**Milton Hydro Inc.**

**EB-2024-0028**

**October 1, 2024**

Please note, Milton Hydro Inc. is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*, unless filed in accordance with rule 9A of the OEB’s *Rules of Practice and Procedure*.

**Staff Question-1**

**Reference:**

1. Rate Generator Model, Tab 3, Continuity Schedule

**Preamble:**

On September 13, 2024, the OEB published the 2024 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

**Question(s):**

1. Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2024 OEB-prescribed interest rate of 4.4%.

Response:

Milton Hydro has updated the Tab 3 (Continuity Schedule) in the Rate Generator to reflect the Q4 2024 OEB-prescribed interest rate of 4.4%. An updated Rate Generator file is being filed with the responses to OEB staff questions.

**Staff Question-2**

**Reference:**

1. Chapter 3 - Filing Requirement for Electricity Distribution Rate Applications Filed in 2024 for Rates Taking Effect in 2025, June 18, 2024, Pg. 14
2. Rate Generator Model, Tab 3, Continuity Schedule, Cells BE36, BJ36, BM37, and BN37.
3. EB-2023-0038, 2024 Rates Application, Decision and Order, Issued Dec 14, 2023, pp 9.
4. EB-2022-0049, 2023 Cost of Service Application, Decision and Order, issued Oct 13, 2022, pp 39.

**Preamble:**

Chapter 3 of the Filing Requirements in Ref. (i) specifies that when the OEB approves the disposition of Deferral and Variance Account (DVA) balances, the approved principal amounts and carrying charges are to be transferred to Account 1595 for that rate year. This means that all OEB-approved dispositions from Milton Hydro’s 2023 rate application should be transferred to sub-account 1595 (2023) for disposition and rate rider calculation, and the transfer of OEB approved disposition amounts from Ref. (iii) should be transferred to sub-account 1595 (2024).

**Question(s):**

1. OEB staff observes that the principal and interest amounts in Sub-account 1595 (2023)&(2024) in Ref. (ii) do not match the total amounts approved by the OEB for disposition. OEB staff notes that these amounts should correspond to the total approved for disposition in the previous year, but with the opposite sign. Please explain the discrepancy.
2. OEB staff observes that the principal and interest amounts in Sub-account 1595 (2023) Ref. (ii) do not match the total amounts approved by the OEB for disposition for Account 1595 (2019), Ref (iv). OEB staff notes that these amounts should correspond to the total approved for disposition in Ref. (iii), but with the opposite sign. Please explain the discrepancy and confirm the disposition amount of the Sub-account 1595 (2019).

Response:

1. Milton Hydro updates the principal and interest amount in Sub-account 1595 (2023) and (2024) in cells BJ36, BE36, BI36, BJ36, BM37 and BN37 in the Tab 3 (Continuity Schedule) of the Rate Generator to reflect the total approved for disposition in the previous year with opposite sign.
2. Milton Hydro updates the principal and interest amount in Sub-account 1595 (2019) in cells AV32, BA32, BE32 and BJ32 the Tab 3 (Continuity Schedule) of the Rate Generator to reflect the total approved by the OEB for disposition for Account 1595 (2019) in the 2023 Cost of Service application, Ref (iv).

**Staff Question-3**

**Reference:**

1. Rate Generator Model, Tab 8, STS-Tax change

**Preamble:**

On Tab 8 of the Rate Generator Model, Milton Hydro has not entered any OEB-Approved Total Tax Credits.

**Question(s):**

1. Please update Tab 8 (STS-Tax change) H40, as necessary, if Milton Hydro has any OEB-Approved Total Tax Credits.

Response:

Milton Hydro updates cell H40 in Tab 8 (STS-Tax change) in the Rate Generator by reflecting the $4,085 OEB Approved Total Tax Credits.

**Staff Question-4**

**Reference:**

1. Rate Generator Model, Tab 21, Bill impact

**Preamble:**

The changes in RTSR for Connection and/or Line and Transformation Connection are greater than 4%.

**Question(s):**

1. Please provide the explanation for the changes being greater than 4%.

**Response:**

1. Milton Hydro’s forecast wholesale transmission connection costs for 2025 are expected to be $8,006,778, per “Tab 14. RTSR – Forecast Wholesale”. Based on the existing RTSR rates, in “Tab 15. RTSR Rates to Forecast” the Rate Generator Model projects that Milton Hydro would recover $8,397,436. Thus Milton Hydro would over-recover RTSRs by $390,658 if the RTSR Connection rates were not changed. The Rate Generator Model accordingly reduces the RTSRs by 4.65% so the wholesale transmission connection costs are recovered through RTSRs. By reducing $8,397,436 by $390,658 allows for a recovery of $8,006,778. Rate reduction $390,658 divided by $8,397,436 = 4.65%.