Ontario Energy Board

Commission de l'énergie de l'Ontario

EB-2011-0322

IN THE MATTER OF the *Ontario Energy Board Act, 1998,* S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an application by Chapleau Public Utilities Corp. for an order approving or fixing just and reasonable rates and other charges for electricity distribution to be effective May 1, 2012.

BEFORE: Ken Quesnelle
Presiding Member

Christine Long
Member

DECISION AND ORDER

November 29, 2012

Chapleau Public Utilities Corporation ("CPUC") filed a cost of service application (the "Application") with the Ontario Energy Board (the "Board") on January 30, 2012 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B) (the "Act"), seeking approval for changes to the rates that CPUC charges for electricity distribution, effective May 1, 2012.

On February 8, 2012, the Board issued a letter to CPUC identifying certain additional evidence that was to be filed no later than April 13, 2012 before the Board would consider the Application. CPUC filed the requested additional evidence on March 16, 2012.

The Board issued a Notice of Application and Hearing dated April 13, 2012. The Vulnerable Energy Consumers Coalition ("VECC") applied for intervenor status and cost eligibility. No objections were received. The Board determined that VECC would be granted intervenor status and would be eligible to apply for an award of costs under the Board's *Practice Direction on Cost Awards*. Board staff and VECC submitted written interrogatories.

In its Notice of Application and Hearing, the Board indicated its intention to consider the Application by way of a written hearing. The Board issued Procedural Order No. 1 on May 4, 2012 in which it set dates for an initial round of discovery through written interrogatories and for responding to the interrogatories. Board staff and VECC submitted written interrogatories on May 11 and 15, 2012 respectively.

CPUC requested an extension of the interrogatory response deadline to June 25, 2012. In Procedural Order No. 2 the Board granted that request. The responses were filed on June 25, 2012.

In Procedural Order No. 3, the Board made provision for a second round of interrogatories in order to seek clarification of the interrogatory responses to the initial round of interrogatories. CPUC filed the responses to these interrogatories on August 7, 1012.

Board staff filed its submission on August 24, 2012 and VECC filed its submission on August 28, 2012. CPUC filed its Reply on September 9, 2012.

While the Board has considered the entire record in this proceeding, it has made reference only to such evidence as is necessary to provide context to its findings.

The following issues received limited or no objections from intervenors and Board Staff.

Green Energy Plan

CPUC filed its Green Energy Plan ("GEP"), dated September 2011 along with the OPA Letter of Comment in support of its request to have the plan approved.[1] CPUC stated that it has not had in the past, nor does it have any current applications for renewable generation and for microFIT connections. It further stated that HONI had advised that as of July 2011, CPUC was among the list of stations under restricted status and that no offers to connect were to be provided until the station status changes. No one disputed these points. The Board accepts CPUC's GEP at this time.

CPUC proposed in the Application to recover any costs associated with its Basic Green Energy Plan through a deferral account in the event that an application was received. VECC submitted that since there are no applications anticipated, a deferral account is not required. The Board points out that in its June 16, 2009 *Guidelines: Deemed Conditions of Licence: Distribution System Planning* (G-2009-0087) (the "Guideline"), the Board created four new deferral accounts in the Uniform System of Accounts to allow distributors to begin recording expenditures for certain activities relating to the connection of renewable generation or the development of a smart grid. These deferral accounts were authorized to be used to record qualifying incremental capital investments or OM&A expenses. In this context, incremental means that an investment was not included in previous capital plans approved by the Board or is not funded through current rates. The Guideline makes clear that deferral accounts are available to distributors and therefore specific Board approval for the use of a deferral account in the event that a future qualifying application is received is not required. A review will take place when there is an application for disposition of the deferral account.

Working Capital Allowance

CPUC filed its Application under the 2012 Chapter 2 Filing Guidelines using the approach based on 15% of OM&A plus the cost of power as an estimate of its working capital requirements in the test year. On April 12, 2012, the Board issued a letter stating that a utility that does not file a working capital study should now use 13% of OM&A plus the cost of power as an estimate of its working capital requirements for the 2013 rate year.

In response to an interrogatory, CPUC stated;

[1] Application page 154

- CPUC does not intend to use 13%;
- 15% is allowed pursuant to the filing requirements under which CPUC filed; and
- CPUC has limited funds and could not afford to commission a lead/lag study.[2]

VECC submitted that CPUC should be required to use the working capital adjustment of 13% of controllable costs as outlined in the Board's April 12, 2012 direction. The Board has been allowing 2012 rate rebasing applicants 15% for working capital as permitted in the Chapter 2 Filing Requirements. While the Board is moving to a 13% factor for 2013 rates, in the interest of maintaining a consistently applied transition, the Board approves CPUC's calculation of its working capital based on 15%.

Cost of Capital

Through interrogatory responses, CPUC agreed to use the Board's rates for the Cost of Capital as set in the Board's letter of March 22, 2012.[3] The Board approves this approach.

Retail Transmission Service Rates

Through interrogatory responses, CPUC agreed to set the RTSRs using the 2012 Uniform Transmission Rates.[4] The Board approves this approach.

LV Rates

Hydro One Networks Inc. is the host distributor to CPUC. CPUC in the Application stated that the LV service cost for the most recent 12 month period was $15,714, and is forecasting a cost of $16,000 for 2012.[5] No party objected to this proposal. The Board approves this amount.

The following issues are further addressed in this Decision and Order:

- Load Forecast;
- Capital Expenditures;
- Asset Management Plan;

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[2] Response to VECC Interrogatory 3

[3] Response to Board staff Interrogatory 23 Appendix F RRWF

[4] Response to Board staff Interrogatory 29

[5] Application page 187

- Smart Meters, Stranded Meters, and Riders;
- Operating Expenses;
- Cost Allocation – Density Factor;
- Revenue-to-Cost Ratios;
- Rate Impact Mitigation;
- Rate Design - Fixed Variable Split;
- Total Loss Factor;
- LRAM;
- Deferral and Variance Accounts Balances and Disposition; and
- Implementation

Load Forecast

CPUC developed its load forecast using the average of actual historical data from 2006 to 2010 and an estimate for the 2011 Bridge Year. The 2011 estimate was developed using actual data to August 2011 and forecast from September to December 2011 using average monthly consumptions from 2008 to 2010. CPUC stated that it would then adjust this forecast by incorporating 242,000 kWh of savings for CDM. This represents 20% of CPUC's 2011-2014 net cumulative energy savings target of 1.210 GWh.[6]

CPUC also provided a weather sensitive regression model in response to an interrogatory from Board staff that forecasted the 2012 volumes based on a negative intercept and five variables: [7]

1. Heating Degree Days;
2. Cooling Degree Days;
3. Number of Peak Hours;
4. Number of Customers; and
5. Number of Days in the Month.

