

**Chapleau Public Utilities Corp.  
 EB-2013-0119  
 Response to Board Staff Interrogatories**

**RTSR Model**

**Board Staff Interrogatory #1  
 Ref: RTSR Workform Sheet 4**

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	13,606,692		1.0654		14,496,570	-
General Service Less Than 50 kW	kWh	4,983,989		1.0654		5,309,942	-
General Service 50 to 4,999 kW	kW	7,124,651	18,736		52.12%	7,124,651	18,736
Unmetered Scattered Load	kWh	5,273		1.0654		5,618	-
Sentinel Lighting	kW	26,265	61		59.25%	26,265	61
Street Lighting	kW	290,000	777		51.16%	290,000	777

a) Please confirm that the data entered in columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” are not adjusted by Chapleau Public Utilities Corp. (“CPUC”)’s Board-approved loss factor.

**Response**

***CPUC confirms that the data entered in columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” are not adjusted by Chapleau Public Utilities Corp. (“CPUC”)’s Board-approved loss factor.***

**Board Staff Interrogatory #2**  
**Ref: RTSR Workform Sheet 4**

Board staff notes certain inconsistencies in the data entered for Non-Loss Adjusted Metered kWh for the Residential and Unmetered Scattered Load rate classes. Specifically, Board staff's records indicate an amount of 4,978,478 kWh for Residential and 5,511 kWh for Unmetered Scattered Load.

- a) Please confirm if the amounts entered for Non-Loss Adjusted Metered kWh for the Residential and Unmetered Scattered Load rate classes are correct. If not, Board staff will make the necessary corrections to the models.

**Response**

***The amounts entered for Non-Loss Adjusted Metered kWh for the Residential class is correct. However the General Service <50 kW and the Unmetered Scattered Load rate classes are not correct.***

***The correct Non-Loss Adjusted Metered kWh for the General Service <50 kW class should be 4,978,478 kWh and the Unmetered Scattered Load class should be 5,511 kWh.***

**IRM Rate Generator**

**Board Staff Interrogatory #3**

**Ref: IRM Rate Generator Sheet 5**

**Ref: EB-2010-0073 Decision and Order**

Board staff notes that CPUC shows a balance for disposition in Account 1595 of (\$91,014) related to the Disposition and Recovery of Regulatory Balances (2011). In its EB-2010-0073 Decision, the Board approved an amount for disposition of Group 1 balances of (\$34,655) over one year. CPUC shows a closing 2011 balance of (\$63,707).

- a) Please explain the closing 2011 balance of (\$63,707) shown in CPUC's continuity table.

***Response***

***The closing 2011 balance of (\$63,707) shown in CPUC's continuity table, account 1595 (2011), is made up as follows:***

***Closing 2011 balance for disposition to Non-RPP customers of (\$12,279.85) and to RPP customers of (\$51,426.10).***

- b) Please indicate where CPUC has recorded the (\$34,655) amount approved for disposition in EB-2010-003.

***Response***

***The amount approved for disposition in EB-2010-0073 of (\$34,655) is the net amount recorded in account 1595 (2011) for the Non-RPP customers for \$48,396 and for the RPP customers for (\$83,050). Both amounts were recorded in 2011. The closing balance as per question a) above is derived from the following 2011 transactions:***

	<i>RPP</i>	<i>Non RPP</i>	<i>Total</i>
<i>Approved for disposition</i>	<i>(83,050)</i>	<i>48,396</i>	<i>(34,654)</i>
<i>Disposition</i>	<i>31,623</i>	<i>(60,676)</i>	<i>(29,053)</i>
<i>Closing Bal. at Dec. 31, 2011</i>	<i>(51,427)</i>	<i>(12,280)</i>	<i>(63,707)</i>

***Please note that non RPP customers increased dramatically during 2010 due to Regulation 95/09 (Classes of Consumers & Determination of Rates). "Designated" customers, including the MUSH sector ceased to be eligible for the RPP rate and moved to the hourly price for electricity and therefore disposition also increased.***

c) Please explain the (\$24,845) entry in the 2012 transactions column of CPUC's continuity table.

***Response***

***The (\$24,845) entry in the 2012 transactions column of CPUC's continuity table is the net amount recorded in account 1595 (2011) for the Non-RPP customers for (\$68,671.03) and for the RPP customers for \$43,826.10.***

d) If the above amounts have been entered in error, please provide a corrected continuity table. Board staff will make the necessary corrections to the final model.

***Response***

***The amounts entered in the continuity schedule are correct.***

e) If these amounts have been entered in error, please provide a corrected version of the summary information provided in Section 2.4, page 5 of the Manager's Summary.

