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**Commission de l'Énergie
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BY EMAIL

December 17, 2012

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Board Staff Submission on the Draft Rate Order of Chapleau Public Utilities Corporation,
2012 COS Rate Application
EB-2012-0322**

In its Decision and Order, EB-2012-0322 in the Chapleau Public Utilities Corporation's ("CPUC") 2012 cost of service application the Board directed that Board staff and VECC file any comments on CPUC's draft rate order within 4 days of CPUC filing its draft rate order. Please find below, Board staff's comments. Board staff seeks the Board's indulgence as it is filing this late.

Board staff noted VECC's submission concerning the rate design and agrees that:

- CPUC did not use year-end customer counts as directed by the Board in its Decision;
- CPUC used "number of devices" rather than "number of connections" for the billing unit the Street Lighting class; and
- CPUC has designed rates that would be in place to meet its revenue-to-cost ratio targets in 2015.

With respect to the last point, CPUC is not showing how, if any, it is compensated for net lost revenues in each year that the respective class ratios are adjusted. Board staff submits that CPUC should file a rate design for 2012, and show the adjustments to each class in the subsequent three years, 2013 – 2015. Such a table will make transparent as to whether CPUC is able recover its allowed revenue requirement in each year of the plan. The tables should also include the fixed/variable rates and the revenue-to-cost ratios for each class in each year.

In addition, CPUC should show for each year that bill impacts are less than 10%.

CPUC filed an updated LRAM excluding savings for the periods prior to 2008 and after 2010. The calculation included interest. However, Board staff is unable to confirm the correction for the Great Refrigerator Round-up 2009 – 2010. Board staff submits that CPUC address this correction.

With respect to the Tariff of Rates and Charges, Board staff submits that the distribution charges are incorrect, for they are based on the rates that would be in place after the phase-in of the revenue-to-cost ratio changes, which is in 2015.

Board staff also submits that the Tariff of Rates and Charges does not include the Foregone Revenue Rate Rider that was allowed by the Board, and that the Rural Rate Protection Charge should be \$0.0011.

Yours truly,

Original signed by

Christie Clark
Case Manager

Enclosure