

**Milton Hydro Distribution Inc.
EB-2013-0152**

Board Staff Interrogatories

Minimum Distribution Charge

Interrogatory #1

Ref: Manager's summary, pp. 4-5

In its Manager's summary Milton Hydro stated that the Board-approved Minimum distribution Charge that is charged to the seasonal General Service >50kW customer class when their operations cease at the end of their operating season, is not reflected in the OEB IRM Rate Generator. Milton Hydro submitted that no rates adjustments were made to this charge in the 2012 and 2013 rate years. Milton Hydro is requesting a price cap adjustment of 0.88% for the 2012 and 0.48% for 2013 rate years as well as the applicable price cap adjustment for the 2014 rate year.

Board staff has reproduced the proposed Minimum Distribution Charge below:

Proposed Minimum Distribution Charge Effective May 1, 2014

Minimum Distribution Charge			
per kW of maximum billing demand in the previous 11 months			
	% IRM Increase		
2011 Approved Cost of Service Rate		\$/kW	0.5713
2012 IRM increase	0.88%		0.0050
2013 IRM increase	0.48%		0.0027
2014 proposed IRM increase	0.48%		0.0027
Total IRM Increase 2012 to 2014			0.0105
2014 Proposed Minimum Distribution Charge		\$/kW	0.5818

- Please explain why Milton Hydro did not apply for a price cap index adjustment for this charge in the 2012 and 2013 rate years.
- Please provide a further explanation why the Milton Hydro feels that an out of period price cap index adjustment is appropriate.

HONI – Sub-transmission rate

Interrogatory #2

Ref: RTSR Model, sheet 6

The HONI sub-transmission section of RTSR model, sheet 6 “Historic Wholesale” is reproduced below:

Hydro One	Network			Line Connection			Transformation Connection			Total Line
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	25,264	\$2.65	\$ 66,950	25,407	\$0.64	\$ 16,260	25,407	\$1.50	\$ 38,111	\$ 54,371
February	14,464	\$2.65	\$ 38,330	15,856	\$0.64	\$ 10,148	15,856	\$1.50	\$ 23,784	\$ 33,932
March	24,378	\$2.65	\$ 64,602	25,642	\$0.64	\$ 16,411	25,642	\$1.50	\$ 38,463	\$ 54,874
April	35,004	\$2.65	\$ 92,761	37,675	\$0.64	\$ 24,112	37,675	\$1.50	\$ 56,513	\$ 80,625
May	36,093	\$2.65	\$ 95,646	38,643	\$0.64	\$ 24,732	38,643	\$1.50	\$ 57,965	\$ 82,696
June	24,731	\$2.65	\$ 65,537	24,787	\$0.64	\$ 15,864	24,787	\$1.50	\$ 37,181	\$ 53,044
July	26,544	\$2.65	\$ 70,342	26,547	\$0.64	\$ 16,990	26,547	\$1.50	\$ 39,821	\$ 56,811
August	44,728	\$2.65	\$ 118,529	44,787	\$0.64	\$ 28,664	44,787	\$1.50	\$ 67,181	\$ 95,844
September	17,949	\$2.65	\$ 47,565	18,040	\$0.64	\$ 11,546	18,040	\$1.50	\$ 27,060	\$ 38,606
October	29,804	\$2.65	\$ 78,981	32,108	\$0.64	\$ 20,549	32,108	\$1.50	\$ 48,162	\$ 68,711
November	27,057	\$2.65	\$ 71,701	27,057	\$0.64	\$ 17,316	27,057	\$1.50	\$ 40,586	\$ 57,902
December	24,747	\$2.79	\$ 68,977	24,503	\$0.69	\$ 16,811	24,503	\$1.50	\$ 36,755	\$ 53,565
Total	330,763	\$ 2.66	\$ 879,920	341,052	\$ 0.64	\$ 219,402	341,052	\$ 1.50	\$ 511,578	\$ 730,980

- a) Please explain the variance in the HONI sub-transmission rate in December. If this an error, Board staff will make the necessary changes.

Taxable Income 2011

Interrogatory #3

Ref: Tax Sharing Model, sheet 5 and Decision and Order, EB-2010-0137, p. 50 of 58

On page 50 of Milton Hydro’s settlement agreement, Appendix A of the Decision and Order in proceeding EB-2010-0137, Milton Hydro showed regulatory taxable income of \$1,794,552, which resulted in a grossed-up income tax of \$557,788 for the 2011 test year.

In the tax sharing model, sheet 5 shown below, Milton Hydro entered regulatory taxable income in the amount of \$1,729,891 for the 2011 rate year with a resulting grossed-up income tax of \$532,516. Board staff believes that these amounts have been incorrectly transposed.

- a) If Milton Hydro agrees, please confirm, and Board staff will make the necessary adjustments to the workform.
b) If not, please provide the evidence for the amounts entered.

Summary - Sharing of Tax Change Forecast Amounts

For the 2011 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)

\$ 59,231

1. Tax Related Amounts Forecast from Capital Tax Rate Changes

	2011	2014
Taxable Capital	\$ 59,787,790	\$ 59,787,790
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	\$ 44,787,790	\$ 44,787,790
Rate	0.000%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ -	\$ -

2. Tax Related Amounts Forecast from Income Tax Rate Changes

	2011	2014
Regulatory Taxable Income	\$ 1,729,981	\$ 1,729,981
Corporate Tax Rate	26.15%	24.48%
Tax Impact	\$ 393,239	\$ 364,214
Grossed-up Tax Amount	\$ 532,516	\$ 482,255

Tax Related Amounts Forecast from Capital Tax Rate Changes

\$ -

Tax Related Amounts Forecast from Income Tax Rate Changes

\$ 532,516

Total Tax Related Amounts

\$ 532,516

Incremental Tax Savings

-\$ 50,261

Sharing of Tax Savings (50%)

-\$ 25,131

Tax Model - Billing Determinants

Interrogatory #4

Ref: Tax Sharing Model, Sheet 3 "Re-Based Bill Det. & Rates" and Decision and Order, EB-2010-0137, p. 50 of 58

Last COS Re-based Year was in 2011

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	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	27,832	260,408,065		15.00	0.0140	
GSLT50	General Service Less Than 50 kW	Customer	kWh	2,315	75,603,703		15.97	0.0170	
GSGT50	General Service 50 to 999 kW	Customer	kW	299	188,689,653	511,697	75.81		2.5259
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	13	112,523,353	230,486	874.23		2.7588
LU	Large Use	Customer	kW	2	85,702,235	188,668	3,650.64		2.1856
USL	Unmetered Scattered Load	Connection	kWh	208	1,519,815		7.64	0.0162	
Sen	Sentinel Lighting	Connection	kW	270	167,188	465	2.37		17.9504
SL	Street Lighting	Connection	kW	2,895	6,320,787		1.98		8.6819

Board staff notes that Milton Hydro has not made an entry for Streetlights customer class kW. On p. 40 of the Decision and Order, EB-2010-0137 Board staff notes that the kW for this class should be 17,810. Board staff believes this omission has been in error.

- If Milton Hydro agrees, Board staff will make the necessary adjustment to the tax sharing model.
- If not, please explain.

Rate Riders for Tax Sharing

Interrogatory #5

Ref: Manager's summary, p. 8; Tax Sharing Model, sheet 6 and Rate Generator, sheet 11

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	\$8,655,473	64.84%	-\$16,294	260,408,065	0	-\$0.0001	
General Service Less Than 50 kW	\$1,728,910	12.95%	-\$3,255	75,603,703	0	\$0.0000	
General Service 50 to 999 kW	\$1,564,502	11.72%	-\$2,945	188,689,653	511,697		-\$0.0058
General Service 1,000 to 4,999 kW	\$772,245	5.78%	-\$1,454	112,523,353	230,486		-\$0.0063
Large Use	\$499,968	3.75%	-\$941	85,702,235	188,668		-\$0.0050
Unmetered Scattered Load	\$43,690	0.33%	-\$82	1,519,815	0	-\$0.0001	
Sentinel Lighting	\$16,026	0.12%	-\$30	167,188	465		-\$0.0649
Street Lighting	\$68,785	0.52%	-\$129	6,320,787			
	\$13,349,598	100.00%	-\$25,131				

Proposed Tax Sharing Rate Riders

Customer Class	\$/Unit	Tax Sharing Rate Rider
Residential	\$/kWh	(0.0001)
General Service Less Than 50 kW	\$/kWh	0.0000
General Service 50 to 999 kW	\$/kW	(0.0057)
General Service 1,000 to 4,999 kW	\$/kW	(0.0062)
Large Use	\$/kW	(0.0049)
Unmetered Scattered Load	\$/kWh	(0.0001)
Sentinel Lighting	\$/kW	(0.0641)
Street Lighting	\$/kW	(0.0233)

Board staff notes that the tax rate rider for the GS 50 – 999 kW, GS 1000-4,999 kW, Large User and the Sentinel Lighting customer classes differ slightly from the manager's summary. The Street lighting class rate rider is absent due to the omission of the kW on sheet 3.

- Please confirm that the rate riders calculated by the model are correct with the exception of the street lighting class.
- Please explain the variance in the table 3 of the Manager's Summary.

Board staff also notes that no tax sharing rate riders have been entered on sheet 11 of the rate generator.

- c) Please confirm that this omission has been made in error and Board staff will update the rate generator.
- d) If not, please explain the omission.

RRR Data – RTSR Model

Interrogatory #6

Ref: RTSR Model, Tab 4 – “RRR Data”

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	281,220,955		1.0362		291,401,154	-
General Service Less Than 50 kW	kWh	84,168,273		1.0362		87,215,164	-
General Service 50 to 999 kW	kW	194,206,573	512,720		51.92%	194,206,573	512,720
General Service 1,000 to 4,999 kW	kW	128,979,851	287,183		61.56%	128,979,851	287,183
Large Use	kW	86,554,626	179,954		65.92%	86,554,626	179,954
Unmetered Scattered Load	kWh	1,328,091		1.0362		1,376,168	-
Sentinel Lighting	kW	155,804	413		51.71%	155,804	413
Street Lighting	kW	6,834,941	19,000		49.31%	6,834,941	19,000

Please confirm that the data entered in columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” are not adjusted by Milton Hydro’s Board approved loss factor.