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BY E-MAIL

September 13, 2013

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

Dear Ms. Walli:

**Re: Cooperative Hydro Embrun Inc.
Application for Rates
Board File No. EB-2013-0122**

In accordance with the Procedural Order No. 1 issued on September 4, 2013, please find attached the Board Staff Interrogatories on the cost of service rate application filed by Cooperative Hydro Embrun Inc.

As a reminder, Cooperative Hydro Embrun Inc.'s responses to interrogatories are due by October 9, 2013.

Yours truly,

Original Signed By

Daniel Kim
Analyst – Applications & Regulatory Audit

Encl.

Board Staff Interrogatories
2014 Electricity Distribution Cost of Service Application
Cooperative Hydro Embrun Inc. ("CHEI")
EB-2013-0122
September 13, 2013

Exhibit 1 – General

1-Staff-1

Updated Revenue Requirement Work Form

Upon completing responses to all interrogatories from Staff and intervenors, please provide an updated RRWF with any corrections or adjustments that the applicant wishes to make to the amounts in the previous version of the RRWF included in the middle column. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or any explanatory note.

1-Staff-2

Updated Appendix 2-W – Bill Impacts

Upon completing responses to all interrogatories from Staff and intervenors, please provide an updated Appendix 2-W for all classes at the typical consumption/demand levels (i.e. 800 kWh for Residential, 2,000 kWh for General Service Less Than 50 kW).

1-Staff-3

Ref: E1.T1.S6 – Cooperative Membership

On page 13 of Exhibit 1, CHEI indicates that each customer is a member and owner of the business (i.e. CHEI) with an equal say as every other member of the cooperative. CHEI also indicates that the coop members determine objective, financing, operating policies and method of sharing benefits.

- a) Under what circumstance can one member own multiple shares in CHEI?
- b) How does CHEI manage disputes and/or differing opinions within its membership?
- c) Please describe in detail what types of decision making are CHEI's members actively participating in?
- d) Please provide a summary of the skills and experience that coop members have in determining CHEI's objectives, financing, operating policies, etc.
- e) How frequent are meetings with CHEI's members? Is a voting system used in decision making?

1-Staff-4

Ref: E1.T1.S14 – Conditions of Service

On page 18 of Exhibit 1, CHEI has indicated that it is in the process of updating its conditions of service.

- a) What is the status of this update?
- b) Staff notes that Conditions of Service should not contain any rates or charges. Please confirm that this update will not have any rate impacts on CHEI's customers.
- c) Are there any additional anticipated costs for updating CHEI's conditions of service?

1-Staff-5

Ref: E1.T2.S3 – OM&A Costs

On page 24 of Exhibit 1, CHEI indicates that OM&A cost expenditures for the 2014 test year are the result of a planning and work prioritization process.

- a) Please explain what type of criteria or strategy is used to determine which solutions are the most cost effective for CHEI and its customers.
- b) Who is involved in this planning and work prioritization process?

1-Staff-6

Ref: E1.T3.S1 – Audited Financial Statements

On page 12 of CHEI's 2012 Audited Financial Statements, under Note 6, \$334,135 for smart meters seems to be included under regulatory assets.

- a) Please confirm that CHEI had its smart meters reviewed and approved in a stand-alone smart meter application in EB-2012-0094.
- b) The Board's decision was issued on August 23, 2012. CHEI should have made the accounting changes to add in the smart meters before December 31, 2012. However, between Notes 6 and 7, it does not seem that smart meters have been transferred from regulatory assets to rate base as of December 31, 2012. Please confirm that CHEI has done so. If it has not, please explain.

Exhibit 2 – Rate Base

2-Staff-7

Ref: E2.T2.S4 – 2013 Capital Budget

On page 7 of Exhibit 2, CHEI has indicated that the projected average balance in 2013 of \$2.1 million is \$186,000 or 10% greater than 2012. CHEI noted that the increase is primarily due to significant monies budgeted for overhead and underground conductors

and devices (\$111,000), and poles and transformer (\$84,000), as well as \$62,000 budgeted for upgrades to CHEI's distribution station equipment in advance of the subdivision in 2014-2015.

