

Chapleau Public Utilities Corporation
2012 Rate Rebasing Application
EB-2011-0322

Board Staff Supplemental Interrogatories

Pursuant to Procedural Order No. 3, the following are Board staff's follow-up interrogatories based on the first set of interrogatories responses filed with the Board on June 20, 2012. The numbering continues from that first set of interrogatories.

24. Effective Dates for New Rates

Reference: Board staff Interrogatory 2

CPUC has applied for a Smart Meter Disposition Rider and a Stranded Meter Rate Rider to be recovered over 4 years.

- a. Please state the proposed starting and ending dates that the four years would cover for each rate rider.

25. Volumes

Reference: Board Staff Interrogatory 5

CPUC states that the billed kWh forecast is adjusted by 1.0490, which is the historical loss factor from the period 2003 to 2010. However, CPUC is requesting the Board to approve a new loss factor for 2012 rates of 1.0671, as found on page 189 of CPUC's application.

- a. Please comment on why CPUC is not using the loss factor it is proposing for determining billing volumes in 2012 for forecasting the weather normalized energy bill in the same year.

On page 23 CPUC provides the output from its forecasting model. The Model is built on five variables and an intercept. Two of the variables are heating degree days and cooling degree days.

- b. Please provide separate estimates of the percentage of residential and GS<50 customers that use electricity for heating and separate estimates of the percentage of the same customer classes that use electricity for cooling.

- c. Please provide an explanation for the negative intercept.

On page 29 CPUC states that the historical geometric mean was applied in 2011 and 2012 to forecast usage per customer/connection. CPUC provides the results in *Table L – Forecast Annual kWh Usage per Customer/Connection*. Board staff was not able to replicate the table results. For example, the 2010 residential usage per customer/connection was 12,003 according to *Table J – Historical Annual Usage per Customer*. Applying the geometric mean of 0.9930 as found in *Table K – Geometric Mean Growth Rate in Usage per Customer/Connection* results in 11,919 for 2011. However, CPUC determined the usage per residential customer for 2011 to be 11,789.

- d. Please explain the apparent discrepancy.
- e. Please provide explanations for the geometric mean being less than 1.0, which implies a negative growth rate.

26. Capital Expenditures

Reference: Board staff Interrogatory 7

In response to Board staff interrogatory 7 a. and 7 b., CPUC grouped its CAPEX into the following categories; Safety and Reliability, Inclement Weather, and Conservation. In some years the CAPEX does not total 100%.

- a. Please provide, with an explanation, what the balance is that would bring the CAPEX to 100%.

Board staff also notes that the 2012 CAPEX totals \$19,505 and represents 100% of CAPEX for the year, while on page 90 of the Application, CPUC shows \$58,290 for 2012.

- b. Please explain the apparent discrepancy. If costs are in other categories not listed in the table, please explain, as in a. above.
- c. Please explain the nature of the expenditures categorized as Conservation.

27. Smart Meters

Reference: Board staff Interrogatory 8

In response to Board staff Interrogatory 8 u. CPUC stated that the unit cost for smart meters without OM&A was \$338.08 per meter, and the total cost with OM&A was \$403.08 per meter. Appendix A of the Combined Proceeding Decision compares data for 9 out of 13 utilities and shows the total cost per meter ranged from \$123.59 to

\$189.96, with Hydro One Networks Inc. being the main exception at \$479.47.¹ The Monitoring Report of Smart Meter Investment as of September 30, 2010 also shows an industry average of \$226.92. Please provide an explanation as to why the unit costs appear to be high relative to those found in the Combined Proceeding and the industry average of \$226.92.

28. Shared Services

Reference: Board staff Interrogatory 10

CPUC provided a description of the allocators by account for costs transferred from Chapleau Energy Services Corporation ("CESC"). Board staff is interested in the meter reading and billing cost transfers.

- a. Does CESC read and bill for water service?
- b. If CESC reads and bills for water service, please show a calculation allocating the cost based on number of bills issued annually for water service and for electricity distribution service.

29. Cost of Power

Reference: Board staff Interrogatory 17

Board staff requests that an RTSR Work Form be filed to include the following January 1, 2012 Uniform Transmission Rates:

EB-2011-0268	
	\$/kW
Network Service rate	3.22
Line Connection Service Rate	0.79
Transformation Connection Service Rate	1.77

30. Deferral and Variance Accounts

Reference: Board staff Interrogatory 22

The sub numbering in the responses to Board staff Interrogatory is shifted from the numbering in the interrogatory because question 22 e. was not numbered. As a result response 22 e. was question 22 f. The shift in numbering continued to the end of the

¹ Board's Decision in the Combined Proceeding EB-2007-0063, September 21, 2007

questions on Deferral and Variance Accounts. The following is based on the original interrogatory numbering.

Board staff Interrogatory 22(g), (i), (k), and (l) asked CPUC to provide rate rider calculations based on the following respectively:

- 50% of the amount recorded in account 1592 Sub-account HST/OVAT ITCs, as per the direction of the Board in EB-2009-0219,
- The debit amount of \$45,686 with respect to the Board letter dated August 6, 2009 subsequent to and OEB Regulatory Audit review,
- Balance in account 1508, Sub-account IFRS Transition Costs as of December 31, 2010, and interest forecasted to April 30, 2012, and
- Use a 2-year disposition period for all accounts (except GA) for rate rider calculations.

In its response to the first 3 bullet points above, CPUC pointed to Appendix E for the rate rider calculations. We were unable to find an "Appendix E". Please provide an updated rate rider calculation ensuring that the calculation includes the amounts as per CPUC's updated evidence provided in response to Board staff Interrogatory 22: