

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”)

DRAFT RATE ORDER

Filed: August 22, 2016

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BACKGROUND:

Milton Hydro Distribution Inc. (the “Applicant” or “Milton Hydro”) filed a cost of service application with the Ontario Energy Board (the “OEB”) on August 28, 2015 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) (the “Act”), seeking approval for changes to the rates that Milton Hydro charges for electricity distribution, to be effective May 1, 2016 (OEB File Number EB-2015-0089) (the “Application”).

Following the receipt of interrogatories, Milton Hydro filed its interrogatory responses with the OEB on December 18, 2015 and filed responses to VECC and Energy Probe clarifying questions on January 23, 2016.

On January 6, 2016 the OEB issued Procedural Order No. 2 rescheduling the dates for the Settlement Conference to January 25, 26 and 27, 2016.

A Settlement Conference was convened on January 25 and 26, 2016 in accordance with the OEB’s *Rules of Practice and Procedure* (the “Rules”) and the OEB’s *Practice Direction on Settlement Conferences* (the “Practice Direction”).

Milton Hydro filed a Settlement Proposal on February 9, 2016 reflecting a partial settlement among all parties with respect to some of the issues in this proceeding. The unsettled issues were:

1. The 2016 Test Year Operations, Maintenance & Administration (“OM&A”) expense;
2. The capital addition in respect of the Chisholm Drive building; and
3. The recovery of the 2011 – 2014 LRAMVA

The OEB determined that it would not deal with the third outstanding issue in this proceeding. It is being dealt with by the OEB on a more generic basis. The first two unsettled issues were the subject of an oral hearing conducted by the OEB on April 4 and 5, 2016.

On April 7, 2016, Milton Hydro filed an addendum to the Settlement Proposal to address an OEB staff submission with respect to the bill impact for the Sentinel Light class, which was agreed to by all parties.

The Parties have agreed that the effective date of the rates arising out of the Settlement Proposal, and out of the OEB’s decision on the outstanding matters, should be May 1, 2016. Further, the parties agreed that in the event that it was not possible for the Board to issue its

Rate Order in time for May 1, 2016 implementation, a rate rider would be established to refund/recover to or from ratepayers the difference in revenue collected from the effective date of May 1, 2016 through to the actual implementation date as determined by the Board. Milton Hydro will prepare a draft rate rider as part of its draft rate order following the Board's issuance of a Decision and Order in this proceeding.

DECISION AND ORDER

Milton Hydro received the OEB's Decision and Order ("Decision") on its 2016 Cost of Service Application on July 28, 2016. The Decision dealt with the remaining unsettled issues resulting from the Settlement Conference held on January 25 and 26, 2016 being:

1. The 2016 Test Year Operations, Maintenance & Administration ("OM&A") expense; and
2. The capital addition in respect of the Chisholm Drive building.

The Decision summarized the disallowances and adjustments that Milton Hydro is required to make in the preparation of this Draft Rate Order as follows:

- (i) For the capital gain realized on the sale of the property at the Fifth Line and Main Street – a rate base reduction of about \$506,000;
- (ii) For 6,800 square feet of excess office space – a rate base reduction of \$675,722;
- (iii) For the capital cost differential between inside and outside storage – a rate base reduction of \$753,480;
- (iv) The reversal and elimination of the revenue requirement offset of \$87,975;
- (v) For OM&A cost reductions related to excess office space and the use of building space as the equivalent of outside storage – a total amount of \$50,000 included in the \$550,000 OM&A expenses disallowance found in Section 6.2 of this Decision and Order; and
- (vi) For the reversal of accumulated depreciation amounts at December 31, 2015 related to the depreciable components of disallowed rate base items – a total amount of \$33,000. Rate base for 2016 will increase by this amount.

Responses to Draft Rate Order

Milton Hydro received comments on its Draft Rate Order from OEB staff and Energy Probe. Milton Hydro's responses are incorporated in this Revised Draft Rate Order in each of the appropriate sections.

Rate Base Adjustment

Milton Hydro has combined the rate base adjustments identified in the summary issues i) in the amount of \$506,000 as discussed above in relation to the gain on the sale of Fifth & Main; ii) in the amount \$675,722 for the excess square feet of office space; and iii) in the amount of \$753,480 being the capital cost differential between inside and outside storage, into a single total reduction to the building costs for 200 Chisholm Drive in the amount of \$1,935,202. Milton Hydro has reduced its Rate Base accordingly and has also removed the revenue offset in the amount of \$87,975 as set out in issue iv) above.

Fixed Asset Continuity Schedule

Milton Hydro has provide the Table 1a below reflecting the changes to the 2015 additions as set out in the Rate Base Adjustment above removing the \$1,935,202 from the building addition for 200 Chisholm Drive. The building cost as filed was \$10,460,000 and has been reduce to \$8,524,798 as per the Decision.

Milton Hydro has updated the fixed asset continuity schedule to add the net book value column.

Table 1a
2015 Fixed Asset Continuity Schedule

CCA Class ²	OEB Account ³	Description ³	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions ⁴	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
47	1609	Capital Contributions Paid	\$ 122,349			\$ 122,349	\$ 4,583	\$ 3,059		\$ 7,642	\$ 114,707
12	1611	Computer Software (Formally known as Account 1925)	\$ 1,022,976	\$ 291,170		\$ 1,314,146	\$ 638,768	\$ 140,718		\$ 779,486	\$ 534,660
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1805	Land	\$ 69,883			\$ 69,883	\$ -			\$ -	\$ 69,883
47	1808	Buildings	\$ -			\$ -	\$ -			\$ -	\$ -
13	1810	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 1,516,192			\$ 1,516,192	\$ 1,449,764	\$ 23,011		\$ 1,472,775	\$ 43,417
47	1825	Storage Battery Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 31,199,868	\$ 1,092,972		\$ 32,292,840	\$ 10,568,966	\$ 455,398		\$ 11,024,364	\$ 21,268,476
47	1835	Overhead Conductors & Devices	\$ 22,998,751	\$ 913,178		\$ 23,911,929	\$ 12,616,426	\$ 380,485		\$ 12,996,911	\$ 10,915,018
47	1840	Underground Conduit	\$ 26,162,539	\$ 1,245,285		\$ 27,407,824	\$ 8,339,453	\$ 567,106		\$ 8,906,559	\$ 18,501,265
47	1845	Underground Conductors & Devices	\$ 18,700,819	\$ 811,878		\$ 19,512,697	\$ 7,494,710	\$ 369,731		\$ 7,864,441	\$ 11,648,256
47	1850	Line Transformers	\$ 37,877,784	\$ 890,846		\$ 38,768,630	\$ 18,040,731	\$ 712,642		\$ 18,753,373	\$ 20,015,257
47	1855	Services (Overhead & Underground)	\$ 14,797,250	\$ 628,445		\$ 15,425,695	\$ 3,958,473	\$ 243,666		\$ 4,202,139	\$ 11,223,556
47	1860	Meters	\$ -			\$ -	\$ -			\$ -	\$ -
47	1860	Meters (Smart Meters)	\$ 11,625,856	\$ 285,365		\$ 11,911,221	\$ 5,460,909	\$ 722,424		\$ 6,183,333	\$ 5,727,888
N/A	1905	Land	\$ 5,182,052		\$ 1,109,265	\$ 4,072,787	\$ -			\$ -	\$ 4,072,787
47	1908	Buildings & Fixtures	\$ -	\$ 8,524,798		\$ 8,524,798	\$ -	\$ 85,248		\$ 85,248	\$ 8,439,550
13	1910	Leasehold Improvements	\$ 377,009			\$ 377,009	\$ 377,009	\$ -		\$ 377,009	\$ -
8	1915	Office Furniture & Equipment (10 years)	\$ 714,887	\$ 400,000		\$ 1,114,887	\$ 637,675	\$ 20,000		\$ 657,675	\$ 457,212
8	1915	Office Furniture & Equipment (5 years)	\$ -			\$ -	\$ -			\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ 1,892,372	\$ 106,393		\$ 1,998,765	\$ 1,624,526	\$ 87,558		\$ 1,712,084	\$ 286,681
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -			\$ -	\$ -			\$ -	\$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -	\$ -			\$ -	\$ -
10	1930	Transportation Equipment	\$ 2,661,180	\$ 440,677		\$ 3,101,857	\$ 1,479,598	\$ 157,469		\$ 1,637,067	\$ 1,464,790
8	1935	Stores Equipment	\$ 281,519	\$ 78,146		\$ 359,665	\$ 184,363	\$ 9,324		\$ 193,687	\$ 165,978
8	1940	Tools, Shop & Garage Equipment	\$ 420,812	\$ 28,232		\$ 449,044	\$ 391,177	\$ 6,715		\$ 397,892	\$ 51,152
8	1945	Measurement & Testing Equipment	\$ 126,481			\$ 126,481	\$ 52,515	\$ 9,476		\$ 61,991	\$ 64,490
8	1950	Power Operated Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
8	1955	Communications Equipment	\$ 269,021	\$ 360,000		\$ 629,021	\$ 200,060	\$ 45,247		\$ 245,307	\$ 383,714
8	1955	Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1970	Load Management Controls Customer Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 122,172			\$ 122,172	\$ 47,743	\$ 5,375		\$ 53,118	\$ 69,054
47	1985	Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	\$ -
47	1990	Other Tangible Property	\$ 133,004			\$ 133,004	\$ 47,006	\$ 13,301		\$ 60,307	\$ 72,697
47	1995	Contributions & Grants	\$ -			\$ -	\$ -			\$ -	\$ -
47	2440	Deferred Revenue ⁵	\$ 51,971,243	\$ 1,179,035		\$ 53,150,278	\$ 13,305,772	\$ 1,101,657		\$ 14,407,429	\$ 38,742,849
		Sub-Total	\$ 126,303,534	\$ 14,918,350	\$ 1,109,265	\$ 140,112,619	\$ 60,308,683	\$ 2,956,296	\$ -	\$ 63,264,979	\$ 76,847,640
		Less Socialized Renewable Energy Generation Investments (input as negative)				\$ -				\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				\$ -				\$ -	\$ -
		Total PP&E	\$ 126,303,534	\$ 14,918,350	\$ 1,109,265	\$ 140,112,619	\$ 60,308,683	\$ 2,956,296	\$ -	\$ 63,264,979	\$ 76,847,640
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable⁶									
		Total					\$ 2,956,296				

