



Ontario
Energy
Board | Commission
de l'énergie
de l'Ontario

BY EMAIL

December 14, 2022

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Marconi:

Re: EB-2022-0021 Application for 2023 Rates

In accordance with Procedural Order #1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Chapleau Public Utilities Corporation's responses to interrogatories are due by January 12, 2023.

Any questions relating to this letter should be directed to Vince Mazzone at vince.mazzone@oeb.ca or at 416-544-5159. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Vince Mazzone
Application Policy & Conservation

Encl.

OEB Staff Interrogatories Chapleau Public Utilities Corporation EB-2022-0021

Please note, Chapleau Public Utilities Corporation (Chapleau Public Utilities) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

OEB Staff-1

Ref: Rate Generator Model

OEB staff has updated the Rate Generator Model with the following changes:

Item	Location ¹	Description of Update	Reference												
1	Rate Generator Model - Tab 11 (RTSR – UTRs & Sub-Tx)	Host RTSRs and UTRs were updated	EB-2021-0110, Decision and Order, November 29, 2022 EB-2022-0250, Decision and Order, December 8, 2022												
2	Rate Generator Model - Tab 16 (Rev2Cost_GDPIPI)	Price Escalator was updated to 3.70%	OEB Letter, 2023 Inflation parameters, issued October 20, 2022												
3	Rate Generator Model - Tab 17 (Regulatory Costs)	Wireline Pole Attachment Charge was updated to \$36.05	EB-2022-0221, Decision and Order, November 3, 2022												
4	Rate Generator Model - Tab 17 (Regulatory Costs)	Retail Service Charges were updated	EB-2022-0220, Decision and Order, November 3, 2022												
5	Rate Generator Model - Tab 17 (Regulatory Costs)	<p>Time-of-Use (TOU) Regulated Price Plan (RPP) prices were updated as per the values in Table 1 below.</p> <p><u>Table 1: TOU RPP Prices as of November 1, 2022</u></p> <table><tr><td>As of</td><td colspan="2">November 1, 2022</td></tr><tr><td>Off-Peak</td><td>\$/kWh</td><td>0.0740</td></tr><tr><td>Mid-Peak</td><td>\$/kWh</td><td>0.1020</td></tr><tr><td>On-Peak</td><td>\$/kWh</td><td>0.1510</td></tr></table>	As of	November 1, 2022		Off-Peak	\$/kWh	0.0740	Mid-Peak	\$/kWh	0.1020	On-Peak	\$/kWh	0.1510	Regulated Price Plan Price Report, October 21, 2022
As of	November 1, 2022														
Off-Peak	\$/kWh	0.0740													
Mid-Peak	\$/kWh	0.1020													
On-Peak	\$/kWh	0.1510													

¹ Any changes in the Rate Generator Model impact Tab 19 (Final Tariff Schedule) and Tab 20 (Bill Impacts).

Item	Location ¹	Description of Update	Reference
6	Rate Generator Model - Tab 17 (Regulatory Costs)	Smart Metering Entity Charge was updated to \$0.42	EB-2022-0137, Decision and Order, September 28, 2022
7	Rate Generator Model - Tab 17 (Regulatory Costs)	Distribution Rate Projection was updated to \$38.08	EB-2022-0186, Decision and Rate Order, June 16, 2022
8	Rate Generator Model - Tab 17 (Regulatory Costs)	\$0.0041 - WMS charge \$0.0004 - CBR B \$0.0007 - RRRP	EB-2022-0269, Decision and Order, December 8, 2022

Question(s):

- a) Please confirm if the updates made to the Rate Generator Model are accurate.

OEB Staff-2

Ref 1: Rate Generator Model, Tab 1 and 16

Ref 2: Manager's Summary, Page 9

In Tab 1 of the Rate Generator Model, Chapleau Public Utilities selected "no" in response to whether it has transitioned to fully fixed rates. In Tab 16 of the Rate Generator Model, Chapleau Public Utilities indicated that its OEB approved number of transition years is five, with the transition beginning in 2019. The Manager's Summary only indicates that Chapleau Public Utilities' distribution rates are fully fixed.

Question(s):

- a) Please discuss the status of Chapleau Public Utilities' transition to fully fixed rates, and update Tab 1 and/or Tab 16 of the Rate Generator Model accordingly.

OEB Staff-3

Ref: Rate Generator Model, Tab 4

Chapleau Public Utilities did not check the checkbox relating to its validation of the volumetric data in Tab 4 of the Rate Generator Model.

Question(s):

- a) Please indicate whether the volumetric data is accurate by checking the checkbox. If the data is not accurate, please discuss any discrepancies found.

OEB Staff-4

Ref: Manager's Summary, Page 20

The 2021 CDM Guidelines (section 8) require distributors filing an application for 2023 rates to seek disposition of all outstanding LRAMVA balances related to previously established thresholds, including approval of LRAM-eligible amounts in future years (arising from persisting savings) until a distributor's next rebasing application, unless a distributor does not have complete information on eligible savings.

