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February 3, 2012

Ms. Kirsten Walli  
Ontario Energy Board  
PO Box 2319  
27<sup>th</sup> Floor, 2300 Yonge Street  
Toronto, Ontario M4P 1E4

**Re: 2012 IRM3 Application, Interrogatory Responses**  
**Board File No.: EB-2011-0148**

Dear Ms. Walli,

Please find enclosed the responses of Middlesex Power Distribution Corporation – Main to Board Staff and VECC interrogatories relating to the above mentioned file.

If you have any further questions, please do not hesitate to contact me at (519) 352-6300, extension 243 or [regulatory@ckenergy.com](mailto:regulatory@ckenergy.com).

Regards,

*[Original Signed By]*

Andrya Eagen  
Senior Regulatory Specialist  
Phone: 519-352-6300 Ext 243  
Email: [andryaeagen@ckenergy.com](mailto:andryaeagen@ckenergy.com)

cc: Dan Charron, President of Chatham-Kent Hydro  
Chris Cowell, Chief Financial and Regulatory Officer  
David Ferguson, Director of Regulatory and Risk Management

**Board Staff****Question 1**

Reference: 2012 IRM3 Rate Generator

A portion of Sheet “15. Proposed RTSR-Network” of the model is reproduced below.

Rate Description	Unit	Current Amount	% Adjustment	Proposed Amount
<b>Residential</b>				
Retail Transmission Rate – Network Service Rate	\$/kWh	0.00640	1.563%	0.00650
<b>General Service Less Than 50 kW</b>				
Retail Transmission Rate – Network Service Rate	\$/kWh	0.00590	1.695%	0.00600
<b>General Service 50 to 4,999 kW</b>				
Retail Transmission Rate – Network Service Rate	\$/kW	2.34710	2.109%	2.39660
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.60570	2.111%	2.66070
<b>Large Use</b>				
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.76030	2.112%	2.81860
<b>Unmetered Scattered Load</b>				
Retail Transmission Rate – Network Service Rate	\$/kWh	0.00590	1.695%	0.00600
<b>Sentinel Lighting</b>				
Retail Transmission Rate – Network Service Rate	\$/kW	1.77900	2.114%	1.81660
<b>Street Lighting</b>				
Retail Transmission Rate – Network Service Rate	\$/kW	1.76980	2.113%	1.80720

Please confirm that the Large Use network service rate should not be interval metered. If the reported rate was selected in error, Board staff will make the necessary correction.

**Response:**

MPDC-Main confirms that its Large User network service rate is interval metered, and that the correct service rate is as inputted. This was previously approved in MPDC-Main’s 2011 IRM rate application EB-2010-0098, effective May, 2011.

**Board Staff**

**Question 2**

Reference:      Deferral and Variance Account  
                    Manager's Summary, Page 4 & 5

MPDC – Main 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 \$254,014, which includes the credit balance of \$8,128 in Account 1521 Special Purpose Charge. MPDC – Main proposes to dispose of these account balances over a one year period.

MPDC – Main has included the balance in Account 1588 Global Adjustment sub-account in its preset disposition threshold calculation.

MPDC – Main determined that it had inadvertently not followed the prescribed methodology for the RSVA Power component of Account 1588. MPDC – Main 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 – Main's procedural timeframe, MPDC – Main 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 – Main 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 – Main'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 – Main 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 – Main 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.
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**Response:**

- a) MPDC - Main confirms the preset disposition threshold calculation does not include the 1588 RSVA Power balance, as the balance included in the model is nil.
- b) Please see response to 2d) below.
- c) MPDC – Main confirms the objectives of its internal review include compliance with Article 220 and Article 490 of the Accounting Procedures Handbook.
- d) MPDC – Main does not have any issue with this approach and, in fact, now agrees that the disposition of the entire Account 1588 should be deferred until its 2013 IRM application. MPDC – Main notes that its next cost of service application is currently scheduled for 2016.
- e) MPDC has recalculated the preset disposition threshold for all Group 1 Deferral and Variance accounts for all three service territories taken as a whole. The value calculated is -\$0.0011. Please see Attachment 1 for more details.