- a) Please reconcile the amounts mentioned above for the overhead and underground conductors and devices, poles and transformers and upgrades to the distribution station equipment with the amounts stated in the 2013 Capital Budget table provided on page 23 of Volume 2.

2-Staff-8

Ref: E2.T2.S2 Appendix 2-A Capital Projects Table – Pole Replacement

CHEI has indicated various amounts from 2008 to 2014 for pole replacements (e.g. \$18,322.50 for 2008, \$43,906.50 for 2009, \$62,255.50 for 2010, etc.).

- a) Please provide a detailed description of what factors determine the cost of pole replacements.
- b) What is the average cost per pole replacement?

2-Staff-9

Ref: E2.T2.S2 Appendix 2-A Capital Projects Table – 4th Feeder

CHEI has indicated that the 4th Feeder for Ste-Therese in 2013 is \$58,750 and the 4th Feeder for Cloutier Street in 2014 is \$19,375.

- a) Please explain what factors cause the costs between the 4th Feeder for these streets to differ?
- b) Does CHEI anticipate installing a 5th or 6th Feeder in the near future?

2-Staff-10

Ref: E2.T2.S3 Table 10 Summary of Project Need – Project Classification and Categorization

Please provide a reconciliation of the non-discretionary costs (development of \$418,845 and sustainment/maintenance of \$40,750) with the capital projects costs associated with the new subdivision.

2-Staff-11

Ref: E2.T2.S4 Historical and Projected Capital Plans – New Subdivision

CHEI has forecasted \$398,000 for the new subdivision in what appears to be underground cable or underground conductors for 2014.

- a) Please provide a detailed breakdown of \$398,000 between underground cables and/or underground conductors. If there are other components besides underground cables and/or underground conductors included in the \$398,000, please list them.

On page 33 of Exhibit 2, CHEI has noted that “after discussion with the municipality there will be four new projects in CHEI’s service area”. CHEI indicated that as an objective, “to respond to entrepreneur’s request if in fact request for new subdivision arise and sufficient transformers.”

- b) Please provide a description of what these four projects are and also include the estimated number of residential, small businesses, street lights, and unmetered scattered load customers.
- c) Who is CHEI referring to as the entrepreneur?
- d) What are the estimated capital contributions that will be required from the entrepreneur for the new subdivision?

2-Staff-12

Ref: E2.T2.S4 Historical and Projected Capital Plans – Harris Software MOE Standard Bill Print

On page 29 of Exhibit 2, CHEI has indicated capital costs of \$25,000 for 2013 related to the Harris Software MOE (Ministry of Energy) standard bill print to follow the direction of the Ministry of Energy.

- a) Please provide a copy of the directive that was given to CHEI by the Ministry of Energy.
- b) As of what date did CHEI start using the standard bills for time-of-use rates?
- c) Please confirm if the \$25,000 is a one-time cost or an on-going cost.

2-Staff-13

Ref: E2.T2.S4 Historical and Projected Capital Plans – Harris Version 6.4

On page 35 of Exhibit 2, CHEI has forecasted \$20,000 in 2014 for a Harris version 6.4 upgrade. CHEI has indicated that the objectives of this upgrade is to provide tools to management to perform regular tasks as well as protect actual hardware as required by the service provider.

- a) Please identify whether there are any associated training costs for staff for the upgrade. If so, has CHEI requested these costs in OM&A or are they included in this amount?

2-Staff-14

Ref: E2.T2.S4 Historical and Projected Capital Plans – Harris Customer Connect

On page 35 of Exhibit 2, CHEI has forecasted \$15,000 in 2014 for Harris Customer Connect. CHEI has indicated that it will provide a “Customer Connect” tool to its customers to help and promote energy conservation.

- a) Please confirm if this a one-time cost or an ongoing cost.
- b) Please describe what energy conservation tools the “Customer Connect” will provide to CHEI’s customers.

2-Staff-15

Ref: E2.T2.S4 Historical and Projected Capital Plans – Smart Meter Toll Deployment

On page 19 of Exhibit 2, CHEI has indicated \$4,205 for Smart Meter Toll Deployment.

