EB-2026-0057

Milton Hydro Distribution Inc.

Application for electricity distribution rates and other charges effective January 1, 2027

Incremental Capital Module (ICM) for the Palermo Transformer Station Upgrade and Feeder Expansion Project

VECC Interrogatories October 1, 2026

VECC-1

Ref: Manager's Summary p.18

Please complete the following Table:

ROE	2023	2024	2025	2026
OEB-Approved	8.66%	8.66%	8.66%	8.66%
Actual	10.66%	10.96%	9.34%	
Variance	2.00%	2.30%	0.68%	

VECC-2

Ref: Manager's Summary p.23

The total incremental cost that is the subject of this ICM request represents 38.5% of Milton Hydro's total forecasted net capital expenditures for 2027.

Please provide this calculation.

VECC-3

Ref: Manager's Summary p.24

The evidence states "The DSP assumes there will be no capital contribution required from MHDI due to the incremental increase in capacity solution that addresses the Palermo TS end-of-life status."

Please explain in detail how and why Milton Hydro and its 2023 to 2027 DSP determined there will be no capital contribution required.

VECC-4

Ref: Manager's Summary p.25

a) Please provide 2025, 2026 and 2027 spending as of September 30 as per the categories in Table 7.

b) Please provide an updated Appendix 2-AA capital project list in excel format for the years 2023 to 2027 based on actuals for 2023 to 2025 and plan/forecast amounts for 2026 and 2027.

VECC-5

Ref: Manager's Summary p.26

With respect to Table 8, please provide actuals to date for 2026, i.e. to September 30, 2026.

VECC-6

Ref: Manager's Summary p.26

a) With respect to Table 9, please provide the 2024, 2025 and 2026 Capital Expenditures compared to the DSP.

b) Please explain any material variances to the DSP by category for 2024 to 2026.

VECC-7

Ref: Manager's Summary p.2; 27

System Access capital expenditures are forecast to increase $9,440,035 relative to the 2027 DSP plan year, primarily due to higher costs related to customer connections and subdivision-related investments, as well as additional municipal road widening and relocation projects.

Capital contributions are forecast to increase $3,911,065 relative to the 2027 DSP, due to higher costs related to customer connections, subdivision development activity, and municipal road widening and relocation projects.

a) Please provide Historical and Forecasted Expenditures for System Access on the same basis as Table 8 on page 26. In the response, please add a column and provide actuals to date for 2026, i.e. to September 30, 2026.

b) Please compare the annual customer additions forecast quantity and costs in the EB-2022-0049 DSP (Project SA-1) compared to historical actuals and forecast for the years 2023 to

2027.

c) Please compare the road widening and relocation projects and costs forecast in the EB-2022-0049 DSP (Project SA-3) compared to historical actuals and forecast for the years 2023 to 2027.

VECC-8

Ref: Manager's Summary p.27

System Renewal capital expenditures are forecast to increase $2,097,337 relative to the 2027 DSP plan year, (an increase of close to 80%), primarily due to the end-of-life meter replacement program to maintain compliance with Measurement Canada requirements and higher levels of reactive overhead and underground asset replacement required to address asset failures and condition-driven replacement needs.

a) Please provide Historical and Forecasted Capital Expenditures for System renewal on the same basis as Table 8 on page 26. In the response, please add a column and provide actuals to date for 2026, i.e. to September 30, 2026.

b) Please provide a breakdown of the incremental $2.097 million for the System Renewal budget.

c) Please explain how this end-of-life meter replacement program compares to projects SA-4 and SR-4 in the EB-2022-0049 DSP.

d) Please provide the historical actuals and forecast for the years 2023 to 2027 for DSP projects SA-4 and SR-4.

e) Please provide the asset information and data to support the need for higher levels of reactive overhead and underground asset replacement in 2027.

VECC-9

Ref: Manager's Summary p.28

Milton Hydro provides a Project Timeline.

a) Please confirm the procurement for Primary Metering Units was completed by the August 30, 2026. If not, provide the latest completion date and the reason for the schedule variance.

b) Please confirm the procurement for Switches was completed by September 30, 2026. If not, provide the latest completion date and the reason for the schedule variance.

c) Please confirm the engineering design was complete by August 30, 2026. If not, provide the latest completion date and the reason for the schedule variance.

d) Please confirm the contractor selection was complete by September 30, 2026. If not, provide the latest completion date and the reason for the schedule variance.

e) Please update Table 10 to reflect the latest project timelines.

f) The Q2 2026 Hydro One Project Status Report is provided in Appendix I. Please provide the Q3 2026 Project Status Report.

