



January 18, 2008

Ms. Kirstin Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

**Re: EB-2007-0867 Middlesex Power Distribution Corp. VECC Interrogatories for 2008 Incentive Rate Mechanism**

Dear Ms. Walli:

Please find attached the submission of Middlesex Power Distribution Corp. Vulnerable Energy Consumers Coalition (VECC) Interrogatories for the 2008 Incentive Rate Mechanism. Enclosed are two hard copies of the filing.

Should there be any questions, please contact me at the number below.

Yours truly,

A handwritten signature in black ink, appearing to read 'Cheryl Decaire', is written over a light blue horizontal line.

Cheryl Decaire  
Co-ordinator of Regulatory and Rates  
(519) 352-6300 ext 405  
Email: cheryldecaire@ckenergy.com

**Question #1**

A reference is made to the

- i. Main Application , page 2
  - ii. Main Application, Appendix B
  - iii. Main Application, Rates Effective May 1, 2008
- a.** Based on the calculations set out in Reference (ii) Middlesex calculates proposed Transmission Network and Connection charges for residential customers of \$0.0045/kWh and \$0.0043/kWh respectively. However, the retail Transmission rates quoted in Reference (i) are \$0.0055/kWh and \$0.0049/kWh respectively and in Reference (iii) they are \$0.055/kWh and \$0.0049/kWh respectively. Please reconcile.
- b.** If the proposed retail transmission rates set out in reference (ii) are not the correct ones, please explain why.
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**Answer:**

- a.** The model that the OEB provided does not accommodate the changes for Retail Transmission connection and Network rate. Therefore, the change was just stated in the Management Summary as a proposal for the Ontario Energy Board to approve. Therefore, the Model for the 2008 IRM Model only include the current rate of Retail Transmission – Connection of \$0.0049/kWh and Retail Transmission – Network of \$0.0055/kWh. As for the actual model the rate of \$0.055/kWh was an error should have been \$0.0055/kWh.
- b.** The proposed rates are correct as stated in Question #1a.

**Question #2**

A reference is made to the

- i. Main Application, Appendix A
- ii. OEB Decision EB-2007-0063/EB-2007-0553
- iii. OEB Decision EB-2007-0553/EB-2007-0110

- a. Did Middlesex have an approved Smart Meter rate adder for 2006?
    - If yes, what was it and why aren't the associated revenues reflected in the Smart Meter Adder recovery calculation in Reference (i)?
    - If yes, please indicate the 2006 revenues associated with the "adder"
  - b. According to Reference (iii), the Board approved a Smart Meter adder of \$2.29/month/metered customer effective May 1, 2007.
    - Why aren't there any revenues associated with this adder shown in Reference (i) for the period May 2007 to October 2007?
    - Please confirm what the 2007 "adder" was for this period and what the associated revenues were.
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**Answer:**

- a. The approved Smart adder in the 2006 Application was 38 cents. The 2006 revenue was taken into consideration when calculating the smart meter adder with the effective date November 1, 2007 (EB-2007-0063/EB-2007-0553). This is indicated on sheet 4-Smart Meter Rev & Adder on line 54 of the model provided and approved in that confidential proceeding, show the revenue recovery based on the 2006 rate of 38 cents.

The 2006 rate rider revenue has been reconciled in the above mentioned file, the Smart Meter Adder Application provided in Appendix A pertains to the additional cost of the General Service installation from 2006 to September 2007 and Residential continued depreciation cost which is cost that is outside of what was applied for in EB-2007-0063/EB-2007-0553. Please refer to answer of OEB Staff Question #3.

- b. In the Smart Meter Application with effective date November 1, 2007, EB-2007-0063/EB-2007-0553 had taken consideration of the \$2.29 revenue recovered to calculate a rate that would cover the cost from 2006 to April 30, 2007 related to the Residential smart meter installations. In the Smart Meter Adder Application provided in Appendix A pertains to the additional cost of the General Service installation from 2006 to September 2007 and Residential continued depreciation cost which is cost that is outside of what was applied for in EB-2007-0063/EB-2007-0553. Please refer to answer of OEB Staff Question #3.

**Question #2**

A reference is made to the

- i. Main Application, Appendix A
  - ii. OEB Decision EB-2007-0063/EB-2007-0553
  - iii. OEB Decision EB-2007-0553/EB-2007-0110
- c. According to Reference (ii), the Board approved both a Smart Meter rate adder (\$1.35) and a smart meter rate rider (\$0.75) effective November 1, 2007.
- Why aren't these rates and revenues shown in Reference (ii) for the period November 1, 2007 to April 31, 2008?
  - Please confirm what the smart meter rate riders and adders were for this period and that the associated revenues were.
- d. With respect to Reference (i), why for purposes of determining the Smart Meter Adder Recovery was the number of metered customers per the 2006 EDR used as opposed to actual metered customers?

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**Answer:**

- c. The Smart Meter adder of \$0.75 is related to the cost from the approved residential smart meter installations relating to 2006 to April 30, 2007. The \$1.35 is the estimated residential smart meter cost related to the May 1, 2007 to December 31, 2007. The submission in Appendix A of EB-2007-867, the smart meter rate rider is for the General Service new installation from 2006 to September 2007 which represents the \$0.10, these costs are not included in the pervious smart meter submission EB-2007-0063/EB-2007-0553. In addition a smart meter rider of \$0.60 is for the continue depreciation cost from the estimated residential related cost from May 1, 2007 to December 31, 2007. Therefore, the revenue recovery did not include the \$1.35 and the \$0.75 smart meter adder and rider.

Please refer to answer of OEB staff Question #3.

- d. The number of metered customers from the 2006 EDR was used because this is the same process used in all pervious smart meter rider submissions.

**Question #2**

A reference is made to the

- i. Main Application, Appendix A
  - ii. OEB Decision EB-2007-0063/EB-2007-0553
  - iii. OEB Decision EB-2007-0553/EB-2007-0110
- e. What is the "2006 Plus" column in Appendix A meant to capture? Why is it appropriate to add costs to the actual 2006 and 2007 cost?
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**Answer:**

- e. The 2006 plus column in Appendix A is the cost related to the 2006 actual cost for installing the General Service smart meter installations. This is taking the 2006 cost that would be capital and calculating the beginning and ending net fixed asset in 2007. In the Operating Expense section this only includes the depreciation expense related to the 2006 Net Fixed Asset that would be depreciated amount in 2007. The column that is named 2007 Actual in the Net Fixed Asset section that only includes the new capital cost additions that was incurred in 2007. In the Operating Expense section this only includes the depreciation expense related to the additional capital cost in 2007 and the corresponding depreciation amount in 2007.

The objective is to receive recovery on the cost related to 2006 and September 2007, this is the actual cost that we have incurred at the time the application was submitted, instead of waiting for the installation for all customers to be complete this would provide the customer with a lower rate over a time period as oppose to waiting until the installation complete causing a higher rate for the customer to incur.

Please refer to answer of OEB staff Question #3.

**Question # 3**

A reference is made to the

- i. Main Application, Pages 1-2
- ii. Main Application, IRM Model, page 10
- iii. Board Staff Information Request #21

- a.** Please provide a schedule supporting the requested \$1.93 per meter smart meter rate adder for 2008.
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**Answer:**

Please refer to answer of OEB staff Question #21.