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January 22, 2016

BY EMAIL

Mr. Cameron McKenzie
Director, Regulatory Affairs
Milton Hydro Distribution Inc.
8069 Lawson Rd.
Milton ON L9T 5C4

Dear Mr. McKenzie:

Board File No. EB-2015-0089
Milton Hydro Distribution Inc. --- 2016 COS Application
Energy Probe – Pre-ADR Clarification Questions

Pursuant to Procedural Order No. 2, issued January 6, 2016, a Settlement Conference is scheduled to commence on January 25, 2016. Energy Probe has reviewed the Interrogatory Responses of Milton Hydro and has identified a number areas requiring clarification before we can participate fully in the Settlement Conference.

Since no technical conference has been scheduled, Energy Probe is providing the attached Pre-ADR Clarification Questions to Milton Hydro Distribution at this time to facilitate the ADR on January 25, 2016.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

- cc. Ontario Energy Board, Board Secretary (By email)
Frank Lasowski, Milton Hydro Distribution (By email)
Mary-Jo Corkum, Milton Hydro Distribution (By email)
James Sidlofsky, Borden Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (By email)
Parties of Interest (By email)

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EB-2015-0089

Milton Hydro Distribution Inc.

**Application for electricity distribution rates and other
charges beginning May 1,**

**CLARIFICATION QUESTIONS OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

January 22, 2016

**MILTON HYDRO DISTRIBUTION INC.
2016 RATES REBASING CASE
EB-2015-0089**

**ENERGY PROBE RESEARCH FOUNDATION
CLARIFICATION QUESTIONS**

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1. Ref: 1.0-Staff-7

- a) Please explain why Milton Hydro projects it will be in efficiency group 3 for 2016 when the July 2015 PEG report shows Milton Hydro in group 2.
- b) Do the numbers in the table in the 2016 column indicate that Milton Hydro is forecasting a cost performance of -4.84% for 2016, -1.55% for 2015 and an actual cost performance for 2014 of -5.83%? If this is confirmed please explain the difference between the 2014 figure of -5.83% and the figure of -4.0% in Table 3(a) of the PEG report.

EXHIBIT 2 – RATE BASE

2. Ref: 2-Energy Probe-7

Please confirm that the 2015 figures shown in Appendix 2-AB indicate that the projected expenditures in 2015 are forecast to be about 17% below the bridge year plan filed in this application.

3. Ref: 2-Energy Probe-4 & 2-Energy Probe-10

The first reference shows contributions and grants in the fixed asset continuity schedule for 2015 of \$1,179,035. The second reference states that Milton Hydro has received \$952,078 in contributions to date (October, 2015) and is forecasting \$2,773,720 for the remainder of the year. This latter figure is the original forecast.

Please reconcile these figures.

4. Ref: 2-Energy Probe-4 & 2-Energy Probe-13

Please explain the difference in the actual capital expenditures related to the building and renovations of \$10,460,000 shown in the fixed asset continuity schedule in the first reference and the \$6,466,058 shown in the response to the second reference. What is the \$4 million related to and was it spent in 2015?

EXHIBIT 4 – OPERATING EXPENSES

5. Ref: 4.0-Staff-63

Was the land sold to an affiliate?

6. Ref: 4-Energy Probe-27

- a) Please explain how the response to this interrogatory results in an increase in the test year OM&A of \$219,060 as shown in the Tracking Form in the RRWF.**
- b) Please explain fully the increase in the 2016 OM&A of \$219,060.**

EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE

7. Ref: 5.0-Staff-70

Please update the response to reflect any updates to the December 15, 2015 and January 15, 2016 issuances.

8. Ref: 5.0-Staff-70 & 5-Energy Probe-33

- a) The table provided in response to 5.0-Staff-70 continues to show the debt issuance in 2016 as of January 15, 2016, whereas the response to 5-Energy Probe-33 indicates that this debt will be obtained in July, 2016. Please reconcile.**
- b) The response to 5-Energy Probe-33 indicates the correct date for the 2016 loan is July, not January, yet the interest for 2016 was calculated for a period of 11.5 months. Please reconcile.**