



## **MILTON HYDRO DISTRIBUTION INC.**

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By RESS and Courier

November 9, 2012

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, ON  
M4P 1E4

**Re Milton Hydro Distribution Inc., Distribution Licence ED-2003-0014  
2013 IRM3 Electricity Distribution Rate Application  
EB-2012-0148  
Responses to Interrogatories – VECC**

Please find attached Milton Hydro Distribution Inc.'s ("Milton Hydro") responses to interrogatories on its 2013 IRM3 Electricity Distribution Rate Application. Two hard copies are being delivered to your attention.

Should you require further information or clarification please contact me at 289-429-5212 or [cameronmckenzie@miltonhydro.com](mailto:cameronmckenzie@miltonhydro.com).

Yours truly,

*Original signed by Cameron McKenzie*

Cameron McKenzie, CGA  
Director, Regulatory Affairs

**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, 2013.

**MILTON HYDRO DISTRIBUTION INC. (“Milton Hydro”)  
APPLICATION FOR APPROVAL OF 2013 ELECTRICITY  
DISTRIBUTION RATES**

**RESPONSE TO VULNERABLE ENERGY CONSUMERS  
COALITION INTERROGATORIES**

**EB-2012-0148**

**Filed: November 9, 2012**

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## **LOST REVENUE ADJUSTMENT MECHANISM**

### VECC Question #1

**Reference:** Application, Page 12

Preamble: Milton Hydro indicates that its 2011 Cost of Service Rate Application included a load forecast for the 2011 Test Year. The load forecast was based on actual load up to and including December 31, 2009 and forecasted load for the 2010 Bridge Year and the 2011 Test Year based on the regression analysis. Milton Hydro submits that any load reduction resulting from the implementation of OPA CDM programs in 2010 were not reflected in the load forecast used to set Milton Hydro's 2011 distribution rates and as such, the lost distribution revenue is appropriately recoverable through an LRAM Application.

- a) Please provide the specific references in the 2011 cost of service application to support Milton Hydro's position and the Board's approval regarding the exclusion of 2010 OPA CDM programs from load forecast.

### **Response:**

Please refer to Milton Hydro's response to OEB Staff IR # 5.

VECC Question #2

**Reference:** Application, Page 15

Preamble: Milton Hydro indicates it has updated the 2010 OPA CDM program results persistent through 2011 and 2012 based on the OPA final results as set out in Table 9 and Table 10 above. The energy and demand savings persistent through 2011 and 2012 for the Electricity Retrofit Incentive Program are based on the actual results realized by Milton Hydro and submitted and approved by the OPA.

- a) Please explain how Milton Hydro has updated the 2010 OPA CDM program results for 2011 and 2012.
- b) Please confirm that Milton Hydro's CDM program results persistent through 2011 and 2012 are based on 2010 OPA CDM program results. Please provide Milton Hydro's rationale for determining 2011 and 2012 amounts using 2010 OPA CDM program results.
- c) If Milton Hydro has received the OPA's 2011 OPA CDM program results, please provide.
- d) Please confirm the input assumptions used by Milton Hydro to calculate its LRAM claim.

**Response:**

- a) Milton Hydro used the 2010 OPA CDM Program results from the OPA Final Report Net & Gross MW & MWh report received from the OPA of which an excerpt is set out in Tables 9 and 10 with the entire report for all years up to 2012 is provided at Appendix I. The OPA results status identified as "Final" were used in Table 11 for the years 2011 and 2012. Milton Hydro's actual results submitted to and approved by the OPA were used for the Electricity Retrofit Incentive Program.
- b) Milton Hydro confirms that the CDM program results persistent through 2011 and 2012 are based on 2010 OPA CDM program results. The OPA report for Milton Hydro's OPA CDM Programs is the "Final" status report which is the rationale for using the 2011 and 2012 OPA CDM Program results.