- a) Please provide a description of what this is.
- b) Does CHEI anticipate this amount being a one-time cost or ongoing?

2-Staff-16

Ref: E2.T2.S4 Historical and Projected Capital Plans – New Services

On page 22 of Volume 2, CHEI has indicated the total cost in 2012 for installation of overhead or underground facilities for new customers is \$4,389.50. Staff is unable to reconcile this amount with the 2012 Capital Expenditures table on page 19 nor Appendix 2-A Capital Projects Table A. Please reconcile the difference and explain the discrepancy.

2-Staff-17

Ref: E2.T2.S4 Historical and Projected Capital Plans – Installed 4th Feeder Switch

On page 24 of Exhibit 2, CHEI indicates that the total estimated cost in 2013 of installing a new 4th Feeder switch to prepare for future growth in 2015 is \$52,400.

- a) Please provide the status of this installed 4th feeder switch. Is this feeder switch in service?
- b) Is this 4th feeder related to Ste-Therese? If so, please reconcile the \$52,400 with the \$58,750 inputted into Appendix 2-A for the 4th Feeder for Ste-Therese in 2013.
- c) Is this 4th feeder related to Cloutier Street? If so please reconcile the \$52,400 with the \$19,375 inputted into Appendix 2-A for the 4th Feeder for Cloutier Street in 2014.

CHEI has also indicated that the objective of this feeder switch is “to be prepare for the future growth in 2015 (south of Castor River 1,500 customers) and to reduce line lost on distribution system.”

- d) Are these 1,500 new customers or existing customers or a mix of both? Please provide a breakdown.
- e) Are the 1,500 customers noted here captured in CHEI’s load forecast and customer forecast for the bridge year or test year?

2-Staff-18

Ref: E2.T2.S4 Historical and Projected Capital Plans – Pole Replacement Ste-Therese – 4th Feeder

On page 25 of Exhibit 2, CHEI has estimated \$54,800 in 2013 for installing a new pole to add the 4th feeder to prepare for the future growth in 2014 (south of Castor River).

- a) Please confirm how many poles are being installed.
- b) Please provide a status update as to how many poles have been installed to date versus how many poles have been planned to be installed.
- c) Please confirm in which year all poles included in this project will be in service by.

2-Staff-19

Ref: E2.T2.S5 page 38 Explanation of Expenses over the Materiality Threshold – Poles, Towers and Fixtures

On page 38 of Exhibit 2, the total costs of the poles and material for pole reframing on this page is \$49,125. However, in Appendix 2-A and the 2013 Capital Budget table, on E2.T2.S3 page 23, indicates a total of \$83,850 for these same components.

- a) Please reconcile the difference and explain why there is a difference.
- b) Please explain how these amounts are related to the pole replacement projects for 2013 on page 25, which is also referred to in 2-Staff-21.

2-Staff-20

Ref: E2.T2.S5 Explanation of Expenses over the Materiality Threshold – Underground Conductors and Devices

On page 40 of Exhibit 2, CHEI estimated that the connection cost per house will be \$1,200 for 250 houses for the new subdivision.

- a) Please provide a detailed breakdown of how CHEI has estimated a \$1,200 connection cost per house by each element of connecting (e.g. Feeders, smart meters, underground conductors, transformers, etc.).

- b) Why are the 4th Feeder for Ste-Therese in 2013 and the 4th Feeder for Cloutier Street not included in this estimated connection cost?

2-Staff-21

Ref: E2.T2.S7 Asset Management Plan – Pole Replacement Schedule

On page 53 of Exhibit 2, CHEI has indicated that the pole replacements identified in red in the Poles Replacement Schedule table have been budgeted for in CHEI's 2014 cost of service application.

- a) Please explain the rationale for why the replaced poles in 1999, 2004, 2011 and 2012 are being budgeted for in CHEI's 2014 cost of service?
- b) Why are the 2013 and 2014 years not included in the Poles Replacement Schedule table?

2-Staff-22

Ref: E2.T2.S7 Asset Management Plan – Inspection of Overhead Distribution System

On page 57 of Exhibit 2, CHEI noted that the contractor provided an assessment of each poles' condition and subsequently made recommendations for pole replacements based on these attributes and condition, as per the annual inspection process.

