

MANAGER'S SUMMARY

Chapleau Public Utilities Corporation

Application Number EB-2012-0114

Licence Number ED-2002-0528

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B of the *Energy Competition Act, 1998*:

AND IN THE MATTER OF an Application by Chapleau Public Utilities Corporation for 2013 electricity distribution rates, effective May 1, 2013, in accordance with the 3rd Generation Incentive Regulation Mechanism (IRM) letter issued June 28, 2012 by the Ontario Energy Board.

1. Introduction

- 1.1 Chapleau Public Utilities Corporation (CPUC) is a licensed electricity distribution business operating in the Town of Chapleau under Licence # ED-2002-0528 with special conditions in 14.3 to 14.5 in its' licence.
- 1.2 The CPUC submits this Application which includes the 2013 3rd Generation Incentive Regulation Mechanism Module version 2.3, the required documentation/schedules for the calculation of just and reasonable distribution rates effective May 1, 2013 in accordance with the Filing Guidelines issued by the Ontario Energy Board ("Board") letter and dated June 28, 2012.
- 1.3 The CPUC will prorate customer consumptions with pre-May 1, 2013 consumptions at the old rates and post-May 1, 2013 consumption at the new rates.

2. 3rd Generation Incentive Regulation Mechanism (IRM3) for 2013

The following summarizes the inputs and outputs of the 3GIRM Model.

2.1 Sheet 1 **LDC Information Sheet**

General information related to the application has been entered.

2.2 Sheet 3 **Rate Class Selection**

CPUC's most recent 2012 Board-Approved Tariff of Rates and Charges shows 7 classes listed and have been included in this sheet.

2.3 Sheet 4 **Current Tariff of Rates**

CPUC has entered all class descriptions and the applicability of rates for each class. Rate descriptions for each class are entered as they appear in the 2012 Board-Approved Tariff of Rates and Charges.

2.4 Sheet 5 **2013 Continuity Schedule**

As CPUC filed its 2012 Cost of Service Application and has received approval to dispose of the December 31, 2010 balances, the starting point on the Continuity Schedule is column BF for the principal and column BK for the interest. During the 2012 Rate Proceedings CPUC also cleared account 1521 as instructed by the Board, therefore no account balance is shown in account 1521.

Due to a minor carrying charge (interest) error in 2011 for \$77.00 in account 1595 Disposition & Recovery/Refund of Reg. Bal. (2008), the Continuity Schedule shows this as a credit balance for disposition when the balance should be \$0.00. As this is a small amount CPUC will dispose (refund) this balance during this application.

Variances between RRR and December 31, 2011 Balance (Principal and Interest) is due to rounding.

Total claim as at December 31, `2011 is a debit of \$163,919 made up as follows:

Description - Group 1 Accounts	Account Number	Amount \$ DR (CR)
LV Variance	1550	(15,937)
RSVA - Wholesale Market Service Charge	1580	(19,398)
RSVA - Retail Transmission Network Charge	1584	(3,858)
RSVA - Retail Transmission Connection Charge	1586	1,288
RSVA - Power (excluding Global Adjustment)	1588	238,602
RSVA - Power - Sub-Account - Global Adjustment	1588	(33,864)
Disposition & Recovery/Refund of Reg. Bal. (2008)	1595	(77)
Disposition & Recovery/Refund of Reg. Bal. (2009)	1595	0
Disposition & Recovery/Refund of Reg. Bal. (2010)	1595	(2,837)
Total All Accounts		163,919
Sub-Total (excluding Global Adjustment)		197,784
Sub-Total Global Adjustment		(33,864)

2.5 Sheet 6 *Billing Determinants for Deferral Variance Accounts*

The most recent 2012 Board-Approved volumetric forecast is used by CPUC to determine share proportions to all classes.

CPUCs total adjustment required, of \$163,919, shows a threshold test of \$ 0.0059 per kWh.

2.6 Sheet 7 *Allocation of Deferral - Variance Balances*

This worksheet has allocated the Group 1 Deferral/Variance account balances to the appropriate classes.

2.7 Sheet 8 *Calculation of Deferral-Variance Rate Riders*

CPUC has chosen the rate rider recovery period to be two years for the Rate Riders related to the Deferral/Variance Accounts and the associated Rate Riders for the Global Adjustment Sub-Account.

CPUC recognized that a one year recovery period will place a financial burden with increases exceeding 10.00% on its low use customers, especially in the Unmetered Scattered Load and Sentinel Lights classes.

A comparison of bill impacts between a one year and a two year recovery period is shown under "Sheet 14 Bill Impacts"

2.8 Sheet 9 Revenue to Cost Ratios and GDPIPI

In the Boards determination of distribution utilities Stretch Factor Values, prepared by ``Power Systems Engineering Inc. issued in 2012, determined that CPUCs Stretch Factor Value to be 2.

CPUC in its submission of the 2012 Cost of Service application it was necessary to mitigate rate increases to all classes from between 1 year and 4 years. These mitigation rate adjustments affected both fixed and variable rates.

The following tables are reproduced from the 2012 Cost of Service rate application:

The first table shows CPUCs customer classes that require adjustments to their fixed and variable rates to mitigate rate increases to 10.00% or less during the IRM application years.

The rate adjustments from 2012 to 2013 have been entered for both fixed and variable rates into columns ``C`` and ``E`` on sheet 9.

