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**BY E-MAIL**

October 15, 2018

Mr. Alan Morin  
General Manager  
Chapleau Public Utilities Corporation  
110 Lorne Street South  
P.O. Box 670  
Chapleau, Ontario  
P0M 1K0  
[amorin.puc@chapleau.ca](mailto:amorin.puc@chapleau.ca)

Dear Mr. Morin:

**Re: Chapleau Public Utilities Corporation  
Application for Rates  
OEB File Number EB-2018-0087**

A preliminary review of the application of Chapleau Public Utilities Corporation (CPUC) has identified that certain sections of the evidence supporting the application do not comply with the OEB's Chapter 2 Filing Requirements<sup>1</sup> for cost of service applications and/or the associated spreadsheets, models and workforms. As a result, the OEB is unable to process your application at this time.

The missing information is noted in Tables 1 and 2 and appended as Appendix A and Appendix B to this letter. Table 1 lists incomplete items and items where the PDF versions of documents do not match the related Excel spreadsheets. CPUC is advised to review the entire application to ensure consistency between the PDF versions of documents and related Excel spreadsheets. Table 2 lists other incomplete items.

If any of the information that is identified as missing is located in sections other than those identified in the Filing Requirements, or if any of the information is not applicable in your circumstances, please provide an explanation when filing the remainder of the required information

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<sup>1</sup> Chapter 2 of the Filing Requirements for Electricity Distribution Rate Applications – 2018 Edition for 2019 Rate Applications, dated July 12, 2018.

To allow for the timely processing of CPUC's application, the OEB expects that CPUC will file the required information listed in Appendix A and Appendix B within 45 days of the date of this letter.

If CPUC chooses not to file the required information by the date established in this letter, CPUC may instead file an application under the OEB's Annual Incentive Rate-setting Index (Annual IR) framework for 2019 rates by December 14, 2018.

Although the OEB generally does not permit requests for incremental capital expenditures as part of an application under the Annual IR framework, the OEB recognizes that CPUC may have to undertake a significant capital project in future years. If CPUC has an unexpected material capital expenditure in the future, the OEB will consider a request for a one-time incremental capital module (ICM) for a single discrete capital project, as part of an Annual IR application. Any request for incremental capital expenditures must be made using the OEB's ICM model. The OEB expects that CPUC will re-file its Distribution System Plan (DSP) as part of its Annual IR application in support of the ICM request.

In the event that CPUC does not continue with its cost of service application for 2019 rates, nor chooses to file an ICM request as part of an Annual IR application for 2019 rates, the OEB expects that CPUC will file a standalone DSP with the OEB by December 14, 2018.

Please direct any questions relating to this application to Fiona O'Connell, Project Advisor at 416-440-8102 or [Fiona.OConnell@oeb.ca](mailto:Fiona.OConnell@oeb.ca).

Yours truly,

*Original signed by*

Rudra Mukherji  
Acting Manager, Registrar

## Appendix A

**Table 1 – Mismatch of PDFs to the Related Excel Spreadsheets**

Chapter 2 Filing Requirement Reference - page #	Description
6	<p><u>Exhibit 1, section 1.3.12</u></p> <p>There is a reference to accounting standards but CPUC only provided Appendix 2-Y in PDF format (Table 2 in PDF). Appendix 2-Y was not included in Excel. CPUC needs to file the Excel version of Appendix 2-Y, as part of its Chapter 2 Appendices.</p>
8	<p><u>Exhibit 1, section 1.3.4</u></p> <p>CPUC filed a PDF copy of Appendix 2-A outlining approvals requested. However, CPUC's Excel version of Appendix 2-A does not reconcile to the PDF version.</p>
14	<p><u>Exhibit 2, section 2.1.4</u></p> <p>A check was performed to reconcile the PDF Appendix 2-BA to the Excel Appendix 2-BA. The following are missing:</p> <ul style="list-style-type: none"> <li>- The 2013, 2014, 2015, 2016, 2017, 2018 "CGAAP without changes to the policies" are included in the PDF but are missing from the Excel spreadsheets</li> <li>- The 2018 MIFRS was missing from PDF but included in the Excel</li> <li>- The 2019 MIFRS in PDF does not reconcile to the Excel 2019 MIFRS - although the difference between the closing NBVs is immaterial at \$32k, they should reconcile</li> </ul> <p>CPUC needs to file the missing documents and reconcile any discrepancies.</p>