- a) Who is the contractor that carries out the pole inspection work for CHEI?
- b) Do CHEI's management and/or board of directors get involved in determining how many poles are replaced each year?
- c) Does this contractor also provide the inspection work for all other items in the minimum inspection requirements of the Distribution System Code?

2-Staff-23

Ref: E2.T2.S8 Green Energy Act Plan

According to the 2014 Cost of Service Checklist completed by CHEI as part of its original application, CHEI is seeking an exemption from filing an OPA comment letter on the basis that the number of planned connections is immaterial.

- a) Are the expenditures of the planned connections associated with CHEI's Green Energy Act Plan below CHEI's materiality threshold?
- b) Please confirm that CHEI has not submitted its Green Energy Act Plan to the OPA for comment.

Exhibit 3 – Operating Revenue

3-Staff-24

E3.T1.S4 Load Forecast – Customer Forecast

On page 19 of Exhibit 3, CHEI has indicated that it is in the process of upgrading its distribution system to accommodate new development and that it plans to energize this new subdivision sometime in 2014-2015. CHEI also estimated that the natural growth of the Residential class will increase by 1.26% over 2012 for both 2013 and again in 2014.

- a) Please provide the methodology used and the source of data supporting the estimate.
- b) Please provide an update to the status of this new subdivision (i.e. are there any updates from the municipality?)
- c) When are CHEI's key milestone dates in relation to the construction of the subdivision?
- d) Does the subdivision plans still expect an additional 300 residential and small business customers? If so, please provide the breakdown between the difference customer classes by customer count and by load.
- e) Please reconcile the natural growth that CHEI has estimated to be 1.26% for the residential rate class for 2013 and 2014 with the approximate increase of 10.8% for the residential rate class (2012 versus 2014) load forecast in Table 1:
Proposed 2014 Load Forecast in E3.T1.S2.

3-Staff-25

Ref: E3.T1.S4 – Customer Forecast

On page 26, CHEI provides Table 18 which presents the actual and forecast kWh and kW for Street Lighting and Unmetered Scattered Load classes. However, it appears that the table has not included the column "Year" to identify the time period. Please provide an updated Table 18 with the proper corresponding time period.

Exhibit 4 – Operating Costs

4-Staff-26

Ref: E4.T2.S1 Variance Analysis – Salary and Wages

On page 33 under Exhibit 4, CHEI has indicated a 6% variance in salaries and wages for the 2014 Test Year.

- a) Please provide reasons as to why this variance is higher than what CHEI has experienced in the past.
- b) Please also provide CHEI's sources in determining appropriate salaries.

4-Staff-27

Ref: E4.T2.S2 Appendix 2-K Employee Compensation – Incentive Pay

CHEI has not included any amounts for incentive pay for the 2013 Bridge year and 2014 Test year, however, average yearly incentive pay for 2011 and 2012 actuals were \$15,957 and \$19,000 respectively.

- a) Please explain the rationale for not including any incentive pay amounts for 2013 and 2014.
- b) Please also explain why there was no incentive in 2010?
- c) Are incentive payouts made to all employees at CHEI or to a specific group only (i.e. Management and/or Board of directors)?

4-Staff-28

Ref: E4.T7.S2 LRAMVA

On page 53 under Exhibit 4, CHEI has provided its LRAMVA calculations in a series of tables. CHEI has included net CDM energy (kWh) and peak demand (kW) savings for both 2011 programs and 2011 program savings persisting into 2012 in its LRAMVA calculations.

- a) Please provide an updated LRAMVA Rate Rider table that only includes LRAMVA amounts for 2011 program savings in 2011 and does not include any 2011 persisting savings in 2012.
- b) Please discuss if CHEI will be updating its application to include a request for approval of its 2012 LRAMVA amounts related to its 2012 OPA Province-Wide CDM Programs. If CHEI plans on updating its application, please discuss when it will do so.