**Response**

***As the amounts entered in the continuity schedule are correct no changes are required in the summary information provided in Section 2.4, page 5 of the Manager's Summary.***

**Hydro One Billing Error Adjustment recorded in Account 1550**

**Board Staff Interrogatory #4**  
**Ref: Rate Generator Model/Tab 5/Continuity Schedule**  
**Ref: Manager’s Summary p. 3 & 5**  
**Ref: Attachment E**

A portion of Sheet “5, 2014 Continuity Schedule” from the Rate Generator Model is reproduced below.

Account Descriptions	Account Number	2013				Projected Interest on Dec-31-12 Balances		Total Claims	2.1.7 RRR	Variance RRR vs. 2012 Balance (Principal + Interest)
		Principal Disposition during 2013 - Instructed by Board	Interest Disposition during 2013 - Instructed by Board	Closing Principal Balances as of Dec 31-12 Adjusted for Dispositions during 2013	Closing Interest Balances as of Dec 31-12 Adjusted for Dispositions during 2013	Projected Interest from Jan 1, 2013 to December 31, 2013 on Dec 31 - 12 balance adjusted for disposition during 2013 *	Projected Interest from January 1, 2013 to April 30, 2013 on Dec 31 - 12 balance adjusted for disposition during 2013 *			
<b>Group 1 Accounts</b>										
LV Variance Account	1550	(14,354)	(1,583)	78,490	(421)	1,154	385	79,608	(31,254)	0
RSVA - Wholesale Market Service Charge	1580	(19,962)	564	(36,071)	(805)	(530)	(177)	(37,582)	(56,275)	(1)
RSVA - Retail Transmission Network Charge	1584	(3,548)	(310)	7,449	261	109	36	7,956	3,953	1
RSVA - Retail Transmission Connection Charge	1586	(1,251)	2,639	635	400	9	3	1,048	2,324	0
RSVA - Power (excluding Global Adjustment)	1588	231,023	7,579	(6,511)	(2,639)	(96)	(32)	(6,277)	229,445	(7)
RSVA - Global Adjustment	1589	(31,445)	(2,419)	34,451	275	506	169	35,401	862	(0)
Recovery of Regulatory Asset Balances	1590			0	0	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2008) <sup>†</sup>	1595			0	135	0	0	135	135	(0)
Disposition and Recovery/Refund of Regulatory Balances (2009) <sup>†</sup>	1595			0	0	0	0	0	0	0
Disposition and Recovery/Refund of Regulatory Balances (2010) <sup>†</sup>	1595	(2,341)	(496)	0	(3)	0	0	0	(2,837)	3
Disposition and Recovery/Refund of Regulatory Balances (2011) <sup>†</sup>	1595			(88,552)	(1,595)	(651)	(217)	(91,014)	(90,146)	(0)
Group 1 Sub-Total (including Account 1688 - Global Adjustment)		158,122	5,874	(10,109)	(4,291)	502	167	(13,730)	56,205	(4)
Group 1 Sub-Total (excluding Account 1688 - Global Adjustment)		189,567	8,293	(44,560)	(4,566)	(4)	(1)	(48,132)	55,343	(4)
RSVA - Global Adjustment	1688	(31,445)	(2,419)	34,451	275	506	169	35,401	862	(0)
Deferred Payments in Lieu of Taxes	1562			0	0	0	0	0	0	0
Total of Group 1 and Account 1682		158,122	5,874	(10,109)	(4,291)	502	167	(13,730)	56,205	(4)
Special Purpose Charge Assessment Variance Account <sup>†</sup>	1621									
LRAM Variance Account <sup>†</sup>	1688			0	0			0		0
Total including Accounts 1682 and 1688		158,122	5,874	(10,109)	(4,291)	502	167	(13,730)	56,205	(4)

Board staff notes that the Manager’s Summary stated that due to a billing error by Hydro One Networks Inc. from January 2009 to February 2013 of an amount of \$93,387.02, CPUC requests Board approval to enter this debit amount into the continuity schedule for Low Voltage Account 1550 in column CL. Board staff notes that column CL corresponds to the amount of \$78,490 for Account 1550 in the continuity schedule above, which represents the closing principal balance as of Dec 31, 2012 adjusted for disposition during 2013.

Board staff further notes from the Table presented in page 5 of the Manager’s Summary that the adjustment will reduce the total net amount owed to the customers for all DVAs from \$108,948 to \$13,730 as of December 31, 2012. CPUC stated that “this amount, for \$13,730 credit, does not meet the threshold test of \$0.001 per kWh.”

In its application, CPUC also stated the reason for making the adjustment in 2012 was that,

This is an opportune time to make this adjustment so as not to refund customers the \$108,948 in 2014 and then collect from customers the \$91,703.52 in 2015.

