

**Ontario Energy  
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**BY E-MAIL**

January 20, 2012

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Middlesex Power Distribution Corp. – Newbury  
2012 IRM3 Distribution Rate Application  
Board Staff Interrogatories  
Board File No. EB-2011-0150**

In accordance with the Notice of Application and Hearing, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to Middlesex Power Distribution Corp. – Newbury and to all other registered parties to this proceeding.

In addition please advise Middlesex Power Distribution Corp. – Newbury that responses to interrogatories are due by February 3, 2012.

Yours truly,

*Original Signed By*

Daniel Kim  
Analyst – Applications & Regulatory Audit

Encl.

## Board Staff Interrogatories

### 2012 IRM3 Electricity Distribution Rates Middlesex Power Distribution Corp. – Newbury (MPDC – Newbury) EB-2011-0150

#### 2012 IRM3 Rate Generator

1. Ref: A portion of Sheet “4. Current MFC” of the model is reproduced below.

Rate Description	Unit	Amount	Effective Until Date
<b>Residential</b>			
Service Charge	\$	11.94	
Smart Meter Funding Adder	\$	2.50	April 30, 2012
Rate Rider for Recovery of Late Payment Penalty Litigation Costs	\$	0.15	April 30, 2012
<b>General Service Less Than 50 kW</b>			
Service Charge	\$	21.85	
Smart Meter Funding Adder	\$	2.50	April 30, 2012
Rate Rider for Recovery of Late Payment Penalty Litigation Costs	\$	0.27	April 30, 2012
<b>General Service 50 to 4,999 kW</b>			
Service Charge	\$	266.13	
Smart Meter Funding Adder	\$	2.50	April 30, 2012
Rate Rider for Recovery of Late Payment Penalty Litigation Costs	\$	2.85	April 30, 2012
<b>Street Lighting</b>			
Service Charge (per connection)	\$	0.81	
Rate Rider for Recovery of Late Payment Penalty Litigation Costs	\$	0.86	April 30, 2012

Please confirm that the Street Lighting Rate Rider for Recovery of Late Payment Penalty Litigation Costs is \$0.01 from MPDC – Newbury’s 2011 tariff of rates and charges. If the reported amount was inputted in error, Board staff will make the necessary correction.

**2. Ref: A portion of Sheet “9. 2012 Cont. Sched. Def\_Var” of the model is reproduced below.**

Account Descriptions	Account Number	2008									
		Opening Principal Amounts as of Jan-1-08	Transactions Debit/(Credit) during 2008 excluding interest and adjustments <sup>1</sup>	Board-Approved Disposition during 2008	Adjustments during 2008 - other <sup>1</sup>	Closing Principal Balance as of Dec-31-08	Opening Interest Amounts as of Jan-1-08	Interest Jan-1 to Dec-31-08	Board-Approved Disposition during 2008	Adjustments during 2008 - other <sup>1</sup>	Closing Interest Amounts as of Dec-31-08
<b>Group 1 Accounts</b>											
LV Variance Account	1550	\$ -			-\$ 29,901	-\$ 29,901	\$ -	-\$ 2,046			-\$ 2,046
RSVA - Wholesale Market Service Charge	1580	\$ -			-\$ 1,189	-\$ 1,189	\$ -	-\$ 237			-\$ 237
RSVA - Retail Transmission Network Charge	1584	\$ -			\$ 5,121	\$ 5,121	\$ -	\$ 390			\$ 390
RSVA - Retail Transmission Connection Charge	1586	\$ -			\$ 25,576	\$ 25,576	\$ -	\$ 3,442			\$ 3,442
RSVA - Power (excluding Global Adjustment)	1588	\$ -			-\$ 23,482	-\$ 23,482	\$ -	-\$ 2,868			-\$ 2,868
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -			-\$ 18,449	-\$ 18,449	\$ -	\$ 2,417			\$ 2,417
Recovery of Regulatory Asset Balances	1590	\$ -			\$ -	\$ -	\$ -				\$ -
Disposition and Recovery of Regulatory Balances (2008) <sup>7</sup>	1595	\$ -			\$ -	\$ -	\$ -				\$ -
Disposition and Recovery of Regulatory Balances (2009) <sup>7</sup>	1595	\$ -			\$ -	\$ -	\$ -				\$ -
<b>Group 1 Sub-Total (including Account 1588 - Global Adjustment)</b>		\$ -	\$ -	\$ -	-\$ 42,324	-\$ 42,324	\$ -	\$ 1,099	\$ -	\$ -	\$ 1,099
<b>Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)</b>		\$ -	\$ -	\$ -	-\$ 23,875	-\$ 23,875	\$ -	\$ 1,318	\$ -	\$ -	\$ 1,318
<b>RSVA - Power - Sub-Account - Global Adjustment</b>	1588	\$ -	\$ -	\$ -	-\$ 18,449	-\$ 18,449	\$ -	\$ 2,417	\$ -	\$ -	\$ 2,417
<b>Special Purpose Charge Assessment Variance Account</b>	1521										
<b>Deferred Payments in Lieu of Taxes</b>	1562	\$ -				\$ -	\$ -				\$ -
<b>Group 1 Total + 1521 + 1562</b>		\$ -	\$ -	\$ -	-\$ 42,324	-\$ 42,324	\$ -	\$ 1,099	\$ -	\$ -	\$ 1,099
The following is not included in the total claim but are included on a memo basis:											
Board-Approved CDM Variance Account	1567										
PiLs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592										
PiLs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592										
PiLs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	1592	\$ -				\$ -	\$ -				\$ -
Disposition and Recovery of Regulatory Balances <sup>7</sup>	1595	\$ -				\$ -	\$ -				\$ -