Approximately 70 to 75% of CPUC's residential customers and 40 to 45% of businesses use electricity to heat their homes and establishments.[8] Board staff stated that the average use approach proposed by CPUC was at the very granular level of use per

[6] Response to Board staff 5 g.
[7] Board staff Interrogatory 5 c Appendix A
[8] Response to Board staff Interrogatory 5 a.

customer/connection by month and that at this level the average uses reflect seasonal variability. However, Board staff further stated that the approach did not explain the variability between colder and warmer Januarys. In conclusion, Board staff noted that the difference between the two methods was small, with the regression model forecasting 47,903 kWh more, or 0.17% for 2012. Board staff submitted that the average use method proposed by CPUC is sufficient at this time. Board staff stated that with the advent of smart meter data, CPUC in the future should revisit developing a regression model.

VECC took the position that the regression approach should be used. While stating that there is very little difference between the outcomes of the two approaches, VECC noted that the regression model has an R-squared value of 99%. VECC also put forward its view that the Board has in the past found a regression approach superior to the average use approach.

VECC, however, submitted that the development of customer counts for the regression model resulted in customer count estimates for 2012 that are lower than 2011 actual count. VECC stated that the geometric mean approach to developing the customer counts would have included customer losses prior to 2006. VECC submitted that the 2011 year end customer counts should be used for the 2012 forecast.

In Reply, CPUC reiterated its proposal to use the average use approach as submitted in the Application. CPUC agreed with Board staff that "*as smart meter data becomes available in the future, CPUC will revisit developing a regression based volumetric forecasting model that in the future may be a better forecasting and revenue explanatory tool*."[9]

The Board notes that CPUC stated that there are no new housing or commercial and industrial developments in the Township of Chapleau currently nor are any planned in the foreseeable future, and that the customer base and economic state will remain constant.[10] However, the Board also notes that VECC submitted that the actual year end customer count for 2011 should be used for the 2012 customer count. The Board finds that under the circumstances of a steady state market that the 2012 customer counts should be based on the year end 2011 customer counts. The Board will accept

[9] Reply Submission page 3
[10] Application page 102

CPUC's proposal to use averages in such a steady state situation. With the incorporation of the 2011 year end customer counts and CPUC's CDM targets allocated on the updated forecast kWh's and kW's, the Board will accept the revised results of CPUC's forecast.

Capital Expenditures

CPUC has been investing $8,325 per year on average in its distribution system over each of 2009, 2010, and 2011.[11] CPUC stated that this low level of CAPEX was due to the implementation of smart meters, which strained the company in terms of investments and FTEs.[12] As a result, CPUC is now planning to invest in its distribution system, and in an Asset Management Plan ("AMP").

CPUC is proposing to invest $58,290 in 2012. The following table was prepared by Board staff and was taken from the evidence:[13]

Capital Expenditures ($)

	Historical & Bridge Years						Test Year
	2006	2007	2008	2009	2010	2011	2012
1 Dist. St. Equip , 50 kV				3,081	2,228		19,765
2 Poles Towers & Fixtures	1,551		4,530	1,936	1,790	2,361	23,162
3 Underground Conduit				211			
4 Underground Conductors						4,850	
5 Line Transformers	21,899		25,362	2,365			8,863
6 Meters and Smart Meters	842		1,296		5,500		1,500
7 Computer Equipment				661			
8 Computer Software			11,186				5,000
9 Total	24,292	-	42,374	8,254	9,518	7,211	58,290

Board staff pointed out that a capital budget of $58,290 is high when compared to immediate prior years. However, CPUC's low capital investments for 2008-2011 were coincident with installing smart meters which cost $435,130 over 3 years. In comparison to the 2008 expenditures, $58,290 is approximately 30% greater. Board staff submitted that it had no concerns with the planned capital projects. VECC

[11] Application Appendix 2-A Capital Projects Table
[12] Response to VECC Interrogatory 1
[13] Application page 90

submitted that CPUC has been underinvesting in capital in the IRM period of the past four years.

VECC also pointed to the reliability statistics and noted that the largest service risk for CPUC is loss of supply. VECC noted that CPUC acknowledged this fact and stated it was directing capital expenditures toward solving these service issues.

Board staff stated that it had serious concerns about CPUC's losses as they are forecast to continue to increase in spite of past investments targeted toward reducing losses. VECC was in general agreement with Board staff.

VECC also questioned the prudence of such a large increase in capital expenditures prior to CPUC designing an AMP. VECC submitted that CPUC should establish an ongoing capital expenditure plan that is no more than 10% greater than the 2008 actual level of $42,370, or approximately $47,000.

In it Reply, CPUC stated that it is unable to explain why losses have not been reduced. CPUC pointed out that while there is no component in the 2012 capital budget of $58,290 to improve load factors, CPUC recognizes that it is imperative for it to address system losses. To that extent, CPUC pointed to the fact that it is developing an AMP and is working closely with its consulting engineer.

At issue are both the amount proposed for 2012 CAPEX and the nature of the expenditures. The Board notes that both Board staff and VECC have commented on CPUC's increasing distribution losses and that CPUC confirms that reducing losses is a priority. The Board notes that CPUC is forecasting to replace old transformers in 2012 and will continue to do so as recommended by its consultant.[14, 15]

Board Findings

While capital investments of $58,290 is high when compared to CPUC's immediately preceding years, during those years CPUC was engaged in rolling out its smart meter program. As Board staff pointed out, CPUC is proposing to spend 30% more than it did in 2008 prior to the smart meter rollout. The Board notes that going forward into 2013

[14] Application page 91
[15] Response to Board staff Interrogatory 7 e.

and beyond, CPUC has identified planned investments as mostly low priority. The Board will allow CPUC its proposed investments for 2012, however, going forward the Board expects CPUC to carefully consider its investments in its distribution system with a view to manage overall costs to run the distribution system. This will require a better understanding of system losses and the long term impacts of distribution system upgrades.

Asset Management Plan

CPUC submits that it does not have an asset management plan but that its' staff is very aware of the condition, age and maintenance requirement of its assets.

CPUC provided a very succinct overview of how it monitors its major assets and tracks outage events as a way to prioritise its capital replacement program. CPUC is performing asset management planning that has demonstrably enabled it to maintain a relatively reliable system.

In the Board's view CPUC has all the makings of a basic AMP. It performs diagnostic testing and uses asset conditions and age to discern what actions should take place. The listed "actions" such as replacement of specific assets on a scheduled basis is in essence an AMP.