4-Staff-29

Ref: E4.T9 Patronage Dividends

On page 49 under Exhibit 4, since 2001 CHEI has remitted over \$300,000 to its customer of which \$100,000 was in the last three years. CHEI noted that this amount of dividends more than offsets the increase in costs from 2010 to the proposed Test Year.

- a) Please provide the calculation CHEI uses in determining the amount of patronage dividend to pay out to its members.
- b) Please also describe in detail what factors are involved in determining what each member receives (e.g. is the dividend payout calculated on electricity consumption?).
- c) Who has the ultimate decision to decide to pay out the patronage dividend? Are members involved in this decision? If not, why not?

- d) Is there a threshold used in the calculation to determine whether or not a dividend will be paid out? If so, what is it?
- e) What does CHEI forecast on paying out for 2013, 2014 and 2015?

Exhibit 8 – Rate Design

8-Staff-30

Ref: E8.T1.S1 Fixed Variable Proportion – Revenues from Existing Fixed and Variable Charges

On Table 1 on page 6 under Exhibit 8, CHEI has used the bridge year volumes in the calculation of the projected revenue from existing variable charges. Please explain CHEI's rationale for using the bridge year as opposed to the test year (2014). If this is an error please re-file the table using the test year.

8-Staff-31

Ref: E8.T1.S5 Appendix 2-V – Reconciliation to Base Revenue Requirement

On page 13 under updated Exhibit 8, CHEI has provided that the proposed monthly service charges and volumetric rates are as follows:

Rate Class	Customers/ Connections	Number of Customers/Connections			Test Year Consumption		Proposed Rates			Revenues at Proposed Rates	Class Specific Revenue Requirement	Transformer Allowance Credit	Total	Difference
		Start of Test Year	End of Test Year	Average	kWh	kW	Monthly Service Charge	Volumetric						
								kWh	kW					
Residential	Customers	1,998.00	1,998.00	1,998.00	21,296,520		\$ 13.75	\$ 0.0173		\$ 607,967.80	\$ 607,968		\$ 607,968	\$ -
GS < 50 kW	Customers	168.00	168.00	168.00	4,950,960		\$ 23.47	\$ 0.0137		\$ 115,019.54	\$ 115,020		\$ 115,020	\$ -
GS > 50 to 4,999 kW	Customers	11.00	11.00	11.00	4,187,781	12,372	\$ 130.00		\$ 1.1660	\$ 31,586.19	\$ 31,586		\$ 31,586	\$ -
Unmetered Scattered Load	Connections	20.00	20.00	20.00	89,554	-	\$ 12.00	\$ 0.0302		\$ 5,581.76	\$ 5,582		\$ 5,582	\$ -
Streetlights	Connections	425.00	425.00	425.00	374,509	1,001	\$ 1.75		\$ 9.9685	\$ 18,903.49	\$ 18,903		\$ 18,903	\$ -
				-						\$ -			\$ -	\$ -
				-						\$ -			\$ -	\$ -
				-						\$ -			\$ -	\$ -
				-						\$ -			\$ -	\$ -
Total										\$ 869,078.87	\$ 869,079	\$ -	\$ 869,079	\$ -

Staff is unable to reconcile the proposed charges with CHEI's Appendix 2-V MS Excel version.

Please consider that in CHEI's evidence at E7.T1.S1 page 14 Table 6 Cost Allocation of Revenue Requirement, CHEI has indicated \$30,281 in revenue offsets. Please explain how CHEI has arrived at the \$869,078 in revenue on Appendix 2-V without including the \$30,281 in revenue offsets. Please reconcile the difference and provide an updated Appendix 2-V.

8-Staff-32

Ref: E8.T5.S2 Table 7 Derivation of Proposed Low Voltage Charges – Low Voltage Charges

Table 7 on page 22 under Exhibit 8, CHEI has provided a table which indicates proposed LV charges for 2013 and not 2014.

- a) Please confirm which year this is for.

The figures in the “Non Uplifted Volumes” column should reflect the updated load forecast figures from CHEI’s updated cost allocation model (worksheet I6.1 Revenue).

- b) Please update Table 7 with the updated load forecast figures and provide an updated derivation of low voltage charges for 2014.

