

**Chapleau Public Utilities Corporation  
2018 Cost of Service EB-2018-0087  
Response to letter of incomplete.  
November 26, 2018**

**6 Exhibit 1, section 1.3.12**

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.

**CPUC Response:** *Upon reviewing Filing Requirements For Electricity Distribution Rate Applications - 2018 Edition for 2019 Rate Applications - Chapter 2 Cost of Service issued on July 12, 2018, CPUC found no reference nor specific filing requirements relating to Appendix 2-Y. Therefore, the method or format of this table is at the discretion of the utility. Furthermore, Appendix 2-Y is NOT included in the July 12, 2018 Chapter 2 Appendices and even if CPUC chose to include its Appendix 2-Y in the OEB, it would not be able to as the model is locked and cannot be modified to add a utility-specific appendix. In the interest of moving the process along, CPUC has filed an excel version of 2-Y in conjunction with these responses.*

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

**8 Exhibit 1, section 1.3.4**

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.

**CPUC Response:** CPUC has found that both appendices are identical. It appears as though Appendix 2-A of the OEB model collapses rows to only show a single line therefore rows have to be expanded individually every time the model is opened. In the interest of moving the process along, CPUC has updated the Excel version of Appendix 2-A to match section 1.3.4 of Exhibit 1.

**14 Exhibit 2, section 2.1.4**

A check was performed to reconcile the PDF Appendix 2-BA to the Excel Appendix 2-BA. The following are missing:

- 2013, 2014, 2015, 2016, 2017, 2018 "CGAAP without changes to the policies" are included in the PDF but are missing from the Excel spreadsheets

**CPUC Response:** Board Staff's assessment is inaccurate. A separate Excel workbook was filed with the application because of the limitations of the Chapter 2 Appendices model. The file titled CPUC 2019 FA and Depreciation Cont. The schedule was uploaded on August 31, 2018. 2013 to 2018 " CGAAP can be found at columns T to AK.

- The 2018 MIFRS was missing from PDF but included in the Excel

**CPUC Response:** 2018 MIFRS has been added to Exhibit 2.

- 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

**CPUC Response:** Exhibit 2 was revised to include a correct version of 2019 MIFRS.

CPUC needs to file the missing documents and reconcile any discrepancies.

## 15 Exhibit 2, section 2.2.1

The PDF Table 11 - OEB Appendix 2-AB Capital Expenditures does not reconcile to the Excel App 2-AB.

**CPUC Response:** CPUC has replaced the table 11 of Exhibit 2.

## Ch 5, page 18 & 19 Exhibit 2, DSP

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.

CPUC's Excel Appendix 2-AA does not tie to Excel Appendix 2-AB

**CPUC Response:** The tables in the DSP included the transfer of assets in its subtotals. Metsco has revised the two tables from the DSP (Table 5 & 24) to reconcile with Appendix 2-AB. CPUC notes that the difference can be explained by the inclusion of the net transfer of assets in Metsco's tables)

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

CPUC's Excel Appendix 2-AA reconciles to the DSP Table 24, except for 2018 MIFRS year.

## 22 Exhibit 2, section 2.5.8

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:

- 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.)

**CPUC Response:** CPUC has update PDF Exhibit 2 - Table 28

- Some reported numbers do not reconcile (e.g. Appointment Scheduling shows 100% in each year of the PDF but 0% in the Excel.)

**CPUC Response:** CPUC has update PDF Exhibit 2 - Table 28

- Some reported numbers in the columns show 0% which may not need to be updated to reflect actual performance.

**CPUC Response:** CPUC notes that 0 indicates that there was no incident to report. A note to that effect was added under the table in question.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 23 Exhibit 3, section 3.1.3

CPUC’s load forecast model (tab Final LF), RRWF (tab 10), and Exhibit 3 Table 2 reconcile for the 2019 test year load forecast.

However, these documents do not reconcile to either PDF or Excel Appendix 2-IB.

**CPUC Response:** Board Staff’s assessment is inaccurate. CPUC has reviewed and compared the information and confirms that the information presented at 2-IB is consistent with what CPUC intended to present in 2-IB which is the “weather-normalized” pre-CDM adjustments.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 23 Exhibit 3, section 3.2.1

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."

