

## **EXHIBIT 4 - OPERATING COSTS**

<b>1.</b>	<b>OVERVIEW</b>	<b>3-4</b>	
<b>2.</b>	<b>SUMMARY AND COST DRIVER TABLES</b>		
	Summary of Recoverable OM&A	5-6	
	Recoverable OM&A Cost Drivers and Materiality Threshold		7-13
	Recoverable OM&A Cost per Customer and per FTE	14-16	
<b>3.</b>	<b>PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS</b>		
	OM&A Programs Table	17-18	
	Program Delivery Costs Variance Analysis	19-23	
<b>4.</b>	<b>COMPENSATION</b>		
	Employee Compensation Strategy	24	
	Employee Benefits Program	24	
	Completed Appendix 2-K	25	
	Material Changes to Head Count and Compensation	26-28	
	Most Recent Actuarial Report	26	
<b>5.</b>	<b>SHARED SERVICES AND CORPORATE COST ALLOCATION</b>		
	Shared Services	29	
	Allocation Methodology	30	
	Shared Services	30	
	Board of Director Costs	30	
	Completed Appendix 2-N	31-67	
<b>6.</b>	<b>NON-AFFILIATED SERVICES, ONE-TIME COSTS, REGULATORY COSTS</b>		
	Procurement Policy	68-79	
	One Time Costs	68	
	Procurement Without Competitive Tender	71	
<b>7.</b>	<b>LEAP, CHARITABLE AND POLITICAL DONATIONS</b>		
	LEAP	84	
	Legacy Low Income Energy Assistance Programs	84	
	Charitable Donations	84	
	Political Contributions	84	

<b>8.</b>	<b>DEPRECIATION, AMORTIZATION AND DEPLETION</b>	
	Useful Life of Assets not within Range	83
	Assets, Depreciation, Amortization and Depreciation Rates by Asset Group	84-89
	Asset Retirement Obligations	90
	Historical Depreciation Practice and Proposal for Test Year and Regulatory Accounting Changes for Depreciation Expense	90
	Depreciations	91
	Depreciation Amortization Policy	91
<b>9.</b>	<b>PILS AND PROPERTY TAXES</b>	
	Completed PILs Model (Attachment D)	92
	Other Additions and Deductions	93
	Most Recent 2014 Federal and Provincial Tax Returns	93
	Tax Credits	93
	Nom Recoverable and Disallowed Expenses	94
	Integrity Checks	94
<b>10.</b>	<b>CONSERVATION AND DEMAND MANAGEMENT</b>	
	Lost Revenue Adjustment Mechanism (LRAM)	95
	LRAM Variance Account - Disposition of Balance	95-96
	OEB Approved Programs	96

## Overview

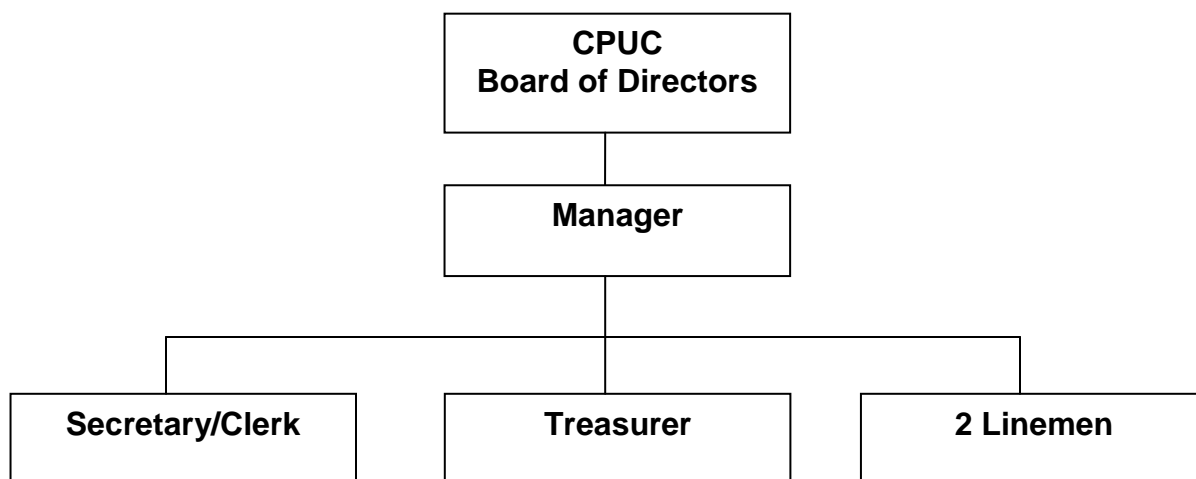
The financial information compiled by CPUC during the Budgeting process was derived mostly from historical data from 2012 to 2014 and 9 months of actual and 3 months of forecast data for 2015 Bridge Year. Operating, Maintenance and Administration Expense Forecast for 2016 Test Year was based on current operating priorities, year to date results for 2015 and expected changes that will occur in the near future. Each item was reviewed and analyzed individually during the budget/forecast process. The accounting standard used for bridge and test years is the IFRS.

Chapleau Public Utilities Corporation (CPUC) and Chapleau Energy Services Corporation (CESC) have an operation and maintenance service agreement between the two companies. The Utility (CPUC) employs the Services Company (CESC) to supply all material, labour and equipment required for new construction, repairs and maintenance of the Utility's distribution system, management support, billing and collection, rent, phone, postage and office equipment. All services are charged to the Distribution Company at direct cost (no mark-up).

Hydro One Networks Inc. (HONI) also employs the services of CESC employees during times of emergency to repair their distribution system outside of the Towns boundaries. The supply of material, labour and equipment required for these repairs is charged out at an agreed upon cost.

Emergency situations, i.e. power outages, always take priority to repair, whether in or outside CPUC's distribution system area.

CPUC's operational structure is new for 2016 following the retirement of Chapleau PUCs' Secretary/Treasurer.



There are 5 employees, a Manager, the new Treasurer, the Secretary/Clerk and 2 Linemen.

When the Manager and 2 Linemen are not involved in power-outages and repairs for HONI or CPUC their time is allocated to CPUC's new construction and maintenance of their distribution system.

#### OM & A Expense Summary

	2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Operations	215,590	199,644	220,412	223,211	230,363	242,020
Billing and Collecting	84,200	185,653	115,086	135,609	95,481	97,200
Administration	364,700	295,194	310,096	392,904	370,757	389,080
<b>Total</b>	<b>664,490</b>	<b>680,491</b>	<b>645,594</b>	<b>751,724</b>	<b>696,601</b>	<b>728,300</b>
Change from Previous Yr.	-	<b>16,001</b>	<b>(34,897)</b>	<b>106,130</b>	<b>(55,123)</b>	<b>31,699</b>
% change		<b>2.4 %</b>	<b>(5.1 %)</b>	<b>16.4 %</b>	<b>(7.3 )%</b>	<b>4.6%</b>

Major drivers in CPUC's OM & A costs are: account 5630 Outside Services Employed in 2015 showing an increase over prior year of \$60,800: account 5665 Miscellaneous General Expenses in 2014 showing an increase over prior year for of \$94,798 and account 5065 Meter Expense in 2012 Actual showing an increase over the 2012 Board Approved by \$90,067. These will be discussed later in more detail.

The overall trend in OM & A is that costs remain fairly constant from year to year including staffing levels of 5 employees (employed by CESC).

CPUC did not consider an inflation rate for an overall increase in costs, it did consider a salaries and wage increase of 2.0% to coincide with the negotiated increase in 2016 to the Town's unionized employees (this is a standard practice). Some Pension and Benefit costs are based on salary levels and personal information (married/single etc).

The balance of costs are based on prior year(s) experience plus a minor cost increase by rounding.

## Summary and Cost Driver Tables

### Summary of Recoverable OM&A Expenses

The following is a direct copy of Appendix 2-JA, from Attachment B, that shows CPUC's Last Rebasing Year 2012, 2012, 2013, 2014 actual, 2015 Bridge Year and 2016 Test Year.

### Appendix 2-JA

### Summary of Recoverable OM&A Expenses

	Last Rebasing Year (2012 Board- Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
<b>Reporting Basis</b>						
Operations	\$ 205,440	\$ 199,644	\$ 220,412	\$ 223,211	\$ 230,363	\$ 242,020
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>SubTotal</b>	<b>\$ 205,440</b>	<b>\$ 199,644</b>	<b>\$ 220,412</b>	<b>\$ 223,211</b>	<b>\$ 230,363</b>	<b>\$ 242,020</b>
%Change (year over year)			10.4%	1.3%	3.2%	5.1%
%Change (Test Year vs Last Rebasing Year - Actual)						21.2%
Billing and Collecting	\$ 84,200	\$ 185,653	\$ 115,086	\$ 135,609	\$ 95,481	\$ 97,200
Community Relations	\$ 600	\$ 115	\$ 415	\$ 415	\$ 200	\$ 600
Administrative and General	\$ 354,100	\$ 295,079	\$ 309,681	\$ 392,489	\$ 370,557	\$ 388,480
<b>SubTotal</b>	<b>\$ 438,900</b>	<b>\$ 480,847</b>	<b>\$ 425,182</b>	<b>\$ 528,513</b>	<b>\$ 466,238</b>	<b>\$ 486,280</b>
%Change (year over year)			-11.6%	24.3%	-11.8%	-4.3%
%Change (Test Year vs Last Rebasing Year - Actual)						1.1%
<b>Total</b>	<b>\$ 644,340</b>	<b>\$ 680,491</b>	<b>\$ 645,594</b>	<b>\$ 751,724</b>	<b>\$ 696,601</b>	<b>\$ 728,300</b>
%Change (year over year)			-5.1%	16.4%	-7.3%	4.6%

	Last Rebasing Year (2012 Board- Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Operations	\$ 205,440	\$ 199,644	\$ 220,412	\$ 223,211	\$ 230,363	\$ 242,020
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Billing and Collecting	\$ 84,200	\$ 185,653	\$ 115,086	\$ 135,609	\$ 95,481	\$ 97,200
Community Relations	\$ 600	\$ 115	\$ 415	\$ 415	\$ 200	\$ 600
Administrative and General	\$ 354,100	\$ 295,079	\$ 309,681	\$ 392,489	\$ 370,557	\$ 388,480
<b>Total</b>	<b>\$ 644,340</b>	<b>\$ 680,491</b>	<b>\$ 645,594</b>	<b>\$ 751,724</b>	<b>\$ 696,601</b>	<b>\$ 728,300</b>
%Change (year over year)			-5.1%	16.4%	-7.3%	4.6%

	Last Rebasing Year (2012 Board- Approved)	Last Rebasing Year (2012 Actuals)	Variance 2012 BA – 2012 Actuals	2013 Actuals	Variance 2013 Actuals vs. 2012 Actuals	2014 Actuals	Variance 2014 Actuals vs. 2013 Actuals	2015 Bridge Year	Variance 2015 Bridge vs. 2014 Actuals	2016 Test Year	Variance 2016 Test vs. 2015 Bridge
Operations	\$ 205,440	\$ 199,644	\$ 5,796	\$ 220,412	\$ 20,768	\$ 223,211	\$ 2,799	\$ 230,363	\$ 7,152	\$ 242,020	\$ 11,657
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Billing and Collecting	\$ 84,200	\$ 185,653	-\$ 101,453	\$ 115,086	-\$ 70,567	\$ 135,609	\$ 20,523	\$ 95,481	-\$ 40,128	\$ 97,200	\$ 1,719
Community Relations	\$ 600	\$ 115	\$ 485	\$ 415	\$ 300	\$ 415	\$ -	\$ 200	-\$ 215	\$ 600	\$ 400
Administrative and General	\$ 354,100	\$ 295,079	\$ 59,021	\$ 309,681	\$ 14,602	\$ 392,489	\$ 82,808	\$ 370,557	- \$ 21,962	\$ 388,480	\$ 17923
Total OM&A Expenses	\$ 644,340	\$ 680,491	-\$ 35,151	\$ 645,594	-\$ 34,897	\$ 751,724	\$ 106,130	\$ 696,601	-\$ 55,123	\$ 728,300	\$ 31,699
Adjustments for Total non-recoverable items (from Appendices 2-JA and 2-JB)											
Total Recoverable OM&A Expenses	\$ 644,340	\$ 680,491	-\$ 36,151	\$ 645,594	-\$ 34,897	\$ 751,724	\$ 106,130	\$ 696,601	- \$ 55,123	\$ 728,300	\$ 31,699
Variance from previous year				-\$ 34,897		\$ 106,130		\$ 55,123		\$ 31,699	
Percent change (year over year)				-5%		16%		-7%		5%	
Percent Change: Test year vs. Most Current Actual						-3.12%					
Simple average of % variance for all years	7.03%										2%
Compound Annual Growth Rate for all years											1.4%
Compound Growth Rate (2014 Actuals vs. 2012 Actuals)						3.37%					

## Recoverable OM&A Cost Drivers and Materiality Thresholds

### Appendix 2-JB

#### Recoverable OM&A Cost Driver Table

OM&A	Last Rebasng Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
<i>Reporting Basis</i>					
<b>Opening Balance</b>	\$ 644,340	\$ 680,491	\$ 645,594	\$ 751,724	\$ 696,601
5020 - Overhead Distr, Lines - Labour	\$ 11,143		\$ 11,776		
5025 - Overhead Distr, Lines & Feeders - Supplies	-\$ 16,834	\$ 19,841	-\$ 14,711		
5610 - Management Salaries and Expenses					\$ 18,348
5630 - Outside Services Employed	-\$ 47,802	-\$ 18,883		\$ 60,800	-\$ 25,925
5655 - Regulatory Expense - Intervenors		\$ 12,199			
5665 - Misc. General Expenses			\$ 94,798	-\$ 98,989	
5065 - Meter Expense (Sensus & Harris)	\$ 90,067	-\$ 90,067			
5310 - Meter Reading Expense		\$ 12,579			
5315 - Customer Billing	\$ 17,845			-\$ 12,228	
5335 - Bad Debt Expense			\$ 23,102	-\$ 28,571	
Other	-\$ 18,268	\$ 29,434	-\$ 8,835	\$ 23,865	\$ 39,276
<b>Closing Balance</b>	\$ 680,491	\$ 645,594	\$ 751,724	\$ 696,601	\$ 728,300

## **Materiality Thresholds**

Chapter 2 of the Filing Requirements issued by the Board July 16, 2015 sets out the materiality thresholds to be used by utilities as follows:

"\$50,000 for a distributor with a distribution revenue requirement less than or equal to \$10 million"

Chapleau PUC's revenue requirement for 2016 is \$891,122, therefore its' materiality level is \$50,000 however due to the size of the utility, Chapleau PUC's materiality threshold will be set at \$10,000.



## **Variances Over \$10,000**

### **2012 Actual and Last Rebasing Year 2012 Board Approved**

#### **Account - 5020. Overhead Distribution Lines and Feeders**

2012 actual higher than Last Rebasing Year 2012 Board Approved by \$11,143.

Maintenance work is performed by Chapleau Energy Services Corporation (CESC). The crew consisting of the Manager and 2 Linemen, when not involved in power-outages and repairs for HONI or CPUC allocate their time to CPUC's new construction and maintenance of their distribution system. Therefore, maintenance work to be performed depends on the amount of time remaining each year. There were more hours allocated to CPUC than Budgeted.

#### **Account - 5025. Overhead Distribution Lines and Feeders - Supplies**

2012 actual lower than Last Rebasing Year 2012 Board Approved by (\$16,834).

Material purchases for the year are charged directly to account 5025. Actual purchases for the last 5 years range between \$5,447 in 2012 to \$25,288 in 2013, with an average of \$14,200. Budget in 2012 Board Approved was \$18,000 while actual purchases were only \$5,447 for a difference of \$12,553. Truck expense was overestimated in 2012 Board Approved by \$4,280.

#### **Account - 5630. Outside Services Employed**

2012 actual was lower than Last Rebasing Year 2012 Board Approved by (\$47,802).

Due to the late approval of CPUC's 2012 Cost of Service Rates(January 2013), costs for the Asset Management Plan for \$20,000 did not materialize. Charges from Sensus and Harris Computer Systems for \$28,000 were charged to account 5310, Meter Reading Expense in 2012 Actual.

#### **Account - 5065. Meter Expense (Sensus and Harris Computer Systems)**

2012 actual higher than Last Rebasing Year 2012 Board Approved by \$90,067.

Total cost \$90,067 from Sensus and Harris Computer Systems deals with Smart Meter OM&A that was transferred from CPUC's variance accounts to expense.

#### **Account - 5315. Customer Billing**

2012 actual higher than Last Rebasing Year 2012 Board Approved by \$17,845.

Variance is mostly due to changes to billing software by T & W Systems for \$9,300 and purchases of bills and envelopes for \$3,300 not budgeted in 2012 Cost of Service Application.

## **2013 Actual and 2012 Actual**

### **Account - 5025. Overhead Distribution Lines and Feeders - Supplies**

2013 actual higher than 2012 Actual by \$19,841.

Material purchases for the year are charged directly to account 5025. Actual purchases for 2013 were \$25,288 and for 2012 \$5,447, for a difference of \$19,841. (See above response also).

### **Account - 5630. Outside Services Employed**

2013 actual was lower than 2012 Actual by (\$18,883).

During 2013 Outside Services Employed were lower as CPUC did not require services out of the ordinary, i.e. LRAM, DSP, Sudbury Hydro Services, etc.

### **Account - 5655. Regulatory Expense - Intervenors.**

2013 actual higher than 2012 Actual by \$12,199.

Due the late approval of our 2012 Cost of Service Application (January 2013), the intervenor's invoice was not received in time to be dealt with in 2012. Invoice received and paid in 2013 for \$11,771.

### **Account - 5065. Meter Expense (Sensus and Harris Computer Systems)**

2013 actual lower than 2012 Actual by (\$90,067).

Same explanation above.

### **Account - 5310. Meter Reading Expense.**

2013 actual higher than 2012 Actual by \$12,579

In 2012 charges from Sensus and Harris Computer Systems were charged to account 5630, Outside Services Employed, for \$25,826. A year-end adjustment, by CPUC to transfer these costs to account 5310 was erroneously made for only \$21,097. The costs recorded in 2013 for Sensus and Harris Computer Systems was \$28,987.

## **2014 Actual and 2013 Actual**

### **Account - 5020. Overhead Distribution Lines and Feeders**

2014 actual higher than 2013 Actual by \$11,776.

There were more hours allocated to CPUC in 2014 than 2013. (See above response).

**Account - 5025. Overhead Distribution Lines and Feeders - Supplies.**

2014 actual lower than 2013 Actual by \$14,711.

Material purchases in 2014 were lower than in 2013. (See above response also).

**Account - 5665. Miscellaneous General Expenses.**

2014 actual higher than 2013 Actual by \$94,798.

Due to the change in CPUC's billing cycle, from the 15th to the 1st of the month, an adjusting entry was needed to be made by CPUC's accountants to adjust unbilled revenue because unbilled revenue in 2014 was much less as compared to 2013. The entries made for the adjustment are:

Account #	Account Description	DR	CR
4050	Revenue	90,339	
1120	Unbilled Revenue		90,339
5665	Misc. General Expenses	90,339	
4050	Revenue		90,339

**Account - 5335. Bad debt Expense**

2014 actual higher than 2013 Actual by \$23,102

In 2014 as a result of the change in the billing cycles and customer due date, overall accounts receivable increased year over year. The allowance percentage for bad debt is based on the total receivables number therefore it increased as a result of the increase in receivables, which caused an increase in bad debts year over year.

**2015 Bridge Year and 2014 Actual****Account - 5630. Outside Services Employed**

2015 Bridge Year higher than 2014 Actual by \$60,800

The following expenses are for work/programs that CPUC does not normally do on an annual basis.

During 2015 CPUC engaged CGC Educational Communications Inc. to develop a customer survey for them at a cost of \$14,100.

Burman Energy is engaged by CPUC to develop their Distribution System Plan (DSP) and to also develop an Investment Strategy. The additional costs this year over 2014 are expected to be \$18,000.

Additional consulting costs for the preparation of the 2016 Cost of Service Application \$9,050.

Additional costs incurred by engaging KPMG (auditors) to review and comment on the Investment Strategy prepared by Burman Energy \$12,475.  
Additional services by KPMG for the year \$7,000.

**Account - 5665. Miscellaneous General Expenses.**

2015 Bridge Year lower than 2014 Actual by \$98,989

CPUC does not expect to have a year-end adjusting entry in 2015. See also explanation in 2014.

**Account - 5315. Customer Billing**

2015 Bridge Year lower than 2014 Actual by \$12,228

CPUC is experiencing lower Customer Billing costs for 2015 - 8 month (Actual) is \$42,244 plus 4 month of budget for \$20,400 = \$62,644.

**Account - 5335. Bad debt Expense**

2015 Bridge Year lower than 2014 Actual by \$28,571

CPUC does not expect Bad Debts to be as high in 2015 Bridge Year. See also explanation in 2014.

**2016 Test Year and 2015 Bridge Year**

**Account - 5610. Management Salaries and Expenses**

2016 Test Year higher than 2015 Bridge Year by \$18,348.

Due to the confidential nature of this response salaries and salary increases are not disclosed.

Due to the retirement of the Secretary/Treasurer, in June 2016, CPUC's Board appointed the Line Foreman to Manager of the Utility and hired a treasurer in March 2016. Due to market conditions the new Treasurer position required an increase in remuneration. The Secretary/Treasurer and the new Treasurer would overlap for four months during training, therefore 1/3rd of the new Treasurer's salary, during training, divided by 4 years is included in account 5610. Inflation increase of 2.5% is also included.

**Account - 5630. Outside Services Employed**

2016 Test Year lower than 2015 Bridge Year by \$25,925

CPUC expects that Outside Services Employed will reduce for Burman Energy, as there is no requirement for a customer satisfaction survey to be done and have no plans to require professional services for the Investment Strategy. All other outside services are standard each year.

## Recoverable OM&A Cost per Customer and per FTE

The following is a copy of Appendix 2-L, from Attachment B, that compares CPUC's Last Rebasing Year 2012, 2012, 2013, 2014 actual, 2015 Bridge Year and 2016 Test Year.

### Appendix 2-L

#### Recoverable OM&A Cost per Customer and per FTE <sup>1</sup>

	Last Rebasing Year - 2012- Board Approved	Last Rebasing Year - 2012- Actual	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Reporting Basis	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS
Number of Customers <sup>2,4</sup>	1,661	1,644	1,617	1,597	1,588	1,586
Total Recoverable OM&A from Appendix 2-JB	\$ 644,340	\$ 680,491	\$ 645,594	\$ 751,724	\$ 696,601	\$ 728,300
OM&A cost per customer	\$ 387.92	\$ 413.92	\$ 399.25	\$ 470.86	\$ 438.67	\$ 459.21
Number of FTEs <sup>3,4</sup>	5	5	5	5	5	5.33
Customers/FTEs	332.20	328.80	323.40	319.30	317.60	297.56
OM&A Cost per FTE	128,868	136,098.20	129,118.80	150,344.80	139,320.20	136,641.65

- Notes:**
- 1 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.
  - 2 The method of calculating the number of customers must be identified.
  - 3 The method of calculating the number of FTEs must be identified. See also Appendix 2-K
  - 4 The number of customers and the number of FTEs should correspond to mid-year or average of January 1 and December 31 figures.

As stated earlier in this application in Exhibit 1, Administrative Documents, Chapleau Public Utilities Corporation (Company) is a rural Northern Ontario electrical distribution company operating within the Township of Chapleau. Its main industry is forestry and the Canadian Pacific Railway. Several plant closures prior to 2006 in the forestry industry caused a population reduction of 16.9% resulting in 17.1% reduction in CPUC's customer consumptions. The Towns' economy has not improved from 2006, and the Town has experienced further population and customer losses through to 2016 as shown below.

Year	Population	% Change	Metered Customers	% Change
2001	2,832	-	1,398	-
2006	2,354	(16.9)	1,310	(6.3)
2011	2,116	(10.1)	1,287	(1.8)
2016	2,100 (Est)	(0.7)	1,238 (Est)	(3.8)

Recoverable costs on a per customer and full time employee count basis would continue to deteriorate each year until the Towns' economy improves.

The number of customers used in Appendix 2-L includes all metered customers and all customer connections (USL, Sentinel and Street Lights).

### **Cost per Customer**

In previous COS applications, including this one, CPUC for the # of customers in Appendix 2-L used metered customers and all customer connections (in order to reduce the cost per customer). CPUC realizes that this approach does not illustrate a true comparison of the annual cost per customer on a year to year basis. For a more accurate year to year comparison streetlight connections should be excluded as they are not impacted by customer losses. The cost per customer will change with the exclusion of Streetlights and will better compare to the # of Customer losses. (Customer losses = increase in the cost per customer).

The following table shows the # of customers excluding streetlight connections and the higher cost per customer than that in Appendix 2-L. The % change is between the years, 2012 Actual and 2016 Test Year.

Year	Customer Losses		Cost per Customer	
	# Customers	% change	Cost \$	% change
2012 Board Approved	1321	-	487.77	-
2012 Actual	1317	-	516.70	-
2013 Actual	1290	(2.05)	500.46	(3.14)
2014 Actual	1270	(1.55)	591.91	18.27
2015 Bridge Year	1261	(0.71)	552.42	(6.67)
2016 Test Year	1259	(0.16)	578.47	4.72
Total Change	(58)	(4.40)	61.77	11.95

### Customers per Full Time Employee

In this category CPUC has maintained the # of fulltime employees to 5 for a number of years. As costs increase the cost per customer increases accordingly. As above for a better comparison the streetlight connections should be excluded as they are not impacted by customer losses.

In Appendix 2-K and 2-L the number of full time employees is 5.33 due to the overlap of 4 months of the new Treasurer replacing the retiring Secretary/Treasurer. For this comparison the use of 5.33 (average over 12 months) full time employees will be more accurate.

Year	Customer Losses		Customers per Full Time Employee	
	# Customers	% change	Customers	% change
2012 Board Approved	1321	-		-
2012 Actual	1317	-	263.4	-
2013 Actual	1290	(2.05)	258.0	(2.05)
2014 Actual	1270	(1.55)	254.0	(1.55)
2015 Bridge Year	1261	(0.71)	252.2	(0.71)
2016 Test Year	1259	(0.16)	236.2	(6.34)
Total Change	58	(4.40)	(27.2)	(10.33)

### Cost per Full Time Employee

As full time employees remain constant the cost on a per employee basis changes as the OM &A Recoverable Costs increase or decrease.