8-Staff-33

Ref: E8.T6.S2 Appendix 2-R Derivation of Proposed Loss Adjustment Factor – Supply Facilities Loss Factor

In Appendix 2-R, CHEI has inputted 1.034 for the Supply Facilities Loss Factor (“SFLF”) for the years 2008 to 2010 and inputted 1.0443 for 2011 and 2012. Staff notes that the usual factor for an embedded distributor whose host is Hydro One is 1.034.

- a) Please explain why CHEI has decided to use the 1.0443 for 2011 and 2012 when calculating the 5-year average for the SFLF?
- b) Please provide CHEI’s opinion on whether the SFLF value of 1.0443 inputted by CHEI should be used rather than the 1.034.

8-Staff-34

Ref: E8.T8.S1 Overview of Bill Impacts

CHEI has noted that “total bill impacts vary by customer class, ranging from a decrease of 18.10% for Unmetered Scattered Load, to an increase of 35.07% for Street Lighting.” CHEI also noted that the General Service Greater Than 50 kW rate class is seeing the largest drop in rates at 45.03%.

- a) Has CHEI considered alternatives to reduce the rate shock and volatility for the Unmetered Scattered Load and General Service Greater Than 50 kW rate classes?
- b) Please provide a detailed rate mitigation plan for the Street Lighting rate class. Please also provide an updated Appendix 2-W which reflects this rate mitigation plan.

8-Staff-35

Ref: E8.T8.S1 Appendix 2-W – Bill Impacts

Staff has noticed a two inconsistencies with Appendix 2-W which was filed by CHEI on June 14, 2013 and the revised Exhibit 8 which was filed on September 12, 2013.

- a) Staff notes that CHEI is proposing a monthly service charge of \$12.00 for the Unmetered Scattered Load, however, in the revised Exhibit 8 the monthly service charge proposed is \$9.75. Please confirm the correct proposed monthly service charge for the USL customer rate class.
- b) Staff also notes that the smart meter entity charge is a fixed monthly charge and should not be multiplied by volume. It appears that that the smart meter entity charge is being multiplied by volume for each customer rate class. Please confirm that it should not be, and if so re-file a corrected version of Appendix 2-W for the affected rate classes.

Exhibit 9 – Deferral and Variance Accounts

9-Staff-36

Ref: E9.T1.S4 Deferral and Variance Account Balances – Calculation of Rate Rider

On page 16 and 17 of Exhibit 9, CHEI is proposing to dispose of the balances in Table 1 (on page 14 and 15) over two years. Staff notes that CHEI did not provide the calculations of the DVA rate riders in E9.T1.S4. Please provide the missing DVA rate rider calculations in E9.T1.S4.

9-Staff-37

Ref: E9.T1.S2 Account 1508, Other Regulatory Assets – Sub account OEB Cost Assessments & Account 1508, Other Regulatory Assets – Sub account Pension Contributions

CHEI provided Table 1 on page 14 of Exhibit 9 requesting the disposition of the December 31, 2012 balances in Account 1508, Sub Account OEB Cost Assessments and Account 1508, Sub Account Pension Contributions.

Although the amounts are not material, Staff notes that CHEI had the opportunity in its previous COS rates application to request the disposition of the two sub accounts but did not follow the December 2005 APH FAQ # 13, which indicates “these recordings are authorized to April 30, 2006 since effective on May 1, 2006 cost assessments and cash pension contributions amounts are included in the distribution rates of LDCs for the 2006/07 rate year.”

Staff notes the Board findings in the EB 2011-0293 Board Decision, denying Atikokan Hydro’s request for recovery of OMERS contributions for the period 2006 to 2011 and OEB cost assessments for the period 2006 to 2009 as being out of period.

Please explain why the Board should approve CHEI’s request for disposition of the balances in Account 1508, Sub Account OEB Cost Assessments and Account 1508, Sub Account Pension Contributions in this rate proceeding.

9-Staff-38

Ref: E9.T1.S1 page 5 and 12 Account 1580, RSVA-WMS and Account 1592, PILS & Tax Variances for 2006 and Subsequent Years, Sub Account HST/OVAT Input Tax Credits

CHEI is requesting the disposition of Accounts 1580 and Account 1592, Sub account HST/OVAT ITCs.

