shown on Sheet 3 of the above Workform, to the customers/connections provided in EB-2010-0137 Draft Rate Order for 2011 rates, Appendix D: 2011 Test Year Update Load Forecast.
- b) Please confirm Milton's Revenue to Cost ratios for 2012 as approved in EB-2010-0137, with references.
- c) Please provide a reference to the evidence in EB-2010-0137 that supports the Revenue Requirement from Rates, \$13,177,109, shown on Sheet 5 of the 2012 IRM Revenue Cost Ratio Adjustment Workform.

### **Response:**

- a) In setting rates for its 2011 Cost of Service Application, Milton Hydro used the average number of customers, being an average of opening and closing customer counts for 2011. This is reflected in Milton Hydro's Rate Design Model Tab B – Forecast Data For 2011, as filed in Milton Hydro's Application dated August 26, 2010. Milton Hydro was not required to re-file its live models as part of the Settlement Agreement. The updated Tab B – Forecast Data For 2011, provided in Table IR #1a below, reflects the average number of customers used in calculating Milton Hydro's 2011 distribution rates after adjusting for the Settlement Agreement customer counts, kWh and kW. Milton Hydro submits that the appropriate data to be used in this application is the same data that Milton Hydro used in setting its 2011 Rates and therefore no change is required to Sheet 3 of the 2012 IRM Revenue Cost Ratio Adjustment Workform.

**Table IR #1a**  
**Rate Design Model Tab – Forecast Data For 2011**  
**Adjusted for Settlement Conference**

<b>MILTON HYDRO DISTRIBUTION INC.</b>		
<b>Forecast Data For 2011 Test Year Projection</b>		
<b>Sum of Quantity</b>		
<b>Class</b>	<b>Unit of Measure</b>	<b>2011 Test Year Normalized</b>
Residential	# of Customers kWh	27,082 260,408,065
GS < 50 kW	# of Customers kWh	2,286 75,603,703
GS >50 to 999 kW	# of Customers kW kWh	293 511,697 188,689,653
GS >1000 to 4999 kW	# of Customers kW kWh	13 230,486 112,523,353
Large Use	# of Customers kW kWh	2 188,668 85,702,235
Sentinel Lights	# of Connections kW kWh	272 465 167,188
Street Lighting	# of Connections kW kWh	2,865 17,810 6,320,787
Unmetered and Scattered	# of Connections kWh	201 1,519,815
Total Check	# of Cust/Con kW kWh	33,014 949,126 730,934,799

- b) Milton Hydro's proposed 2012 revenue to cost ratios were not approved as part of the EB-2010-0137 Settlement Agreement and Draft Rate Order. Milton Hydro had proposed

2012 revenue to cost ratios in its original Cost of Service Rate Application filed August 26, 2010, however, as a result of the Settlement Agreement the 2011 proposed revenue to cost ratios were changed which superseded the original Cost of Service Rate Application. The revenue to cost ratios agreed to in the Settlement Agreement are reproduced below from the Settlement Agreement Appendix K.

The revenue to cost ratios agreed to per the Settlement Agreement, Section 7.2, for Milton Hydro's 2011 Cost of Service Rate Application were based on:

- The revenue to cost ratio for the General Service >50 to <999 kW customer class will remain at 83.2% as shown in the results of Milton Hydro's original cost allocation model as filed.
- The revenue to cost ratio for the General Service 1,000 to 4,999 kW and the Large User customer classes will be reduced to 115% from 121.4 % and 127.1% respectively; and
- The revenue to cost ratio for the Residential customer class will be reduced from 105.4% to 104.4% to balance the revenue requirement accordingly.

Milton Hydro proposes to adjust the Street Lighting and Sentinel Lighting revenue to cost ratios to the bottom of the OEB revenue to cost range of 70%. In allocating the additional revenue received from the Street Lighting and Sentinel Lighting customer classes, Milton Hydro maintained the same philosophy used in determining the revenue to cost ratios for Milton Hydro's 2011 Cost of Service Rate Application, being to minimize the impact on the General Service >50 to <999 kW customer class and reduce the over-subsidization by the General Service 1,000 to 4,999 kW and the Large User customer classes. Milton Hydro accomplished this in the 2012 IRM Revenue Cost Ratio Adjustment Workform. The Table IR #1b below sets out the revenue to cost ratios for both the Settlement Agreement and this Application.

