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Midland Ontario L4R 4P4*

December 1, 2010

Ontario Energy Board  
2300 Yonge Street  
26<sup>th</sup> Floor  
P.O. Box 2319  
Toronto, Ontario  
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Sirs:

Re: Midland Power Utility Corporation – 2011 IRM3 Rate Application  
Licence #ED 2002-0541; Board File No. EB-2010-0099

Enclosed please find Midland's response to Board Staff Interrogatories due December 1, 2010.  
Should you have any questions please do not hesitate to contact the writer.

Yours very truly,

MIDLAND POWER UTILITY CORPORATION

A handwritten signature in black ink, appearing to read 'Phil Marley'.

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**Midland Power Utility Corporation  
RESPONSE TO  
Board Staff Interrogatories**

**2011 IRM3 Electricity Distribution Rates  
Midland Power Utility Corporation ("Midland")  
EB-2010-0099**

**1. Ref: 2011 IRM Rate Generator Model, Sheet J3.3 Global Adjustment Sub-Account Disposition – Delivery 2010 (Manager's Summary Page 15)**

Midland has indicated that it changed the sunset date of its 2010 global adjustment sub-account rate rider to July 31, 2010, although the Board approved sunset date was April 30, 2012. Midland stated that the billing determinants used to calculate the 2010 global adjustment sub-account rate rider were based on monthly data and should have been based on annual data. Midland has billed and recovered for the period May 1, 2010 to July 31, 2010 the sum of \$45,250.89.

- a) Please confirm which billing determinants were used incorrectly in the calculation of the 2010 global adjustment sub-account rate rider.
- b) Please confirm that effective August 1, 2010 Midland is no longer collecting the global adjustment sub-account rate rider from non-RPP customers in the General Service 50 to 4,999 kW rate class that was approved by the Board in proceeding EB-2009-0236.
- c) If so, please explain why Midland did not request approval from the Board before ceasing the collection of the global adjustment sub-account rate rider.
- d) Please confirm that the global adjustment sub-account rate rider was intended to recover a debit balance of \$28,447.
- e) What progress, if any, has Midland made to implement a separate rate rider that would prospectively apply to non-RPP customers?
- f) Please provide the rationale for proposing a two-year disposition period for the global adjustment sub-account balance.
- g) Please confirm that Midland has used the correct billing determinants in the 2011 deferral and variance account workflow.

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**MIDLAND RESPONSE:**

- a) The Global Adjustment Rate Rider attributed to the General Service 50 to 4,999kW rate class of \$.554810 per kW was incorrectly calculated at the time of finalizing rates for the May 1, 2010 year. The billing determinant used was based on one month's consumption of 10,744,743 kWh. Due to inadvertence the billing determinant should have been based on a full year of consumption data – approximately 133,113,893 kWh.
- b) Midland confirms that for rates effective August 1, 2010 Midland has stopped collecting the global adjustment sub-account rate rider from non-RPP customers in the General Service 50 to 4,999 kW rate class, being the only class affected by the Rate Rider.
- c) Midland's rate rider to be collected over the course of two years (May 1, 2010 to April 30, 2012) was \$28,447. For the period May 1, 2010 to July 31, 2010 Midland collected \$45,250.89, approximately \$15,000 per month. As Midland had fully collected the amount owed and in fact, was in a position of over collecting from customers the rate rider was removed. Midland believed this to be in the best interests of the customers as over collecting an additional \$315,000 (21 months x \$15000) would only contribute to large volumes in the variance accounts to be dealt with in future years. Midland is endeavouring to keep variance account balances to a minimum and saw the removal of the rider as the best course of action in the circumstances. Midland will of course, include the rider should the Board direct us to do so and apologies to the Board for removing the rider on August 1<sup>st</sup> without authorization.
- d) Midland confirms the global adjustment sub-account rate rider was intended to recover a debit balance of \$28,447.
- e) Midland has consulted with its software provider and is working to implement this change to our billing software in 2011.
- f) Midland respectfully requests a two year disposition period for the global adjustment sub-account balance. A one year disposition will negatively impact customer rates. A four year disposition will exasperate rate smoothing. Midland believes a two year disposition will allow for a substantial collection in each of the two years and will provide Midland with the ability to plan for future variance recoveries or disposition.

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- g) Midland confirms we have used the correct billing determinants in the 2011 deferral and variance account workflow.