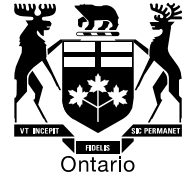


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BY EMAIL

January 14, 2013

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

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Essex Powerlines Corporation
2013 IRM3 Distribution Rate Application
Board Staff Submission
Board File No. EB-2012-0123**

In accordance with the Notice of Application and Written Hearing, please find attached the Board Staff Submission in the above proceeding.

As a reminder, Essex Powerlines Corporation's Reply Submission is due by January 28, 2013.

Yours truly,

Original Signed By

Martha McOuat
Project Advisor
Electricity Rates Applications

Encl.



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2013 ELECTRICITY DISTRIBUTION RATES

Essex Powerlines Corporation

EB-2012-0123

January 14, 2013

**Board Staff Submission
Essex Powerlines Corporation
2013 IRM3 Rate Application
EB-2012-0123**

Introduction

Essex Powerlines Corporation (“EPLC”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on October 12, 2012 under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that EPLC charges for electricity distribution, to be effective May 1, 2013. The Application is based on the 2013 3rd Generation 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.

EPLC’s application contained certain discrepancies between its Board-approved rates and those entered into its IRM rate generator model. Through its responses to interrogatories, EPLC confirmed that these discrepancies were errors. Board staff confirms that it will make the necessary adjustments in the final models.

Board staff notes that EPLC has completed the Deferral and Variance Account continuity tables in the workform and that the 2011 balances as shown are consistent with the 2011 Balances reported in its RRR filings.

EPLC’s Manager’s Summary includes a request for disposition of its Group 1 Deferral and Variance Account balances, stating that the disposition threshold had been met. Board staff notes that the original IRM rate model submitted with EPLC’s application calculates a Group 1 deferral and variance account balance of (\$253,292). Sheet 6 of the original model shows a threshold calculation of (\$0.0005), which does not meet the threshold test of (\$0.001). Rate riders in the original application were calculated to recover a balance of \$10,313 in Account 1521.

In its response to Board staff interrogatory 6, EPLC confirmed that it had included the balance in Account 1521 of \$10,313 in error. EPLC submitted a revised continuity table reflecting the disposition of \$10,138 in 2012.

Through interrogatories, Board staff had requested that EPLC reflect the Board's approval of its Group 1 deferral and variance account balances in account 1595 in accordance with the Board's decision in EB-2011-0166. EPLC made the requested adjustment in its revised IRM rate model to comply with Board staff's request. Upon reviewing the revised model, Board staff realizes that EPLC had appropriately reflected the disposition of these Group 1 amounts in its original application, consistent with footnote 5 to the continuity table, which states:

Include Account 1595 as part of Group 1 accounts (lines 31, 32 and 33) for review and disposition if the recovery (or refund) period has been completed. If the recovery (or refund) period has not been completed, do not include the respective balance in Account 1595 for disposition at this time.

Board staff notes that adjusting EPLC's revised continuity tables to remove the balance in Account 1595 balance discussed above results in a total balance for disposition of (\$263,605). This balance results in a threshold calculation of (\$0.0005), which does not meet the threshold test for disposition. With the removal of the balance in Account 1521 from the continuity tables, there are no rate riders calculated by the model for deferral and variance accounts.

Board staff asks EPLC to confirm in its reply submission that the calculations described above are correct and that EPLC is not requesting disposition of its Group 1 balances at this time. Board staff will make the necessary corrections to the final models.

- All of which is respectfully submitted –