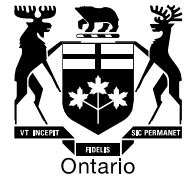


Ontario Energy Board
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BY EMAIL

January 20, 2010

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Middlesex Power Distribution Corporation - Middlesex
2011 IRM2 Distribution Rate Application
Board Staff Submission
Board File No. EB-2010-0098**

In accordance with the Notice of Application and Written Hearing, please find attached the Board Staff Submission in the above proceeding. Please forward the following to Middlesex Power Distribution Corporation - Middlesex and to all other registered parties to this proceeding.

In addition please remind Middlesex Power Distribution Corporation – Middlesex that its Reply Submission is due by February 10, 2011.

Yours truly,

Original Signed By

Christiane Wong
Analyst, Applications & Regulatory Audit

Encl.



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2011 ELECTRICITY DISTRIBUTION RATES

Middlesex Power Distribution Corporation –
Middlesex

EB-2010-0098

January 20, 2011

**Board Staff Submission
Middlesex Power Distribution Corporation - Middlesex
2011 IRM2 Rate Application
EB-2010-0098**

Introduction

Middlesex Power Distribution Corporation (“Middlesex”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”), on October 1, 2010, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that Middlesex charges for electricity distribution, to be effective May 1, 2011. The Application is based on the 2011 2nd Generation Incentive Regulation Mechanism.

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by Middlesex.

In the interrogatory phase, Board staff identified certain discrepancies in the data entered in the application model by Middlesex. In response to Board staff interrogatories, which requested either a confirmation that these discrepancies were errors or an explanation supporting the validity of the original data filed with the application, Middlesex confirmed that they were errors and provided the corrected data. Board staff will make the necessary corrections to Middlesex’s model at the time of the Board’s decision on the application.

Staff has no concerns with the data supporting the updated Retail Transmission Service Rates proposed by Middlesex. Pursuant to Guideline G-2008-0001, updated on July 8, 2010, staff notes that the Board will update the applicable data at the time of this Decision based on any available updated Uniform Transmission Rates.

Middlesex is not proposing to dispose of its Group 1 deferral and variance account balances as of December 31, 2009 since the preset disposition threshold of \$0.001/kWh set forth in the EDDVAR Report was not exceeded.

Middlesex has applied for a decrease to its current Board approved smart meter funding adder from \$1.26 to \$1.03 using the Smart Meter Rate Calculation Model. Board staff has no concerns with the proposal by Middlesex.

Board staff makes detailed submissions on Middlesex's application for Lost Revenue Adjustment Mechanism ("LRAM") recovery.

LRAM

Background

The Board's Guidelines for Electricity Distributor Conservation and Demand Management (the "Guidelines") issued on March 28, 2008 outline the information that is required when filing an application for LRAM.

Submission

Board staff submits that Middlesex's application for LRAM recovery is consistent with the Board's Guidelines and the Board's Decision on Horizon's application (EB-2009-0192) for LRAM recovery and supports the approval of the updated LRAM amount of \$75,714 as found within Middlesex's response to Board Staff interrogatory 1(c). Middlesex lowered its LRAM request from the originally requested \$77,105, based on the receipt of finalized program results from the OPA on December 21, 2010.

All of which is respectfully submitted.