- c) Milton Hydro has provided its Revised 2011 Final Annual Report Data MHDl received from the OPA for Milton Hydro's 2011 results toward its licensed CDM targets.
- d) Milton Hydro calculated the average variable distribution rates for each customer class [Table 12] and applied the rates to the OPA CDM Program Final results [Tables 13 and 14] to calculate the LRAM claim. Carrying charges were calculated using the OEB Prescribed Interest Rates.

VECC Question #3

**Reference:** Application, Page 16, Table 11:2010 OPA CDM Volumes Persistent Into 2011 & 2012

- a) List and confirm OPA's input assumptions for Every Kilowatt Counts (EKC) 2006 to 2010 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.
- b) Demonstrate that savings for EKC 2006 Mass Market measures 13-15 W Energy Star CFLs & Seasonal LEDs have been removed from the LRAM claim in 2010.
- c) Adjust the LRAM claim as necessary to reflect the measure lives and unit savings for any/all measures that have expired starting in 2010.

**Response:**

Milton Hydro would refer VECC to Milton Hydro's response to VECC interrogatory question # 5 filed November 7, 2011 as part of Milton Hydro's 2012 IRM3 Rate Application and Milton Hydro's response filed November 15, 2011.

Part a), b) and c) above are identical to parts b), c) and d) of VECC's interrogatory question # 5.

## **SMART METER RECOVERY**

### **PLEASE NOTE:**

The following interrogatories relate to Milton Hydro's approach to calculating the final disposition of its Smart Meter Variance Accounts.

Milton Hydro has prepared the OEB Smart Meter Model Version 3.0 issued by the OEB on June 28, 2012 and is in agreement with the calculations of the Smart Meter Disposition Rider ("SMDR") and the Smart Meter Incremental Revenue Requirement Rate Rider ("SMIRR") as provided in Milton Hydro's response to OEB Staff IR 13.

Milton Hydro therefore withdraws its calculations of the disposition rate rider in favour of using the OEB Smart Meter Model Version 3.0.

Milton Hydro has not filed responses specific to its methodology but has filed responses to interrogatories that are general in nature.

[illegible]



- f) Please provide a summary of Milton Hydro's incremental internal labour costs for the deployment of smart meters in terms of positions, contract type (permanent vs. temporary, part-time vs. full-time), length of employment and work activities.
- g) Please discuss if Milton Hydro collaborated with other LDCs in its smart meter activities related to this application.
- h) Please discuss and quantify any operational efficiencies, savings and benefits resulting from smart meter implementation and confirm how any savings are accounted for in this application.

**Response:**

- a) b) c) d) & e)

Milton Hydro has provided the following table setting out the responses to the above interrogatories. Milton Hydro would note that 95% of the information requested was provided for and approved for disposition in Milton Hydro's 2011 Cost of Service Application EB-2010-0137.

The specific individual meter related costs were filed in Milton Hydro's 2011 Cost of Service Application EB-2010-0137 in accordance with the OEB Decision and Milton Hydro's filing in the Combined Proceeding EB-2007-0063 an unredacted version was filed in confidence to the "Board Secretary in accordance with the Practice Direction on Confidential Filings.

