



PUBLIC INTEREST ADVOCACY CENTRE
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March 28, 2013

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
Chapleau Public Utilities Corporation EB-2012-0114
Final Submissions of VECC

Please find enclosed the submissions of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

A handwritten signature in black ink, appearing to be 'Michael Janigan', written in a cursive style.

Michael Janigan
Counsel for VECC
Encl.

cc: Chapleau Public Utilities Corporation
Ms. Marita Morin

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), as amended;

AND IN THE MATTER OF an Application by Chapleau Public Utilities Corporation for an order or orders approving or fixing just and reasonable distribution rates to be effective May 1, 2013.

FINAL SUBMISSIONS

On Behalf of The

Vulnerable Energy Consumers Coalition (VECC)

March 27, 2013

Public Interest Advocacy Centre

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K1N 7B7

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Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

- 1.1 Chapleau Public Utilities Corporation (“Chapleau PUC”, “the Applicant”, or “the Utility”) filed an application (“the Application”) with the Ontario Energy Board (“the Board” or “the OEB”), under section 78 of the *Ontario Energy Board Act, 1998* for electricity distribution rates effective May 1, 2013. The Application was filed in accordance with the OEB’s guidelines for 3rd Generation Incentive Regulation which provides for a mechanistic and formulaic adjustment to distribution rates between cost of service applications.
- 1.2 As part of its application, Chapleau PUC included an adjustment to the revenue to cost ratios. The following section sets out VECC’s final submissions regarding this aspect of the application.

2 Revenue to Cost Ratio Adjustments

- 2.1 Chapleau PUC’s last cost of service application (EB-2011-0322) addressed revenue- to-cost ratios outside of the Board’s target ranges and certain adjustments were approved by the Board.
- 2.2 The adjustments included reducing the ratio for GS>50 kW to 120% and increasing the ratio for Sentinel Lighting to 80%.
- 2.3 Any additional revenues required to offset the shortfall resulting from the two adjustments would be obtained by first increasing the Street Lighting ratio to 80% (if necessary) and then increasing the ratios for both Sentinel Lighting and Street Lighting (if necessary). If the increase in both of these ratios is insufficient to offset the revenue shortfall, the ratios for these two classes plus the residential class would be increased in tandem until the shortfall is eliminated. In addition, if the resulting impacts on the Sentinel Light and Street Light classes are deemed too high, then the adjustment to the GS>50 kW class and the offsets should be phased in over the IRM period, so that no class has more than a 10% increase in any one year.¹
- 2.4 In order to keep the rate increases below 10%, Chapleau PUC proposed a phase in period for the approved revenue-to-cost ratios of 4 years for Sentinel Lighting

¹ EB-2011-0322 Decision, Pages 20-21

and GS>50 kW classes and 3 years for Street Lighting class. The final annual adjustments to revenue-to-cost ratios are shown below².

Customer Class	Amended Cost Study	2012	2013	2014	2015
GS > 50 kW	124.59%	123.18%	121.78%	120.37%	120.00%
Sentinel Lighting	54.50%	61.26%	68.02%	74.77%	81.53%
Street Lighting	75.87%	77.75%	79.64%	81.52%	81.52%

- 2.5 In response to Board Staff IR#7(a), Chapleau PUC provided a reconciliation of its proposed revenue to cost ratio adjustments and its rate mitigation plan to mitigate rate impacts to various customer classes below 10% per year. In 2013, specifically adjustments to fixed and variable rates are required.
- 2.6 VECC has reviewed the revenue to cost ratios and fixed and variable rate adjustments proposed by Chapleau PUC for 2013 and submits that the adjustments are in accordance with the Board’s EB-2011-0322 Decision in Chapleau PUC’s 2012 cost or service application.

3 Recovery of Reasonably Incurred Costs

- 3.1 VECC submits that its participation in this proceeding has been focused and responsible. Accordingly, VECC requests an order of costs in the amount of 100% of its reasonably-incurred fees and disbursements.

All of which is respectfully submitted this 27th day of March 2013.

² Application Page 6 (EB-2011-0322 Revised Rate Order (Chapleau_Rev.Realalign_Lost Revenue_Prop Rates_20121219))