



December 7, 2010

Ms. K. Walli  
Board Secretary  
Ontario Energy Board  
Suite 2701  
2300 Yonge Street  
Toronto, Ontario M4P 1E4

**Re: Distribution Rate Application Board File No EB-2010-0073 – Chapleau Public Utilities Corporation License number 2002-0528.**

Dear Ms. Walli;

Please accept the attached addendum to the Managers summary submitted by Chapleau Public Utilities Corporation on October 29, 2010 for new Electricity Distribution Rates effective May 1, 2011.

Enclosed with this letter are two (2) hard copies and an electronic version of the recommended changes to documents and Exhibits used for the addendum in support to Chapleau's application for 2011 Distribution Rates.

These documents have been filed on behalf of Chapleau Public Utilities Corporation.

Sincerely,

Original Signed by:

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Peter Ioannou  
Regulatory Compliance Services

Enclosure

cc: Marita Morin, Chapleau Public Utilities Corporation.  
File

# **Chapleau Public Utilities Corporation**

**Licence Number ED-2002-0528**

## **Addendum to**

**2011 Electricity Distribution Rates**

**3<sup>rd</sup> Generation Incentive Regulation Mechanism**

**Application Number EB-2010-0073**

**Filing Date: October 29, 2010**

**Addendum Filing Date: December 7, 2010**

# **ADDENDUM TO MANAGER'S SUMMARY**

## **Chapleau Public Utilities Corporation**

**Application Number EB-2010-0073  
Licence Number ED-2002-0528**

The following is an addendum to the Managers summary submitted by Chapleau Public Utilities Corporation (CPUC) on October 29, 2010 for new Electricity Distribution Rates effective May 1, 2011.

Due to an oversight by Chapleau Public Utilities Corporation in their application for 2011 Electricity Distribution Rates through the 3<sup>rd</sup> Generation Incentive Regulation Mechanism, failed to identify the following two (2) items:

- (a) The appropriate adjustment to the rate rider in this year's IRM rate application, as identified by the OEB Regulatory Audit staff. The results of the audit review, from EB-2007-0755, found that the amount filed for disposition, for a credit of \$261,348, was incorrectly recorded in CPUC books of accounts, and that the amount for disposition should be adjusted to a credit of \$215,662, a difference of \$45,686. The rate rider put in place under EB-2007-0755 is refunding the customer \$45,686 more than the required amount.

The deferral variance accounts that make up the difference of \$45,686 are as follows:

Description	Account #	Principal	Interest	Total
Other Regulatory Assets	1508	\$8,320.00	\$1,201.00	\$9,521.00
RSVA – Retail Trans. Connection	1586	(26,731.00)	4,717.00	(22,014.00)
RSVA – Power	1588	57,026.00	1,153.00	58,179.00
Total		\$38,615.00	\$7,071.00	\$45,686.00

These adjustments have been entered in the attached 2011 IRM Deferral and Variance Account Workform ADJ (1) sheet "D1.5 Def Variance – Continuity Schedule 2009", column "L" line 29 for account 1586 and line 31 for account 1588. There is no available space on this sheet to enter the "Other Regulatory Assets" account # 1508 for \$9,521.00. This resulted in an increase to the rate rider for 2011 by \$36,165.00. Account # 1508 for \$9,521.00 will have to be included in a future true up to Chapleau's variance accounts (2012).

Chapleau PUC also recognized that by making the above adjustments the balance outstanding on sheet "C1.1 2008 Transfer to 1595 COS" for true up at the end of the rate rider period on April 30, 2011 will be as follows:

Outstanding Balance for refund as of September 30, 2010 (\$93,857)

Refunds still to be made:

	Principal	Interest	
October 2010 (actual)	\$3,864	\$770	
November 2010(actual)	4,577	912	
December 2010 (estimate)	5,800	1,100	
January 2011 (estimate)	6,600	1,300	
February 2011 (estimate)	7,900	1,600	
March 2011 (estimate)	7,800	1,500	
April 2011 (estimate)	7,500	1,500	
Estimated refunds to April 30, 2011	\$44,041	\$8,682	\$52,723
Balance outstanding for true up (estimate)			(\$41,133)

Reasons for not refunding the full amount to the customer during the 3 year period are:

- (i) Late approval of Chapleau's rates in 2008 resulted in rate rider refunds commencing in September 2008.
- (ii) Reduced customer consumptions.
- (iii) Delay of one month (May 2010) in the addition of Chapleau's 2008 rate rider that was not included on the original tariff of rates & charges approved by the Board (see Boards "Decision and Order on Motion to Review and Vary" dated June 22, 2010).

Chapleau PUC believes that no adjustments be made to sheet "D1.5 Def Variance – Continuity Schedule 2009" but instead apply the audit review variance of \$45,686 to sheet "C1.1 2008 Transfer

to 1595 COS” (see attached 2011 IRM Deferral and Variance Account Workform ADJ (2)). This will effectively reduce the amount filed for disposition under EB-2007-0755 for a credit of \$261,348, which was incorrectly recorded in CPUC books of accounts, to the actual amount for disposition of \$ \$215,662 and effectively leave an estimated balance for true up at April 30, 2011 of \$4,553 to be collected from the customer in a future year (2012).

Outstanding Balance for refund as of September 30, 2010	(\$48,171)
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Refunds still to be made Oct. 2010 to April 2011	52,723
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Balance outstanding for true up (estimate)	\$4,552
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This recommended approach will also not require any changes to Chapleau’s rates submission of October 26, 2010.

- (b) Chapleau PUC in it’s original submission, did not provide a supporting statement indicating the nature of the adjustment and periods that relate to item in the 2011 IRM Deferral and Variance Account Workform sheet “D1.5 Def Variance – Continuity Schedule 2009” column N line 32.

The adjustment of (\$18,106.16) should have been part of an adjustment in October 2009 to transfer non RPP monthly global adjustment for years 2005 to 2008. Following an OEB webinar, on global adjustments in October 2009, Chapleau PUC made the adjustment but did not reverse prior years. The amounts for prior years to be reversed are: for 2005 (\$4,922.75), for 2006 \$20,722.08, for 2007 (\$3,170.77) and for 2008 \$5,479.60 for a total of \$18,106.16.

If the Board has any questions and/or clarification on the above please do not hesitate to contact Peter Ioannou by email [peter.ioannou@rcscanada.ca](mailto:peter.ioannou@rcscanada.ca) or telephone at 416-293-0235.



Name of LDC: Chapleau Public Utilities Corporation  
File Number: EB-2010-0073  
Effective Date: May 1, 2011  
Version : 2.0