Chapter 2 Filing Requirement Reference - page #	Description
15	<p><u>Exhibit 2, section 2.2.1</u></p> <p>The PDF Table 11 - OEB Appendix 2-AB Capital Expenditures does not reconcile to the Excel App 2-AB.</p>
Ch 5, page 18 & 19	<p><u>Exhibit 2, DSP</u></p> <p>CPUC's DSP Table 24 does not reconcile to Excel App 2-AB - there are many discrepancies. As a result, the descriptions of the variances in DSP section 4.3.1 may need to be revised. CPUC needs to resolve the noted discrepancies and also update the descriptions of the variances, as required.</p> <p>CPUC's Excel Appendix 2-AA does not tie to Excel Appendix 2-AB</p> <p>CPUC's Excel Appendix 2-AA reconciles to the DSP Table 24, except for 2018 MIFRS year.</p>
22	<p><u>Exhibit 2, section 2.5.8</u></p> <p>CPUC has provided Table 28, "OEB App 2-G ESQR Results", however there are discrepancies between the PDF Table 28 and the Excel App 2-G. For example:</p> <ul style="list-style-type: none"> <li>- There are differences between the OEB Minimum Standard for some ESQRs (e.g. Telephone Accessibility shows 80% in the PDF but 65% in the Excel.)</li> <li>- Some reported numbers do not reconcile (e.g. Appointment Scheduling shows 100% in each year of the PDF but 0% in the Excel.)</li> <li>- Some reported numbers in the columns show 0% which may not need to be updated to reflect actual performance.</li> </ul>
23	<p><u>Exhibit 3, section 3.1.3</u></p> <p>CPUC's load forecast model (tab Final LF), RRWF (tab 10), and Exhibit 3 Table 2 reconcile for the 2019 test year load forecast.</p>

Chapter 2 Filing Requirement Reference - page #	Description
	However, these documents do not reconcile to either PDF or Excel Appendix 2-IB.
23	<p><u>Exhibit 3, section 3.2.1</u></p> <p>CPUC's PDF of Appendix 2-I in Exhibit 3, Table 21 does not match the Excel version of Appendix 2-I. These documents also do not match the Load Forecast model, tab "CDM Adjustment".</p>
26	<p><u>Exhibit 3, section 3.3.1</u></p> <p>CPUC has included a "Table 33 – OEB Appendix 2-IA" in the PDF Exhibit 3. However, this table was not populated and referred to a populated table being included in Appendix A to Exhibit 3. However, Appendix A was not filed. CPUC needs to include Appendix A to an updated Exhibit 3.</p> <p>CPUC's Table 33 should refer to Appendix 2-IB, and not Appendix 2-IA, as the components of the table seem to match the former table and not the latter table. CPUC also needs to update Table 33 so that it matches with the Excel version of Appendix 2-IB.</p> <p>CPUC has also not included the weather-actual and weather-normalized revenues in either the PDF or Excel Appendix 2-IB.</p> <p>CPUC also needs to provide information in both PDF and Excel Appendix 2-IB to also include 2012 OEB approved and 2012 actual - the Excel table starts at 2013.</p>
29	<p><u>Exhibit 4, section 4.2.2</u></p> <p>CPUC has some inconsistencies in its evidence regarding Appendix 2-L, as the Excel and PDF versions do not match. For example, the total recoverable OM&amp;A listed under number of customers in Excel version does not tie to PDF version.</p>

