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BY E-MAIL

January 29, 2018

John Pickernell
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Pickernell:

**Re: Milton Hydro Distribution Inc.
2018 IRM Distribution Rate Application
OEB Staff Interrogatories
OEB File No. EB-2017-0061**

In accordance with Procedural Order #1, please find attached OEB Staff interrogatories in the above proceeding. The applicant and intervenor have been copied on this filing.

Milton Hydro Distribution Inc.'s responses to interrogatories are due by February 5, 2018.

Yours truly,

Original Signed By

Katherine Wang
Incentive Rate Setting & Accounting

Encl.

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

Staff IR-1

Ref: Account 1588 Power

With regards to the amount being requested for disposition of USoA 1588¹ account balance as at Dec. 31, 2016, all components that flow into Account 1588 (i to iv in table below) should be all based on actuals at year end. Please complete the following table to:

- a. Indicate whether the component is based on estimates or actuals at year end, and
- b. Quantify the adjustment pertaining to each component that is trued-up from estimate to actual

	Component	Estimate or Actual?	Notes/Comments	Quantify True Up Adjustment \$ Amount
i	Revenues (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)			
ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)			
iii	Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)			
iv	Expenses - GA RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.			

¹ Note, in relation to references in OEB Staff questions relating to amounts booked to account 1588, amounts are not booked directly to account USoA 1588 relating to power purchase and sale transactions, but are rather booked to the cost of power USoA 4705 Power Purchased and the respective Energy Sales USoA accounts. However, account 1588 is impacted the same way as accounts 4705 is for cost of power transactions, and the same way as the Energy Sales accounts are for revenue transactions.

v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type			
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- c. For each item in the table above, please confirm that the 2018 Rate Generator Model Tab 3 Continuity Schedule for 2016 has been adjusted for settlement true-ups where settlement was originally based on estimate and trued up to actuals subsequent to 2016.

Staff IR-2

Ref: Revenue to Cost Ratio Adjustment, Manager’s Summary, page 5 to 17

As noted in the Application, the settlement agreement² provided a three year implementation plan which set the revenue to cost ratio for the Sentinel Lighting class at 60% for the 2016 test year and then increases the revenue to cost ratio by 10% of the 2016 test year results for each of the following two incentive regulation years to bring the ratio to the bottom of the OEB-approved policy range of 80%. Three customer classes – Residential, GS 50 to 999 kW and Street Lighting will have distribution charges decreased when Sentinel Lighting distribution charges are increased in order that Milton Hydro remains revenue neutral. Milton Hydro’s 2017 IRM application increased the Sentinel Lighting class revenue to cost ratio to 70%. Milton Hydro’s current 2018 application will increase the Sentinel Lighting class revenue to cost ratio to 80%.

Milton Hydro provided the revenue reconciliation (Table 2 on page 7 of the application) resulting from the proposed adjustment to the Sentinel Lighting class.

- a. Please provide detailed calculations of the proposed revenue to cost ratio adjustments (the calculations should validate that the adjustments to distribution rates shown in Table 2 support the OEB-approved 2018 changes in the revenue to cost ratios in the four classes)

² Milton Hydro’s 2016 Cost of Service proceeding, EB-2015-0089