

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
	50,000	50,000	100,000

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	CDM	Volume	CDM		
	Customers	funds	kWh	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	Lineloss	Education	Rates after	
	CDM	CDM	CDM	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,

Cheryl Decaire

Co-ordinator Regulatory and Rates

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Appendix A Middlesex Power Line loss

(CAD\$/kw-year)													
		Ontario Seasonal Average Avoided Energy Cost (CAD\$/MWh)							Avoid Generation				
	ĺ		Winter			Summer	,	Shou	ılder	Avoid	Avoid	Avoid	Capital for
		ON Peak	Mid Peak	Off Peak	ON Peak	Mid Peak	Off Peak	Mid Peak	Off Peak	Generation	Transmission	distribution	Demand
Year													
	2006	906000	629250	340500	846750	610500	356250	631500	317250	0	0	0	0
	2007	934500	632250	339000	836250	597000	344250	610500	306000	0	0	0	0
	2008	865500	651000	366750	829500	627000	375750	678000	336750	1119.75	84.3	0	2172.6
	2009	839250	578250	366750	783750	596250	357000	643500	325500	1253.55	86.4	107.55	2200.5
	2010	851250	580500	390750	802500	603750	361500	626250	325500	1072.35	88.5	110.25	2228.25
	2011	826500	579750	395250	774000	609750	363750	631500	322500	1281.3	90.75	113.1	2256.15
	2012	843000	591750	399750	848250	634500	384000	663750	358500	1218	93	115.95	2284.05
	2013	939000	648000	449250	876750	684750	405000	693750	389250	924	95.4	118.8	2313.75
	2014	942750	693000	471000	959250	726000	425250	741750	408000	699.45	97.8	121.8	2343.45
	2015	955500	710250	522000	1137000	800250	468750	771000	449250	347.4	100.2	124.8	2373.3
	2016	987750	729750	531750	1143750	810750	479250	783750	460500	403.2	102.75	127.95	2403.15
	2017	1020000	750000	540750	1151250	821250	489750	796500	471000	449.1	105.3	131.1	2434.95
	2018	1052250	770250	550500	1158000	831750	501000	810000	482250	474.9	107.85	134.4	2464.8
	2019	1084500	790500	559500	1164750	842250	511500	822750	492750	486.15	110.55	137.7	2498.85
	2020	1116750	810750	569250	1172250	852000	522000	835500	504000	477.75	113.4	141.15	2530.95
	2021	1143000	828000	585000	1178250	873750	536250	860250	518250	574.05	116.1	144.75	2563.05
	2022	1168500	845250	600000	1184250	895500	550500	884250	532500	629.55	119.1	148.35	2597.4
	2023	1194750	862500	615750	1190250	918000	564750	908250	546750	663.3	122.1	152.1	2631.9
	2024	1220250	879750	631500	1196250	939750	579000	932250	561000	668.4	125.1	155.85	2666.55
	2025	1245750	897750	647250	1202250	961500	593250	956250	575250	630.3	128.25	159.75	2701.2

PV of TRC Benefit 61,169.55 TRC Cost 50,000.00 Net TRC Benefit 11,169.55 TRC Benefit/Cost 1.22