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

EB-2012-0025

AMENDED SUPPLEMENTARY FILING
DEFERRED PAYMENT IN LIEU OF TAXES USoA 1562

RESPONSE TO OEB STAFF INTERROGATORIES

Filed: April 3, 2012

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Response to OEB Staff Interrogatories

Interrogatory #1

Ref: 2001 Updated SIMPIL Model

In the revised 2001 fourth quarter SIMPIL model, Milton used the following income tax rates in the table below to calculate true-up variances.

		2001 Fourth Quarter
2001 SIMPIL MODEL TAXCALC SHEET	Cell E138: Revised corporate income tax rate	34.12%
	Cell E175: Actual income tax rate used for gross-up (excluding surtax)	18.00%

In the PILs combined proceeding, the Board indicated that the income tax impact will be calculated using the tax rate that includes the surtax rate expressed as 1.12%. The tax rate to calculate the true-up variance should exclude the surtax rate. Milton did not use the tax rate that excludes the surtax of 1.12% in calculating the tax impact.

(A) Does Milton agree that the rate to calculate the tax impact should exclude the surtax rate of 1.12% in cell E175? If not, please explain.

(B) If Milton agrees, please make the adjustment and re-file the revised 2001 SIMPIL model and PILs continuity schedule using the updated 2001 fourth quarter deferral account variance and true-up variance adjustment in cell E185 in Excel format.

Response:

a) Milton Hydro agrees that the rate to calculate the tax impact should exclude the surtax rate of 1.12% in Cell E175 in the above table.

b) Milton Hydro has adjusted its 2001 SIMPIL model by correcting the formula in Cell E175 on the TAXCALC sheet which now picks up the correct grossed-up tax rate less the surtax rate of 1.12%. Milton Hydro has re-filed both its 2001 SIMPIL

model and its 2005 SIMPILs Model which will reflect any required changes and also provides the completed PILs continuity schedule in the 2005 SIMPIL model at the “PILs 1562 Calculation Sheet”. These changes will require recalculation of the proposed rate riders for disposition of the USoA 1562 account balance. Please refer to Milton Hydro’s Submission at the end of these IR responses for the recalculation of the proposed rate riders Table 4.

Interrogatory #2

Ref: PILs Recoveries

Ref: PILs Billings to Customers worksheets

Unmetered scattered load (USL) is not listed as one of the components of the billing and recovery in PILs Billings to Customers worksheet, although the 2002, 2004, and 2005 Board decisions include USL as one of the rate categories. USL was billed using the GS<50kW rate which included PILs fixed and variable charge slivers.

(A) Please explain why the USL connections and energy (kWhs) and the associated rate slivers classified under GS<50kW rate class were not used in the calculation of PILs recoveries from ratepayers.

The PILs Billing spreadsheet does not show the variable PILs rate slivers used in the PILs recoveries calculation from April 1, 2004 to April 30, 2006.

The 2004 RAM sheet 7 calculated the rate slivers associated with the 2004 PILs proxy amount approved by the Board for recovery from customers. The Board changed the rate recovery allocation to 100% based on the variable charge. The 2005 RAM sheet 4 calculated the rate slivers associated with the 2005 PILs proxy amount approved by the Board for recovery from customers.

(B) Please provide an updated PILs Billings to Customers worksheet in Excel format that shows the rate classes from the 2004 rate order, and number of customers, kWh/kW billed and the associated variable rate slivers from the 2004 RAM for April 1, 2004 to March 31, 2005. Please provide the same for the rate classes from the 2005 rate order, and number of customers, kWh/kW billed and the associated variable rate slivers from the 2005 RAM for April 1, 2005 to April 30, 2006.

In order to correctly determine the amounts recovered from customers, the Applicant must multiply the rate slivers by the appropriate billing determinants.

(C) Are the billing determinant data used for PILs recovery consistent with the load forecast data contained in Milton's last cost of service application?

(D) Please provide the energy and demand statistics by year contained in the load forecast from the most recent cost of service application that includes 2001 through 2006.

(E) Please provide a table that compares the billing determinants in the 2006 EDR application with the billing determinants in the recovery calculations including the requested kW/kWh for 2004, 2005 and 2006.

Response:

a) Milton Hydro distribution rates for the Unmetered and Scattered Load ("USL") customer class where the same as the General Service less than 50 kW ("GS<50kW") customer class until May 1, 2006 at which time a new rate was set for the USL customer class though the 2006 Electricity Distribution Rate setting proceeding.

