



August 9, 2010

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

Re: EB-2010-0226 Middlesex Power Distribution Corp. – Dutton 2010 Incentive Rate 2nd Generation Mechanism Application

Dear Ms. Walli:

Please find attached Middlesex Power Distribution- Dutton response to Board Staff Interrogatory on the 2010 Incentive Rate Mechanism 2nd Generation Application.

The responses to the interrogatory have been submitted through the Board's web portal and two hard copies sent to the offices of the Ontario Energy Board.

Should there be any questions, please do not hesitate to contact me.

Yours truly,

A handwritten signature in black ink, appearing to read 'Cheryl Decaire', written in a cursive style.

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
Chris Cowell, Chief Financial and Regulatory Officer
Dave Ferguson, Director Regulatory and Risk Management

1. Ref: 2010 IRM Deferral Variance Account 2006 EDR LV

Per the Boards decision EB-2009-0177 dated January 25, 2010 Dutton was approved Regulatory Asset Recovery for principal to December 31, 2004 and interest to December 31, 2009 in the amount of \$163,320. The amount was to be offset by an overcharge amount to December 31, 2009 of \$82,353. The Board requested that Dutton determine the residual balance based on the overcharge amount estimated to February 28, 2010. On January 29, 2010 Dutton submitted a revised calculation of the Regulatory Asset Recovery to February 28, 2010 in the amount of \$163,693 and the overcharged amount of \$85,402.

Per the applicants manager summary in the current application the applicant is requesting an amount of \$78,218 (Regulatory Asset Recovery of \$163,620 less overcharge amount of \$85,402).

- a. Please confirm that Dutton has not applied carrying charges to the remaining principle balance for the stub period March 1, 2010 to October 31, 2010. If confirmed, please provide revised rate riders reflecting interest calculations to October 31, 2010 using the Board's posted interest rates.
 - b. Please provide the USoA final balance accounting entries, principle and interest, that Dutton intends to book to record the clearance of regulatory asset recovery and the overcharge amount.
 - c. In the applicant's draft Rate Order on its EB-2009-0177 application, the applicant identified an amount of \$85,402 as the amount overcharged by the applicant as of February 28, 2010. This information was filed on January 29, 2010. Please confirm the actual overcharge amount as of February 28, 2010 which should include the February 2010 actuals.
-

Answer:

- a) Carrying charges have not been applied for the stub period. The incremental interest would be \$69 in favour of the applicant (inclusive of the \$73 difference between the \$163,693 as calculated and \$163,620 as filed above). MPDC proposes that this amount is immaterial and that rate riders need not be updated.

(b) The USoA accounting entries are as follows:

Entry – To record clearance of Regulatory Asset Recovery			
Regulatory Asset Recovery	1590	163,692.90	
RSVA – Wholesale Market Service Charge	1580		(32,850.89)
RSVA – One-time Wholesale Market Service	1582		(1,140.68)
RSVA – Retail Transmission Network Charge	1584		(4,198.18)
RSVA – Retail Transmission Connect Charge	1586		(122,148.15)
Other Regulatory Assets	1508		(3,355.00)
Entry – To record clearance of Overcharge			
Accounts Payable	2005	85,401.97	
Regulatory Asset Recovery	1590		(85,401.97)

(c) At the time of the application, MPDC used January volumes as a proxy for February volumes to calculate the overcharge amount of \$85,402. Based on actual February volumes, the updated overcharge amount would be \$85,332. MPDC proposes that the variance of \$70 in favour of the applicant is immaterial.