## 8.2-Staff-44

## Revised Appendix 2-P – part C

All of the reported Status Quo ratios are above 100% - which mathematically cannot be the case.  Could you review and provide a corrected version as necessary?

**RESPONSE:**

Oakville Hydro had entered the total revenue requirement included miscellaneous revenues in column 7C rather than the base revenue requirement. Oakville Hydro has correct part B) and C) of Appendix 2-P below.





## 8.2-EP-51

The response states that Milton Hydro has committed to 72 MW of load per calendar year.  Could you clarify – is Milton committing to at least 72; no more than 72 or exactly 72 MW per year?

**RESPONSE:**

Milton Hydro has committed to an average load of at least 72 MW per year.

8.2-AMPCO-24 b)

The last sentence of the response appears to be incomplete.

**RESPONSE:**

The complete response to 8.2-AMPCO-24 b) should be as follows:

Please see response to part a) of this interrogatory. As per the corrected Appendix 2-P, part C, Oakville Hydro proposal was to move the residential rate class closer to unity. In response to Board staff interrogatory number 8.2-Staff-44, Oakville Hydro has proposed to update its revenue to cost ratio for the embedded distributor class to 100% and to change the revenue to cost ratios for all classes below 100% to 97.54%.

## 8.2-VECC-45 a)

The response indicates that two of the feeders are specific to Milton – which might explain why the feeders should be directly allocated – but does not explain why the station costs should be directly allocated which was the focus of the question.

1. Please address the direct allocation of the station costs.

**RESPONSE:**

In its report on Review of Electricity Distribution Cost Allocation Policy (EB-2010-0219), the Board stated that it was of the view that the methodology outlined in Schedule 10.7 of the 2006 EDR Handbook, as updated in proceeding EB-2007-0900, provided an appropriate basis for estimating the costs to be allocated to an embedded distributor customer class. That methodology considers the portion of the host distributor’s Low Voltage (“LV”) facilities that are used to serve the embedded distributor, as well as the proportion of the load on those facilities that is bound for the embedded distributor’s service area.

In it comments, VECC expressed concern that Schedule 10.7 from the 2006 EDR Handbook was developed prior to the development of the Board’s CA Model. As a result, there are inconsistencies between the two in terms of both the cost elements allocated to embedded distributors and the allocation methodologies used for the individual cost elements. If distributors are to directly assign costs to their embedded distributor(s) then, VECC submitted, the approach as set out in Schedule 10.7 needs to be updated.

In its Stakeholder Presentation November 18, 2010, Elenchus agreed that Schedule 10.7 should be updated and provided examples of the additional costs that should be allocated to the embedded distributor rate class:

* metering-related costs
* billing costs
* general administrative costs
* general plant costs

Consistent with Schedule 10.7, Oakville Hydro has allocated the portion of the transformer station costs and the costs of the two feeders to Milton Hydro. Oakville Hydro believes that it has addressed VECC’s concerns regarding the need to update Schedule 10.7 by allocating all of the costs associated with providing service to Milton Hydro and in doing so has appropriately incorporated the cost causality principle.

Oakville Hydro notes the direct allocation of costs to Milton Hydro is consistent with the approach that was agreed upon in Kitchener-Wilmot Hydro Inc.’s settlement proposal (EB-2013-0147).

Also are the two underground egress feeders that Oakville owns (VECC 43 c)) included in Account 1815 or elsewhere?

**RESPONSE:**

Oakville Hydro confirms that the two underground egress feeders that Oakville owns are included in Account 1815 in the cost allocation model.

8.2-VECC #45 b)

The response indicates that the requested CA model with no direct allocation has been provided.  However, I’m unable to locate it with the IRR filings.  Please provide a copy of the requested CA where there is no direct allocation to Milton and Milton’s load & customer count is used to allocate costs instead.

**RESPONSE:**

Oakville Hydro has attached a copy of the cost allocation model without direct allocation to Milton.