## Appendix K

### 2011 Test Year Updated Revenue to Cost Ratios

MILTON HYDRO DISTRIBUTION INC.

Class	Dist Rev At Existing Rates % (per Application)	Dist Rev At Existing Rates % (per Settlement)	Fixed Distribution Revenue (per Application)	Fixed Distribution Revenue (per Settlement)	Variable Distribution Revenue (per Application)	Variable Distribution Revenue (per Settlement)	Transformer Allowance (per Application)	Transformer Allowance (per Settlement)	Gross Dist. Rev. (per Application)	Gross Dist. Rev. (per Settlement)	Cost Ratios per Cost Allocation Model	Cost Ratios per Cost Allocation Model (per Settlement)
Residential	63.93%	64.61%	4,991,751	4,872,916	3,707,307	3,645,473			8,699,058	8,518,390	104.0%	104.4%
GS < 50 kW	13.21%	13.08%	460,534	439,352	1,336,709	1,284,727			1,797,243	1,724,079	99.4%	99.4%
GS >50 to 999 kW	12.91%	11.43%	310,582	264,785	1,446,260	1,242,150	41,349	41,656	1,798,191	1,548,591	85.1%	83.2%
GS >1000 to 4999 kW	4.64%	5.35%	136,070	142,799	495,209	563,227	111,058	127,189	742,337	833,215	121.4%	115.0%
Large Use	3.97%	4.19%	101,268	96,916	438,335	456,114			539,603	553,029	127.1%	115.0%
Sentinel Lights	0.07%	0.07%	4,801	4,587	5,165	4,934			9,966	9,521	18.9%	44.4%
Street Lighting	0.94%	0.92%	39,091	37,218	88,543	84,302			127,633	121,520	13.2%	41.6%
Unmetered and Scattered	0.34%	0.34%	19,990	19,390	26,569	25,771			46,559	45,161	110.2%	110.0%
	100%	100%	6,064,087	5,877,962	7,544,097	7,306,698	152,407	168,844	13,760,590	13,353,505		

**Table IR #1b**  
**2012 IRM Revenue Cost Ratio Adjustment Workform**  
**Comparison Summary of Settlement Agreement to Sheet 5 Proposed Revenue Cost Ratios**

Rate Class	Current Revenue Cost Ratio per Settlement Agreement	Milton Hydro's Proposed 2012 Revenue Cost Ratio
Residential	104.4%	104.4%
General Service Less Than 50 kW	99.4%	99.2%
General Service 50 to 999 kW	83.2%	83.8%
General Service 1,000 to 4,999 kW	115.00%	105.0%
Large Use	115.00%	105.0%
Unmetered Scattered Load	110.00%	105.0%
Sentinel Lighting - to bottom of range	44.4%	70.0%
Street Lighting - to bottom of range	41.6%	70.0%

- c) Milton Hydro's approved Base Revenue Requirement as agreed to in the Settlement Agreement was \$13,005,180. The Base Revenue Requirement is then adjusted for the Transformer Allowances in the amount of \$168,884 in order to set the appropriate distribution rates. Milton Hydro's Rate\_Design\_Model\_2011, as updated for the Settlement Agreement, provided for a rounding error of \$2,391 (Tab Dist. Rev. Reconciliation). Milton Hydro submits that the remaining \$693 is also rounding in the 2012 IRM Revenue Cost Ratio Adjustment Workform itself. The following Table IR #1c provides a summary of the determination of Milton Hydro's 2011 distribution revenue requirement.

**Table IR #1c**  
**Summary of Distribution Revenue Requirement**

Description	Amount
Service Revenue Requirement	14,464,579
Less: Revenue Offsets	1,459,399
<b>Total Base Revenue Requirement - per Settlement Agreement</b>	<b>13,005,180</b>
Addback Transformer Allowances	168,844
Gross Revenues For Rates	13,174,025
2012 IRM Revenue Cost Ratio Adjustment Workform	13,177,109
Rounding	3,084

## **Lost Revenue Adjustment Mechanism**

### **VECC Question # 2**

**References:** Manager's Summary, Page 27, Table 17 Appendix O, Page 17, Table 16

Preamble: Table 17 in the Manager's Summary provides a summary of 2005 to 2010 LRAM Amounts by CDM Program year. The total LRAM claim for Year 2008 of \$44,603 provided in Table 17 differs from the details provided in Appendix O regarding the total 2008 LRAM claim by customer class of \$32,088. Please reconcile.