The Board notes that CPUC is planning a $50,000 investment for hardware and software in 2014 to implement its AMP. The Board considers this amount to be relatively high in the context of CPUC's overall system costs. The cost related to asset management planning should be commensurate with the size and complexity of the distribution system and proportional to the overall system operating and renewal costs.

While the Board expects CPUC to continuously explore improvements in its approach to asset management planning it does not consider that CPUC has justified the need to make a $50,000 investment in what it describes as an automated Asset Management function. The costs related to any acquired functionality should be easily measured against the tangible benefits produced.

CPUC's three year capital expenditure forecast is relatively steady with spending ranging between approximately 50 and 60 thousand dollars. The Board notes that asset replacement in 2014 (the year of the planned AMP related capital spending) is slated to be approximately $11,000 in costs while the replacement program in the immediate years preceding and following equate to approximately $50,000 each. The Board expects CPUC to continue to consider the results of its asset assessments and to focus on what needs to be done and to spend what is required to maintain its system reliability.

CPUC is expected to be able to defend the prudence of its spending on all forms of capital in the establishment of its rate base in its next rebasing application.

CPUC submits that the development of its AMP will assist in the management of system losses. The Board considers this element of CPUC intended AMP to be an important investment in that it may lead to a reduction in overall long term operating costs.

The proposed cost for the creation of the AMP is addressed in the Operating Expenses section of this Decision.

Smart Meters

CPUC has applied to include smart meters in rate base and to remove stranded meters from rate base. CPUC is also seeking recovery of its associated costs of service related to smart meters for the historic years by charging a Smart Meter Disposition Rider ("SMDR") of $1.98 per month for both the Residential and General Service < 50 kW classes for the 4 year period of May 1, 2012 to April 30, 2016.

The smart meter evidence provided was not in accordance with the Board's policy and practice with respect to the recovery of smart meter costs.[16] Costs for training and communications should have been included as operating costs rather than capital costs. CPUC updated its evidence to reflect these required changes.[17]

Installation Costs and Cost Recovery

CPUC provided the following unit costs:

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[16] *Guideline G-2008-0002: Smart Meter Funding and Cost Recovery*, issued October 22, 2008. On December 15, 2011, the Board issued *Guideline -2011-0001: Smart Meter Funding and Cost Recovery – Final Disposition.*

[17] Response to Board staff Interrogatory 23

1	Procurement & Installation	289.68
2	CIS	48.40
3	Changes to Ancillary Systems	-
4	Sub Total	338.08
5	OM&A	65.00
6	Total incl OM&A	403.08
7	Stranded Meters	67.29
8	Grand Total	470.37

Board staff noted that the average per installed smart meter cost without stranded meters of $403 is beyond the range for 9 out of 13 utilities found in the generic smart meter decision.[18] In that proceeding, unit costs per meter ranged from $123.59 to $189.96 per meter, with Hydro One Networks Inc. being the main exception at $479.47.[19] The Board's Monitoring Report, which summarizes the life-to-date investments by distributors with respect to the implementation of smart meters up to September 30, 2010, indicated that 4,382,194 meters had been installed at a cost of 994,426,187, or $226.92 per meter.[20]

Board staff submitted that the $403 per unit cost is amongst the highest that have been reviewed by the Board. It was further submitted that the Board should allow recovery of 50% of the requested smart meter costs, and a final determination of the costs would be made after an audit was conducted by the Board's Regulatory Accounting and Audit branch as was done for Atikokan Hydro Inc. [21]

VECC submitted that the terms of the audit be broadly set so as to discover what, if any, steps were taken among the rural and remote utilities to coordinate and lower smart meter costs.

In addressing the higher costs, CPUC pointed out that the comparison utilities were upwards of 50 to 200 times larger than CPUC, and that CPUC is one of the smallest utilities in the Province and has no neighboring utilities to share costs.

[18] Board staff Submission pages 9 & 10
[19] Smart Meter Cost Recovery Combined Hearing Decision; EB-2007-0032, August 8, 2007
[20] Board issued *Monitoring Report Smart Meter Investment – September 2010; March 3, 2011*
[21] *Atikokan Hydro Inc. Decision and Order; EB-2011-0293; June 18, 2012*

In its Reply, CPUC pointed out that it covers only 2 sq. km, has only 1,308 customers and does not have neighbouring distributors.[22]

CPUC also pointed out that its budgeted cost, as prepared by a consultant, was $469 per meter.

CPUC stated that it together with 7 other District 9 Distribution Utilities collaborated together to reduce their Smart Meter costs. CPUC stated that its small customer base drives unit costs up. Out of the 7 utilities CPUC has the lowest customer base of 1,308. CPUC's share of this fee was $44,079.75 or $33.70 per meter as compared to the average cost per meter for all 7 utilities of $3.95. CPUC's share for legal fees was $7,305.24 or $5.59 per meter as compared to the average cost per meter for all 7 utilities of $0.65.[23]

CPUC also stated that due to it having different system applications, it could not share software with other utilities.

Smart Meter Rate Riders

CPUC's Application did not include class specific SMDRs. CPUC proposed to apply a single customer charge to each class per month of $1.98. However CPUC did develop class specific SMDRs for the Board's consideration.[24] The resulting SMDRs as a unit charge per customer per month by class are:

	SMDR	Period
Residential	$1.90	May 1, 2012 - April 30, 2016
GS<50 kW	$2.81	May 1, 2012 - April 30, 2016
GS>50kW	$5.21	May 1, 2012 - April 30, 2016

Board staff submitted that the proposed SMDRs by class are appropriate, subject to the Board's findings on the smart meter costs.

VECC supported Board staff's position and stated that the riders should be derived by rate class.

[22] Reply Argument page 4
[23] Reply Argument page 4
[24] Response to Board staff Interrogatory 20

Stranded Meters

CPUC is applying to charge a Stranded Meter Rate Rider ("SMRR") of $0.77 per month for the Residential class, and $1.40 per month for the General Service < 50 kW class for the 4 year period of May 1, 2012 to April 30, 2016. CPUC removed $52,585 from rate base, which is the balance for its stranded meters from its assets at the 2011 year end.[25] This balance was reviewed by the auditors. Board staff noted that this equates to approximately $40 per stranded meter which appeared high. VECC agreed with Board staff that the stranded meter costs seemed high, and agreed with CPUC that the recovery should be by rate class.

Implementation

CPUC has applied for its SMDRs and SMRRs to be in place for a 48 months period; May 1, 2012 to April 30, 2016. Board staff noted that for a November 1 implementation date, the recovery period for the SMDRs could be adjusted to 42 months (November 1, 2012 to April 30, 2016.