10	Transportation
8	Stores Equipment
8	Tools, Shop & Garage Equipment
8	Measurement & Testing Equipment

Less: Fully Allocated Depreciation

Transportation	\$ 157,469
Stores Equipment	
Tools	\$ 6,715
Measurement	\$ 9,476
Net Depreciation	\$ 2,782,636

Milton Hydro has also provide the following Table 1b 2016 Fixed Asset Continuity Schedule which also reflects the changes above and the revised average opening and closing balances for the fixed assets and accumulated depreciation. **The Table title has been corrected to 2016.**

Table 1b

2016 Fixed Asset Continuity Schedule

CCA Class ²	OEB Account ³	Description ³	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions ⁴	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
47	1609	Capital Contributions Paid	\$ 122,349			\$ 122,349	-\$ 7,642	-\$ 3,059		-\$ 10,701	\$ 111,648
12	1611	Computer Software (Formally known as Account 1925)	\$ 1,314,146	\$ 80,000		\$ 1,394,146	-\$ 779,486	-\$ 177,835		-\$ 957,321	\$ 436,825
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1805	Land	\$ 69,883			\$ 69,883	\$ -			\$ -	\$ 69,883
47	1808	Buildings	\$ -			\$ -	\$ -			\$ -	\$ -
13	1810	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 1,516,192			\$ 1,516,192	-\$ 1,472,775	-\$ 23,011		-\$ 1,495,786	\$ 20,406
47	1825	Storage Battery Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 32,292,840	\$ 2,089,184		\$ 34,382,024	-\$ 11,024,364	-\$ 414,332		-\$ 11,438,696	\$ 22,943,329
47	1835	Overhead Conductors & Devices	\$ 23,911,929	\$ 1,926,976		\$ 25,838,905	-\$ 12,996,911	-\$ 488,466		-\$ 13,485,377	\$ 12,353,527
47	1840	Underground Conduit	\$ 27,407,824	\$ 1,792,153		\$ 29,199,977	-\$ 8,906,559	-\$ 530,774		-\$ 9,437,333	\$ 19,762,644
47	1845	Underground Conductors & Devices	\$ 19,512,697	\$ 1,152,391		\$ 20,665,088	-\$ 7,864,441	-\$ 468,585		-\$ 8,333,026	\$ 12,332,062
47	1850	Line Transformers	\$ 38,768,630	\$ 1,130,764		\$ 39,899,394	-\$ 18,753,373	-\$ 737,912		-\$ 19,491,285	\$ 20,408,109
47	1855	Services (Overhead & Underground)	\$ 15,425,695	\$ 1,080,520		\$ 16,506,215	-\$ 4,202,139	-\$ 265,028		-\$ 4,467,167	\$ 12,039,048
47	1860	Meters	\$ -			\$ -	\$ -			\$ -	\$ -
47	1860	Meters (Smart Meters)	\$ 11,911,221	\$ 293,926		\$ 12,205,147	-\$ 6,183,333	-\$ 741,734		-\$ 6,925,067	\$ 5,280,080
N/A	1905	Land	\$ 4,072,787			\$ 4,072,787	\$ -			\$ -	\$ 4,072,787
47	1908	Buildings & Fixtures	\$ 8,524,798			\$ 8,524,798	-\$ 85,248	-\$ 170,496		-\$ 255,744	\$ 8,269,054
13	1910	Leasehold Improvements	\$ 377,009			\$ 377,009	-\$ 377,009			-\$ 377,009	\$ -
8	1915	Office Furniture & Equipment (10 years)	\$ 1,114,887			\$ 1,114,887	-\$ 657,675	-\$ 40,000		-\$ 697,675	\$ 417,212
8	1915	Office Furniture & Equipment (5 years)	\$ -			\$ -	\$ -			\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ 1,998,765	\$ 98,000		\$ 2,096,765	-\$ 1,712,084	-\$ 107,997		-\$ 1,820,081	\$ 276,684
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -			\$ -	\$ -			\$ -	\$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -	\$ -			\$ -	\$ -
10	1930	Transportation Equipment	\$ 3,101,857	\$ 645,000		\$ 3,746,857	-\$ 1,637,067	-\$ 208,004		-\$ 1,845,071	\$ 1,901,786
8	1935	Stores Equipment	\$ 359,665	\$ 43,680		\$ 403,345	-\$ 193,687	-\$ 12,369		-\$ 206,056	\$ 197,289
8	1940	Tools, Shop & Garage Equipment	\$ 449,044	\$ 29,500		\$ 478,544	-\$ 397,892	-\$ 8,639		-\$ 406,531	\$ 72,013
8	1945	Measurement & Testing Equipment	\$ 126,481			\$ 126,481	-\$ 61,991	-\$ 9,476		-\$ 71,467	\$ 55,014
8	1950	Power Operated Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
8	1955	Communications Equipment	\$ 629,021	\$ 805,000		\$ 1,434,021	-\$ 245,307	-\$ 103,497		-\$ 348,804	\$ 1,085,217
8	1955	Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1970	Load Management Controls Customer Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 122,172			\$ 122,172	-\$ 53,118	-\$ 5,375		-\$ 58,493	\$ 63,679
47	1985	Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	\$ -
47	1990	Other Tangible Property	\$ 133,004			\$ 133,004	-\$ 60,307	-\$ 13,301		-\$ 73,608	\$ 59,396
47	1995	Contributions & Grants	\$ -			\$ -	\$ -			\$ -	\$ -
47	2440	Deferred Revenue ⁵	-\$ 53,150,278	-\$ 3,808,361		-\$ 56,958,639	\$ 14,407,429	\$ 1,163,311		\$ 15,570,740	-\$ 41,387,899
		Sub-Total	\$ 140,112,619	\$ 7,358,733	\$ -	\$ 147,471,352	-\$ 63,264,979	-\$ 3,366,579	\$ -	-\$ 66,631,558	\$ 80,839,794
		Less Socialized Renewable Energy Generation Investments (input as negative)				\$ -				\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				\$ -				\$ -	\$ -
		Total PP&E	\$ 140,112,619	\$ 7,358,733	\$ -	\$ 147,471,352	-\$ 63,264,979	-\$ 3,366,579	\$ -	-\$ 66,631,558	\$ 80,839,794
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable ⁶									
		Total					-\$ 3,366,579				

10	Transportation
8	Stores Equipment
8	Tools, Shop & Garage Equipment
8	Measurement & Testing Equipment

Less: Fully Allocated Depreciation

Transportation	-\$ 208,004
Stores Equipment	
Tools	-\$ 8,639
Measurement	-\$ 9,476
Net Depreciation	-\$ 3,140,460

The following Table 1c summarizes each adjustment to Milton Hydro's Cost of Capital, Rate Base and Capital Expenditures; Operating Expenses and Revenue Requirement throughout this proceeding and up to the Rate Base adjustment in the amount of \$1,935,202 discussed above. This adjustment also impacts Milton Hydro's accumulated depreciation and depreciation expense in the amount of \$38,703.