Rate Class	Proposed Rates	2012	2013	2014	2015
Residential	Fixed	20.15	23.37		
	Variable	0.0135	0.0135		
GS <50 kW	Fixed	31.79	34.19		
	Variable	0.0174	0.0174		
GS >50 kW	Fixed	188.72	188.72	188.72	188.72
	Variable	3.6405	3.5834	3.5263	3.5111
Unmetered Scattered Load	Fixed	20.15	23.38	24.28	
	Variable	0.0326	0.0326	0.0326	
Sentinel Lights	Fixed	4.41	5.41	7.70	8.80
	Variable	8.6067	10.1067	13.4067	13.4067
Street Lights	Fixed	3.50	3.90	4.31	
	Variable	14.4120	18.2233	20.0394	

The next table, in excel format, shows CPUCs customer classes that require revenue to cost ratio adjustments during the IRM application years.

		Proposed Revenue Realignment				Total Class Adjustment
		2012	2013	2014	2015	
General Service >50 kW						
Revenue Requirement CA Model Line 40 from Sheet 01	78,675.00					
Annual Adjustments to Revenue-to-Cost Ratios	-	98,020.00	96,914.92	95,809.83	94,704.75	(3,610.00)
Proposed Revenue	98,020.00	(1,105.08)	(1,105.08)	(1,105.08)	(294.75)	
Revenue-to-Cost Ratios	124.59%	123.18%	121.78%	120.37%	120.00%	
Sentinel Lights						
Revenue Requirement CA Model Line 40 from Sheet 01	4,363.00					
Annual Adjustments to Revenue-to-Cost Ratios	-	2,378.00	2,672.75	2,967.50	3,262.25	1,179.00
Proposed Revenue	2,378.00	294.75	294.75	294.75	294.75	
Revenue-to-Cost Ratios	54.50%	61.26%	68.02%	74.77%	81.53%	
Street Lights						
Revenue Requirement CA Model Line 40 from Sheet 01	43,055.00					
Annual Adjustments to Revenue-to-Cost Ratios	-	32,667.00	33,477.33	34,287.67	0	2,431.00
Proposed Revenue	32,667.00	810.33	810.33	810.33		
Revenue-to-Cost Ratios	75.87%	77.75%	79.64%	81.52%		
Total Adjustment						-

2.9 Sheet 10 *Other Charges and Loss Factor*

Other Charges and Loss Factors as found in CPUCs most recent (2012) Board-Approved Tariff Schedule have been entered.

2.10 Sheet 11 *Proposed Rates*

This sheet is the result of all adjustments made to CPUCs rates including the current applicable rates for RTSR - Network and RTSR - Connection.

2.11 Sheet 12 Summary Sheet

The summary sheet shows the class by class comparison of the current and proposed rate.

2.12 Sheet 13 Final Tariff Schedule

CPUC requests that this schedule of rates and other charges be approved.

2.13 Sheet 14 Bill Impacts

As discussed in sheet 8 "Calculation of Deferral-Variance Rate Riders" of the application CPUC has chosen a rate rider recovery period to be two years for the Rate Riders related to the Deferral/Variance Accounts and the associated Rate Riders for the Global Adjustment Sub-Account.

The following table shows bill impacts and the comparison of bill Impacts between 1 and 2 years for the rate rider recovery period.

The basis for comparison is Time-Of-Use before taxes.

Customer Class/kWh Consumptions	Impact 1 Year		Impact 2 Years	
	Amount \$	%	Amount \$	%
Residential				
100	4.16	11.61	3.80	10.61
250	5.26	9.70	4.36	8.04
500	7.08	8.34	5.28	6.22
800	9.27	7.61	6.39	5.25
1000	10.73	7.33	7.13	4.87
1063 Average Consumption	11.19	7.26	7.36	4.78
1500	14.38	6.92	8.98	4.32
2000	18.03	6.70	10.83	4.02
GS <50 kW				
1000	10.10	6.23	6.50	4.01
2000	17.50	6.09	10.30	3.59
2696 Average Consumption	22.65	6.05	12.94	3.46
5000	39.70	5.99	21.70	3.28
10000	76.70	5.95	40.70	3.16
15000	113.70	5.94	59.70	3.12
GS >50kW				
60 kW - 30000 kWh	70.20	1.80	36.26	0.93

100 kW - 60000 kWh	115.89	1.82	59.32	0.93
115 kW - 45192 Average Consumption	133.02	1.82	67.96	0.93
150 kW - 75000 kWh	173.00	1.83	88.15	0.93
200 kW - 110000 kWh	230.12	1.84	116.98	0.93
Unmetered Scattered Load				
50	3.82	13.75	3.64	13.10
100 Average Consumption	4.19	11.91	3.83	10.88
150	4.57	10.73	4.03	9.46
Sentinel Lights				
.15 kW - 65 kWh	1.71	11.49	1.50	10.08
.23 kW - 94 kWh Average Consumption	2.07	10.18	1.74	8.55
1.00 kW 250 kWh	5.48	7.52	4.08	5.60
Street Lights				
.19 kW - 72 kWh Average Consumption	1.69	9.46	1.44	8.06
65 kW - 24550 kWh Total Consumption	434.74	9.00	347.79	7.20