MIDLAND POWER UTILITY CORPORATION
16984 Highway#12 P.O. Box 820
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December 2, 2014

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

Dear Ms. Walli,

Midland Power Utility Corporation – License #ED-2002-0541
2015 4th Generation Incentive Rate Mechanism
OEB File No.: EB-2014-0093

Please find accompanying this letter, two copies of Midland PUC's response to Board Staff interrogatories in relation to Midland PUC's 2015 4th Generation Incentive Rate Mechanism Electricity Distribution Rate Application along with a copy of the Acknowledgement of Filing through the RESS e-Filing.

Yours very truly,

MIDLAND POWER UTILITY CORPORATION

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Midland Power Utility Corporation ("Midland PUC")

2015 Electricity Distribution Rates

EB-2014-0093

Response to Board Staff Interrogatories

1. Ref: Sheet 4 – Current Tariff Schedule

a) **Residential, General Service less than 50 kW, General Service 50 to 4,999 kW, Unmetered Scattered Load and Street Lighting Service classification**

Board staff notes that the "Rate Rider for Global Adjustment Sub-Account (2014) effective until April 30, 2015 Applicable only for Non-RPP Customers" does not match Midland Power' current tariff of Rates and Charges. Staff believes the correct description is "Rate Rider for Disposition of Global Adjustment Account (2014) – effective until April 30, 2015 Applicable only for Non-RPP Customers". Please confirm and staff will make the necessary corrections.

b) Board staff notes that the "Distribution Volumetric Rate" for the Street Lighting Service Classification (Cell I302) should be "8.5629" instead of "8.56". If Midland Power is in agreement, Board staff will make the relevant correction.

Midland PUC Response:

a) Midland PUC agrees with Board Staff the correct description is "Rate Rider for Disposition of Global Adjustment Account (2014) – effective until April 30, 2015 Applicable only for Non-RPP Customers."

b) Midland PUC entered the amount of $8.5629 in cell I302, however, the spreadsheet is only indicating the two decimal places of $8.56. Midland PUC is in agreement to have Board Staff make the relevant correction.

2. A portion of Sheet 5 is reproduced below.

Account Descriptions	Account Number	2014 Principal Disposition during 2014 - instructed by Board	2014 Interest Disposition during 2014 - instructed by Board	2014 Closing Principal Balances as of Dec 31-13 Adjusted for Dispositions during 2014	2014 Closing Interest Balances as of Dec 31-13 Adjusted for Dispositions during 2014	2.1.7 RRR As of Dec 31-13
Group 1 Accounts						
LV Variance Account	1550	89,251	2,001	118,534	629	210,415
Smart Metering Entity Charge Variance	1551			4,002	47	4,049
RSVA - Wholesale Market Service Charge	1580	(343,530)	(9,201)	(143,740)	(701)	(497,172)
RSVA - Retail Transmission Network Charge	1584	24,957	1,060	228,286	1,588	255,892
RSVA - Retail Transmission Connection Charge	1586	24,032	890	86,776	471	112,169
RSVA - Power (excluding Global Adjustment)	1588	(464,808)	(13,657)	(128,281)	2,300	(604,445)
RSVA - Global Adjustment	1589	293,033	5,259	170,869	5,265	474,426
Recovery of Regulatory Asset Balances	1590			0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2008)*	1595			0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2009)*	1595			0	(0)	0
Disposition and Recovery/Refund of Regulatory Balances (2010)*	1595			(535,423)	480,430	(54,993)
Disposition and Recovery/Refund of Regulatory Balances (2011)*	1595			35,995	8,582	44,577
Disposition and Recovery/Refund of Regulatory Balances (2012)*	1595			0	0	0
RSVA - Global Adjustment	1589	293,033	5,259	170,869	5,265	474,426
Total Group 1 Balance excluding Account 1589 - Global Adjustment		(670,097)	(18,907)	(333,851)	493,346	(529,509)
Total Group 1 Balance		(377,064)	(13,648)	(162,982)	498,612	(55,083)
LRAM Variance Account	1568	0	0	0	0	
Total including Account 1568		(377,064)	(13,648)	(162,982)	498,612	(55,083)

