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**BY E-MAIL**

December 14, 2010

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

Dear Ms. Walli:

**Re: Chapeau Public Utilities Corporation  
2011 IRM3 Distribution Rate Application  
Board Staff Interrogatories  
Board File No. EB-2010-0073**

In accordance with the Notice of Application and Written Hearing, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to Chapeau Public Utilities Corporation and to all other registered parties to this proceeding.

In addition please advise Chapeau Public Utilities Corporation that responses to interrogatories are due by January 6, 2011.

Yours truly,

*Original Signed By*

Daniel Kim  
Analyst – Applications & Regulatory Audit

Encl.

# Board Staff Interrogatories

## 2011 IRM3 Electricity Distribution Rates Chapleau Public Utilities Corporation ("Chapleau PUC") EB-2010-0073

### 2011 IRM3 Rate Generator Model

1. Ref: Sheet "C2.3 Deferral Variance Account Disposition (2010)" of the model is reproduced below.

| Deferral Variance Account Disposition (2010) |                              |              |                          |            |            |  |
|--|------------------------------|--------------|--------------------------|------------|------------|--|
| Rate Rider                                   | Def Var Disp 2010            |              |                          |            |            |  |
| Sunset Date                                  | April 30, 2011<br>DD/MM/YYYY |              |                          |            |            |  |
| Metric Applied To                            | All Customers                |              |                          |            |            |  |
| Method of Application                        | Distinct Volumetric          |              |                          |            |            |  |
| Rate Class                                   | Applied to Class             | Fixed Amount | Fixed Metric             | Vol Amount | Vol Metric |  |
| Residential                                  | Yes                          | 0.000000     | Customer - 12 per year   | -0.003700  | kWh        |  |
| General Service Less Than 50 kW              | Yes                          | 0.000000     | Customer - 12 per year   | -0.002700  | kWh        |  |
| General Service 50 to 4,999 kW               | Yes                          | 0.000000     | Customer - 12 per year   | 0.817200   | kWh        |  |
| Unmetered Scattered Load                     | Yes                          | 0.000000     | Connection - 12 per year | -0.004500  | kWh        |  |
| Sentinel Lighting                            | Yes                          | 0.000000     | Connection - 12 per year | -1.605200  | kWh        |  |
| Street Lighting                              | Yes                          | 0.000000     | Connection - 12 per year | -1.677900  | kWh        |  |

- a) Please confirm the approved distribution volumetric deferral variance disposition rate rider (2010) effective until April 30, 2011 for the general service less than 50 kW rate class is \$(0.0037) per kWh. If necessary, Board staff will make the necessary changes in the model.
2. Ref: Sheet "L2.1 Applied For RTSR – Connection" of the model is reproduced below.

| Applied For RTSR - Connection  |                  |                |              |               |              |  |
|--|------------------|----------------|--------------|---------------|--------------|--|
| Method of Application  | Distinct Dollar  |                |              |               |              |  |
| Rate Class   | Applied to Class |                |              |               |              |  |
| <b>Residential</b>   | <b>Yes</b>       |                |              |               |              |  |
| Rate Description   | Vol Metric       | Current Amount | % Adjustment | \$ Adjustment | Final Amount |  |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh           | 0.001500       | 0.000%       | 0.000100      | 0.001600     |  |
| Rate Class   | Applied to Class |                |              |               |              |  |
| <b>General Service Less Than 50 kW</b>                                     | <b>Yes</b>       |                |              |               |              |  |
| Rate Description   | Vol Metric       | Current Amount | % Adjustment | \$ Adjustment | Final Amount |  |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh           | 0.001400       | 0.000%       | 0.000100      | 0.001500     |  |
| Rate Class   | Applied to Class |                |              |               |              |  |
| <b>General Service 50 to 4,999 kW</b>                                      | <b>Yes</b>       |                |              |               |              |  |
| Rate Description   | Vol Metric       | Current Amount | % Adjustment | \$ Adjustment | Final Amount |  |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW            | 0.543100       | 0.000%       | 0.019700      | 0.562800     |  |
| Rate Class   | Applied to Class |                |              |               |              |  |
| <b>Unmetered Scattered Load</b>  | <b>Yes</b>       |                |              |               |              |  |
| Rate Description   | Vol Metric       | Current Amount | % Adjustment | \$ Adjustment | Final Amount |  |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh           | 0.001400       | 0.000%       | 0.000100      | 0.001500     |  |
| Rate Class   | Applied to Class |                |              |               |              |  |
| <b>Sentinel Lighting</b>   | <b>Yes</b>       |                |              |               |              |  |
| Rate Description   | Vol Metric       | Current Amount | % Adjustment | \$ Adjustment | Final Amount |  |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW            | 0.428700       | 0.000%       | 0.015500      | 0.444200     |  |
| Rate Class   | Applied to Class |                |              |               |              |  |
| <b>Street Lighting</b>   | <b>Yes</b>       |                |              |               |              |  |
| Rate Description   | Vol Metric       | Current Amount | % Adjustment | \$ Adjustment | Final Amount |  |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW            | 0.419900       | 0.000%       | 0.015200      | 0.435100     |  |

