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Ontario

BY EMAIL

February 7, 2014

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
kirsten.walli@ontarioenergyboard.ca

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Essex Powerlines Corporation ("EPLC")
2014 IRM4 Distribution Rate Application
Board Staff Submission
Board File No. EB-2013-0128

In accordance with Procedural Order No. 1, these are Board staff's submissions. EPLC's Reply Submission, if it intends to file one, is due by February 21, 2014.

Yours truly,

Original Signed By

Daniel Kim

ONTARIO ENERGY BOARD

STAFF SUBMISSION

2014 ELECTRICITY DISTRIBUTION RATES

Essex Powerlines Corporation

EB-2013-0128

February 7, 2014

Board Staff Submission
Essex Powerlines Corporation
2014 IRM4 Rate Application
EB-2013-0128

Introduction

Essex Powerlines Corporation ("EPLC") filed an application (the "Application") with the Ontario Energy Board (the "Board") on October 12, 2013, seeking approval for changes to the distribution rates that EPLC 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 EPLC.

Board staff has reviewed EPLC's 2014 IRM Application and its responses to interrogatories and other than the submissions set out below has no concerns with the Application and the changes agreed to by the applicant.

Board staff makes detailed submissions on the following:

- Review and Disposition of Group 1 Deferral and Variance Account Balances; and
- Review and Disposition of Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA").

Review and Disposition of Group 1 Deferral and Variance Account Balances

EPLC's total Group 1 Deferral and Variance Account balances as of December 31, 2012 amount to a credit of $4,592,942, which includes interest calculated to April 30, 2014. Based on the disposition threshold test calculation, the Group 1 Deferral and Variance Account balances equate to $0.008 per kWh, which exceeds the threshold. EPLC requested to dispose of these Account balances over a one-year period.

Board staff has reviewed EPLC's Group 1 Account balances and notes that the principal balances as of December 31, 2012 reconcile with the balances as reported as part of the *Reporting and Record-keeping Requirements*. Given that the preset disposition threshold has been exceeded, Board staff has no issue with EPLC's request to dispose of its 2012 Group 1 Account balances in this Application. Board staff submits that the Group 1 Account balances should be disposed of on a final basis.

LRAMVA

The Board's *Guidelines for Electricity Distributor Conservation and Demand Management* (the "CDM Guidelines") issued on April 26, 2012 outline the information that is required by the Board from a distributor when filing an application for LRAMVA.

In the Application, EPLC applied for LRAMVA, proposing a recovery of lost revenue in the amount of $109,212.

Board staff notes that EPLC last rebased, and had an updated load forecast approved, as part of its 2010 cost-of-service application. None of the lost revenues included in this Application were subject to any previous approvals. Board staff therefore submits that the applied-for lost revenues are eligible for recovery.

EPLC has provided all relevant rate riders by customer class and has proposed to recover its LRAMVA amount through a separate rate rider over a one-year period. Board staff has no concerns with EPLC's LRAMVA amount and recovery period. However, Board staff submits that the disposition of the approved LRAMVA balances in Account 1568, comprising the accounting variances for 2011-2014 CDM programs, should be recorded in Account 1595 in order to allow any residual balances to be tracked and disposed of once the rate rider expires.

All of which is respectfully submitted.