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**Board Staff**

**Question 3**

Reference: Lost Revenue Adjustment Mechanism (LRAM) Recovery  
Manager's Summary, Page 5 & 6

MPDC – Main has requested an LRAM recovery associated with 2006 to 2010 CDM programs for a total amount of \$29,950.

- a) Please confirm that MPDC – Main has used final 2010 program evaluation results from the OPA to calculate its LRAM amount.
- b) If MPDC – Main did not use final 2010 program evaluation results from the OPA, please explain why and update the LRAM amount accordingly.
- c) Please provide a table that shows the LRAM amounts MPDC – Main has collected historically.
- d) Please confirm that MPDC – Main has not received any of the lost revenues requested in this application in the past. If MPDC – Main has collected lost revenues related to programs applied for in this application, please discuss the appropriateness of this request.
- e) Please identify the CDM savings that were included in MPDC – Main's last Board approved load forecast.
- f) Please provide a table that shows the LRAM amounts requested in this application by the year they are associated with and the year the lost revenues took place, by rate class within each year. Use the table below as an example and continue for all the years LRAM is requested:

Program Years (By rate class)	Years that lost revenues took place			
	2009	2010	2011	2012
2006	\$xxx	\$xxx	\$xxx	\$xxx
2007	\$xxx	\$xxx	\$xxx	\$xxx
2008	\$xxx	\$xxx	\$xxx	\$xxx
2009	\$xxx	\$xxx	\$xxx	\$xxx
2010		\$xxx	\$xxx	\$xxx

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**Response:**

- a) MPDC – Main confirms that final 2010 program evaluation results, as received from the OPA on October 7, 2011, were used to calculate the LRAM claim.
- b) Not applicable.
- c) MPDC – Main has previously collected one LRAM claim of \$75,714. This claim related to 2006 to 2009 OPA programs, for activity between January 1 of the program launch year and December 31, 2010. This amount was applied for and approved in MPDC – Main’s 2011 IRM application, EB-2010-0098.
- d) MPDC – Main confirms the amounts requested in this application have not been requested or received in its one previous LRAM claim. The amounts requested in this application are related to the following programs and activity periods:
- OPA programs launched in 2006 to 2009 for activity occurring between January 1, 2011 and April 30, 2012, and;
  - OPA programs launched in 2010 for activity occurring between January 1, 2010 and April 30, 2012.
- e) MPDC – Main’s last approved cost of service was EB-2005-0351, based on the 2006 EDR model. The 2006 EDR methodology was based on 2004 historical data and therefore did not include any load forecast adjustments for CDM activities.
- f) The table below shows the LRAM amounts requested in this application by program year origination, as well as, the year that the lost revenue took place, by rate class.

Rate Class	Program Years	Year Lost Revenue Took Place				Total
		2009	2010	2011	2012	
Residential	2006	\$0	\$0	\$1,415	\$428	\$1,843
	2007	\$0	\$0	\$4,011	\$1,289	\$5,300
	2008	\$0	\$0	\$3,649	\$1,088	\$4,737
	2009	\$0	\$0	\$2,882	\$948	\$3,830
	2010	\$0	\$2,530	\$2,502	\$827	\$5,859
GS<50	2006	\$0	\$0	\$0	\$0	\$0
	2007	\$0	\$0	\$0	\$0	\$0
	2008	\$0	\$0	\$5	\$2	\$7
	2009	\$0	\$0	\$1,848	\$610	\$2,458
	2010	\$0	\$2,503	\$2,476	\$818	\$5,797
GS>50	2006	\$0	\$0	\$0	\$0	\$0
	2007	\$0	\$0	\$0	\$0	\$0
	2008	\$0	\$0	\$4	\$4	\$8
	2009	\$0	\$0	\$0	\$0	\$0
	2010	\$0	\$48	\$47	\$16	\$111
<b>Total</b>		<b>\$0</b>	<b>\$5,081</b>	<b>\$18,839</b>	<b>\$6,030</b>	<b>\$29,950</b>