## 2008 Board Approved Transfer of 2006 Deferral/Variance accounts to 1595 COS

OEB Decision EB-2007-0755

Disposition Recovery Sunset Date

April 30, 2011

Rate Rider Recovery Complete and 1595 Balance Eligible for Residual Disposition

No

Account Description	Account Number	Principal Amounts	Interest Amount	Total Balance
<strong>Group 1 Accounts</strong>				
LV Variance Account	1550	13,194.90	926.00	14,120.90
RSVA - Wholesale Market Service Charge	1580	(23,258.89)	(4,113.81)	(27,372.70)
RSVA - Retail Transmission Network Charge	1584	(28,448.01)	967.74	(27,480.27)
RSVA - Retail Transmission Connection Charge	1586	(187,655.46)	(41,550.56)	(229,206.02)
RSVA - Power (Excluding Global Adjustment)	1588	17,695.63	4,094.81	21,790.44
RSVA - Power (Global Adjustment Sub-account)	1588	0.00	0.00	0.00
Recovery of Regulatory Asset Balances	1590	0.00	0.00	0.00
<strong>Sub-Total - Group 1 Accounts</strong>		(208,471.83)	(39,675.82)	(248,147.65)
<strong>Group 2 Accounts</strong>				
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	3,508.50	389.00	3,897.50
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	25,642.74	2,947.00	28,589.74
Other Regulatory Assets - Sub-Account Deferred IFRS Transition Costs	1508	0.00	0.00	0.00
Other Regulatory Assets - Sub-Account - Other	1508	0.00	0.00	0.00
Other Regulatory Assets - Sub-Account - Other	1508	0.00	0.00	0.00
Retail Cost Variance Account - Retail	1518	0.00	0.00	0.00
Retail Cost Variance Account - STR	1548	0.00	0.00	0.00
Misc. Deferred Debits	1525	0.00	0.00	0.00
Renewable Connection Capital Deferral Account	1531	0.00	0.00	0.00
Renewable Connection OM&A Deferral Account	1532	0.00	0.00	0.00
Smart Grid Capital Deferral Account	1534	0.00	0.00	0.00
Smart Grid OM&A Deferral Account	1535	0.00	0.00	0.00
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital - when not a separate rate rider	1555	0.00	0.00	0.00
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries - when not a separate rate rider	1555	0.00	0.00	0.00
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs - when not a separate rate rider	1555	0.00	0.00	0.00
Smart Meter OM&A Variance - when not a separate rate rider	1556	0.00	0.00	0.00
Conservation and Demand Management Expenditures and Recoveries	1565	0.00	0.00	0.00
CDM Contra	1566	0.00	0.00	0.00
Qualifying Transition Costs	1570	0.00	0.00	0.00
Pre-Market Opening Energy Variances Total	1571	0.00	0.00	0.00
Extra-Ordinary Event Costs	1572	0.00	0.00	0.00
Deferred Rate Impact Amounts	1574	0.00	0.00	0.00
RSVA - One-time Wholesale Market Service	1582	0.00	0.00	0.00
Other Deferred Credits	2425	0.00	0.00	0.00
<strong>Sub-Total - Group 2 Accounts</strong>		29,151.24	3,336.00	32,487.24
Disposition and recovery of Regulatory Balances Account	1595	179,320.59	36,339.82	215,660.41
<strong>Rate Rider Recovery</strong>				
Deferral Variance Recovery May 1, 2008 to December 31, 2008	1595	(17,532.36)	(3,492.17)	(21,024.53)
Deferral Variance Recovery Jan 1, 2009 to December 31, 2009	1595	(72,237.82)	(14,388.66)	(86,626.48)
Deferral Variance Recovery Jan 1, 2010 to December 31, 2010	1595	(48,899.46)	(9,939.19)	(58,838.65)
Deferral Variance Recovery Jan 1, 2011 to December 31, 2011	1595	0.00	0.00	0.00
Deferral Variance Recovery Jan 1, 2012 to December 31, 2012	1595	0.00	0.00	0.00
Deferral Variance Recovery Jan 1, 2013 to December 31, 2013	1595	0.00	0.00	0.00
Balance of Disposition and recovery of Regulatory Balances Account	1595	39,650.95	8,519.80	48,170.75

### Smart Meter Recovery as a separate Rate Rider

Smart Meter Recovery Sunset Date

April 30, 2009

Rate Rider Recovery Complete and 1595 Balance Eligible for Residual Disposition

Yes

Account Description	Account Number	Principal Amounts	Interest Amount	Total Balance
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital - when a separate rate rider	1555	0.00	0.00	0.00
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries - when a separate rate rider	1555	0.00	0.00	0.00
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs - when a separate rate rider	1555	0.00	0.00	0.00
Smart Meter OM&A Variance - when a separate rate rider	1556	0.00	0.00	0.00
Disposition and recovery of Smart Meter Balances Account	1595	0.00	0.00	0.00
<strong>Rate Rider Recovery</strong>				
Smart Meter Recovery May 1, 2008 to December 31, 2008	1595	0.00	0.00	0.00
Smart Meter Recovery Jan 1, 2009 to December 31, 2009	1595	0.00	0.00	0.00
Smart Meter Recovery Jan 1, 2010 to December 31, 2010	1595	0.00	0.00	0.00
Smart Meter Recovery Jan 1, 2011 to December 31, 2011	1595	0.00	0.00	0.00
Smart Meter Recovery Jan 1, 2012 to December 31, 2012	1595	0.00	0.00	0.00
Smart Meter Recovery Jan 1, 2013 to December 31, 2013	1595	0.00	0.00	0.00
Balance of Disposition and recovery of Regulatory Balances Account	1595	0.00	0.00	0.00