



January 08, 2008

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

**Re: EB-2008-0194 Middlesex Power Distribution Corp. 2009 Incentive Rate Mechanism Application**

Dear Ms. Walli:

Please find enclosed Middlesex Power Distribution Corp. responses to the Board staff's Interrogatories on 2009 2GIRM.

Yours truly,

A handwritten signature in black ink, appearing to read 'Cheryl Decaire', is written over a light blue horizontal line.

Cheryl Decaire  
Co-ordinator of Regulatory and Rates  
(519) 352-6300 ext 405  
Email: cheryldecaire@ckenergy.com

CC: Dave Kenney, President of Middlesex Power Distribution Corporation  
Jim Hogan, Chief Financial and Regulatory Officer

**Question #1**

Ref. D3.1 Tier 2 Adjustment WorkSht  
Middlesex 2009 2GIRM Managers Summary  
OEB Decision and Order RP-2005-0020/EB-2005-0351 April 12, 2006

In the 2006 EDR rate application RP-2005-0020/EB-2005-0351 Middlesex requested and was approved to include amounts for capital and operation expenses as Tier 2 adjustments. Page 4 of the OEB Decision and Order RP-2005-0020/EB-2005-0351 April 12, 2006 itemized the adjustments.

*In its Application, Middlesex Power proposed the following Capital and Operation and Maintenance programs related to its Tier 2 adjustments:*

*Capital*

- *Automated Mapping Facility Management Global Information System - \$250,000*
- *Fleet Requirements - \$200,000*
- *Line Loss Improvement Program - \$150,000*

*Operation and Maintenance*

- *PCB Elimination - \$50,000*
- *Distribution Station Maintenance and Over Head Line Maintenance - \$84,600*

Further in the decision the Board added the following:

*However, the Board particularly notes for the Applicant's attention that the Board's approval of the cost consequences of the Tier 2 plan extends only to the 2006 rate year. The Board makes no findings regarding the spending plan and rate consequences beyond 2006.*

Page 3 of the Middlesex 2009 2GIRM Managers Summary states:

MPDC was approved a Tier 2 Adjustment of \$134,600 in the 2006 EDR application (EB-2005-0351), the original proposed was for 3 years,

- a. Please expand on the comment included in the manager summary "the original proposed was for 3 years". Does Middlesex have supporting documentation supporting three years of inclusion in rates?
- b. Per the Boards decision extract above staff suggests that Middlesex was approved the Tier 2 plan for the 2006 rate year only. Did Middlesex attempt to address discontinuation of the collection of the amount of \$134,600 with the Board prior to this application? If so, please provide supporting evidence.

**Question 1 continues**

- c. Middlesex was required to report to the Board on the Tier 2 operating expenses. Please provide a copy of the most recent report filed and any other supporting documentation, if any.
  - d. In the manager summary it is explained that Middlesex does not intend to come in the rebasing until 2014. Has Middlesex segregated or intends to segregate any funds related to the potential over collection of Tier 2 operating expenses to a deferral account. If not, how does Middlesex propose to address the over collection of the Tier 2 adjustment?
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**Answer:**

- a) In the original submission the Tier 2 adjustment was proposed for 3 years, as the decision has stated only 2006 was approved. There was an oversight on both of Middlesex and Board staff in taking out the Tier 2 adjustment rates in the pervious rate applications. In providing the Tier 2 monitoring reports it had come to our attention that the Tier 2 adjustment was only approved for the one year therefore, we are submitting in the current rate application that the Tier 2 adjustment either approved for the other 2 years or refund the customers. In providing the OEB with quarterly Tier 2 adjustment reports, Middlesex has shown that the PCB and Distribution Station and Over head line Maintenance was behind in the normal operation maintenance due to the incorporation of the new distribution rate handbook in prior to 2006. As the numbers state that the funds were necessary to provide the customers and overall infrastructure of the utility to provide adequate service. As previously stated it was an oversight by both parties that the Tier 2 adjustment rider was not extracted from the 2007 and 2008 rates.
- b) Middlesex had not address the discontinuation of the Tier 2 operating expense rider prior to this current application
- c) A copy of the report is provided, on page 3
- d) Middlesex has created a deferral account for the funds collection in 2007 and 2008. If the board approves the expenses as being reasonable then funds collected will be distributed to the appropriate accounts otherwise Middlesex will follow the direction of the Board on the funds collected.

## Middlesex Power

Progress Report covering the period May 1, 2006 to September 30 2008

	2008 Year			Life of the Project		
	\$ Approved	\$ Spent this Quarter	\$ Spent YTD	May 2006 to Sept 2008 Yrly Approved	\$Spent on Project	Difference Target to Actual YTD \$ overspent ( _ )
<b>Capital Projects</b>						
<i>Automated Mapping Facility (AM/FM/GIS)</i>		18,444.11	58,537.48	250,000.00	70,162.60	179,837.40
<i>Fleet Requirements</i>		0.00	0.00	200,000.00	194,909.76	5,090.24
<i>Line Loss Improvement Program</i>		66,695.42	136,934.24	150,000.00	462,312.82	-312,312.82
<b>Total Capital Projects</b>	-	85,139.53	195,471.72	600,000.00	727,385.18	-127,385.18
<b>Operations and Maintenance Projects</b>						
<i>PCB Elimination</i>	50,000	268.22	25,333.25	120,833.33	134,135.65	-13,302.32
<b>Distribution Station Maintenance and Over head line Maintenance</b>						
<i>Acct 5110 - Building Maintenance/Station</i>	24,400	6,155.24	22,738.01	181,250.00	67,074.20	114,175.80
<i>Acct 5120 - Pole Maintenance</i>	40,200	2,592.99	14,426.61	145,000.00	48,721.47	96,278.53
<i>Acct 5130 - Tree Trimming</i>	20,000	1,266.41	21,695.66	48,333.33	77,973.23	-29,639.90
<b>Total Operations and Maint. Projects</b>	134,600	10,282.86	84,193.53	495,416.67	327,904.55	167,512.12

**Question #2**

Ref. Rural or Remote Electricity Rate Protection (“RRRP”)

By letter dated December 17, 2008, the Board informed the electricity distributors of the approval it has given to the IESO regarding the level of charge the IESO may apply to its Market Participants for the Rural or Remote Electricity Rate Protection (RRRP) program. In that letter, the Board stated: “Distributors that currently have a rate application before the Board still file this letter as an update to their evidence along with a request that the RRRP charge in their tariff sheet be revised to 0.13 cents per kilowatt-hour effective May 1, 2009.”

- a) If Middlesex has not done so, please file the required addition to the evidence as outlined in the December 17<sup>th</sup> letter.
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**Answer:**

The letter is attached and will be email to the Board Secretary.



January 8, 2009

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
PO Box 2319  
2300 Yonge St, 27<sup>th</sup> Floor  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: May 1, 2009 IRM Rate Filing / EB-2008-0194 / Rural or Remote Electricity Rate Protection Adjustment**

Pursuant to the Board's instructions in its letter of December 17, 2008, Middlesex Power Distribution Corporation hereby submits the Board's letter, which is attached to this request, as an update to our evidence of Middlesex Power Distribution Corporation previously filed May 1, 2009 Rate Adjustment Application. Middlesex Power Distribution Corporation respectfully requests that the RRRP charge in its proposed tariff sheet be revised to 0.13 cents per kilowatt-hour effective May 1, 2009.

We enclose two (2) hard copies of this request.

Middlesex Power Distribution Corporation will forward this request for adjustment via e-mail to [boardsec@oeb.gov.on.ca](mailto:boardsec@oeb.gov.on.ca).

If there are any questions, please contact me at the number below.

Yours truly,

A handwritten signature in black ink, appearing to read 'Cheryl Decaire', is written over a light blue horizontal line.

Cheryl Decaire  
Coordinator Regulatory and Rates  
(519)352-6300 ext 405  
[cheryldecaire@ckenergy.com](mailto:cheryldecaire@ckenergy.com)