### **Response:**

Table 17 in the Manager's Summary which provides a summary of 2005 to 2010 LRAM Amounts by CDM Program year and the total LRAM Claim for the Year 2008 of \$44,603 is correct. The Table 16 in Appendix O is a broken link to the excel spreadsheet that feeds the summary table. Milton Hydro has provided the correct Table 16 of Appendix O below in Table IR #2.

**Table IR #2**

**Appendix O – Table 16**

**Total 2008 LRAM Claim by Customer Class**

January 1 to December 31, 2008								
				Amounts by CDM Program Year				2008 Total Lost Revenues
				2005	2006	2007	2008	
Customer Class				(a)	(b)	(c)	(d)	(f)
<u>All Programs</u>								
Residential				\$ 156	\$ 1,528	\$ 12,875	\$ 17,622	\$ 32,181
GS <50 kW				\$ -	\$ -	\$ -	\$ 401	\$ 401
GS 50-999 kW				\$ -	\$ -	\$ 159	\$ 3,987	\$ 4,146
GS 1000-4,999 kW				\$ -	\$ -	\$ -	\$ -	\$ -
Large Users >5,000 kW				\$ -	\$ -	\$ -	\$ 7,876	\$ 7,876
Grand Total				\$ 156	\$ 1,528	\$ 13,034	\$ 29,886	\$ 44,603
Breakdown of Totals by Source of Funding								
<u>OPA-Funded Programs</u>								
Residential				\$ -	\$ -	\$ 12,875	\$ 17,622	\$ 30,497
GS <50 kW				\$ -	\$ -	\$ -	\$ 401	\$ 401
GS 50-999 kW				\$ -	\$ -	\$ 159	\$ 3,987	\$ 4,146
GS 1000-4,999 kW				\$ -	\$ -	\$ -	\$ -	\$ -
Large Users >5,000 kW				\$ -	\$ -	\$ -	\$ 7,876	\$ 7,876
Total for OPA-Funded Programs				\$ -	\$ -	\$ 13,034	\$ 29,886	\$ 42,919
<u>Third Tranche-Funded Programs</u>								
Residential				\$ 156	\$ 1,528	\$ -	\$ -	\$ 1,684
GS <50 kW				\$ -	\$ -	\$ -	\$ -	\$ -
GS 50-999 kW				\$ -	\$ -	\$ -	\$ -	\$ -
GS 1000-4,999 kW				\$ -	\$ -	\$ -	\$ -	\$ -
Large Users >5,000 kW				\$ -	\$ -	\$ -	\$ -	\$ -
Total for Third Tranche-Funded Programs				\$ 156	\$ 1,528	\$ -	\$ -	\$ 1,684
Grand Total				\$ 156	\$ 1,528	\$ 13,034	\$ 29,886	\$ 44,603



### VECC Question # 3

**References:** Manager's Summary, Page 1 Appendix P

Preamble: The Manager's Summary indicates that the annual LRAM amounts are based on Milton Hydro's average annual variable distribution rates as shown in Appendix P.

Please provide a sample calculation of the average annual variable distribution rates.

### Response:

Milton Hydro has prepared Table IR #3 below which provides an example of the formulas used for averaging the variable distribution rates shown on page 1 of Appendix P. Milton Hydro would note that the dates did not format correctly in Appendix P and should be set as the effective date of the rates. The 2004 and 2005 variable distribution rates were effective April 1<sup>st</sup> of each year. In 2006 and subsequent years the distribution rates became effective May 1<sup>st</sup> of each year.

