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August 15, 2016

BY EMAIL & BY COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2015-0089**  
**Milton Hydro Distribution Inc. --- 2016 COS Application**  
**Energy Probe – Submissions**

Pursuant to the Decision and Order, issued July 28, 2016, please find attached the Submissions of Energy Probe Research Foundation (Energy Probe) in respect of the Draft Rate Order, filed by the Applicant in the EB-2015-0089 proceeding, for consideration by the Board.

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

Yours truly,

David S. MacIntosh  
Case Manager

cc. Frank Lasowski, Milton Hydro Distribution (By email)  
Mary-Jo Corkum, Milton Hydro Distribution (By email)  
Cameron McKenzie, 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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**Milton Hydro Distribution Inc.**

**Application for electricity distribution rates and other charges  
beginning May 1, 2016**

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**COMMENTS ON DRAFT RATE ORDER OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

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**August 15, 2016**

**MILTON HYDRO DISTRIBUTION INC.  
2016 RATES CASE**

**EB-2015-0089**

**SUBMISSION OF ENERGY PROBE RESEARCH FOUNDATION  
ON DRAFT RATE ORDER**

**A- INTRODUCTION**

On July 28, 2016, the Ontario Energy Board “(Board)” issued its Decision and Order in which it ordered Milton Hydro Distribution Inc. (“Milton Hydro”) to file a Draft Rate Order (“DRO”) reflecting the Board's findings.

The Board addressed the two issues that were disputed: whether the 2016 budgeted OM&A expenses were appropriate and whether the recovery in rates of all the 2016 revenue requirement related to the land and building at 200 Chisholm Drive was appropriate.

Milton Hydro filed the DRO on August 12, 2016. This is the Submission of Energy Probe Research Foundation (“Energy Probe”) related to the DRO.

**B - SUBMISSIONS**

**i) Revenue Requirement Calculation**

Milton Hydro has made changes to the revenue requirement that reflect the Board decision with respect to OM&A and the capital cost of the building included in rate base.

Energy Probe has reviewed the calculations provided by Milton Hydro at Tables 1a, 1b, and 1c with respect to the rate base changes and Table 2 with respect to the OM&A changes, along with Tables 3 and 4, the corresponding Revenue Requirement and PILS Work Forms and submits that the calculations accurately reflect the changes to the revenue requirement that result from the approved changes to the capital additions to rate base related to the building and to OM&A.

However, Energy Probe notes that neither Table 1a or Table 1b reflects the complete continuity schedules for 2015 and 2016, respectively. In particular, both tables are missing the net book value column. Energy Probes submits that Milton Hydro should include the complete continuity schedules for both the bridge and test years.

Energy Probe also notes that the title in Table 1b is “2015 Fixed Asset Continuity Schedule”, the same as that for Table 1a. Energy Probe submits that the title on Table 1b should be corrected to “2016 Fixed Asset Continuity Schedule”.

#### ii) Cost Allocation & Rate Design Impacts

The revenue to cost ratios were settled as part of the Settlement Proposal dated February 9, 2016 and as altered for the Sentinel Light class in the Addendum to the Settlement Proposal filed on April 7, 2016. The determination of the fixed and variable charges were also agreed to in the Settlement Proposal

Energy Probe has reviewed the cost allocation and rate design provided in Tables 5 through 8 of the DRO, along with the revenue reconciliation calculations provided in Table 9 and believes they appropriately and accurately reflect the settlement proposal.

#### iii) Low Voltage, Retail Transmission Service Rates & Deferral and Variance Accounts

The calculation of the low voltage rates, retail transmission service rates and deferral and variance account rate riders were all agreed to as part of the Settlement Proposal. Tables 10 through 13 in the DRO reflect the Settlement Proposal. As such Energy Probe submits that the rates and rate riders are appropriate.

#### iv) Forgone Revenue

The Board determined that the effective date for rates in the decision is May 1, 2016 and an expected implementation date of September 1, 2016. The Board directed Milton Hydro to calculate, as part of the DRO, the forgone revenues/credits to customers for this period and to propose an appropriate method for either recovering from or crediting these amounts to ratepayers over the remainder of the 2016-2017 rate year.

Milton Hydro has calculated the forgone revenue in Table 14 of the DRO. Energy Probe has reviewed the calculations and believes they are accurate. However, Energy Probe has two areas that it would like to highlight.

First, Milton Hydro has calculated the lost revenues for the May through August period based on a combination of actual and forecasted monthly consumption and customers. In particular, Milton Hydro has used actual consumption and customer numbers for most rate classes for May and June. It continues to use the forecast that was accepted as part of the Settlement Proposal for July and August since it does not have actual billed data for those months at this time.

Energy Probe submits that it would be more appropriate to use the approved forecast figures for May and June rather than the actual figures. This is because the approved revenue requirement and the resulting approved rates are based on the forecast for 12 months in the rate year. Using actual figures for May and June eliminate any over or under recovery of the revenue requirement in those months.

However, Energy Probe has reviewed the impact on the calculation of the rate riders of using the forecast figures in place of the actual figures for May and June, and notes that the small difference in the sum of the two months on an actual versus forecast basis, combined with an increase in the fixed charge and a decrease in the variable charge for residential customers results in a very small change in the forgone revenue of about \$2,000 for the residential class. The changes for the other classes are even smaller. Given the de minimis change, Energy Probe accepts the methodology proposed by Milton Hydro as being acceptable.

Second, Energy Probe notes that in Table 14, Milton Hydro shows a date of Dec. 1, 2016 in the Proposed Fixed Distribution Charge Effective and Proposed Variable Distribution Charge Effective columns. Energy Probe believes this should be Sept. 1, 2016.

#### v) Tariff of Rates and Charges

Energy Probe has briefly reviewed the tariff of rates and charges provided in Appendix A to the DRO and makes the following observations.

First, the proposed tariffs all indicate at the top that the effective and implementation dates are both May 1, 2016. As noted in the Board decision, the May 1, 2016 date only applies to the effective date, while the implementation date was expected to be September 1, 2016, which is the date used by Milton Hydro to calculate the forgone revenue rate riders.

Second, it does not appear that Milton Hydro has included the forgone revenue rate riders in the proposed tariffs.

Energy Probe notes that Board Staff usually does a comprehensive review of the tariff of rates and charges. As such, Energy Probe has not done a more comprehensive review of the tariffs.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED**

**August 15, 2016**

**Randy Aiken  
Consultant to Energy Probe**