a) Please confirm the amounts entered into the 2008 Principal and Interest “Adjustments during 2008 – other” columns are the amounts approved for disposition by the Board in MPDC – Newbury’s 2011 IRM decision (EB-2010-0275). It appears the sign for each amount has been reversed (please also refer to Board staff interrogatory #3). If the reported amounts were input in error, Board staff will make the necessary corrections.

b) Please confirm that the interest amounts (entered above) on the December 31, 2008 Group 1 account balances are projected carrying charges up until April 30, 2011. Due to the design of the model, Board staff believes that the interest amount included in “Adjustments during 2008 – other” column should have been interest amount as of December 31, 2008. Please provide the interest amount as of December 31, 2008

**3. Ref: A portion of Sheet “9. 2012 Cont. Sched. Def\_Var” of the model is reproduced below.**

Account Descriptions	Account Number	2011			
		Principal Disposition during 2011 - instructed by Board	Interest Disposition during 2011 - instructed by Board	Closing Principal Balances as of Dec 31-10 Adjusted for Dispositions during 2011	Closing Interest Balances as of Dec 31-10 Adjusted during 2011 Disposition
<b>Group 1 Accounts</b>					
LV Variance Account	1550	-\$ 29,901	-\$ 2,046	\$ 9,198	\$ 71
RSVA - Wholesale Market Service Charge	1580	-\$ 1,189	-\$ 237	\$ 16,704	\$ 124
RSVA - Retail Transmission Network Charge	1584	\$ 5,121	\$ 390	\$ 2,463	\$ 31
RSVA - Retail Transmission Connection Charge	1586	\$ 25,576	\$ 3,442	\$ 14,060	\$ 117
RSVA - Power (excluding Global Adjustment)	1588	-\$ 23,482	-\$ 2,868	\$ -	\$ -
RSVA - Power - Sub-Account - Global Adjustment	1588	-\$ 18,449	\$ 2,417	\$ 61	\$ 56
Recovery of Regulatory Asset Balances	1590			\$ -	\$ -
Disposition and Recovery of Regulatory Balances (2008) <sup>7</sup>	1595			\$ -	\$ -
Disposition and Recovery of Regulatory Balances (2009) <sup>7</sup>	1595			\$ -	\$ -

Please confirm the amounts entered into the “Principal Disposition during 2011 – instructed by Board” and “Interest Disposition during 2011 – instructed by Board” have the signs reversed. If the reported amounts were input in error, Board staff will make the necessary corrections.