Staff, however noted the differences in the requested amounts for disposition in Table 1 and E9T1/S1 for these two accounts.

Reference	Account 1580, RSVA-WMS	Account 1592, Sub account HST/OVAT ITCs.
Table 1	(\$23,665)	0
E9/T1/S1	(\$40,812)	\$3,816

Please state what are the correct amounts requested for disposition for Accounts 1580 and 1592, Sub account HST/OVAT ITCs and make all the necessary adjustments required, if any, including Table 1 in E9/T1/S2, DVA rate riders calculations, DVA Work Form, etc.

9-Staff-39

Ref: E9.T1.S6 page 18 Account 1588, RSVA – Power

CHEI provided the 2009 to 2012 Audited Financial Statements as well as Table 2: Energy Sales and Cost of Power Expenses.

Staff noted that CHEI did not follow the filing requirements to provide the breakdown of the total energy sales and the total cost of power expenses for 2009 to 2012 as reported in the Audited Financial Statements. In addition, Staff noted that CHEI did not provide the reconciliation between the energy sales and cost of power in Table 2 and the 2009-2012 Audited Financial Statements as required by the COS filing requirements.

- a) Please provide the reconciliation between the total energy sales and cost of power in Table 2 and the total energy sales and cost of power in the 2009 to 2012 Audited Financial Statements.
- b) Is CHEI showing a profit or loss on commodity? If yes, please explain why.

9-Staff-40

Ref: E9.T1.S. page 11 Account 1592, PILS & Tax Variances for 2006 and Subsequent Years

CHEI is requesting disposition of the December 31, 2012 credit balance for Account 1592, PILS & Tax Variances for 2006 and Subsequent Years.

The filing requirements state “Distributors must complete and file Appendix 2-TA in support of their request to dispose of Account 1592.”

Staff noted that CHEI provided Appendix 2-T, but did not provide the information to support the amount requested for disposition.

Please file Appendix 2-TA as required in the filing requirements.

9-Staff-41

Ref: E9.T1.S1 page 12 Account 1592, PILS & Tax Variances for 2006 and Subsequent Years, Sub Account HST/OVAT Input Tax Credits

CHEI is requesting disposition of Account 1592, PILS & Tax Variances for 2006 and Subsequent Years, Sub Account HST/OVAT ITCs.

Staff noted that CHEI did not provide the balance of Account 1592, sub account HST/OVAT ITCs in the DVA Continuity Schedule as well as the analysis required.

Please complete Appendix 2-TB for Account 1592, sub account HST/OVAT ITCs.

- a) Please file the required analysis for the period July 1, 2010 to December 31, 2013 in Appendix 2-TB.
- b) Please record the calculated balance in Account 1592, sub account HST/OVAT ITCs and please update the DVA Work Form.

9-Staff-42

Ref: Account 1576 Appendix 2-EE Accounting Changes Under CGAAP

Revised Appendices 2-B, Old CGAAP: Fixed Asset Continuity Schedules for 2013

Revised Appendices 2-B, Revised CGAAP: Fixed Asset Continuity Schedules for 2013

Staff notes that the figures for the opening net PP&E and net additions in Appendix 2-EE are different from those used in Appendices 2-B under the former and revised CGAAP as shown in the table below. Staff also notes that CHEI used a positive sign rather than a negative sign for depreciation amounts in Appendix 2-EE under former and revised CGAAP.

	APPENDIX 2-EE	APPENDIX 2-B
PP&E Values Under Former & Revised CGAAP >Opening Net PP&E-Note 1	\$3,200,152	\$2,017,237 (3,200,152 less \$1,182,915)
> Net Additions- Note 4	39,486	295,900

In addition, CHEI did not calculate and file the separate rate riders for the disposition of the balance of Account 1576.

- a) Please re-file Appendix 2-EE and other schedules, if any, after including the appropriate figures for the opening net PP&E, net additions, net depreciation (should be negative) and closing net PP&E.
- b) Please calculate and file the separate rate riders for the disposition of the balance of Account 1576.