Board staff notes that CPUC has provided the details of the adjustment in Attachment E, including Hydro One Networks Inc. ("Hydro One")'s letter dated September 9, 2013, Hydro One's invoice to CPUC dated August 30, 2013 which included the adjustment amount of \$93,387.02 and the breakdown of the adjustments. Per Hydro One's letter dated September 9, 2013, Board staff noted that Hydro One has stated that,

Due to an oversight that started in 2009, the HVDS charge for Chapleau was calculated each month based on a kW quantity that was too low. This was corrected in our system recently, and the resulting under-billing amounts to \$93,387.02. With the addition of tax of \$10,237.96, the total adjustment required is \$103,624.98. The period covered by this adjustment is January 28, 2009 to April 3, 2009.

Board staff also notes that per the breakdown of the adjustment provided in Attachment E3 Tab "Adjustment Amounts", the total adjustment amount of \$93,387.02 can be broken down into the following two components:

- \$34,295.97 related to transactions post Dec 31, 2011;
- \$59,091.05 related to transactions prior to Dec 31, 2011.

In addition, Board staff notes that Hydro One's billing error is related to multiple invoices received during the period of January 2009 to the beginning of 2013.

- a) Please confirm that the above breakdown amount summarized by Board staff is correct. If not, please provide the breakdown amounts post and prior to December 31, 2011.

### **Response**

***CPUC confirms that the above breakdown amount summarized by Board staff is correct.***

- b) Please state what the DVA balance would be without the adjustment prior to 2011 transactions above and if this DVA balance would meet the IRM threshold.

**Response**

***The DVA balance without the adjustment prior to December 31, 2011 transactions of \$59,091.05 above, would be (\$73,980) and would meet the IRM threshold.***

***As it is not clear to CPUC why Board staff has asked this question, CPUC would add the following additional information:***

***The DVA balance without the adjustment post December 31, 2011 transactions of \$34,295.97 above, would be (\$48,699) and would meet the IRM threshold.***

- c) Please elaborate on the statement of “so as not to refund customers the \$108,948 in 2014 and then collect from customers the \$91,703.52 in 2015.”
- i) Is CPUC assuming that Hydro One’s billing error adjustment will be recorded in 2013? Please provide the rationale for this assumption.

**Response**

***CPUC is requesting the Boards approval to record Hydro One’s billing error adjustment in 2013.***

***The rational for this request is that with this adjustment in 2013 the DVA balance will be (\$13,730) and would not meet the IRM threshold for disposition. CPUC's cash flow will only be impacted by the monthly payments to Hydro One, whereas without this adjustment in 2013 the DVA balance will be (\$108,948) and would meet the IRM threshold, requiring that CPUC dispose (credit customers) this amount while also paying Hydro One for the billing error over the next two years, starting in October 2013 ending in September 2015. By not recording the \$93,387 adjustment until 2014 means that CPUC will not be able to dispose (debit customers) this amount until approval of the 2015 rates and will impact CPUC's cash flow negatively as follows:***



**Cash Flow Impact (Adjustment not recorded in 2013)**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Total</b>
<b>Payments to Hydro One</b>	<b>(11,673)</b>	<b>(46,694)</b>	<b>(35,020)</b>		<b>(93,387)</b>
<b>DVA Balance (2012)</b>		<b>(72,632)</b>	<b>(36,316)</b>		<b>(108,948)</b>
<b>DVA Balance (2013)</b>			<b>62,257</b>	<b>31,130</b>	<b>93,387</b>
<b>Total</b>	<b>(11,673)</b>	<b>(119,326)</b>	<b>(9,079)</b>	<b>31,130</b>	<b>(108,948)</b>

**Cash Flow Impact (Adjustment recorded in 2013)**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Total</b>
<b>Payments to Hydro One</b>	<b>(11,673)</b>	<b>(46,694)</b>	<b>(35,020)</b>		<b>(93,387)</b>

- d) Please explain how CPUC has calculated the amount of \$91,703.52 in the statement above, which appears to be inconsistent with the total adjustment amount of \$93,387.02.

**Response**

***The amount of \$91,703.52 was the original amount calculated by Hydro One and was later corrected to the \$93,387.02.***

- e) CPUC states that the balance for disposition will be reduced from \$108,948 to \$13,730 with the inclusion of the Hydro One adjustment. Board staff notes that the difference between these amounts is \$95,218. Please provide a reconciliation of this amount with the total adjustment amount of \$93,387.02.