- a) Please confirm, using the 2011 IRM3 RTSR Workform, that the data entered in to column “\$ Adjustment” should be a negative adjustment for all the rate classes. If so, Board staff will make the necessary corrections in the workform.

### 2011 IRM Retail Transmission Service Rates “RTSR” Workform

3. Ref: “Sheet B1.2 2009 Distributor Billing Determinants” of the workform is reproduced below.

| 2009 Distributor Billing Determinants                     |            |                  |                 |                                |                                  |  |
|---|------------|------------------|-----------------|--------------------------------|----------------------------------|--|
| Enter the most recently reported RRR billing determinants |            |                  |                 |                                |                                  |  |
| Loss Adjusted Metered kWh                                 | No         | Update Sheet     |                 |                                |                                  |  |
| Loss Adjusted Metered kW                                  | No         |                  |                 |                                |                                  |  |
| Rate Class  | Vol Metric | Metered kWh<br>A | Metered kW<br>B | Applicable<br>Loss Factor<br>C | Load Factor<br>D = A / (B * 730) |  |
| Residential   | kWh        | 15,271,952       | 0               | 1.0654                         | 54.03%                           |  |
| General Service Less Than 50 kW                           | kWh        | 5,199,427        | 0               | 1.0654                         |                                  |  |
| General Service 50 to 999 kW                              | kW         | 7,871,532        | 19,967          | 1.0654                         |                                  |  |
| Unmetered Scattered Load                                  | kWh        | 7,212            | 0               | 1.0654                         |                                  |  |
| Sentinel Lighting   | kW         | 27,861           | 66              | 1.0654                         |                                  |  |
| Street Lighting   | kW         | 296,713          | 780             | 1.0654                         | 52.14%                           |  |
| Total   |            | 28,674,697       | 20,812          |                                |                                  |  |

- a) Please confirm that the data entered in Column A (metered kWh) is metered data (i.e. no loss factor applied). If a loss factor has been applied to the data in Column A, please re-file the data for Column A and Board staff will make the relevant corrections to the RTSR Workform.

### Smart Meter Rate Calculation Model

4. Ref: A portion of Sheet “3. LDC Assumptions and Data” of the model is reproduced below.

| Per Meter Cost Split:                      |    | Per Meter |
|--|----|-----------|
| Smart meter including installation         | \$ | 240.69    |
| Computer Hardware Costs                    | \$ | 3.37      |
| Computer Software Costs                    | \$ | 66.88     |
| Tools & Equipment                          | \$ | -         |
| Other Equipment                            | \$ | -         |
| Smart meter incremental operating expenses | \$ | 62.19     |
| Total Smart Meter Capital Costs per meter  | \$ | 373.14    |

- a) Please provide an explanation as to why Chapleau PUC's total smart meter capital costs per meter appear to be high compared to that of other Ontario electricity distributors. For example, during the combined smart meter proceeding in mid-2007 (EB-2007-0063), the unit costs per installed meter (capital and OM&A) were as follows for urban named distributors:

**Table 1: Cost per Installed Smart Meter for Urban Distributors<sup>1</sup>**

| Distributor                               | Capital and Operating Cost per Installed Smart Meter |
|---|--|
| Toronto Hydro-Electric System Limited     | \$126.34   |
| Hydro One Brampton Networks Inc.          | \$148.04   |
| Hydro Ottawa                              | \$135.58   |
| Enersource Hydro Mississauga              | \$144.20   |
| Milton Hydro                              | \$126.83   |
| Newmarket Hydro (now Newmarket-Tay Hydro) | \$123.59   |