Chapter 2 Filing Requirement Reference - page #	Description
29	<p><u>Exhibit 4, section 4.3.1</u></p> <p>CPUC has some inconsistencies in its evidence regarding Appendix 2-JC, as the Excel and PDF versions do not match. For example:</p> <ul style="list-style-type: none"> <li>- The Excel App 2-JC includes the variance of test over historic and test over OEB approved, but PDF App 2-JC does not.</li> <li>- The variance of test over bridge is not included in either the Excel or PDF version of App 2-JC</li> </ul>
30	<p><u>Exhibit 4, section 4.4</u></p> <p>CPUC has some inconsistencies in its evidence regarding Appendix 2-K, as the Excel and PDF (Table 18) versions do not match. For example:</p> <ul style="list-style-type: none"> <li>- The 2019 FTE numbers in the Excel version do not tie to the PDF Table 18</li> <li>- The PDF version for 2012 amounts does not specify whether it is 2012 actual or 2012 OEB approved. The Excel version provides for two columns relating to 2012 (OEB approved and actual) but both columns have identical numbers.</li> </ul>
32	<p><u>Exhibit 4, section 4.5</u></p> <p>CPUC has provided "Table 30 - Breakdown of 2015 Cost Allocation" in PDF format, but this table is missing from the Excel App 2-N. CPUC has provided "Table 32 - Breakdown of 2016 Cost Allocation" but the grand total is missing from the PDF document, versus included in the Excel document.</p>
36	<p><u>Exhibit 1, section 4.9.1</u></p> <p>CPUC has provided a PDF version of the PILs model and an Excel version. However some discrepancies are noted between the two versions, for example in the calculation of 2019 test year taxable income:</p>

Chapter 2 Filing Requirement Reference - page #	Description
	<ul style="list-style-type: none"> <li>- CCA \$154,561 PDF, \$162,538 Excel</li> <li>- non-capital losses \$29,173 PDF, \$21,195 Excel</li> </ul> <p>Although the differences in these items may be immaterial, the CPUC needs to ensure that the PILs models are consistent.</p>
43	<p><u>Exhibit 6, section 6.2.2</u></p> <p>CPUC has provided Table 3 which ties to RRWF, except some columns are missing:</p> <ul style="list-style-type: none"> <li>- App.2-JB_OM&amp;A_Cost _Drivers (2013 and either 2012 OEB approved or 2012 actual)</li> <li>- App.2-JC_OMA Programs (either 2012 OEB approved or 2012 actual)</li> </ul>
45	<p><u>Exhibit 7, Section 7.2.1</u></p> <p>CPUC did not provide a PDF copy of sheet 1-8 in Exhibit 7. In addition, the PDF copy of sheet O-2 (first page) does not reconcile to the Excel version.</p>
61	<p><u>Exhibit 9, section 9.8.1</u></p> <p>CPUC has provided "Table 16: Return on Rate Base associated with account 1576" in PDF format in Exhibit 9. However, the Excel Appendix 2-EC is missing.</p>

**Appendix B****Table 2 – Other Incomplete Items**

<b>Chapter 2 Filing Requirement Reference - page #</b>	<b>Description</b>
2	<p><u>Exhibit 1, section 1.2.1</u></p> <p>There is a reference to an Excel file in this exhibit (CPUC 2019 Update Demand Data) that was not filed in either Excel or PDF format. This model needs to be filed.</p>
7	<p><u>Exhibit 1, section 1.3.5, Exhibit 3, section 3.4.3, Exhibit 3, section 3.4.3</u></p> <p>Although CPUC identified customer classes materially affected by the application, CPUC did not include a reference to "any rate or charge and specific statement of what individual customer or customer groups would be affected by the proposed change."</p> <p>In Exhibit 3, section 3.4.3, CPUC stated it "is not proposing any changes to the current specific services charges including MicroFit service."</p> <p>In Exhibit 7, section 7.4.1, CPUC stated that it "does not have unique circumstances which justify specific MicroFit."</p> <p>However, in the PDF Appendix 2-A included on page 265 of Exhibit 1, CPUC states that microFIT changes are proposed.</p> <p>The proposed tariff sheet shows a \$10 microFIT charge, which is a change from the current rate of \$5.40.</p> <p>CPUC needs to clarify its evidence, as well as describe any proposed increases in the microFIT charge.</p> <p>CPUC needs to describe in more detail any rates or charges and the associated impact on individual customer or customer groups, as well as clarify the evidence with respect to microFIT charges.</p>