**VECC**  
**Question 1**

Reference: Lost Revenue Adjustment (LRAM) Recovery/  
Shared Savings Mechanism (SSM) Recovery Rider  
Manager's Summary, Page 5

Preamble: Middlesex – Main seeks an LRAM claim of \$29,950 for energy savings from 2006 to 2010 OPA CDM activities. For 2006-2009 CDM programs the claim period is January 1, 2011 through April 30, 2012. For 2010 CDM programs, the claim period is January 1, 2010 through April 30, 2012.

- a) Please confirm that the LRAM amounts Middlesex – Main is seeking to recover in this application are new amounts not included in past LRAM claims.
- b) When was Middlesex – Main's last approved load forecast? Please discuss how any CDM savings have been accounted for in the approved load forecast.

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**Response:**

- a) Please see response to Board Staff question 3d).
- b) Please see response to Board Staff question 3e).

**VECC****Question 2**

Reference: Section 6, LRAM/SSM Rate Rider – Third Party Review, IndEco Report

- a) List and confirm OPA's input assumptions for Every Kilowatt Counts (EKC) 2006 including the measure life, unit kWh savings and free ridership rate for Compact Fluorescent Lights (CFLs) and Seasonal Light Emitting Diodes (LED). Confirm some of these assumptions were changed in 2007 and again in 2009 and compare the values.
- b) Demonstrate that savings for EKC 2006 Mass Market measures 13-15 W Energy Star CFLs & Seasonal LEDs have been removed from the LRAM claim beginning in 2010.
- c) Adjust the LRAM claim as necessary to reflect the measure lives and unit savings for any/all measures that have expired starting in 2010.

**Response:**

- a) Table 1 compares final OPA-verified 2006 EKC results for 2006 EKC CFLs and seasonal light emitting diodes (SLEDs) to the final OPA-verified 2007 EKC results and the 2009 OPA Measures and Assumptions list. Input assumptions for CFLs and SLEDs have been updated periodically, including most recently in 2009, as reflected in updates to the generic OPA Measures and Assumptions list.

Measure	OPA-Verified Final 2006 EKC Results			OPA-Verified Final 2007 EKC Results			From 2009 OPA M&A List		
	Measure Life	Gross Savings (kWh/a)	Free Rider Rate	Measure Life	Gross Savings (kWh/a)	Free Rider Rate	Measure Life	Gross Savings (kWh/a)	Free Rider Rate
Energy Star® CFL	4	104	10%	8	43	22%	8	43	30%
SLEDs	30	31	10%	5	14	51%	5	14	30%

- b) The LRAM claim for the 2006 EKC program is for lost revenue between January 1 2010 and April 30 2012.

CFLs installed as part of the 2006 EKC had measure lives of 4 years. As such, they did not contribute to the requested LRAM claim amount. In IndEco's third party report, Section 6, Appendix A, Table 7, pages 11-12, the measures that contribute to this LRAM claim from the 2006 EKC program are listed. That CFLs delivered as part of the 2006 EKC Spring and Autumn campaigns are not found in this table shows that they did not contribute to the requested LRAM claim.

Seasonal LEDs installed as part of the 2006 EKC program have a measure life of 30 years (see Table 1, OPA-verified final 2006 EKC results). As such, these LEDs did contribute to the LRAM claim. Please see



IndEco's third party report. Specifically, section 6, Appendix A, Table 7, page 11 shows that this contribution was \$379.

- c) No adjustments to the current LRAM claim are needed in order to reflect measure lives (and unit savings) for OPA measures that have expired.