Table 1c
Summary of Adjustments Including Rate Base

Reference ⁽¹⁾	Item / Description ⁽²⁾	Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
		Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency
	Original Application	\$ 79,441	2.16%	\$ -	\$ 91,945,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-\$ 0
2.0 - Staff-13, 2 - EP7, 10	Update 2015 & 2016 Capital Additions	\$ 5,657,436	6.15%	\$ 89,858,544	\$ 116,369,556	\$ 8,727,717	\$ 3,187,941	\$ 6,101	\$ 9,903,388	\$ 19,004,977	\$ 1,902,155	\$ 17,102,822	\$ 886,102
	Change	\$ 5,577,995	3.99%	\$ 89,858,544	\$ 24,424,430	\$ 8,727,717	\$ 3,187,941	\$ 6,101	\$ 9,903,388	\$ 19,004,977	\$ 1,902,155	\$ 17,102,822	\$ 886,102
2.0 - Staff-13, 4-EP-27	Revised OM&A to 2016 budget	\$ 5,657,436	6.15%	\$ 89,874,974	\$ 116,588,616	\$ 8,744,147	\$ 3,187,941	\$ 6,683	\$ 10,122,448	\$ 19,224,037	\$ 1,902,155	\$ 17,321,882	\$ 1,105,162
	Change	\$ -	0.00%	\$ 16,430	\$ 219,060	\$ 16,430	\$ -	\$ 12,784	\$ 219,060	\$ 219,060	\$ -	\$ 219,060	\$ 219,060
3.0 EP -20	Revised Other Revenue to 2016 budget and added 50% of land proceeds	\$ 5,657,436	6.15%	\$ 89,874,974	\$ 116,588,616	\$ 8,744,147	\$ 3,187,941	\$ 125	\$ 10,122,448	\$ 19,224,037	\$ 2,018,810	\$ 17,205,227	\$ 988,507
	Change	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ 6,808	\$ -	\$ -	\$ 116,655	-\$ 116,655	-\$ 116,655
3-Staff-39	New Load Forecast	\$ 5,657,436	6.15%	\$ 89,874,974	\$ 116,588,616	\$ 8,744,147	\$ 3,187,941	\$ 125	\$ 10,122,448	\$ 19,224,037	\$ 2,018,810	\$ 17,205,227	\$ 927,792
	Change	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-\$ 60,715
5.0 - Staff - 70	Revised Cost of Capital parameters	\$ 5,456,935	6.04%	\$ 89,874,974	\$ 116,588,616	\$ 8,744,147	\$ 3,187,941	\$ 6,106	\$ 10,122,448	\$ 19,017,431	\$ 2,018,810	\$ 16,998,621	\$ 721,186
	Change	-\$ 200,501	-0.11%	\$ -	\$ -	\$ -	\$ -	\$ 6,231	\$ -	-\$ 206,606	\$ -	-\$ 206,606	-\$ 206,606
2.0 Staff -12, 2.0 EP-4	COP Adjustment using Oct 15 Price report rates w/new LF and WMS Charges	\$ 5,456,935	6.04%	\$ 90,365,591	\$ 123,130,182	\$ 9,234,764	\$ 3,187,941	\$ 6,106	\$ 10,122,448	\$ 19,017,431	\$ 2,018,810	\$ 16,998,621	\$ 721,186
	Change	\$ -	0.00%	\$ 490,617	\$ 6,541,566	\$ 490,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Settlement Proposal	Settlement Proposal	\$ 5,385,342	5.98%	\$ 90,010,310	\$ 123,601,244	\$ 9,270,093	\$ 3,179,163	\$ 253,626	\$ 10,122,448	\$ 18,940,580	\$ 2,018,810	\$ 16,921,770	\$ 621,894
	Change	-\$ 71,593	-0.06%	\$ 355,281	\$ 471,062	\$ 35,329	-\$ 8,778	\$ 259,732	\$ -	-\$ 76,851	\$ -	-\$ 76,851	-\$ 99,292
Decision	Rate Base	\$ 5,271,874	5.98%	\$ 88,113,811	\$ 123,601,244	\$ 9,270,093	\$ 3,140,460	\$ 255,144	\$ 10,122,448	\$ 18,789,927	\$ 1,930,835	\$ 16,859,092	\$ 559,216
	Change	-\$ 113,468	0.00%	\$ 1,896,499	\$ -	\$ -	-\$ 38,703	\$ 1,518	\$ -	-\$ 150,653	-\$ 87,975	-\$ 62,678	-\$ 62,678

Operations, Maintenance & Administration

Milton Hydro has reduced its total OM&A costs by \$550,000 as per issue v) above for the reduction of costs related to the excess office space in the amount \$50,000 and the disallowance of OM&A expenses in the amount of \$500,000.

The following Table 2 is similar to the Table 1 above but summarizes the adjustment to Milton Hydro's Cost of Capital, Rate Base and Capital Expenditures; Operating Expenses and Revenue Requirement throughout this proceeding and up to the OM&A adjustment in the amount of \$550,000.

Table 2
Summary of Adjustments Including OM&A

Reference ⁽¹⁾	Item / Description ⁽²⁾	Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
		Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency
	Original Application	\$ 79,441	2.16%	\$ -	\$ 91,945,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
2.0 - Staff-13, 2 - EP7, 10	Update 2015 & 2016 Capital Additions	\$ 5,657,436	6.15%	\$ 89,858,544	\$ 116,369,556	\$ 8,727,717	\$ 3,187,941	\$ 6,101	\$ 9,903,388	\$ 19,004,977	\$ 1,902,155	\$ 17,102,822	\$ 886,102
	Change	\$ 5,577,995	3.99%	\$ 89,858,544	\$ 24,424,430	\$ 8,727,717	\$ 3,187,941	\$ 6,101	\$ 9,903,388	\$ 19,004,977	\$ 1,902,155	\$ 17,102,822	\$ 886,102
2.0 - Staff-13, 4-EP-27	Revised OM&A to 2016 budget	\$ 5,657,436	6.15%	\$ 89,874,974	\$ 116,588,616	\$ 8,744,147	\$ 3,187,941	-\$ 6,683	\$ 10,122,448	\$ 19,224,037	\$ 1,902,155	\$ 17,321,882	\$ 1,105,162
	Change	\$ -	0.00%	\$ 16,430	\$ 219,060	\$ 16,430	\$ -	-\$ 12,784	\$ 219,060	\$ 219,060	\$ -	\$ 219,060	\$ 219,060
3.0 EP -20	Revised Other Revenue to 2016 budget and added 50% of land proceeds	\$ 5,657,436	6.15%	\$ 89,874,974	\$ 116,588,616	\$ 8,744,147	\$ 3,187,941	\$ 125	\$ 10,122,448	\$ 19,224,037	\$ 2,018,810	\$ 17,205,227	\$ 988,507
	Change	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ 6,808	\$ -	\$ -	\$ 116,655	-\$ 116,655	-\$ 116,655
3-Staff-39	New Load Forecast	\$ 5,657,436	6.15%	\$ 89,874,974	\$ 116,588,616	\$ 8,744,147	\$ 3,187,941	\$ 125	\$ 10,122,448	\$ 19,224,037	\$ 2,018,810	\$ 17,205,227	\$ 927,792
	Change	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-\$ 60,715
5.0 - Staff - 70	Revised Cost of Capital parameters	\$ 5,456,935	6.04%	\$ 89,874,974	\$ 116,588,616	\$ 8,744,147	\$ 3,187,941	-\$ 6,106	\$ 10,122,448	\$ 19,017,431	\$ 2,018,810	\$ 16,998,621	\$ 721,186
	Change	-\$ 200,501	-0.11%	\$ -	\$ -	\$ -	\$ -	-\$ 6,231	\$ -	-\$ 206,606	\$ -	-\$ 206,606	-\$ 206,606
2.0 Staff -12, 2.0 EP-4	COP Adjustment using Oct 15 Price report rates w/new LF and WMS Charges	\$ 5,456,935	6.04%	\$ 90,365,591	\$ 123,130,182	\$ 9,234,764	\$ 3,187,941	-\$ 6,106	\$ 10,122,448	\$ 19,017,431	\$ 2,018,810	\$ 16,998,621	\$ 721,186
	Change	\$ -	0.00%	\$ 490,617	\$ 6,541,566	\$ 490,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Settlement Proposal	Settlement Proposal	\$ 5,385,342	5.98%	\$ 90,010,310	\$ 123,601,244	\$ 9,270,093	\$ 3,179,163	\$ 253,626	\$ 10,122,448	\$ 18,940,580	\$ 2,018,810	\$ 16,921,770	\$ 621,894
	Change	-\$ 71,593	-0.06%	-\$ 355,281	\$ 471,062	\$ 35,329	-\$ 8,778	\$ 259,732	\$ -	-\$ 76,851	\$ -	-\$ 76,851	-\$ 99,292
Decision	OM&A Adjustment	\$ 5,382,874	5.98%	\$ 89,969,060	\$ 123,051,244	\$ 9,228,843	\$ 3,179,163	\$ 253,080	\$ 9,572,448	\$ 18,387,565	\$ 2,018,810	\$ 16,368,775	\$ 68,880
	Change	-\$ 2,468	0.00%	-\$ 41,250	-\$ 550,000	-\$ 41,250	\$ -	-\$ 546	-\$ 550,000	-\$ 553,015	\$ -	-\$ 552,995	-\$ 553,014