### Change in OM &A in relation to change in capitalized overhead

Chapleau PUC does not capitalize Overhead.

### Variance Analysis to Overhead Expense

Chapleau PUC does not capitalize Overhead.



## Program Delivery Costs with Variance Analysis

### OM&A Programs Table

The following is a copy of Appendix 2-JC, from Attachment B, that compares CPUC's Last Rebasing Year 2012, 2012, 2013, 2014 actual, 2015 Bridge Year and 2016 Test Year.

### Appendix 2-JC OM&A Programs Table

Programs	Last Rebasing Year (2012 Board- Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year	Variance (Test Year vs. 2014 Actuals)	Variance (Test Year vs. Last Rebasing Year (2012 Board- Approved))
<b>Reporting Basis</b>								
<b>Operations and Maintenance</b>								
Distribution Station	5,700	4,024	2,494	3,390	3,786	4,200	810	-1,500
Overhead Distr. Lines and Feeders	197,400	191,710	215,912	215,231	223,385	233,400	18,169	36,000
Meters	600	2,009	1,120	1,675	1,665	2,500	825	1,900
OH Distr. Lines and Feeders-Rental	1,740	1,900	887	2,914	1,527	1,920	-994	180
							0	0
<b>Sub-Total</b>	205,440	199,644	220,412	223,211	230,362	242,020	18,809	36,580
<b>Customer Service</b>								
Meter Reading	29,000	112,100	34,612	30,967	31,637	32,400	1,433	3,400
Billing and Collections	51,600	69,445	73,805	74,871	62,644	61,200	-13,671	9,600
Bad Debt	3,600	4,107	6,669	29,771	1,200	3,600	-26,171	0
							0	0
<b>Sub-Total</b>	84,200	185,653	115,086	135,609	95,481	97,200	-38,409	13,000
<b>Administration</b>								
Admin., Employee Benefits and Exp.	157,980	156,575	171,683	164,007	173,192	203,800	39,793	45,820

<b>Outside Services Employed</b>	106,400	58,598	39,715	49,125	109,925	84,000	34,875	-22,400
<b>Regulatory Expenses</b>	14,520	6,785	18,809	7,226	9,082	14,100	6,874	-420
<b>Property Insurance</b>	17,040	13,544	14,491	13,770	14,767	14,800	1,030	-2,240
<b>Office Supplies and Expenses</b>	24,000	19,194	22,017	20,587	25,935	25,480	4,893	1,480
<b>Bank Charges</b>	0	8,714	9,043	9,118	7,798	8,700	-418	8,700
							0	0
<b>Sub-Total</b>	319,940	263,411	275,758	263,833	340,698	350,880	87,047	30,940
<b>Other</b>								
<b>Community Relations</b>	600	115	415	415	200	600	185	0
<b>Taxes Other than Income Taxes</b>	0	9,885	7,123	7,050	7,252	8,000	950	8,000
<b>Leap Funding</b>	2,000	2,000	2,000	2,000	2,000	2,000	0	0
<b>Misc. General Expenses</b>	32,160	19,785	24,800	119,605	20,609	27,600	-92,005	-4,560
							0	0
<b>Sub-Total</b>	34,760	31,784	34,338	129,071	30,061	38,200	-90,871	3,440
<b>Miscellaneous</b>							0	0
<b>Total</b>	<b>644,350</b>	<b>680,492</b>	<b>645,594</b>	<b>751,724</b>	<b>696,602</b>	<b>728,300</b>	<b>-23,424</b>	<b>83,960</b>

## **Materiality Thresholds**

Chapter 2 of the Filing Requirements issued by the Board July 16, 2015 sets out the materiality thresholds to be used by utilities as follows:

"\$50,000 for a distributor with a distribution revenue requirement less than or equal to \$10 million"

Chapleau PUC's revenue requirement for 2016 is \$891,122, therefore its' materiality level is \$50,000 however due to the size of the utility, Chapleau PUC's materiality threshold will be set at \$10,000.

## **Program Delivery Costs Variance Analysis**

### **Variance Analysis - 2016 Test Year and 2014 Actual**

#### **Operations and Maintenance**

- **Overhead Distribution Lines and Feeders. Test Year is higher than 2014 by \$18,169.**

Maintenance work is performed by Chapleau Energy Services Corporation (CESC). The crew consisting of the Manager and 2 Linemen, when not involved in power-outages and repairs for HONI or CPUC, allocate their time to CPUC's new construction and maintenance of their distribution system. Therefore, maintenance work to be performed depends on the amount of time remaining each year. There are more hours and use of the truck allocated to CPUC than 2014 Actual by \$9,116. In 2016 it is expected that more time will be spent on maintenance on the 4.16 kV system and less time will be spent on capital work to rebuild its' 4.16 kV. The only capital work budgeted is for the 25 kV system.

Due to the additional hours allocated to maintenance, more supplies for Overhead Distribution Lines and Feeders are expected to be used and purchased than the 2014 actual by \$8,612. Material purchases for the year are charged directly to account 5025. Actual purchases for the last 5 years range between \$5,447 in 2012 to \$25,288 in 2013, with an average of \$14,200. As more maintenance work is required more supplies are expected to be purchased.

#### **Customer Service**

- **Billing and Collections Test Year is lower than 2014 by \$13,671**

The basis for the 2016 Test Year Budget for billing and collections was developed using the most current actual experience. Customer Billing costs for 2015 - 8 month (Actual) is \$42,244 plus 4 months of budget for \$20,400 = \$62,644.

- **Bad Debt Expense Test Year is lower than 2014 by \$26,171**

In 2014 as a result of the change in the billing cycles and customer due date, overall accounts receivable increased year over year. The allowance percentage for bad debt is based on the total receivables number therefore it increased as a result of the increase in receivables, which

caused an increase in bad debts year over year. Such an adjustment is not expected to happen in 2016.

### **Administration**

- **Admin., Employee Benefits and Expenses. Test Year is higher than 2014 by \$39,793.**

Due to the confidential nature of this response salaries and salary increases are not disclosed.

Due to the retirement of the Secretary/Treasurer, in June 2016, CPUC's Board appointed the Line Foreman to Manager of the Utility and hired a Treasurer in March 2016. Due to market conditions the new Treasurer position required an increase in remuneration. The Secretary/Treasurer and the new Treasurer would overlap for four months during training, therefore 1/3rd of the new Treasurer's salary, during training, divided by 4 years is included in account 5610. Inflation increase of 2.5% for 2015 and 2.0% for 2016 are also included.

The cost of additional benefits for the new Treasurer during the overlap period and upon retirement of an employee, CPUC pays for Life insurance and covers the retiree for group insurance of one month for every year of service, which in this case it will be until the end of 2017. The cost for the group insurance has been prorated to 2020.

- **Outside Services Employed - 2016 Test Year is higher than 2014 by \$34,875.**

Increased consulting fees for the preparation of the 2016 Cost of Service Application \$7,000.

Increase in Audit fees and other professional services \$5,000.

Increases due to Distribution System Plan and CPUC's Investment Strategy by \$23,000.

### **Other**

- **Miscellaneous General Expenses Test Year is lower than 2014 by \$92,005.**

Due to the change in CPUC's billing cycle, from the 15th to the 1st of the month, an adjusting entry was needed to be made by CPUC's accountants to adjust unbilled revenue because unbilled revenue in 2014 was much less as compared to 2013. The entries made for the adjustment are:

Account #	Account Description	DR	CR
4050	Revenue	90,339	
1120	Unbilled Revenue		90,339
5665	Misc. General Expenses	90,339	
4050	Revenue		90,339

### **Variance Analysis - 2016 Test Year and last Rebasing Year (2012 Board-Approved)**

#### **Operations and Maintenance**

- **Overhead Distribution Lines and Feeders. Test Year is higher than Last Rebasing Year (2012 Board-Approved) by \$36,000**
- Maintenance work is performed by Chapleau Energy Services Corporation (CESC). The crew consisting of the Manager and 2 Linemen, when not involved in power-outages and repairs for HONI or CPUC, allocate their time to CPUC's new construction and maintenance of their distribution system. Therefore, maintenance work to be performed depends on the amount of time remaining each year. This year, there are more hours and higher use of the truck allocated to CPUC than Last Rebasing Year (2012 Board-Approved) by \$33,200. In the Last Rebasing Year (2012 Board-Approved) there was much more capital work budgeted for both the 4.16 kV and the 25.0 kV systems and therefore less Maintenance work. The expectation this year is that more time will be spent on maintenance on the 4.16 kV system with no time spent on capital work to rebuilt its' 4.16 kV. The only capital work budgeted is for the 25 kV system.

#### **Administration**

- **Admin., Employee Benefits and Expenses. Test Year is higher than last Rebasing Year (2012 Board-Approved) by \$45,820.**

Due to the confidential nature of this response salaries and salary increases are not disclosed.

Management Salaries increase of \$23,160 is due to the retirement of the company's Secretary Treasurer, promotion of the Line Foreman to Manager and the hiring of a new Treasurer. Due to market conditions the new Treasurer position required an increase in remuneration. There will also be an overlap of employees during a training period of approximately 4 months (March to June 2016), therefore 1/3rd of the new Treasure's salary, during training, divided by 4 years is included. These changes plus

the inflationary increases of \$5,340 will effectively increase annual salaries from the 2012 (Last approved).

Increases in pensions and benefits from the 2012 last approved of \$22,660 are attributable to an average increase of approximately 4.0% per annum on total benefits from 2012 for \$13,300 and the balance is due to Pension and Group Insurance for \$8,100 due to increases in pay as indicated above. Upon retirement of an employee, CPUC pays for Life Insurance and covers the retiree for group insurance for one month for every year of service, which in this case it will be until the end of 2017. The cost for the group insurance has been prorated to 2020.

- **Outside Services Employed 2016 Test Year is lower than Last Rebasing Year (2012 Board-Approved) by \$32,400**

In the Last Rebasing Year (2012 Board-Approved) Outside Services Employed included costs from Sensus and Harris Computer Systems for \$28,000 that were charged to account 5310, Meter Reading Expense from 2012 on to current year.

### **Significant Changes Within CPUC's Control**

CPUC does not have any significant changes to program delivery costs.

## **Compensation**

### **Employee Compensation Strategy**

Due to the retirement in 2016 of the Secretary/Treasurer of CPUC, the Board of Directors chose to promote the Line Foreman to Manager who will take over the administrative duties from the Secretary/Treasurer and continue to work with the line crew. The Secretary/Treasurer to be replaced with a Treasurer.

During the interview process it was determined that compensation being offered (same as the current Secretary/Treasurer) was not sufficient to entice qualified applicants and the Board decided to increase compensation.

Chapleau PUC does not have a collective agreement with their employees so annual increases to all full time employees is solely based on the collective bargaining agreement between the Town of Chapleau and their employees. No agreement has yet been reached for 2016. The expectation is that compensation will increase by 2.0% to 2.5% so CPUC has budgeted for a 2.0% increase.

There is no policy for performance pay and there are no relevant studies made.

### **Employee Benefits Program**

Chapleau PUC's employee benefit program has been in existence for several years (prior to 2000) and is very similar to most Distribution Utilities in Ontario, consisting of the following:

- OMERS Pension and Benefits
- Canada Pension Plan
- Group Insurance Plan (includes Dental)
- Employment Insurance
- WSIB
- EHT

Upon Retirement an employee continues to receive the Group Insurance Plan for an additional month for every year of service.

### **Actuarial Report**

CPUC does not have an actuarial report on employee benefits, pension and OPEBs.



## Appendix 2-K

### Employee Costs

	Last Rebasing Year - 2012- Board Approved	Last Rebasing Year - 2012- Actual	Last Rebasing Year - 2012- Board Approved	Last Rebasing Year - 2012- Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
	Partial	Partial	All In	All In	All In	All In	All In	All In
<b>Number of Employees (FTEs including Part-Time)<sup>1</sup></b>								
Management (including executive)	1	1	1	1	1	1	1	1.0
Non-Management (union and non-union)	4	4	4	4	4	4	4	5
Total	5	5	5	5	5	5	5	5.5
<b>Total Salary and Wages including overtime and incentive pay</b>								
Management (including executive)								
Non-Management (union and non-union)	\$ 251,684	\$ 260,248	\$ 300,631	\$ 309,195	\$311,733	\$331,557	\$330,461	\$369,000
Total	\$ 251,684	\$ 260,248	\$ 300,631	\$ 309,195	\$311,733	\$331,557	\$330,461	\$369,000
<b>Total Benefits (Current + Accrued)</b>								
Management (including executive)								
Non-Management (union and non-union)	\$ 61,452	\$ 63,665	\$ 75,040	\$ 77,253	\$ 84,609	\$ 80,285	\$ 80,546	\$ 91,200
Total	\$ 61,452	\$ 63,665	\$ 75,040	\$ 77,253	\$ 84,609	\$ 80,285	\$ 80,546	\$ 91,200
<b>Total Compensation (Salary, Wages, &amp; Benefits)</b>								
Management (including executive)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Management (union and non-union)	\$ 313,136	\$ 323,913	\$ 375,671	\$ 386,448	\$396,342	\$411,842	\$411,007	\$460,200
Total	\$ 313,136	\$ 323,913	\$ 375,671	\$ 386,448	\$396,342	\$411,842	\$411,007	\$460,200

## **Material Changes to Head Count and Compensation**

There are no material changes to CPUC's head count other than the overlap due to the retirement of the Secretary/Treasurer and the hiring of the new Treasurer for training purposes. There are no plans for new employees in the foreseeable future.

As indicated above in the compensation strategy section, increases in compensation for the Manager, the new Treasurer and an increase to the retiring Secretary/Treasurer to match the salary of the new Treasurer.

### **Chapleau PUC**

Annual increases to employee compensation are solely based on the collective bargaining agreement reached between the Town of Chapleau and their employees. No agreement has yet been reached for 2016. The expectation is that compensation will increase by 2.0% to 2.5%. The following is the annual compensation to all employees since 2012:

- 2012 2.0%
- 2013 2.0%
- 2014 2.0%
- 2015 2.5%
- 2016 2.0% (Estimate)

Benefit coverage for all employees consist of the following benefit plans (excludes Payroll Taxes ie CPP, EI etc):

- Company Pension - OMERS
- Life insurance
- AD & D
- Dental Plan
- Extended Health Plan

For retired Employees coverage consists of the following:

- Life insurance
- Dental Plan and Extended Health Plan to retiring employees of one month for every year of service.

## **Actuarial Report**

CPUC does not have an actuarial report.

## **Year Over Year Variances**

Appendix 2-K above was prepared showing the full compensation and Benefits of the 5 current employees, while the Last Rebasing Year 2012 Board Approved application was for the actual cost charged by CESC. Variance comparisons were not possible and therefore CPUC adjusted the Last Rebasing Year 2012 Board Approved and the 2012 Actual to be for the full year.

## **Materiality Threshold**

As previously identified, Chapleau PUC's Materiality Threshold will be set at \$10,000.

Variances below the Materiality Threshold are caused by annual compensation increases and overtime.

## **2012 Actual and Last Rebasing Year - 2012 Board Approved**

### **Salaries and Wages - 2012 Actual higher by \$8,564**

- 2012 Actual variance of \$8,564 is due to overtime not budgeted in the Last Rebasing Year - 2012 Board Approved.

### **Total Benefits**

- Variance below Materiality Threshold.

## **2014 Actual and 2013 Actual**

### **Salaries and Wages - 2014 Actual higher by \$19,824**

- 2014 Actual variance of \$19,824 is due mostly to an additional pay in 2014 (27 bi-weekly pays) of \$11,788. The balance is the increase in annual compensation of \$6,130 and the balance is for additional overtime worked.

### **Total Benefits**

- Variance below Materiality Threshold.

## **2016 Test Year and 2015 Bridge Year**

### **Salaries and Wages- 2016 Test Year Higher by \$38,539**

- As indicated above, the increase in compensation of \$38,539 is due to the promotion to Manager for current employee, increase in compensation for new employee, the overlap of the retiring Secretary/Treasurer and the new Treasurer for 4 months and the annual compensation increase of 2%.

### **Total Benefits - 2016 Test Year Higher by \$10,654.**

- The variance of \$10,654 is due to the cost of additional benefits for the new Treasurer during the overlap period, Employee Pension, EHT and WSIB increase due to compensation increases and Life Insurance and Group Insurance coverage for the retiring employee.

## **Shared Services and Corporate Cost Allocation**

The Township of Chapleau owns 100% of Chapleau Public Utilities Corporation and Chapleau Energy Services Corporation.

### **Shared Services**

Shared Services are only between Chapleau Energy Services Corporation (CESC) and Chapleau Public Utilities Corporation (CPUC). The services are all identified below in Appendix 2 - N

### **Distribution Company**

Chapleau Public Utilities Corporation (CPUC) is the local distribution company having 4 Board Members 2 of which represent the Shareholder, the Township of Chapleau; the Board and Management of the Utility reports to the shareholder annually at the Annual Shareholders meeting. The election of the Board members occurs at the Township of Chapleau Council Meeting. Qualified Board members are eligible for reelection.

### **Services Company**

Chapleau Energy Services Corporation (CESC) is the service company having 3 Board Members 2 of which represent the Shareholder, the Township of Chapleau. The Board and Management of the Service Company reports to the shareholder annually at the Annual Shareholders meeting and the election of the Board members occurs at the Township of Chapleau Council Meeting. Qualified Board members are eligible for re-election.

### **Operation and Maintenance Service Agreement**

Chapleau Public Utilities Corporation and Chapleau Energy Services Corporation have an operation and maintenance service agreement between the two companies. The Utility employs the Services Company to supply material, labour and equipment required for new construction, repairs and maintenance of the Utility's distribution system, management support, billing and collection, rent, phone, postage and office equipment. All services are charged to the Distribution Company at direct cost plus applicable overhead (no mark-up).

## **Allocation Methodology**

Allocation Methodology for corporate and shared services are identified below in Appendix 2-N which is included in Attachment B. These allocators are reviewed annually by CPUC's Accountants/Auditors.

**Appendix 2-N** has been completed for the services provided for historical years 2012, 2013 and 2014, bridge and test years. There is no Other Revenue included.

### **Shared Services - Variance Analysis 2016 Test Year and 2012 Test Year**

#### **Overhead Distribution Lines & Feeders - Maintenance - \$28,800**

2016 Test Year higher than 2012 Test Year by \$28,800 is due to annual compensation increases of \$10,633 and the balance is for additional hours available for maintenance work.

#### **Management Salaries and Expense - \$30,000**

- The variance of \$30,000 is mainly due to the promotion to Manager for current employee, increase in compensation for new employee, the overlap of the retiring Secretary/Treasurer for training purposes, the overlap of the new Treasurer for 4 months and the annual compensation increases of \$4,738.

#### **Employee Pension and Benefits - \$14,760**

- The variance of \$14,760 is mostly due to an error in under budgeting the Last Rebasing Year 2012 Board Approved by \$8,795 (Budget 17,640 vs 2012 actual of \$26,435), pension cost increases and increases due to employee compensation increases of \$4,437 and the balance is due to the promotion to Manager for current employee, increase in compensation for new employee.

#### **Miscellaneous General Expenses \$12,596**

- The variance of \$12,596 is due to an error in over budgeting the Last Rebasing Year 2012 Board Approved by \$10,524 (budget \$14,096 vs 2012 actual of \$3,572).

### **Shared Services - Variance Analysis 2016 Test Year and 2014 Actual**

All variances for 2016 Test Year and 2014 Actual are below the Materiality Threshold set by CPUC of \$10,000.

#### **Board of Director Costs**

There are no Board of Director costs for affiliates included in CPUC's costs.

## Appendix 2-N

### Shared Services and Corporate Cost Allocation <sup>1</sup>

#### Shared Services - 2016 Test Year

2012 Test  
Year  
Board  
Approved

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service	Cost for the Service	Variance	Percentage
From	To							
				\$	\$	\$	\$	%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$3,000	\$3,000	\$4,500	-\$1,500	-50%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Operation Supplies	Cost Based. 100% of actual Supplies Used. (As Per Operation and Service Agreement)	\$1,200	\$1,200	\$1,200	\$0	0%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$150,000	\$150,000	\$121,200	\$28,800	19%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Operation Supplies	Cost Based. 86.8 % of actual Supplies Used. (As Per Operation and Service Agreement)	\$7,000	\$7,000	\$7,000	\$0	0%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Reading, Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,500	\$2,500	\$1,680	\$820	33%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Reading, Installation and Maintenance Supplies	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$0	\$0	\$600	-\$600	#DIV/0!
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,800	\$7,800	\$7,800	\$0	0%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$26,400	\$26,400	\$17,400	\$9,000	34%

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$30,000	\$30,000	\$30,000	\$0	0%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$44,200	\$44,200	\$40,000	\$4,200	10%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$84,000	\$84,000	\$54,000	\$30,000	36%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$3,500	\$3,500	\$12,000	<b>-\$8,500</b>	-243%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$25,480	\$25,480	\$19,500	\$5,980	23%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insurance	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$950	\$950	\$925	\$25	3%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Employee Pension and Benefits	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$32,400	\$32,400	\$17,640	\$14,760	46%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$5,000	\$5,000	\$3,900	\$1,100	22%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$3,200	\$3,200	\$2,640	\$560	18%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$12,000	\$12,000	\$8,770	\$3,230	27%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$6,000	\$6,000	\$4,335	\$1,665	28%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$48,000	\$48,000	\$40,800	\$7,200	15%



Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$8,000	\$8,000	\$7,950	\$50	1%
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$1,500	\$1,500	\$14,096	-\$12,596	-840%
			<b>TOTAL</b>	<b>\$486,030</b>	<b>\$486,030</b>	<b>\$417,936</b>	<b>\$68,094</b>	<b>14%</b>

## Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
<b>From</b>	<b>To</b>				
				%	\$
<i>eg: parent company</i>	<i>eg: regulated entity</i>				
	NOT APPLICABLE - There are no Corporate cost Allocations				

Year: Bridge Year 2015

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,782	\$2,782
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Operation Supplies	Cost Based. 100% of actual Supplies Used. (As Per Operation and Service Agreement)	\$1,005	\$1,005
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$144,825	\$144,825
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Operation Supplies	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$6,700	\$6,700
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$1,664	\$1,664

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,700	\$7,700
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$23,987	\$23,987
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$14,500	\$14,500
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$43,300	\$43,300
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$65,652	\$65,652
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$4,500	\$4,500
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$25,935	\$25,935
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insuranse	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$940	\$940

			Agreement)		
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Employee Pension and Benefits	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$28,495	\$28,495
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$4,901	\$4,901
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$2,989	\$2,989
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$10,483	\$10,483
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$5,156	\$5,156
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$42,314	\$42,314
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$7,252	\$7,252

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$1,400	\$1,400
			<b>TOTAL</b>	<b>\$446,480</b>	<b>\$446,480</b>

Year: Actual 2014

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,531	\$2,531
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Operation Supplies	Cost Based. 100% of actual Supplies Used. (As Per Operation and Service Agreement)	\$0	\$0
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$145,333	\$145,333

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Operation Supplies	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$6,407	\$6,407
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,921	\$2,921
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$8,100	\$8,100
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$25,668	\$25,668
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$25,553	\$25,553
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$42,429	\$42,429
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$60,027	\$60,027
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$4,405	\$4,405

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$22,711	\$22,711
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insuranse	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$937	\$937
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Employee Pension and Benefits	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$28,576	\$28,576
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$4,675	\$4,675
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$2,825	\$2,825
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$9,950	\$9,950
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$5,050	\$5,050

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$41,109	\$41,109
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$7,050	\$7,050
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$1,633	\$1,633
			<b>TOTAL</b>	<b>\$447,890</b>	<b>\$447,890</b>

Year: Actual 2013

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,224	\$2,224



Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Operation Supplies	Cost Based. 100% of actual Supplies Used. (As Per Operation and Service Agreement)	\$0	\$0
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$133,557	\$133,557
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Operation Supplies	Cost Based. 86.9% of actual Supplies Used. (As Per Operation and Service Agreement)	\$6,858	\$6,858
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,003	\$2,003
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,800	\$7,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$24,318	\$24,318
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$24,948	\$24,948
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$40,462	\$40,462

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$64,246	\$64,246
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$3,998	\$3,998
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$21,574	\$21,574
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insuranse	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$939	\$939
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Employee Pension and Benefits	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$30,286	\$30,286
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$4,060	\$4,060
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$2,749	\$2,749

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$9,635	\$9,635
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$4,669	\$4,669
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$43,243	\$43,243
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$7,123	\$7,123
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$1,190	\$1,190
			<b>TOTAL</b>	<b>\$435,882</b>	<b>\$435,882</b>

Year: Actual 2012

### Shared Services

Name of Company	Service Offered	Pricing	Price for	Cost for
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From	To		Methodology	the Service	the Service
				\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,900	\$2,900
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Supplies and Expenses	Cost Based. 100% of actual supplies used. (As Per Operation and Service Agreement)	\$0	\$0
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$133,660	\$133,660
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Supplies and Expenses	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$5,289	\$5,289
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Reading, Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,730	\$2,730
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,800	\$7,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$19,084	\$19,084

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$25,720	\$25,720
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$36,733	\$36,733
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$59,567	\$59,567
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$3,748	\$3,748
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$17,665	\$17,665
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insuranse	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$898	\$898
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	OMERS - Employee Pension and Benefits	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$22,720	\$22,720

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$3,857	\$3,857
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$2,567	\$2,567
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$9,029	\$9,029
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$4,689	\$4,689
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$41,350	\$41,350
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$9,885	\$9,885
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$1,249	\$1,249

			<b>TOTAL</b>	<b>\$411,140</b>	<b>\$411,140</b>
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Year: Test Year 2012 Board  
Approved

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$4,500	\$4,500
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Supplies and Expenses	Cost Based. 100% of actual supplies used. (As Per Operation and Service Agreement)	\$1,200	\$1,200
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$121,200	\$121,200
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Supplies and Expenses	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$7,000	\$7,000
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$600	\$600

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Reading Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$1,680	\$1,680
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,800	\$7,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$17,400	\$17,400
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$30,000	\$30,000
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$40,000	\$40,000
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$54,000	\$54,000
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$12,000	\$12,000
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$19,500	\$19,500



Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insurance	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$925	\$925
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Employee Pension and Benefits	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$17,640	\$17,640
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$3,900	\$3,900
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$2,640	\$2,640
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$8,770	\$8,770
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$4,335	\$4,335
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$40,800	\$40,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$7,950	\$7,950