**CPUC Response:** CPUC has updated table 21 of Exhibit 3 to match Appendix 2-I

## 26 Exhibit 3, section 3.3.1

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.

**CPUC Response:** CPUC has updated Exhibit 3 – Appendix A to show a PDF version of Appendix 2-IB

CPUC's Table 33 should refer to Appendix 2-IB, and not Appendix 2- IA, as the components of the table seems 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.

**CPUC Response:** It was CPUC's intention to show the instruction table 2-IA (which fits an 8x10) as a placeholder for 2-IB.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

CPUC has also not included the weather-actual and weather-normalized revenues in either the PDF or Excel Appendix 2-IB.

**CPUC Response:** Board Staff's assessment is inaccurate. CPUC's revenues are shown in the following references.

- Residential: cells G84 to G90
- GS<50: G127 to G133
- GS>50: G170 to G176
- Streetlights G213 to G219
- USL: G256 to G262

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.

**CPUC Response:** CPUC cannot include 2012 Board Approved as Appendix 2-IB only goes back to 2013. CPUC also notes that the model is heavily locked and cannot be modified to accommodate utility specific scenarios.

## 29 Exhibit 4, section 4.2.2

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&A listed under a number of customers in the Excel version does not tie to the PDF version.

**CPUC Response:** CPUC has updated Chapter 2 Appendix 2-L to match Exhibit 4.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 29 Exhibit 4, section 4.3.1

CPUC has some inconsistencies in its evidence regarding Appendix 2-JC, as the Excel and PDF versions do not match. For example:

- The Excel App 2-JC includes the variance of test over historic and test over OEB approved, but PDF App 2-JC does not.
- The variance of test over bridge is not included in either the Excel or PDF version of App 2-JC

**CPUC Response:** Exhibit 4 table 17 has been replaced with a screenshot of Appendix 2-JC.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 30 Exhibit 4, section 4.4

CPUC has some inconsistencies in its evidence regarding Appendix 2-K, as the Excel and PDF (Table 18) versions do not match. For example:

- The 2019 FTE numbers in the Excel version do not tie to the PDF Table 18

**CPUC Response:** The version of Table 2-K that is presented in Exhibit 4 is presented as intended. Table 18 is a more detailed version of the 2-K that is included in the Appendices. Unfortunately, the OEB model is heavily locked, and CPUC could not change or add additional rows to show the details it intended to present. Appendix 2-K has been updated to include the nonmanagement FTE for 2019.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

- 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.

**CPUC Response:** The numbers are intended to be identical. and that this question will be answered as part of interrogatories.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 32 Exhibit 4, section 4.5

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.

**CPUC Response:** Table 2-N in the OEB's Appendices cannot be modified to accommodate CPUC's historical data, and as such, CPUC filed a separate workbook detailing the corporate cost allocation. The OEB model is heavily locked, and as such, CPUC could not change or add additional rows to show the details it intended to present. With respect to the "Grand Total", CPUC has added the missing line to table 32.

## 36 Exhibit 1, section 4.9.1

(CPUC notes that Exhibit 1 does not contain a section 4.9.1)

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:

- CCA \$154,561 PDF, \$162,538 Excel
- non-capital losses \$29,173 PDF, \$21,195 Excel

**CPUC Response:** CPUC has replaced the 2018 PDF version of the model with the 2019 PDF version of the model. CPUC notes that this change does not affect to total PILs included in the Revenue Requirement. Therefore, CPUC is of the opinion that this question should have been asked and clarified in an IR.

Although the differences in these items may be immaterial, the CPUC needs to ensure that the PILs models are consistent.

## 43 Exhibit 6, section 6.2.2

CPUC has provided Table 3 which ties to RRWF, except some columns are missing:

- App.2-JB\_OM&A\_Cost\_Drivers (2013 and either 2012 OEB approved or 2012 actual)

**CPUC Response:** CPUC has updated Chapter 2 Appendices to removed cost drivers less than \$1000 and cost drivers less than \$5000 so that both the PDF and Chapter 2 Appendices reconcile.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

- App.2-JC\_OMA Programs (either 2012 OEB approved or 2012 actual)

**CPUC Response:** Exhibit 4 table 17 has been replaced with a screenshot of Appendix 2-JC.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 45 Exhibit 7, Section 7.2.1

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.

