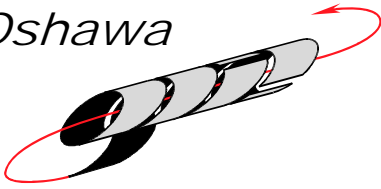


Oshawa



PUC Networks Inc.

100 Simcoe Street South, Oshawa, Ontario L1H 7M7 • Tel. (905) 723-4623 • Fax (905) 723-7947 • E-mail contactus@opuc.on.ca

February 9, 2011

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

Dear Ms. Walli:

Re: Oshawa PUC Networks Inc. (ED 2002-0560)
2011 IRM Rate Application (EB-2010-0107)

Please find enclosed Oshawa's Final Submission regarding the above Application. An electronic copy of this Submission has been sent to the intervenor in this case.

Yours truly,

Phil Martin
VP, Finance & Regulatory Compliance
Phone: (905) 723-4626 ext 5250
Email: pmartin@opuc.on.ca

Encl.

Oshawa PUC Networks Inc.

Submission

2011 Electricity Distribution Rate Application

EB-2010-0107

February 15, 2011

INTRODUCTION

On October 15, 2010, Oshawa PUC Networks Inc. (“Oshawa”) filed its 2011 3rd Generation Incentive Regulation Mechanism application (“Rate Application”) with the Ontario Energy Board (the “Board”) under section 78 of the Ontario Energy Board Act, 1998, seeking approval for changes to the rates Oshawa charges for electricity distribution. Upon receipt of the Board’s approval, these rates will be effective May 1, 2011.

The Ontario Energy Board Staff (“Board Staff”) and the Vulnerable Energy Consumers Coalition (“VECC”) filed submissions on January 25, 2010. The VECC submission was limited to questions and comments relating to the potential lost revenue adjustment mechanism (“LRAM”) rate rider.

Please accept the following as Oshawa’s response and its final submission for this Rate Application.

The following matters are considered:

- **Disposition of deferral and variance accounts as per the Electricity Distributors’ Deferral and Variance Account Review Report (“EDDVAR Report”);**
- **Treatment of smart meter funding adder;**
- **Adjustments to the retail transmission service rates; and**
- **Potential LRAM rate rider.**

DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

Oshawa is proposing to dispose of its Group 1 deferral and variance account balances as of December 31, 2009. The aggregate balance has exceeded the \$0.001/kWh disposition threshold outlined in the EDDVAR Report. The net disposition is a credit of \$1,798,106 and Oshawa proposes that this be returned to ratepayers by way of a rate rider to be in place for a one-year period.

Board Staff submits that the principal amounts identified for disposal reconcile with the amounts reported in Oshawa’s Reporting and Record-keeping Requirements (“RRR”) and expressed no concerns with the balances or recovery method proposed.

Oshawa agrees with the Board Staff’s position.

SMART METER FUNDING ADDER

Oshawa proposes to retain its current smart meter funding adder of \$1.00 per metered customer per month and is not proposing the addition of a smart meter recovery rate rider at this time.

Board Staff acknowledged Oshawa's proposal to maintain its smart meter funding adder at \$1.00 per metered customer per month.

ADJUSTMENTS TO THE RETAIL TRANSMISSION SERVICE RATE ("RTSR")

Oshawa has applied for an adjustment to its RTSR rates based on the provisions of Guideline G-2008-001, updated on July 8, 2010. Oshawa corrected and clarified certain elements of its original submission in response to Board Staff interrogatories. Oshawa submits that the adjusted RTSR rates applied for comply with Guideline G-2008-001.

Board Staff acknowledged the adjustments and clarifications made by Oshawa. In addition, Board Staff noted that the Board will update the data at the time of its Decision based on any updated Uniform Transmission Rates available at that time.

Oshawa agrees with the Board Staff's position.

LRAM RATE RIDER

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.

As part of its original Rate Application, Oshawa applied for an LRAM recovery totaling \$81,081.73. In response to interrogatories, Oshawa corrected the amount and submits a claim of \$272,066.18.

As noted by Board Staff, Oshawa did not originally include the entire set of programs that it had received from the OPA in the original Application but corrected this information in response to Interrogatories.

In its submission, VECC expressed concern that the 2006 Every Kilowatt Counts (“EKC”) program may have been listed as a 3rd Tranche program in earlier claims.

To clarify, the 2006 EKC program was listed as an OPA program in all claims. kWh savings were derived using the number of units per previous claims based on information available at the time, and available input savings assumptions at the time of the claim. In the revised December 17, 2010 claim the final 2006-2009 OPA reported kWh savings were used in place of incorrect information used in the original Application.

VECC expressed further concern that the increase in kWh savings was not adequately explained in Oshawa’s interrogatory responses.

Oshawa submits that a full explanation was provided. To reiterate, the difference is mainly due to the fact that previous claims used internal historical program results and not the final results issued by the OPA in its 2006-2009 report. Differences between the reports could be due to differences in allocation methodology to LDC's and unit savings assumptions. In both claims, one year of LRAM was claimed based on kWh savings and the application of the appropriate rate.

The changes made to the EKC claim from the time of the Application to the final amount discovered during the Interrogatory phase are summarized below.

			2010 Original Claim		
Program	Funding Mechanism	Year (start of program)	# of measures	Total Net kWh Saved (After FR)	Total LRAM
OPA EKC Pgm Coupons (Summer/Fall 2006) Total	OPA 2006	2006	14,746	557,998	\$ 7,088.58

			December 17, 2010 revised Claim		
Program	Funding Mechanism	Year (start of program)	# of measures	Total Net kWh Saved (After FR)	Total LRAM
OPA EKC Pgm Coupons (Summer/Fall 2006) Total	OPA 2006	2006	45,412	4,137,572	\$ 52,547.17

			Difference		
Program	Funding Mechanism	Year (start of program)	# of measures	Total Net kWh Saved (After FR)	Total LRAM
OPA EKC Pgm Coupons (Summer/Fall 2006) Total	OPA 2006	2006	30,666	3,579,574	\$45,458.59

Board Staff supports the approval of the updated LRAM amount and the rate riders proposed to recover the amount.

Oshawa agrees with the Board Staff's position.