

CHAPLEAU PUBLIC UTILITIES CORPORATION

LICENCE NO. ED-2002-0528

**ADDENDUM TO
2012
COST OF SERVICE RATE APPLICATION**

BOARD FILE NO. EB-2011-0322

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Chapleau Public Utilities Corporation

Licence Number ED-2002-0528

Addendum to Manager's Summary

Application Number EB-2011-0322

INTRODUCTION

The Manager's Summary submitted by Chapleau Public Utilities Corporation ("CPUC") on January 27, 2012 for new Cost of Service Electricity Distribution Rates effective May 1, 2012 did not include evidence to support the disposition of Account 1521 and Account 1562 as per the Board's instruction. This Addendum rectifies that omission.

ACCOUNT 1521 SPECIAL PURPOSE CHARGE (SPC) ASSESSMENT

CPUC's share of the amount remitted to the Minister of Finance is \$11,270.00 for the SPC assessment. CPUC has maintained separate sub-accounts to record the amounts recovered from customers over a one-year period and has used the Board prescribed interest rates to calculate carrying charges.

CPUC's share of the assessment was recognised in the account in May 2010 and commenced customer billing in June 2010 recovering the SPC assessment over a one-year period based on customer consumptions. CPUC has completed the recovery of the assessment in July 2011. The balance (unaudited) in Account 1521 is as follows:

Assessment Amount	\$11,270.00
Recovery from Customers	<u>\$10,660.76</u>
Balance Remaining	\$ 609.24

Carrying Charges to April 2012	\$ 91.39
Balance to be Collected	\$ 700.63

Attached is CPUC variance account worksheets identified as **APPENDIX A**.

ACCOUNT 1562 DEFERRED PAYMENTS IN LIEU OF TAXES

The Ontario Energy Board issued a Decision and Order in the combined proceeding (EB-2008-0381) on Account 1562 Deferred PILs on June 24, 2011. In that Decision and Order the Board directed electricity distributors subject to section 93 of the Electricity Act, 1998 to apply for final disposition of the balance in Account 1562 in its next rates application being either IRM or Cost of Service.

CPUC has included the required evidence for the review and disposition of Account 1562 as an addendum to the Cost of Service application submitted to the Board on January 27 2012. The evidence filed is consistent with the level of detail found in the combined proceeding, including the findings in the Board's decision and the settled issues found in the settlement agreement.

With this application, CPUC has provided detailed documentation supporting the PILs true-up in this rate application and where possible the information is provided electronically. In some cases however not all historical records are available and some exist only in hard-copy.

CPUC has prepared a continuity schedule in Excel format for Account 1562 (**APPENDIX B**) that provides a summary of the Board Approved PILs Proxy amounts for rate adjustment models, true-up adjustments and deferral variance adjustments from the annual SIMPIL models, PILs billed to customers (Fixed and Variable charge) and the related carrying charges at the Board prescribed interest rates for the period beginning October 1, 2001 to April 30, 2012.

Included in **APPENDIX B** are Rate Riders to the various classes to dispose of the credit (refund) variance.

CPUC believes that the evidence provided herein is fully in accordance with all Board decisions in regard to proceeding EB-2008-0381. CPUC certifies that all updated Board models referenced in the course of that proceeding were used in preparing this Addendum.

PILs Proxy - Board Decisions

To develop the continuity schedule CPUC used data from the 2002 and 2005 Board Decisions for the approved Proxy amounts (**APPENDIX C**) as follows:

2001 PILs Proxy as per Boards Decision	\$5,068
2002 PILs Proxy as per Boards Decision	\$17,627
2005 PILs Proxy as per Boards Decision	<u>\$22,891</u>
TOTAL	<u>\$45,586</u>

Board Decisions were applied October 2001 to April 2006 as follows:

2001	\$5,068
2002	\$17,627
2003	\$22,695
2004	\$18,894
2005	\$21,575
2006	<u>\$7,630</u>
TOTAL	<u>\$93,489</u>

PILs Billed to (collected from) Customers

Variable and fixed rates used were developed using the Rate Adjustment Models (RAM). Variable and fixed rates were applied to customer billings from March 2002 to March 2004. From April 2004 to May 2006 only variable rates were applied as per the Board's decision.

Development of variable and fixed rates used for customer billings for PILs were taken from CPUC's RAM applications (**APPENDIX D**) for 2002, Sheet 6 "2001 PILs Deferral Account Estimate Adder Calculation"; 2004 Sheet 8 "2002 Calculating Rate Increases using 2002 LDC Data and the 2004 PILs Proxy"; and 2005 Sheet 4 "Calculating Incremental Rate Increase Due To 2005 PILs".

