



Entegrus Powerlines Inc.
320 Queen St. (P.O. Box 70)
Chatham, ON N7M 5K2
Phone: (519) 352-6300
Toll Free: 1-866-804-7325
entegrus.com

January 14, 2014

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

Re: 2014 IRM4 Rates Application
Rate Zones: Chatham-Kent, Strathroy, Mount Brydges & Parkhill, Dutton and Newbury
Board File No.: EB-2013-0120

Dear Ms. Walli,

Please find enclosed the response of Entegrus Powerlines in the above-noted application, as permitted by Procedural Order No. 1 dated October 31, 2013.

If you have any questions, please do not hesitate to contact me at (519) 352-6300 x266 or via email at regulatory@entegrus.com

Regards,

[Original Signed By]

Ryan Diotte
Senior Regulatory Specialist
Phone: 519-352-6300 Ext 266
Email: ryan.diotte@entegrus.com

cc: Birgit Armstrong, Board Staff
Dan Charron, President
Chris Cowell, Chief Financial and Regulatory Officer
David Ferguson, Director Regulatory & Administration
Michael Janigan, VECC
Shelley Grice, VECC



2014 IRM4 Reply Submission

Reply Submission
Board File No.: EB-2013-0120
Date Filed: January 14, 2014

Background

On September 27, 2013, Entegrus Powerlines Inc. (“Entegrus”) submitted an application (the “Application”) for proposed distribution and retail transmission service rates under the 4th Generation Incentive Regulation Mechanism (“IRM”) to be effective May 1, 2014.

The Ontario Energy Board (“Board”) issued its Letter of Direction on October 4, 2013. Entegrus completed all directives requested by the Board including the publication of the Notice of Application and Hearing. On October 31, 2013, the Board issued Procedural Order No. 1 indicating that the Vulnerable Energy Consumer Coalition (“VECC”) requested and was granted intervenor status.

On November 12, 2013 and November 15, 2013, Board Staff and VECC respectively submitted interrogatories in respect of the Application. Complete responses to the interrogatories were filed by Entegrus on December 5, 2013.

On December 20, 2013, VECC and Board Staff filed submissions on the following matters:

- 1) Lost Revenue Adjustment Mechanism (“LRAM”) - Strathroy, Mount Brydges & Parkhill (“SMP”)
- 2) Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”) – Chatham-Kent (“CK”) & SMP
- 3) LRAM/LRAMVA Rate Riders

1) LRAM Disposition - SMP

In the Application, Entegrus requested the recovery of an LRAM amount of \$38,260, inclusive of \$1,295 in carryings charges.

Board Staff Submission

Board Staff submitted that SMP base rates were last set effective May 1, 2006 in the former Middlesex Power Distribution Corporation (“Middlesex”) Cost of Service application (EB-2005-0351). Board Staff further noted that none of the lost revenues included in Entegrus’ LRAM request were subject to any previous approvals and were not included in Middlesex’s most recent load forecast. Board Staff submitted that on this basis, Entegrus is eligible to recover its full LRAM request of \$38,260, including carrying charges.

VECC Submission

VECC reiterated similar elements of Entegrus’ LRAM claim, citing that no previous claims were made for persisting lost revenues in 2011 and 2012 related to CDM programs delivered in 2006-2010 and that Middlesex’s 2006 load forecast does not account for load losses attributable to 2011-2014 CDM programs. VECC submitted that the amounts requested by Entegrus are eligible for recovery.

Entegrus concurs with Board Staff and VECC, and respectfully submits that the Board should authorize the disposition of the SMP-LRAM balance of \$38,260.

2) LRAMVA Disposition – CK & SMP

In the Application, Entegrus requested the recovery of LRAMVA amounts as summarized in the table below:

LRAMVA Components	2011 & 2012 LRAMVA	Carrying Charges¹	TOTAL
Middlesex – SMP	\$13,374	\$408	\$13,782
Chatham-Kent	\$84,063	\$2,465	\$86,528
TOTAL	\$97,437	\$2,873	\$100,310

Board Staff Submission

Board Staff agreed with Entegrus that the most recent load forecasts for both SMP rate zone and CK rate zone did not account for any CDM savings resulting from 2011-2014 CDM programs. Board Staff submitted that Entegrus has properly relied on the Board's 2012 CDM Guidelines in preparing the LRAMVA request and supported the disposition of Entegrus' total LRAMVA amount of \$100,310.

VECC Submission

VECC noted that CDM impacts related to 2011-2014 CDM programs were not reflected in CK's 2010 load forecast. VECC further submitted that SMP rate zone's baseline does not account for load losses attributable to 2011-2014 CDM programs (See Entegrus' Written Submission 1). On this basis, VECC submitted that Entegrus is eligible for LRAMVA recovery of \$86,528 for the CK rate zone and \$13,782 for the SMP rate zone.

Entegrus concurs with Board Staff and VECC, and respectfully submits that the Board should authorize the disposition of the CK and SMP LRAMVA balance of \$100,310.

3) LRAM/LRAMVA Rate Riders

Within Board Staff IR 8b), Entegrus was requested to provide separate LRAM and LRAMVA rate riders isolated from the Group 1 DVA rater rider. Entegrus provided the relevant information on pages 17 and 18 within IR Response 8b) submitted on December 5, 2013.

¹ Entegrus notes that the embedded table in Board Staff's written submission found on page 2, differs slightly in the allocation between principle and interest amounts. Both Entegrus and Board Staff's totals are equivalent and tie to the initial Application without exception.

Board Staff Submission

Board Staff submitted that the recovery of the requested LRAM and LRAMVA amounts be administered differently in accordance with the Board's Accounting Procedures Handbook ("APH") FAQs, July 2012, Question #14. Board Staff noted that no Board-approved deferral or variance account was authorized (unlike Account 1568, LRAM Variance Account) in which to record the LRAM amounts. Accordingly, Board Staff submits that the normal accounting treatment using Accounts 1100 and 4080 should apply for recording the LRAM rate rider recoveries associated with the pre-2011 CDM programs.

Board Staff further submitted that the disposition of the approved LRAMVA balances in Account 1568, comprising of the accounting variance for 2011-2014 CDM programs, should be recorded in 1595. The resulting effect requires Entegrus to recover lost revenues by way of a separate rate rider.

VECC Submission

VECC agreed with Board Staff's position that the requested LRAM and LRAMVA amounts be administered in different ways.

Entegrus concurs with Board Staff and VECC, and respectfully submits that the Board should authorize the disposition of the SMP LRAM and LRAMVA recoveries by way of two separate rate riders as prescribed in the Board's APH FAQ, Question 14.

All of which is respectfully submitted.