



PUBLIC INTEREST ADVOCACY CENTRE
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November 29, 2015

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: EB-2015-0089 –Milton Hydro Distribution Inc. – 2016 Rate Application
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

M. Garner/for M.Janigan

Michael Janigan
Counsel for VECC

Mr. Cameron McKenzie, Director Regulatory Affairs
cameronmckenzie@miltonhydro.com

REQUESTOR NAME	VECC
TO:	Milton Hydro Distribution Inc. (Milton)
DATE:	November 29, 2015
CASE NO:	EB-2015-0089
APPLICATION NAME	2016 COS Application

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: E1/pg.30

- a) Please provide an amended Graph 1-2 in constant (2005) dollars.
- b) Please provide the data used to create Graph1-2.

1.0-VECC-2

Reference: E1/pg. 63

- a) Please provide the cost of the Utility Pulse Survey.
- b) Was the survey undertaken to meet the filing requirements of the OEB?
- c) Did the survey provide any insights to Milton that it had not already acquired through its interactions with customers?
- d) Does Milton believe there is sufficient value in the information provided by the survey to justify a similar poll in the future?

1.0-VECC-3

Reference: E1/

- a) Please provide the cost of the Innovative Research Group survey?
- b) Was the survey undertaken to meet the filing requirements of the OEB?
- c) Did the survey provide any insights to Milton that it had not already acquired through its interactions with customers?
- d) Does Milton believe there is sufficient value in the information provided by the survey to justify a similar poll in the future?

1.0-VECC-4

Reference: E1/pg.65

- a) Milton undertook two customer surveys one by Utility Pulse and the other by Innovative Research Group. Please explain how the objectives of these two surveys differ and why two surveys were undertaken.
- b) What, if any, differences were found in the results of the two surveys?

2.0 RATE BASE (EXHIBIT 2)

2.0 – VECC - 5

Reference: E2/pg.10

- a) Please provide the 2015 amount expended to-date on New Customer Connections under the category “Miscellaneous under Threshold.”
- b) Please explain how the amounts for 2015 and 2016 under the category “Miscellaneous under Threshold” are forecast.

2.0 – VECC - 6

Reference: E2/pg.10

- a) Please provide an update of the 2015 costs spent to-date on the new Service Centre and Administration Building renovations (forecast \$10,500,000). Please provide separately the costs do-date for furniture (forecast \$500,000).

2.0-VECC –7

Reference: E2/Table 2-27 (Appendix 2-AA)

- a) Please provide the business case for the WiMax project which shows the total capital expenditures for the project in each of 2014 through 2020.
- b) Please provide the outcome metrics which Milton is using to assess the project.

2.0-VECC –8

Reference: E2/Table 2-27 (Appendix 2-AA)

- a) Please explain why there were no transportation purchases in 2012.
- b) Please explain Milton’s policy for purchase/replacement of vehicles.

- c) Please explain why the average purchase in this category for 2011 through 2013 is significantly lower than 2014 through 2016
- d) Please provide the transportation purchases in 2009 and 2010.

2.0-VECC –9

Reference: E2/pg.44/Table 2-17 (Appendix 2-AB)

- a) Please provide an amended Appendix 2-AB which shows the capital contributions attributable to each of the categories.
- b) Please explain how the capital contributions for 2015 and 2016 were forecast.
- c) Please provide 2015 capital contributions to-date.

2.0-VECC –10

Reference: E2/Attachment 2-1 DSP/pgs. 44-55

- a) The DSP includes a discussion and data for outages by cause code. What cause code related target/outcomes measures does Milton intend to use to understand the effectiveness of its DSP?
- b) Has Milton done an analysis of outages due to defective equipment? If so please provide that analysis. What programs in the DSP are targeted to reducing outages due to defective equipment?

2.0-VECC –11

Reference: E2/Attachment 2-1 DSP/pg. 53

- a) Please provide a table showing duration of outage by cause code for 2010 through 2014.

