

Milton Hydro Distribution Inc. ED-2003-0014
2009 Electricity Distribution Incentive Regulation Rate Application
EB-2008-0195

Manager's Summary
October 30, 2008

Milton Hydro Distribution Inc. ("Milton Hydro") is a licensed distributor of electricity providing service to consumers within its licensed service area. Milton Hydro hereby applies to the Ontario Energy Board (the "Board") pursuant to section 78 of the Ontario Energy Board Act, 1998 for approval of its distribution rates and other charges, effective May 1, 2009.

Milton Hydro has prepared this application pursuant to a letter from the Board dated October 3, 2008 outlining the filing requirements and spreadsheet rate model for preparing and filing its 2009 Electricity Distribution Incentive Regulation Rate Application. The filing instructions and the model are based on the 2nd Generation IRM policies as set out in the Report of the Board of Cost of Capital and 2nd Generation IRM (the "Board Report" or the "Report") dated December 20, 2006. Milton Hydro has used version 2.0 of the 2009 Electricity Distribution Incentive Regulation Rate Application model (the "2009 IR Model"), as outlined by the Board in its direction of October 23, 2008.

Price Cap Index Adjustment

Milton Hydro has filed its rate application on the basis of the 2009 Guidelines as follows:

- In accordance with the policies as set out in the Report of the Board of Cost of Capital and 2nd Generation Incentive Regulation Mechanism (the "Board Report" or the "Report") dated December 20, 2006:
 - Milton Hydro has applied for the transition to a common deemed capital structure of 60% debt and 40% equity. Milton Hydro's capital structure changed to decrease Milton Hydro's deemed common equity component from 46.7% to 43.3% and increase Milton Hydro's deemed debt component from 53.3% to 56.7%.
- A Price Cap Adjustment of 1.10% was applied to all general and unique classes which takes into account a price escalator of 2.1% less a productivity factor of 1.0%. The Price Cap Adjustment applies to distribution rates (fixed and variable).

- A K-Factor adjustment of -0.50% was applied to all general and unique classes. The K-Factor Adjustment applies to distribution rates (fixed and variable).
- A 2009 Federal Tax Rate Adjustment Factor of -0.20% was applied to all general and unique classes. The Federal Tax Rate Adjustment applies to distribution rates (fixed and variable).

Smart Meter Rate Adder

- Milton Hydro is requesting the continuation of the Smart Meter Rate Adder previously approved by the Board. Milton Hydro has applied the Board-approved Smart Meter Rate Adder of \$2.16 per month per metered customer to distribution rates (fixed). The price cap index adjustment does not apply to the Smart Meter Rate Adder.

Retail Transmission Service Rates

- On August 28, 2008, the Board issued its Decision and Rate Order in proceeding EB-2008-0113, setting new uniform transmission rates for Ontario transmitters effective January 1, 2009. The Board approved an increase of 11.3% in the wholesale transmission network service rate, an 18.6% increase in the wholesale transmission line connection service rate and a 0.6% increase in the wholesale transformation connection service rate. The combined change in the wholesale transmission line connection and transformation connection rates is an increase of 5.5%. Milton Hydro is applying to increase its Retail Transmission Network Service rate by 11% and its Retail Transmission Line and Transformation Connection Service rate by 5%.

The service address and contact information for Milton Hydro is:

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Attention:
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