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**BY EMAIL**

January 14, 2011

Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Wasaga Distribution Inc.  
2011 IRM2 Distribution Rate Application  
Board Staff Submission  
Board File No. EB-2010-0143**

In accordance with the Notice of Application and Written Hearing, please find attached the Board Staff Submission in the above proceeding. Please forward the following to Wasaga Distribution Inc. and to all other registered parties to this proceeding.

In addition please remind Wasaga Distribution Inc. that its Reply Submission is due by February 04, 2011.

Yours truly,

*Original Signed By*

Kelli Dobson  
Analyst, Applications & Regulatory Audit

Encl.



# **ONTARIO ENERGY BOARD**

## **STAFF SUBMISSION**

2011 ELECTRICITY DISTRIBUTION RATES

Wasaga Distribution Inc.

EB-2010-0143

**January 14, 2011**

**Board Staff Submission  
Wasaga Distribution Inc.  
2011 IRM2 Rate Application  
EB-2010-0143**

**Introduction**

Wasaga Distribution Inc. (“WDI”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on September 28, 2010, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that WDI charges for electricity distribution, to be effective May 1, 2011. The Application is based on the 2011 2<sup>nd</sup> Generation Incentive Regulation Mechanism.

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by WDI.

In the interrogatory phase, Board staff identified an anomaly in the interest calculation for account 1586 in the deferral and variance accounts model submitted by WDI. Staff noted that account 1586 has been in a credit balance for quite some time, yet the interest calculation is a debit as shown in the application model. In response to Board staff interrogatories, which requested either a confirmation that this anomaly was an error or an explanation supporting the validity of the original data filed with the application, WDI provided an explanation supporting the validity of the data originally filed. WDI explained there was an over projection of \$2096.05 of interest calculated on account 1586 as of December 31, 2009 (on a total credit interest amount of \$59, 127 and a total principle balance of a credit of \$1.1 million) and that this will balance itself out in 2010. Board staff accepts WDI’s explanation.

WDI is proposing to dispose of its Group 1 deferral and variance account balances as of December 31, 2009 having exceeded the \$0.001/kWh disposition threshold. The total balance requested for disposition is \$154,577 to be recovered over a three-year period. WDI has opted to collect the balance over three years because a two year disposition resulted in a total bill impact for the GS 50 – 4999 kW rate class of greater than 10%. Staff has no concerns with the balances or recovery methodology proposed.

Staff has no concerns with the data supporting the updated Retail Transmission Service Rates (“RTSRs”) proposed by WDI. Pursuant to Guideline G-2008-0001, updated on

July 8, 2010, staff notes that the Board will update the applicable data at the time of this Decision based on any available updated Uniform Transmission Rates.

Staff notes that WDI is maintaining its smart meter funding adder at \$1.00 per metered customer per month.

Board Staff makes detailed submissions on the following matter:

- Lost Revenue Adjustment Mechanism (“LRAM”) and Shared Savings Mechanism (“SSM”) rate rider.

### **Submission**

The Board’s Guidelines for Electricity Distributor Conservation and Demand Management (the “Guidelines”) issued on March 28, 2008 outlines the information that is required when filing an application for LRAM and SSM.

Board staff submits that Wasaga’s application for LRAM and SSM recovery is consistent with the Board’s Guidelines and the Board’s Decision on Horizon’s application (EB-2009-0192) for LRAM and SSM recovery.

With respect to the revised LRAM and SSM amounts found within Wasaga’s interrogatory response to VECC’s IR#3, Board Staff submits that the original amounts of \$104,055.47 for LRAM and \$7,702.06 for SSM, as applied for by Wasaga in its original application, should be accepted by the Board. Board staff notes that the revised LRAM and SSM amounts were calculated using the OEB Measures and Assumptions list, which represent outdated input assumptions. On January 27, 2009 the Board adopted the OPA’s Input Assumption list for use by distributors for the purposes of making applications for new distribution rate-funded CDM Programs, LRAM and SSM. Board Staff submits that if the Board is to approve the revised LRAM and SSM amounts by Wasaga, Wasaga will be recovering amounts above and beyond what is necessary to keep the utility whole due to impacts that have resulted from implementing CDM Programs.

All of which is respectfully submitted.