For the period October 1, 2001 to April 30, 2006 Milton Hydro billed the USL and GS<50kW customer classes under the same bill code as the distribution rates were the same. Therefore the connections and kWh energy are included in the calculations of the PILs recovery from ratepayers. Milton Hydro has provided the following Table 1 below taken from the Live Excel spreadsheets filed with the OEB on March 8, 2012. This table is the "Lookup" table used in Milton Hydro's Excel spreadsheets. OEB Staff will note that there is no rate category for the USL customer class as this class is included in the Category "G" being the GS<50 customer class. OEB Staff will also note that for the purposes of Milton Hydro's 2011 Cost of Service Load Forecast, Milton Hydro has separated out the USL customer class from the GS<50kW customer class. See Table 2 below provided in response to part d) to these interrogatories.

Table 1
Customer Billing Categories

category	class
G	GS <50
FG	GS >50
GG	GS >50
FL	GS Int <1000
IL	GS Int <1000
DG	GS Int >1000
TG	GS Int >1000
L	Large User
LT	Load Transfer
E	Residential
TE	Residential
TR	Residential
R	Residential
S	Street light
SF	Street light
SL	Sentinel light
TO	GS Int <1000

b) Milton Hydro has filed, through the OEB RESS portal, an updated PILs Billings to Customers April 1, 2004 to April 30, 2006 worksheet in Excel format [MILTON_EB-2012-0025_PILS Billing Stats 2004-2006_20120403] that shows the rate classes from the 2004 rate order, and number of customers, kWh/kW billed and the associated variable rate slivers from the 2004 RAM for April 1, 2004 to March 31, 2005 and the 2005 RAM for April 1, 2005 to April 30, 2006.

The compilation of the above requested data required considerable data mining through Milton Hydro's billing records for the 2004 rate year, resulting in a small rounding difference of $407. [Reference: MILTON_EB-2012-0025_PILS Billing Stats 2004-2006_20120403 Sheet – Working Copy PILs Stats ADJ V2 – Cells F273 to F276].

The Excel spreadsheet sets out the calculations provided in Milton Hydro's PILs Application supporting the PILs Billing to Customers for the period April 1, 2004

to April 30, 2006 and the calculations requested in the Interrogatory by PILs rate slivers for each rate year. The calculations by PILs rate slivers and the appropriate billing determinants results in a lower recovery from customers in the amount of $77,917 than reported by Milton Hydro in its Application. [Reference: MILTON_EB-2012-0025_PILS Billing Stats 2004-2006_20120403 Sheet - Working Copy PILs Stats ADJ V2 – Cells F273 to K273]. This is due to the actual method used by Milton Hydro in the recovery and recording of the PILs amount from customers as explained in the following paragraphs.

Milton Hydro inadvertently did not convert the PILs recovery into a 100% variable charge, effective April 1, 2004, but rather continued to use a fixed and variable component for the 2004 rate year. Effective April 1, 2005, Milton Hydro recovered its PILs Billings by a 100% variable charge. Due to the significant growth in customers during this period, and in particular the fixed PILs component for recovery, Milton Hydro over-recovered on the PILs Billings to Customers by $77,917 as discussed above.

The PILs Billing to Customers as tracked through Milton Hydro's General Ledger postings and reported in the 2005_PILs_Model_Rev_20120321 at Sheet – PILs 1562 Calculation for the period April 1, 2004 to April 30, 2006 amounted to $2,574,605. This is also summarized in the MILTON_EB-2012-0025_PILS Billing Stats 2004-2006_20120403 on Sheet - Working Copy PILs Stats ADJ V2 – Cells F278 to F282. The total that Milton Hydro was able to determine through the data mining of its billing records for the same period amounts to $2,587,918, a difference of $13,313 or 0.0052% of the PILs Billings as filed and primarily related to the 2004 rate year. [Reference: MILTON_EB-2012-0025_PILS Billing Stats 2004-2006_20120403 Sheet - Working Copy PILs Stats ADJ V2 – Cells P273 to Q276]. Milton Hydro submits that this amount is not material and is attributed to the availability of data, the rounding of calculations and the impact of possible billing adjustments.

Milton Hydro further submits that the PILs Recovery from Customers as filed in the amount of $2,574,605 is the correct amount recovered from customers and

recorded in the records of Milton Hydro for the period April 1, 2004 to April 30, 2006.

c) The billing determinant data used for PILs recover are consistent with the load forecast data contained in Milton Hydro's 2011 Cost of Service Application.

d) Milton Hydro has provided the energy and demand statistics by year contained in Milton Hydro's 2011 Cost of Service Application being the most recent Cost of Service Application that contains the load data for the years 2001 to 2006 in Table 2 below.

