

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O.
1998, c.15, 3 Schedule B, as amended (the “OEB Act”);

AND IN THE MATTER OF an Application by Milton Hydro
Distribution Inc. under Section 78 of the OEB Act to the Ontario
Energy Board for an Order or Orders approving or fixing just and
reasonable rates and other service charges for the distribution of
electricity as of May 1, 2016.

MILTON HYDRO DISTRIBUTION INC. (“Milton Hydro”)
APPLICATION FOR APPROVAL OF 2016 ELECTRICITY
DISTRIBUTION RATES
EB-2015-0089

INFORMATION REQUEST FOR ORAL HEARING
Energy Probe

Filed: March 24, 2016

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Request 1

Energy Probe requests that the following tables be updated to reflect actual 2015 costs, or in the event that actual 2015 costs are not yet available, they be updated to reflect the most recent information available. Some of the tables were updated to include actual data through October, 2015 as part of various interrogatory responses. However, given the three months that have transpired since the interrogatory responses, additional actual data is likely available, although it may not yet be audited. The tables requested to be updated for 2015 are:

- i) Table 4-8 (Appendix 2-JB),
- ii) Table 4-12 (Appendix 2-L),
- iii) Table 4-13 (Appendix 2-JC),
- iv) Table 4-14 (Appendix 2-K) modified to include employee costs charged to OM&A and capital as found in the response to 4-Energy Probe-25, and
- v) Table 4-51 (property taxes).

Response:

Milton Hydro has provided the following Tables updated to December 31, 2015. Milton Hydro would advise that the information provided in the Tables is Unaudited and as a result may be subject to change.

Table 4-8
Cost Driver Table - Appendix 2-JB

OM&A	Last Rebasings Year (2011 Actuals)	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year	2015 Unaudited Dec 31 Balance
<i>Reporting Basis</i>	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Opening Balance	\$ 6,300,000	\$ 6,396,763	\$ 6,761,992	\$ 8,435,973	\$ 8,543,897	\$ 10,028,886	\$ 8,543,897
Wages, Salaries, Progressions and Benefits	- 43,832	242,907	- 156,525	232,457	467,949	211,865	326,453
Employee Future Benefits	47,965	- 3,350	- 20,578	10,906	- 19,836	627	- 12,523
Incentive Plan	- 35,879	23,507	34,392	- 6,918	6,202	16,360	16,386
Management Fees	- 14,867	- 23,557	7,799	- 11,283	35,115	5,346	5,340
Board of Directors Stipends & Expenses	39,228	38,534	6,004	13,740	6,172	5,999	- 25,759
Customer Focus Drivers							
Service Locates	(110,122)	11,991	9,269	54,926	7,838	12,000	22,687
Customer Premise Maintenance	63,466	(5,887)	(59,220)	91,531	(4,277)		(7,308)
Monthly Billing	(8,151)	(3,800)	(2,735)	(11,504)	11,792	5,530	7,652
Postage	(11,736)	23,032	7,653	17,731	6,916	11,720	18,396
Training Seminars	(6,909)	(18,136)	31,607	16,397	(2,145)	(21,446)	(4,654)
Meter Reading - Trilliant/Olameter	(42,827)	(24,197)	43,773	(5,585)	5,001	(33,860)	12,264
Bad debts	(17,876)	13,417	34,378	820	(23,740)	22,600	(4,923)
Operational Effectiveness Drivers							
Audit/Legal	5,990	16,264	1,440	46,554	(17,378)	(20,000)	29,460
Bank Charges	3,991	146	3,448	3,533	33,648	1,331	3,608
Meter Maintenance	27,891	(722)	74,396	(13,375)	15,550	(32,280)	(110,852)
Pole Maintenance	31,638	52,494	10,251	(11,724)	(78,468)	3,876	16,820
Transformer Station - operating & maintenance costs	(23,733)	52,358	(55,643)	(9,291)	25,355	33,887	44,948
Load Dispatching				6,884	149,617	(6,501)	60,321
Tree Trimming	245,862	(68,565)	(34,198)	157,983	47,163	10,538	36,662
Ice Storm 2013			500,000	(1,000,000)	500,000		500,000
Rent at 8069 Lawson	(6,139)	45,167	4,019	(32,743)	(30,694)	(328,664)	(4,086)
Computer Services/Software Maintenance	(9,554)	125,166	9,279	51,343	(9,258)	12,083	16,269
Security Audit		6,000	(19,000)	43,100	(23,100)	-	(43,100)
Consulting -Safety Team "7" - Springboard Services				65,000	3,866	3,556	-
Consulting -Financial System Upgrade				28,000	150,000	(150,000)	177,868
Building maintenance/taxes	43,333	(18,272)	7,734	109,017	63,015	84,131	134,293
Moving Expenses							61,105
Maintenance of OH & UG conductors	(41,271)	20,653	(34,186)	177,161	(8,631)	(43,211)	(70,699)
Maintenance of Line Transformers	5,010	(71,635)	(10,638)	61,846	(47,450)	8,984	(6,556)
Public Policy Drivers							
Regulatory costs	(662)	(52,217)	(5,333)	26,913	(15,607)	146,260	88,788
Impact of Overhead Capitalization Policy Change on OM&A			1,273,132	(11,627)	(40,035)	234,375	(40,035)
Other	(44,053)	(16,069)	13,463	6,132	270,409	(101,544)	105,484
Closing Balance	\$ 6,396,763	\$ 6,761,992	\$ 8,435,973	\$ 8,543,897	\$ 10,028,886	\$ 10,122,448	\$ 9,898,207

Table 4-12

Recoverable OM&A Cost per Customer and per FTE – Appendix 2-L

	Last Rebasing Year - 2011- Board Approved	Last Rebasing Year - 2011- Actual	2012 Actuals	2013 Actuals	2014 Actuals	2015 Unaudited Actuals	2015 Bridge Year	2016 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Number of Customers ^{2,4}	30,461	29,814	31,405	33,199	34,592	35,498	35,498	36,672
Total Recoverable OM&A	\$ 6,300,000	\$ 6,396,763	\$ 6,761,992	\$ 8,435,973	\$ 8,543,897	\$ 9,898,207	\$ 10,028,886	\$ 10,122,448
OM&A cost per customer	\$ 206.82	\$ 214.56	\$ 215.32	\$ 254.11	\$ 246.99	\$ 278.84	\$ 282.52	\$ 276.03
Number of FTEs ^{3,4}	49	46	48	52	52	55	59	61.5
Customers/FTEs	621.65	648.12	654.26	638.43	665.23	645.41	601.66	596.29
OM&A Cost per FTE	128,571.43	139,060.06	140,874.83	162,230.25	164,305.71	179,967.40	169,981.12	164,592.65

Table 4-13
OM&A – Appendix 2-JC

	Last Rebasing Year (2011 OEB- Approved)	Last Rebasing Year (2011 Actuals)	2012 Actuals	2013 Actuals	2014 Actuals	2015 Unaudited Actuals	2015 Bridge Year	2016 Test Year	Variance (Test Year vs. 2014 Actuals)	Variance (Test Year vs. Last Rebasing Year (2011 OEB- Approved)
Programs										
Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS		
Operations										
U/G Locates	357,898	248,976	260,967	270,236	325,163	350,921	333,000	345,000	19,837	-12,898
Transformer Substations	99,495	75,762	134,251	72,545	43,708	91,825	74,775	109,154	65,446	9,659
Operations/Maintenance Supervisor	87,546	161,565	169,116	200,206	94,900				-94,900	-87,546
Eng & Operations Administration		0	0	827,369	929,273	1,216,578	1,070,354	1,145,335	216,062	1,145,335
Load Dispatching		0	0	0	6,884	73,744	156,501	150,000	143,116	150,000
Meter Expense	178,657	129,049	237,892	384,523	346,439	250,983	435,349	448,581	102,142	269,924
Customer Premise	196,386	259,853	253,966	194,746	286,277	280,185	281,999	258,634	-27,643	62,248
Sub-Total	919,982	875,205	1,056,192	1,949,625	2,032,644	2,264,236	2,351,978	2,456,704	424,061	1,536,722
Maintenance										
Meter Maintenance	0	15,941	61,244	77,426	43,090	21,183	22,651	20,580	-22,510	20,580
Maintenance O/H Lines	391,153	347,348	448,577	484,215	637,840	571,724	523,072	538,945	-98,895	147,792
Maintenance Line Transformers	279,856	284,866	213,231	202,592	264,438	242,298	216,988	225,746	-38,692	-54,110
Maintenance U/G Conductors	133,829	114,088	81,639	22,071	50,594	102,986	39,010	21,714	-28,880	-112,115
Tree Trimming	171,940	417,802	349,236	315,038	473,021	507,747	520,184	548,722	75,701	376,782
Ice Storm 2013				500,000	-500,000				500,000	0
Sub-Total	976,778	1,180,045	1,153,927	1,601,343	968,984	1,445,939	1,321,905	1,355,707	386,723	378,929
Customer Service										
Meter Reading	316,859	244,004	265,025	271,074	269,882	302,929	350,691	187,812	-82,070	-129,047
Billing/Finals/Collections	1,451,829	1,388,056	1,497,221	1,589,135	1,748,998	1,797,066	1,886,163	2,087,287	338,289	635,458
Bad Debt	50,000	28,231	43,359	52,293	52,312	47,389	52,000	54,600	2,288	4,600
Sub-Total	1,818,688	1,660,291	1,805,605	1,912,502	2,071,192	2,147,383	2,288,854	2,329,699	258,507	511,011
Administration										
Administration Wages	1,385,636	1,386,416	1,482,912	1,672,283	1,753,229	1,975,314	2,228,241	2,386,848	633,618	1,001,212
General Administration	331,203	366,881	377,144	396,600	516,665	518,867	482,846	500,906	-15,759	169,703
Other Services Purchased	240,912	262,801	254,197	265,756	445,952	570,970	580,063	414,638	-31,314	173,726
Rent	349,055	342,916	388,084	392,102	359,359	355,273	328,664	0	-359,359	-349,055
Regulatory Expenses	144,406	143,744	91,527	86,194	113,107	201,895	99,000	245,260	132,153	100,854
Building Expenses	122,661	173,444	149,154	147,816	263,086	395,909	327,580	412,615	149,529	289,954
Sub-Total	2,573,873	2,676,203	2,743,018	2,960,751	3,451,399	4,018,228	4,046,394	3,960,267	508,868	1,386,394
									0	0
Miscellaneous	10,679	5,020	3,250	11,752	19,679	22,422	19,755	20,071	392	9,392
Total	6,300,000	6,396,763	6,761,992	8,435,973	8,543,897	9,898,208	10,028,886	10,122,448	1,578,551	3,822,448

Table 4-14
Employee Costs (FTEs) – Appendix 2-K (Modified per 4-Energy Probe-25)

	Last Rebasing Year - 2011- Board Approved	Last Rebasing Year - 2011- Actual	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year	2015 Unaudited Actuals
Number of Employees (FTEs including Part-Time)¹								
Management (including executive)	18.0	17.0	18.0	19.0	19.0	23.0	23.0	23.0
Non-Management (union and non-union)	31.0	29.0	30.0	33.0	33.0	36.0	38.5	33.0
Total	49.0	46.0	48.0	52.0	52.0	59.0	61.5	55.0
Total Salary and Wages including overtime and incentive pay								
Management (including executive)	\$ 1,965,522	\$ 1,953,244	\$ 2,172,666	\$ 2,333,609	\$ 2,524,891	\$ 2,728,936	\$ 2,835,004	\$ 2,672,035
Non-Management (union and non-union)	\$ 1,842,833	\$ 1,959,794	\$ 2,088,708	\$ 2,252,661	\$ 2,548,170	\$ 2,689,210	\$ 2,979,967	\$ 2,508,140
Total	\$ 3,808,355	\$ 3,913,038	\$ 4,261,374	\$ 4,586,270	\$ 5,073,061	\$ 5,418,146	\$ 5,814,971	\$ 5,180,175
Total Benefits (Current + Accrued)								
Management (including executive)	\$ 379,772	\$ 398,185	\$ 468,402	\$ 513,418	\$ 510,350	\$ 589,216	\$ 584,562	\$ 544,537
Non-Management (union and non-union)	\$ 408,784	\$ 376,852	\$ 442,227	\$ 470,029	\$ 527,265	\$ 615,852	\$ 676,678	\$ 590,362
Total	\$ 788,556	\$ 775,037	\$ 910,629	\$ 983,447	\$ 1,037,615	\$ 1,205,068	\$ 1,261,239	\$ 1,134,899
Total Compensation (Salary, Wages, & Benefits)								
Management (including executive)	\$ 2,345,294	\$ 2,351,430	\$ 2,641,068	\$ 2,847,028	\$ 3,035,241	\$ 3,318,152	\$ 3,419,566	\$ 3,216,572
Non-Management (union and non-union)	\$ 2,251,617	\$ 2,336,645	\$ 2,530,935	\$ 2,722,690	\$ 3,075,434	\$ 3,305,062	\$ 3,656,645	\$ 3,098,502
Total	\$ 4,596,911	\$ 4,688,075	\$ 5,172,003	\$ 5,569,717	\$ 6,110,675	\$ 6,623,214	\$ 7,076,210	\$ 6,315,074
Total Compensation Incl in OM&A (incl Benefits)	\$ 3,303,187	\$ 3,469,175	\$ 3,775,562	\$ 4,354,531	\$ 5,132,967	\$ 5,379,155	\$ 5,660,676	\$ 5,295,180
Total Compensation Incl in Capital	\$ 1,293,724	\$ 1,218,899	\$ 1,396,441	\$ 1,215,186	\$ 977,708	\$ 1,244,059	\$ 1,415,534	\$ 1,019,894
Total	\$ 4,596,911	\$ 4,688,075	\$ 5,172,003	\$ 5,569,717	\$ 6,110,675	\$ 6,623,214	\$ 7,076,210	\$ 6,315,074

Table 4-51
Property Taxes

Paid to "The Corporation of the Town of Milton"	2011 OEB Approved	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Unaudited Actuals	2015 Bridge Year	2016 Test Year
New Office Building "200 Chisholm Dr. Milton"					50,749	93,648	67,591	98,069
Land "5th and Main Street, Milton"	10,874	15,376	15,834	21,646	26,886	32,068	34,679	-
All Substations- MS1, MS3, MS4, MS6, MS7 & MS9	21,147	16,484	25,472	20,414	20,597	20,840	22,116	21,880
Total	32,021	31,860	41,306	42,060	98,232	146,555	124,386	119,949

Request 2

Energy Probe requests that Milton Hydro file the electronic spreadsheet requested in Interrogatory 1.0-Staff-7 that was used to calculate the stretch factor groups found in the response.

Response:

Milton Hydro has filed the PEG Prediction Model through the RESS.