CPUC agreed with Board staff, and provided updated Riders.[26] CPUC stated that these new rates will be adjusted depending on the Board's findings on allowable costs and the approved effective and implementation dates.

VECC submitted that the period should not be more than 3 years.

Board Findings on Smart Meters, Associated Stranded Meters and Implementation

The Board recognizes that CPUC is a small distributor, which is a factor that affects the average cost per customer. Having relatively few customers, CPUC does not benefit from economies of scale when faced with the allocation of the fixed costs that were contained in this multi distributor smart meter project. The Board also recognizes that CPUC is somewhat remotely located with respect to other distributors and this too is a factor that affects costs. CPUC cannot easily share facilities or personnel to take advantage of regional cooperation.

[25] Response to Board staff Interrogatory 9
[26] Reply Submission Appendix A

These factors do not in and of themselves make the acceptance of CPUC's requested costs automatic. The Board however finds that CPUC took appropriate actions given the circumstances and has sufficiently justified its smart meter costs. The Board will not require an audit. The Board will also approve the net book value of the stranded meters.

Regarding the rate riders, the Board approves of the determination of the SMDRs and SMRRs by rate class. The Board finds that due to the delays in this proceeding, it would be more appropriate to calculate the SMDR based on a collection period of 41 months, which would be December 1, 2012 through to April 30, 2016.

Operating Expenses

CPUC has applied for test year operating expenses of $664,490, which is $80,009 greater than its 2011 operating expenses of $584,481.[27]

Sensus Contract

CPUC has an annual contract with Sensus for $28,500 for maintaining the WAN for smart meters.[28] This is the first year that the contract is included in the revenue requirement. Over a forecast of 1,287 customers this amounts to $1.85 per month per customer. Board staff submitted that it considers this to be high when one looks at combining the Sensus costs with the smart meter operating costs for 2012 from Tab 5 Smart Meter Revenue Requirement of the Smart Meter Model. Board staff estimated that combined, the total incremental smart meter costs would be $5.69 per customer per month.

Board staff submitted that the Board may wish to consider applying the same treatment for these costs as Board staff suggested for the historical smart meter deployment costs, that is, the Board may wish to allow 50% of the Sensus contract to be included in the revenue requirement at this time and the remaining 50% be tracked in account 1556 (smart meter OM&A) pending the outcome of an audit.

[27] Application page 123
[28] Application. page 124

VECC pointed out that the contract is for 15 years. VECC submitted that CPUC should be ordered to investigate alternative arrangements, including a joint operational plan with Hydro One in order to lower these ongoing smart meter costs.

CPUC stated in Reply that it, with the District 9 distributors, initiated contract negotiations in good faith with their "best value" bidder KTI/Sensus Limited. The Fairness Commissioner provided all District 9 distributors with a letter of authorization.

The rate structure for the Sensus service is a fixed and variable rate. CPUC pointed out that for CPUC the fixed rate for 1,308 meters is $2,017.02, while for a distributor with 50,000 meters, the fixed rate is $4,034.04.[29]

Board Findings

The Board finds that the costs of the Sensus contract is a result of CPUC not being able to sufficiently benefit from economies of scale as previously mentioned. The Board therefore approves the costs.

Compensation

CPUC has increased overall staff compensation by 2%.[30] This aligns with the negotiated settlement with the Town of Chapleau's unionized employees. CPUC stated that staffing levels remain at previous years' levels, and confirmed that for the 2012 test year, it has not allocated any compensation to capital.[31]

Board staff submitted that as a result of undertaking capital projects it expected supervisory and labour to be capitalized.

In Reply, CPUC stated that it does not allocate supervision costs and labour to capital.

Board Findings

The Board expects that the degree by which the costs for compensation are capitalized will be examined when CPUC transitions to IFRS. The Board will accept 100% of the compensation costs in OM&A in this Application.

[29] Reply Submission page 6
[30] Application, page 118
[31] Response to VECC Interrogatory 21

Asset Management Plan

CPUC has budgeted $30,000 in 2012 to develop an AMP and to gather data for asset condition assessment. The project will take four years to implement. CPUC currently uses deficiency inspection reports to prioritize its work.[32] To improve upon managing its distribution system, CPUC plans to spend the following amounts:

Asset Management Plan ($)

	2012	2013	2014	2015	Total
Expense	30,000	30,000	10,000	10,000	80,000
Capital	-		50,000		50,000
Total	30,000	30,000	60,000	10,000	130,000

Board staff submitted that more information is required. It pointed out that the plan should be measurable, realistic, and contain achievable goals, and that CPUC should include a component to reduce losses. Board staff also submitted that that any future contracting should be done through a tendering process.

VECC pointed out that $30,000 in operating expenses for an AMP is more than 50% of CPUC's capital expenditures for 2012.

CPUC, in its Reply, stated that a consultant has been retained for all work related to the multi-year effort to develop an AMP. CPUC provided a list of achievable goals and stated that the plan will address loss reduction as part of CPUC's commitment to minimize losses:

> "*Losses have not reduced since 2008 and CPUC is unable to explain this. Development of the Asset Management Plan and working closely with Burman Energy engineers, it is imperative that system losses be addressed. There is no component in the 2012 capital budget of $58,290 to improve load factors, however*

[32] Response to VECC Interrogatory 1 c)

> *this will become a priority for Burman Energy to address with management.*" [33]

Board Finding

As outlined above, the costs of asset management planning should be commensurate with the size and complexity of the distribution system and be proportional to overall spending. The Board finds that $30,000 a year is a relatively high cost for an undertaking of this nature. The Board does note however that CPUC is intending to include its analysis of its high system losses in its analysis of asset investment. Even with this important element included, the Board considers the amount of $30,000 per year to develop this plan to be disproportional to CPUC's overall costs. The Board will allow $20,000 per year for the overall efforts expended in the area of asset management and system loss improvements.

VECC's Submission on Overall Operating Expenses

VECC has used an "expected growth approach" to assess CPUC operating expenses. The increases in costs since the last cost of service decision are presumed to be related to inflation and customer growth. To the expected cost are added any incremental utility responsibilities or unavoidable activities that have arisen since 2008. Generally, these activities relate to an increased regulatory burden (GEA, OPA, OEB, IESO, CDM, and SPC etc.), smart meter activities (computer and transaction costs offset by meter reading cost reductions) and IFRS transition costs. In doing so, VECC has applied an overall 10-11% inflation factor for the period 2008 to 2012. VECC calculated that OM&A costs are projected to increase by 17% as compared to that allowed by the Board for 2008. VECC submitted that the Board should reduce the OM&A spending by $30,000. This would still allow CPUC a 12% increase in OM&A from 2008 Board approved.

