



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-2007-00867 Middlesex Power Distribution Corp. 2008 Incentive Rate Mechanism Application**

Dear Ms. Walli:

Please find enclosed the Middlesex Power Distribution Corp. responses to the Board staff's submission on 2008IRM.

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

CC: Dave Kenney, President of Chatham Kent Hydro  
Jim Hogan, Chief Financial and Regulatory Officer



**Submission regarding the Board Staff and VECC Submission  
on the 2008 IRM Application**

**EB- 2007-0867**

Contact Information:

Middlesex Power Distribution Corp.  
351 Frances St.  
Strathroy, ON N7G 2L7

(519)352-6300 ext 277

Middlesex Power Distribution Corporation ("Middlesex") has previously submitted an application for Smart Meter adders as part of the 2008 IRM. The original submission contained a permanent Smart Meter adder of \$1.23 which relates to the approved installation meter cost up to April 30 2007 and a smart meter adder of \$0.60 for the smart meter installation cost from May to December 31 2007 and smart meter adder of \$0.10 for installation of the General Service less than 50 meters.

Middlesex agrees that the permanent rate adder of \$1.23 will not require a deferral/variance account since the cost up to April 2007 have been through the prudence review and approved by the Board in EB-2007-0063.

After reviewing the comment from the Board Staff on the \$0.60/MC/Month rate adder, the model does identify these amounts as pertaining to 2007 rather than calculating the revenue requirement on these installations for 2008.

Middlesex does agree that the \$1.35/MC/Month rate adder is comparable to the proposed permanent rate adder of \$1.23/MC/Month. Therefore, Middlesex is going to retract the submission for the residential on going operating and capital expense for May to December 2007 of \$0.60 and the additional smart meter adder of \$0.10 for the installation for the General Service rate class. The rate of the \$1.35/MC/Month that the Board Staff has recommended seems to be more appropriate to cover the cost of the on going smart meter capital and operating expenses for the Residential and General Service Rate classes.

Middlesex is proposing the following Monthly Service Charges

Rate Class	Original Proposed		Proposing	
	Smart Meter	Service Charge	Smart Meter	Service Charge
Residential	1.93	16.48	2.58	17.13
GS less	1.93	21.15	2.58	21.8
GS greater	1.93	47.85	2.58	48.5
Large User	1.93	3879.74	2.58	3880.39

**Note:**

The Smart Meter \$1.93 is sum of \$1.23 permanent rate, \$0.60 Residential Adder and \$0.10 General Service Adder

The Smart Meter \$2.58 is the sum of \$1.23 permanent rate and \$1.35 for Residential and General Service installations

## **RETAIL TRANSMISSION SERVICE RATES ADJUSTMENT**

Middlesex propose to reduce its RTR – Network Service Rates by 18.6% and its RTR – Line and Transformation Connection Service Rates by 12.6% for all its rate classes. The proposed reduction in the RTR is based on only reviewing the existing retail network and connection rates from the IESO and Hydro One Networks Inc. the amounts that were adjusted only pertain to the rates concerning the Transformation Connection Service and the Network Service Rates.

The analysis was done using 2006 data; Middlesex is still recommending the rate change. Any variance will be captured in deferral account and we will bring forward any rate recovery in future rate applications.

### **Vulnerable Energy Consumers Coalition**

Middlesex has an agreement with Tantalus (our smart meter provider) that the cost related to the meters is to be treated as confidential due to the fact that some of the Utility distributors are still in negotiation with suppliers. Therefore, the Smart Meter Model (EB-2007-0063/EB-2007-0553) and (EB-2007-0063/EB-2007-0867) is considered confidential.

Middlesex submission for the permanent rate adder of \$1.23 is an extension of the Smart Meter Proceeding EB-2007-0063 for which Vulnerable Energy Consumers Coalition (“VECC”) was part of the confidential proceeding. During the proceeding the cost for the meters installed up to April 30, 2007 were submitted for which VECC was an authorized intervenors, therefore, has access to the information pertain to the on going capital and operating expenses in smart meters assets approved by the Board. The Board had approved the cost related to the capital adjustments for the smart meter installations up to April 30, 2007, for which a deferral/variance account is not necessary for the permanent rate of \$1.23.

As for the additional smart meter additional capital and operating cost pertain to May to December 31 2007 for the residential and General Service installation a deferral account will be maintained, which will be subject to a prudence review in a later proceeding.