Description		2007	2008	2009	2010	2011	Total
<b>Capital</b>							
<b>As file EB-2010-0137 - 2011 CoS Application</b>							
	1.1 Advance Metering ("AMCD")	1,851,386	659,419	677,932			3,188,737
	1.2 Advanced Metering ("AMRC")	88,541					88,541
<b>2010</b>	1.1 Advance Metering ("AMCD")				6,200		6,200
	1.2 Advance Metering ("AMRC")				195,998		195,998
<b>2011</b>	1.2 Advance Metering ("AMRC")					18,116	18,116
<b>Total Capital - Includes Landis &amp; Gyr meters</b>		1,939,927	659,419	677,932	202,198	18,116	3,497,592
<b>OM&amp;A</b>							
<b>As file EB-2010-0137 - 2011 CoS Application</b>							
	2.1 Advance Metering ("AMCD")	388	84,922	87,604			172,914
	2.2 Advance Metering ("AMCD")						-
	2.3 Advanced Metering ("AMCC")			14,221			14,221
	2.5 Other AMI OM&A		10,163	1,215			11,378
<b>2010</b>	2.1 Advance Metering ("AMCD")				77,035		77,035
	2.3 Advanced Metering ("AMCC")				21,367		21,367
<b>2011</b>	2.1 Advance Metering ("AMCD")					130,891	130,891
	2.3 Advanced Metering ("AMCC")					20,100	20,100
<b>Total OM&amp;A</b>		388	95,085	103,040	98,402	150,991	447,906
<b>Total Capital and OM&amp;A</b>		1,940,315	754,504	780,972	300,600	169,107	3,945,498
<b>As file EB-2010-0137 - 2011 CoS Application</b>							
	Residential	14193	4143	538			18874
	General Service <50 kW	570	584	231			1385
<b>2010 Residential</b>					36		36
<b>Total Smart Meters Installed</b>		14763	4727	769	36		20295
<b>Average Capital Cost - Residential &amp; GS &lt;50kW</b>							172.34
<b>Average Capital and OM&amp;A Cost - Res &amp; GS&lt;50kW</b>							194.41

- f) Milton Hydro is not able to provide a breakdown of incremental internal labour costs for the deployment of smart meters in terms of positions, contract type (permanent vs. temporary, part-time vs. full-time), length of employment and work activities.
- g) Milton Hydro did not collaborate with other LDCs in its smart meter activities related to this application.
- h) This Application as a 2013 IRM3 Electricity Distribution Rate Application.

VECC Question # 5

**Reference 1:** Smart Meter Model, Version 3

**Reference 2:** Board Guideline G-2011-0001, Smart Meter Funding and Cost Recovery – Final Disposition, dated December 15, 2011, Page 19

Preamble: The Guideline states, “The Board views that, where practical and where data is available, class specific SMDRs should be calculated on full cost causality.”

- a) Please complete a separate smart meter revenue requirement model by customer class. (Include any adjustments resulting from interrogatory responses)
- b) Please re-calculate the SMDR & SMIRR rate riders based on full cost causality by rate class.
- c) If Milton Hydro is unable to provide separate smart meter revenue requirement models by rate class, please provide a detailed explanation.

**Response:**

- a) b) & c) Milton Hydro would refer VECC to Milton Hydro’s response to the OEB IR # 13 and in particular the OEB Smart Meter Model V3 filed in response to the OEB IR # 13.

VECC Question # 6

**Reference:** Application, Page 22

Preamble: The Board's Guideline (G-2011-0001) indicates that a distributor may incur costs that are beyond the minimum functionality as defined in O. Reg. 425/06. Specifically the Guideline states:

3.4 Costs Beyond Minimum Functionality

"While authorized smart meter deployment must meet the requirements for minimum functionality, a distributor may incur costs that are beyond the minimum functionality as defined in O.Reg. 425/06. To date, the Board has reviewed three types of costs that are beyond minimum functionality:

- Costs for technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06;
- Costs for deployment of smart meters to customers other than residential and small general service (i.e. Residential and GS < 50 kW customers); and
- Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc. "Costs for other matters such as CIS changes or TOU bill presentment may be recoverable, but the distributor will have to support these costs and will have to demonstrate how they are required for the smart meter deployment program and that they are incremental to the distributor's normal operating costs."

a) In accordance with the above Guidelines, please provide a breakdown and description of Milton Hydro's costs beyond minimum functionality by year.

**Response:**

Milton Hydro has not incurred any costs for functionality beyond the minimum functionality adopted in O. Reg. 425/06 as stated in Milton Hydro's 2011 Cost of Service Rate Application EB-2010-0137, Exhibit 9, Page 19.