Board Finding

The Board notes that in the 2011 Electricity Distributor Yearbook, CPUC reported an average OM&A cost per customer of $416, which is well above the provincial average cost of $275. The Board in reviewing the OM&A amount proposed by CPUC has carefully considered whether CPUC has taken the appropriate steps to control spending and taken reasonable steps to contain costs. The increase in OM&A costs represents

[33] Reply Argument page 3

an increase of 17% from 2008 approved. The Board is satisfied, based on the totality of the evidence put before it, that CPUC has taken appropriate steps, where able, to reduce costs and provide value to ratepayers. CPUC faces certain constraints in reducing its OM&A spending and the Board is satisfied that the steps taken have been appropriate. Therefore the Board will accept the OM&A expense budget requested except for as indicated in relation to the AMP expense.

Cost Allocation

CPUC filed a cost allocation based on the Board's Cost Allocation Model Version 2 (the "CA Model"). The CA Model reflects enhancements that the Board has made to better help establishing weighting factors for customer related costs.[34] During the interrogatory process the CA Model was updated to reflect the revised load forecast (with CDM), the revised revenue requirement and updated meter weightings based on its cost of smart meters. In arriving at its Decision, the Board considered the following elements as they relate to cost allocation.

Density Factor

CPUC modified the CA Model to address its concern that it is one of the smallest utilities in Ontario and has only 27 km of roads in its service area. The modification that CPUC made was to the density factor in the CA Model. The model recognizes differences in densities between distributors, by classifying them as low, medium, or high density distributors. This set of classifications adjusts the level of costs classified as customer related to better reflect the distributors' density.

Board staff pointed out that the model produces the same outcome for distributors within a range so that, for the medium density range, 23 km gives the same outcome as 44 km. However, when at the boundary of a range, 22 km would result in a different outcome than does 23 km. Board staff calculated CPUC's density to be 50 customers per km, which, it submitted, is quite close to the middle of the range for the medium density group; the midpoint would be 45.

[34] *Staff Report to the Board Implementation of the Revisions to the Board's Electricity Distributor Cost Allocation Policy EB2010-0219 August 4, 2011*

VECC took essentially the same position, pointing out that CPUC's kilometre value is 27 which is well within the 22-44 kilometre range that would lead to a medium density classification.

In its Reply, CPUC stated that it will default to the Board approved density categories.

The Board finds CPUC's proposal in its Reply Argument to use the defaults built into the cost allocation model to be appropriate.

Revenue-to-Cost Ratios

The following table shows the revenue-to-cost ratios in the Application and as amended by CPUC.

	Revenue-to- Cost Ratios			
	Original Cost Study	Amended Cost Study	Proposed	Board Ranges
Residential	97.77%	97.47%	97.47%	85% - 115%
GS <50 kW	99.93%	104.28%	104.28%	80% - 120%
GS >50 kW	119.59%	124.66%	120.00%	80% - 120%
USL	127.93%	118.48%	118.48%	80% - 120%
Sentinel Lighting	61.46%	54.35%	80.00%	80% - 120%
Street Lighting	92.40%	75.78%	81.68%	70% - 120%

CPUC submitted in its Reply that there are two classes out of range, the General Service > 50 kW class and the Sentinel Lighting class. CPUC proposed that:

- The General Service > 50 kW class be adjusted from 124.66% down to 120.0%;
- For the Sentinel Lighting class, CPUC proposed to bring this class into range over a three year period by increasing the revenue- to- cost ratio of 54.35% by 6.41% annually. For 2012, the ratio will be 60.76%, for 2013, the ratio will be 67.17% for 2014, the ratio will be 73.58 and for 2015 ratio will be 80.00%: and
- The dollar offsets from the above adjustments will be allocated to the class that is furthest away below 100.0%; the Street Lighting class. The net

adjustment will bring the revenue-to-cost ratio of the Street Lighting class from 75.78% to 81.68%.

Board staff did not object to the three year phase-in for the Sentinel Lighting class as the resulting bill impacts over the period for the affected classes ranges from 0.1% to 1.0% for USL and ranges from 30% to 37.5% for Sentinel.

Board staff also pointed out that the impacts on residential customers using 800 kWh per month and on a General Service < 50 kW using 2,000 kWh per month were increases of less than 10%.

VECC stated that it is inappropriate to move the Residential revenue-to- cost ratio further away from 1.0 as proposed by CPUC. VECC further submitted that it is also inappropriate to move the ratio for USL to 100%. VECC reminded the Board that its policy is that distributors should endeavour to move their revenue-to-cost ratios closer to one if this is supported by improved cost allocators.[35] VECC suggested that the CA Model submitted by CPUC is not an improvement for it does not disaggregate its costs in sufficient enough manner.[36]

VECC submitted that Sentinel Lights and GS>50 are the only classes whose revenue-to-cost ratios are outside the Board's policy ranges. As such VECC stated that the following adjustments should be made:

- The ratio for GS>50 should be reduced to 120%.
- The ratio for Sentinel Lights should be increased to 80%.
- Any additional revenues required to offset the shortfall resulting from the first two adjustments should be obtained by:
    - First, increasing the Street Light ratio to up to 80% (if necessary);
    - Then, if necessary, increasing the ratios for both Sentinel and Street Lighting;
    - Finally, should the increase in both these ratios to 97.47% be insufficient to offset the revenue shortfall – the ratios for these two

[35] *Report of the Board Application of Cost Allocation for Electricity Distributors, EB-2007-0667 November 28, 2007*
[36] Response to Board staff 16 d

classes plus Residential should be increased (in tandem) until the shortfall is eliminated; and

- Should the resulting bill impacts on the Sentinel Light and Street Light classes be deemed too high, then the adjustment to the GS>50 class and the offsets should be phased in over the IRM period.

VECC reminded the Board that for the rate order, CPUC should file a final CA Model reflecting the Board's findings in its Decision and Order.

Board Findings

The Board concurs with the approach proposed by VECC that the GS>50 should be reduced to 120%. The Board finds that the manner in which any additional revenues required to offset the shortfall resulting from this reduction should be recovered as described by VECC.

The Board notes CPUC's proposal to mitigate the impacts to the Sentinel Lighting class by phasing-in the increases over a three year period. The Board has made findings in this Decision that affect the revenue requirement and the allocation of costs. Upon applying these findings to the cost study, the impacts will be different from those seen in the Application. When developing rates on the new allocated costs based on this Decision, the Board directs CPUC to follow VECC's proposal in principle but to mitigate increases so that no class has more than a 10% increase in any one year.