**Table IR #3**

	A	B	C	D	
	2005 Distribution Rates for LRAM	Effective Rate (per kWh or kVA) April 1, 2004	April 1, 2005	Average	Formula
7	Residential	\$ 0.0098	\$ 0.0140	\$ 0.0130	$B7^{*}(3/12)+C7^{*}(9/12)$
8	General Service < 50kW	\$ 0.0140	\$ 0.0171	\$ 0.0163	$B8^{*}(3/12)+C8^{*}(9/12)$
9	General Service 50 to 999 kW	\$ 2.0787	\$ 2.5633	\$ 2.4422	$B9^{*}(3/12)+C9^{*}(9/12)$
10	General Service 1,000 to 4,999 kW	\$ 2.6794	\$ 3.1254	\$ 3.0139	$B10^{*}(3/12)+C10^{*}(9/12)$
11	Large User	\$ 2.1644	\$ 2.6416	\$ 2.5223	$B11^{*}(3/12)+C11^{*}(9/12)$
12	Unmetered Scattered Load	\$ 0.0140	\$ 0.0171	\$ 0.0163	$B12^{*}(3/12)+C12^{*}(9/12)$
13	Street Light	\$ 0.5060	\$ 0.7660	\$ 0.7010	$B13^{*}(3/12)+C13^{*}(9/12)$
14					
	2006 Distribution Rates for LRAM	Effective Rate (per kWh or kVA) April 1, 2005	May 1, 2006	Average	Formula
17	Residential	\$ 0.0140	\$ 0.0133	\$ 0.0135	$B17^{*}(4/12)+C17^{*}(8/12)$
18	General Service < 50kW	\$ 0.0171	\$ 0.0159	\$ 0.0163	$B18^{*}(4/12)+C18^{*}(8/12)$
19	General Service 50 to 999 kW	\$ 2.5633	\$ 2.4893	\$ 2.5140	$B19^{*}(4/12)+C19^{*}(8/12)$
20	General Service 1,000 to 4,999 kW	\$ 3.1254	\$ 3.0558	\$ 3.0790	$B20^{*}(4/12)+C20^{*}(8/12)$
21	Large User	\$ 2.6416	\$ 2.6087	\$ 2.6197	$B21^{*}(4/12)+C21^{*}(8/12)$
22	Unmetered Scattered Load	\$ 0.0171	\$ 0.0159	\$ 0.0163	$B22^{*}(4/12)+C22^{*}(8/12)$
23	Street Light	\$ 0.7660	\$ 0.7795	\$ 0.7750	$B23^{*}(4/12)+C23^{*}(8/12)$

#### VECC Question # 4

**References:** Manager's Summary, Page 2

The evidence indicates that carrying charges amount to \$8,511. Please explain how Milton calculated these carrying charges.

#### Response:

Milton Hydro has provided Table IR #4.1 which sets out the OEB prescribed interest rates to be used in calculating carrying charges and Table IR #4.2 which sets out Milton Hydro's calculation of the carrying charges on the LRAM balances. The carrying charges are calculated based on the current year average prescribed interest rate times the prior year proposed LRAM recovery. The 2012 interest rate is calculated as four twelve's (4/12ths) of the 2011 Annual Average.

**Table IR #4.1**

<u>Quarter by Year<sup>1</sup></u>	<u>Approved Deferral and Variance Accounts Prescribed Interest Rate (per the Bankers' Acceptances-3 months Plus 0.25 Spread)</u>	<u>Annual Average</u>
<b>Q3 2011</b>	<b>1.47</b>	0.0147
Q2 2011	1.47	
Q1 2011	1.47	
Q4 2010	1.2	
Q3 2010	0.89	0.0080
Q2 2010	0.55	
Q1 2010	0.55	
Q4 2009	0.55	
Q3 2009	0.55	0.0114
Q2 2009	1.00	
Q1 2009	2.45	
Q4 2008	3.35	
Q3 2008	3.35	0.0398
Q2 2008	4.08	
Q1 2008	5.14	
Q4 2007	5.14	
Q3 2007	4.59	0.0473
Q2 2007	4.59	
Q1 2007	4.59	
Q4 2006	4.59	
Q3 2006	4.59	0.0444
Q2 2006	4.14	

**Table IR #4.2**

LRAM Year	LRAM Yr \$\$	Yr for Carrying Charges	Average Interest Rate	Carrying Charges
2005	151	2006	0.0444	7
2006	1,709	2007	0.0473	81
2007	18,582	2008	0.0398	740
2008	44,603	2009	0.0114	507
2009	145,832	2010	0.0080	1,163
2010	307,216	2011	0.0147	4,516
2010	307,216	2012	0.0049	1,497
				<b>8,511</b>

## **VECC Question # 5**

**Reference:** Appendix O, Lost Revenue Adjustment Mechanism

- a) For each OPA CDM program for each year, at the program/measure level, please tabulate the number of units, measure life, LRAM free ridership, annual energy savings (kWh/a), annual peak demand savings (kW/a) and contribution to LRAM.
- b) List and confirm OPA's input assumptions for Every Kilowatt Counts (EKC) 2006 including the measure life, unit kWh savings and free ridership for Compact Fluorescent Lights (CFLs) and Seasonal Light Emitting Diodes (LED). Confirm some of these assumptions were changed in 2007 and again in 2009 and compare the values.
- c) Demonstrate that savings for EKC 2006 Mass Market measures 13-15 W Energy Star CFLs have been removed from the LRAM claim in 2010.
- d) Adjust the LRAM claim as necessary to reflect the measure lives and unit savings for any/all measures that have expired in 2010.

