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BY EMAIL

December 24, 2009

Gia M. DeJulio
Director Regulatory Affairs
Enersource Hydro Mississauga
3240 Mavis Road
Mississauga, ON L5C 3K1

Dear Ms. Walli:

**Re: Enersource Hydro Mississauga
Application for the Disposition of the Balances in Group 1 Deferral and
Variance Accounts
Board File No. EB-2009-0405**

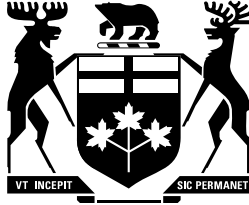
Please find attached the Board Staff submission for the above proceeding. Please forward the attached document to Enersource Hydro Mississauga and all intervenors in this proceeding.

Yours truly,

Original Signed By

Marc Abramovitz
Case Manager

Attach.



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

Application for the Disposition of the Balances in Group 1 Deferral and Variance Accounts

Enersource Hydro Mississauga

EB-2009-0405

December 24, 2009

INTRODUCTION

Enersource Hydro Mississauga (“Enersource” or the “Applicant”) filed an application on November 27, 2009 requesting approval to dispose of Group 1 Deferral and Variance account balances as defined by the Board’s Report on Electricity Distributors’ Deferral and Variance Account Review Initiative (the “EDDVAR Report”), dated July 31, 2009. The Board assigned the application file number EB-2009-0405.

On December 21, 2009, the Board issued Procedural Order No.1 ordering Enersource to serve a copy of the application on all intervenors of record in its last cost of service application (EB-2007-0706).

This submission reflects observations arising from Board staff’s review of Enersource’s evidence and is intended to assist the Board in adjudicating on Enersource’s application.

THE APPLICATION

Background

Enersource requested that the Board review and approve the disposition of the September 30, 2009 balance in account 1588 (RSVA Power including the Global Adjustment sub-account). Enersource also requested that the Board review and approve the disposition of the December 31, 2008 balances of other Group 1 deferral and variance accounts as defined by the EDDVAR Report. Enersource included interest on these account balances up to January 31, 2010.

Enersource stated that its application relied on the EDDVAR Report in terms of general filing and account-specific filing guidelines for the disposition of deferral and variance account balances. Enersource also used the Board’s prescribed interest rates to calculate the carrying charges on the deferral and variance account balances.

With respect to the disposition of account 1588, Enersource indicated that the EDDVAR Report contemplated a 30-day streamlined written hearing process, and therefore Enersource filed its entire application on that basis.

Enersource noted that during 2009, it experienced cash flow challenges due to the significant increase in the Global Adjustment sub-account balance.

Table 1 below identifies the Group 1 account balances, excluding account 1588, as of December 31, 2008 plus interest as of January 31, 2010. Table 2 below identifies the amounts in account 1588 and the Global Adjustment sub-account as of September 30, 2009, plus interest as of January 31, 2010.

Table 1:

Account	Description	Balance as of December 31, 2008	Interest to January 31, 2010	Total
1550	Low Voltage	(\$638,728)	(\$60,322)	(\$699,050)
1580	RSVA Wholesale Market Service Charge	(\$14,805,516)	(\$1,205,025)	(\$16,010,541)
1584	RSVA Retail Transmission Network Charges	(\$2,407,008)	\$71,518	(\$2,335,490)
1586	RSVA Retail Transmission Connection Charges	(\$887,818)	(\$126,805)	(\$1,014,623)
1590	Recovery of Regulatory Asset Balances	(\$67,009)	\$40,525	(\$26,484)
	Total Net Refund	(\$18,806,079)	(\$1,280,109)	(\$20,086,188)

Table 2:

Account	Description	Balance as of September 30, 2009	Interest to January 31, 2010	Total
1588	RSVA Power (excluding global adjustment sub-account)	(\$8,288,868)	(\$633,010)	(\$8,921,878)
1588	Global adjustment sub-account	\$41,485,837	\$301,804	\$41,787,641

Enersource proposed to allocate these account balances, with the exclusion of account 1590 and 1588 Global Adjustment sub-account, to all customer rate classes based on kWh for 2008 as reported in Enersource's April 30, 2009 Reporting and Record-Keeping Requirements ("RRR") filing to the Board. In regards to account 1590, Enersource proposed that the account balance be allocated in proportion to the recovery share as established by the Board when the rate riders were implemented.

Enersource proposed to allocate the balance in the 1588 Global Adjustment sub-account on the basis of kWh for non-RPP customers and to dispose of the balance by means of a rate rider. The rate rider would be applied to non-regulated price plan ("non-RPP") customers, excluding 20 MUSH (municipalities, universities, schools and hospitals) sector and other designated institutional customers that were required to switch as of November 1, 2009 to non-RPP as per O. Reg. 95/05 of the *Ontario Energy Board Act, 1998*. The allocation factors and the rate rider derivation were based on 2008 kWh for non-RPP customers.

Enersource proposed a two-year disposition period commencing on February 1, 2010.

If the application is approved as filed, a RPP customer consuming 800 kWh per month would experience an approximate 4.5% decrease in the current delivery charges. This

is a \$1.44 per month decrease on the bill. A general service RPP customer consuming 2,000 kWh per month and having a monthly demand of less than 50 kW would experience an approximate 4.2% decrease in the current delivery charges. This is a \$3.60 per month decrease on the bill. A residential non-RPP customer consuming 800 kWh per month would experience an approximate 5.5% increase in the current delivery charges. This is a \$1.76 per month increase on the bill. A general service non-RPP customer consuming 2,000 kWh per month and having a monthly demand of less than 50 kW would experience an approximate 5.0% increase in its current delivery charges. This is a \$4.40 per month increase on the bill.

Discussion and Summary

Board staff notes that Enersource's application is not consistent with the guidelines outlined in the EDDVAR Report with respect to the quarterly disposition of account 1588 due to the inclusion of other Group 1 account balances in the application. However, Board staff notes Enersource's particular circumstances in terms of the material increase in the Global Adjustment sub-account balance during 2009 and the effect that it has had on Enersource's cash flow position. On that basis, Board staff accepts Enersource's proposal to combine the debit balance as of September 30, 2009 in account 1588 with the credit balance in other Group 1 accounts as of December 31, 2008. Board staff agrees with Enersource that in all other respects, its application is consistent with the EDDVAR Report.

With respect to Enersource's proposal to exclude 20 MUSH sector and other designated institutional customers that were required to switch to non-RPP as of November 1, 2009 Enersource has not confirmed that all of these 20 MUSH sector customers were all RPP customers in 2008. As such, Board staff cannot comment on Enersource's proposal.

If the application is approved, Board staff notes that Enersource intends to include the 1588 Global Adjustment sub-account rate rider as an adjustment to the monthly Provincial Benefit or Global Adjustment line on the customer's bill. Board staff observes that it has been the Board's practice to include deferral and variance account rate riders as part of the distribution charge.

- All of which is respectfully submitted -