Table 2

2011 Cost of Service Load Forecast

Milton Hydro Weather Normal Customer Class Load Forecast for 2011 Rate Application											
Description	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge Year Weather Normal	2011 Test Year Weather Normal
Billed kWh	525,513,862	564,764,319	585,995,585	589,630,611	636,787,690	636,829,104	672,730,918	685,172,482	673,060,306	706,080,870	730,934,799
By Class											
Residential											
Customers	9,693	12,314	13,821	15,760	17,611	18,720	20,305	22,755	24,832	26,332	27,832
kWh	134,047,710	150,212,623	158,175,327	169,087,408	192,683,717	195,292,370	211,418,658	218,391,097	230,401,041	249,747,033	260,408,065
General Service < 50 kW											
Customers	1,700	1,713	1,760	1,803	1,990	1,998	2,048	2,136	2,203	2,258	2,315
kWh	59,298,833	60,711,850	61,255,640	61,650,512	65,492,217	64,355,939	68,462,631	71,310,393	73,618,223	73,958,013	75,603,703
General Service > 50 to 999 kW											
Customers	192	218	212	229	244	245	273	274	275	287	299
kWh	145,138,639	147,962,301	148,063,380	155,978,135	164,259,880	165,309,885	172,334,963	180,947,735	184,558,255	183,863,313	188,689,653
kW	413,565	415,618	409,870	420,450	441,283	436,353	456,775	475,950	494,157	498,609	511,697
General Service > 1000 to 4999 kW											
Customers	10	10	10	10	11	13	14	14	12	12	13
kWh	136,434,027	142,026,097	140,546,077	114,675,485	119,553,703	116,022,864	122,900,958	124,956,584	117,357,757	109,150,253	112,523,353
kW	255,515	286,432	271,068	230,160	247,851	241,018	258,605	266,355	260,952	223,577	230,486
Large User > 4999 kW											
Customers	1	2	2	2	2	2	2	2	2	2	2
kWh	46,895,462	59,872,906	73,457,084	83,457,793	89,641,173	90,399,608	91,791,513	83,253,315	60,254,116	81,945,598	85,702,235
kW	105,657	125,800	164,458	186,557	184,313	187,387	187,646	187,387	154,282	180,398	188,668
Streetlights											
Connections	2,283	2,348	2,408	2,466	2,529	2,579	2,634	2,709	2,774	2,834	2,895
kWh	2,910,384	3,070,173	3,488,004	3,650,549	3,961,622	4,232,885	4,566,123	4,960,009	5,438,382	5,863,007	6,320,787
kW	8,091	9,249	9,813	10,170	11,151	11,810	12,738	13,799	15,174	16,520	17,810
Sentinel Lights											
Connections	329	301	311	309	298	295	290	288	279	275	270
kWh	193,936	193,936	192,008	191,280	184,461	180,812	178,317	176,576	172,687	169,915	167,188
kW	535	539	533	531	512	507	498	495	479	473	465
Unmetered Loads											
Connections	110	114	122	137	139	142	169	176	183	195	208
kWh	594,871	714,434	818,065	939,449	1,010,917	1,034,741	1,077,755	1,176,774	1,259,845	1,383,738	1,519,815
Total of Above											
Customer/Connections	14,318	17,020	18,646	20,716	22,824	23,994	25,735	28,354	30,560	32,194	33,834
kWh	525,513,862	564,764,319	585,995,585	589,630,611	636,787,690	636,829,104	672,730,918	685,172,482	673,060,306	706,080,870	730,934,799
kW from applicable classes	783,363	837,638	855,742	847,868	885,111	877,076	916,261	943,985	925,045	919,576	949,126
Total from Model											
Customer/Connections	14,318	17,020	18,646	20,716	22,824	23,994	25,735	28,354	30,560	32,194	33,834
kWh	525,513,862	564,764,319	585,995,585	589,630,611	636,787,690	636,829,104	672,730,918	685,172,482	673,060,306	706,080,870	730,934,799
kW from applicable classes	783,363	837,638	855,742	847,868	885,111	877,076	916,261	943,985	925,045	919,576	949,126

e) Milton Hydro has provide Table 3 below comparing the billing determinants in Milton Hydro's 2006 EDR Application compared to the billing determinants in the recovery calculations including the requested kW/kWh for 2004, 2005 and 2006. For comparative purpose Milton Hydro has use 9/12^{ths} of the 2006 EDR billing determinants for the period April 1 to December 31, 2004 and similarly 4/12^{ths} of the 2006 EDR billing determinants for the period January 1 to April 30, 2006.