## **Response:**

Preamble: Milton Hydro's LRAM claim, included in its IRM3 Application at Appendix O, references an Excel spreadsheet – Final OPA CDM Results released January 2011. This spreadsheet should have been filed with Milton Hydro's Application, which would have provided the information being requested in a) and b). Milton Hydro is filing this spreadsheet in addition to the responses below.

- a) The annual OPA CDM program/measure level details (i.e. number of units, measure life, free ridership, annual savings (kWh/a) and annual peak demand savings (kW/a)) were provided to Milton Hydro by the OPA and may be found in the worksheet tab labeled "Measures – LDC" located in the Final OPA CDM Results released January 2011 and filed with these responses.
- b) Milton Hydro provided the updated input assumptions for the Every Kilowatt Counts (EKC) 2006 at page 7 of the SeeLine Group Ltd's Independent Third Party Review. The input assumptions included in the Independent Third Party Review are based on the most current OPA prescriptive measure assumptions and identified in Appendix S of the Third Party

Review document.

Milton Hydro confirms that the input assumptions for the EKC programs were changed for the 2007 and again in 2009 and can be found in the Table IR #5b below and also in the worksheet tab labelled "Measures – LDC" located in the Final OPA CDM Results released January 2011 and filed with these responses.

Table IR #5b

#	Initiative Number	Initiative Name	Program Name	Program Year	Results Status	#	Measure Name	Unit Savings Assumptions								
								Gross Summer Peak Demand Savings (kW)	Gross Annual Energy Savings (kWh)	Gross Lifetime Energy Savings (kWh)	Net Summer Peak Demand Savings (kW)	Net Annual Energy Savings (kWh)	Net Lifetime Energy Savings (kWh)	Aggregate Net-to-Gross Adjustment (%)	Effective Useful Life (EUL)	
2006																
9	3	Every Kilowatt Counts	Consumer	2006	Final	1	Energy Star® Compact Fluorescent Light Bulb - Spring Campaign	0.000	104	418	0.000	94	376	90.0	4.0	
13	3	Every Kilowatt Counts	Consumer	2006	Final	5	Energy Star® Compact Fluorescent Light Bulb - Autumn Campaign	0.000	104	418	0.000	94	376	90.0	4.0	
14	3	Every Kilowatt Counts	Consumer	2006	Final	6	Seasonal Light Emitting Diode Light String - Autumn Campaign	0.000	31	923	0.000	28	830	90.0	30.0	
2007																
40	8	Every Kilowatt Counts	Consumer	2007	Final	1	15 W CFL	0.001	43	344	0.001	34	268	78.0	8.0	
41	8	Every Kilowatt Counts	Consumer	2007	Final	2	20+ W CFL	0.002	62	497	0.001	48	388	78.0	8.0	
44	8	Every Kilowatt Counts	Consumer	2007	Final	5	Seasonal LED Light String	0.000	14	69	0.000	7	34	49.0	5.0	
45	8	Every Kilowatt Counts	Consumer	2007	Final	6	Project Porchlight CFL	0.001	43	344	0.001	33	261	76.0	8.0	
2009																
597	37	Every Kilowatt Counts Po	Consumer	2009	Final	1	Energy Star Qualified Compact Fluorescent - Spring Campaign - Participant Rebated	0.001	23	185	0.000	16	127	68.7	8.0	
598	37	Every Kilowatt Counts Po	Consumer	2009	Final	2	ENERGY STAR Decorative CFLs - Spring Campaign - Participant Rebated	0.001	26	155	0.001	20	119	77.0	6.0	
613	37	Every Kilowatt Counts Po	Consumer	2009	Final	17	Installed CFLs - Spring Campaign - Participant Spillover	0.003	101	811	0.000	13	106	13.1	8.0	
622	37	Every Kilowatt Counts Po	Consumer	2009	Final	26	Energy Star Qualified Compact Fluorescent - Spring Campaign - Non-Participant Rebated	0.001	22	179	0.000	8	62	34.8	8.0	
623	37	Every Kilowatt Counts Po	Consumer	2009	Final	27	ENERGY STAR Decorative CFLs - Spring Campaign - Non-Participant Rebated	0.001	26	157	0.000	10	63	39.8	6.0	
637	37	Every Kilowatt Counts Po	Consumer	2009	Final	41	Energy Star Qualified Compact Fluorescent - Autumn Campaign - Participant Rebated	0.001	25	204	0.001	18	142	69.4	8.0	
638	37	Every Kilowatt Counts Po	Consumer	2009	Final	42	ENERGY STAR Specialty CFLs - Autumn Campaign - Participant Rebated	0.001	21	125	0.000	15	89	71.5	6.0	
646	37	Every Kilowatt Counts Po	Consumer	2009	Final	50	Energy Star Qualified Holiday LED Lights - Autumn Campaign - Participant Promoted	0.000	14	69	0.000	8	40	58.8	5.0	
659	37	Every Kilowatt Counts Po	Consumer	2009	Final	63	Energy Star Qualified Compact Fluorescent - Autumn Campaign - Non-Participant Rebated	0.001	24	189	0.000	3	26	13.7	8.0	
660	37	Every Kilowatt Counts Po	Consumer	2009	Final	64	ENERGY STAR Specialty CFLs - Autumn Campaign - Non-Participant Rebated	0.001	30	180	0.000	5	27	15.1	6.0	
668	37	Every Kilowatt Counts Po	Consumer	2009	Final	72	Energy Star Qualified Holiday LED Lights - Autumn Campaign - Non-Participant Promoted	0.000	14	69	0.000	5	24	35.0	5.0	
682	37	Every Kilowatt Counts Po	Consumer	2009	Final	86	Installed Energy Star® CFL Bulbs - Rewards for Recycling Campaign - Spillover	0.001	45	357	0.000	8	66	18.4	8.0	

