



MILTON HYDRO DISTRIBUTION INC.

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January 15, 2018

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4

**Re: Milton Hydro Distribution Inc. 2018 IRM Application EB-2017-0061
Objection to the Vulnerable Energy Consumers Coalition (VECC) Request for Intervention**

Milton Hydro received a Notification of Intervention from VECC for the above proceeding on January 11, 2018. Milton Hydro objected to VECC's Intervention and provided three reasons to explain the reasons for the objection and the purpose of the proposed standby charges.

Milton Hydro filed its objection to VECC's request for intervenor status for the following reasons:

1. The proposed Standby Charge is not applicable to low-income or vulnerable customers being those customers in the Residential or General Service < 50 kW customer classes;
2. The proposed Standby Charge is required to maintain the OEB-Approved revenue-to-cost ratios from Milton Hydro's 2016 Cost of Service, thereby eliminating the potential for cross subsidization across customer classes, including the Residential and General Service < 50 kW classes; and
3. The proposed Standby Charge is required to maintain distribution revenue neutrality with each customer class thereby upholding just and reasonable rates for all classes.

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On January 12, 2018 VECC filed a second request to intervene stating that Milton Hydro's reason for objecting was because the Standby Charge is not applicable to low in-come or vulnerable customers, which is exactly the first reason that Milton Hydro provided in its January 11th letter and repeated above.

However, VECC has ignored the second and third explanation provided by Milton Hydro, again in its letter dated January 11th and repeated above.

In its letter dated January 12th, VECC state:

“In VECC’s view, the introduction of the standby rates will affect the revenues and hence revenue to cost ratios for the relevant classes. While this does not affect VECC’s constituency (i.e. residential customers) during the IR period, it will affect the overall revenue to cost ratio calculations at the time of Milton Hydro’s next rebasing.”

Milton Hydro’s application proposing a Standby Charge for General Service customers greater than 50 kW accomplishes exactly what VECC states a Standby Charge will not accomplish. Again, Milton Hydro refers to the second and third point repeated above. A Standby Charge, at the same rate as the variable distribution kW charge, applied to the total load displaced or required for standby will ensure that the appropriate class revenues are maintained as determined through Milton Hydro’s 2016 cost allocation revenue to cost ratios.

The proposed, class specific standby charge, based on the variable distribution kW charge, ensures that the revenue-to-cost ratios are maintained within the customer class throughout the IR period leading into a cost of service period.

Milton Hydro’s 2018 IR Application clearly sets out the basis for the proposed Standby Charges and therefore, based on VECC’s argument, Milton Hydro submits that there are no grounds for intervention and respectfully requests that the OEB deny VECC’s request for intervenor status.

Yours truly,

Original signed by

Cameron McKenzie
Director, Regulatory Affairs