



PUC Distribution Inc.
500 Second Line EAST, P.O. Box 9000
Sault Ste. Marie, Ontario, P6A 6P2

January 15, 2014

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

Attention: Ms. Walli

**Re: PUC Distribution Inc.'s 2014 IRM Distribution Rate Application
Board File No. EB-2013-0167**

Please find enclosed PUC Distribution Inc.'s reply submission in the above proceedings. The reply submission including this cover letter has been electronically filed through the Board's web portal and 2 paper copies have been sent by courier to the Board Secretary.

Sincerely,

Jennifer Uchmanowicz
Rates and Regulatory Affairs Officer
PUC Distribution Inc.
Sault Ste. Marie Ont.
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C.c. Michael Janigan
Council for VECC

PUC Distribution Inc. (“PUC”)

Reply Submission

2014 Electricity Distribution Rate Application EB-2013-0167 January 15, 2014

Introduction

PUC Distribution Inc. (“PUC”) filed an application with the Ontario Energy Board (the “Board”) on October 11, 2013, under section 78 of the *Ontario Energy Board Act*, 1998, seeking approval for changes to PUC’s distribution rates effective May 1, 2014. The application is based on the 2014 Incentive Regulation Mechanism (“IRM”). Board Staff and the Vulnerable Energy Consumers Coalition (VECC) issued written submissions to be provided to the Board based on its review of PUC’s application and evidence. PUC respectfully submits this document as a reply submission to the Board.

Rate Generator Model

Issue

PUC confirmed that there was as an error in the data on Sheet 6 of the Rate Generator Model. PUC submitted that the distribution revenue entered did not include the transformer credit of \$105,099 and updated the evidence. Board Staff takes no issue with the corrected data. Pursuant to the Board’s Guideline G-2008-0001, Board staff noted that the Board will also update the applicable data at the time of the Board’s Decision in the Application to reflect the Uniform Transmission Rates in place at the time.

PUC Comments

PUC has no further comments on this issue and is in agreement with the Board staff’s submission.

Deferral and Variance Accounts

Issue

PUC’s total Group 1 Deferral and Variance Account balances amount to a debit of \$2,058,392. The balance of 1589 – Global Adjustment is a debit of \$59,890 and is applicable only to Non-RPP customers. The balance also includes interest calculated to April 30, 2014. PUC requests disposition over a one-year period. Board staff has no issue with PUC’s request to dispose of its 2012 Deferral and Variance Account balances at this time over the requested one-year period.

PUC Comments

PUC has no further comments on this issue and is in agreement with the Board staff’s submission.

Lost Revenue Adjustment Mechanism (“LRAM”) for Pre-2011 CDM Activities

Issue

PUC is seeking recovery of a LRAM amount of \$109,737 (including \$856 in carrying charges) related to persisting CDM savings in 2012 from 2005 to 2010 CDM programs. PUC rebased in 2013 and included a CDM component embedded in its 2013 load forecast. PUC confirmed the LRAM request for persistent savings in 2012 related to pre-2011 programs is the final LRAM claim it is eligible to make. Board staff submits that PUC has properly followed the Board’s CDM Guidelines in its request and calculation of the LRAM amount. Board Staff and VECC support PUC’s LRAM recovery request and the calculation of the LRAM rate riders.

PUC Comments

PUC has no further comments on this issue and is in agreement with Board Staff and VECC’s submission.

Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”)

Issue

For CDM programs delivered within the 2011-2014 period, the Board established an LRAMVA to capture the variance between the Board Approved CDM forecast and the actual results. PUC has requested to dispose of a total amount of \$81,484 in its LRAMVA – Account 1568 in relation to persisting 2011 CDM savings in 2012 and new 2012 CDM savings in 2012. PUC indicated that prior to its 2013 COS rate application a CDM reduction was not built into the approved load forecast. Board Staff and VECC submit that PUC has properly followed the Board’s CDM Guidelines and supports PUC’s request to dispose of its LRAMVA over a one-year period.

PUC Comments

PUC has no further comments on this issue and is in agreement with Board Staff and VECC’s submission.

- All of which is respectfully submitted -