2.0-VECC –12

Reference: E2/Attachment 2-1 DSP/pg. 59

- a) Please provide the RRFE Performance Scorecard for 2014.

2.0 – VECC - 13

Reference: E2/Attachment 2-1

- a) Was the Milton Distribution System Plan prepared internally? If yes, was a third-party review undertaken of the plan?

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -14

Reference: E3/page 5

- a) Please confirm that the period noted at line 17 should read “June 2015 to December 2016”.

3.0 –VECC -15

Reference: E3/pages 7-8 and 27

- a) Please provide a schedule that sets out, by customer class, the customer/connection count as of May 31, 2015.
- b) How was the connection forecast for Street Lights developed? There is no discussion on pages 7-8 as to how this was done.

3.0 –VECC -16

Reference: E3/pages 8 and 21

OEB Filing Guidelines, Chapter 2, page 30

- a) For purposes of preparing the forecast based on 20 years of HDD and CDD data, did Milton use the 20 year average or the 20 year trend?
- b) If the forecast was done using the 20 year average, please provide a revised forecast based on the 20-year trend, as required by the Filing Guidelines.

3.0 –VECC -17

Reference: E3/pages 9-10

- a) Please explain why for the Large Use class a two year average of the kW to kWh ratio was used to develop the demand forecast, whereas for all other classes the average for the years 2001 to 2014 was used.

3.0 –VECC -18

Reference: E3/pages 10 and 14

- a) Please confirm that the regression analyses done by Milton used actual data up to May 2015 (per page 4).
- b) If part (a) is confirmed, doesn't this mean that the customer class forecasts for 2016 already incorporate the savings from CDM programs implemented

in the first five months of 2015 and the manual adjustment should be reduced accordingly (as opposed to manually adjusting for 100% of anticipated 2015 program impacts)?

- c) If part (a) is confirmed, doesn't this mean that the actual data used to estimate the model includes more than 50% of the savings from 2014 CDM programs (e.g., the months January to May 2015 will include the full impact of the 2014 CDM programs) and the manual adjustment for 2016 should be reduced accordingly?
- d) If part (a) is confirmed, please provide estimates of the 2014 and 2015 CDM programs savings already captured by the regression models and explain the methodology used in doing so.

3.0 –VECC -19

Reference: E3/pages 10-11

- a) With respect to Table 3-3, for those classes that are demand billed, please provide the kW savings reported by the IESO (OPA) from 2014 programs.
- b) Please provide a copy of the IESO Preliminary Result Report for 2011-2014.
- c) Please provide a copy of Milton's 2015-2020 CDM Plan that was accepted by the IESO.

3.0 –VECC -20

Reference: E3/page 13-15

- a) Please confirm that Table 3-6 sets out the 2016 forecast adjustments by customer class for each of the program years shown.
- b) Please provide a revised version of Table 3-6 2 which also includes: i) another row showing the total for each year and ii) another column showing the total 2016 adjustment by customer class.
- c) Please explain why, in Table 3-6, the total value for 2016 doesn't equal 50% of the planned savings from 2016 CDM programs per Table 3-4.
- d) With respect to Table 3-7, please provide a revised version that includes and Total row at the bottom which presents the Total for each year (2014-2016).
- e) .Are any of the columns in Table 3-7 meant to represent the manual adjustment made to each customer class for each year? If so, which one?
- f) With respect to Table 3-7, please explain why the 2016 "Change Year over Year" doesn't just equal 50% of the Planned Savings from 2016 Programs.

3.0 –VECC -21

Reference: E3/page 16

- a) With respect to Table 3-8, for each of the Residential, GS<50 and GS>50 classes please add another column that shows the annual totals for 2015 and 2016 (similar to what was done for the other customer classes).
- b) Please reconcile the 2016 annual totals shown in Table 3-8 (including those added per part (a)) with the values by class set out in Table 3-6.
- c) Please provide a schedule that sets out for each customer class: i) the 2016 forecast per the regression analysis model, ii) the manual CDM adjustment related to 2014 CDM programs, iii) the manual CDM adjustment related to 2015 CDM programs, iv) the manual adjustment related to 2016 CDM programs and v) the net result (which should reconcile with Table 3-14 a)).