## 2011 IRM Deferral and Variance Account Workform

5. Ref: Sheet "B1.3 Rate Class and Billing Determinants" of the workform is reproduced below.

| Rate Class and Billing Determinants |                                 |              |            |                  |            |                                  |                                |
|-------------------------------------|---------------------------------|--------------|------------|------------------|------------|----------------------------------|--------------------------------|
|                                     |                                 |              |            | 2009 Audited RRR |            | Billed kWh for Non-RPP customers | 2009 (2008 COS) Recovery Share |
| Rate Group                          | Rate Class                      | Fixed Metric | Vol Metric | Metered kWh      | Metered kW |                                  |                                |
| RES                                 | Residential                     | Customer     | kWh        | 14,767,661       |            | 504,291                          | 116.5%                         |
| GSLT50                              | General Service Less Than 50 kW | Customer     | kWh        | 4,896,395        |            | 303,032                          | 7.4%                           |
| GSGT50                              | General Service 50 to 999 kW    | Customer     | kW         | 5,829,296        | 19,967     | 2,042,236                        | (26.0%)                        |
| USL                                 | Unmetered Scattered Load        | Connection   | kWh        | 7,212            |            | 0                                | 0.0%                           |
| Sen                                 | Sentinel Lighting               | Connection   | kW         | 27,861           | 66         | 0                                | 1.3%                           |
| SL                                  | Street Lighting                 | Connection   | kW         | 296,713          | 780        | 0                                | 0.8%                           |

Board staff has been unable to verify whether the billing determinants entered on this sheet are correct.

- a) Please provide evidence supporting the billing determinants entered on sheet B1.3 of the 2011 IRM3 Deferral and Variance Account Workform.

<sup>1</sup> Compiled from Appendix A of the Board's Decision with Reasons, EB-2007-0063, August 8, 2007.

6. Ref: Sheet "D1.6 Deferral Variance – Continuity Schedule Final" of the workform is reproduced below.

| Deferral Variance - Continuity Schedule Final                               |                |   |                                   |   |  |  |                                   |   |   |  |                          |
|---|----------------|---|-----------------------------------|---|--|--|-----------------------------------|---|---|--|--------------------------|
| Account Description   | Account Number | Opening Principal Amounts as of Jan-1-10<br>A | Adjustments - Please explain<br>B | Principal Amounts to be disposed<br>C = A + B | Opening Interest Amounts as of Jan-1-10<br>D | Interest on Board-approved 2008 amounts prior to transfer Jan-1, 2010 to Date of Transfer<br>E | Adjustments - Please explain<br>F | Projected Interest on Dec 31-09 balance from Jan 1, 2010 to Dec 31, 2010<br>G | Projected Interest on Dec 31-09 balance from Jan 1, 2011 to April 30, 2011<br>H | Interest Amounts to be disposed<br>I = D + E + F + G + H | Total Claim<br>J = C + I |
| LV Variance Account   | 1550           | 3,567   |                                   | 3,567   | (1,113)                                      | 213  |                                   | 26  | 10  | (864)  | 2,703                    |
| RSVA - Wholesale Market Service Charge                                      | 1580           | 11,658  |                                   | 11,658  | 685  | (130)  |                                   | 84  | 34  | 673  | 12,331                   |
| RSVA - Retail Transmission Network Charge                                   | 1584           | (6,467)                                       |                                   | (6,467)                                       | (53)   | 344  |                                   | (47)  | (19)  | 225  | (6,242)                  |
| RSVA - Retail Transmission Connection Charge                                | 1586           | (151)   |                                   | (151)   | 2,253  | (455)  |                                   | (1)   | (0)   | 1,797  | 1,646                    |
| RSVA - Power (Excluding Global Adjustment)                                  | 1588           | (71,912)                                      |                                   | (71,912)                                      | (314)  | 112  |                                   | (519)   | (210)   | (832)  | (72,844)                 |
| RSVA - Power (Global Adjustment Sub-account)                                |                | 47,072  |                                   | 47,072  | (708)  | 139  |                                   | 340   | 138   | (91)   | 46,961                   |
| Recovery of Regulatory Asset Balances                                       | 1590           | 0   |                                   | 0   | 0  | 0  |                                   | 0   | 0   | 0  | 0                        |
| Residual Balance Disposition and recovery of DelVar Balances Account (2008) | 1595           | 0   |                                   | 0   | 0  | 0  |                                   | 0   | 0   | 0  | 0                        |
| Total   |                | (16,233)                                      | 0                                 | (16,233)                                      | 751  | 223  | 0                                 | (117)   | (47)  | 809  | (15,424)                 |

