

CHAPLEAU PUBLIC UTILITIES CORPORATION

LICENSE NO. ED-2002-0528

2013 ELECTRICITY DISTRIBUTION RATES

2013 IRM RATE APPLICATION

BOARD FILE NO. EB-2012-0114

RESPONSE TO BOARD STAFF

INTERROGATORIES ISSUED MARCH 1, 2013

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	kWh	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

- 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.
- 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.
- 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.

Response

- CPUC confirms that the General Service 50 to 999 kW customer class should be General Service 50 to 4,999 kW.**
- CPUC confirms that the first Street Lighting rate class selected from the dropdown menu on this sheet should be Sentinel Lighting.**

- c) **The number of connections of 341 for the Street Lighting rate class can be confirmed in CPUCs response to Board Staff and VECC submission on the Draft Rate Order issued December 17, 2012 and CPUCs response to the Board on December 19, 2012**

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.

Response

- a) **CPUC entered this amount in error. The correct amount should be \$68,982.**

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.

Response

- a) ***CPUC confirms 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.***

- b) **The kilowatt amounts entered in for the General Service 50 to 4,999 kW and Sentinel Lighting rate classes was entered in error. The correct amounts should be 19,548 kW for the General Service 50 to 4,999 kW and 65 kW for the Sentinel Lighting rate classes.**

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

Uniform Transmission Rates		Unit	Effective January 1, 2011	Effective January 1, 2012	Effective January 1, 2013
Rate Description			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		Unit	Effective January 1, 2011	Effective January 1, 2012	Effective January 1, 2013
Rate Description			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		Unit	Effective January 1, 2011	Effective January 1, 2012	Effective January 1, 2013
Rate Description			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.

Response

a) **CPUC confirms that the Board approved Hydro One Networks Inc.'s sub-transmission rates are 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**

2013 IRM Rate Generator

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

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.

Response

a) **CPUC has entered the correct amounts for the metered kWh and metered kW. The requirement for the completion of Sheet 6 "Billing Det. for Def-Var" required that the most recent Board Approved volumetric forecast be used provided there was no material difference to the most recent 12 month data. The most recent Board Approved volumetric forecast is from CPUCs 2012 Cost of Service Application in CPUCs response of December 10, 2012 to the Board's Decision and Order issued November 29, 2012. In its response the amounts used in Sheet 6 can be confirmed in attachment CPUC_2012_DRAFT_RATE_ORDER_Proposed Rates_Mitigation_Lost Revenues_Appendix_F".**

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.

Response

- a) ***CPUCs justification for requesting a two year disposition period for its Group 1 Account balances is that a one year recovery period may place a financial burden on its low consumption customers and in general to the average Residential and General Service <50 kW customers.***

The following table shows the bill impact to the average customer in each customer class between 1 and 2 year disposition period and the difference between the 1 and 2 year disposition period.

Customer Class	Impact 1 Year		Impact 2 Years		Difference 1&2 Year	
	Amount \$	%	Amount \$	%	Amount \$	%
Residential	10.40	6.75	6.57	4.26	3.83	2.49
GS <50 kW	20.92	5.59	11.21	3.00	9.77	2.59
GS >50 kW	105.41	1.45	38.25	0.52	67.16	0.93
Unmetered Scattered Load	4.12	11.71	3.76	10.68	0.36	1.39
Sentinel Lights	2.03	9.98	1.70	8.36	0.33	1.62
Street Lights	1.65	9.24	1.40	7.84	0.25	1.40

- b) ***The rate class that may experience a total bill impact exceeding 10% if the Board were to approve a one-year disposition period is the Unmetered Scattered Load class of 11.71% .***

As previously indicated by CPUC in its submission if the Board does not agree to the 2 year disposition period, CPUC will agree to the decision of the Board.

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.

Response

a) ***The following table of proposed rates 2012 to 2015 was included in CPUCs 2012 Cost of Service Submission in order to mitigate rate impacts to various customer classes to below 10.0% per year.***

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	

CPUCs proposed adjustments to columns C and E in Sheet 9 of the Rate Generator were calculated in excel format as follows:

Rate Class		Current	Proposed	Changes	Proposed Rates	
		2012	2013	Required	2014	2015
Residential Customers	Fixed	20.15	23.37	3.22		
	Variable	0.0135	0.0135	0		
GS <50 kW Customers	Fixed	31.79	34.19	2.4		
	Variable	0.0174	0.0174	0		
GS >50 kW Customers	Fixed	188.72	188.72	0	188.72	188.72
	Variable	3.6405	3.5834	-0.0571	3.5263	3.5111
Unmetered Scattered Load	Fixed	20.15	23.38	3.23	24.28	
	Variable	0.0326	0.0326	0	0.0326	
Sentinel Lighting	Fixed	4.41	5.41	1.00	7.70	8.80
	Variable	8.6067	10.1067	1.5000	13.4067	13.4067
Street Lighting	Fixed	3.50	3.90	0.4	4.31	
	Variable	14.4120	18.2233	3.8113	20.0394	

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.

Response

CPUC has no concerns with the above noted change.