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January 26, 2009.

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: EB-2008-0221
Bluewater Power Distribution Corporation (BPDC)
2009 Electricity Distribution Rate Application
Vulnerable Energy Consumers Coalition (VECC)
Supplementary Information Requests
Per Procedural Order #3

Attached are Supplementary (second round) IRs based on the responses to VECC's initial Information Requests. We have provided a copy to the Applicant.

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: Bluewater Power Distribution Corporation
Andrew Taylor Ogilvie Renault LLP

Attachment

BLUEWATER POWER DISTRIBUTION CORPORATION. (BPDC)
Supplementary Information Requests
Vulnerable Energy Consumers Coalition (VECC)

VECC Supplementary Question 1

(VECC Question #2)
Reference: Exhibit 1/Schedule 2/Tab 5
a) Provide the following actual 2007 and projected 2009 metrics for all business units of BPC, including Corporate and BPDC:

Preamble:

The information for GenCo, Blackwell and Electek and SHSC. is relevant to the assessment of shared services among affiliates. If the information is confidential/commercially sensitive, then filing under the Board's Confidentiality Guidelines is available to BPDC.

a) Provide the requested information for all affiliates as of the end of either 2007 or 2008
b) For SHESC provide estimates before/after the transfer of functions and assets/ resources for non-core activities (Exhibit 1, Tab 2, Schedule 6, Page 3),

VECC Supplementary Question 2

(VECC Question 5 (b))
With regard to the SAP upgrade please provide a copy of the benefits realization assessment/plan, including quantification of annual OM&A cost reductions.

Preamble: The response provides qualitative benefits but does not provide the OM&A cost/benefit requested

Reference Attachment 5A to VECC Question 5

a) For each of the categories of cost reductions listed in the SJH report at pages 20-21 indicate if BPDC agrees with the savings expected as being applicable to its SAP Upgrade. If not indicate its own estimate for each category
b) Based on savings estimated and 2009 budgets, provide an estimate of the annual OM&A cost reductions for each category and a total (may include other savings).

VECC Supplementary Question 3

(VECC Question 8 (c))
Response:
A schedule showing the age distribution by major asset class is not available. Although the 1999 Report prepared by Elecsar Engineering is, in part, an asset condition assessment, there is not sufficient detail to satisfy the question.

Reference: Exhibit 2, Tab 3, Schedule 9

a) Does BPDC have a Document that describes the development of the Sustaining Capital Budget? If so please provide a copy

b) If not, provide a description of the process by which Sustaining Capital priorities are set for each major asset class (e.g. substations, feeders, distribution lines, poles, property and equipment) with particular to reference to the 2009 budget.

VECC Supplementary Question 4

(VECC Question 9 (b))

Response indicates (in part)" We have budgeted to change expired meters in order to maintain compliance. For budgeting and planning purposes, we cannot anticipate that the dispensation from Measurement Canada will be granted".

References:
Exhibit 2/Tab 3/Schedule 1, page 5 of 6 & Attachment 1, page 2
Exhibit 5/Tab 1/Schedule 4, page 1

a) provide a copy of the correspondence with Measurement Canada
b) Indicate the status of the requested dispensation.
c) Provide an estimate of the $ impact of dispensation on 2009 residential meter costs (resealing vs. replacement) if dispensation is granted by each of Q1-Q4 respectively
d) Explain clearly why replacement of expired standard meters with smart meters cannot be standard practice (other than requiring MC approval).

VECC Supplementary Question 5
Reference: VECC #13 b)

a) The original question requested the LV charges embedded in the "rates" for 2008 and 2009, i.e., what is the LV adder included in each customer class' variable rates for each of those years. Please provide.

VECC Supplementary Question 6
Reference: VECC #14 c) and e)

a) Please provide a schedule that for 2008 and 2009 set out how much of the Interest and Dividend Income in each year is attributable to a) net carrying charges on regulatory accounts and b) interest income.

VECC Supplementary Question 7
Reference: VECC #15 d)

a) The response stated that February to December 2007 data was not excluded from the analysis. However, the original Application clearly states "Weather correction and forecasting for general service class kWh is based on data from January 2004 to January 2007" {paragraph 2, page 2}. Please reconcile and explain the exclusion of the February –December 2007 data if not used.

VECC Supplementary Question 8

(VECC Question #20)

Response refers to Board Staff IR #1.13 (b).including Hay Report.

Reference: Board Staff Interrogatory 1.13.b Attachment 1 Hay Compensation Report

a) With respect to the position of Vice President Corporate Services and General Manager, please provide, in the context of utility comparators, explanations why this position is compensated at or above P75 or above average in terms of
   i. Base Salary
   ii. Incentives
   iii. Total Compensation
b) Is the Compensation Committee aware of the compensation for this position being a "outlier" and if so has any action been taken to levelelize compensation among executive positions?
c) Estimate the change to 2009 payroll costs if the position was compensated at the P50 level for base pay, incentives and total compensation.

VECC Supplementary Question 9

VECC Question 20 (g)

Response:The application assumes that the six new positions will be in place as full FTEs in 2009.