The requested LRAM claim already accounts for any measures that have expired before the full span of the LRAM claim. The LRAM claim is based on lost revenue over the span of the LRAM claim, or until the end of each measure's respective measure life, whichever is shorter. For example, if a measure installed in 2009 had a measure life of 1 year, LRAM was only claimed for that measure between January 1, 2009 and December 31, 2009.

**VECC**

**Question 3**

Reference: Section 6, LRAM/SSM Rate Rider – Third Party Review, IndEco Report, Appendix A, Inputs used for TRC and energy saving calculations

Preamble: Appendix A, Page 25 refers to the 2009 Every Kilowatt Counts Power Savings Event and the Measure – Installed CFLs, Spring Campaign, Participant Spillover.

- a) For this measure, the life is shown as 8 years and the annual energy savings is shown as 101 kWh/a. Please explain these input assumptions, in the context of the response to 2 (a).
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**Response:**

The measure life and energy savings inputs for the “2009 Every Kilowatt Counts Power Savings Event – Installed CFLs, Spring Campaign, Participant Spillover” were provided in final OPA-verified program specific evaluation results. The OPA advises that these program results are prepared in a manner consistent with OPA current practice, and represent the same values used to report progress against provincial conservation targets. The use of program-specific evaluations of OPA-funded residential programs for LRAM calculations has been accepted by the Board in several decisions, including Hydro One Brampton (EB-2010-0132) and Burlington Hydro (EB-2010-0067). In both decisions, the use of program-specific evaluations of OPA-funded programs for the calculation of LRAM is explicitly addressed and approved.

VECC interrogatory 2(a) refers to 15W CFLs installed as part of the 2006 EKC program. These results also come from OPA-verified program specific evaluation results. The measure description for the 2009 EKC program referenced above offers no indication that these bulbs are strictly 15W CFLs. The 2009 EKC measure does not appear to be equivalent to the 2006 EKC 15W CFLs with no spillover that are referenced in VECC interrogatory 2(a).

**Attachment 1**  
**Preset Disposition Calculation**

**Middlesex Power Distribution Inc.****Calculation of Preset Disposition of Group 1 Deferral Accounts**

Total Claim including interest to April 30, 2012				
Account	MPDC - Main	MPDC - Dutton	MPDC - Newbury	Total
1550 Low Voltage	-\$37,431.08	\$83,461.61	\$9,450.28	\$55,480.81
1580 RSVA Wholesale	-\$259,604.46	-\$22,875.76	-\$17,157.10	-\$299,637.32
1584 RSVA Network	\$104,742.45	-\$14,464.03	-\$2,542.75	\$87,735.67
1586 RSVA Connection	\$111,711.10	-\$13,037.73	-\$14,454.23	\$84,219.14
1588 RSVA Power	\$0.00	\$0.00	\$0.00	\$0.00
1588 RSVA Global Adjust	-\$165,303.51	\$4.36	-\$119.67	-\$165,418.82
<b>Total</b>	<b>-\$245,885.50</b>	<b>\$33,088.45</b>	<b>-\$24,823.47</b>	<b>-\$237,620.52</b>

kWh Billing Determinants				
Rate Class	MPDC - Main	MPDC - Dutton	MPDC - Newbury	Total
Residential	58,904,267	4,619,375	1,471,602	64,995,244
General Service <50	17,998,806	3,510,725	499,285	22,008,816
General Service >50	91,846,588	-	1,611,160	93,457,748
Large User	29,034,336	-	-	29,034,336
Unmetered Scattered Load	311,683	9,588	-	321,271
Sentinel Lights	42,724	882	-	43,606
Street Lighting	1,458,103	115,944	55,055	1,629,102
<b>Total</b>	<b>199,596,507</b>	<b>8,256,514</b>	<b>3,637,102</b>	<b>211,490,123</b>

<b>Threshold Test</b>	
<b>(Total Claim per kWh)</b>	<b>-\$0.0011</b>