Board staff notes that there is a discrepancy in the amount shown for Account 1595 (cells BF34 ($54,993) and BF35 $44,577) and the equivalent amount shown in the RRR report 2.1.7 which is a debit of $69,619.25.

a) Please provide an explanation for the difference in the 2013 accounts for this account between the Rate Generator Model and RRR report 2.17 and any other necessary explanation.

The table below is from Midland PUC's 2014 IRM Decision (EB-2013-0151, page 5) which identified the principal and interest amounts approved for disposition, is reproduced below.

Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance A	Interest Balance B	Total Claim C = A + B
LV Variance Account	1550	$89,252	$2,001	$91,253
RSVA - Wholesale Market Service Charge	1580	-$343,530	-$9,202	-$352,732
RSVA - Retail Transmission Network Charge	1584	$24,958	$1,061	$26,019
RSVA - Retail Transmission Connection Charge	1586	$24,032	$890	$24,922
RSVA - Power	1588	-$464,808	-$13,657	-$478,465
RSVA - Global Adjustment	1589	$293,032	$5,259	$298,291
Recovery of Regulatory Asset Balances	1590			
Disposition and Recovery of Regulatory Balances (2008)	1595			
Disposition and Recovery of Regulatory Balances (2009)	1595		$48	$48
Total Group 1 Excluding Global Adjustment – Account 1589		**-$670,096**	**-$18,859**	**-$688,955**
Total Group 1		**$-377,062**	**-$13,063**	**-$390,665**

b) Board staff notes that "The Interest disposition during 2014 – instructed by Board" (column AZ) in the Rate Generator Model does not reconcile with the "Interest Balance" in the 2014 IRM Decision.

If the input into the Rate Generator Model is an error, please make any necessary updates to the Model.

Midland PUC Response:

a) In 2010 and 2011, balances of PILs and Tax Variances which should have been recorded in account #1592 – PILs and Tax Variances for 2006 and Subsequent Years were incorrectly recorded in account #1595. Midland PUC has corrected the continuity schedule in Sheet 5 of the IRM model. Table 1: Reconciliation of Account #1595 below provides the reconciliation of the balances in Account #1595 per year, which now agrees to the RRR report 2.1.7 balance of $69,619.25.

Table 1: Reconciliation of Account #1595

Account #1595 - Disposition and Recovery/Refund of Regulatory Balances	Balance
Disposition and Recovery/Refund of Regulatory Balances (2010)	-$ 53,707.92
Disposition and Recovery/Refund of Regulatory Balances (2011)	$ 47,120.10
Disposition and Recovery/Refund of Regulatory Balances (2012)	-$ 62,724.97
Disposition and Recovery/Refund of Regulatory Balances (2013)	$ 138,932.04
	$ 69,619.25

The continuity schedule in Sheet 5 shows a variance of -$1,285 for Account #1595 – Disposition and Recovery/Refund of Regulatory Balances (2010) and a variance of -$2,543 for Account #1595 – Disposition and Recovery/Refund of Regulatory Balances (2011). These amounts represent the 2010 and 2011 PILs and Tax Variances for each year. The RRR filings will be corrected through the December 31, 2014 RRR filings, to be filed in January, 2015. Midland PUC has updated the model, and has resubmitted the model under Midland_PUC_2015_IRM_Rate_Generator_v1.1_20141202.

b) In May, 2014, at the time of recording the Board Approved disposition noted above, the balance in account #1595 – Disposition and Recovery/Refund of Regulatory Balances (2009) was $0.00. Due to inadvertence, Midland PUC recorded the $48 disposition as a credit to Account #4405 - Interest and Dividend Income.

