

Chapleau Public Utilities Corporation
Response to Board Staff Submission
2014 IRM4 Electricity Distribution Rate Application
Board File Number EB-2013-0119

Introduction

Board Staff made detailed submissions on the following two items:

- Request for recovery of amounts related to the Hydro One billing error
- Request for adjustments to Low Voltage Service Rates

Request for recovery of amounts related to the Hydro One billing error for:

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

In the Board Staff submission of December 5, 2013 Board Staff advised CPUC that it was inappropriate for CPUC to record an adjustment of \$59,091 in account 1550 or any other deferral account for future recovery from its customers. Board staff suggested that CPUC consider discussions with Hydro One.

CPUC management contacted Hydro One's customer service representative and discussed the issue verbally and sent the following email:

-----Original Message-----

From: CHEC [<mailto:chec@onlink.net>]
Sent: Tuesday, December 10, 2013 10:05 AM
To: WALLENIUS Robert
Subject: Re: Billing Error

Hi Robert,

As per your request I have attached the OEB Staff Submission for our 2014 Electricity Distribution Rates. I have put an asterisk on page 3 on the side which goes into the utility/customer relationship. Did you mention it to anyone else and if you did how did you make out?

Thanks for your help.

Marita

Hydro One's email response is as follows:

----- Original Message -----

Subject:RE: Billing Error
Date:Tue, 17 Dec 2013 15:59:16 +0000
From:<Robert.Wallenius@HydroOne.com>
To:<chec@onlink.net>

Good Morning,

I have asked for and received a review of the OEB interrogatory that Chapleau PUC has provided to us.

When settling with embedded distributors, Hydro One's practice is to correct all known billing errors with no time limitation. The reasons are as follows:

* The host distributor (in this case, Hydro One) plays a similar role to that of the IESO in dealing with market settlements with the embedded distributor (in this case, Chapleau PUC). Therefore, the settlement arrangement/practice between the host and the embedded distributors should be consistent with how the IESO settles with market participants. Failure to mirror the IESO's approach would result in cross-subsidization and improper allocation of costs among the parties involved.

* The IESO 's current settlement arrangement with all market participants (including embedded distributors with wholesale metering points) incorporates the correction of billing errors without regard to any time limitation. Hydro One (the host distributor) needs to mirror this approach to ensure that all appropriate credits and debits are passed through to embedded LDCs.

* The IESO's market rules and market manuals define the settlement process between the IESO and all market participants. Hydro One takes guidance from the IESO's rules for its settlement practice with embedded distributors. While Hydro One's current Conditions of Service document does not focus on the settlement process among the IESO, Hydro One and its embedded distributors, Hydro One intends to assess and possibly revise its Conditions of Service to improve clarity and to explicitly highlight the alignment between the IESO's settlement practices and those of Hydro One with embedded distributors.

* Hydro One maintains that its practice for dealing with billing errors is fair and appropriate - errors are corrected no matter the time period, and, as such, Hydro One continues to require payment of the previously unbilled amounts from Chapleau PUC.

Regulatory Affairs requests that you share the above comments with Chapleau PUC, to inform it of Hydro One's intentions to require payment for the previously-unbilled amounts. Further, Hydro One consents to Chapleau PUC including Hydro One's assessment and the above note in its reply argument to the OEB.

Regards,

Rob

Robert Wallenius
Customer Service Account Representative
Customer Business Relations - Hydro One
Phone) 416-345-6994
E-mail) robert.wallenius@hydroone.com
Fax) 416-345-5957

Based on Hydro Ones response CPUC will be charged the full amount of \$93, 386 plus HST.

It must be noted that CPUC is one of the smallest Distribution Utilities in Ontario with only \$809,022 in distribution revenue and is unable to absorb the amount of \$59,091.05,

which represents 7.3% of its distribution revenue, without placing it in a serious cash flow risk if CPUC is not allowed to recover this cost from their customers.

This was not CPUC's error - it was Hydro One's and it was CPUC's honesty in bringing this error to their attention that they are now able to correct future billings. CPUC feels they should not be penalized for Hydro One's error. This situation is unacceptable to CPUC's Board of Directors and Management and therefore:

CPUC respectfully request that the Board (Staff) reconsider its decision and allow our original application to stand as submitted.

Or,

The Board not allow Hydro One to pass on unbilled costs, due to their billing errors, that a Distribution Utility is unable recover from its customers.

Request for adjustments to Low Voltage Service Rates

CPUC now understands that the IRM process is not the appropriate venue to request new low voltage service rates and will address these changes in CPUC's next cost of service rate application.