## Group 1 Deferral and Variance Accounts

### *Reconciliation of Deferral and Variance Accounts to RRR Data*

#### 4. Ref: Manager’s Summary, Page 75

Middlesex Power Distribution Corp. - Newbury					
Schedule 3					
Reconcile RRR vs. 2010 Balance					
Description	Legacy Balance	Approved Disposition EB-2010-0275	Variance Posted in 2011	Pre-Acquisition Activity	Total 2011 Adjustment
	Note 1	Note 2		Note 3	
1550 Low Voltage	\$0	-\$31,947	-\$31,947	\$1,400	-\$30,547
1580 RSVA Wholesale	\$0	-\$1,425	-\$1,425	-\$1,272	-\$2,698
1584 RSVA Network	\$0	\$5,512	\$5,512	-\$1,063	\$4,448
1586 RSVA Connection	\$0	\$29,019	\$29,019	-\$2,649	\$26,370
1588 RSVA Global Adjust	\$0	-\$42,382	-\$42,382	-\$4,478	-\$46,861
1521: MEI Special Purpose Charge	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>-\$41,225</b>	<b>-\$41,225</b>	<b>-\$8,063</b>	<b>-\$49,288</b>

Note 1: Legacy balances per the financial accounts of the former Newbury Power Inc.

Note 2: The disposition balances of the Group 1 deferral activity for the pre-acquisition period from January 1, 2005 through December 31, 2008 were not submitted nor accurately reflected in the financial accounts by previous ownership and were not recorded by MPDC – Newbury until Board disposition approval was received in 2011 (EB-2010-0275).

Note 3: Similar to Note 2 above, pre-acquisition Group 1 deferral activity from January 1, 2009 thru April 30, 2009, in addition to legacy balance adjustments, was not accurately reflected in the financial accounts by the previous ownership.

- a) Please confirm that the amounts in the “Approved Disposition EB-2010-0275” have the signs reversed from the Board’s decision in MPDC – Newbury’s 2011 IRM application (EB-2010-0275).
- b) Please confirm that in MPDC – Newbury’s 2011 IRM application (EB-2010-0275) the Board approved MPDC – Newbury’s Group 1 account balances as at December 31, 2008, plus projected carrying charges to April 30, 2011 on a final basis.
- c) MPDC – Newbury has noted pre-acquisition Group 1 deferral activity from January 1, 2009 through April 30, 2009, in addition to legacy balance adjustments, was not included in 2010 RRR data. Did MPDC – Newbury attempt to amend its RRR data? Please explain.

*Account 1588***5. Ref: Manager's Summary, Page 4**

MPDC – Newbury confirms that its 2009 and 2010 Group 1 Deferral and Variance account balances meet the Board's preset disposition threshold of \$0.001/kWh (debit or credit). The total amount, including carrying charges to April 30, 2012, proposed for disposition is a credit balance of \$24,758, which includes a debit balance of \$65 in Account 1521 Special Purpose Charge. MPDC – Newbury proposes to dispose of these account balances over a one year period.

MPDC – Newbury has included the balance in Account 1588 Global Adjustment sub-account in its preset disposition threshold calculation, but not the Power component of Account 1588.

MPDC – Newbury determined that it had inadvertently not followed the prescribed methodology for the RSVA Power component of Account 1588. MPDC – Newbury has initiated an internal review to determine the 2009 and 2010 balances attributable to the RSVA Power component of Account 1588 are in accordance with Article 220 of the Board's Accounting Procedures Handbook. In order to allow sufficient time to complete the reconciliations and analysis associated with the review, and to maintain MPDC – Newbury's procedural timeframe, MPDC – Newbury proposes to dispose of the 2009 and 2010 RSVA Power balances as part of its 2013 IRM application.

Board staff notes that the preset disposition threshold methodology proposed by MPDC – Newbury is not consistent with the EDDVAR Report. In the EDDVAR Report, the Board established a preset disposition threshold of \$0.001/kWh during the IRM plan term for **all** Group 1 account balances combined.

- a) Please confirm that MPDC – Newbury's preset disposition threshold calculation does not include the 1588 RSVA Power (excluding the Global Adjustment sub-account) balance.
- b) It is not typical Board practice to dispose only of the Global Adjustment sub-account portion of Account 1588. What assurances can MPDC – Newbury provide that there are no issues with the 1588 RSVA Power – Global Adjustment sub-account balance?
- c) Please confirm that the objective of internal review should be to be in compliance with Article 490, not only Article 220, of the Accounting Procedures Handbook.
- d) Does MPDC – Newbury have any issue to defer the disposition of Account 1588 to its 2013 cost of service application?

- e) Please recalculate one preset disposition threshold for all Group 1 Deferral and Variance account balances for all service areas (Main, Dutton and Newbury) combined.