**CPUC Response:** Board Staff's assessment is inaccurate. Sheet I-8 or the Load profiles are shown at pages 9 and 10 of Exhibit 7.

## 61 Exhibit 9, section 9.8.1

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.

**CPUC Response:** Upon reviewing the *Filing Requirements For Electricity Distribution Rate Applications - 2018 Edition for 2019 Rate Applications - Chapter 2 Cost of Service* issued on July 12, 2018, CPUC found no reference nor specific requirements relating to Appendix 2-EC at page 61. Therefore, the method or format of this table is at the discretion of the utility. Furthermore, Appendix 2-EC is NOT included in the July 12, 2018 Chapter 2 Appendices and even if CPUC chose to include its Appendix 2-EC in the OEB's model, it would not be able to as the model is locked and cannot be modified to add a utility-specific appendix.

In the interest of cooperating and moving the process along, CPUC has filed a separate excel file of 2-EC.

## 2 Exhibit 1, section 1.2.1

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.

**CPUC Response:** CPUC has removed the reference to the demand data file in Exhibit 1. That said, CPUC clearly explains at page 7-8 of Exhibit 7 why the demand data model was not filed.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 7 Exhibit 1, section 1.3.5, Exhibit 3, section 3.4.3, Exhibit 3, section 3.4.3

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."

**CPUC Response:** Board Staff's concern is ambiguous as CPUC indicated at page 65 line 8 that all customer are affected by this application. In the interest of moving the process along, CPUC has reworded the sentence to read as follows:

*CPUC confirms that since it's is applying for a readjustment of rates for all classes, that all customer groups will be affected by the proposed change.*

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

In Exhibit 3, section 3.4.3, CPUC stated it "is not proposing any changes to the current specific services charges including MicroFit service."

**CPUC Response:** CPUC confirms that the statement above is correct

In Exhibit 7, section 7.4.1, CPUC stated that it "does not have unique circumstances which justify specific MicroFit."

**CPUC Response:** CPUC confirms that the statement above is correct

However, in the PDF Appendix 2-A included on page 265 of Exhibit 1, CPUC states that microFIT changes are proposed.

**CPUC Response:** CPUC has removed the reference to Microfit

The proposed tariff sheet shows a \$10 microFIT charge, which is a change from the current rate of \$5.40.



**CPUC Response:** CPUC has updated the tariff sheet to remove show the Microfit charge at \$5.40

CPUC needs to clarify its evidence, as well as describe any proposed increases in the microFIT charge.

**CPUC Response:** CPUC is not seeking an adjustment to its Microfit

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.

**CPUC Response:** CPUC is not seeking an adjustment to its Microfit

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 8 Exhibit 1, section 1.3.11

CPUC's Conditions of Service is not clearly marked on its website. On its website under the section "Rates & 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.

**CPUC Response:** CPUC has fixed the link to its Conditions of Service

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 8 Exhibit 1, section 1.3.15

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.

**CPUC Response:** CPUC has added a paragraph explaining the relationship between the utility and its Shareholder. The description is presented at page 77/347

## 12 Exhibit 1, section 1.9.1

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.

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.

**CPUC Response:** CPUC notes that the 2017 scorecards were officially published after the Cost of Service deadline of August 31, 2018, well after CPUC's application was in its production phase. Furthermore, several utilities reported errors on their scorecards upon receiving the copies of their scorecards from the OEB.

Therefore, CPUC did not find it prudent to delay the application to include possibly erroneous information. In addition, at the time of the filing, the OEB had not yet updated its website to show the 2017 scorecard results and trends. Therefore, CPUC is of the opinion that this update would be best provided in the interrogatory phase of the process. To update the application to include 2017 scorecards would cause further delays in refiling the application. CPUC notes that NOTL did not include its 2017 scorecard results in its application and was accepted. CPUC proposes to do the same and provide the update as part of the interrogatories.

