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BY EMAIL

December 11, 2013

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
BoardSec@ontarioenergyboard.ca

Dear Ms. Walli:

**Re: Midland Power Utility Corporation ("Midland PUC")
2014 IRM4 Distribution Rate Application
Board Staff Submission
Board File No. EB-2013-0151**

In accordance with Procedural Order #1, please find attached Board staff's submission in the above noted proceeding. Midland PUC has been copied on this filing.

Midland PUC's reply submission is due on January 17, 2014.

Yours truly,

Original Signed By

Suresh Advani

Encl.



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2014 ELECTRICITY DISTRIBUTION RATES

Midland Power Utility Corporation

EB-2013-0151

December 11, 2013

**Board Staff Submission
Midland Power Utility Corporation
2014 IRM4 Rate Application
EB-2013-0151**

Introduction

Midland Power Utility Corporation (“Midland PUC”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on October 10, 2013, seeking approval for changes to the distribution rates that Midland PUC charges for electricity distribution, to be effective May 1, 2014. The Application is based on the 2014 Incentive Regulation Mechanism (“IRM”).

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 Midland PUC.

Board staff has reviewed Midland PUC’s Application and its responses to interrogatories. Other than the submissions set out below on the matter of the “Review and Disposition of Group 1 Deferral and Variance Account Balances”, staff has no concerns with the application and the changes agreed to by Midland PUC.

Review and Disposition of Group 1 Deferral and Variance Account Balances

Board staff notes that the Group 1 principal balances to be disposed as of December 31, 2012 reconcile with the amounts reported by Midland PUC as part of the *Reporting and Record-keeping Requirements* (“RRR”). Midland PUC’s proposed one-year disposition period is consistent with the guidelines outlined in the *Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Initiative*.

Board staff notes that Midland PUC’s 2010 and 2011 rate year Global Adjustment (Account 1588, RSVA Power, sub-account Global Adjustment) rate riders ended on April 30, 2013 (EB-2010-0099). As per footnote 5 of the 2014 Continuity Schedule of the 2014 IRM Rate Generator Model, Account 1595 is only to be included for review and disposition if the recovery (or refund) period has been completed. In this case, the recovery (or refund) period has not been completed as at December 31, 2012 for the previously mentioned rate riders. Board staff submits that the claim amounts related to sub-account 1595 (2010) in the credit amount of (\$50,401) and 1595 (2011) in the debit

amount of \$98,211 should not be allowed at this time.

Board staff further submits that Midland PUC should provide an explanation as to why the principal balance of Account 1595 (2010) as at December 31, 2012 is a large credit balance of (\$535,421), whereas the carrying charge balance is a large debit balance of \$488,300. Staff requests that Midland PUC file a reply submission to provide clarity on the magnitude of the carrying charge amount, and to provide rationale as to why the principal and carrying charge balances are not moving in the same direction, i.e. either both debit balances or both credit balances.

All of which is respectfully submitted