Total billings to customers are as follows:

2002	(\$18,788)
2003	(\$23,652)
2004	(\$17,846)

2005	(\$19,456)
2006	<u>(\$12,024)</u>
TOTAL	<u>(\$91,765)</u>

True-up and Deferral Variance Adjustments

The True-up and Deferral Variance Adjustments were calculated in the SIMPIL Model **(APPENDIX E)** under Sheet "TAXCALC" for years 2001 to 2005, as follows:

	True-up	Deferral Account
2001	(\$5,982)	\$0
2002	(\$22,112)	\$0
2003	(\$21,403)	(\$458)
2004	(\$28,683)	(\$458)
2005	<u>(\$33,001)</u>	<u>\$0</u>
TOTAL	<u>(\$111,181)</u>	<u>(\$916)</u>

Interest Carrying Charges

Interest carrying charges were applied to each year beginning October 2001 and ending April 2012 as follows:

Period	Annual %	Monthly %
2001 - October	7.25	0.6042
2002 - January	7.25	0.6042
2003- January	7.25	0.6042
2004 - January	7.25	0.6042
2005 - January	7.25	0.6042
2006 - January	7.25	0.6042
2006 - April	4.14	0.3450
2006 - June	4.59	0.3825

2007 - January	4.59	0.3825
2008 - January	5.14	0.4283
2008 - May	4.08	0.3400
2008 - July	3.35	0.2792
2009 - January	2.45	0.2042
2009 - April	1.00	0.0833
2009 - July	0.55	0.0458
2010 - January	0.55	0.0458
2010 - July	0.89	0.0742
2010 - October	1.20	0.1000
2011 - January	1.47	0.1225
2012 - January	1.47	0.1225

Total Carrying Charge (interest) applied to Account 1562 Deferred Payments in Lieu of Taxes for the period October 2001 to April 2012 is (\$ 26,231)

Summary of Account 1562

PILs Proxy - Board Decisions	\$93,489
PILs Billed to (collected from) Customers	(\$91,765)
True-up PILs Variance Adjustments	(\$111,181)
Deferral Variance Adjustments	(\$916)
Carrying Charges	<u>(\$ 26,231)</u>
Total Refund to Customers	<u>(\$136,604)</u>

CONCLUSION

The Total Net Disposition of all deferral accounts that CPUC will refund customers in 2012 will total (\$253,442) as follows:

Deferral account dispositions as per original submission (all customers)	(\$118,493)
Deferral account dispositions as per original submission (non RPP customers)	\$ 954
Disposition of Account 1521	\$ 701
Disposition of Account 1562	<u>(\$136,604)</u>
Total Amount for Disposition	<u>(\$253,442)</u>

The total amount for disposition is 30.8% of CPUC's net revenue requirement of \$823,030. This will place CPUC at risk, therefore CPUC requests that disposition of Account 1562, i.e. refund to customers, be spread over a period of 3 years at (\$45,535) per year.

Rate Rider Rates for 2012

The following table was submitted to the OEB on January 27, 2012 with CPUC's Cost of Service Application. It now includes disposition of Account 1521 and 1/3 of Account 1562. See **APPENDIX B.**

2012 Deferral and Variance Account Disposition Total including Account 1521 and 1/3 of 1562 above

Customer Classes	Residential	GS < 50 kW	GS > 50 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
Billing Determinants	kWh	kWh	kW	kWh	kW	kW
Consumptions - kWh or kW	14,574,912	5,255,040	19,530	7,272	66	780
Disposition Amount	-\$ 60,973	-\$ 22,599	-\$ 33,487	-\$ 32	-\$ 113	-\$ 1,289
Deferral and Variance Account Rate Rider	(0.004183)	(0.004300)	(1.714644)	(0.004400)	(1.712121)	(1.652564)
Disposition of A/C 1521 - From above over 1 year	0.000025	0.000025	0.009883	0.000025	0.009906	0.009519
Disposition of A/C 1562 - From above over 3 years	(0.002085)	(0.001745)	(0.252754)	(0.014885)	(1.829606)	(1.044942)
NEW Deferral and Variance Account Rate Rider	(0.0062)	(0.0060)	(1.9575)	(0.0193)	(3.5318)	(2.6880)

Customer Impacts

Monthly Average Customer consumption Impacts by class with the inclusion of Accounts 1521 and 1562 dispositions will be:

Rate Class	Average Consumption	Increase (Decrease)	
		\$ Amount	Percent
Residential	1,072 kWh	7.60	5.67 %
General Service <50 kW	2,720 kWh	12.01	3.72 %
General Service > 50 kW	116.25 kW 45,589 kWh	(648.96)	(10.68)%
Un-metered Scattered Load	101 kWh	(1.33)	(4.22)%
Sentinel Lights	0.23 kW 93 kWh	4.09	27.43%
Street Lights	0.19 kW 72 kWh	1.58	12.29%

Additional Supporting Information

CPUC's Tax Returns for each tax period from 2001 to 2005 **(APPENDIX F)**

CPUC's Tax notice of assessments for each tax period from 2002 to 2005 **(APPENDIX G)**

CPUC's Audited Financial Statements for the period 2001 to 2005 **(APPENDIX H)**

CPUC's SIMPIL RRR Filings **(APPENDIX I)**

CPUC Current and Proposed Rates **(APPENDIX J)**

APPENDICES