Chapter 2 Filing Requirement Reference - page #	Description
8	<p><u>Exhibit 1, section 1.3.11</u></p> <p>CPUC's Conditions of Service is not clearly marked on its website. On its website under the section "Rates &amp; Other Documents," there is a link to a January 7, 2010 Conditions of Service but the link is broken. The application also references an October 2017 version which is not clearly listed on CPUC's website. As a result, OEB staff is not clear if there are any changes since its last CoS application or as a result of current application. CPUC needs to provide a link to its most recent Conditions of Service on its website, as well as describing any changes made since its last CoS application or as a result of current application.</p>
8	<p><u>Exhibit 1, section 1.3.15</u></p> <p>CPUC included an organizational chart but did not include any planned changes in corporate or organizational structure, or any changes in legal organization or control. CPUC did not provide a description of the relationship between the utility and its parent company (shareholder). CPUC needs to provide more detail regarding these issues, as CPUC ceased operating as a virtual utility effective December 31, 2017.</p>
12	<p><u>Exhibit 1, section 1.9.1</u></p> <p>CPUC has provided scorecard measures from 2013 to 2016, but has excluded 2017. CPUC needs to provide the trend over five years and not four years and include 2017 scorecard measures, as the 2017 scorecard is now publicly available.</p> <p>CPUC needs to include a discussion of its performance for each of the distributor's scorecard measures over the last five years and not four years, by including the 2017 scorecard in its analysis.</p>

Chapter 2 Filing Requirement Reference - page #	Description
15	<p><u>Exhibit 2, section 2.2.1</u></p> <p>A breakdown by function and by major plant account was provided in Table 16. However, a description of major plant items for the test year have not been provided. Although a reference has been made to a "Table 2.13", this table is not included in the evidence.</p>
22	<p><u>Exhibit 2, section 2.5.8</u></p> <p>CPUC has provided five historical years of SAIDI and SAIFI. However, a summary of major events that occurred since last rebasing has not been provided.</p> <p>For each interruption set out in section 2.1.4.2.5 of the RRR for the last five years, CPUC did not report on the name of the "Cause of Interruption", number of interruptions that occurred as a result of the Cause of Interruption, number of customer interruptions that occurred as a result of the Cause of Interruption, and the number of customer-hours of interruptions that occurred as a result of the Cause of Interruption.</p>
22	<p><u>Exhibit 2, section 2.5.8</u></p> <p>Earlier in this document (i.e. Table 1, Filing Requirement 22), it is noted that there are discrepancies between the PDF Table 28 and the Excel Appendix 2-G. Table 28 shows that there is no under-performance versus standard. If there is any under-performance in the missing ESQR data, CPUC needs to provide an explanation and the actions taken.</p> <p>CPUC has not provided an explanation for under-performance versus the five year average. CPUC has not described any actions taken.</p>

Chapter 2 Filing Requirement Reference - page #	Description
26	<p><u>Exhibit 3, section 3.3.2, Exhibit 8, section 8.1.13</u></p> <p>In Exhibit 3, CPUC's "Table 1 - Revenues at Current Rates" shows 2017 rates at forecasted 2018 load, for both fixed and variable charges, broken down by rate class. CPUC's Table 36 shows revenues at proposed rates (2019 rates and 2019 load). However, CPUC has not provided:</p> <ul style="list-style-type: none"> <li>- the bridge year forecast of revenues at existing rates</li> <li>- the calculation of test year forecasted revenues at existing rates</li> </ul> <p>In Exhibit 8, CPUC has provided Table 17 which shows revenue at proposed rates. However, CPUC has not provided a similar table using current rates for each rate class. In Exhibit 8, "Table 1 - Distribution Revenues at Current Rates – 2019 Volumes" it appears that both 2019 rates and 2019 load are used, instead of current rates and 2019 load.</p>
30 & 31	<p><u>Exhibit 4, section 4.4</u></p> <p>CPUC's Table 20 – Benefit Expenses provides a breakdown of benefit expenses but there is no column for 2012 OEB approved.</p>
31 & 32	<p><u>Exhibit 4, section 4.1 and 4.5</u></p> <p>CPUC stated that "the Allocation Methodology for corporate and shared services is identified below in Appendix 2-N which is included in Attachment B. These allocators were reviewed annually by CPUC's Accountants/Auditors." However, Attachment B relates to tax returns, instead of allocation methodology. CPUC needs to provide this methodology, as part of Attachment B.</p>
32	<p><u>Exhibit 4, section 4.5</u></p> <p>CPUC has provided Appendix 2-N which is applicable only for the 2012-2017 period and is presented in PDF and standalone Excel</p>

