

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

May 31, 2013

Benoit Lamarche
Cooperative Hydro Embrun Inc.
821 Notre Dame Street
Embrun ON K0A 1W1

Dear Mr. Lamarche:

**Re: Cooperative Hydro Embrun Inc. ("CHEI")
Application for Rates
Application Board File Number EB-2013-0122**

A preliminary review of the application has identified that certain sections of the evidence supporting the application do not comply with the Board's Filing Requirements¹ for cost of service applications and/or the associated spreadsheets, models and work forms. As a result the Board is unable to process your application at this time.

The missing information includes:

Chapter 2 Filing Requirement Reference (page #)	Description
21	<i>Capitalization of overhead and burden rates.</i> Please provide a description for CHEI's capitalization of its overhead. Please also identify the burden rates related to the capitalization of costs of self-constructed assets. Furthermore, if CHEI's burden rates were changed since the last rebasing application (2010), CHEI must identify the burden rates prior to the change.
30	<i>Employee compensation.</i> CHEI has not provided details or explanations for compensation variances, the basis for performance (incentive and bonuses) pay, goals, measures and review processes for any pay-for-performance plans and any relevant studies conducted by or for the application (for example, compensation benchmarking studies)

¹ Chapter 2 of the *Filing Requirements for Electricity Transmission and Distribution Applications*, dated June 28, 2012 and subsequent Board communications.

32	<p><i>Purchase of non-affiliate services.</i> CHEI should provide a copy of its procurement policy including information on such areas as the level of signing authority, a description of its competitive tendering process, and confirmation that its non-affiliate services purchases are in compliance with it. For any such transactions above the materiality threshold that were procured without a competitive tender, or are not in compliance with the procurement policy, CHEI should provide an explanation as to why this was the case, as well as the summary of the nature of the product or service that is subject to the transaction and a description of the specific methodology used in determining the vendor for historical (i.e. actuals).</p>
32	<p><i>Details by asset group for historical, bridge and test years.</i> Please provide details for depreciation, amortization and depletion by asset group for the historical, bridge and test years, including asset amount and rate of depreciation or amortization. This should tie back to the accumulated depreciation balances in the continuity schedule under rate base. Please also provide a copy of CHEI's depreciation/amortization policy, if available. CHEI must ensure that the significant parts or components of each item of PP&E are being depreciated separately. CHEI must explain if it is departing from this practice. E4.T5.S2 of CHEI's application indicates that the following pages show the depreciation calculation for 2012, 2013 bridge year and 2014 test year, however, screenshots of 2012 and 2013 LEAP contributions are shown.</p>
32	<p><i>Asset Retirement Obligations ("ARO").</i> Please identify any ARO and any associated depreciation or accretion expenses in relation to the AROs, including the basis and calculation of how these amounts were derived.</p>
34	<p><i>Income tax returns.</i> Please file copies of CHEI's most recent federal and Ontario tax returns.</p>
37	<p><i>LRAMVA.</i> The Board's CDM Guidelines (EB-2012-0003) states that at a minimum, distributors must apply for the disposition of the balance in the LRAMVA as part of their cost of service applications. In support of its application for lost revenues, CHEI must file a statement indicating the most recent input assumptions available at the time of the program evaluation when calculating its LRAM amount. CHEI.</p>
39	<p><i>Appendices 2-OA and 2-OB.</i> Please complete Appendices 2-OA and 2-OB for current Board approved, historical actuals, bridge, and test years.</p>
47	<p><i>Standard Facilities Loss Factor ("SFLF").</i> CHEI indicated that it is fully embedded into Hydro One Networks Inc. The SFLF is 1.0340. Please explain why CHEI's SFLF is different from the 1.0340 in 2011 and 2012 on Appendix 2-R.</p>

The Board also requests that CHEI fix a typographical error in all material filed under Exhibit 9 Deferral and Variance Accounts. All Exhibit 9 references should begin with "E9".

The Board expects that CHEI will file the above listed required information as soon as possible.

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

Please direct any questions relating to this application to Daniel Kim, Analyst at (416) 440-8135 or Daniel.Kim@ontarioenergyboard.ca.

Yours truly,

Original signed by

John Pickernell
Assistant Board Secretary