



**EB-2017-0061**

**Milton Hydro Distribution Inc.**

**Application for electricity distribution rates and standby  
charges effective May 1, 2018**

**PROCEDURAL ORDER NO. 1**

**January 22, 2018**

Milton Hydro Distribution Inc. (Milton Hydro) filed an application with the Ontario Energy Board (OEB) on September 25, 2017 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) and under the OEB's Filing Requirements for Incentive Regulation Rate Applications seeking approval for changes to its electricity distribution rates to be effective May 1, 2018.

The OEB issued a Notice of Hearing on December 22, 2017. The last date for filing a request for intervenor status was January 12, 2018.

On January 11, 2018, Vulnerable Energy Consumers Coalition (VECC) applied for intervenor status and cost eligibility in relation to Milton Hydro's request for class specific standby charges for customers installing load displacement generation.

On January 11, 2018, Milton Hydro filed a letter objecting 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.

In response, VECC filed a letter on January 12, 2018, stating that:

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 and therefore the decisions made now as to what is the "appropriate" standby rate will affect residential customers upon rebasing. It would be inefficient (and unfair to the potential standby customers) to revisit the basis for the rate again at the time of rebasing.

On January 15, 2018, Milton Hydro filed a second objection letter stating that:

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.

On January 17, 2018, School Energy Coalition (SEC) filed a letter requesting intervenor status and cost eligibility, after the date for requesting such status had passed. SEC indicated that the nature of its intervention concerns the impact of standby charges on the economics of behind-the-meter generators, noting that a number of schools have such generation facilities. SEC further states that "until the OEB establishes a general rate policy dealing with this issue, it is essential that the proposals of individual LDCs be reviewed carefully by customers affected to make sure they don't have unintended consequences".

On January 19, 2018, Milton Hydro filed a letter objecting to SEC's intervention request on the grounds that the proposed standby charge if approved may be on an interim basis, is based on previously approved cost allocation principles, represents less than 6% of the total bill for schools served by Milton Hydro and is consistent with standby charges that have been approved by the OEB for other distributors.

VECC and SEC are approved as intervenors. The list of parties in this proceeding is attached as Schedule A to this Procedural Order. VECC and SEC are eligible to apply for an award of costs under the OEB's *Practice Direction on Cost Awards* and only in relation to Milton Hydro's proposed request for approval of class specific standby charges for load displacement generation customers. Milton Hydro's proposal for class specific standby charges is an undecided issue in the current proceeding. The OEB may ultimately accept, reject or modify the proposal and the hearing process may consider the potential impacts of the proposal or any variations of the proposal on revenue-to-cost ratios for one or more customer rate classes. As representatives of customers in potentially impacted customer classes, it is appropriate for VECC and SEC to participate in the examination of the standby charge proposal.

Cost eligible intervenors should be aware that the OEB will not generally allow the recovery of costs for the attendance of more than one representative of any party, unless a compelling reason is provided when cost claims are filed.

The list of parties in this proceeding is attached as Schedule A to this procedural order.

Parties are reminded to consult sections 26 and 27 of the OEB's *Rules of Practice and Procedure* regarding required naming and numbering conventions and other matters related to interrogatories.

It is necessary to make provision for the following matters related to this proceeding. The OEB may issue further procedural orders from time to time.

**IT IS THEREFORE ORDERED THAT:**

1. OEB staff and intervenors shall request any information and material from Milton Hydro that is in addition to Milton Hydro's evidence and that is relevant to the hearing by written interrogatories filed with the OEB and delivered to all other parties by **January 29, 2018**.

2. Milton Hydro shall file with the OEB complete written responses to the interrogatories and deliver them to intervenors by **February 5, 2018**.
3. Unless the OEB orders otherwise, any written submission by OEB staff and intervenors shall be filed with the OEB and delivered to all other parties by **February 15, 2018**.
4. Unless the OEB orders otherwise, Milton Hydro may file a written reply submission with the OEB, and deliver it to all other parties by **February 26, 2018**.

All filings to the OEB must quote the file number, EB-2017-0061 and be made electronically in searchable/unrestricted PDF format through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.oeb.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Katherine Wang at [Katherine.Wang@oeb.ca](mailto:Katherine.Wang@oeb.ca) and OEB Counsel, Richard Lanni at [Richard.Lanni@oeb.ca](mailto:Richard.Lanni@oeb.ca).

### **ADDRESS**

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**DATED** at Toronto, **January 22, 2018**

**ONTARIO ENERGY BOARD**

**By delegation, before: Kristi Sebalj**

*Original signed by*

Kristi Sebalj  
Registrar

Schedule A

To

Procedural Order No. 1

Milton Hydro Distribution Inc.

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Applicant and List of Intervenors

January 22, 2018

**Milton Hydro Distribution Inc.  
EB-2017-0061**

**APPLICANT & LIST OF INTERVENORS**

January 22, 2018

**APPLICANT**

**Rep. and Address for Service**

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**Milton Hydro Distribution Inc.  
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**APPLICANT & LIST OF INTERVENORS**

January 22, 2018

**INTERVENORS**

**Rep. and Address for Service**

**School Energy Coalition**

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**APPLICANT & LIST OF INTERVENORS**

January 22, 2018

**Vulnerable Energy  
Consumers Coalition**

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