Chapter 2 Filing Requirement Reference - page #	Description
	spreadsheet App 2-N. However, CPUC has not provided a reconciliation with revenue included in Other Revenue.
32	<p><u>Exhibit 4, section 4.5</u></p> <p>Although CPUC is no longer a virtual utility and has \$0 affiliate costs incorporated into the test year, a Shared Service and Corporate Cost variance analysis needs to be provided between the test year versus 2012 OEB approved, and test year versus most recent actual (2017).</p>
34	<p><u>Exhibit 1, section 4.8.1</u></p> <p>CPUC stated "For the transition year (2013), the applicant may file two appendices, one under Revised CGAAP and one under MIFRS, depending on the materiality of impacts." However, relating to App 2-BA, CPUC only provided revised CGAAP for 2013 and did not also provide the original CGAAP for 2013. CPUC did provide these schedules relating to Depreciation App 2-C. Therefore OEB staff could not reconcile 2013 original CGAAP depreciation.</p>
34	<p><u>Exhibit 1, section 4.8.1</u></p> <p>CPUC has provided depreciation amounts in 2016, 2018, and 2019 where those calculated in App 2-C materially differ (at least &gt;\$60k) from the amount included in App 2-BA - no explanation has been provided.</p>
34 & 35	<p><u>Exhibit 4, section 4.8.5</u></p> <p>CPUC has not provided its depreciation policy. CPUC has only provided its capitalization policy.</p>
48	<p><u>Exhibit 7, Section 7.4.1</u></p> <p>CPUC did not provide information on the revenue by class that would apply if all rates were changed by a uniform percentage. Ratios were</p>

Chapter 2 Filing Requirement Reference - page #	Description
	not compared with the ratios that will result from the rates being proposed by the distributor.
48	<p><u>Exhibit 7, Section 7.4.1, Exhibit 1, section 1.5</u></p> <p>In Exhibit 1, section 1.5, page 104, CPUC stated that “as a form of rate mitigation, CPUC is proposing to explore, during settlement, deviating from Board policy with respect to adjustments to revenue/costs ratios and fixed to variable.” In Exhibit 7, CPUC provided no cost allocation proposal to bring R:C ratios outside the deadband within the OEB-approved ranges. No potential mitigation measures were provided.</p>
50 & 51	<p><u>Exhibit 8, Section 8.1.2</u></p> <p>CPUC’s change in residential rates are not consistent with the OEB’s policy to transition to fully fixed monthly distributions service charge. The proposed change in fixed rate is \$20.04, which is greater than the OEB’s threshold of \$4. CPUC has not provided any mitigation details. CPUC needs to provide more information regarding any mitigation actions, as the \$20.04 proposed change is not consistent with OEB policy.</p>
58	<p><u>Exhibit 8, section 8.1.17</u></p> <p>On Table 18, CPUC has demonstrated proposed sentinel lighting and street lighting bill impacts of 24.77% and 12.54%, as well as the 10th percentile residential impact of 11.44%. However, in section 8.1.17 CPUC has stated that no mitigation is required as bill impacts fall below the 10% threshold. CPUC needs to file a mitigation plan, if required.</p>