



April 10, 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

To clarify the use of the \$50,000 transferred from the 2006 EDR application, the funds will be used towards the Line Loss Program that will allow Middlesex Power to convert an additional 250 KVA from 4000 volts to 27,600 volts.

As in the letter on April 2, 2007 states this will extend the Line Loss project to \$100,000. This would include the \$50,000 from the 2006 EDR and \$50,000 for the additional funding for CDM programs that were undertaken as part of the third tranche of the market adjusted revenue requirement and is included in the 2007 rate application.

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
	<u>50,000</u>	<u>50,000</u>	<u>100,000</u>

The Total Resource Cost test, with a total cost of \$100,000 and total benefit of \$122,339, produces a TRC Benefit/Cost Ratio of 1.22 (See Appendix A)

The Line Loss Reduction Program has a budget of \$50,000 which will 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

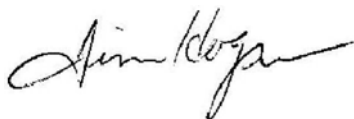
Rate Class	No of Customers	CDM funds	Volume kWh	CDM Rate rider
Residential	5,985	50,000.00	59,150,220	0.000845

The following charge demonstrates the affect the CDM rate rider would have on the initial 2007 rates.

Rate Class	Rate before CDM	Lineloss CDM	Education CDM	Rates after CDM
Residential	0.01490	0.00085	0.000085	0.015835

If you have any questions or concerns, please do not hesitate to contact Cheryl Decaire at 519-352-6300 extension 405.

Yours truly,



Jim Hogan, CGA, MBA

C. Dave Kenney, President, Middlesex Power Distribution Corporation

Appendix A
Middlesex Power Line loss

										(CAD\$/kw-year)			
600000		7500	7500	7500	7500	7500	7500	7500	7500	15	15	15	15
Year	Ontario Seasonal Average Avoided Energy Cost (CAD\$/MWh)												
	Winter			Summer			Shoulder		Avoid	Avoid	Avoid	Avoid Generation	
	ON Peak	Mid Peak	Off Peak	ON Peak	Mid Peak	Off Peak	Mid Peak	Off Peak	Generation	Transmission	distribution	Capital for Demand	
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	
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