

Board Staff Interrogatories

2010 IRM3 Electricity Distribution Rates Bluewater Power Distribution Corporation ("Bluewater") EB-2009-0213

1. Ref: 2010 IRM Deferral Variance Account Reg Asset Prop Share

The following are extracted from the Deferral Variance Account Workform.

DEFVAR

B1.2 2006 Reg Ass Prop Shr

Rate Class		0
Residential	\$ 6,021,222	55.1%
GS < 50 KW	\$ 1,475,937	13.5%
GS > 50 Non TOU	\$ 1,866,030	17.1%
GS > 50 TOU	\$ -	0.0%
Intermediate	\$ 469,176	4.3%
Large Users	\$ 995,412	9.1%
Small Scattered Load	\$ 55,990	0.5%
Sentinel Lighting	\$ 17,469	0.2%
Street Lighting	\$ 24,200	0.2%
Total	<u>\$10,925,436</u>	

B1.3 Rate Class And Bill Det

Rate Class	
Residential	22.7%
General Service Less Than 50 kW	10.5%
General Service 50 to 999 kW	19.0%
General Service 1,000 to 4,999 kW	14.9%
Large Use	31.8%
Unmetered Scattered Load	0.3%
Sentinel Lighting	0.1%
Street Lighting	0.7%
Rate Class 9	0.0%
Rate Class 10	0.0%

- a) Please explain why the two entries are considerably different in the allocations of proportions.

2. Ref: 2010 IRM Deferral Variance Account 2006 EDR LV

In the 2006 EDR application Bluewater included \$179,624 in LV Allocation as a Rate Adder. In 2007 and 2008 the price cap adjustment (GDP-IPI – X) was 0.9% and 1.1% respectively. This would have increased the 2007 and 2008 LV Allocation to \$181,241 and \$183,235 respectively. In the 2010 IRM Deferral Variance Account Workform Bluewater has reported \$16,336, \$49,477 and \$41,811 for 2006, 2007 and 2008 additions for USoA 1550 LV Variance account.

DVAWF			2006 EDR	
	Transactions (additions) during 2006/7/8, excluding interest and adjustments	Transactions (reductions) during 2006/7/8, excluding interest and adjustments	7-2 ALLOCATION - LV-Wheeling Cell L120	(GDP-IPI) - X
2006	\$ 16,336	\$ -	\$ 179,624	0.0%
2007	-\$ 49,477	\$ -	\$ 181,241	0.9%
2008	-\$ 41,811	\$ -	\$ 183,235	1.1%

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- b) Please confirm that Bluewater has applied the 2006 EDR LV Allocation against Hydro One LV costs and that the balance shown in the Deferral Variance Account workform are net of the LV allocation and correct.
- c) If LV Allocation not applied or Account 1550 not correct please provide an explanation in respect to the accounting for the LV.

3. Ref: 2010 IRM3Rate Generator – LV and 2010 IRM Deferral Variance Account

Sheet “C3.1 Curr Low Voltage Vol Rt” of the 2010 IRM3Rate Generator are shown as below under the caption Rate Generator. The 2006 LV Allocation rate adder are shown in comparison from Sheet “8-2 RATES - LV-Wheeling” of the 2006 EDR.

Rate Generator		2006 EDR	
	Rebased LV	Rate Class	LVRate
Residential	0.0002	Regular	0.00018
General Service Less Than 50 kW	0.0002	Less than 50 kW	0.00016
General Service 50 to 999 kW	0.0722	Greater than 50 kW (to 3000 kW)	0.08132
General Service 1,000 to 4,999 kW	0.0792	Intermediate Use(1000 kW to 5000 kW)	0.08620
Large Use	0.0905	Large Use (> 5000 kW)	0.08145
Unmetered Scattered Load	0.0002	Unmetered Scattered Load	0.00016
Sentinel Lighting	0.057	Sentinel Lighting	0.05555
Street Lighting	0.0558	Street Lighting	0.05313

- a) Please provide reference to the 2009 Cost of Service application that identifies the rate adders as shown under the Rate Generator.