Milton Hydro has added Table 2 b) combining all the adjustments to its Revenue Requirement Workform.

Table 2b
Summary of Adjustments Including Rate Base and OM&A

Reference ⁽¹⁾	Item / Description ⁽²⁾	Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
		Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency
	Original Application	\$ 5,657,436	6.15%	\$ 91,945,126	\$ 116,369,556	\$ 8,727,717	\$ 3,292,486	\$ 256,212	\$ 9,903,388	\$ 19,109,522	\$ 1,902,155	\$ 17,207,367	\$ 990,647
2.0 - Staff-13, 2 - EP7, 10	Update 2015 & 2016 Capital Additions	\$ 5,657,436	6.15%	\$ 89,858,544	\$ 116,369,556	\$ 8,727,717	\$ 3,187,941	\$ 262,314	\$ 9,903,388	\$ 19,004,977	\$ 1,902,155	\$ 17,102,822	\$ 886,102
	Change	\$ 0	0.00%	\$ 2,086,582	\$ 0	\$ 0	\$ 104,545	\$ 6,101	\$ -	\$ 104,545	\$ -	\$ 104,545	\$ 104,545
2.0 - Staff-13, 4-EP-27	Revised OM&A to 2016 budget	\$ 5,657,436	6.15%	\$ 89,874,974	\$ 116,588,616	\$ 8,744,147	\$ 3,187,941	\$ 249,529	\$ 10,122,448	\$ 19,224,037	\$ 1,902,155	\$ 17,321,882	\$ 1,105,162
	Change	\$ -	0.00%	\$ 16,430	\$ 219,060	\$ 16,430	\$ -	\$ 12,784	\$ 219,060	\$ 219,060	\$ -	\$ 219,060	\$ 219,060
3.0 EP -20	Revised Other Revenue to 2016 budget and added 50% of land proceeds	\$ 5,657,436	6.15%	\$ 89,874,974	\$ 116,588,616	\$ 8,744,147	\$ 3,187,941	\$ 256,337	\$ 10,122,448	\$ 19,224,037	\$ 2,018,810	\$ 17,205,227	\$ 988,507
	Change	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ 6,808	\$ -	\$ -	\$ 116,655	\$ 116,655	\$ 116,655
3-Staff-39	New Load Forecast	\$ 5,657,436	6.15%	\$ 89,874,974	\$ 116,588,616	\$ 8,744,147	\$ 3,187,941	\$ 256,337	\$ 10,122,448	\$ 19,224,037	\$ 2,018,810	\$ 17,205,227	\$ 927,792
	Change	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,715
5.0 - Staff - 70	Revised Cost of Capital parameters	\$ 5,456,935	6.04%	\$ 89,874,974	\$ 116,588,616	\$ 8,744,147	\$ 3,187,941	\$ 250,107	\$ 10,122,448	\$ 19,017,431	\$ 2,018,810	\$ 16,998,621	\$ 721,186
	Change	\$ 200,501	-0.11%	\$ -	\$ -	\$ -	\$ -	\$ 6,231	\$ -	\$ 206,606	\$ -	\$ 206,606	\$ 206,606
2.0 Staff -12, 2.0 EP-4	COP Adjustment using Oct 15 Price report rates w/new LF and WMS Charges	\$ 5,456,935	6.04%	\$ 90,365,591	\$ 123,130,182	\$ 9,234,764	\$ 3,187,941	\$ 250,107	\$ 10,122,448	\$ 19,017,431	\$ 2,018,810	\$ 16,998,621	\$ 721,186
	Change	\$ -	0.00%	\$ 490,617	\$ 6,541,566	\$ 490,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Settlement Proposal	Settlement Proposal	\$ 5,385,342	5.98%	\$ 90,010,310	\$ 123,601,244	\$ 9,270,093	\$ 3,179,163	\$ 253,626	\$ 10,122,448	\$ 18,940,580	\$ 2,018,810	\$ 16,921,770	\$ 621,894
	Change	\$ 71,593	-0.06%	\$ 355,281	\$ 471,062	\$ 35,329	\$ 8,778	\$ 3,519	\$ -	\$ 76,851	\$ -	\$ 76,851	\$ 99,292
Decision	Rate Base, OM&A, Other Revenue	\$ 5,269,406	5.98%	\$ 88,072,560	\$ 123,051,244	\$ 9,228,843	\$ 3,140,459	\$ 254,597	\$ 9,572,448	\$ 18,236,911	\$ 1,930,835	\$ 16,306,076	\$ 6,200
	Change	\$ 115,936	0.00%	\$ 1,937,750	\$ 550,000	\$ 41,250	\$ 38,704	\$ 971	\$ 550,000	\$ 703,669	\$ 87,975	\$ 615,694	\$ 615,694

Revenue Deficiency

The total of the adjustments in this Decision, including the Settlement Proposal, have reduced Milton Hydro's Revenue Deficiency from the Application as filed in the amount of \$990,647 to the amount of \$6,002 as set out in Table 3 below and also in the Revenue Deficiency Table 4 below and included in the Revenue Requirement Work Form provided in Appendix B and filed in the Excel version.

Table 3
Summary of Revenue Deficiency

Revenue Deficiency as Filed	990,647
Adjustments IRRs & Settlement	(368,753)
Revenue Deficiency - Settlement	621,894
Decision - Rate Base Change	(62,678)
Decision - OM&A Change	(553,014)
Decision - Revenue Deficiency	6,202

