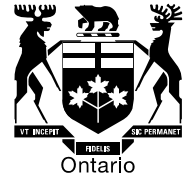


Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

March 1, 2013

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Chapleau Public Utilities Corporation
2013 IRM Rate Application
Board Staff Interrogatories
Board File No. EB-2012-0114**

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

As a reminder, Chapleau Public Utilities Corporation's responses to interrogatories are due by March 15, 2013.

Yours truly,

Original Signed By

Daniel Kim
Analyst – Applications & Regulatory Audit

Encl.

**Chapleau Public Utilities Corporation (“Chapleau PUC”)
2013 Rate Applications
Board Staff Interrogatories
EB-2012-0114**

Shared Tax Savings Model

1. Ref: A portion of Sheet 3 “Re-Based Bill Det & Rates” is reproduced below.

| Last COS Re-based Year was in 2012 | | | | | | | | | | |
|------------------------------------|---------------------------------|--------------|------------|--|-----------------------------|----------------------------|--|--|---|---------|
| Rate Group | Rate Class | Fixed Metric | Vol Metric | Re-based Billed Customers or Connections A | Re-based Billed kWh B | Re-based Billed kW C | Rate ReBal Base Service Charge D | Rate ReBal Base Distribution Volumetric Rate kWh E | Rate ReBal Base Distribution Volumetric Rate kW F | |
| RES | Residential | Customer | kWh | 1,133 | 14,448,113 | | 20.15 | 0.0135 | | |
| GSLT50 | General Service Less Than 50 kW | Customer | kWh | 161 | 5,209,322 | | 31.79 | 0.0174 | | |
| GSGT50 | General Service 50 to 999 kW | Customer | kW | 14 | 7,592,321 | 19,360 | 188.72 | | | 3,6405 |
| USL | Unmetered Scattered Load | Connection | kWh | 6 | 7,209 | | 20.15 | 0.0326 | | |
| Sen | Street Lighting | Connection | kW | 23 | 25,718 | 66 | 4.41 | | | 8,6067 |
| SL | Street Lighting | Connection | kW | 341 | 292,061 | 773 | 3.50 | | | 14,4120 |

- a) According to Chapleau PUC’s last Board approved Tariff of Rates and Charges, the General Service 50 to 999 kW rate class should be General Service 50 to 4,999 kW. Once confirmed, Board staff will make any necessary updates to the model.
- b) Please also confirm that the first Street Lighting rate class selected from the dropdown menu on this sheet should be Sentinel Lighting. Once confirmed, Board staff will make any necessary updates to the model.
- c) Board staff has been unable to confirm the amount entered in for the number of connections for the Street Lighting rate class with the Board approved amount from Chapleau PUC’s 2012 cost of service proceeding (EB-2011-0322). Please provide evidence supporting this amount. If this amount was entered in error, Board staff will make any necessary updates to the model.

2. Ref: A portion of Sheet 5 “Z-Factor Tax Changes” is reproduced below.

| Summary - Sharing of Tax Change Forecast Amounts | | |
|--|------------------|------------------|
| For the 2012 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #) | 0 | |
| 1. Tax Related Amounts Forecast from Capital Tax Rate Changes | | |
| | 2012 | 2013 |
| Taxable Capital | \$ 1,512,283 | \$ 1,512,283 |
| Deduction from taxable capital up to \$15,000,000 | \$ 500,000 | \$ 500,000 |
| Net Taxable Capital | \$ 1,012,283 | \$ 1,012,283 |
| Rate | 0.000% | 0.000% |
| Ontario Capital Tax (Deductible, not grossed-up) | \$ - | \$ - |
| 2. Tax Related Amounts Forecast from Income Tax Rate Changes | | |
| | 2012 | 2013 |
| Regulatory Taxable Income | \$ 75,308 | \$ 75,308 |
| Corporate Tax Rate | 15.50% | 15.50% |
| Tax Impact | \$ 11,673 | \$ 11,673 |
| Grossed-up Tax Amount | \$ 13,814 | \$ 13,814 |
| Tax Related Amounts Forecast from Capital Tax Rate Changes | \$ - | \$ - |
| Tax Related Amounts Forecast from Income Tax Rate Changes | \$ 13,814 | \$ 13,814 |
| Total Tax Related Amounts | \$ 13,814 | \$ 13,814 |
| Incremental Tax Savings | | -\$ 0 |
| Sharing of Tax Savings (50%) | | -\$ 0 |

- a) Board staff has been unable to confirm the amount entered in for regulatory taxable income with the Board approved amount from Chapleau PUC's 2012 cost of service Revenue Requirement Work Form (EB-2011-0322). Please provide evidence supporting this amount. If this amount was entered in error, Board staff will make any necessary updates to the model.

RTSR Adjustment Work Form

3. Ref: A portion of Sheet 4 "RRR Data" is reproduced below.

| Rate Class | Unit | Non-Loss Adjusted Metered kWh | Non-Loss Adjusted Metered kW | Applicable Loss Factor | Load Factor | Loss Adjusted Billed kWh | Billed kW |
|---------------------------------|------|-------------------------------|------------------------------|------------------------|-------------|--------------------------|-----------|
| Residential | kWh | 14,223,450 | | 1.0654 | | 15,153,664 | - |
| General Service Less Than 50 kW | kWh | 5,102,862 | | 1.0654 | | 5,436,589 | - |
| General Service 50 to 4,999 kW | kW | 7,236,568 | 19,478 | | 50.92% | 7,236,568 | 19,478 |
| Unmetered Scattered Load | kWh | 7,734 | | 1.0654 | | 8,240 | - |
| Sentinel Lighting | kW | 26,236 | 66 | | 54.48% | 26,236 | 66 |
| Street Lighting | kW | 296,713 | 780 | | 52.14% | 296,713 | 780 |

- a) Please confirm that the amounts entered into the columns "Non-Loss Adjusted Metered kWh" and "Non-Loss Adjusted Metered kW" has not been adjusted by Chapleau PUC's Board approved loss factor. Once confirmed, Board staff will make any necessary updates to the model.
- b) Board staff has been unable to confirm the kilowatt amounts entered in for

the General Service 50 to 4,999 kW and Sentinel Lighting rate classes with Chapleau PUC's RRR Report 2.1.5 ending December 31, 2011. Please provide evidence supporting this amount. If this amount was entered in error, Board staff will make any necessary updates to the model.

4. Ref: A portion of Sheet 5 "UTRs and Sub-Transmission" is reproduced below.

| Uniform Transmission Rates | | Effective January 1, 2011 | Effective January 1, 2012 | Effective January 1, 2013 |
|---|------|---------------------------|---------------------------|---------------------------|
| Rate Description | Unit | Rate | Rate | Rate |
| Network Service Rate | kW | \$ 3.22 | \$ 3.57 | \$ 3.63 |
| Line Connection Service Rate | kW | \$ 0.79 | \$ 0.80 | \$ 0.75 |
| Transformation Connection Service Rate | kW | \$ 1.77 | \$ 1.86 | \$ 1.85 |
| Hydro One Sub-Transmission Rates | | Effective January 1, 2011 | Effective January 1, 2012 | Effective January 1, 2013 |
| Rate Description | Unit | Rate | Rate | Rate |
| Network Service Rate | kW | \$ 2.65 | \$ 2.65 | \$ 2.65 |
| Line Connection Service Rate | kW | \$ 0.64 | \$ 0.64 | \$ 0.64 |
| Transformation Connection Service Rate | kW | \$ 1.50 | \$ 1.50 | \$ 1.50 |
| Both Line and Transformation Connection Service Rate | kW | \$ 2.14 | \$ 2.14 | \$ 2.14 |
| Hydro One Sub-Transmission Rate Rider 6A | | Effective January 1, 2011 | Effective January 1, 2012 | Effective January 1, 2013 |
| Rate Description | Unit | Rate | Rate | Rate |
| RSVA Transmission network - 4714 - which affects 1584 | kW | \$ 0.0470 | \$ - | \$ - |
| RSVA Transmission connection - 4716 - which affects 158 | kW | -\$ 0.0250 | \$ - | \$ - |
| RSVA LV - 4750 - which affects 1550 | kW | \$ 0.0580 | \$ - | \$ - |
| RARA 1 - 2252 - which affects 1590 | kW | -\$ 0.0750 | \$ - | \$ - |
| Hydro One Sub-Transmission Rate Rider 6A | kW | \$ 0.0050 | \$ - | \$ - |

a) Please confirm that in the Board's EB-2012-0136 Rate Order, issued on December 20, 2012, the Board approved Hydro One Networks Inc.'s sub-transmission rates as follows:

- Retail Transmission Rate – Network Service Rate \$3.18 per kW
- Retail Transmission Rate – Line Connection Service Rate \$0.70 per kW
- Retail Transmission Rate – Transformation Connection Service Rate \$1.63 per kW

Board staff will make updates to the model.

2013 IRM Rate Generator

5. Ref: A portion of Sheet 6 "Billing Det. for Def-Var" is reproduced below.

Board Staff Interrogatories
2013 IRM Rate Application
Chapleau Public Utilities Corporation
EB-2012-0114

| Rate Class | Unit | Metered kWh | Metered kW | Billed kWh for Non-RPP Customers | Estimated kW for Non-RPP Customers | Distribution Revenue ¹ |
|---------------------------------|--------|-------------------|---------------|----------------------------------|------------------------------------|-----------------------------------|
| Residential | \$/kWh | 14,448,113 | | 412,766 | 0 | 519,275 |
| General Service Less Than 50 kW | \$/kWh | 5,209,322 | | 68,114 | 0 | 158,465 |
| General Service 50 to 4,999 kW | \$/kW | 7,592,321 | 19,360 | 7,592,321 | 19,360 | 95,788 |
| Unmetered Scattered Load | \$/kWh | 7,209 | | | 0 | 1,537 |
| Sentinel Lighting | \$/kW | 25,718 | 65 | | 0 | 2,873 |
| Street Lighting | \$/kW | 292,061 | 773 | | 0 | 31,084 |
| MicroFit | | | | | | |
| Total | | 27,574,744 | 20,198 | 8,073,201 | 19,360 | 809,022 |

a) Board staff has been unable to confirm the amounts entered in for the Metered kWh, Metered kW and Distribution Revenue. Please provide evidence supporting these amounts. If any amounts were entered in error, Board staff will make any necessary updates to the model.