4. Ref: 2010 IRM Deferral Variance Account 1588 -Power

The 2008 ending balances reported in the 2010 IRM Deferral Variance Account workform prepared by Bluewater shows the split for account 1588 – Power and Global Adjustment. On October 15, 2009 the Board issued “Regulatory Audit and Accounting Bulletin 200901” which clarified the accounting rules for reporting the 1558 – Global Adjustment sub-account.

Account Description	Account Number	Total Claim I = C + D+ E + F + G + H
RSVA - Power (Excluding Global Adjustment)	1588	(1,557,113)
RSVA - Power (Global Adjustment Sub-account)		271,696

- a) Has Bluewater reviewed the Regulatory Audit & Accounting Bulletin 200901 dated October 15, 2009, and ensured that it has accounted

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for its account 1588 and sub-account Global Adjustment in accordance with this Bulletin?

- b) Has Bluewater made adjustments subsequent to filing the 2010 IRM3 application and need to re-file an updated 2010 IRM Deferral Variance Account workform?

5. Ref: 2010 IRM Deferral Variance Account 1588 – Global Adjustment

On November 13, 2009 Board Staff prepared a submission in the Enersource EB-2009-0193 2010 IRM3 Application. The following is an excerpt from the submission in respect to Board staff concerns with the current proposal for handling the disposition of the USoA 1588 – Global Adjustment.

The EDDVAR Report as well as the Board's Decision in EB-2009-0113 adopted an allocation of the GA sub-account balance based on kWh for non RPP customers by rate class. Traditionally this allocation would then be combined with all other allocated variance account balances by rate class. The combined balance by rate class would then be divided by the volumetric billing determinants (kWh or kW) from the most recent audited year end or Board approved forecast, if available. This process hence spreads the recovery or refund of allocated account balances to all customers in the affected rate class.

This method was factored on two premises; a) that the recovery/refund of a variance unique to a subset of customers within a rate class would not be unfair to the rate class as a whole and b) that the distributors' billing systems would not be able to bill a subset of customers within a rate class, without placing a significant burden to the distributor.

For these reason the Board's original Deferral Variance Account workform was modelled on this basis. However based on Enersource's evidence, there could be material unfairness to RPP customers within the affected rate classes.

Therefore Board staff suggests that a separate rate rider be established to clear the GA sub-account balance to Non-RPP customers within rate classes.

What remains unclear to Board staff is whether Enersource's billing system could accommodate that change within a reasonable timeframe."

Board staff would like to poll Bluewater on the above issue.

- a) Board staff is proposing that a separate disposition rate rider be applied prospectively to Non-RPP customers for 1588 – Global Adjustment. Does Bluewater agree that this proposal would be fair to all customers? Why or why not?
- b) If the Board were to order Bluewater to provide such a rate rider, would Bluewater's billing system be capable of billing non-RPP the separate rate rider? What complications, if any, would Bluewater see with this rate rider?
- c) If Bluewater were to be unable to bill in this fashion, what would Bluewater consider proposing in the alternative?

6. Ref: 2010 IRM Deferral Variance Billing Determinants

Below are the billing determinants identified on Sheet "B1.3 Rate Class And Bill Det" of the workform.

Rate Class	Billed Customers or Connections	Billed kWh	Billed kW
	A	B	C
Residential	31,626	261,354,534	
General Service Less Than 50 kW	3,906	116,581,926	
General Service 50 to 999 kW	400	217,115,376	591,620
General Service 1,000 to 4,999 kW	16	180,203,409	393,786
Large Use	4	305,534,560	489,791
Unmetered Scattered Load	266	2,132,857	
Sentinel Lighting	526	629,997	1,477
Street Lighting	9,769	8,656,255	23,947

- a) Please identify if these values are from the Bluewater 2008 Cost of Service Application or 2008 RRR reported values.
- b) If the above are from the 2008 CoS application please provide reference to location in the application.
- c) If the above are from the 2008 CoS values, please explain why Bluewater has not used the 2008 RRR reported values.

7. Ref: 2010 IRM Deferral Variance Billing Determinants

Below are the Billed kWh for Non-RPP customers identified on Sheet "B1.3 Rate Class And Bill Det" of the workform.