3. Ref: Deferral and Variance Models, Tab 8 – Calculation of Def-Var RR

At the above reference, the rate rider recovery period is 2 years.

a) Please explain why a one year rate rider recovery period was not used.

b) Please provide the bill impacts for a one year disposition period.

Midland Response:

a) Midland PUC applied for a two year recovery period in order to mitigate the rate impacts for the General Service 50 to 4,999 kW customer class. Although the total bill impacts do not vary significantly, Midland PUC is attempting to mitigate the dollar value impacts for the General Service 50 to 4,999 kW customer class.

b) The bill impacts for a one year and two year disposition periods are noted in Table 2: Midland PUC Bill Impacts below.

Table 2: Midland PUC Bill Impacts

Rate Class	Volumetric	1 Year DVA Rate Rider		2 Year DVA Rate Rider	
		Total Bill Impact %	Total Bill Impact $$	Total Bill Impact %	Total Bill Impact $$
Residential	800 kWh	3.25%	$ 4.12	3.05%	$ 3.87
General Service Less Than 50 kW	2,000 kWh	3.37%	$ 9.67	3.23%	$ 9.27
General Service 50 to 4,999 kW	2,500 kW	3.11%	$ 4,177.35	2.20%	$ 2,944.24
Streetlight	295 kW	2.83%	$ 420.94	2.08%	$ 308.94
Unmetered Scattered Load	275 kWh	3.12%	$ 1.40	2.94%	$ 1.32

4. Sheet 9 – STS - Billing Deter & Rates

Board staff notes that the "2013 Base Distribution Volumetric Rate" for the Residential Service Classification (Cell H17) should be "0.0200" instead of "0.0020". If Midland Power is in agreement, Board staff will make the relevant correction.

Midland Response:

Midland PUC is in agreement with Board staff regarding the correction. Midland PUC has updated the model, and has resubmitted the model with this submission under Midland_PUC_2015_IRM_Rate_Generator_v1.1_20141202.

5. Sheet 15 – RTSR – UTRs & Sub-Tx (as filed)

Hydro One Sub-Transmission Rate Rider 9A

Hydro One Sub-Transmission Rate Rider 9A	Unit	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015
Rate Description		Rate	Rate	Rate
RSVA Transmission network – 4714 – which affects 1584	kW	$ -	$ 0.1465	$ 0.1465
RSVA Transmission connection – 4716 – which affects 1586	kW	$ -	$ 0.0667	$ 0.0667
RSVA LV – 4750 – which affects 1550	kW	$ -	$ 0.0475	$ 0.0475
RARA 1 – 2252 – which affects 1590	kW	$ -	$ 0.0419	$ 0.0419
RARA 1 – 2252 – which affects 1590 (2008)	kW	$ -	-$ 0.0270	-$ 0.0270
RARA 1 – 2252 – which affects 1590 (2009)	kW	$ -	-$ 0.0006	-$ 0.0006
Hydro One Sub-Transmission Rate Rider 9A	kW	$ -	$ 0.2750	$ 0.2750

Hydro One Sub-Transmission Rate Rider 9A is effective until December 31, 2014 (Hydro One Networks tariff, p.10, EB-2013-0141). Therefore set to zero in the "Effective January 1, 2015" column.

Hydro One Sub-Transmission Rate Rider 9A	Unit	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015
Rate Description		**Rate**	**Rate**	**Rate**
RSVA Transmission network – 4714 – which affects 1584	kW	$ -	$ 0.1465	
RSVA Transmission connection – 4716 – which affects 1586	kW	$ -	$ 0.0667	
RSVA LV – 4750 – which affects 1550	kW	$ -	$ 0.0475	
RARA 1 – 2252 – which affects 1590	kW	$ -	$ 0.0419	
RARA 1 – 2252 – which affects 1590 (2008)	kW	$ -	-$ 0.0270	
RARA 1 – 2252 – which affects 1590 (2009)	kW	$ -	-$ 0.0006	
Hydro One Sub-Transmission Rate Rider 9A	kW	$ -	$ 0.2750	$ -

a) If Midland Power is in agreement, Board staff will make the relevant correction.

Midland Response:

Midland PUC is in agreement that the Hydro One Sub-Transmission Rate Rider 9A is effective until December 31, 2014 and should be set to zero in Sheet 15 of the Rate Generator model.

Midland PUC has updated the model, and has resubmitted the model under Midland_PUC_2015_IRM_Rate_Generator_v1.1_20141202.

Midland PUC understands that at this time Hydro One's Sub-Transmission rates for 2015 have not been finalized. Midland PUC would request OEB Staff adjust the RTSR – UTRs and Sub-Transmission rates for additional approved Hydro One rate riders effective January 1, 2015 prior to the final approval of Midland PUC's 2015 IRM rates.

6. Class A Consumers/Market Participants

Chapter 3 of the Filing Requirements notes that "distributors must establish separate rate riders to recover the balances in the RSVAs from Market Participants ("MPs") who must not be allocated the RSVA account balances related to charges for which the MPs settle directly with the IESO (e.g. wholesale energy, wholesale market services)."

Chapter 3 of the Filing Requirements also note that "distributors who serve Class A customers per O.Reg 429/04 (i.e. customers greater than 5 MW) must propose an appropriate allocation for the recovery of the global adjustment variance balance based on their settlement process with the IESO.

a) Please confirm whether or not Midland Power serves any class A consumers that settle energy charges directly with Midland Power. If yes, please explain how balances in account 1589 (Global Adjustment) have been allocated to these consumers.

In calculating Deferral and Variance account rate riders for sub-groups of customers within a class (e.g. WMPs and non-WMPs), distributors have used of two approaches:

1) Rate riders grouped by the nature of the deferral and variance accounts (i.e. one set of rate riders for accounts related to transmission (e.g. 1584 and 1586) and another set of rate riders for accounts related to power (e.g. 1580 and 1588). For an example, see the EnWin Utilities Ltd.'s final 2014 Tariff of Rates and Charges (EB-2014-0156).

2) Sets of rate riders calculated on the basis of the customer group to which they would apply (i.e. one rate rider for WMPs and one rate rider for non-WMPs). For an example, see Bluewater Power Distribution Corp.'s 2014 IRM application (EB-2013-0112).

b) Midland Power has used method 2, as described above. Please explain why Midland Power has chosen to use this method. Has Midland Power considered the other approach, set out above? If so, please explain why it was rejected.

Midland Response:

a) Midland PUC does not serve any Class A consumers who settle energy charges directly.

b) At the time of filing the 2015 IRM, Midland PUC was unaware of the methods of calculating rate riders for WMPs noted above. Midland PUC chose to use a simplified method in calculating a WMP rate rider as Midland PUC has one WMP. Midland PUC's calculation was similar to Bluewater Power Distribution's 2014 IRM application as the calculation was specific to one customer group (General Service 50 – 4,999 KW), however, Midland PUC did not calculate a separate rate class for the WMP.

Based on this IR, Midland PUC researched both methods noted above. Midland PUC has chosen the methodology provided by EnWin. Midland PUC believes the Enwin methodology reflects the correct allocation of rate riders per customer class as this methodology provides for the calculation of the rate rider when grouped by the nature of the deferral and variance accounts.

Table 3: Deferral and Variance Accounts – All Customer Classes, below provides details of the calculation of the rate rider for Deferral and Variance accounts eligible for disposition for all customer classes. The Deferral and Variance accounts include #1550 – Low Voltage, #1551 – Smart Meter Entity Charge, #1584 – RSVA – Retail Transmission Network, #1586 – RSVA – Retail Transmission Connection and #1595 – Disposition and Recovery/Refund of Regulatory Balances (2010 & 2011).

Table 3: Deferral and Variance Accounts – All Customer Classes

Rate Class		Metered kWh (include WMP)	Metered kW (include WMP)	1595 Recovery Share Proportion - 2010	1595 Recovery Share Proportion - 2011	1551 (% of Accounts)	% kWh	1550	1584 (based on % kWh)	1586 (based on % kWh)	1595 (based on share proportion) - 2010	1595 (based on share proportion) - 2011	1551 (based on % of Accounts)	Total $	Rate Rider inc WMP
RESIDENTIAL	$/kWh	50,241,010	0	25.90%	4.62%	89.2%	25.90%	31,466	60,699	23,038	-16,961	2,092	3,681	104,016	0.0011
GENERAL SERVICE LESS THAN 50 KW	$/kWh	21,972,649	0	13.70%	1.71%	10.8%	11.33%	13,762	26,546	10,076	-8,971	774	446	42,633	0.0010
GENERAL SERVICE 50 TO 4,999 KW - Non WMP & WM	$/kW	120,000,000	292,641	59.59%	93.76%	0.0%	61.86%	75,157	144,979	55,027	-39,022	42,457	0	278,598	0.4760
UNMETERED SCATTERED LOAD	$/kWh	419,852	0	0.24%	-0.03%	0.0%	0.22%	263	507	193	-159	-14	0	790	0.0010
STREET LIGHTING	$/kW	1,338,353	3,660	0.56%	-0.06%	0.0%	0.69%	838	1,617	614	-369	-27	0	2,673	0.3652
Total		193,971,864	296,301	100.0%	100.0%	100.0%	100.0%	121,486	234,349	88,948	-65,485	45,283	4,127	428,710	

Table 4: Deferral and Variance Accounts – Excluding WMP (Accounts #1580 and #1588), below provides details of the rate rider calculation for Deferral and Variance accounts for non-WMP customer classes. The WMP consumption has been removed from the General Service 50 – 4,999 KW customer class. The WMP does not contribute to these variances as the WMP settles these accounts directly with the IESO. The Deferral and Variance accounts in this calculation include #1580 – RSVA – Wholesale Market Service Charge and #1588 – RSVA Power (Excluding Global Adjustment).

Table 4: Deferral and Variance Accounts – Excluding WMP (Accounts #1580 and #1588)

Rate Class		Metered kWh (exclude WMP)	Metered kW (exclude WMP)	% kWh	1580 (based on % kWh)	1588 (ex GA) (based on % kWh)	Total $	Rate Rider excl WMP
RESIDENTIAL	$/kWh	50,241,010	0	26.48%	-38,990	-34,022	-73,012	-0.0008
GENERAL SERVICE LESS THAN 50 KW	$/kWh	21,972,649	0	11.58%	-17,052	-14,879	-31,931	-0.0008
GENERAL SERVICE 50 TO 4,999 KW - Non WMP	$/kW	115,779,899	284,767	61.02%	-89,852	-78,403	-168,255	-0.2955
UNMETERED SCATTERED LOAD	$/kWh	419,852	0	0.22%	-326	-284	-610	-0.0008
STREET LIGHTING	$/kW	1,338,353	3,660	0.71%	-1,039	-906	-1,945	-0.2657
Total		189,751,763	288,427	100.00%	-147,259	-128,495	- 275,753.91	

In excluding the WMP kWh and KW consumption from the calculation above, the kWh percentage proportion is redistributed and allocated to the customer classes responsible for the variances in deferral and variance accounts. In Midland PUC's original filing this calculation was not completed. Therefore, the kWh percentage allocation was incorrectly calculated, which in turn affected the allocated balances of the deferral and variance accounts to each customer class.

Table 5: Deferral and Variance Accounts – Excluding WMP (Account #1589), below provides the detailed calculation of the rate rider for Account #1589 – RSVA – Global Adjustment for all non-WMP customer classes. The WMP consumption has been removed from the General Service 50 – 4,999 KW class. The WMP does not contribute to this variance as the WMP settles accounts directly with the IESO.

Table 5: Deferral and Variance Accounts – Excluding WMP (Account #1589)

Rate Class		Metered non-RPP kWh (exclude WMP)	Metered non-RPP kW (exclude WMP)	% kWh	1589(GA) (based on % kWh)	GA Rate Rider Non RPP, excl WMP
RESIDENTIAL	$/kWh	6,108,295	0	5.17%	9,271	0.0008
GENERAL SERVICE LESS THAN 50 KW	$/kWh	2,813,361	0	2.38%	4,270	0.0008
GENERAL SERVICE 50 TO 4,999 KW - Non WMP	$/kW	109,267,575	276,760	92.40%	165,848	0.2996
UNMETERED SCATTERED LOAD	$/kWh	11,399	0	0.01%	17	0.0008
STREET LIGHTING	$/kW	50,439	138	0.04%	77	0.2774
Total		118,251,069	276,898	100.00%	179,483	

In excluding the WMP kWh and KW consumption from the calculation above, the kWh percentage proportion is redistributed and allocated to the customer classes responsible for the variances in deferral and variance account #1589. In Midland PUC's original filing this calculation was not completed. Therefore, the kWh percentage allocation was incorrectly calculated which in turn affected the allocated balances of the deferral and variance accounts.

The result of the above noted changes is summarized in Table 6: Summary of 2015 IRM Submission and Proposed Rate Riders, below. The first section "Midland PUC IRM Submission" provides the rate riders for Deferral and Variance accounts and the Global Adjustment rate rider as originally submitted in Midland PUC's 2015 IRM application. The second section "EnWin's Methodology" provides the new proposed rate riders using EnWin's methodology.

Table 6: Summary of 2015 IRM Submission and Proposed Rate Riders

Account Numbers Included	Midland PUC IRM Submission		EnWin's Methodology			
			For MP	Not for MP		Not For MP
	1550, 1551, 1580, 1584, 1586, 1588, 1595	1589	1550, 1551, 1584, 1586, 1595	1580, 1588	Rate Rider Deferral Variance C = A + B	1589
Rate Class	Rate Rider Deferral Variance	Rate Rider GA	A	B		Rate Rider GA
RESIDENTIAL	**0.0003**	0.0007	0.0011	- 0.0008	**0.0003**	0.0008
GENERAL SERVICE LESS THAN 50 KW	**0.0003**	0.0007	0.0010	- 0.0008	**0.0002**	0.0008
GENERAL SERVICE 50 TO 4,999 KW - Non WMP	**0.1845**	0.3005	0.4760	- 0.2955	**0.1806**	0.2996
GENERAL SERVICE 50 TO 4,999 KW - WMP	**0.4760**		0.4760		**0.4760**	
UNMETERED SCATTERED LOAD	**0.0002**	0.0007	0.0010	- 0.0008	**0.0002**	0.0008
STREET LIGHTING	**0.1052**	0.2679	0.3652	- 0.2657	**0.0995**	0.2774

Midland PUC believes using the methodology provided by EnWin, the balances in the Deferral and Variance accounts are correctly allocated to each customer class based on the correct kWh allocation factor. This methodology removes the consumption associated from the WMP from the General Service 50 to 4,999 KW customer class and redistributes the kWh allocation factor correctly between all classes who directly contribute to the deferral and variance account balances.

The current IRM Rate Model does not provide for the input of the above-noted rate rider calculation. Therefore, Midland PUC requests Board Staff to override the rate rider values in Sheet 8 of Midland PUC's 2015 IRM Rate Generator model. In addition, Midland PUC would respectfully request future IRM models provided by the Board be amended to allow for this rate rider to be calculated within the models provided.