Account 1584 currently has a credit balance of \$6,242, which would imply that Chapleau PUC has been overcharging the retail transmission network charge. However, according to Chapleau PUC's RTSR Adjustment Workform an increase to the retail transmission network charge has been calculated, which would imply that Chapleau PUC has been undercharging customers. Also, account 1586 currently has a debit balance of \$1,646, which would imply that Chapleau PUC has been undercharging the retail transmission connection charge. However, according to the RTSR Adjustment Workform a decrease to the retail transmission connection charge has been calculated, which would imply that Chapleau PUC has been overcharging customers.

- a) Please explain why there appears to be a difference.

7. Ref: Sheet "G1.1b Calculation of Delivery Component Global Adjustment Rate Rider" of the workform is reproduced below.

| Calculation of Delivery Component Global Adjustment Rate Rider |            |                  |                                  |                                |  |                   |                   |                            |   |
|--|------------|------------------|----------------------------------|--------------------------------|--|-------------------|-------------------|----------------------------|---|
| Rate Rider Recovery Period - Years                             |            | One              |                                  |                                |  |                   |                   |                            |   |
| Rate Rider Effective To Date                                   |            | April 30, 2012   |                                  |                                |  |                   |                   |                            |   |
| Rate Class   | Vol Metric | Non-RPP kWh<br>A | Estimated Non-RPP Billed kW<br>B | Accounts Allocated by kWh<br>C | Accounts Allocated by Non-RPP kWh<br>D | Account 1590<br>E | Account 1595<br>F | Total<br>G = C + D + E + F | Rate Rider kWh<br>H = G / A (kWh) or H = G / B (kW) |
| Residential  | kWh        | 504,291          | 0                                | 0                              | 8,314                                  | 0                 | 0                 | 8,314                      | 0.01649   |
| General Service Less Than 50 kW                                | kWh        | 303,032          | 0                                | 0                              | 4,996                                  | 0                 | 0                 | 4,996                      | 0.01649   |
| General Service 50 to 999 kW                                   | kW         | 2,042,236        | 6,995                            | 0                              | 33,671                                 | 0                 | 0                 | 33,671                     | 4.81353   |
| Unmetered Scattered Load                                       | kWh        | 0                | 0                                | 0                              | 0                                      | 0                 | 0                 | 0                          | 0.00000   |
| Sentinel Lighting  | kW         | 0                | 0                                | 0                              | 0                                      | 0                 | 0                 | 0                          | 0.00000   |
| Street Lighting  | kW         | 0                | 0                                | 0                              | 0                                      | 0                 | 0                 | 0                          | 0.00000   |
|  |            | <b>2,849,559</b> | <b>6,995</b>                     | <b>0</b>                       | <b>46,981</b>                          | <b>0</b>          | <b>0</b>          | <b>46,981</b>              |   |

Enter the above value onto Sheet "J3.31 Global Adjust Del 2011" of the 2011 OEB IRM Rate Generator

Chapleau PUC has requested disposition of account 1588 global adjustment sub-account through a one year rate rider to non-RPP customers only.

- a) Please confirm that Chapleau PUC's billing system could accommodate a separate rate rider that would apply prospectively to non-RPP customers to dispose of the global adjustment sub-account balance.

### Addendum to Manager's Summary

8. The results of an OEB Regulatory Audit review from proceeding EB-2007-0755, determined that disposition of a credit amount of \$261,348 was incorrectly recorded and should have been a credit of \$215,662.
- a) As per the Addendum to Manager's Summary submitted on December 7, 2010, please confirm that Chapleau PUC will be making a debit adjustment of \$45,686 to account 1595 as a result of the audit review from proceeding EB-2007-0755.
  - b) Please confirm that Chapleau PUC will be requesting disposition of the residual balance in account 1595, net of the above adjustment, in the next rate application.
  - c) Please provide a table that compares the amounts that would be allocated to each customer rate classes using the allocation factors contained in the *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report* (EB-2008-0046). The total amount in each scenario below should add up to \$45,686.
    - I. 1595: Residual account balance to be allocated to rate classes in proportion to the recovery share as established when rate riders were implemented.
    - II. 1508: Distribution revenues
      - 1586: kWh
      - 1588: kWh