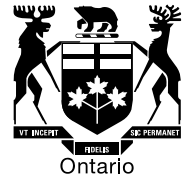


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BY EMAIL

May 10, 2013

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

Dear Ms. Walli:

**Re: Enersource Hydro Mississauga Inc.
Application for Lost Revenue Adjustment Mechanism
Board Staff Submission
Board File No. EB-2013-0024**

In accordance with the Notice of Application and Hearing, please find attached the Board Staff Submission in the above proceeding. This document is also being forwarded to Enersource Hydro Mississauga Inc. and to registered parties to this proceeding.

Yours truly,

Original Signed By

Kelli Benincasa
Analyst, Applications & Regulatory Audit

Encl.



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2013 ELECTRICITY DISTRIBUTION RATES

Enersource Hydro Mississauga Inc.

EB-2013-0024

May 10, 2013

**Board Staff Submission
Enersource Hydro Mississauga Inc.
Lost Revenue Adjustment Mechanism
EB-2013-0024**

Introduction

Enersource Hydro Mississauga Inc. (“Enersource”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on February 15, 2013, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that Enersource charges for electricity distribution, to be effective May 1, 2013. The application is based on the recovery of costs associated with lost revenues in 2011 and 2012 from the persistence of conservation and demand management (“CDM”) programs implemented prior to 2011.

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by Enersource.

Background

The Board’s *Guidelines for Electricity Distributor Conservation and Demand Management* (the “CDM Guidelines”) issued on March 28, 2008 outline the information that is required when filing an application for LRAM or SSM recovery for programs implemented prior to 2011.

Enersource has requested a total LRAM recovery of \$1,753,174, including carrying charges. Enersource’s LRAM claim consists of two parts: an LRAM claim of \$867,440 associated with the persisting effects of 2005 to 2010 CDM programs in 2011, and an LRAM claim of \$850,881 associated with the persisting effects of 2005 to 2010 CDM programs in 2012. Enersource has also requested approval of \$34,853 which represents the applicable carrying charges on the entire LRAM amount. Enersource has requested recovery over a period of twenty months beginning on May 1, 2013 and ending on December 31, 2014.

Submission

Persisting 2005 to 2010 lost revenues in 2011 and 2012

Enersource has requested the recovery of LRAM amounts that are the result of the persisting effects of 2005 to 2010 CDM programs in 2011 and 2012.

Enersource noted in response to VECC interrogatory 1(a) that it re-based for the 2008 rate year and that no CDM was included in the load forecast approved by the Board. Board staff notes that in Enersource's 2012 IRM decision (EB-2011-0100) the Board made an exception in the Enersource case to its normal practice of denying LRAM requests for a previous period. The Board accepted that the Settlement Agreement and the transcript from the oral hearing in Enersource's 2008 rates application (EB-2007-0706) was explicit in that CDM effects were removed from Enersource's load forecast and that consideration of those CDM effects, and the resulting lost revenues, was to be deferred and addressed in future LRAM proceedings. Based on that finding, the Board approved Enersource's LRAM request for persisting lost revenues in its 2012 IRM application.

Board staff submits that the same facts remain true in this current application. Board staff submits that because CDM effects were not included in Enersource's 2008 load forecast and that the Settlement Agreement and transcript for the oral hearing in Enersource's 2008 rates application were explicit that CDM effects were to be considered in future proceedings, Enersource has not yet had an opportunity to recover the persisting lost revenues from 2005 to 2010 CDM programs in 2011 and 2012. On that basis, and consistent with the Board's decision in Enersource's 2012 IRM application, Board staff supports Enersource's LRAM claim in its entirety of \$1,753,174.

Board staff notes that Enersource has requested an effective date of May 1, 2013 for its new rates. Given the filing date and the time required to process an application of this nature, Board staff suggests that an implementation date of July 1, 2013 is appropriate. Board staff also suggests that Enersource establish LRAM rate riders based on an 18-month recovery period to December 31, 2014 and file all detailed supporting material in Enersource's reply submission.

All of which is respectfully submitted