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Rate Class	Billed kWh for Non-RPP customers D
Residential	45,987,932
General Service Less Than 50 kW	19,352,948
General Service 50 to 999 kW	151,360,404
General Service 1,000 to 4,999 kW	168,257,854
Large Use	305,534,560
Unmetered Scattered Load	0
Sentinel Lighting	80,166
Street Lighting	0

- a) Please identify if these values estimated values or actual values and specify the applicable period.
- b) If the above values are estimated please explain why Bluewater is unable to determine actual.
- c) As discussed in one of the questions above Board staff have proposed a non-RPP customer rate rider for disposition of the 1588 – Global adjustment. If accepted would Bluewater support using the numbers above as the most reasonable denominator to be used for rate determination?
- d) If Bluewater were to establish a separate rate rider to dispose of the balance of the 1588 – Global adjustment sub-account, does Bluewater believe that the rider be applied to customers in the MUSH sector? If not, would Bluewater have the billing capability to exclude customers in the MUSH sector if a separate rate rider were to apply for the disposition of the 1588 – Global adjustment sub-account?

8. Ref: 2010 IRM Deferral Variance Total Claim

Below are the Total Claim values for the EDDVAR Group One Deferral Accounts.

Regulatory Assets - Continuity Schedule Final		
Account Description	Account Number	Total Claim I = C + D+ E + F + G + H
LV Variance Account	1550	(43,321)
RSVA - Wholesale Market Service Charge	1580	(578,321)
RSVA - Retail Transmission Network Charge	1584	(486,419)
RSVA - Retail Transmission Connection Charge	1586	(329,918)
RSVA - Power (Excluding Global Adjustment)	1588	(1,557,113)
RSVA - Power (Global Adjustment Sub-account)		271,696
Recovery of Regulatory Asset Balances	1590	(254,321)
Disposition and recovery of Regulatory Balances Account	1595	0
Total		(2,977,717)

- Please complete the amended Deferral Variance Account Workform V4 as found on the Board's website under the 2010 Electricity Distribution Rates update December 7, 2009. Note that Board staff can assist in converting your most recent model (either the one filed with your application or a more recent version if available). Please contact your case manager to assist you if need be.
- Please confirm if these are the final balances for disposition. If not the final balances, please provide amended workform to support final balances for disposition.
- Please reconcile final balance for disposition to the 2008 year end account balance reported in the RRR filing. Please identify source and reason for variances.
- Please confirm that Bluewater has complied with and applied correctly the Boards accounting policy and procedures for calculation of the final disposition balance. If Bluewater has used other practices in the calculation please explain where in the filing and why?
- Please confirm that Bluewater has used the simple interest calculation as required by the Board using the Boards prescribed interest rates. If Bluewater has used other calculations please explain where in the filing and why?

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- f) Please confirm that Bluewater has complied with the requirement to apply recoveries to principal first as outlined in the 2006 Regulatory Assets Transactions document issued September 4, 2009 (included in the Updated IRM Deferral and Variance Account Work Form zip file). If Bluewater has not complied with this requirement please explain why not?

9. Ref: Supplemental Module - Z-Factor Tax Changes

Sheet "F1.1 Z-Factor Tax Changes" of the supplemental module shows Grossed-Up Tax Amount as \$1,335,939 while the sheet "B1.4 Re-Based Rev Req" shows Grossed-Up Income Taxes as \$1,409,808.

- a) Please review and advise of the correct amount.

HST Interrogatory

10. Harmonized Sales Tax

It is possible that the PST and GST may be harmonized effective July 1, 2010. Unlike the GST, the PST is included as an OM&A expense and is also included in capital expenditures. If the GST and PST are harmonized, corporations would see a reduction in OM&A expenses and capital expenditures.

In the event that PST and GST are harmonized effective July 1, 2010:

- a) Would Bluewater agree to capture in a variance account the reductions in OM&A and capital expenditures?
- b) Are there other alternatives that the Board might consider to reflect the reductions in OM&A and capital expenditures if this bill is enacted?