3.0 –VECC -22

Reference: E3/pages 18-20 (Appendix 2-I)

- a) Please explain why (per page 18) the 2014 CDM program results do not reconcile with the total for all classes set out in Table 3-3.
- b) Please explain why (per page 19) the 2015 and 2016 CDM program results do not reconcile with Table 3-4.
- c) What is Milton's proposed 2016 LRAMVA quantity (kWh) for purposes of any future LRAM application? Please reconcile the value proposed with that set out on page 20.
- d) Please provide a breakdown of the total 2016 LRAMVA quantity by customer class and explain how it was done.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -23

Reference: E4/pg. 17

- a) Please provide the reference to the customer concerns expressed during the customer engagement which led to the hiring of a communications specialist as referred to at the above reference.
- b) Has this position been filled?
- c) Please provide the business case that was made for the hiring of a human resource specialist.

4.0 -VECC -24

Reference: E4/pg. 22

- a) *“Milton Hydro has increased its tree trimming costs going forward in response to concerns expressed by customers in the rural service area during a Town Hall”* Please provide a summary (including number of customers polled/interviewed) of the customer engagement from which Milton draws the conclusion most customers support the increased tree trimming program.
- b) Please provide the metric/outcomes by which Milton will assess the effectiveness of an increase in tree trimming.
- c) Please provide the amount budgeted for storm damage (or emergency projects) for each of 2011 through 2015 and for 2016.
- d) Please explain how the increase tree trimming is expected to reduce emergency and storm damage costs.

4.0-VECC-25

Reference: E4/pg. 53-54/ Regulatory Costs

- a) Has the OEB notified Milton of any forecast costs it intends to charge as part of this application for the review of the DSP?
- b) If yes please provide the estimate provided and explain whether this cost is included in the forecast of regulatory costs as shown in Appendix 2-M.

4.0-VECC-26

Reference: E4/pg. 33/Table 4-14

- a) Please amend Table 4-14 to include two rows, one showing total compensation capitalized for each year and the other showing total compensation charged to OM&A in each year (i.e. the two new rows should sum to total compensation).

4.0-VECC-27

Reference: E4/pg. 34

- a) Please identify the number and type of positions that are backfill/in-training as part of succession planning or for anticipated retirements.

4.0-VECC-28

Reference: E4/pg. 33-//Table 4-14

- a) In 2011 the Board approved compensation costs which included 18 management positions. Please provide a list of these positions. For the 5 new positions created since that approval please provide a list of each new management position, the year the position was created and the responsibilities of that position.

4.0-VECC-29

Reference: E4/pg. 40/

- a) Please provide the business case for the proposal to bring in-house the AMI system. If no business case was produced please explain how it was determined that the project would be more cost effective than the status quo.

4.0-VECC-30

Reference: E4

- a) When did Milton complete its smart meter rollout?
- b) Please provide the incremental costs of operating smart meters in the first full year subsequent to the rollout.

4.0-VECC-31

Reference: E4

- a) Does Milton provide manual meter reading services as part of its water billing service?
- b) If yes, please provide the number of electricity meters manually read in each of 2011 through 2016 and separately the number of water meters read in each of those years.

4.0-VECC-32

Reference: E4

- a) Please provide the fees paid to the EDA for each of the years 2011 through (forecast) 2016.
- b) If Milton purchases insurance products from the MEARIE Group please provide these costs for each of 2011 through 2016.

4.0-VECC-33

Reference: E4/pg. 57/Table 4-33

- a) Please explain the increase in depreciation in 2016 as compared to the average 2011-2014 for:
1. 1908 Building and Fixtures
 2. 1930 Transportation Equipment
 3. 1955 Communication Equipment.

