

# **PETERBOROUGH DISTRIBUTION INC.**

1867 Ashburnham Drive, PO Box 4125, Station Main  
Peterborough ON K9J 6Z5

March 11, 2007

File: F69

**AMENDED**

Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 26<sup>th</sup> Floor  
Toronto, ON M4P 1E4

REPLACES SUBMISSION  
DATED FEBRUARY 9, 2007

To Board Secretary:

## **MANAGER'S SUMMARY PETERBOROUGH\_APPL\_20070209 EB-2007-0571 (PST)**

Peterborough Distribution Inc, (PDI) Peterborough service territory, re-submits its 2007 EDR application consistent with the guidelines provided in the 2007 IRM model and is requesting that the Smart Meter Rate Adder be increased to \$0.84 per metered customer based upon the results obtained from the Smart Meter Addendum model. In addition, PDI is requesting the board to approve a Z-factor recovery of a \$0.99 fixed charge per metered customer per month for a twelve month period.

The Z-Factor funding request in the amount of \$374,586 is to recover extraordinary costs incurred to repair system damage caused by a severe thunderstorm. These costs are specific to the Peterborough service territory. The storm was localized and did not affect the Lakefield or Norwood service territories. The total repair costs amounted to \$437,103. We believe our request meets the three criteria for a Z-factor adjustment. We also understand that the rate order for May 1, 2007 may be an interim order.

1. Causation – damage and costs incurred due to a severe thunderstorm that struck the City of Peterborough on Monday July 17, 2006. The following extract is from the Great Lakes-Atlantic Coast Derecho - “Southern Ontario - Sweeping from west to east in the late-evening hours, the greatest concentration of damage was centred around Newmarket, Scugog Lake and the Kawartha Lakes (Peterborough) region further to the east. Numerous trees and power lines were downed in those areas and one camper was killed when a tree crashed into a camping trailer at the Warsaw Caves Provincial Park 30 km (18 miles) northeast of Peterborough. Official wind gusts reached 107 km/h (66 mp/h) at Peterborough Airport. Heavy storms also crossed Essex County in the southwest, associated with southward moving line that hit much of lower Michigan. At least 70,000 people lost power in the south, bringing in total at least 300,000 customers who lost power in Ontario that day.”

2. Materiality – 0.2% of Peterborough’s distribution expenses of \$8,261,171, as approved in the 2006 EDR, is \$16,522. The storm damage of \$437,103 is 5.3% of the approved distribution expenses. PDI is requesting recovery of a reduced amount of \$374,586 which is 4.5% of the Board approved 2006 EDR distribution expenses.
3. Prudence – PDI acted quickly, efficiently and safely in restoring power to 14,000 customers. PDI secured the assistance of two line crews from Oshawa PUC Networks, two from Whitby Hydro Energy Services and several local contractors to affect the repairs and restoration of power.

In addition, PDI has a preventative maintenance program that includes tree trimming around overhead lines. Tree trimming and removal of diseased trees prevents incidental contact with live overhead lines during storms or severe wind conditions. Since 1977, Peterborough Distribution Inc. has employed a tree trimming program whereby vegetation surrounding approximately one-third (1/3) of the City’s overhead line circuits is systematically trimmed and removed at an average annual cost of \$150,000. The three-year tree trimming cycle has positively affected PDI’s reliability performance indices. The losses to the utility and its customers on July 17, 2006 would have been far greater if it were not for this program.

In determining the amount of Z-factor funding request, all regular labour hours and associated benefit costs were removed from the total costs. As such, the claim for \$374,586 has been restricted to incremental costs only. Attached in Exhibit A is a detailed report on the storm submitted to the Peterborough Distribution Inc Board of Directors. Exhibit B provides copies of local media reports.

Our submission includes a revised 2007 IRM model and the Smart Meter Addendum. Z-factor funding has been included in tab 4, smart meter information of the 2007 IRM model. Annualized customer total bill impact is provided below.

1. Requested Smart Meter Funding of \$0.84 per metered customer and storm recovery of \$0.99 per metered customer, file name Peterborough\_PST\_2007IRMmodel\_with Smart Meter Addendum & Storm recovery.xls.
2. Smart Meter Addendum Model, file name Peterborough\_PST\_Rate\_Addendum\_model\_200702009.xls.

Following is a summary of each component of the 2007 IRM model:

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|----------|--|
| Sheet 1. | LDC Information has been updated per instructions.   |
| Sheet 2. | 2006 Rate Classes have been labeled exactly as indicated on our Board-Approved 2006 Tariff of Rates and Charges.                   |
| Sheet 3. | 2006 Board-Approved Tariff of Rates and Charges have been entered, including the complete descriptions of service classifications. |

Sheet 4 Smart Meter Funding Information has been updated per the Board-Approved 2006 EDR model and the Smart Meter Addendum model and increased by \$0.99 for Z-factor recovery.

The 2006 rate model included \$0.26 per metered customer per month as there was no specific smart meter investment plan filed or approved. A Coalition of Large Distributors negotiated large volume pricing for Elster meters and Distributors were encouraged by the Ministry of Energy to participate in the order to achieve the minimum quantities required for the lowest meter cost.

Peterborough Distribution Inc. (PDI) made a decision to “piggyback” with the large utilities and purchase under the CLD plan. September 21, 2006 we received a letter from Elster extending the special pricing until October 15, 2006 based upon a minimum order of 50% of our total AMI metering requirements being delivered by December 28, 2007.

PDI’s SMIP plan is a commitment to have 100% of our residential and GS<50 meters installed over a four-month period commencing in October 2007 for all three of our service territories, Peterborough, Lakefield and Asphodel-Norwood.

The SMIP plan commitment for Peterborough is to have all 27,496 residential meters and 3,440 GS<50 meters installed by January 2008.

Sheet 5. Removal of Smart Meter Charge from 2006 Rates, no input required.

Sheet 6. Conservation and Demand Management Adjustment, no Board approval for incremental CDM spending.

Sheet 7. Large Corporation Tax Allowance, Peterborough did not receive Large Corporation Tax in 2006.

Sheet 8. Price Cap Adjustment to “Basic” Distribution Rates, no input required.

Sheet 9. Add back of Smart Meter Amounts, no inputs required.

Sheet 10. Tariff Sheets, attached.

Sheet 11 Bill Impact – Summer, attached.

Sheet 12 Bill Impact – Winter, attached.

Sheet 13 Bill Impact – Annualized, attached.

The annualized customer total bill impact after taxes are as follows:

		Requested Smart Meter Funding \$0.84 & Storm Recovery \$0.99	
Residential	750 kWh	\$1.58	1.75%
	1,000 kWh	\$1.52	1.28%
	2,000 kWh	\$1.27	0.55%
General Service <50 kWh	1,000 kWh	\$1.62	1.28%
	2,000 kWh	\$1.39	0.60%
	5,000 kWh	\$0.70	0.13%
General Service > 50 kW	60 kW		
	15,000 kWh	(\$0.90)	(0.05%)
	100 kW, 40,000 kWh	(\$7.69)	(0.18%)
	500 kW, 100,000 kWh	(\$23.04)	(0.19%)

Yours very truly,



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Attachments    1 disk  
                   3 hard copies 2007 IRM Model  
                   3 hard copies Smart Meter Addendum model  
                   Appendix A  
                   Appendix B