



April 2, 2007

Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319, 27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

RE: Middlesex Power Distribution Corporation EB-2007-0553

In response to the Board Staff Submission on the Conservation and Demand Management (CDM) funding for Middlesex Power Distribution Corporation (MPDC) in the 2007 IRM we are directing the Board to reallocation the funds.

In the original submission of the 2007 IRM MPDC requested \$50,000 from the 2006 EDR to be used for the Social Housing, Commercial Industrial, Sub-metering and Load Profile.

The Board Staff Submission had provided three alternatives to MPDC, we are requesting to reallocate the funds of \$50,000 from the 2006 EDR as an addition to the Line Loss program that was proposed to the Board on March 23, 2007 for additional CDM funding in the 2007 IRM.

Therefore, we are extending the Line loss project to \$100,000. This would include the \$50,000 from the 2006 EDR and \$50,000 for the additional CDM funding in the 2007 IRM.

In following the CDM guidelines provided on Report Date October 2006, some of the information is already provided in the March 23, 2007 submission for addition CDM for Line Loss Project.

The information pertaining to the Distributor Operation characteristics, and the description of the project was provided in the March 23, 2007 submission.

Middlesex Power is contributing the additional \$50,000 from the 2006 EDR towards the Line Loss program due to the question raised by the OEB (interrogatory question 21 of 2006 EDR) that Line Loss was above 5%. Middlesex Power had made a commitment to reduce the Line Loss to meet the OEB guidelines of less than 5%.

The total project budget is \$100,000 for the Line Loss Reduction program the expenditure distribution is:

Capital Expenditures	2006 Funding	2007 Funding	Total
Direct costs			
Labour	15,000	15,000	30,000
Fleet	5,000	5,000	10,000
Material	30,000	30,000	60,000
	<u>50,000</u>	<u>50,000</u>	<u>100,000</u>

The Total Resource cost test, total cost for year is \$50,000 and total benefit is 61,169 with a TRC Cost/Benefit Ratio of 1.22 (See Appendix A)

The Line Loss Reduction Program for has a budget of \$50,000 which have a 0.00085 additional rate rider for the residential customers in the 2007 rates.

The source of the data is from the 2006 EDR

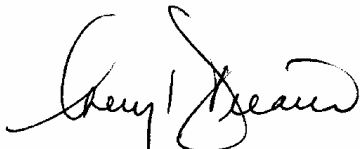
Rate Class	No of Customers	CDM funds	Volume kWh	CDM Rate rider
Residential	5,985	50,000.00	59,150,220	0.000845

The following charge demonstrates the affect the CDM rate rider would have on the initial 2007 rates.

Rate Class	Rate before CDM	Lineloss CDM	Education CDM	Rates after CDM
Residential	0.01490	0.00085	0.000085	0.015835

If you have any questions or concerns, please do not hesitate to contact me.

Yours truly,



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Appendix A

Middlesex Power Line loss

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