

1 **SUMMARY OF APPLICATION AND APPROVALS**
2 **REQUESTED**

3 CHE is applying to the Ontario Energy Board (the "Board") for distribution rates to be
4 effective from May 1, 2010 to April 30, 2011.

5 Amongst the approval requested, CHE seeks Board authorization to;

- 6 ➤ Charge increased electricity distribution rates effective May 1, 2010 while
7 ensuring that they remain just and reasonable
- 8 ➤ Charge rates that allow the recovery of the prudently incurred ongoing costs of
9 providing distribution service to the Inhabitants of the Town of Embrun at an
10 appropriate level of safety and quality
- 11 ➤ Charge rates that permit an opportunity to earn the allowed rate of return
- 12 ➤ Allow the disposal of the balances recorded in certain variance and deferral
13 accounts.

14 CHE seeks approval in its capital structure involving the decrease of the deemed
15 common equity component from 43.3% to 40% and increase the debt component from
16 56.7% to 60% (Exhibit 5) consistent with the report of the Board on Cost of Capital and
17 2nd Generation Incentive Regulation for Ontario's Electricity Distributors dated
18 December 20, 2006.

19 The issues key points supporting CHE's application are discussed below.

20 In its application, CHE seeks to recover a Base Revenue Requirement of \$
21 \$766,580 which includes a Revenue Deficiency in the amount of \$151,359 arising from
22 changes in OM&A, Amortization, Rate of Return and PILS. CHE seeks a disposal of
23 balances of Deferral and Variance Accounts in the amount of \$ (151,981) over a single
24 year, as proposed in the "*Board's Report on Electricity Distributors' Deferral and*
25 *Variance Account Review Initiative*" issued on the 31st of July 2009. CHE also seeks to

1 recover \$1.32 per month, as a utility rate funding adder this per residential and general
2 service customers arising from costs associated with the smart metering infrastructure.
3 CHE also seek approval of its revised loss adjustment factor as well as its revised Retail
4 Transmission Service Rates.

5 CHE has been assisted in preparing its application by Elenchus Research Associates
6 (“ERA”) who provided the 2010 EDR model used in the determination of proposed 2010
7 Distribution Rates. In order to facilitate the review of this application, CHE has voluntarily
8 included a locked version of the model for the Board and Interveners convenience. The
9 model can be found as an addendum to the application.

10 In order to address the language barrier, CHE was assisted in the drafting of the
11 application.

12 CHE has based its application on forecasted results for the 2010 Test Year. As required
13 by the minimum filing requirements, CHE is also presenting the historical actual
14 information for fiscal 2006, 2007 and 2008; information for the 2009 Bridge Year and
15 2010 Test Year.

16 The financial information supporting the Test Year for CHE Application will be CHE fiscal
17 year ending December 31, 2010 (the “2010 Test Year”).