## 15 Exhibit 2, section 2.2.1

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.

**CPUC Response:** CPUC notes that the reference to 2.13 should have been referencing table 16. The PDF has been corrected to reflect this change. CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

With respect to the description of major plan item, CPUC notes that the description of CPUC's spending relating to Poles Towers and Fixtures, which makes up 90% of the test year spending, is explained in several sections of the application and the Distribution System Plan. References to poles replacement were presented at Page 19 of 221 and 38 of 221 throughout the DSP as well as a separate Excel file titled "CPUC Overhead Renewal 20 Yr Plan".

In the interest of moving the process along, CPUC has added, in a paragraph below the table, a reference to DSP and other sections of the application which already discuss the capex for the test year.

CPUC is of the opinion that the minimum filing requirements were clearly met and that no further explanation was required.

## 22 Exhibit 2, section 2.5.8

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.

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.

**CPUC Response:** Board Staff's assessment is inaccurate. CPUC notes that the performance measurements including causes of interruption are presented, discussed and analyzed in great detail at section 2.3 of the Distribution System Plan.

Furthermore, CPUC notes that *The Filing Requirements For Electricity Distribution Rate Applications - 2017 Edition for 2018 Rate Applications - Chapter 2 Cost of Service July 20, 2017*, did include the quoted filing requirements. However, they are no longer part of the *2018 Filing Requirements For Electricity Distribution Rate Applications - 2018 Edition for 2019 Rate Applications - Chapter 2 Cost of Service issued on July 12, 2018*. It is CPUC's belief that the requirements have been moved to Chapter 5 and as such are now included in the DSP.

## 22 Exhibit 2, section 2.5.8

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.

**CPUC Response:** As explained above, a detailed and comprehensive section of the DSP is allocated to ESQRs and actions taken to mitigate if any underperformance. Furthermore, CPUC confirms that there is no underperformance in Table 28.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

CPUC has not provided an explanation for under-performance versus the five year average. CPUC has not described any actions taken.

**CPUC Response:** See response above.

## 26 Exhibit 3, section 3.3.2, Exhibit 8, section 8.1.13

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:

- the bridge year forecast of revenues at existing rates

**CPUC Response:** Board Staff's assessment is inaccurate. Table 35 shows the bridge year forecast at existing rates.

- the calculation of test year forecasted revenues at existing rates

**CPUC Response:** Table 35 also shows test year forecasted revenues at existing rates. That said, CPUC recognizes that Table 1 shows revenues at proposed rates and therefore the table has been replaced with revenues at current rates instead.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

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.

**CPUC Response:** See response above.

## 30 & 31 Exhibit 4, section 4.4

CPUC's Table 20 – Benefit Expenses provides a breakdown of benefit expenses but there is no column for 2012 OEB approved.

**CPUC Response:** Table 20 is NOT a filing requirement, and as such, its content and format are at the discretion of the utility. CPUC also notes that the type of discretionary information presented in table 20 is only available for "Actuals" and not for "Planned or Board Approved." Should Board Staff ask for additional information during the interrogatory phase, CPUC will assess whether the information is available or whether it can be gathered.

## 31 & 32 Exhibit 4, section 4.1 and 4.5

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.

**CPUC Response:** Due to its size, CPUC had intended to include Appendix 2-N as an Appendix to Exhibit 4 instead of embedding it into the body of the Exhibit. The reference to Attachment B has been removed.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 32 Exhibit 4, section 4.5

CPUC has provided Appendix 2-N which is applicable only for the 2012-2017 period and is presented in PDF and standalone Excel spreadsheet App 2-N. However, CPUC has not provided a reconciliation with revenue included in Other Revenue.

**CPUC Response:** There is no reconciliation to be provided as revenues and expenses from non-utility operations are netted out before they hit the trial balances. A statement to that effect has been added to page 49 of 205 of Exhibit 4. Should Board Staff have further concerns regarding this matter, CPUC will answer them through the proper interrogatory process.

## 32 Exhibit 4, section 4.5

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).

