**EB-2012-0148**

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board

Act, 1998, S.O. 1998, c. 15 (Schedule B), as amended;

AND IN THE MATTER OF an Application by

Milton Hydro Distribution Inc. for an order or orders

approving or fixing just and reasonable distribution

rates to be effective May 1, 2013.

**VECC Interrogatories**

**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 2011Test 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.

1. 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.

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.

1. Please explain how Milton Hydro has updated the 2010 OPA CDM program results for 2011 and 2012.
2. 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.
3. If Milton Hydro has received the OPA’s 2011 OPA CDM program results, please provide.
4. Please confirm the input assumptions used by Milton Hydro to calculate its LRAM claim.

VECC Question #3

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

1. 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.
2. 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.
3. Adjust the LRAM claim as necessary to reflect the measure lives and unit savings for any/all measures that have expired starting in 2010.

**SMART METER RECOVERY**

VECC Interrogatory #4

**Reference:** Application, Page 22-24  
  
Preamble: The application indicates Milton Hydro will continue to use the Smart Meter variance accounts for capital expenditures incurred in the 2010 Bridge Year and the 2011 Test Year and related OM&A costs for disposition at a later date. The total capital balance as at December 31, 2009 in the amount of $$3,707,193 ($3,277,277 Smart Meters and $429,916 stranded meters) and included in Rate Base in Milton Hydro’s 2011 Cost of Service Rate Application, represented 95% of Milton Hydro’s Smart Meter capital investment. The balance being requested for final disposition in this Application amounts to $220,314.

1. Please provide a table showing the total capital and OM&A smart meter costs included in this application and previous applications. Please calculate the average Capital costs and average Total costs (Capital & OM&A) per installed smart meter. Please break out the costs beyond minimum functionality separately from costs related to minimum functionality.
2. Please provide a breakdown of the total number of smart meters installed by Milton Hydro by year and by rate class.
3. Please provide a breakdown and description of the capital and OM&A amounts included in this application using the categories provided at Tab 2 of the Board’s Smart Meter Model, Version 3.0.
4. Please indicate the types of smart meters installed by rate class.
5. Please complete the following table to show the average installed capital costs by customer class based on meter type.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Customer Class | Type of Meter | Quantity | Meter Cost | Avg. Meter Cost | Installation Cost | Avg. Installation Cost | Other Cap Costs | Avg Other Costs | TOTAL |
|  |  |  |  |  |  |  |  |  |  |

1. 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.
2. Please discuss if Milton Hydro collaborated with other LDCs in its smart meter activities related to this application.
3. 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.

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.”

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

requirement models by rate class, please provide a detailed explanation.

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.