



October 15, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Re: Middlesex Power Distribution - Dutton 2010 Incentive Rate 2nd Generation Mechanism Application (EB-2010-0226)

Dear Ms. Walli:

Please find attached the submission of Middlesex Power Distribution – Dutton on the Board Staff 2nd round of Interrogatories for the 2010 Incentive Rate Mechanism (“IRM”) 2nd Generation Application. Enclosed is the response to the Interrogatory.

The submission was submitted through the Board’s web portal on October 15, 2010 and two hard copies were sent to the Ontario Energy Board.

If you have any further questions, please do not hesitate to contact David Ferguson at (519) 352-6300 x558 or email davidferguson@ckenergy.com.

Yours truly,

A handwritten signature in black ink, appearing to read 'Cheryl Decaire'.

Cheryl Decaire
Co-ordinator of Regulatory and Rates
(519) 352-6300 x405
Email: cheryldecaire@ckenergy.com

CC: Dave Kenney, President of Middlesex Power Distribution Corporation
Chris Cowell, Chief Financial & Regulator Officer
David Ferguson, Director of Regulatory and Risk Management

Question 1

Regulatory Asset Balance

In its application, Dutton proposed to recover its 2004 Regulatory Asset balances over a 1.5 year period.

- a) In order to strike a balance between inter-generational inequities and mitigating rate impacts, would Dutton be amenable to extend the disposition period of the Regulatory Asset balance over a period longer than 1.5 years?
 - b) If not, please provide the rationale and consequential effects on Dutton.
 - c) If so, please provide the disposition period(s) that would be acceptable to Dutton.
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Answer:

- a) As part of the IRM process, Dutton conducted various sensitivity analyses regarding the 2004 Regulatory Asset disposition period. Dutton feels that a disposition period of 1.5 years is appropriate.
- b) At the time of the IRM process, Dutton was in the process of reviewing the pre-acquisition Group 1 deferral and variance accounts for the period 2005-2008. Pending the outcome of this review, Dutton felt it was in the best interest of all parties to recover the 2004 Regulatory Asset over a relatively short time frame to minimize inter-generational inequities, while also mitigating rate impact. The consequential effect to Dutton is to facilitate the clearance of the 2004 Regulatory Asset with minimal overlap with the disposition of any 2005-2008 balances.
- c) n/a