**CPUC Response:** In its 2012 Cost of Service, CPUC presented \$417,936 in corporate cost allocation for its 2012 test year. CPUC notes that the OEB did not approve a specific amount for shared services in its decision. CPUC no longer has any affiliates, and as such, its current corporate cost allocation is \$0. The variance from its last board approved is therefore -\$417,936. A note to that effect has been added at the bottom of page 49 of 205.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

#### 34 Exhibit 1, section 4.8.1

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.

**CPUC Response:** This question has been asked and answered at page 2 of this document. Board Staff's assessment is inaccurate. A separate Excel workbook was filed with the application because of the limitations of the Chapter 2 Appendices model. The file titled CPUC 2019 FA and Depreciation Cont. The schedule was uploaded on August 31, 2018. 2013 to 2018 " CGAAP can be found at columns T to AK.

Also, Board Staff's assessment with respect to the 2013 depreciation schedule for 2013 is also inaccurate in that CPUC 2019 FA and Depreciation Cont. Schedule does show the depreciation schedule for 2013 CGAAP.

#### 34 Exhibit 1, section 4.8.1

CPUC has provided depreciation amounts in 2016, 2018, and 2019 where those calculated in App 2-C materially differ (at least >\$60k) from the amount included in App 2-BA - no explanation has been provided.

**CPUC Response:** Section 4.8.2 clearly explains that CPUC used declining balance depreciation methodology which explains the variance.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

#### 34 & 35 Exhibit 4, section 4.8.5

CPUC has not provided its depreciation policy. CPUC has only provided its capitalization policy.

**CPUC Response:** CPUC does not have a depreciation policy per se. However, section 4.8.2 clearly explains that CPUC depreciation methodology.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 48 Exhibit 7, Section 7.4.1

CPUC did not provide information on the revenue by class that would apply if all rates were changed by a uniform percentage. Ratios were not compared with the ratios that will result from the rates being proposed by the distributor.

**CPUC Response:** CPUC has added a table at page 17 of Exhibit 7 to show the revenue by class that would apply if rates were changed by a uniform percentage between classes that are eligible to move ratios. CPUC notes that applying the revenue change to classes above the 1.00 would result in them moving further away from 1.00, therefore, CPUC only adjusted the residential and sentinel class. Should Board have further questions on this topic, CPUC will provide clarification as part of the IR process.

## 48 Exhibit 7, Section 7.4.1, Exhibit 1, section 1.5

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.

**CPUC Response:** Board Staff’s assessment is inaccurate. Table 15-OEB Appendix 2-P shows that the only class whose R/C ratio fell outside the board range is proposed to be adjusted down to the ceiling over a period of 3 years. CPUC is abiding by OEB policy with respect to revenue to cost adjustment, however, should the parties agree, CPUC is willing to deviate from policy (e.g., move certain class away from 1) should it help keep the bill impact below 10%.

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 50 & 51 Exhibit 8, Section 8.1.2

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.

**CPUC Response:** Board Staff’s assessment is inaccurate. CPUC clearly explained its rationale on page 7 of Exhibit 8. *“CPUC’s notes that its proposed change in fixed rate exceeds the \$4.00 threshold but CPUC felt that with the DRP, it would be appropriate and clearer for the customer if it transitioned to a fully fixed rate in this proceeding. The resulting residential fixed charge is presented in Appendix 2-P on the next page.”*

CPUC is of the opinion that the minimum filing requirements were met and that this question should have been asked and clarified in an IR.

## 58 Exhibit 8, section 8.1.17

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.

**CPUC Response:** As explained in Exhibit 8, as a form of rate mitigation, CPUC is proposing to explore, deviating from Board policy with respect to adjustments to revenue/costs ratios and fixed to variable. CPUC clearly indicated that longer disposition period for its DVAs would result in riders that were too small to affect the bill impacts.

CPUC has added the following sentence to page 31 of Exhibit 8. “as an additional form of rate mitigation, CPUC proposes to extend the implementation of the fixed rate design for the residential class if necessary. ”

CPUC notes that it has exhausted all other forms of rate mitigation. Should this response still be deemed unsatisfactory, CPUC will have no choice but to escalate the issue at the OEB and seek a formal exemption from the filing requirement in that respect.