

# Chapleau Public Utilities Corp.

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December 19, 2012

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

**Re: Chapleau Public Utilities Corporation (CPUC) 2012 Cost of Service Rate  
Application EB-2011-0322 .  
Response to Board Staff and VECC Submission on the Draft Rate Order.**

Dear Ms. Walli:

Chapleau Public Utilities Corporation (CPUC) hereby submits its response to Board Staff submission on the Draft Rate Order in accordance with the Ontario Energy Boards Decision and Order of November 29, 2012.

Enclosed with this letter are two (2) hard copies of all documents and exhibits used to develop the response to Board Staff submission on the Draft Rate Order. Electronic versions of these documents are also being submitted through the Boards e-Filing Services (RESS).

These documents are filed on behalf of Chapleau Public Utilities Corporation.

Sincerely,

Original signed by:

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Peter Ioannou  
Enclosure

cc: Marita Morin, Chapleau Public Utilities Corporation.

**Chapleau Public Utilities Corporation (CPUC)  
Response to Board Staff Submission on the Draft Rate Order  
2012 Cost of Service Rate Application  
EB-2011-0322**

**Introduction**

Chapleau Public Utilities Corporation (CPUC) filed a cost of service application with the Ontario Energy Board on January 30, 2012. The Application was filed under section 78 of the *Ontario Energy Board Act, 1998* seeking approval for changes to the rates that CPUC charges for electricity distribution to be effective May 1, 2012. The Board assigned the application file number EB-2011-0322.

In this response to Board Staff Submission on the Draft Rate Order, issued December 17, 2012, the following issues were addressed that required changes to be made to CPUC's proposed rates for 2012:

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;

***Response:***

***Using year-end customer counts will affect the residential customer class only in their variable rate by \$0.0003.***

***As noted by VECC, CPUC agrees that the difference is small and materiality does not warrant revising.***

- CPUC used "number of devices" rather than "number of connections" for the billing unit the Street Lighting class; and

***Response:***

***Due to some confusion as to the number of connections/devices for the Street Light class, CPUC confirms that there are 341 connections, not 335, and 341 devices. CPUC has used the value of 341 as the billing unit to calculate rates for this class.***

- 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 to 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.

**Response:**

***Having applied the Revenue-to-Cost Ratio adjustments to the Sentinel and Street Light classes the resulting impacts on both classes was deemed too high by CPUC and the adjustments to the General Service >50 kW and the offsets were phased in over the IRM period.***

***Appendix B was developed to show transparency to the development of the annual Revenue-to-Cost Ratios and proposed Revenue Requirements due to Revenue Realignment, to the annual increases/decreases and Revenue Losses to CPUC.***

***The first table in Appendix B shows the offsets in each year and the new revenue requirement to ensure that impacts to the Sentinel and Street Light classes are kept to below 10.0%. For the Sentinel Light class the phase in period is over 4 years while for the Street Light class the phase in period is over 3 years.***

***Following the above Revenue-to-Cost Ratio adjustments CPUC performed an impact study to all classes and determined that the following customer class/consumptions will be affected by more than 10.0%.***

Rate Class	Consumptions Less Than	Number of Customers or Connections
Residential	1,312 kWh	Approx. 500
GS <50 kW	1,135 kWh	Approx. 24
Unmetered Scattered Load	ALL	6
Sentinel Lights	ALL	23
Street Lights	ALL	341

***All other tables in Appendix B were developed for proposed rates that will mitigate rate impacts to the above classes to increases below 10.0% and to determine revenue losses to CPUC.***

### ***Proposed Rates***

Rate Class	Proposed Rates	2012	2013	2014	2015
Residential	Fixed	20.15	23.37		
	Variable	0.0135	0.0135		
GS <50 kW	Fixed	31.79	34.19		
	Variable	0.0174	0.0174		
GS >50 kW	Fixed	188.72	188.72	188.72	188.72
	Variable	3.6405	3.5834	3.5263	3.5111
Unmetered Scattered Load	Fixed	20.15	23.38	24.28	
	Variable	0.0326	0.0326	0.0326	
Sentinel Lights	Fixed	4.41	5.41	7.70	8.80
	Variable	8.6067	10.1067	13.4067	13.4067
Street Lights	Fixed	3.50	3.90	4.31	
	Variable	14.4120	18.2233	20.0394	

### ***Annual Increase (decrease)***

Rate Class	2012	2013	2014	2015
Residential	8.03%	2.28%		
GS <50 kW	8.03%	0.71%		
GS >50 kW	(10.65)%	(0.14)%	(1.25)%	(0.14)%
Unmetered Scattered Load	9.91%	9.51%	2.42%	
Sentinel Lights	8.51%	8.53%	8.55%	8.52%
Street Lights	8.36%	8.30%		

### ***Summary of Net Revenue Losses***

Rate Class	2012	2013	2014	2015	TOTAL
Residential	(18,241.30)	-	-		(18,241.30)
GS <50 kW	(1,932.00)	-	-	-	(1,932.00)
GS >50 kW	-	-	-	-	-
Unmetered Scattered Load	(123.90)	(64.80)	-	-	(188.70)
Sentinel Lights	(342.10)	(858.69)	(8.85)	294.75	(914.89)
Street Lights	(2,383.21)	(2,271.23)	810.33	-	(3,844.11)
<b>TOTAL</b>	<b>(23,022.51)</b>	<b>(3,194.72)</b>	<b>801.48</b>	<b>294.75</b>	<b>(25,121.00)</b>

***CPUC is proposing to forego revenue losses for the Unmetered Scattered Load and Sentinel Light Classes. CPUC in its original submission stated that it would forego revenue losses of \$581.00 for the GS <50 kW class however revenue losses are no longer trivial having more than trebled since the original submission.***

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

***Response:***  
***See response above***

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.

***Response:***  
***CPUC confirms that the correction to the Great Refrigerator Round-up 2009 – 2010 has been made in its application.***

***CPUCs initial application showed a total savings for the years 2008 to 2010 of \$14,732. This amount was adjusted to \$9,471 due to the adjustment to the Great Refrigerator Round-up.***

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.

***Response:***  
***CPUC has prepared a new Tariff of Rates and Charges showing the rates and charges applicable for 2012, 2013, 2014 and 2015 as Attachment C.***

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.

**Response:**

***CPUC has included the Foregone Revenue Rate Rider that was allowed by the Board to be collected over 17 months in the 2012 rate schedules.***

***The Rural Rate Protection Charge has been adjusted in the rate schedules for 2012 to \$0.0011.***