VECC-10

Ref: Manager's Summary p.31

a) Please provide Milton Hydro's SAIDI and SAIFI results for the period 2022 to 2025 excluding Loss of Supply and Major Event Days.

b) Please provide the number of outages, customer interruptions and customer interruption hours for Defective Equipment for the years 2022 to 2025.

VECC-11

Ref: Manager's Summary p.32

Please provide the distribution bill impacts (%) for sub-total A for each rate class as a result of the ICM project.

VECC-12

Ref: Appendix D p.2

The acquisition of the Hydro One-owned poles and conductors associated with the Palermo TS feeder egress will eliminate Milton Hydro's embedded distributor arrangement at the station, allowing the affected feeders to be treated as transmission-connected assets. This will reduce ongoing charges paid to Hydro One, which will result in annual savings to Milton Hydro customers, improving the long-term value of the investment.

a) Please provide the annual savings.

b) Please discuss how the savings have been accounted for in the request for ICM funding.

VECC-13

Ref: Appendix D p.4

a) Please discuss the status of obtaining municipal permits and approvals and identify any known or anticipated delays in obtaining permits.

b) Please identify any known or anticipated potential delays to the Construction Start Date of March 2027.

VECC-14

Ref: Appendix D p.5

Please expand Table 3 to include a breakdown and explanation of costs for each year.

VECC-15

Ref: Appendix D p.6

a) With respect to Table 4, please provide a detailed breakdown of "Other" costs.

b) Please explain how the true-up works.

c) Please provide the customer load growth used in the economic evaluation.

d) Please provide a copy of the CCRA.

e) Please discuss why there are no customer contributions included in the cost estimate.

VECC-16

Ref: Appendix D p.7

With respect to the Palermo TS Feeder Egress Estimate in Table 7:

a) Please provide the average unit costs for poles, overhead conductors and underground cable.

b) Please discuss the basis for the estimate.

c) Please reference any similar projects undertaken by Milton Hydro that support the estimate and why.

VECC-17

Ref: Appendix D p.7

With respect to the Updated Palermo TS Feeder Extension Estimate in Table 8:

a) Please provide the average unit costs for poles and overhead conductors at each of the locations

b) Please discuss the basis for the estimate.

c) Please reference any similar projects undertaken by Milton Hydro that support the estimate and why.

VECC-18

Ref: Appendix D p.7

a) Please discuss the procurement process undertaken to select the contractor. In the response include the contractors that bid on the work, their bids and why the contractor was selected?

b) Please summarize the site investigation work undertaken and planned to be undertaken for the project and discuss the likelihood of underground conflict and delays during construction.

VECC-19

Ref: Appendix D p.9

Planning for the Palermo TS began in 2021. In April 2023, Milton Hydro executed a Connection Cost Estimate Agreement with Hydro One to obtain a budgetary estimate and preliminary engineering for the station upgrade.

Please provide a copy of the executed Connection Cost Estimate Agreement

VECC-20

Ref: Appendix D p.10

Please provide a schedule that compares Power Advisory's 2024 capacity needs assessment results to 2026.

VECC-21

Ref: Appendix D p.12

Please provide the data points that underpin Figure 1.

VECC-22

Ref: Appendix D p.14

Please provide the data points that underpin Figure 3.

VECC-23

Ref: Appendix D p.18

Please provide the age of each transformer at Palermo TS and the end-of-life date of each transformer.

VECC-24

Ref: EB-2022-0049 DSP Appendix H p. 2

The only project with cost implications for Milton Hydro is the Palermo TS project where the existing 230/27.6kV,50/83 transformers are to be replaced with larger 75/125MVA units. Milton Hydro will be responsible for the incremental costs as per the transmission System Code for this upgrade. The Halton TS #2 project has been deferred to 2033 as a result of the Palermo TS upgrade work and will be reassessed in next cycle.

Given incremental costs for Milton Hydro were flagged early, VECC seeks to better understand why Milton Hydro did not include any expenditures in its 2023 to 2027 DSP for work related to the Palermo TS. Please explain.

VECC-25

Ref: Appendix M p. 34

It is important to note that the nearby Tremaine TS is expected to exceed its station supply capacity limits by 2033. Therefore, it is prudent to consider the needs of Tremaine TS when addressing the end-of-life issues at Palermo TS.

Please discuss the current plans for Tremaine TS.