4.0 -VECC -34

Reference: E4/pages 78-83 and Attachment 4-6

- a) With respect to Table 4-53, please confirm that for demand billed classes the amounts shown under "Summary of Units Lost" are billing kW and not kWh.
- b) Please provide a Summary of Units Lost that sets out the kWh by customer class and in total for each year.
- c) For demand-billed classes, please set out how the IESO (OPA) reported peak kW reduction was translated into billing kW and reconcile with the IESO (OPA) definition of peak.
- d) Please provide a schedule that sets out how the savings reported by the IESO (OPA) per Attachment 4-6 were assigned to customer classes.
- e) With respect to Table 4-53, please confirm that the volumetric rates shown for each year are a weighted average of the pre-May 1st and post-May 1st rates for the year.
- f) What is the basis for the "2014 Saved" values? In particular, what is the basis for assuming 100% persistence of savings reported for 2013?
- g) Does Milton plan on carrying the un-refunded Residential amount forward and factoring it into future LRAM claims?

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0-VECC-35

Reference: E5/pg.5

- a) Please provide an update on the status of the TD loans.
- b) Please provide the current rate for 25 year debt from TD.
- c) Please provide the rate comparison or due diligence which shows the negotiated agreements are at competitive rates.

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –36

Reference: E7/pages 3-7

- a) Is the verification/validation of meter reading data part of the Billing & Collecting activity or part of the Meter Reading activity?
- b) If part of the Meter Reading activity, how do the proposed weighting factors (Table 7-4) account for the fact that for small volume customers the IESO performs the verification/validation activity?
- c) The Cost Allocation model reports the number of connections and the number of devices for Street Lights as both being 3,199 (Tab I6.2). Please confirm that all Street Light devices are individually connected to Milton's secondary system (i.e., there is no "daisy chaining").
- d) Is the break-out of assets as between primary and secondary based on physical allocators (e.g., # of poles, # of km of conductor and #km of conduit associated with primary vs. secondary)? If yes, how was the cost differential between primary vs. secondary facilities factored into the weightings?

7.0 – VECC –37

Reference: E7/page 12 and Appendix 2-P

- a) What could the R/C ratio for Street Lighting be increased to and still been the bill impact (per Table 8-18) to no more than 10%?
- b) Why is the ratio for GS<50 being reduced to 106% when the status quo value is less than the Board's upper limit of the Board's policy range and the resulting bill impacts are less than those for the Residential class?
- c) What is the revenue shortfall that arises if the R/C ratios for GS>1,000 to 4,999, Large Use, Street Lighting and Sentinel Lighting are all moved to limits of their respective policy ranges?
- d) Why are the R/C ratios for Residential, GS>50 to 999, and USL all being increased to 100% when lower values for each class would offset the shortfall noted in part (c)?

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 38

Reference: E8/pages 15-17
Appendix 2-W
EB-2015-0294

- a) Please provide an updated version of Appendix 2-W that reflects the planned elimination of the OCEB credit as well as the Debt Retirement charge for 2016; the new OESP charge to be implemented in 2016 and the reduction in the WMS charge for 2016 per EB-2015-0294.
- b) Based on the response to part (a) please provide a revised version of Table 8-18.

8.0 –VECC - 39

Reference: E8/pages 10-11

- a) Does the \$524,544 represent the total LV costs paid by Milton for 2014? If not, what was the value?
- b) Please clarify how the \$535,000 forecasted LV expense for 2016 was established.

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -40

Reference: E9/pg.11

- a) Please provide details on the 106k in IFRS training costs incurred in 2009 and 2010.
- b) Please explain what computer hardware was necessary for IFRS conversion.
- c) Please explain why Milton believes it should be able to recover direct labour costs as part of its IFRS conversion.
- d) Please provide the names of the consultants for each year of consulting fees for IFRS transition costs. If these consultants produced documents for this work please describe this work.

9.0 –VECC -41

Reference: E9/pg.11

- a) Has Milton Hydro received the OPA Final Report for 2014?
- b) If yes, please provide the Report and show any changes required to LRAMVA 1568 balances.

End of document