The new rates will impact the proposed balance being deferred for future recovery. CPUC is to recalculate this balance and submit the calculation with its draft rate order.

Rate Impact Mitigation

CPUC plans to mitigate rate impacts greater than 10% by phasing in the monthly service charge for the Residential, GS<50 kW, and Street Lighting classes in two steps (May 1, 2012 & May 1, 2013). CPUC plans to phase in the Sentinel Lighting increases in three steps (May 1, 2012, May 1, 2013, and May 1, 2014).

CPUC estimated the revenue loss as:

Lost Revenues		
	2012	2013
Residential	$ 38,341	
GS<50 kW	$ 581	
Sentinel Lighting	$ 820	$ 408
Street Lighting	$ 3,478	
Total	$ 43,220	$ 408

CPUC proposed to defer collecting the lost revenues from the Residential and Street Lighting Classes by placing the losses in a deferral account and collecting them from May 1, 2013 to April 30, 2014. CPUC would collect, in a future proceeding, these lost revenues from the same classes that gave rise to the losses. CPUC would forego the lost revenues from the GS<50 kW and Sentinel Lighting classes.

The Board has made findings that affect the proposed rates. When CPUC recalculates its rates based on these findings, it is directed to book the foregone revenue in Account 1574; Deferred Rate Impact Amounts for future review and disposition by the Board.

Rate Design

Fixed/variable Split

CPUC was unable to maintain the fixed variable splits for the Residential, GS<50 kW and GS>50 kW classes. CPUC proposed the following changes:

- **Residential:** Increase the monthly service charge to the maximum allowed of $24.10;
- **GS<50 kW:** Increase the monthly service charge to the maximum allowed of $35.73; and
- **GS>50 kW:** Maintain the current monthly service charge, since it is above the allowable level.

For the unmetered classes, as long as the fixed rate does not surpass the maximum determined in the CA Model, CPUC proposed:

- **Unmetered Scattered Load:** Maintain the variable rate the same as for the GS<50 kW class;
- **Street Lighting:** Increase the fixed rate to $5.50 to be approximately half of the maximum allowed determined by the CA Model and the reduce the variable rate to $11.6979; and

- **Sentinel Lighting:** Keep the variable rate at approximately the same as the Street Lighting class at $11.6879.

VECC agreed with CPUC's approach for the three metered customer classes and submitted that the final rates should be determined following the same principles.

Regarding the unmetered classes VECC submitted:

- **Unmetered Scattered Load:** The rate design for this class should follow the same principles as used for the metered classes. VECC stated that there is no given reason why the variable rate should be the same as that for the GS<50 kW class;
- **Street Lighting:** The rate design for this class should follow the same principles as used for the metered classes. VECC noted that the current monthly fixed charge is well within the allowable range as determined by the CA Model and will increase further given the proposed revenue requirement; and
- **Sentinel Lighting:** VECC stated there was no basis for such an arbitrary approach and submitted that the approach used for this class should be the same as for the metered classes.

Board staff made no submission on this matter.

Board Finding

The Board notes that on October 1, 2012 the Board announced that it has undertaken a Review of Cost Allocation Policy for Unmetered Loads ("UL").[37] Such an undertaking will help improve the accuracy of the costs allocated to these UL classes. At this juncture, the Board finds VECC's proposal to be appropriate.

Total Loss Factor

CPUC is proposing a five year average Total Loss Factor of 1.0671. This represents a slight increase of 0.0017 from the current loss factor of 1.0654.

[37] *Review of Cost Allocation Policy for Unmetered Loads* EB-2012-0383

Board staff noted that CPUC's loss factors have not been reduced, in spite of investments to reduce the losses. Board staff submitted that the marginal increase in the Total Loss Factor be denied and that CPUC develop a plan as part of its greater AMP to reduce losses in future years.

VECC submitted that the Board should adopt CPUC's proposed loss factor.

CPUC acknowledged VECC's position, but submitted that it now will not propose to change its loss factor of 1.0654. CPUC stated that its priority will be to reduce losses upon development of the AMP and that it will continue to investigate methods to balance its load on its 3 feeders and balance its load on the transformers.

The Board accepts CPUC's proposal in its Reply Argument and finds that the Total Loss Factor, and the loss factors subsuming the Total Loss Factor, are not to be changed.

LRAM

The Board's *Guidelines for Electricity Distributor Conservation and Demand Management* (the "CDM Guidelines") issued on March 28, 2008 outline the information that is required when filing an application for LRAM or SSM recovery.

In its decision on Horizon's application (EB-2009-0192) for LRAM recovery, the Board noted that distributors should use the most current input assumptions available at the time of the third party review when calculating an LRAM amount.

CPUC sought to recover a total LRAM claim of $23,131.15, which includes $940 in carrying charges, to be recovered over a one-year period. CPUC updated its LRAM request from the original amount of $23,131.15 to $15,475.71.[38] This update was necessary to account for the updated results applicable to the OPA's Great Refrigerator Round Up 2009-2010 program. The lost revenues being sought include the effect of CDM programs implemented from 2006-2010. CPUC has requested approval of these savings persisting until December 31, 2011.

[38] Response to VECC Interrogatory 16 b)

2006 – 2010 Lost Revenues

CPUC has requested the recovery of an LRAM amount from January 1, 2006 to December 31, 2011 that includes lost revenues from its 2006 to 2010 CDM programs inclusive.

Board staff noted that CPUC's last cost of service application was filed on November 23, 2007, prior to the issuance of the Board's CDM Guidelines which were issued on March 28, 2008. As CPUC's last cost of service application was filed prior to the issuance of the CDM Guidelines, the rules regarding LRAM and lost revenues in general were not available to CPUC. Board staff noted that the recovery of these lost revenues is consistent with what the Board noted in its decision on the application from PUC Distribution Inc.[39]

VECC pointed out that CPUC originally stated that its 2008 load forecast did not reflect the impact of 2006 and 2007 programs. However, this response was corrected and CPUC subsequently stated that "*the load forecast for 2008 based on the average of actual use in 2006 and 2007 did reflect the actual CDM savings achieved during those years.*"[40]

VECC submitted that CPUC should make the appropriate adjustment to its LRAM proposal to remove the on-going impact of 2006 and 2007 programs.

2011 Lost Revenues

Board staff submitted that that it is premature to consider any lost revenues persisting in 2011. Board staff requested that CPUC provide an updated LRAM amount and subsequent rate riders that only includes lost revenues from 2006 to 2010 CDM programs.