- c) Milton Hydro has not removed the savings for EKC 2006 Mass Market measures 13-15 W Energy Star CFLs from its LRAM claim in 2010. Milton Hydro is following the OEB Guidelines for Electricity Distributor Conservation and Demand Management – Board File No. EB-2008-0037’ and its letter of January 27th 2009 to all Licensed Electricity Distributors. In doing so, Milton Hydro engaged SeeLine Group Ltd. to closely examine all inputs and assumptions relating to the reported savings with a focus on updating the LRAM savings based on revised OPA prescriptive measure assumptions. The current measure life assumptions for 13-15 W Energy Star CFLs is 8 years, therefore the savings attributable to CFLs distributed in 2006 are available until the year 2013 and therefore not removed from the LRAM Claim.
- d) Milton Hydro submits that the revised OPA prescriptive measure lives and assumptions and the unit savings were used to calculate the LRAM claim and that no adjustments are required. The prescriptive measure lives and assumptions and unit savings are found on the OPA website below.

<http://www.powerauthority.on.ca/sites/default/files/2011%20Prescriptive%20Measures%20and%20Assumptions%20List%20Version%201.0%20FINAL%20%28April%2006%2C%202011%29.pdf>

**VECC Question # 6**

**Reference:** Manager's Summary, Page 27 Appendix O, Lost Revenue Adjustment Mechanism, Page 1

Preamble: At the first reference, the evidence indicates that the rate riders were determined by dividing the total class specific LRAM amount by the most recent OEB Approved volumetric forecast which is Milton Hydro's 2011 Cost of Service Electricity Distribution Rate Application. At the second reference, the evidence indicates...." Milton Hydro has not filed a revised forecast until its 2011 Cost of Service Application."

Please provide the rationale for using the 2011 OEB Approved forecast to calculate the LRAM rate riders.

**Response:**

Milton Hydro used the most recent 2011 OEB Approved forecast for kWh and kW to calculate the LRAM rate riders as this forecast was agreed to and approved in the Settlement Agreement and better reflects the most current kWh and kW expected from customers. Alternatives would have been to use the previous OEB Approved forecast being 2006 or Milton Hydro's 2009 actual kWh and kW as filed in its 2011 Cost of Service Application. Milton Hydro would note that using a forecast from an earlier period would result in a higher variable rate rider and an over recovery of Milton Hydro's LRAM claim.