			Agreement)		
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$14,096	\$14,096
			<b>TOTAL</b>	<b>\$417,936</b>	<b>\$417,936</b>

Year: Bridge Year 2015

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,782	\$2,782
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Operation Supplies	Cost Based. 100% of actual Supplies Used. (As Per Operation and Service Agreement)	\$1,005	\$1,005
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$144,825	\$144,825

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Operation Supplies	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$6,700	\$6,700
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$1,664	\$1,664
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,700	\$7,700
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$23,987	\$23,987
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$14,500	\$14,500
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$43,300	\$43,300
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$65,652	\$65,652
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$4,500	\$4,500

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$25,935	\$25,935
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insuranse	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$940	\$940
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Employee Pension and Benefits	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$28,495	\$28,495
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$4,901	\$4,901
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$2,989	\$2,989
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$10,483	\$10,483
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$5,156	\$5,156

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$42,314	\$42,314
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$7,252	\$7,252
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$1,400	\$1,400
			<b>TOTAL</b>	<b>\$446,480</b>	<b>\$446,480</b>

Year: Actual 2014

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,531	\$2,531
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Operation Supplies	Cost Based. 100% of actual Supplies Used. (As Per Operation and Service Agreement)	\$0	\$0
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$145,333	\$145,333
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Operation Supplies	Cost Based. 86.8% of actual time spent. (As Per Operation and Service Agreement)	\$6,407	\$6,407
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,921	\$2,921

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$8,100	\$8,100
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$25,668	\$25,668
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$25,553	\$25,553
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$42,429	\$42,429
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$60,027	\$60,027
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$4,405	\$4,405
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$22,711	\$22,711
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insuranse	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service	\$937	\$937

			Agreement)		
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Employee Pension and Benefits	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$28,576	\$28,576
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$4,675	\$4,675
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$2,825	\$2,825
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$9,950	\$9,950
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$5,050	\$5,050
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 86.8%of actual time spent. (As Per Operation and Service Agreement)	\$41,109	\$41,109
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$7,050	\$7,050



Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$1,633	\$1,633
			<b>TOTAL</b>	<b>\$447,890</b>	<b>\$447,890</b>

Year: Actual 2013

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,224	\$2,224
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Operation Supplies	Cost Based. 100% of actual Supplies Used. (As Per Operation and Service Agreement)	\$0	\$0
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$133,557	\$133,557

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Operation Supplies	Cost Based. 86.9% of actual Supplies Used. (As Per Operation and Service Agreement)	\$6,858	\$6,858
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,003	\$2,003
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,800	\$7,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$24,318	\$24,318
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$24,948	\$24,948
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$40,462	\$40,462
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$64,246	\$64,246
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$3,998	\$3,998

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$21,574	\$21,574
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insuranse	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$939	\$939
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Employee Pension and Benefits	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$30,286	\$30,286
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$4,060	\$4,060
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$2,749	\$2,749
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$9,635	\$9,635
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$4,669	\$4,669

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 86.9% of actual time spent. (As Per Operation and Service Agreement)	\$43,243	\$43,243
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$7,123	\$7,123
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$1,190	\$1,190
			<b>TOTAL</b>	<b>\$435,882</b>	<b>\$435,882</b>

Year: Actual 2012

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,900	\$2,900

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Supplies and Expenses	Cost Based. 100% of actual supplies used. (As Per Operation and Service Agreement)	\$0	\$0
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$133,660	\$133,660
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Supplies and Expenses	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$5,289	\$5,289
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Reading, Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$2,730	\$2,730
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,800	\$7,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$19,084	\$19,084
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$25,720	\$25,720
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$36,733	\$36,733

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$59,567	\$59,567
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$3,748	\$3,748
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$17,665	\$17,665
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insuranse	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$898	\$898
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	OMERS - Employee Pension and Benefits	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$22,720	\$22,720
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$3,857	\$3,857
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$2,567	\$2,567

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$9,029	\$9,029
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$4,689	\$4,689
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 83.19% of actual time spent. (As Per Operation and Service Agreement)	\$41,350	\$41,350
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$9,885	\$9,885
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$1,249	\$1,249
			<b>TOTAL</b>	<b>\$411,140</b>	<b>\$411,140</b>

Year: Test Year 2012 Board  
Approved

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$4,500	\$4,500
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Distribution Station Equipment - Supplies and Expenses	Cost Based. 100% of actual supplies used. (As Per Operation and Service Agreement)	\$1,200	\$1,200
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$121,200	\$121,200
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Overhead Distribution Lines & Feeders - Supplies and Expenses	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$7,000	\$7,000
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Installation and Maintenance	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$600	\$600
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Meter Reading Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$1,680	\$1,680



Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	On Call Expense	Cost Based. 100% of actual time spent. (As Per Operation and Service Agreement)	\$7,800	\$7,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Holidays and Sick Time	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$17,400	\$17,400
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Truck Expense	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$30,000	\$30,000
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Customer Billing	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$40,000	\$40,000
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Management Salaries and Expense	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$54,000	\$54,000
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Outside Services Employed	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$12,000	\$12,000
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Office Supplies and Expense	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$19,500	\$19,500
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Property Insuranse	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$925	\$925

			Agreement)		
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Employee Pension and Benefits	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$17,640	\$17,640
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EHT Expense	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$3,900	\$3,900
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	WSIB Expense	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$2,640	\$2,640
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	CPP Expense	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$8,770	\$8,770
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	EI Expense	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$4,335	\$4,335
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Group Insurance	Cost Based. 84% of actual time spent. (As Per Operation and Service Agreement)	\$40,800	\$40,800
Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Taxes Other Than Income Taxes	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$7,950	\$7,950

Chapleau Energy Services Corporation	Chapleau Public Utilities Corporation	Miscellaneous General Expenses	Based on Costs incurred to date is allocated based on the appropriate %ge. (As Per Operation and Service Agreement)	\$14,096	\$14,096
			<b>TOTAL</b>	<b>\$417,936</b>	<b>\$417,936</b>

## **Non-Affiliate Services, One Time Costs, Regulatory Costs**

### **Procurement Policy**

CPUC's Procurement Policy is shown below and identifies signing authority, tendering process, non-affiliate service purchase compliance, emergency purchases and purchases without competitive tender.

### **One Time Costs**

There are no one-time costs included in CPUC's 2016 Test Year.

# Chapleau Public Utilities Corp.

Chapleau, Ontario  
P.O. Box 670  
P0M 1K0

Telephone (705) 864-0111  
Fax (705) 864-1962  
E-mail [chec@onlink.net](mailto:chec@onlink.net)

## Schedule “A”

### SECTION A

#### Preamble

- 1.0.0 Chapleau Public Utilities Corporation has ascertained that a procurement policy is required:
- To encourage competition among bidders;
  - To obtain the highest quality of goods and services for the best possible price;
  - To ensure that the procurement process is conducted in an efficient and effective manner;
  - To ensure fairness among bidders;
  - To ensure openness, accountability and transparency while protecting the financial interests of the municipality.

### SECTION B

#### Policy Statement

- 1.0.0 The Secretary-Treasurer shall be responsible for the execution of this policy.
- 2.0.0 The Secretary-Treasurer by resolution as Department Head shall be responsible for the purchase of goods or services.
- 3.0.0 It shall be the policy of the Corporation to ensure a fair purchasing policy which is, administratively, easy to manage.

### SECTION C

#### Definitions

- 1.0.0 “Best Value” shall not be limited to the lowest price but shall be a combination of price and quality. Such determination shall be left up to the discretion of the Board of Directors.
- 2.0.0 “Capital Project” shall refer to a project that has been budgeted within the annual Capital Budget or if not Budgeted, shall refer to projects that would normally appear within the Capital expenditures of the PUC.
- 3.0.0 “Corporation” shall mean Chapleau Public Utilities Corporation.
- 4.0.0 “Board” shall mean the Board of Directors of Chapleau Public Utilities Corporation.
- 6.0.0 “Immediate Family Member” shall mean a spouse, common law spouse, same-sex partner, child or stepchild.
- 8.0.0 “Secretary-Treasurer” shall refer to the Treasurer of the Corporation.

## **SECTION D**

### **Procurement Process**

**1.0.0** Refer to Schedule “B” attached hereto and forming part of this procurement.

## **SECTION E**

### **Regulations**

#### **1.0.0 Restrictions**

**1.0.1** No other forms of procurement shall be permitted, unless prior approval is obtained by PUC Board resolution.

**1.0.2** Notwithstanding the above, adherence to this purchasing policy is not required with respect to those items listed below:

- Utilities, including postage, hydro, propane, telephone, etc.
- Payroll and payments to Government agencies, carriers or unions
- Boards and Committees Levies
- Vehicle Licenses
- Board of Directors Honorarium
- Courier and other shipping charges
- Licenses, certificates and other approvals required
- Petty cash vouchers
- Subscriptions and memberships
- Petty Cash
- Training and Education
- Refundable Employee Expenses
- Ongoing maintenance for existing computer hardware and software
- Reciprocal or shared agreements

**1.0.3** No one associated with the Corporation including Board members and employees shall accept any gifts from any suppliers participating in or who have participated in procurement processes with the Corporation.

#### **2.0.0 Conflict of Interest**

**2.0.1** Where an employee involved in the award of any contract, either on his or her own behalf or while acting for, by with or through another person, has any pecuniary interest, direct or indirect, in the contract, the employee

- Shall immediately disclose the interest and the general nature thereof to the Secty-Treasurer
- Shall not take part in the award of the contract; and
- Shall not attempt in any way to influence the award of the contract;

An employee has an indirect pecuniary interest in any contract in which the Corporation is concerned, if the employee or his immediate family member

- Is a shareholder in, or a director or senior officer of, a corporation that does not offer its securities to the public that has a pecuniary interest in the contract,
- Has a controlling interest in or is a director or senior officer, of a corporation that offers its securities to the public that has a pecuniary interest in the contract, or
- Is a member of an incorporated association or partnership, that has a pecuniary interest in the matter, or
- Is in the employment of a person, unincorporated association or partnership that has a pecuniary interest in the contract.

**2.0.2** Where a Board of Directors member, either on his/her own behalf or while acting for, by with or through another person, has any pecuniary interest, direct or indirect, in the contract, that Board Member

- Shall disclose his/her pecuniary interest
- Shall not take part in the award of the contract; and
- Shall not attempt in any way to influence the award of the contract.

A Board of Directors member has an indirect pecuniary interest in any contract in which the corporation is concerned, if he or she or his or her immediate family member

- Is a shareholder in, or a director or senior officer of, a corporation that does not offer its securities to the public that has a pecuniary interest in the contract,
- Has a controlling interest in or is a director or senior officer of, a corporation that offers its securities to the public that has a pecuniary interest in the contract, or Is a member of an incorporated association or partnership, that has a pecuniary interest in the matter, or
- Is in the employment of a person, unincorporated association or partnership that has a pecuniary interest in the contract.

### **3.0.0 Non-Competitive Purchases**

#### **3.0.1 Sole Source Purchases:**

**3.0.1.1** Exemption from this policy is granted in circumstances where there is only one supplier available and no alternative or substitute exists and/or where there is a statutory monopoly on the product or service.

### **4.0.0 Purchasing Procedures**

#### **4.0.1 Purchasing Responsibilities**

The Board of Directors has the responsibility for procurement activities, and has ultimate authority for all expenditures. All contracts are subject to Board approval. The Board may delegate, by resolution, staff members who shall have the authority to purchase goods and/or services within the boundaries of this policy. The Treasurer cannot pay for any items that have not been authorized by the Board through budget approvals or specific resolution. The purchasing policy provides guidelines outlining how spending authority is to be used.

#### **4.0.2 Access to Information**

The disclosure of information requests made in writing to the Board, or other person designated by the Board, relevant to the issue of bid solicitations or the award of contracts emanating from bid solicitations shall be in accordance with the provisions of the *Municipal Freedom and Protection of Privacy Act*, as amended.

#### **4.0.3 Contract Without Budgetary Approval**

Where a requirement exists to initiate a project for goods, services or construction and funds are not contained within the approved budget, the Department Head requesting the goods/services shall, prior to commencement of the purchasing process, submit a report to the Secty- Treas. containing:

- Information surrounding the requirements to contract;
- The terms of reference to be provided in the contract;
- Information on the availability of the funds within existing estimates that were originally approved by the Corporation for other purposes, or on the requirement of additional funds.

#### **4.0.4 Purchases – General**

A purchase order is required for all purchases made by Employees.

#### **4.0.5 Purchase – Emergency**

This procedure recognizes that there may occur circumstances where the health, safety, life or convenience of the citizens of the municipality may be in jeopardy. Under these conditions, an emergency purchase shall be permitted.

The Secty-Treasurer may, under these circumstances, permit the Employee to circumvent the policy to effect an emergency purchase. A purchase may be made to obtain the required supplies or services regardless of the amount.

The Employee shall be responsible to file a complete report on the circumstances with the Secty-Treasurer and the Board as soon as possible thereafter.

### **SECTION F**

#### **1.0.0 Tender and Proposal Procedures**

**1.0.1** Tenders may be called either by public advertising or invitation only.

**1.0.2** Tenders will be called for all capital work, equipment and materials by way of public advertising, as outlined in this section.

