



P.O. Box 2140  
 855 Confederation Street  
 Sarnia, Ontario N7T 7L6  
 Tel: (519) 337-8201  
 Fax: (519) 344-6094

April 9, 2019

Ms. Kirsten Walli  
 Board Secretary  
 Ontario Energy Board  
 P.O. Box 2319  
 2300 Yonge Street, 27<sup>th</sup> Floor  
 Toronto, ON M4P 1E4

**RE: 2020 Cost of Service Application**

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Dear Ms. Walli

Bluewater Power Distribution Corporation (“Bluewater”) is listed on the Ontario Energy Board (“OEB”) letter dated November 27, 2018 as a Distributor scheduled to apply for Rebasing for 2020 rates. Bluewater is writing to seek a one-year deferral of its Cost of Service application.

Bluewater completed its most recent Cost of Service application for rates effective May 1, 2013. We have been working toward filing a Cost of Service application in August of 2019 for rates effective May, 2020. However, the uncertainty introduced by the recent action of the Government of Ontario to introduce Bill 87 entitled “Fixing the Hydro Mess” has caused Bluewater to conclude that filing a Cost of Service application at this time is not in the best interests of our customers. Bluewater is generally supportive of the government’s stated desire to find efficiencies, but that must be balanced by the desire to maintain a reliable and stable distribution sector. We are currently in a time of change, so the desire for stability demands we take the time to assess the full impact of Bill 87 both for our organization and for our customers. In addition, the Ontario Energy Board is itself in a time of change, and we are optimistic that the Minister’s call for modernization of the regulator will allow the OEB to very capably respond to the call for reduced regulatory burden while achieving the balance between efficiency and reliability.

Accordingly, Bluewater hereby requests a deferral of our Cost of Service application from 2020 to the year 2021. Bill 87 represents a significant step by the current government to realign the electricity industry with the expectations of consumers, and we believe it prudent for Bluewater to fully assess the outcomes for the utility sector before proceeding with a full Cost of Service rate application. Our customers are best served by accepting the normal inflationary increase associated with the 4th Generation Price Cap IR framework, while we await the outcomes of Bill 87 on the distribution industry and the OEB’s regulatory processes.

Bluewater will file its Distribution System Plan by August 31, 2019 in order to provide the OEB with comfort that our utility has a comprehensive plan in place to support our capital spending.

Bluewater has favorable 2017 scorecard results in all areas, and we expect consistent results for 2018 as we continue to strive for improvements in operations and efficiencies.

Finally, we note that Bluewater’s actual return on equity is within the acceptable range as determined by the OEB. For your ease of reference, the ROE for the most recent four years are indicated in the chart below.

	2014	2015	2016	2017
Deemed ROE in rates	8.98%	8.98%	8.98%	8.98%
Achieved ROE	10.17%	11.83%	11.86%	10.31%

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Accordingly, Bluewater hereby requests to defer the Cost of Service application for one further year (for rates effective 2021) and, thereby continue under the 4th Generation Price Cap IR framework for one additional year, being the rate year effective May 1, 2020.

Please feel free to contact me if you require any further information, or you wish to provide direction.

Sincerely,

A handwritten signature in black ink, appearing to read 'APL', is positioned below the word 'Sincerely,'.

Alex Palimaka  
Senior VP and General Counsel  
Email: [apalimaka@bluewaterpower.com](mailto:apalimaka@bluewaterpower.com)  
Phone: 519-337-8201 Ext 2292