Question(s):

- a) Please confirm that Chapleau Public Utilities will not be seeking to dispose of any balance in the LRAMVA due to LRAM-eligible CDM activities funded by the IESO through the Conservation First Framework or Interim Framework in a future year's application.
- i. If not confirmed, please explain why a request for disposition was not submitted as part of this application.
 - ii. If confirmed, please also confirm that Chapleau Public Utilities has verified that, relative to the LRAMVA threshold (if any) established in Chapleau Public Utilities's most recent rebasing application, the balance in the LRAMVA, and any prospective LRAM-eligible amounts until the next rebasing, are either zero or a debit (i.e., not a credit that would need to be refunded to customers).

OEB Staff-5

Ref 1: Rate Generator Model, Tab 8

Ref 2: Manager's Summary, Page 21

Chapleau Public Utilities notes that it has completed Tab 8 of the Rate Generator Model, which resulted in a tax change of \$0.00 from the tax rates embedded in its last OEB-approved base rates. Chapleau Public Utilities further notes that since the amount is nil, no further action is required. OEB staff notes that Tab 8 of the Rate Generator Model has not been completed.

Question(s):

- a) Please explain the above statements in the Manager's Summary and update Tab 8 of the Rate Generator Model, if applicable.

OEB Staff-6

Ref: Manager's Summary, Pages 21-22

For 2021, Chapleau Public Utilities' regulatory ROE is 1245 basis points outside of the 300 basis-point dead band of the deemed ROE of 8.98% that was approved in its last cost of service application.

Question(s):

- a) Please provide a copy of the 2021 RRR 2.1.5.6 that was filed.
- b) Please provide a 2022 forecasted ROE % based on the 2022 budget, if available.

OEB Staff-7

Ref 1: Manager's Summary, Pages 21-22

Ref 2: Chapter 3 of 2023 Filing Requirements, Page 23

The Chapter 3 Filings Requirements for Electricity Distributor Rate Applications state that a distributor whose earnings are in excess of the dead band is expected to refrain from seeking an adjustment to its base rates through a Price Cap IR or Annual IR Index plan. If a distributor whose earnings are in excess of the dead band nevertheless applies for an increase to its base rates, the OEB expects it to substantiate its reasons for doing so. Chapleau Public Utilities states that the reasons for the over-earning are due, for the most part, to one-time situations that affected its profits for 2021. Chapleau Public Utilities is still seeking a price-cap adjustment.

Question(s):

- a) Please explain further why Chapleau Public Utilities should be eligible for a price-cap adjustment.

OEB Staff-8

Ref 1: Manager's Summary, Pages 21-22

Ref 2: RRR 2.1.5.6 ROE Complete Filing Guide

Chapleau Public Utilities states that the primary reason for the over-earning is an increase in Other Revenues of \$46,944 due to a "one-time" administrative fee to a

Hydro One mining customer who hired Chapleau Public Utilities to administer the transfer of its pole attachments to Hydro One upgraded poles. In addition, there was a temporary decrease in OM&A of \$52,695 due to an operations employee taking an unpaid leave of absence for medical reasons. The position was left vacant from February 2021 to December 2021. Other salaries and pension accounts were affected as well. Lastly, Chapleau Public Utilities states that another factor contributing to the over-earnings was that it did not have any debt instruments in 2021 compared to the deemed interests of \$43,908 collected through rates and based on the deemed cost of capital parameters.

Question(s):

- a) With respect to the “one-time” administrative fee for the transfer of pole attachments:
 - i. Please clarify that this is the other revenues that were earned by Chapleau Public Utilities in 2021.
 - ii. If i) is confirmed, please explain the magnitude of work involved and any costs associated with the work.
 - iii. Please provide the other revenue amount that was approved in Chapleau Public Utilities’ last rebasing application Decision and Order.
 - iv. Please explain whether the other revenue amount that was approved in the last rebasing application Decision and Order included the revenues of administering the transfer of the customers’ pole attachment to Hydro One’s upgraded poles. If so, what was the amount?
 - v. Please explain whether in 2022 Chapleau Public Utilities has the same one-time administrative fee received from the customer(s). if so, please provide the amounts.
- b) Please explain whether the employee on medical leave has impacted the OM&A in 2022. If so, please quantify the amount based on the actual and forecast data.
- c) Please explain and quantify what is meant by “other salaries and pension accounts were affected as well.”
- d) Pages 13 to 14 of ROE Filing Guidance states that “Deemed interest expense, not actual interest expense, is treated as a deduction for the purposes of calculating regulated net income”. Please explain how Chapleau Public Utilities’ not having any debt instruments in 2021 impacted its regulatory ROE, given that the deemed interest expense is used in the calculation of the achieved ROE of the year, which is no different than how the deemed interest was used in the approved ROE calculation.