Table 3

Comparison of 2006 EDR Billing Determinants & PILs Billing Determinants

PILs Periods	2006 EDR Billing Determinants		PILs Billing Determinants	
	kWh	kW	kWh	kW
April 1 to Dec 31, 2004 (9/12ths)				
Residential	131,088,574		122,527,728	
General Service <50kW	46,761,125		44,249,535	
General Service 50 to 999kW		324,944		320,158
General Service 1,000 to 4,999kW		172,620		174,296
Large User		139,918		140,450
Sentinel Lights		398		398
Street Lights		7,628		7,629
2005				
Residential	174,784,766		192,666,085	
General Service <50kW	62,348,167		65,513,230	
General Service 50 to 999kW		433,259		442,517
General Service 1,000 to 4,999kW		230,160		249,479
Large User		186,557		184,313
Sentinel Lights		531		512
Street Lights		10,170		11,151
Jan 1 to April 30, 2006 (4/12ths)				
Residential	58,261,589		63,000,960	
General Service <50kW	20,782,722		22,193,527	
General Service 50 to 999kW		144,420		141,691
General Service 1,000 to 4,999kW		76,720		79,131
Large User		62,186		63,012
Sentinel Lights		177		169
Street Lights		3,390		3,937

Milton Hydro Submission

Milton Hydro has provided responses to the OEB Staff IRs and filed updated models as required under Procedural Order No. 1. Milton Hydro believes that these responses should complete any outstanding issues related to Milton Hydro's Supplementary Filing – Deferred Payment in Lieu of Taxes USoA 1562 and that Milton Hydro has filed

evidence in accordance with all the various decisions made in the course of this proceeding, including the use of the updated models.

Milton Hydro therefore submits that it has met the requirements for an expeditious administrative review for the disposition of its Deferred Payment in Lieu of Taxes USoA 1562. In order to facilitate the processing of its PILs Application, Milton Hydro has provided the following Table 4 which sets out the proposed rate riders for the disposition effective May 1, 2012

Table 4

Proposed PILs Rate Riders Effective May 1, 2012

Allocation of Account 1562 & Rate Rider Calculation						
Customer Class	**% of Distribution Revenue - 2012 IRM Rate Generator - Sheet 11**	**Allocation of Balance in Account 1562**	**Metered kWh - 2011 Cost of Service**	**Metered kW - 2011 Cost of Service**	**Rate Rider for Disposition**	**Units**
Residential	64.66%	(429,449)	260,408,065		(0.0016)	$/kWh
General Service Less Than 50 kW	13.08%	(86,854)	75,603,703		(0.0011)	$/kWh
General Service 50 to 999 kW	11.41%	(75,766)		511,697	(0.1481)	$/kW
General Service 1,000 to 4,999 kW	5.34%	(35,500)		230,486	(0.1540)	$/kW
Large Use	4.18%	(27,781)		188,668	(0.1472)	$/kW
Unmetered Scattered Load	0.34%	(2,279)	1,519,815		(0.0015)	$/kWh
Sentinel Lighting	0.07%	(479)		465	(1.0310)	$/kW
Street Lighting	0.92%	(6,096)		17,810	(0.3423)	$/kW
Total	**100.00%**	**(664,204)**				

Milton Hydro is respectfully requesting that the OEB forego the requirement to file Final Submissions, as provided for in Procedural Order No. 1, as the only intervenor is OEB staff themselves. In addition, Milton Hydro is respectfully requesting a May 1, 2012 implementation date in order to provide the PILs credit rate rider to customers in conjunction with the Tariff of Rates and Charges approved by the OEB in Milton Hydro's 2012 IRM Application EB-2011-0183. An implementation date of May 1, 2012 will offset any increases resulting from Milton Hydro's 2012 IRM Application, the discontinuance of Milton Hydro's credit Smart Meter Rate Rider and the increases to the Retail Transmission Service Rates.

All of which is respectfully submitted,

Original signed by Cameron McKenzie

Cameron McKenzie, CGA
Director, Regulatory Affairs
Milton Hydro Distribution Inc.