



BY COURIER

February 10, 2009

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

**RE: Rideau St. Lawrence Distribution Inc. – 2009 Incentive Regulation
Mechanism (2009 IRM) EB-2008-0210
SUBMISSION TO THE BOARD**

Please find attached two paper copies of Rideau St. Lawrence's
Submission related to its 2009 Incentive Rate Mechanism Application.

Yours truly,

A handwritten signature in black ink, appearing to read 'John Walsh', is written over the printed name and title.

John Walsh
Chief Executive Officer

Enclosures
Copy: Michael Buonaguro – Counsel for VECC

Ontario Energy Board

In the matter of *the Ontario Energy Board Act, 1998*;

And in the matter of an application by Rideau St. Lawrence Distribution Inc. for an Order or Orders approving electricity distribution rates to be implemented on May 1, 2009.

INTRODUCTION

Rideau St. Lawrence Distribution Inc. – (“RSL”) submitted an application on November 6, 2008, seeking approval for changes to the rates that RSL charges for electricity distribution, to be effective May 1, 2009. The application is based on the 2009 3rd Generation Incentive Regulation Mechanism (“2009 3rd Gen. IRM”).

On December 19, 2008, RSL filed an update to its evidence with a request that the RRRP charge in the tariff sheet be revised to 0.13 cents per kilowatt hour effective May 1, 2009. This update to the filed evidence was in response to the Board’s letter dated December 17, 2008. RSL’s December 19th filing was consistent with the Board’s direction.

On December 23, 2008, Board Staff filed interrogatories. On January 19, 2009, RSL responded to those interrogatories.

On January 5, 2009, VECC filed interrogatories. On January 19, 2009, RSL responded to those interrogatories.

DISCUSSION

Smart Meters

In the Board Staff's submission dated January 29, 2009, Board Staff have submitted

that RSL's application for the approval of a smart meter funding adder does not include a request to review the prudence of the costs anticipated to be incurred. At this time, it is not entirely clear to Board staff that the costs for the ODS system would be recoverable. However, the Board will comprehensively review the prudence of the ODS system at the time when RSL applies to recover these costs.

With regard to the \$1.00 smart meter funding adder per se, Board staff submits that RSL has provided evidence in accordance with the Guideline G-2008-0002, "Smart Meter Funding and Cost Recovery" dated October 22, 2008 (the "Guidelines"). As such, Board staff submits that the \$1.00 smart meter funding adder request is appropriate and substantiated.

RSL acknowledges the Board staff's comment on Smart Metering. RSL would submit that the use of an ODS (Operational Data Store) system to verify that the newly acquired asset is performing properly is a prudent action.

Revenue to Cost Ratios

The Board Staff's submission does not mention RSL's response to Board Staff's IR #4. We would assume that the methodology and outputs provided by RSL have been accepted as being reasonable.

VECC in their IR #1.a submitted that RSL should reconcile their 2009 approach with the Board's prior decision for reallocating cost allocation adjustments with RSL's objective of maintaining the fixed/variable split (i.e., adjusting both values), instead of allocating all changes to the variable charge. RSL made the appropriate adjustment in the updated model that was submitted as part of the IR response.

Transformer Allowance

VECC questioned why the price cap adjustment should not be applied to the transformer ownership allowance for 2009. RSL understands that rates for items such as transformer ownership allowance are reviewed at the time of rate rebasing, not at the time of a mechanistic rate setting process such as the 2009 3rd Gen. IRM. Therefore RSL submits that the existing transformer ownership allowance rate of \$0.60 per kW continue.

Rural or Remote Rate Protection (“RRRP”)

The Board Staff’s submission does not mention the December 19, 2008 addendum filed by RSL for the requested change to RSL’s tariff sheet making a revision to 0.13 cents per kilowatt-hour. We would submit that our filing on this item is sufficient.

ALL OF WHICH IS RESPECTFULLY SUBMITTED