

Board Staff Comments
Middlesex Power Distribution Corporation
Dutton Hydro Limited
2006 Cost of Service and 2007-2009 IRM
(EB-2009-0177)

Draft Rate Order Documentation

On January 25, 2010, the Board issued its Decision on Middlesex Power Distribution Corporation's rate application for its Dutton Hydro Limited service area. The Decision required the Applicant to submit its draft Rate Order within seven days of the issuance of the Decision. The Applicant submitted its draft Rate Order and supporting documentation on January 29, 2010. The following are Board staff's comments regarding the Applicant's draft Rate Order.

Amount Overcharged

In the course of this proceeding, the Applicant informed the Board that higher distribution rates, not approved by the Board, have been charged since May 1, 2005. The Applicant calculated the amount overcharged from May 1, 2005 to December 31, 2009 to be \$82,353.

Board staff notes that the Applicant has not updated the calculation of the amount overcharged to include the period January 1, 2010 to February 28, 2010, commensurate with an implementation and effective date of March 1, 2010 as determined by the Board in its Decision.. Board staff submits that the detailed calculations should be filed.

Regulatory Assets

The Decision states that, "The Board accepts the \$163,620 balance, representing the principal balance as of December 31, 2004 and interest forecast to December 31, 2009. Disposition of the amount of \$163,620 is dealt with below under the mitigation plan section of this Decision."

The Applicant has updated the interest forecast to include the period January 1, 2010 to February 28, 2010. Board staff submits that the interest has been correctly calculated. Board staff note, however, that the supporting documents, including the regulatory asset model spreadsheet should reflect the updated

amount overcharged and the corresponding updated residual amount of regulatory assets.

Mitigation Plan

The Applicant proposed to recover some of the regulatory assets through a volumetric rate rider and return the same amount through a volumetric credit rider in order to refund the overcharged amounts. The Decision states that, "The Board finds the Applicant's proposal to be unnecessarily complicated. The Board finds that the amount of regulatory assets that the Applicant may recover is \$163,620 less the amount that has been overcharged."

Board staff notes that the draft Rate Order filed on January 29, 2010 lists volumetric rate riders and equal and offsetting volumetric rate credits. Board staff submits that the riders and offsetting credits should be removed from the tariff sheet.

Bill Impacts

The Applicant has provided bill impact calculations as part of the IRM 2007-2009 model. Board staff submits that the calculations should reflect the current RPP commodity pricing.

Retail Service Charges

Board staff submits that the Retailer-consolidated billing credit, per customer, per retailer should be \$(0.30)/customer and not \$0.30/customer.

- All of which is respectfully submitted -