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BY EMAIL

January 25, 2011

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

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Oshawa PUC Networks Inc.
2011 IRM3 Distribution Rate Application
Board Staff Submission
Board File No. EB-2010-0107**

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 Oshawa PUC Networks Inc. and to all other registered parties to this proceeding.

In addition please remind Oshawa PUC Networks Inc. that its Reply Submission is due by February 15, 2011.

Yours truly,

Original Signed By

Kelli Dobson
Analyst, Applications & Regulatory Audit

Encl.



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2011 ELECTRICITY DISTRIBUTION RATES

Oshawa PUC Networks Inc.

EB-2010-0107

January 25, 2011

**Board Staff Submission
Oshawa PUC Networks Inc.
2011 IRM3 Rate Application
EB-2010-0107
Dated: January 25, 2011**

Introduction

Oshawa PUC Networks Inc. ("OPNI") filed an application (the "Application") with the Ontario Energy Board (the "Board") on October 15, 2010 under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that OPNI charges for electricity distribution, to be effective May 1, 2011. The Application is based on the 2011 3rd 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 OPNI.

In the interrogatory phase Board Staff identified certain discrepancies in the data entered in the RTSR model by OPNI. In response to Board staff interrogatory #1 OPNI explained that the metered kWh and kW data included on sheet B1.2 Dist Billing Determinants, are correct due to the fact that the sentinel lighting numbers were double counted in the 2.1.5 RRR filing. In response to Board staff interrogatory #2 OPNI confirmed that the line connection and transformation connection rates were incorrect and provided the corrected data. 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.

OPNI is proposing to dispose of its Group 1 deferral and variance account balances as of December 31, 2009 having exceeded the \$0.001/kWh disposition threshold. The total balance requested for disposition is a credit of \$1,798,106 to be returned to ratepayers over a one-year period. Board staff notes that the principal amounts to be disposed as of December 31, 2009 reconcile with the amounts reported as part of the Reporting and Record-keeping Requirements ("RRR"). Staff has no concerns with the balances or recovery methodology proposed.

Staff notes that OPNI is proposing to maintain its smart meter funding adder at \$1.00 per metered customer per month.

Board staff makes a detailed submission on the following matter:

- Lost Revenue Adjustment Mechanism (“LRAM”) rate rider

LRAM Submission

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 and SSM.

Board staff submits that OPNI’s application for LRAM and SSM recovery is consistent with the Board’s Guidelines and the Board’s Decision on Horizon’s application (EB-2009-0192) for LRAM recovery.

With respect to the revised LRAM amount of \$272,066.18 that was requested by OPNI in its interrogatory responses, Board Staff notes that this is a substantial increase over the originally filed amount of \$81,081.73. OPNI noted that in its original submission, and as a result of the review it had done when responding to interrogatories, it had not included the entire set of program results that it had received from the OPA. Board Staff notes that it is imperative, especially in an IRM application, where there are limited opportunities to review evidence that the utility conduct a full review of the information needed to support the monetary amounts it seeks approval for prior to filing its application with the Board. Board Staff submits that it supports the approval of the updated LRAM amount and the rate riders proposed to recover the amount.

All of which is respectfully submitted