**Response**

***The difference between the \$95,218 and the \$93,387.02 is the projected interest in 2013 and to April 2014 reconciled as follows:***

	<i>Without adjustment</i>	<i>With adjustment</i>	<i>Difference</i>
<b><i>DVA Balance</i></b>	<b><i>(\$108,948)</i></b>	<b><i>(\$13,730)</i></b>	<b><i>(\$95,218)</i></b>
<b><i>Less Projected interest in 2013 for Low Voltage</i></b>	<b><i>(219)</i></b>	<b><i>1,154</i></b>	<b><i>1,373</i></b>
<b><i>Less Projected interest to April 2014 for Low Voltage</i></b>	<b><i>(73)</i></b>	<b><i>385</i></b>	<b><i>458</i></b>
<b><i>Net Amount</i></b>	<b><i>(\$108,656)</i></b>	<b><i>(\$15,269)</i></b>	<b><i>(\$93,387)</i></b>

- f) Please explain if CPUC has an established internal control process to check the accuracy of the amounts payable for the invoices received from its suppliers including Hydro One.

**Response**

***CPUC has an internal control process to check the accuracy of the amounts payable for the invoices received from its suppliers.***

***In the case of the under-billing of the Low Voltage charges by Hydro One it was CPUC's internal control process that identified the error.***

***The first time that CPUC management questioned the under-billing in early 2009, they were advised that Hydro One changed their billing system and that CPUC was placed in a different category. They assured CPUC that the invoice was correct.***

***The second time the charges were questioned was in 2011 during CPUC's 2012 Cost of Service Application and were advised that the charges, although lower, were correct.***

***The third and final time the invoices were questioned by CPUC was in February 2013 when Hydro One again changed their billing system and that's how the error was discovered.***

- i) If so, please provide the details particularly with respect to the process of checking and confirming the amounts on Hydro One's invoices.

**Response**

***For payment of invoices received from suppliers the invoice is checked with the purchase order. For Hydro One there are no purchase orders issued - Hydro One advises their rates and changes to their rates by email/letter. Their invoices are checked against their rates before the invoice is paid.***

- ii) Please explain how long after being invoiced is an invoice paid?

**Response**

***Invoices are paid within the specified period shown on the invoice ie. net 10, 15 or 30 Days or, as with Hydro One they specify when payment is due before a late payment charge is applied, which is approximately 20 days. CPUC always pays before the late payment charge is applied.***

- iii) Has CPUC paid the adjustment invoice received from Hydro One which contains the adjustment amount of \$93,387.02? If not, please explain why not.

**Response**

***CPUC has made 2 partial payments for the adjustment invoice received from Hydro One which contains the adjustment amount of \$93,387.02***

- iv) If so, did CPUC take advantage of Hydro One's offer to extend the payment of the invoice over 24 months? If not, please explain why not.

**Response**

***CPUC has taken advantage of Hydro One's offer to extend the payment of the invoice over 24 months.***

- g) Please confirm that CPUC's balance for Account 1550 as at December 31, 2011 was disposed on final basis per Board Decision EB-2012-0014, dated April 4, 2013. If so, please clarify why the Board should approve the requested balance for Account 1550 which includes an out-of-period adjustment prior to 2011.

**Response**

***CPUC confirms that the balance for Account 1550 as at December 31, 2011 was disposed on a final basis per Board Decision EB-2012-0014, dated April 4, 2013.***

***CPUC requests the Board's approval to record Hydro One's billing error adjustment in 2013 due to the negative impact this adjustment will have on CPUC's cash flow as identified above on pages 7 and 8, question # 4-c)-i).***

**Low Voltage Service Rates**

**Board Staff Interrogatory #5**

**Ref: Manager's Summary Page 3**

**Ref: Manager's Summary, Section 2.19, Pages 9-10**

**Ref: Attachment E**

Board staff notes that CPUC proposes to adjust its Low Voltage Service Rates in accordance with Hydro One's revised billing amounts "so as to alleviate the need for a large deferral variance balance in the future". CPUC has calculated its proposed rates based on the actual adjusted amounts billed for 2012.

- a) Please confirm that the amount billed by Hydro One does not contain carrying charges.

***Response***

***CPUC confirms that the amount billed by Hydro One does not contain carrying charges.***

- b) Please confirm that the annual amount that would accumulate in Account 1550 would be equivalent to the amounts appearing in the "Adjustment Amount" column in the table on Page 9 (i.e. for 2012 this amount is approximately \$28k). If this is not the case, please explain why and provide a forecast of the year-end balance for each year until CPUC rebases.

***Response***

***CPUC confirms that the annual amount that would accumulate in Account 1550 would be equivalent to the amounts appearing in the "Adjustment Amount" column in the table on Page 9 (i.e. for 2012 this amount is approximately \$28k).***

c) Please provide an estimate of the overall balance for Group 1 Deferral and Variance accounts that would be required in order to meet the threshold for disposition.

**Response**

***The overall balance for Group 1 Deferral and Variance accounts that would be required in order to meet the threshold for disposition is estimated to be \$26,100.***