**1.0.3** Advertisements must include the following information:

- Site meeting (if applicable) – time, date and location
- Contact names for technical and purchasing inquiries
- Document fee (if applicable)
- Location for picking up tender packages
- Location for dropping off tender packages
- Deadline for submission of tender packages
- The privilege clause: “Lowest or any bid may not necessarily be accepted”

**1.0.4** The closing date shall be a minimum of 10 calendar days after the date of advertising. However, a tender may be closed in a shorter or longer period of time depending on the urgency or complexity of the item(s) tendered.

**1.0.5** Depending on the complexity of the item(s) being purchased, the Corporation may obtain professional assistance from qualified individuals to assist with the preparation and competition of the tender specifications.

**1.0.6** All tenders submissions must be addressed to the Secty-Treasurer or consulting firm and returned in the envelope provided with the tender package. Upon receipt of a tender, the Secty-Treasurer or consulting firm shall:

- Date and time recorded on the sealed envelope
- Assign a tender number to the tender package and record the submission on the “Tender Log”
- Deposit the sealed tender in a tender envelope or box

**1.0.7** The Secty-Treasurer shall refuse to accept any tender submission that is:

- Not sealed
- Received after the closing deadline. Secty-Treasurer or designate is to record on late tender received, the date and time received and make a copy of the sealed envelope to retain on file. Envelope to be returned to the bidder.
- Submitted after a tender has been cancelled

**1.0.8** Requests for withdrawal of a tender shall be allowed if the request is made by the bidder in writing



before the closing time for the contract to which it applies. A senior official of the company must direct requests to the Secty-Treasurer by letter or in person, with a signed withdrawal confirming the details. Telephone requests will not be considered. The withdrawal of a tender does not disqualify the bidder from submitting another tender on the same contract.

- 1.0.9** Tenders close at 4:30 p.m. on the appointed day, and are opened publicly at a regular or special meeting of Chapleau PUC.
- 1.0.10** The amount of each bid shall be recorded in the minutes of the meeting and on the "Tender Log", (Appendix "I") attached to and forming part of this By-Law.
- 1.0.11** The Secty-Treasurer shall review each tender to determine whether a bid irregularity exists, and action is to be taken according to the nature of the irregularity. For List of bid irregularities, (See Appendix "II") attached to and forming part of this By-Law.
- 1.0.12** The Secty-Treasurer shall submit a report for consideration by the Board and approval by resolution. Such report shall include:
  - List of rejected bids and reasons for the rejection
  - A recommendation in support of one of the bids
  - The rationale for this recommendation

## **2.0.0 Bid Irregularities**

- 2.0.1** For the purposes of this policy, bid irregularities are further classified as "major irregularities" or "minor irregularities". See Appendix "II" attached to and forming part of this by-law for types of irregularities and their classification.
- 2.0.2** Major irregularity is a deviation from the bid request that affects the price, quality, quantity or delivery, and is material to the award. If the deviation is permitted, the bidder could gain an unfair advantage over competitors. Chapleau Public Utilities Corporation must reject any bid, which contains a major irregularity.
- 2.0.3** Minor irregularity is a deviation from the bid request, which affects form, rather than substance. The effect on the price, quality, quantity or delivery is not material to the award. If the deviation is permitted or corrected, the bidder would not gain an unfair advantage over competitors. The Board may permit the bidder to correct a minor irregularity.
- 2.0.4** The Secty-Treasurer or consulting firm will be responsible for all action taken in dealing with bid irregularities, and acts in accordance with the nature of the irregularity:
  - Major irregularity – automatic rejection
  - Minor irregularity – bidder may rectify
  - Errors in calculations (including errors in taxes) – may be corrected and the unit prices will govern
- 2.0.5** In the event that the successful bidder withdraws its bid due to the identification of a major irregularity before the Board enters into a written contract with that bidder, the Board, by resolution, may disqualify such vendor from participating in further quotations and tenders for a period of up to one year.

## **3.0.0 Procurement Documentation**

- 3.0.1** Procurement documentation for bid requests shall void use of specific products or brand names.
- 3.0.2** The use of standards in procurement that have been certified, evaluated, qualified, registered or verified by independent and nationally recognized and industry-supported organizations such as the Standards Council of Canada shall be preferred.

- 3.0.3** Notwithstanding Clauses 3.0.1, the Board may specify a specific product or brand name for essential functionality purposes to avoid unacceptable risk or for some other valid purpose. In such instances, the Board shall manage the procurement in order to achieve a competitive situation if possible.
- 3.0.4** Awards shall typically be made to the lowest bidder who has complied with the terms and conditions in the Request for Quotation or Request for Tender, all other factors being equal. In addition to price, consider of factors as set out below may result in the acceptance of a bid other than the lowest bid.
- Ability and experience to perform in accordance with the Terms of the invitation
  - Record of past performance with Chapleau Public Utilities Corporation
  - Past performance with other municipalities or boards
  - Financial and technical resources
  - Knowledge of Chapleau Public Utilities Corporation's operations, systems and services
  - Compatibility with other goods and services of the PUC
  - The percentage of local content, including supplies, materials and sub-contractors from within the municipal boundaries
  - Any other factors, including a scoring system which may be used by the Board in evaluating bids received
  - All bid requests shall include the privilege clause "The lowest or any bid may not necessarily be accepted". When using such privilege clause the specific reasons for not accepting the bids shall be disclosed to all bidders.

#### **4.0.0 Guarantee of Contract Execution and Performance**

- 4.0.1** The Board may require that a bid bond or other similar security to guarantee entry into a contract shall be submitted with all bids. Unless otherwise specified, in circumstances where a bid bond or other security is required, the refundable deposit requirements for Request for Tenders shall be a minimum of 10%.
- 4.0.2** Prior to commencement of the work, the successful bidder may be required to provide the following security in addition to the security provided to in Clause 4.0.1.
- A performance bond, percentage to be pre-determined in original tender documents, to guarantee the performance of a contract, and
  - A payment bond, percentage to be pre-determined in original tender documents, to guarantee the payment for labour and materials supplied in connection with a contract
- 4.0.3** The Board shall select the appropriate means to guarantee execution and performance of the contract. Means may include one or more of, but are not limited to, certified cheque, bank draft, irrevocable letter of credit, money-order and, where appropriate, a bid bond issued by an approved guarantee company properly licensed in the province of Ontario, on bond forms acceptable by the Board.
- 4.0.4** Prior to commencement of work, evidence of Health & Safety Policy, Safety Orientation, Liability and Workplace Safety Insurance coverage satisfactory to Chapleau Public Utilities Corporation must be obtained, ensuring indemnification of Chapleau Public Utilities Corporation from any and all claims, demands, losses, costs or damages resulting from the performance of a Bidder's obligations under the contract and from any risk determined by Chapleau Public Utilities Corporation as requiring coverage.
- 4.0.5** Prior to payment to a supplier, a Certificate of Clearance from the Workplace Safety Insurance Board shall be obtained ensuring all premiums or levies have been paid to the Workplace Safety and Insurance Board to the date of payment.

#### **5.0.0 Evaluation of Bids Received and Award**

- 5.0.1** The Secty-Treasurer and Department Head requesting the goods/services, shall review all bids against the established criteria and reach consensus on the final rating results and the

Secty-Treasurer shall ensure that the final rating results are kept with the procurement file.

**5.0.2** The Secty-Treasurer shall submit a summary of the procurement and provide a recommendation to the Board respecting award of contract to the bidder whose bid meets all mandatory requirements as specified in the bid solicitation and provides best value to the Board based on the evaluation criteria specified in the bid solicitation.

**5.0.3** In the event that more than one bidder has submitted a tender in the same amount, the Board shall make its decision based on the merit of the bid (i.e. including such factors as time for completion and previous performance of the bidder). If the merit for each bid is equal, then the bid to be accepted shall be decided by means of a draw. The names of the tied bidders shall be placed in a container and the bid to be awarded shall be drawn by a member of the Board. The Secty-Treasurer shall set the time and location of the draw and notify all bidders in order that they may be present.

**6.0.0 Bids in Excess of Project Estimates**

**6.0.1** Where bids are received in response to a bid solicitation but exceed the project estimates, the Secty-Treasurer, with the authority of the Board, may enter into negotiations with the Lowest Responsive Bidder to attempt to achieve an acceptable bid within the project estimate.

**6.0.2** The Board may cancel a competition or call a new competition when an original bid cannot be negotiated that falls within budget limits.

**7.0.0 Contractual Agreements**

**7.0.1** The award of a contract shall be made by way of an agreement.

**7.0.2** A more formal agreement shall be used when the contract is complex and will contain terms and conditions other than the Board's standard terms and conditions.

**7.0.3** The Board shall approve any and all changes in a contract that affect price or terms of the original contract.

**7.0.4** All contracts shall specify conditions under which the contract may be terminated by either the Board or the bidder.

**SECTION G**

**1.0.0 Supplier Performance**

- All staff participating in a procurement process shall document evidence where the performance of a supplier has been unsatisfactory in terms of failure to meet contract specifications, terms and conditions or for Health and Safety Violations. The Department Head shall maintain such documentation on file for the respective vendors.
- The Department Head requesting the goods/services shall complete a performance evaluation to rate the performance of the contractor, supplier or consultant on criteria determined by the Board. Such criteria shall be appropriate in determining if Chapleau Public Utilities Corporation has obtained a satisfactory level of performance by the successful bidder. The performance evaluation and criteria adopted from time to time shall be provided to the successful bidder in advance of the contract, and shall remain constant for the duration of the contract. The same evaluation criteria shall apply to all procurement activities. The Department Head shall provide the bidder with the written results of the performance evaluation and the bidder shall have 20 days following delivery of the evaluation to request an appeal. The Board shall hear from both parties at a time and place appointed in writing by the Secty-Treasurer. The decision of the Board shall be in writing, a copy of which shall be provided to the contractor, supplier or consultant, and the decision of a majority of Board members present and voting shall be final.

## **SECTION H**

### **Contract Options**

#### **1.0.0 Exercise of Contract Renewal Options**

- 1.0.1** Where a contract contains an option for renewal, the Board may exercise such option provided that:
- The supplier's performance in supplying the goods, services or construction is considered to have met the requirements of the contract, and
  - The Board agrees that the exercise of the option is in the best interest of Chapleau PUC, and
  - Funds are available in appropriate accounts within Chapleau PUC's approved estimates including authorized revisions to meet the proposed expenditure.
- 1.0.2** The authorization from the Board shall include a written explanation as to why the renewal is in the best interest of Chapleau PUC and include comment on the market situation and trend.

#### **2.0.0 Execution and Custody of Documents**

- 2.0.1** The Head of the Board and Secty-Treasurer are authorized to execute formal agreements in the name of Chapleau PUC that have been approved by by-law.
- 2.0.2** The Department Head requesting the goods/services shall have the authority to purchase items in accordance with this by-law.
- 2.0.3** The Secty-Treasurer shall be responsible for the safeguarding of original purchasing and contract documentation for the contracting or all goods, services or construction awards.

## **SECTION I**

#### **1.0.0 Review and Evaluation**

- 1.0.1** Chapleau Public Utilities Corporation shall review this policy every three years commencing from the date of adoption. Such review shall include the evaluation of the effectiveness and efficiency of all policies.

### SCHEDULE “B”

Amount of Purchase	Procurement Process to be Used	Conditions/Explanations
\$0 to \$2000.00	Direct Acquisition	Dept Head is permitted to purchase goods and/or services with the Secty-Treas. approval by a PO
\$2001.00 to \$10,000.00	Informal Quotations	<p>Dept Head is permitted to purchase goods and/or services provided that:</p> <ul style="list-style-type: none"> <li>• The goods and/or services have been included in the annual budget estimates approved by the Board.</li> <li>• Dept Head obtains a minimum of 2 verbal quotations, where possible and practicable</li> <li>• Written documentation is maintained for each quotation</li> <li>• Where only one supplier is available, the Dept Head will file that supplier’s quote plus details of refusals.</li> <li>• With Secty-Treasurer approval by a PO under \$2,000.00</li> </ul>
\$10,001.00 to \$25,000.00	Quotations (Request for Quotations-RFQ)	<ul style="list-style-type: none"> <li>• Dept Head obtains a minimum of 3 quotations, where possible and practicable.</li> <li>• Copies of quotations are provided to the Board with a recommendation</li> <li>• The Board shall make the final decision, by resolution, based on the quotations provided.</li> <li>• Expenditures must be made so as to obtain the best value for the Corporation</li> <li>• Where only one supplier is available, the Dept Head will file that supplier’s quote plus details of refusals.</li> </ul>
\$25,001.00 and up	Tendering (Request for Tenders-RFT)	<ul style="list-style-type: none"> <li>• The tender process outlined in Section “F” of this policy shall be followed</li> </ul>
No \$ Limit	Proposal (Request for Proposal-RFP)	<ul style="list-style-type: none"> <li>• Used when a unique proposal designed to meet a broad outcome to a complex problem or need for which there is no clear or single solution</li> </ul>

**APPENDIX I**

**TENDER LOG**  
**Chapleau Public Utilities Corporation**

<b>Project Name:</b>	
<b>Tender Deadline:</b>	

<b>Name of Bidder</b>	<b>Envelope No.</b>	<b>Date Submitted</b>	<b>Time Submitted</b>	<b>Tender Amount**</b>

\*\* To be completed only after tenders are opened in accordance with Tender Document.

## APPENDIX II

<b>Description of Irregularity</b>	<b>Major</b>	<b>Minor</b>	<b>Action to be Taken</b>
Late bid (by any amount of time)	X		Automatic rejection
Bids completed in pencil	X		Automatic rejection
Bid surety not submitted with the bid when the bid request (or any addenda) indicated that such surety is required	X		Automatic rejection
Execution of Agreement to bond: a) bond company corporate seal or equivalent proof of authority to bind company or signature missing b) surety company not licensed to do business in Ontario	X		Automatic rejection
Execution of Bid Bonds: a) corporate seal or equivalent proof of authority to bind company or signature of the BIDDER or both missing b) corporate seal or equivalent proof of authority to bind company or signature of BONDING COMPANY missing.	X		Automatic rejection
Other Bid Security: Cheque has not been certified	X		Automatic rejection
Bidders not attending mandatory site meeting	X		Automatic rejection
Unsealed tender envelopes	X		Automatic rejection
Proper response envelope or label not used		x	Acceptable if officially received on time
Pricing or signature pages missing	X		Automatic rejection
Insufficient financial security (i.e. <b>no</b> deposit or bid bond or insufficient deposit)	X		Automatic rejection
Bid received on documents other than those provided in request	X		Not acceptable unless specified otherwise in the request
Execution of bid document – proof of Authority to bind corporation is missing	X		Automatic rejection
Part bids (all items not bid)	x or	x	Acceptable unless complete bid has been specified in the request
Bids containing minor clerical errors		x	2 Working days to correct errors and initial changes. Chapleau PUC reserves the right to waive initialing and accept bid
Other mathematical errors which are not consistent with the unit prices		x	2 Working days to correct errors and initial changes. Unit prices will prevail
Pages requiring completion of information by vendor are missing	X		Automatic rejection
Bid documents which suggest that the bidder has made a major mistake			Consultation with a solicitor on a case-by-case basis and referenced within the staff report if applicable.

NOTE: The above list of irregularities should not be considered all-inclusive. The Secty-Treasurer in consultation with the Board will review minor irregularities not listed. The Secty-Treasurer may then accept the bid, or request that the bidder rectify the deviation.

## Appendix 2-M

### Regulatory Cost Schedule

Regulatory Cost Category		USoA Account	USoA Account Balance	Ongoing or One-time Cost? <sup>2</sup>	Last Rebasing Year (2012 Board Approved)	Most Current Actuals Year 2014	2015 Bridge Year	Annual % Change	2016 Test Year	Annual % Change
(A)		(B)	(C)	(D)	(E)	(F)	(G)	(H) = [(G)-(F)]/(F)	(I)	(J) = [(I)-(G)]/(G)
1	OEB Annual Assessment	5655	\$ -	On-Going	\$ 5,100	\$ 3,995	\$ 4,802	20.20%	\$ 5,000	4.12%
2	OEB Section 30 Costs (Applicant-originated)									
3	OEB Section 30 Costs (OEB-initiated)									
4	Expert Witness costs for regulatory matters									
5	Legal costs for regulatory matters									
6	Consultants' costs for regulatory matters (including COS)	5630	\$ -	On-Going	\$ 17,000	\$ 12,744	\$ 21,050	65.18%	\$ 18,000	-14.49%
7	Operating expenses associated with staff resources allocated to regulatory matters									
8	Operating expenses associated with other resources allocated to regulatory matters <sup>1</sup>									
9	Other regulatory agency fees or assessments	5655	\$ -	On-Going	\$ 1,700	\$ 1,688	\$ 1,763	4.44%	\$ 1,900	7.77%
10	Any other costs for regulatory matters (please define)- OEB Licence fees, Cost Awards	5655	\$ -	On-Going	\$ 1,000	\$ 910	\$ 1,209	32.86%	\$ 1,100	-9.02%
11	Intervenor costs	Sub. a/c 5655	\$ -	On-Going	\$ 6,720	\$ 633	\$ -	-100.00%	\$ 6,100	
12	Sub-total - Ongoing Costs <sup>3</sup>		\$ -		\$ 31,520	\$ 19,970	\$ 28,824	44.34%	\$ 32,100	11.37%
13	Sub-total - One-time Costs <sup>4</sup>		\$ -		\$ -	\$ -	\$ -		\$ -	
14	Total		\$ -		\$ 31,520	\$ 19,970	\$ 28,824	44.34%	\$ 32,100	11.37%



		<b>Historical Year(s)</b>	<b>2015 Bridge Year</b>	<b>2016 Test Year</b>
<b>4</b>	Expert Witness costs	0	0	0
<b>5</b>	Legal costs	0	0	0
<b>6</b>	Consultants' costs	0	0	0
<b>7</b>	Incremental operating expenses associated with staff resources allocated to this application.	0	0	0
<b>8</b>	Incremental operating expenses associated with other resources allocated to this application. <sup>1</sup>	0	0	0

Completed Appendix 2-M above, (part of Attachment B) shows all CPUC's actual and forecast cost breakdown. As there are no major cost differences from year to year, CPUC is proposing full annual recovery of costs.

## **LEAP, Charitable and Political Donations**

### **LEAP**

CPUC'S forecasted total Revenue Requirement for 2016 Test Year of \$891,122 at 0.12% is \$1,069 therefore, CPUC has included the greater amount of \$2,000 for LEAP in its OM &A to be recovered from all customer classes.

### **Legacy Low Income Energy Assistance Programs**

CPUC's 2016 Test Year Revenue Requirement does not Include Legacy Low Income Energy Assistance Programs.

### **Charitable Donations**

There were no charitable donations made since the last OEB Approved Rebasing Application to the current 2016 Test Year Rebasing Application.

As there are no charitable donations, CPUC does not have a proposal to recover them.

### **Political Donations**

CPUC confirms that no political contributions have been included for recovery.

## **Depreciation, Amortization and Depreciation**

### **Useful Lives not Within Range**

There are no assets whose useful lives are not within the ranges contained in the Kinectrics Report. As per "Appendix 2-BB Service Life", included in Attachment B.

### **Assets, Depreciation, Amortization and Depreciation Rates by Asset Group**

The following tables for 2012 Actual under CGAAP, 2013 Actual under CGAAP and MIFRS, 2014 under MIFRS, 2015 Bridge Year under MIFRS and 2016 Test Year under MIFRS and they include by asset group, the gross asset amount, depreciation amount, and accumulated depreciation.

Accumulated depreciation agrees with Appendix 2-BA, in Attachment B.

Year  
Accounting Standard

2012  
CGAAP

Description	Gross Fixed Asset	Depreciation	Accumulated Depreciation	Depreciation Rate
Computer Software (Formally known as Account 1925)	68,662	- 16,212	- 26,659	55.0%
Land	141	-	-	0.0%
Construction Work-in-Progress - Substation	-	-	-	0.0%
Transformer Station Equipment >50 kV	478,223	- 10,185	- 226,084	4.0%
Poles, Towers & Fixtures	1,129,891	- 12,342	- 832,362	4.0%
Underground Conduit	77,511	- 1,038	- 52,562	4.0%
Underground Conductors & Devices	3,516	- 138	- 208	4.0%
Line Transformers	393,106	- 5,492	- 259,079	4.0%
Meters	29,209	- 6,322	- 19,081	10.0%
Meters (Smart Meters)	381,117	- 62,118	- 62,118	10.0%
Computer Equipment - Hardware	661	- 53	- 617	55.0%
<b>Sub-Total</b>	<b>2,562,037</b>	<b>- 113,900</b>	<b>- 1,478,770</b>	
<b>Less Socialized Renewable Energy Generation Investments (input as negative)</b>	0	0	0	
<b>Less Other Non Rate-Regulated Utility Assets (input as negative)</b>	0	0	0	
<b>Total PP&amp;E</b>	<b>2,562,037</b>	<b>- 113,900</b>	<b>- 1,478,770</b>	
<b>Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable</b>		<b>0</b>		
<b>Total</b>		<b>- 113,900</b>		
Transportation		0		
Stores Equipment		0		
<b>Net Depreciation</b>		<b>- 113,900</b>		

Year

2013

Accounting Standard

CGAAP

Description	Gross Fixed Asset	Depreciation	Accumulated Depreciation	Depreciation Rate
Computer Software (Formally known as Account 1925)	108,662	- 34,101	- 60,761	55.0%
Land	141	-	-	0.0%
Construction Work-in-Progress - Substation	-	-	-	0.0%
Transformer Station Equipment >50 kV	512,923	- 12,127	- 238,211	4.0%
Poles, Towers & Fixtures	1,138,847	- 12,120	- 844,482	4.0%
Underground Conduit	77,511	- 998	- 53,560	4.0%
Underground Conductors & Devices	3,516	- 132	- 340	4.0%
Line Transformers	396,797	- 5,435	- 264,514	4.0%
Meters	29,402	- 1,022	- 20,103	10.0%
Meters (Smart Meters)	381,804	- 31,866	- 93,984	10.0%
Computer Equipment - Hardware	661	- 24	- 641	55.0%
<b>Sub-Total</b>	<b>2,650,264</b>	<b>- 97,825</b>	<b>- 1,576,596</b>	
<b>Less Socialized Renewable Energy Generation Investments (input as negative)</b>	-	-	-	
<b>Less Other Non Rate-Regulated Utility Assets (input as negative)</b>	-	-	-	
<b>Total PP&amp;E</b>	<b>2,650,264</b>	<b>- 97,825</b>	<b>- 1,576,596</b>	
<b>Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable</b>		-		
<b>Total</b>		<b>- 97,825</b>		
Transportation		-		
Stores Equipment		-		
<b>Net Depreciation</b>		<b>- 97,825</b>		

Year

2013

Accounting Standard

IMFRS

Description	Gross Fixed Asset	Depreciation	Accumulated Depreciation	Depreciation Rate
Computer Software (Formally known as Account 1925)	108,662	- 12,401	- 39,060	20.0%
Land	141	-	-	0.0%
Construction Work-in-Progress - Substation	-	-	-	0.0%
Transformer Station Equipment >50 kV	512,923	- 6,737	- 232,821	2.0%
Poles, Towers & Fixtures	1,138,847	- 6,080	- 838,442	2.0%
Underground Conduit	77,511	- 499	- 53,061	2.0%
Underground Conductors & Devices	3,516	- 66	- 274	2.0%
Line Transformers	396,797	- 2,717	- 261,797	2.0%
Meters	29,402	- 511	- 19,592	6.67%
Meters (Smart Meters)	381,804	- 21,289	- 83,408	6.67%
Computer Equipment - Hardware	661	- 9	- 626	20.0%
<b>Sub-Total</b>	<b>2,650,264</b>	<b>- 50,309</b>	<b>- 1,529,081</b>	
<b>Less Socialized Renewable Energy Generation Investments (input as negative)</b>	-	-	-	
<b>Less Other Non Rate-Regulated Utility Assets (input as negative)</b>	-	-	-	
<b>Total PP&amp;E</b>	<b>2,650,264</b>	<b>- 50,309</b>	<b>- 1,529,081</b>	
<b>Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable</b>		-		
<b>Total</b>		<b>- 50,309</b>		
Transportation		-		
Stores Equipment		-		
<b>Net Depreciation</b>		<b>- 50,309</b>		

Year

2014

Accounting Standard

IMFRS

Description	Gross Fixed Asset	Depreciation	Accumulated Depreciation	Depreciation Rate
Computer Software (Formally known as Account 1925)	133,662	- 16,420	- 55,480	20.0%
Land	141	-	-	0.0%
Construction Work-in-Progress - Substation	-	-	-	0.0%
Transformer Station Equipment >50 kV	512,923	- 8,403	- 241,224	2.0%
Poles, Towers & Fixtures	1,152,820	- 6,148	- 844,590	2.0%
Underground Conduit	77,511	- 489	- 53,550	2.0%
Underground Conductors & Devices	3,516	- 65	- 339	2.0%
Line Transformers	401,747	- 2,750	- 264,546	2.0%
Meters	29,402	- 490	- 20,082	6.67%
Meters (Smart Meters)	381,804	- 20,889	- 104,297	6.67%
Computer Equipment - Hardware	661	- 7	- 633	20.0%
<b>Sub-Total</b>	<b>2,694,187</b>	<b>- 55,661</b>	<b>- 1,584,741</b>	
<b>Less Socialized Renewable Energy Generation Investments (input as negative)</b>	-			
<b>Less Other Non Rate-Regulated Utility Assets (input as negative)</b>	-			
<b>Total PP&amp;E</b>	<b>2,694,187</b>	<b>- 55,661</b>	<b>- 1,584,741</b>	
<b>Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable</b>		-		
<b>Total</b>		<b>- 55,661</b>		
Transportation		-		
Stores Equipment		-		
<b>Net Depreciation</b>		<b>- 55,661</b>		

Year

2015

Accounting Standard

IMFRS

Description	Gross Fixed Asset	Depreciation	Accumulated Depreciation	Depreciation Rate
Computer Software (Formally known as Account 1925)	133,662	- 15,636	- 71,117	20.0%
Land	141	-	-	0.0%
Construction Work-in-Progress - Substation	-	-	-	0.0%
Transformer Station Equipment >50 kV	512,923	- 6,792	- 248,016	2.0%
Poles, Towers & Fixtures	1,188,091	- 7,234	- 851,824	2.0%
Underground Conduit	77,511	- 599	- 54,149	2.0%
Underground Conductors & Devices	3,516	- 79	- 419	2.0%
Line Transformers	407,975	- 3,508	- 268,054	2.0%
Meters	29,402	- 622	- 20,704	6.67%
Meters (Smart Meters)	381,804	- 18,510	- 122,806	6.67%
Computer Equipment - Hardware	661	- 6	- 639	20.0%
<b>Sub-Total</b>	<b>2,735,686</b>	<b>- 52,986</b>	<b>- 1,637,728</b>	
<b>Less Socialized Renewable Energy Generation Investments (input as negative)</b>	-	-	-	
<b>Less Other Non Rate-Regulated Utility Assets (input as negative)</b>	-	-	-	
<b>Total PP&amp;E</b>	<b>2,735,686</b>	<b>- 52,986</b>	<b>- 1,637,728</b>	
<b>Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable</b>		-		
<b>Total</b>		<b>- 52,986</b>		
Transportation		-		
Stores Equipment		-		
<b>Net Depreciation</b>		<b>- 52,986</b>		



Year

2016

Accounting Standard

IMFRS

Description	Gross Fixed Asset	Depreciation	Accumulated Depreciation	Depreciation Rate
Computer Software (Formally known as Account 1925)	133,662	- 12,509	- 83,626	20.0%
Land	141	-	-	0.0%
Construction Work-in-Progress - Substation	785,000	-	-	0.0%
Transformer Station Equipment >50 kV	512,923	- 6,623	- 254,639	2.0%
Poles, Towers & Fixtures	1,223,405	- 8,563	- 860,387	2.0%
Underground Conduit	77,511	- 584	- 54,733	2.0%
Underground Conductors & Devices	3,516	- 62	- 481	2.0%
Line Transformers	410,325	- 3,586	- 271,640	2.0%
Meters	29,402	- 580	- 21,284	6.67%
Meters (Smart Meters)	381,804	- 17,275	- 140,081	6.67%
Computer Equipment - Hardware	661	- 4	- 643	20.0%
<b>Sub-Total</b>	<b>3,558,350</b>	<b>- 49,786</b>	<b>- 1,687,514</b>	
<b>Less Socialized Renewable Energy Generation Investments (input as negative)</b>	-	-	-	
<b>Less Other Non Rate-Regulated Utility Assets (input as negative)</b>	785,000	-	-	
<b>Total PP&amp;E</b>	<b>2,773,350</b>	<b>- 49,786</b>	<b>- 1,687,514</b>	
<b>Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable</b>		-		
<b>Total</b>		<b>- 49,786</b>		
Transportation		-		
Stores Equipment		-		
<b>Net Depreciation</b>		<b>- 49,786</b>		

## Asset Retirement Obligations

CPUC does not have any asset retirements in 2015 Bridge Year and 2016 Test Year.

## Historical Depreciation Practice and Proposal for Test Year and Regulatory Accounting Changes for Depreciation Expense.

The following outlines the depreciation practices used by CPUC in this Application and provides a summary of changes since the last cost of service Application.

To prepare for the conversion to IFRS, Chapleau PUC retained the services of KPMG to assist with determining the service life of property plant and equipment required under IFRS and establishing updated useful lives referencing the Kinectrics report. CPUC adjusted the service lives to reflect the assets' useful life for which to calculate Depreciation Expense for 2013 and forward. The adjustments made to CPUC service lives had a significant impact on CPUC depreciation expense and which is recorded in Account 1576.

The following shows the comparison from the last COS, of useful life and depreciation rates which are all within the min./max. range, used to calculate Depreciation Expense from 2013 to 2016 (Test Year). Also included is the remaining life of CPUC's PP&E.

OEB A/C #	Description	Usefull Life - Years	Depreciation Rate	Usefull Life - Years	Depreciation Rate	Remaining Life - Years
1611	Computer Software (Formally known as Account 1925)	1.8183	55.0%	5	20.0%	4.29
1805	Land	-	-	-	-	-
2055	Construction Work-in-Progress - Substation	-	-	-	-	-
1815	Transformer Station Equipment >50 kV	25	4.0%	40	2.5%	28.18
1830	Poles, Towers & Fixtures	25	4.0%	45	2.2%	32.72
1840	Underground Conduit	25	4.0%	40	2.5%	23.05
1845	Underground Conductors & Devices	25	4.0%	40	2.5%	38.53
1850	Line Transformers	25	4.0%	40	2.5%	29.02
1860	Meters	10	10.0%	15	6.7%	8.47
1860	Meters (Smart Meters)	10	10.0%	15	6.7%	13.37
1920	Computer Equipment - Hardware	1.8183	55.0%	5	20.0%	3.30

Appendix 2-BB has been completed and is included in Attachment B

## **Deviations**

There are no deviations from the practice of depreciating parts or components of assets.

## **Depreciation/Amortization Policy**

CPUC does not have a Depreciation/Amortization Policy however the following appears in the Audited Financial Statements.

"Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the transition date, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is transferred from customers, its fair value, less accumulated depreciation. Consistent with IFRS 1, the Corporation elected to use the carrying amount as previously determined under Canadian GAAP as the deemed cost at January 1, 2014, the transition date to IFRS.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Corporation's borrowings. Qualifying assets are considered to be those that take in excess of six months to construct.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on the disposal of an item of PP&E are determined by comparing the proceeds from disposal, if any, with the carrying amount of the item of PP&E and are recognized net within other income in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of property, plant and equipment is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of property, plant and equipment is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated over the depreciable amount and is recognized in profit or loss on a declining-balance basis over the estimated useful life of each part or component of an item of property, plant and equipment. The depreciable amount is cost. Land is not depreciated.

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use."

## PILs and Property Taxes

CPUC has completed the Test Year Income Tax PILs Workform, included with this Application as Attachment D, with the following results:

### Inputs on Service Revenue Requirement Worksheet

The Service Revenue Requirement is in the 'Revenue Requirement Workform' - Tab 3.

Item	Working Paper Reference	
Adjustments required to arrive at taxable income	as below	-47,350
Test Year - Payments in Lieu of Taxes (PILs)	<u>T0</u>	571
Test Year - Grossed-up PILs	<u>T0</u>	671
Federal Tax Rate	<u>T0</u>	10.5%
Ontario Tax Rate	<u>T0</u>	4.5%
 <u>Calculation of Adjustments required to arrive at Taxable Income</u>		
Regulatory Income (before income taxes)	<u>T1</u>	51,154
Taxable Income	<u>T1</u>	3,805
Difference	calculated	-47,350

The following is a summary of the 2012 OEB Approved, the 2012, 2013, 2014 Actual Years as recorded in the Audited Financial Statements and the 2015 Bridge Year and 2016 Test Year Year PILs estimates. These estimates are based on the rates determined from the Income Tax/PILs Workform.

2012 Board Approved	\$ 11,673
2012 Actual	-
2013 Actual	-
2014 Actual	-
2015 Bridge Year	-
2016 Test Year	\$ 571

Chapleau PUC has had loss carry forwards over a number of years and has not paid income taxes. CPUC is projecting a profit for tax purposes in the 2016 Test Year of \$51,825 therefore, has included \$671 for the recovery of PILs in this Application.

The following table shows the loss carry forwards as recorded in the Audited Financial Statements for 2012 OEB Approved, actual results from 2011 to 2014 and the 2015 Bridge Year and 2016 Test Year estimates.

Loss carry forwards will be fully utilized in 2016.

Detail	Loss C/F	
2011 Actual	(\$463,059)	
2012 Board Approved	(\$346,281)	
2012 Actual	(\$549,269)	
2013 Actual	(\$392,338)	
2014 Actual	(\$243,853)	
2015 Bridge Year	(\$101,695)	Est
2016 Test Year	\$ 5,340	Est

2012 Board approved and 2012 actual variance is due to projecting a profit in 2012 Board Approved and 2012 actual resulted in a loss due to the late approval (December 2012) of CPUC's COS Rates.

### **Other Additions and Deductions**

CPUC does not have other additions or deductions

**The most recent, 2014 Federal and Provincial Tax returns** are included in the application as ATTACHMENT M. Financial Statements included with the tax returns are the same as filed with the application as Attachment H.

### **Tax Credits**

CPUC has not been able to take advantage of Tax Credits.

### **Non-recoverable and Disallowed Expenses**

CPUC does not have charitable or political donations.

## Integrity Checks

- The depreciation and amortization added back in the PILs model agree with the numbers disclosed in the rate base section of the application.
- The capital additions and deductions in the UCC/CCA schedule 8 agree with the rate base section for historic, bridge and test years.
- Schedule 8 of the most recent federal T2 tax return (2014) filed as a closing December 31, 2014 agrees with the opening 2015 Bridge Year UCC. Non distribution tax amounts on Schedule 8 were \$0 on the December 31, 2014 tax return.
- The CCA deductions in the PILs tax model for historic, bridge and test years agree with the numbers in the UCC schedules for the same years filed in the application.
- CPUC has loss carry forwards from the tax returns and agree with those disclosed in the application.
- CCA is maximized even though CPUC has loss carry forwards.
- A discussion is included above as to when the loss carry forwards will be utilized.
- The reconciliation of accounting income to net income for tax purposes, agree with the amounts provided in the OM&A analysis for compensation.
- The income tax rate used to calculate the tax expense is consistent with CPUC's actual tax facts and the evidence filed in the application.

## Property Taxes

CPUC pays their share of property taxes to Chapleau Energy Services Corporation (CESC). CESC pays property taxes for the substation and for the administration and service center building to the Town of Chapleau. Based on the service agreement between CPUC and CESC, annual costs for property taxes are proportioned on the basis of actual time spent for the year by CESC employees on CPUC business. For 2016 Test Year it was calculated to be at 86.5%.

The following are the property taxes paid for 2012 Board Approved, 2012 to 2014 Actual, 2015 Bridge Year and 2016 Test Year.

2012 Board Approved	\$7,950
2012 Actual	\$9,885
2013 Actual	\$7,123
2014 Actual	\$7,050
2015 Bridge Year	\$7,252
2016 Test Year	\$8,000

2016 Test Year includes additional property taxes for the new 25 kV substation planned to commence construction in 2016.

## Conservation and Demand Management

### Lost Revenue Adjustment Mechanism (LRAM)

Since the completion of Third Tranche CDM programs and reporting, LDCs across Ontario have sought to recover revenues lost to successful CDM programming. The mechanism that enables this recovery is the Lost Revenue Adjustment Mechanism (LRAM).

On April 26, 2012, new Board-issued CDM Guidelines were enacted that provide updated LRAM details. For CDM programs delivered within the 2011 to 2014 term, the Board established the Lost Revenue Adjustment Variance Account (LRAMVA). This account captures the variance between the Board-approved CDM forecast and the actual CDM results.

The variance calculated from this comparison must be recorded in separate sub-accounts per the applicable customer rate classes.

LDCs must apply for the disposition of the balance in the LRAMVA as part of their cost of service (COS) applications or on an annual basis, as part of their IRM rate applications.

The LRAM mechanism determines persistent CDM impacts realized after 2010, for those distributors whose load forecast has not been updated.

Chapleau PUC has used the **most recent** data available (2011 to 2014) **from the IESO** in determining its lost revenue from the Province wide CDM programs.

### LRAM Variance Account - Disposition of Balance

Burman Energy Consultants Group Inc. was engaged to determine CPUC's LRAM Variance Account for the **years 2011, 2013 and 2014 using the most recent CDM evaluation report from the IESO, the list of programs applicable to each rate class, lost revenue and energy savings by year, by rate class**. This report is included in this Application as Attachment K.

The IESO report is also included with this Application as Attachment N.

Burman Energy Consultants Group Inc. has calculated CPUC's LRAMVA value for the period of 2012 through 2014 to be a total of \$21,798.16 . This number was derived by calculating the total LRAM value of \$31,267.50 and subtracting the forecasted lost revenue already collected of \$9,469.34.

The following table shows Lost Adjustment Mechanism summary applicable to each rate class, the annual lost revenues by year, by rate class and do not include carrying charges:

Annual Results	Lost Revenue Adjustment Mechanism Summary			
	Residential	GS <50 kW	GS >50 kW	Total
2014	1,738	8,725	2,674	13,137
2013	958	8,243	1,047	10,249
2012	518	6,432	932	7,882
Total	3,214	23,400	4,653	31,267
Forecast	(4,999)	(2,384)	(2,087)	(9,469)
Net Variance	(1,784)	21,016	2,566	21,798

In accordance with the CDM Guidelines, CPUC is requesting approval for the recovery of lost revenue resulting from its CDM activities for 2012, 2013 and 2014, of OPA programs, including carrying charges, through to April 30, 2016. Carrying costs have been calculated based on the most recent OEB prescribed interest rates issued June 21, 2015.

Lost revenues are based on CPUC's OEB approved volumetric distribution rates weighted for each year. The total amount requested for recovery is \$21,798 for lost revenue and **carrying charges of \$741** for a total of \$22,539.

The amounts requested for recovery are summarized below and includes rate riders for each customer class.

Customer Class	Net Variance	Carrying Charges to April 2016	Total Amount for Rate Rider	Proposed Billing Determinant	Unit	Rate Rider
Residential	(1,784)	(60.65)	(1,844.65)	1,063	Per Customer	(\$0.1446)
GS <50 kW	21,016	714.53	21,730.53	4,842,432	kWh	\$0.00449
GS >50 kW	2,566	87.24	2,653.24	17,296	kW	\$0.15340
Total	21,798	741.12	22,539.12			

The Proposed LRAMVA claim, allocation to the appropriate class and the calculation of rate riders are included in the EDDVAR model.

CPUC does not have any OEB approved programs.