

**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

January 20, 2012

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

Dear Ms. Walli:

**Re: Middlesex Power Distribution Corp. – Dutton
2012 IRM3 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2011-0149**

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. – Dutton and to all other registered parties to this proceeding.

In addition please advise Middlesex Power Distribution Corp. – Dutton 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. – Dutton (MPDC – Dutton) EB-2011-0149

RTSR Adjustment Workform

1. Ref: A portion of Sheet “4. RRR Data” of the workform is reproduced below.

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	4,619,375	-	1.0662		4,925,178	-
General Service Less Than 50 kW	kWh	3,520,313	-	1.0662		3,753,358	-
Sentinel Lighting	kW	882	2		49.34%	882	2
Street Lighting	kW	115,944	343		46.33%	115,944	343

Please confirm that the General Service Less Than 50 kW non-loss adjusted metered kWh is 3,510,725 kWh (mentioned on page 72 of the application). If the reported amount was inputted in error, Board staff will make the necessary correction.

2012 IRM3 Rate Generator

2. Ref: A portion of Sheet “9. 2010 Cont. Sched. Def_Var” of the model is reproduced below.

		2008									
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-08	Transactions Debit/ (Credit) during 2008 excluding interest and adjustments ¹	Board-Approved Disposition during 2008	Adjustments during 2008 - other ²	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 ³	Closing Interest Amounts as of Dec-31-08
Group 1 Accounts											
LV Variance Account	1550	\$ -			\$ 135,121	\$ 135,121	\$ -			\$ 11,227	\$ 11,227
RSVA - Wholesale Market Service Charge	1580	\$ -			\$ 5,566	\$ 5,566	\$ -			\$ 324	\$ 324
RSVA - Retail Transmission Network Charge	1584	\$ -			\$ 3,896	\$ 3,896	\$ -			\$ 131	\$ 131
RSVA - Retail Transmission Connection Charge	1586	\$ -			\$ 1,607	\$ 1,607	\$ -			\$ 213	\$ 213
RSVA - Power (excluding Global Adjustment)	1588	\$ -			\$ 53,715	\$ 53,715	\$ -			\$ 6,485	\$ 6,485
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -			\$ 45,108	\$ 45,108	\$ -			\$ 4,338	\$ 4,338
Recovery of Regulatory Asset Balances	1590	\$ -			\$ -	\$ -	\$ -			\$ -	\$ -
Disposition and Recovery of Regulatory Balances (2008) ⁷	1595	\$ -			\$ -	\$ -	\$ -			\$ -	\$ -
Disposition and Recovery of Regulatory Balances (2009) ⁷	1595	\$ -			\$ -	\$ -	\$ -			\$ -	\$ -
Group 1 Sub-Total (including Account 1588 - Global Adjustment)		\$ -	\$ -	\$ -	\$ 234,007	\$ 234,007	\$ -	\$ -	\$ -	\$ 13,616	\$ 13,616
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		\$ -	\$ -	\$ -	\$ 188,899	\$ 188,899	\$ -	\$ -	\$ -	\$ 17,954	\$ 17,954
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -	\$ -	\$ -	\$ 45,108	\$ 45,108	\$ -	\$ -	\$ -	\$ 4,338	\$ 4,338
Special Purpose Charge Assessment Variance Account											
	1521										
Deferred Payments in Lieu of Taxes											
	1562	\$ -			\$ -	\$ -	\$ -			\$ -	\$ -
Group 1 Total + 1521 + 1562		\$ -	\$ -	\$ -	\$ 234,007	\$ 234,007	\$ -	\$ -	\$ -	\$ 13,616	\$ 13,616
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/QVAT Input Tax Credits (ITCs)	1592										
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/QVAT Contra Account	1592	\$ -			\$ -	\$ -	\$ -			\$ -	\$ -
Disposition and Recovery of Regulatory Balances ⁷	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 – Dutton’s 2011 IRM decision (EB-2010-0274).

- 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.

Group 1 Deferral and Variance Accounts

Reconciliation of Deferral and Variance Accounts to RRR Data

3. Ref: Manager’s Summary, Page 75

Middlesex Power Distribution Corp. - Dutton					
Schedule 3					
Reconcile RRR vs. 2010 Balance					
Description	Legacy Balance	Approved Disposition EB-2010-0274	Variance Posted in 2011	Pre- Acquisition Activity	Total 2011 Adjustment
	Note 1	Note 2		Note 3	
1550 Low Voltage	\$142,251	\$146,348	\$4,097	\$15,953	\$20,050
1580 RSVA Wholesale	-\$24,644	\$5,890	\$30,534	-\$6,987	\$23,547
1584 RSVA Network	-\$15,751	-\$3,764	\$11,987	-\$9,254	\$2,733
1586 RSVA Connection	-\$12,447	-\$1,821	\$10,626	-\$7,184	\$3,442
1588 RSVA Global Adjust	-\$7,248	\$100,970	\$108,218	-\$29,930	\$78,288
1521: MEI Special Purpose Charge	\$0	\$0	\$0	\$0	\$0
Total	\$82,161	\$247,623	\$165,462	-\$37,402	\$128,060

Note 1: Legacy balances per the financial accounts of the former Dutton Hydro.

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 – Dutton until Board disposition approval was received in 2011 (EB-2010-0274).

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 indicate whether the amounts in the “Legacy Balance” column were included in the December 31, 2008 balances sought for disposition in MPDC – Dutton’s 2011 IRM application (EB-2010-0274). If the answer to the question is no, please confirm that MPDC – Dutton is seeking to retroactively adjust previously Board approved Group 1 Deferral and Variance account balances as the “Legacy Balance” relates to period from January 1, 2005 to December 31, 2008.
- b) Please confirm that the signs are reversed in the “Variance Posted in 2011” column.
- c) Please also provide a revised preset disposition threshold calculation and rate riders that reflect the exclusion of the “Variance Posted in 2011”.

- d) Please confirm that in MPDC – Dutton’s 2011 IRM application (EB-2010-0274) the Board approved MPDC – Dutton’s Group 1 account balances as at December 31, 2008, plus projected carrying charges to April 30, 2011 on a final basis.
- e) MPDC – Dutton 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 – Dutton attempt to amend its RRR data? Please explain.

Account 1588

4. Ref: Manager’s Summary, Page 4

MPDC – Dutton 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 debit balance of \$32,932, which includes a credit balance of \$156 in Account 1521 Special Purpose Charge. MPDC – Dutton proposes to dispose of these account balances over a one year period.

MPDC – Dutton 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 – Dutton determined that it had inadvertently not followed the prescribed methodology for the RSVA Power component of Account 1588. MPDC – Dutton 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 – Dutton’s procedural timeframe, MPDC – Dutton 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 – Dutton 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 – Dutton’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 – Dutton 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 – Dutton 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.