VECC concurred with Board staff.

In its Reply CPUC stated that it will adjust the LRAM amount and subsequent rate riders that only includes lost revenues from 2006 to 2010 CDM programs.

[39] PUC Distribution Inc. Decision and Order EB-2011-0101, April 4, 2012
[40] VECC IR #36, See also VECC IR #24

Carrying Charges

CPUC's request of $940 in carrying charges is based on $23,131.15.[41] As mentioned above, this is now $15,475.7. Board staff submitted that CPUC should update the carrying charges to reflect the new balance.

In Reply CPUC stated that it calculated a new carrying charge amount of $584.08, which is based on $15,475 for 2006 – 2010, and nothing for 2011.

Board Findings on LRAM

Based on CPUC's Reply, the Board is satisfied that the impact of the 2006 and 2007 CDM programs is included in the 2008 forecast, and therefore should not be recovered through its LRAM. The Board directs CPUC to remove any CDM savings from 2006 and 2007 in its calculation of its LRAM. The Board also agrees that the LRAM should not include an estimate of lost revenues for 2011. The Board directs CPUC to remove any CDM savings from 20011 in its calculation of its LRAM.

The Board finds that CPUC shall calculate its interest based on the removal of the pre 2008 CDM savings, the correction for the Great Refrigerator Round-up 2009 - 2010, and excluding 2011 savings.

[41] Response to Board staff Interrogatory f.

Deferral and Variance Accounts

CPUC requested clearing the following deferral and variance account balances. The Balances to be cleared for Account 1595, Disposition and Recovery of Regulatory Balances, 2008 and Account 1521, Special Purpose Charge are as of December 31, 2011. All other accounts are as of December 31, 2010, and interest forecasted to April 30, 2012:

Account Description	Acct. #	Balance as of Dec. 31/10 $	Forecast interest to Apr. 30/12 $	Total for Disposition $
Low Voltage Variance Account	1550	(24,813)	(485)	(25,298)
RSVA – Wholesale Market Service Charge	1580	(41,538)	(808)	(42,346)
RSVA – Retail Transmission Network	1584	20,743	404	21,147
RSVA – Retail Transmission Connection	1586	22,008	521	22,529
RSVA – Power (excluding Global Adjustment)	1588	(91,303)	(1,745)	(93,048)
RSVA – Power – Sub-account Global Adjustment	1588	915	39	954
Retail Costs Variance Account	1518	3,192	61	3,253
Conservation and Demand Management	1565	(4,731)	0	(4,731)
Disposition and Recovery of Regulatory Balances 2008	1595	13,665*	77	13,742
Other Regulatory Assets – Deferred IFRS Transition Costs	1508	15,104	294	15,398
PILs and Tax Variance – HST/OVAT ITC	1592	(7,170)	(141)	(7,311)
Deferred Payments in Lieu of Taxes	1562	(134,430)	(2,174)	(136,604)
Special Purpose Charge	1521	698*	3	701
Total for Disposition		**(227,660)**	**(3,954)**	**(231,614)**

*Balance is as of December 31, 2011.

Board staff submitted that it had no concerns regarding the balances except for Account 1592, PILs and Tax Variance – HST/OVAT ITC, and Account 1562 – Deferred PILs.

Account 1592, PILs and Tax Variance – HST/OVAT ITC.

CPUC filed to credit its customers $7,311 from Account 1592, PILs and Tax Variance – HST/OVAT ITC. However, in its rate rider calculation, CPUC included Account 1592 as a debit. In Reply, CPUC clarified that it will calculate the Rider by including Account 1592 as a credit.

Account 1562 – Deferred PILs

CPUC applied to refund to customers a credit balance of $136,604 consisting of a principal credit balance of $110,373 plus related credit carrying charges of $26,231. The PILs evidence filed includes tax returns, financial statements, Excel models from prior applications, calculations of amounts recovered from customers, SIMPIL Excel worksheets and continuity schedules that show the principal and interest amounts in the Account 1562 Deferred PILs balance.

Board staff pointed out that no prudential stand-by charges were included in the interest tables provided by CPUC.[42] Board staff noted that the Board has decided that the prudential stand-by charges or fees will be included in the interest true-up and that interest on regulatory assets and customer deposits will be excluded.[43] Board staff submitted that CPUC should provide the amounts. In its Reply, CPUC updated the evidence to include the Prudential Stand-by Charges.

Regarding interest true-up, Board staff submitted that CPUC has not used the correct actual interest amounts in its SIMPIL models on sheet TAXCALC. Board staff submitted that CPUC should recalculate the interest true-up variances in its SIMPIL models based on the table provided by staff, after entering the IESO prudential charges, in order to conform to decisions already made by the Board in other cases.[44] CPUC updated its SIMPIL models reflect the updated interest.[45]

These updates resulted in an increase to the principal credit balance from $110,373 to $142,790 and related credit carrying charges of $26,231 to $ 35,456.

[42] Application Appendix B PILs Proxy. April 2, 2012.
[43] Burlington Hydro, EB-2011-015, March 20, 2012. Kitchener-Wilmot Hydro, EB-2011-0179, April 4, 2012. Thunder Bay Hydro Electricity Distribution Inc., EB-2011-0197, April 4, 2012.
[44] Hydro One Brampton, EB-2011-0174, December 22, 2011, pg9-10. Burlington Hydro, EB-2011-015, March 20, 2012. Kitchener-Wilmot Hydro, EB-2011-0179, April 4, 2012. Thunder Bay Hydro Electricity Distribution Inc., EB-2011-0197, April 4, 2012.
[45] Reply Submission Appendix E

Disposition Period

CPUC requested that the Deferral and Variance Accounts balances with interest to April 30, 2012 be recovered over a one year period.

CPUC filed an "Addendum to 2012 Cost of Service Rate Application" on March 16, 2012. In this Addendum, CPUC proposed two rate rider terms; a one-year term for all accounts other than Account 1562, and a 3-year term for Account 1562. On an aggregate basis, CPUC has a credit balance in its DVAs, and would therefore, be returning money to customers. CPUC stated that the total amount for disposition is 30.8% of CPUC's net revenue requirement of $823,030, and that this will place CPUC at risk.

CPUC provided an alternative rate rider calculation for all accounts (excluding Sub-account 1588 Global Adjustment), and a separate rate rider calculation for GA, each over a 2-year term.[46] Board staff noted that the annual disposition amount is slightly over 14% of CPUC's proposed 2012 revenue requirement, based on 2-year disposition period.