6. Ref: A portion of Sheet 8 "Calculation of Def-Var RR" is reproduced below.

| Please indicate the Rate Rider Recovery Period (in years) | | 2 | | | | | | |
|---|--------|-------------------|---------------|---|--------------------------------------|---------------------------------------|--|------------------------------|
| Rate Class | Unit | Billed kWh | Billed kW | Balance of Accounts Allocated by kWh/kW (RPP) or Distribution | Deferral/Variance Account Rate Rider | Allocation of Balance in Account 1588 | Billed kWh or Estimated kW for Non-RPP | Global Adjustment Rate Rider |
| Residential | \$/kWh | 14,448,113 | | 103,631 | 0.0036 | (1,731) | 412,766 | (0.0021) |
| General Service Less Than 50 kW | \$/kWh | 5,209,322 | | 37,364 | 0.0036 | (286) | 68,114 | (0.0021) |
| General Service 50 to 4,999 kW | \$/kW | 7,592,321 | 19,360 | 54,457 | 1.4064 | (31,847) | 19,360 | (0.8225) |
| Unmetered Scattered Load | \$/kWh | 7,209 | | 52 | 0.0036 | 0 | | 0.0000 |
| Sentinel Lighting | \$/kW | 25,718 | 65 | 184 | 1.4191 | 0 | 0 | 0.0000 |
| Street Lighting | \$/kW | 292,061 | 773 | 2,095 | 1.3550 | 0 | 0 | 0.0000 |
| MicroFit | | | | | | | | |
| Total | | 27,574,744 | 20,198 | 197,784 | | (33,864) | 500,240 | |

- a) Please provide justification for Chapleau PUC requesting a two-year disposition period for its Group 1 Account balances.
- b) Please also indicate which rate classes may experience a total bill impact exceeding 10% if the Board were to approve a one-year disposition period.

7. Ref: A portion of Sheet 9 "Rev2Cost_GDPIPI" is reproduced below.

| Price Escalator | 2.00% | Choose Stretch Factor Group | II | | | | |
|---------------------------------|-------------|---------------------------------|---------------------------|-------------------------------|--|--------------|----------------------------|
| Productivity Factor | 0.72% | Associated Stretch Factor Value | 0.4% | | | | |
| Price Cap Index | 0.88% | | | | | | |
| Rate Class | Current MFC | MFC Adjustment from R/C Model | Current Volumetric Charge | DVR Adjustment from R/C Model | Price Cap Index to be Applied to MFC and DVR | Proposed MFC | Proposed Volumetric Charge |
| Residential | 20.15 | 3.22 | 0.0135 | | 0.88% | 23.58 | 0.0136 |
| General Service Less Than 50 kW | 31.79 | 2.4 | 0.0174 | | 0.88% | 34.49 | 0.0176 |
| General Service 50 to 4,999 kW | 188.72 | | 3.6405 | -0.0571 | 0.88% | 190.38 | 3.6149 |
| Unmetered Scattered Load | 20.15 | 3.23 | 0.0326 | | 0.88% | 23.59 | 0.0329 |
| Sentinel Lighting | 4.41 | 1 | 8.6067 | 1.5 | 0.88% | 5.46 | 10.1956 |
| Street Lighting | 3.50 | 0.4 | 14.4120 | 3.8113 | 0.88% | 3.93 | 18.3837 |
| MicroFit | 5.25 | | | | | 5.25 | |

- a) Board staff notes that in Chapleau PUC's last cost of service proceeding (EB-2011-0322), Chapleau PUC's proposed to mitigate rate impacts greater than 10%. Board staff acknowledges that Chapleau PUC has used the sheet above (i.e. Sheet 9) to apply those rate mitigation efforts. Board staff requests a reconciliation of Chapleau PUC's proposed revenue-to-cost ratio adjustments and its rate mitigation plan by including a spreadsheet that details how Chapleau PUC came to the results of the adjustments entered into the "MFC Adjustment from R/C Model" and "DVR Adjustment from R/C Model" columns in the worksheet above.

Tariff of Rates and Charges

8. *Ref: Chapleau PUC's Tariff of Rates and Charges, effective May 1, 2012, implemented on December 1, 2012, and amended on January 8, 2013.*

The 3rd paragraph in the "Application" section of the tariff sheet for each rate class reads as follows:

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

Based on recent Tariff of Rates and Charges approved by the Board in 2013 rate applications, the above paragraph should be amended as follows:

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

- a) Please indicate whether Chapleau PUC has any concerns with the noted change, and if so, why.