Clarification re impact.

a) Please provide a schedule showing the time that each new hire will be on payroll in 2009. List all relevant assumptions (hire date etc)

b) Calculate the difference in 2009 total compensation for the 6 new hires, assuming full year compensation as filed and compensation per the schedule provided in part a)

c) Assume all hires are delayed 3 months from the schedule provided in part a) and calculate the total 2009 compensation. Compare to the 2009 total compensation in the prefiled evidence and the total resulting from the schedule provided in part a)

VECC Supplementary Question 10

VECC Question 24 (b)

Response:The assets being transferred to the affiliate include a backhoe, compact wheel loader, excavator, freightliner truck and a flatbed trailer. The approximate net book value at December 31, 2008 is $195,000, which also closely approximates fair market value.

Clarification questions re use of BPDC vehicles and garage space

Preamble

(ii) Equipment Bay Space

The equipment needs of Bluewater Power have also grown over the years as the company has evolved. In addition, similar to the personnel impact of the merger, Bluewater Power assumed responsibility for all equipment bay storage requirements for the trucks and other equipment absorbed as part of the merger. In addition, in 2004 Bluewater Power also made a strategic decision to move its meter reading services in-house and this decision resulted in an additional four vehicles. In total, the vehicle base of Bluewater Power has increased by 18 units over the last 10 years.

a) Was the Freightliner double bucket material handler truck purchased in 2008 for $425,000 transferred to the affiliate? If not, is it rented to the affiliate for either core (outsourced) or non core activities.

b) Provide the hourly rental rate calculation

c) How much of the garage equipment storage space was used by the affiliate in 2008 . How will this change after the transfer of functions and assets in 2009?

d) Are the transferred vehicles/equipment housed in the BPDC Garage?

e) For these and BPDC vehicles rented by the affiliate, what charge is made for garage space?

f) If the facilities expansion proceeds what how will these charges change?

g) Given the need to expand the equipment storage in the garage facilities why cannot the affiliate find alternative garage/storage space?

h) Has this option been examined and what were the conclusions in terms of proceeding with /deferring the facilities expansion?

VECC Supplementary Question 11

(VECC Questions 27a-27c LRAM/SSM)

Clarification/follow up questions based on attachments provided

References: Exhibit 5 Tab 1 Schedule 3 Attachment 1 and Exhibit 5 Tab1 Schedule 3 Attachment 2 ERA report Pages 10 and 12
Preamble: ERA Report states “All reviews included a check for internal consistency, integrity of the calculations and consistency with published OEB or OPA approved values”

a) Please provide Copies of the OPA Every Kilowatt Counts (EKC) Program Calculators for
   i. 2006 spring/summer fall campaigns
   ii. 2007 spring and summer/fall campaigns
b) Provide a comparison table showing the following input assumptions in each of the OPA 2006 and 2007 EKC Program calculators with the OEB TRC Guide.
   a. Annual saving kwh/unit

b. Peak demand reduction kw/unit
c. Estimated useful life
d. Free ridership

For the following Measures:

i. Energy Star CFL 15w
ii. LED Xmas lights
iii. Outdoor Motion Sensor
iv. Dimmer Switch

c) Comment on the differences between the OPA EKC 2007 Program Calculator and the OEB TRC Guide regarding the input assumptions for the following measures
   i. Energy Star CFL 15 w
   ii. Outdoor Motion Detector
   iii. LED Xmas lights
   iv. Dimmer Switch
d) Confirm the total coupons and number of units for Energy Star CFL 15w for OPA 2006 and 2007 campaigns respectively
e) Recalculate the 2007 energy savings and LRAM using the 2007 OPA EKC Program calculator values for
   i. Energy Star CFL 15 w
   ii. Outdoor Motion Detector
   iii. LED Xmas lights
f) Apply a Partial Effectiveness factor to the 2007 Savings and LRAM calculation using the OPA EKC Program Campaign timing and the number of Coupons/units in each campaign. Provide the result in tabular form. Provide a revised LRAM schedule as per page 25 of the ERA Report incorporating the “new” OPA EKC input assumption and the PE factor
g) Recalculate the SSM with the 2007 OPA EKC input assumptions
h) With respect to the Cool Shops Program, explain the differences in input assumptions used by BWPC’s consultants and the 2007 OPA EKC calculator for CFL 15w.

VECC Supplementary Question 12

Reference: VECC #32 a) & b) and #33 a)

a) Please indicate how Bluewater determined that $10,708,278 was the cost/revenue requirement allocation to the residential class based on the proposed 2009 Base Revenue Requirement of $20,707,479 and a 100% revenue to cost ratio.

VECC Supplementary Question 13

Reference: VECC #34 a) & b)

a) The response to part (a) states that there is no LV adder included in current rates. If this is the case, how does Bluewater determine the LV related revenues for purpose of recording annual additions to Regulatory Asset Account #1550?

b) In response to part (b), Bluewater allocates LV revenues to classes. Please explain how the total LV revenue of $164,987 was determined. Please also explain in more detail how the revenue allocation to classes was done.