Table 4
Revenue Deficiency

Particulars	Initial Application		Interrogatory Responses		Per Board Decision	
	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below		\$990,647		\$621,894		\$6,200
Distribution Revenue	\$16,216,720	\$16,216,720	\$16,299,876	\$16,299,876	\$16,299,876	\$16,299,876
Other Operating Revenue	\$1,902,155	\$1,902,155	\$2,018,810	\$2,018,810	\$1,930,835	\$1,930,835
Offsets - net						
Total Revenue	\$18,118,875	\$19,109,522	\$18,318,686	\$18,940,580	\$18,230,711	\$18,236,911
Operating Expenses	\$13,195,874	\$13,195,874	\$13,301,611	\$13,301,611	\$12,712,907	\$12,712,907
Deemed Interest Expense	\$2,237,077	\$2,237,077	\$2,076,563	\$2,076,563	\$2,031,859	\$2,031,859
Total Cost and Expenses	\$15,432,951	\$15,432,951	\$15,378,175	\$15,378,175	\$14,744,766	\$14,744,766
Utility Income Before Income Taxes	\$2,685,924	\$3,676,571	\$2,940,511	\$3,562,405	\$3,485,945	\$3,492,145
Tax Adjustments to Accounting Income per 2013 PILs model	(\$2,709,732)	(\$2,709,732)	(\$2,605,325)	(\$2,605,325)	(\$2,531,400)	(\$2,531,400)
Taxable Income	(\$23,808)	\$966,839	\$335,186	\$957,080	\$954,545	\$960,745
Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Income Tax on Taxable Income	(\$6,309)	\$256,212	\$88,824	\$253,626	\$252,954	\$254,597
Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Net Income	\$2,692,233	\$3,420,359	\$2,851,687	\$3,308,779	\$3,232,990	\$3,237,547
Utility Rate Base	\$91,945,126	\$91,945,126	\$90,010,310	\$90,010,310	\$88,072,560	\$88,072,560
Deemed Equity Portion of Rate Base	\$36,778,051	\$36,778,051	\$36,004,124	\$36,004,124	\$35,229,024	\$35,229,024
Income/(Equity Portion of Rate Base)	7.32%	9.30%	7.92%	9.19%	9.18%	9.19%
Target Return - Equity on Rate Base	9.30%	9.30%	9.19%	9.19%	9.19%	9.19%
Deficiency/Sufficiency in Return on Equity	-1.98%	0.00%	-1.27%	0.00%	-0.01%	0.00%
Indicated Rate of Return	5.36%	6.15%	5.48%	5.98%	5.98%	5.98%
Requested Rate of Return on Rate Base	6.15%	6.15%	5.98%	5.98%	5.98%	5.98%
Deficiency/Sufficiency in Rate of Return	-0.79%	0.00%	-0.51%	0.00%	-0.01%	0.00%
Target Return on Equity	\$3,420,359	\$3,420,359	\$3,308,779	\$3,308,779	\$3,237,547	\$3,237,547
Revenue Deficiency/(Sufficiency)	\$728,125	(\$0)	\$457,092	\$0	\$4,557	\$0
Gross Revenue	\$990,647 (1)		\$621,894 (1)		\$6,200 (1)	
Deficiency/(Sufficiency)						

Allocation of the Revenue Requirement

Milton Hydro has allocated its Revenue Requirement in accordance with the results of the cost allocation model set out in Table 5 below. All cost allocation ratios, as agreed to in Milton Hydro's Settlement Proposal filed February 9, 2016 are within the OEB-Approved ranges except the Sentinel Light class cost allocation ratio which was agreed to in the Addendum to the

Settlement Proposal filed April 7, 2016. The Sentinel Light cost allocation ratio will be adjusted upwards to 80% over the following two year Incentive Regulation Applications and any revenue impacts to the remaining classes will be adjusted accordingly.

Table 5
Cost Allocation Ratios

Class	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios
	Most Recent Year: 2012	(7C + 7E) / (7A)	(7D + 7E) / (7A)
	%	%	%
Residential	104.40	96.34	97.83
GS < 50 kW	99.20	109.47	109.47
GS > 50 kW to 999 kW	83.80	86.78	97.83
GS > 1,000 kW to 4,999 kW	105.00	173.27	120.00
Large User	105.00	172.74	115.00
Street Lighting	70.00	83.97	97.83
Sentinel Lighting	70.00	47.50	60.00
Unmetered Scattered Load (USL)	105.00	104.42	104.42
Other class, if applicable			
Embedded distributor class			

Milton Hydro has applied the ratios in Table 5 above to allocate its Revenue Requirement in the amount of \$16,306,076 to each customer class as set out in the Table 6 below.

Table 6
Class Allocation of Revenue Requirement

Class	Revenue Requirement - 2016 Cost Allocation Model (A)	2016 Base Revenue Allocated based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2016 Cost Allocation Model	Total Revenue (B)	Revenue Cost Ratio (A)/(B)	Check Revenue Cost Ratios from 2016 Cost Allocation Model	Proposed Revenue to Cost Ratio	Proposed Revenue	Miscellaneous Revenue	Proposed Base Revenue
Residential	12,773,612	10,771,497	1,534,188	12,305,685	96.3%	96.3%	97.8%	12,496,770	1,534,188	10,962,581
GS < 50 kW	2,085,824	2,107,774	175,569	2,283,343	109.5%	109.5%	109.5%	2,283,342	175,569	2,107,774
GS >50 to 999 kW	2,063,653	1,668,204	122,653	1,790,857	86.8%	86.8%	97.8%	2,018,927	122,653	1,896,274
GS >1000 to 4999 kW	421,344	702,182	27,898	730,079	173.3%	173.3%	120.0%	505,613	27,898	477,716
Large Use	436,107	720,392	32,925	753,317	172.7%	172.7%	115.0%	501,523	32,925	468,598
Sentinel Lights	48,515	14,589	8,456	23,046	47.5%	47.5%	60.0%	29,109	8,456	20,653
Street Lighting	368,247	286,435	22,788	309,223	84.0%	84.0%	97.8%	360,266	22,788	337,478
Unmetered and Scattered	39,610	35,003	6,359	41,362	104.4%	104.4%	104.4%	41,362	6,359	35,003
TOTAL	18,236,911	16,306,076	1,930,836	18,236,912				18,236,912	1,930,836	16,306,076

Residential Rate Design

The 2016 rate year is the first year of the four year period to transition the Residential customer class distribution charges to a 100% fixed monthly rate. The following Table 7 provides the calculation of the fixed monthly distribution charge.

Table 7
Residential Fixed Monthly Distribution Charge

B) Current Fixed/Variable Split				
	Base Rates	Billing Determinants	Revenue	% of Total Revenue
Fixed	15.51	33,751	\$ 6,281,736.12	58.34%
Variable	0.0144	311,504,507	\$ 4,485,664.90	41.66%
TOTAL	-	-	\$ 10,767,401.02	-
C) Calculating Test Year Base Rates				
Number of Required Rate Design Policy Transition Years ²	4			
	Test Year Revenue @ Current F/V Split	Test Year Base Rates @ Current F/V Split	Reconciliation - Test Year Base Rates @ Current F/V Split	
Fixed	\$ 6,395,604.90	15.79	\$ 6,395,139.48	
Variable	\$ 4,566,976.37	0.0147	\$ 4,579,116.25	
TOTAL	\$ 10,962,581.27	-	\$ 10,974,255.73	
	New F/V Split	Revenue @ new F/V Split	Final Adjusted Base Rates	Revenue Reconciliation @ Adjusted Rates
Fixed	68.76%	\$ 7,537,348.99	18.61	\$ 7,537,273.32
Variable	31.24%	\$ 3,425,232.28	0.0110	\$ 3,426,549.58
TOTAL	-	\$ 10,962,581.27	-	\$ 10,963,822.90
Checks				
Change in Fixed Rate	\$ 2.82			
Difference Between Revenues @ Proposed Rates and Class Specific Revenue Requirement	\$ 1,241.63			
	0.01%			

Distribution Rates

Milton Hydro's distribution charges are calculate based on the current 2015 fixed/variable split for each customer class except for the Residential customer class as discussed above and the General Service 50 to 999 kW customer class whereby the fixed distribution charge was not changed from the 2015 OEB approved fixed charge as agreed to in the Settlement Proposal.

The following Table 8 sets out Milton Hydro's proposed distribution rates by customer class.

Table 8
Proposed Distribution Rates

Customer Class	Total Net Rev. Requirement	Rev Requirement %	Proposed Fixed Rate	Proposed Variable Rate	Total Fixed Revenue	Total Variable Revenue	Transformer Allowance	Gross Distribution Revenue
Residential	10,962,581	67.23%	18.61	\$0.0110	\$ 7,537,273	\$ 3,425,308		10,962,581
GS < 50 kW	2,107,774	12.93%	16.51	\$0.0174	\$ 516,585	\$ 1,591,188		2,107,774
GS >50 to 999 kW	1,896,274	11.63%	77.98	\$3.0100	\$ 278,357	\$ 1,617,917	\$ 54,591	1,950,866
GS >1000 to 4999 kW	477,716	2.93%	612.07	\$2.1082	\$ 95,483	\$ 382,233	\$ 135,983	613,698
Large Use	468,598	2.87%	2,443.75	\$1.4630	\$ 87,975	\$ 380,623	\$ -	468,598
Sentinel Lights	20,653	0.13%	3.44	\$26.1496	\$ 10,092	\$ 10,561		20,653
Street Lighting	337,478	2.07%	2.40	\$10.5265	\$ 92,306	\$ 245,172		337,478
Unmetered and Scattered	35,003	0.21%	7.86	\$0.0166	\$ 16,795	\$ 18,208		35,003
TOTAL	16,306,076	100.00%			\$ 8,634,867	\$ 7,671,209	\$ 190,574	\$ 16,496,650

Revenue Reconciliation

The following Table 9 provides the reconciliation of customer class revenues based on Milton Hydro's distribution rates in accordance with the Decision.

Table 9
2016 Revenue Reconciliation

Rate Class	Customers/ Connections	Number of Customers/Connections			Test Year Consumption		Proposed Rates			Revenues at Proposed Rates	Class Specific Revenue Requirement	Transformer Allowance Credit	Total	Difference
		Start of Test Year	End of Test Year	Average	kWh	kW	Monthly Service Charge		Volumetric					
Residential	Customers	33,001	34,501	33,751	311,504,507		\$ 18.61	\$ 0.0110		\$ 10,963,822.90	\$ 10,962,581		\$ 10,962,581	-\$ 1,242
GS < 50 kW	Customers	2,544	2,574	2,559	91,412,832		\$ 16.51	\$ 0.0174		\$ 2,098,062.94	\$ 2,107,774		\$ 2,107,774	\$ 9,711
GS > 50 to 999 kW	Customers	293	302	297		555,651	\$ 77.98		\$ 3.0100	\$ 1,950,865.51	\$ 1,896,274	\$ 54,591	\$ 1,950,866	\$ -
GS > 1,000 to 4,999 kW	Customers	13	13	13		245,808	\$ 612.07		\$ 2.1082	\$ 613,698.33	\$ 477,716	\$ 135,983	\$ 613,698	\$ -
Large Use	Customers	3	3	3		260,162	\$ 2,443.75		\$ 1.4630	\$ 468,597.93	\$ 468,598		\$ 468,598	\$ -
Streetlighting	Connections	3,165	3,234	3,199		23,291	\$ 2.40		\$ 10.5265	\$ 337,478.11	\$ 337,478		\$ 337,478	\$ -
Sentinel Lighting	Connections	247	242	244		404	\$ 3.44		\$ 26.1496	\$ 20,652.52	\$ 20,653		\$ 20,653	\$ -
Unmetered Scattered Load	Connections	178	178	178	1,096,423		\$ 7.86	\$ 0.0166		\$ 35,002.89	\$ 35,003		\$ 35,003	\$ -
Total										\$ 16,488,181.12	\$ 16,306,076	\$ 190,574	\$ 16,496,650	\$ 8,469

Low Voltage Charges

Milton Hydro has allocated its Low Voltage costs in the amount of \$535,000 across each customer class based on the retail transmission connection rate calculated in the 2016 Retail Transmission Service Rate model. The following Table 10 provides the allocation of Milton Hydro's Low Voltage costs to each customer class and Table 11 sets out the Low Voltage Charge by customer class as agreed to in the Settlement Proposal.

Table 10
Low Voltage Costs Allocated to Customer Classes

Customer Class	Retail Transmission Connection Rate (\$)		Basis for Allocation (\$)	Allocation Percentages	Allocated \$
	per KWh	per kW			
Residential	0.0060		1,860,661	36.88%	197,330
GS < 50 kW	0.0053		482,319	9.56%	51,152
GS >50 to 999 kW		2.4517	1,362,277	27.00%	144,475
GS >1000 to 4999 kW		2.4117	592,805	11.75%	62,869
Large Use		2.6971	701,676	13.91%	74,415
Sentinel Lights		1.6838	680	0.01%	72
Street Lighting		1.6492	38,411	0.76%	4,074
Unmetered and Scattered	0.0053		5,785	0.11%	614
TOTALS			5,044,615	100.00%	535,000

Table 11
Low Voltage Charge

Customer Class	LV Cost Allocated	Load Forecast kWh	Load Forecast kW	Volumetric Rate Type	LV Rate kWh	LV Rate kW
Residential	197,330	311,504,507		kWh	0.0006	
GS < 50 kW	51,152	91,412,832		kWh	0.0006	
GS >50 to 999 kW	144,475	206,918,158	555,651	kW		0.2600
GS >1000 to 4999 kW	62,869	116,570,267	245,808	kW		0.2558
Large Use	74,415	135,893,889	260,162	kW		0.2860
Sentinel Lights	72	145,711	404	kW		0.1786
Street Lighting	4,074	8,298,679	23,291	kW		0.1749
Unmetered and Scattered	614	1,096,423		kWh	0.0006	
TOTALS	535,000	871,840,466	1,085,316			

Retail Transmission Service Rates

Milton Hydro's transmission network and connection charges are calculated using the Retail Transmission Service Rate model and have been agreed to in the Settlement Proposal. The following Table 12 sets out the retail transmission service rates.

Table 12
Retail Transmission Service Rates

Customer Class	Retail Transmission Network Rates		Retail Transmission Connection Rates	
	Per kWh	Per kW	Per kWh	Per kW
Residential	0.0073		0.0060	
GS < 50 kW	0.0067		0.0053	
GS >50 to 999 kW		3.0196		2.4517
GS >1000 to 4999 kW		2.9698		2.4117
Large Use		3.2159		2.6971
Sentinel Lights		2.0556		1.6838
Street Lighting		2.0451		1.6492
Unmetered and Scattered	0.0067		0.0053	

The following Table 13 sets out Milton Hydro's deferral and variance account rates riders as agreed to and filed in the Settlement Proposal.

Table 13

Please indicate the Rate Rider Recovery Period (in years)		1				
Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.)						
<i>1550, 1551, 1584, 1586, 1595</i>						
Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts		
RESIDENTIAL	kWh	311,504,507	\$ 1,113,905	0.0036	\$/kWh	
GENERAL SERVICE LESS THAN 5	kWh	91,412,832	\$ 331,997	0.0036	\$/kWh	
GENERAL SERVICE 50 TO 999 KW	kW	555,651	\$ 752,700	1.3546	\$/kW	
GENERAL SERVICE 1,000 TO 4,999	kW	245,808	\$ 424,329	1.7263	\$/kW	
LARGE USE	kW	260,162	\$ 492,873	1.8945	\$/kW	
UNMETERED AND SCATTERED	kWh	1,096,423	\$ 3,622	0.0033	\$/kWh	
SENTINEL	kW	404	\$ 492	1.2180	\$/kW	
STREETLIGHTING	kW	23,291	\$ 30,417	1.3059	\$/kW	
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
Total	0	-	\$ 3,150,334	0		
Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.) - NON-WMP						
<i>1580 and 1588</i>						
Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts		
RESIDENTIAL	kWh	311,504,507	-\$ 981,530	- 0.0032	\$/kWh	
GENERAL SERVICE LESS THAN 5	kWh	91,412,832	-\$ 288,036	- 0.0032	\$/kWh	
GENERAL SERVICE 50 TO 999 KW	kWh	202,078,292	-\$ 636,735	- 0.0032	\$/kWh	
GENERAL SERVICE 1,000 TO 4,999	kWh	116,570,267	-\$ 367,305	- 0.0032	\$/kWh	
LARGE USE	kWh	135,893,889	-\$ 428,192	- 0.0032	\$/kWh	
UNMETERED AND SCATTERED	kWh	1,096,423	-\$ 3,455	- 0.0032	\$/kWh	
SENTINEL	kWh	145,711	-\$ 459	- 0.0032	\$/kWh	
STREETLIGHTING	kWh	8,298,679	-\$ 26,149	- 0.0032	\$/kWh	
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
Total	0	-	-\$ 2,731,860	0		

Rate Rider Calculation for RSVA - Power - Global Adjustment			
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Balance of Account 1589 Allocated to Non-WMPs					
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Rate Class (Enter Rate Classes in cells below)	Units	Non-RPP kW / kWh / # of Customers	Balance of RSVA - Power - Global Adjustment	Rate Rider for RSVA - Power - Global Adjustment
RESIDENTIAL	kWh	15,562,306	\$ 108,602	0.0070 \$/kWh
GENERAL SERVICE LESS THAN 50 KW	kWh	12,578,994	\$ 87,783	0.0070 \$/kWh
GENERAL SERVICE 50 TO 999 KW	kWh	185,296,286	\$ 1,293,098	0.0070 \$/kWh
GENERAL SERVICE 1,000 TO 4,999 KW	kWh	99,356,499	\$ 693,364	0.0070 \$/kWh
LARGE USE	0	-	\$ -	-
UNMETERED AND SCATTERED	kWh	-	\$ -	- \$/kWh
SENTINEL	kWh	-	\$ -	- \$/kWh
STREETLIGHTING	kWh	8,298,679	\$ 57,913	0.0070 \$/kWh
		-	\$ -	-
		-	\$ -	-
		-	\$ -	-
		-	\$ -	-
		-	\$ -	-
		-	\$ -	-
		-	\$ -	-
		-	\$ -	-
		-	\$ -	-
		-	\$ -	-
		-	\$ -	-
		-	\$ -	-
		-	\$ -	-
Total	0	-	\$ 2,240,760	0

Rate Rider Calculation for Group 2 Accounts				
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Rate Class (Enter Rate Classes in cells below)	Units	Non-RPP kW / kWh / # of Customers	Balance of Group 2 Accounts	Rate Rider for RSVA - Power - Global Adjustment
RESIDENTIAL	# of Customers	34,501	\$ 403,744	\$ 0.98
GENERAL SERVICE LESS THAN 5	kWh	91,412,832	\$ 30,918	\$ 0.0003
GENERAL SERVICE 50 TO 999 KW	kW	555,651	\$ 3,533	\$ 0.0064
GENERAL SERVICE 1,000 TO 4,999	kW	245,808	\$ 152	\$ 0.0006
LARGE USE	kW	260,162	\$ 35	\$ 0.0001
UNMETERED AND SCATTERED	kWh	1,096,423	\$ 2,083	\$ 0.0019
SENTINEL	kW	404	\$ 2,834	\$ 7.0181
STREETLIGHTING	kW	23,291	\$ 37,842	\$ 1.6248
		-	\$ -	\$ -
		-	\$ -	\$ -
		-	\$ -	\$ -
		-	\$ -	\$ -
		-	\$ -	\$ -
		-	\$ -	\$ -
		-	\$ -	\$ -
		-	\$ -	\$ -
		-	\$ -	\$ -
		-	\$ -	\$ -
		-	\$ -	\$ -
Total	0	-	\$ 481,143	0

Please indicate the Rate Rider Recovery Period (in years)

1

0

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Accounts 1575 and 1576	Rate Rider for Accounts 1575 and 1576		
RESIDENTIAL	# of Customers	34,501	-\$ 589,152	- 1.4230	per customer per month	
GENERAL SERVICE LESS THAN 5	kWh	91,412,832	-\$ 172,890	- 0.0019	\$/kWh	
GENERAL SERVICE 50 TO 999 KW	kW	555,651	-\$ 391,347	- 0.7043	\$/kW	
GENERAL SERVICE 1,000 TO 4,999	kW	245,808	-\$ 220,471	- 0.8969	\$/kW	
LARGE USE	kW	260,162	-\$ 257,018	- 0.9879	\$/kW	
UNMETERED AND SCATTERED	kWh	1,096,423	-\$ 2,074	- 0.0019	\$/kWh	
SENTINEL	kW	404	-\$ 276	- 0.6824	\$/kW	
STREETLIGHTING	kW	23,291	-\$ 15,695	- 0.6739	\$/kW	
	kWh	-	\$ -	-	\$/kWh	
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
		-	\$ -	-		
Total	0	-	-\$ 1,648,922	0		

Foregone Revenue

Milton Hydro has prepared its foregone distribution revenues and rate riders for each rate class for the period May 1, 2016 to August 31, 2016 or four months expecting the implementation of rates for September 1, 2016.

Milton Hydro has used the actual kWh consumption and kW demand for May and June 2016 in calculating the foregone distribution revenue for the Residential, General Service <50 kW, General Service 50 to 999 kW, Large User and Street Light customer classes. July and August actual kWh and kW is not available as of the filing date of this Draft Rate Order and therefore Milton Hydro has used its load forecast model for determining the kWh and kW for these two months.

Milton Hydro has used its load forecast model to calculate the foregone distribution revenue for the Sentinel Light and Unmetered/Scattered Load customer classes as these two customer classes are flat rate billed.

The following Table 14 provides Milton Hydro's calculations for the foregone distribution revenue for each customer class.

Milton Hydro has corrected the proposed date in the Table to September 1, 2016 and in the Foregone Rate Rider Model.

Table 14

Foregone Distribution Revenue for May to August 2016

	Customer #'s from OEB- Approved Load Forecast	kWh or kW from OEB-Approved Load Forecast	kWh or kW to be recovered over XX Months	May 1, 2016 Interim Rates Fixed Distribution Charge	May 1, 2016 Interim Rates Variable Distribution Charge	Proposed Fixed Distribution Charge Effective	Proposed Variable Distribution Charge Effective	Difference in Fixed Distribution Charge	Difference in Variable Distribution Charge	Total Foregone Revenue Fixed Distribution Charge (F) =(B*E)	Total Foregone Revenue Variable Distribution Charge (F) =(B*E)	Year End Customer Count	Average kWh or kW Over Recovery Period	Foregone Fixed Distribution Revenue Rate Rider	Foregone Variable Distribution Revenue Rate Rider
			May 1 to Aug 31			Sept. 1, 2016	Sept. 1, 2016								
			July & Aug - LF												
			2											8	
Residential															
May - Actual	33,375	20,580,362		\$15.51	\$0.0144	\$18.61	\$0.0110	\$3.10	\$-0.0034	\$103,463	\$-69,973				
June - Actual	33,515	30,017,796		\$15.51	\$0.0144	\$18.61	\$0.0110	\$3.10	\$-0.0034	\$103,897	\$-102,061				
July - LF	33,876	29,835,738		\$15.51	\$0.0144	\$18.61	\$0.0110	\$3.10	\$-0.0034	\$105,016	\$-101,442				
August - LF	34,001	28,767,412		\$15.51	\$0.0144	\$18.61	\$0.0110	\$3.10	\$-0.0034	\$105,403	\$-97,809				
September	34,126	23,573,063						\$0.00	\$0.0000	\$0	\$0				
October	34,251	23,775,699						\$0.00	\$0.0000	\$0	\$0				
November	34,376	24,374,015						\$0.00	\$0.0000	\$0	\$0				
Total										\$417,778	\$-371,284	34,501	25,357,401	1.51	- 0.0018
General Service < 50 kW															
May - Actual	2,608	6,413,975		\$16.42	\$0.0174	\$16.51	\$0.0174	\$0.09	\$0.0000	\$225	\$0				
June - Actual	2,625	7,347,608		\$16.42	\$0.0174	\$16.51	\$0.0174	\$0.09	\$0.0000	\$226	\$0				
July - LF	2,616	7,787,810		\$16.42	\$0.0174	\$16.51	\$0.0174	\$0.09	\$0.0000	\$226	\$0				
August - LF	2,622	7,641,577		\$16.42	\$0.0174	\$16.51	\$0.0174	\$0.09	\$0.0000	\$226	\$0				
September	2,628	7,040,935						\$0.00	\$0.0000	\$0	\$0				
October	2,633	7,276,905						\$0.00	\$0.0000	\$0	\$0				
November	2,638	7,589,222						\$0.00	\$0.0000	\$0	\$0				
Total										\$903	\$0	2,642	7,698,194	0.04	-
General Service 50 to 999 kW															
May - Actual	291	47,938		\$77.98	\$2.5984	\$77.98	\$3.0100	\$0.00	\$0.4116	\$0	\$19,731				
June - Actual	292	49,740		\$77.98	\$2.5984	\$77.98	\$3.0100	\$0.00	\$0.4116	\$0	\$20,473				
July - LF	298	47,634		\$77.98	\$2.5984	\$77.98	\$3.0100	\$0.00	\$0.4116	\$0	\$19,606				
August - LF	299	47,896		\$77.98	\$2.5984	\$77.98	\$3.0100	\$0.00	\$0.4116	\$0	\$19,714				
September	300	45,173						\$0.00	\$0.0000	\$0	\$0				
October	301	45,320						\$0.00	\$0.0000	\$0	\$0				
November	302	46,789						\$0.00	\$0.0000	\$0	\$0				
Total										\$0	\$79,524	302	46,131	-	0.2155
General Service 1000 to 4999 kW															
May - Actual - Customers	13			\$899.32		\$612.07		\$-287.25		\$-3,734					
May - Actual - kW		23,201			\$2.8380		\$2.1082		\$-0.7298		\$-16,932				
June - Actual - Customers	13			\$899.32		\$612.07		\$-287.25		\$-3,734					
June - Actual - kW		21,879			\$2.8380		\$2.1082		\$-0.7298		\$-15,967				
Customers	13			\$899.32		\$612.07		\$-287.25		\$-7,469					
kW - LF		20,484	40,968		\$2.8380		\$2.1082		\$-0.7298		\$-29,898				
										\$-14,937	\$-62,797	13	20,484	- 143.63	- 0.3832

Large User														
May - Actual - Customers	3			\$3,755.43		\$2,443.75		\$-1,311.68		\$-3,935				
May - Actual - kW		21,165			\$2.2483		\$1.4630		\$-0.7853		\$-16,620			
June - Actual - Customers	3			\$3,755.43		\$2,443.75		\$-1,311.68		\$-3,935				
June - Actual - kW		21,768			\$2.2483		\$1.4630		\$-0.7853		\$-17,094			
Customers	3			\$3,755.43		\$2,443.75		\$-1,311.68		\$-7,870				
kW - LF		21,680	43,360		\$2.2483		\$1.4630		\$-0.7853		\$-34,050			
										\$-15,740	\$-67,764	3	21,680	- 655.84 - 0.3907
Streetlights														
May - Actual - Customers	3,163			\$2.04		\$2.40		\$0.36		\$1,153				
May - Actual - kW		1,809			\$8.9310		\$10.5265		\$1.5955		\$2,886			
June - Actual - Customers	3,164			\$2.04		\$2.40		\$0.36		\$1,153				
June - Actual - kW		1,810			\$8.9310		\$10.5265		\$1.5955		\$2,888			
Connections	3,234			\$2.04		\$2.40		\$0.36		\$2,357				
kW - LF		1,941	3,882		\$8.9310		\$10.5265		\$1.5955		\$6,193			
										\$4,663	\$11,968	3,234	1,941	0.18 0.7707
Sentinel Lights														
Connections	242		0	\$2.43		\$3.44		\$1.01		\$980				
kW		34	67		\$18.4656		\$26.1496		\$7.6840		\$1,034			
										\$980	\$1,034	242	34	0.51 3.8420
Unmetered Loads														
Connections	178		0	\$7.86		\$7.86		\$0.00		\$0				
kWh		91,369	182,737		\$0.0166		\$0.0166		\$0.0000		\$0			
Total										\$393,646	\$-409,319			
										\$-15,673				

Bill Impacts

The following Table 15 sets out the bill impacts for both the total bill and the distribution portion of the bill by customer class and varying consumption and demand. This table included the foregone revenue rate rider for May to August 2016.

Milton Hydro re-filed the spreadsheet Milton

Hydro_DRO_RO_Bill_Impacts_by_Rate_Class_20160817 on August 17, 2016 and re-dated the spreadsheet.

Table 15
Customer Class Bill Impacts - Updated

In calculating the 2015 charges the DRC was remove for the Residential Class only; the Wholesale Market Service Rate was set to the 2016 rate for all classes; the Ontario Electricity Support Program charge was set to the 2016 rate for all classes; Electricity rate impact is zero.

Rate Class	kWh	kW	# Connections	2015 Bill \$	2016 Bill \$	\$ Difference	Total Bill Impact %	\$ Distribution Impact	Distribution Bill Impact %
Residential	100			\$ 35.88	\$ 38.80	\$ 2.92	8.15%	4.09	24.13%
	250			\$ 59.83	\$ 61.94	\$ 2.11	3.52%	3.31	17.30%
	362			\$ 77.32	\$ 78.80	\$ 1.48	1.91%	2.72	13.13%
	500			\$ 99.74	\$ 100.46	\$ 0.72	0.72%	2.00	8.80%
	750			\$ 139.63	\$ 138.99	-\$ 0.65	-0.46%	0.69	2.63%
	800			\$ 147.45	\$ 146.69	-\$ 0.76	-0.51%	0.43	1.59%
	1,000			\$ 179.54	\$ 177.52	-\$ 2.03	-1.13%	0.62	-2.06%
	1,500			\$ 259.35	\$ 254.55	-\$ 4.79	-1.85%	3.23	-8.71%
	2,000			\$ 339.14	\$ 331.61	-\$ 7.53	-2.22%	5.85	-13.20%
GS <50 kW	1,000			\$ 192.14	\$ 187.74	-\$ 4.40	-2.29%	0.06	0.16%
	2,000			\$ 361.30	\$ 355.60	-\$ 5.71	-1.58%	0.06	0.12%
	5,000			\$ 868.83	\$ 859.18	-\$ 9.65	-1.11%	0.08	0.08%
	10,000			\$ 1,714.69	\$ 1,698.48	-\$ 16.21	-0.95%	0.12	0.06%
	15,000			\$ 2,560.56	\$ 2,537.79	-\$ 22.78	-0.89%	0.15	0.05%
GS > 50 - 999 kW	30,000	60		\$ 4,314.30	\$ 4,504.79	\$ 190.49	4.42%	\$ 37.62	16.09%
	50,000	150		\$ 7,590.42	\$ 7,992.22	\$ 401.79	5.29%	\$ 94.06	20.11%
	277,200	500		\$ 38,413.87	\$ 40,304.89	\$ 1,891.02	4.92%	\$ 313.54	22.77%
GS > 1,000-4,999 kW	540,000	1,000		\$ 76,326.78	\$ 77,549.60	\$ 1,222.83	1.60%	-\$ 1,543.87	-41.31%
	1,265,000	1,800		\$ 171,802.63	\$ 175,933.16	\$ 4,130.52	2.40%	-\$ 2,434.27	-40.52%
	1,800,000	3,500		\$ 252,988.59	\$ 258,805.72	\$ 5,817.13	2.30%	-\$ 4,326.35	-39.94%
Large Use	2,400,000	5,400		\$ 346,062.36	\$ 328,375.33	-\$ 17,687.04	-5.11%	-\$ 11,915.11	-61.12%
	3,770,000	7,000		\$ 520,033.40	\$ 500,969.41	-\$ 19,064.00	-3.67%	-\$ 10,199.40	-52.32%
Unmetered	405			\$ 78.38	\$ 77.36	-\$ 1.02	-1.30%	\$ 0.01	0.09%
Sentinel	50	1		\$ 35.29	\$ 58.16	\$ 22.87	64.80%	\$ 13.04	62.42%
Streetlighting	469,398	1,317		\$ 75,944.64	\$ 84,835.83	\$ 8,891.20	11.71%	\$ 3,116.91	26.49%

Tariff of Rates and Charges

Milton Hydro's tariff of rates and charges is attached as Appendix A and has been updated for the Foregone Distribution Revenue Rate Riders and all rate riders have been end-dated.

CONCLUSION:

Milton Hydro has prepared the above Tables and its Tariff of Rates and Charges as filed in this Draft Rate Order in accordance with the OEB Decision and Order issued July 28, 2016 and the OEB letter dated August 10, 2016 and OEB staff and Energy Probe comments of the original Draft Rate Order.

As indicated in Milton Hydro's letter dated August 9, 2016, Milton Hydro intends to file a Motion for Review of the Decision. As such, Milton Hydro respectfully requests that the OEB not issue a Final Rate Order at this time, pending the outcome of the Motion, as Milton Hydro submits that a second rate adjustment for 2016 (which may occur if the Motion is successful) may lead to confusion for Milton Hydro's customers.

On August 17, 2016 Milton Hydro did in fact file its Motion for a Review of the Board's Decision Date July 28, 2016.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 22TH DAY OF AUGUST, 2016.

Milton Hydro Distribution Inc.

Original signed by

Cameron McKenzie
Director, Regulatory Affairs
Milton Hydro Distribution Inc.

Appendix A Tariff of Rates and Charges (also filed as a pdf.)

Milton Hydro has also filed updated Excel versions of spreadsheets as required:

MILTON_EB-2015-0089_DRF_RO_2016_Foregone_Revenue_Rate Rider Model

Milton Hydro has filed an updated pdf. of its Proposed Tariff of Rates and Charges