Board staff pointed out that in the Board's Report EB-2008-0046[47], the default disposition period used to clear the account balances through a rate rider should be one year. However, a distributor could propose a different disposition period to mitigate rate impacts or address any other applicable considerations, where appropriate.

Board staff expressed concerns over CPUC's returning such a large amount to its customers over a period of one year given its financial position as at December 31, 2011. Board staff stated that this could cause depletion of the CPUC's cash, have a negative impact on CPUC's ongoing cash flow, and impose possible financial risk to CPUC's operation.

VECC concurred with Board staff that the credit to be returned to CPUC's customers was significant in light of CPUC's gross income or cash on hand. On this point, CPUC also noted that the credit is offset by debit charges in respect to smart meters.

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[46] Response to Board staff Interrogatory 30.

[47] *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)*

VECC also pointed out that CPUC has a relatively small customer base and even small changes would have an impact on the remaining customers. VECC submitted that the disposition period should be no more than three years.

In its Reply, CPUC proposed a disposition period of 42 months. CPUC stated that due to the changes made to Account 1562, Deferred PILs the new total for Disposition of -$273,256 represents 33.8 % of CPUCs Revenue Requirement of $809,021, net of Revenue Offsets. CPUC pointed out that this is the same term that it is proposing for the SMDR and SMRR.

Board's Findings on DVA Balances and Disposition Period

With the correction to Account 1592 stated in CPUC's Reply, the Board finds the total balance of ($178,246) for CPUC's DVAs to be appropriate. The balance is to be disposed of over 41 months.

Implementation

CPUC filed the Application on January 30, 2012 for rates to be effective May 1, 2012. In a letter dated March 1, 2011, the Board stated that applicants should file their cost of service application no later than August 26, 2011 for rates to become effective May 1, 2012. Furthermore upon review of the Application, the Board found that it was incomplete, and issued a letter dated February 8, 2012 identifying the deficiencies in its Application. The Board stated that it expected CPUC to file the missing material as soon as possible and no later than April 13, 2012. CPUC filed the additional material on March 16, 2012. On April 26, 2012, the Board issued an Interim Rate Order declaring CPUC's current Board-approved Tariff of Rates and Charges interim effective May 1, 2012.

In explaining its filing late, and being incomplete, CPUC stated it was due to the extent of details required to complete the Application to ensure its accuracy. CPUC stated that it is one of the smallest distribution utilities in Ontario with only two administrative employees: the secretary treasurer and a secretary/clerk who are responsible for all office activities that include billing and collecting, accounts payable, payroll, bookkeeping, customer inquiries, RRR filings, etc. and find that a rate rebasing application is very onerous on their time. [48]

CPUC in its Reply states that the foregone incremental revenue estimate is $94,415 based on an effective date of May 1, 2012 and an implementation date of November 1, 2012. It pointed out that this amount represents 6 months of CPUC's total revenue deficiency of $188,830. CPUC also tied its capital spending to it receiving its full revenue requirement.

VECC stated that no compensation should be provided by ratepayers for the late filing of this Application. Rates should be made effective in the normal course and on the date of, or subsequent to, the issuance of a final rate order. VECC submitted that the size and nature of the community served by CPUC argue against rate mitigation.

Board staff stated that it is of the view that CPUC lacked the resources to make a timely filing. Board staff noted that for other comparable distributors such as Hydro 2000 and Atikokan, the Board established July 1 as the effective date being the first month following the issuance of the decision.[49, 50] Board staff submitted that the same approach should apply to CPUC which will likely mean an effective date of November 1, 2012.

The Board notes that the total requested revenue requirement is $864,765. The Board has in its Decision, disallowed a certain portion of the requested revenue amount. Further denying CPUC a significant portion of its allowed revenue requirement would severely impair the plans that the Board has approved in this Decision. The Board finds the effective date for the new rates to be May 1, 2012 with an implementation date of December 1, 2012. CPUC can recover the foregone revenue through a rate rider. The Board has considered the impact of the rider and finds that it should be calculated based on collecting the foregone revenues over 17 months, from December 1, 2012 to April 30, 2014.

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[48] Response to Board staff Interrogatory 2

[49] *Hydro 2000 Inc. Decision and Order EB-2011-0326*
[50] *Atikokan Hydro Inc. Decision and Order EB-2011-0298*

Completion of the Application

The Board has made findings in this Decision which change the 2012 revenue requirement and therefore change the distribution rates from those proposed by CPUC. In filing its draft Rate Order, the Board expects CPUC to file detailed supporting material, including all relevant calculations showing the impact of the implementation of this Decision and Order on its proposed revenue requirement, the allocation of the approved revenue requirement to the classes and the determination of the final rates and all approved rate riders, including bill impacts, and the calculation of the foregone revenue rate rider. Supporting documentation shall include, but not be limited to, the filing of a completed version of the Revenue Requirement Work Form Excel spreadsheet, and the CA Model Version 2, which can be found on the Board's website.

A Rate Order will be issued after the steps set out below are completed

THE BOARD ORDERS THAT:

1. Chapleau Public Utilities Corporation shall file with the Board, and shall also forward to the Vulnerable Energy Consumers Coalition, a draft Rate Order attaching a proposed Tariff of Rates and Charges and other filings reflecting the Board's findings in this Decision and Order within 11 days of the date of this Decision and Order.

2. The Vulnerable Energy Consumers Coalition and Board staff shall file any comments on the draft Rate Order with the Board and forward to Chapleau Public Utilities Corporation within 4 days of the date that Chapleau Public Utilities Corporation files the draft Rate Order.

3. Chapleau Public Utilities Corporation shall file with the Board and forward to the Vulnerable Energy Consumers Coalition responses to any comments on its draft Rate Order within 4 days of the date of receipt of Board staff and intervenor comments.

Cost Awards

The Board will issue a separate decision on cost awards once the following steps are completed:

1. The Vulnerable Energy Consumers Coalition shall submit its cost claims no later than 7 days from the date of issuance of the final Rate Order.

2. Chapleau Public Utilities Corporation shall file with the Board and forward to the Vulnerable Energy Consumers Coalition any objections to the claimed costs within 14 days from the date of issuance of the final Rate Order.

3. The Vulnerable Energy Consumers Coalition shall file with the Board and forward to Chapleau Public Utilities Corporation any responses to any objections for cost claims within 21 days from the date of issuance of the final Rate Order.

4. Chapleau Public Utilities Corporation shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number EB-2011-0322, be made through the Board's web portal at, https://www.pes.ontarioenergyboard.ca/eservice/ and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to BoardSec@ontarioenergyboard.ca. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 2 paper copies.

DATED at Toronto, November 29, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary