



P.O. Box 2140  
855 Confederation Street  
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December 5, 2011

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

**Re: EB-2011-0153 Bluewater Power Responses to Board Staff Interrogatories**

Dear Ms. Walli:

Please find attached the Interrogatory responses of Bluewater Power to the OEB Board Staff interrogatories.

Two hard copies will follow.

Sincerely,

A handwritten signature in blue ink that reads "L. Dugas".

Leslie Dugas  
Manager of Regulatory Affairs  
Bluewater Power Distribution Corporation  
Phone: 519-337-8201 Ext 255  
Email: [ldugas@bluewaterpower.com](mailto:ldugas@bluewaterpower.com)

CC via email:

Mr. Michael Buonaguro, [mbuonaguro@piac.ca](mailto:mbuonaguro@piac.ca)  
Ms. Shelley Grice, [shelley.grice@rogers.com](mailto:shelley.grice@rogers.com)

**Bluewater Power Distribution Corporation  
2012 IRM Application  
Responses to Board Staff Interrogatories  
EB-2011-0153**

**Revenue-to-Cost Ratio Adjustment Workform**

**Interrogatory #1 Ref: Revenue-to-Cost Ratio Adjustment Workform, Tab 7**

Informational Filing Allocated Revenue Rate Class			
Revenue Offsets	Percentage	Split Offsets	A C= A / B E= D * C
Residential	1,060,834	54.93%	400,193
General Service Less Than 50 kW	319,371	16.54%	120,481
General Service 50 to 999 kW	285,060	14.76%	107,537
General Service 1,000 to 4,999 kW	67,837	3.51%	25,591
Large Use	102,615	5.31%	38,711
Unmetered Scattered Load	23,536	1.22%	8,879
Sentinel Lighting	6,028	0.31%	2,274
Street Lighting	66,093	3.42%	24,933
	1,931,374	100.00%	728,598

**BD**

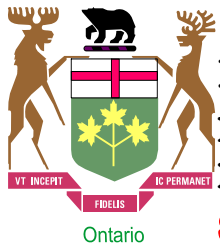
Board staff has been unable to verify the figures entered for column A for all rate classes.

- (A) Please provide evidence from Bluewater's 2009 CoS Rate Application (EB-20080221) supporting these figures.

**1(A) Response**

Bluewater's 2009 Cost of Service application EB-2008-0221 proceeded by way of a Settlement Conference. All issues were settled and Minutes of Settlement were approved by the Ontario Energy Board. As part of the settlement process, the original results from the Cost Allocation Informational Filing submitted in 2007 were updated, primarily to account for a change in the load, but also to make a correction related to the accounting for the transformer ownership allowance.

The values noted in Column A in the above chart are from the updated model which became the basis for the revenue to cost ratio's in the rebasing application. That model forms part of the official record as part of Undertaking TC1.1 of the Technical Conference dated February 9, 2009. Sheet O1 from the Cost Allocation Model is provided below.



2006 COST ALLOCATION INFORMATION FILING  
Bluewater Power Distribution Corporation

EB-2005-0340 EB-2007-0001

Monday, January 15, 2007

Sheet 01 Revenue to Cost Summary Worksheet - Second Run

REMOVED BOTH UBE AND ROYAL 100%

UPDATED FOR VECC TO EXCLUDE TX ALLOWANCE

Class Revenue, Cost Analysis, and Return on Rate Base

		Total	1 Residential	2 GS <50	3 GS>50-Regular	5 GS >50- Intermediate	6 Large Use >5MW	7 Street Light	8 Sentinel	9 Unmetered Scattered Load
Rate Base Assets										
crev	Distribution Revenue (sale)	\$14,951,724	\$8,121,495	\$2,723,492	\$2,060,177	\$656,955	\$1,058,229	\$239,699	\$14,397	\$77,282
mi	Miscellaneous Revenue (mi)	\$1,931,374	\$1,060,834	\$319,371	\$285,060	\$67,837	\$102,615	\$66,093	\$6,028	\$23,536
	Total Revenue	\$16,883,099	\$9,182,330	\$3,042,863	\$2,345,236	\$724,791	\$1,160,844	\$305,791	\$20,425	\$100,818
	Expenses									
di	Distribution Costs (di)	\$3,720,812	\$1,876,020	\$516,070	\$621,238	\$194,028	\$298,724	\$185,310	\$16,399	\$13,022
cu	Customer Related Costs (cu)	\$1,973,038	\$1,236,184	\$420,163	\$219,902	\$18,681	\$6,013	\$392	\$655	\$71,049
ad	General and Administration (ad)	\$3,426,907	\$1,860,869	\$561,976	\$511,300	\$130,697	\$188,578	\$115,655	\$10,579	\$47,252
dep	Depreciation and Amortization (dep)	\$3,130,369	\$1,561,971	\$496,400	\$521,030	\$153,111	\$236,554	\$139,057	\$12,317	\$9,929
INPUT	PILs (INPUT)	\$1,133,035	\$572,074	\$180,364	\$186,898	\$52,621	\$80,558	\$52,143	\$4,626	\$3,750
INT	Interest	\$1,663,036	\$839,673	\$264,734	\$274,324	\$77,236	\$118,241	\$76,534	\$6,790	\$5,504
	Total Expenses	\$15,047,197	\$7,946,791	\$2,439,707	\$2,334,692	\$626,374	\$928,669	\$569,091	\$51,367	\$150,506
	Direct Allocation	\$21,819	\$0	\$0	\$14,953	\$6,866	\$0	\$0	\$0	\$0
NI	Allocated Net Income (NI)	\$2,064,459	\$1,042,353	\$328,635	\$340,540	\$95,879	\$146,782	\$95,008	\$8,430	\$6,833
	Revenue Requirement (includes NI)	\$17,133,475	\$8,989,144	\$2,768,342	\$2,690,185	\$729,118	\$1,075,451	\$664,099	\$59,797	\$157,338
	\$81,164 Revenue Requirement Input Does Not Equal Output									
	Rate Base Calculation									
	Net Assets									
dp	Distribution Plant - Gross	\$59,833,346	\$29,557,547	\$9,579,698	\$10,017,851	\$3,046,924	\$4,652,740	\$2,564,491	\$227,266	\$186,829
gp	General Plant - Gross	\$13,539,973	\$6,829,806	\$2,157,534	\$2,235,298	\$630,880	\$965,930	\$620,846	\$55,081	\$44,599
accum dep	Accumulated Depreciation	(\$36,797,227)	(\$17,937,714)	(\$5,908,996)	(\$6,214,847)	(\$1,973,582)	(\$3,009,363)	(\$1,508,220)	(\$133,555)	(\$110,951)
co	Capital Contribution	(\$2,049,843)	(\$1,020,330)	(\$331,089)	(\$342,204)	(\$99,764)	(\$152,965)	(\$89,269)	(\$7,913)	(\$6,309)
	Total Net Plant	\$34,526,249	\$17,429,309	\$5,497,147	\$5,696,099	\$1,604,457	\$2,456,343	\$1,587,848	\$140,879	\$114,168
	Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
COP	Cost of Power (COP)	\$68,756,970	\$19,365,815	\$9,113,109	\$15,784,296	\$12,298,694	\$11,304,691	\$630,905	\$46,727	\$212,734
	OM&A Expenses	\$9,120,756	\$4,973,073	\$1,498,209	\$1,352,440	\$343,406	\$493,315	\$301,356	\$27,633	\$131,323
	Directly Allocated Expenses	\$21,819	\$0	\$0	\$14,953	\$6,866	\$0	\$0	\$0	\$0
	Subtotal	\$77,899,545	\$24,338,888	\$10,611,318	\$17,151,689	\$12,648,966	\$11,798,006	\$932,261	\$74,360	\$344,057
	Working Capital	\$11,684,932	\$3,650,833	\$1,591,698	\$2,572,753	\$1,897,345	\$1,769,701	\$139,839	\$11,154	\$51,609
	Total Rate Base	\$46,211,181	\$21,080,142	\$7,088,845	\$8,268,852	\$3,501,802	\$4,226,043	\$1,727,687	\$152,033	\$165,776
	\$404,817 Rate Base Input Does Not Equal Output									
	Equity Component of Rate Base	\$23,105,590	\$10,540,071	\$3,544,422	\$4,134,426	\$1,750,901	\$2,113,022	\$863,844	\$76,017	\$82,888
	Net Income on Allocated Assets	\$1,814,083	\$1,235,538	\$603,156	(\$4,409)	\$91,552	\$232,175	(\$263,300)	(\$30,942)	(\$49,688)
	Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Net Income	\$1,814,083	\$1,235,538	\$603,156	(\$4,409)	\$91,552	\$232,175	(\$263,300)	(\$30,942)	(\$49,688)
	RATIOS ANALYSIS									
	REVENUE TO EXPENSES %	98.54%	102.15%	109.92%	87.18%	99.41%	107.94%	46.05%	34.16%	64.08%
	EXISTING REVENUE MINUS ALLOCATED COSTS	(\$250,376)	\$193,186	\$274,521	(\$344,949)	(\$4,327)	\$85,393	(\$358,308)	(\$39,372)	(\$56,520)
	RETURN ON EQUITY COMPONENT OF RATE BASE	7.85%	11.72%	17.02%	-0.11%	5.23%	10.99%	-30.48%	-40.70%	-59.95%

Adjusted REVENUE TO EXPENSE %	100.00%	103.66%	111.55%	88.47%	100.88%	109.54%	46.73%	34.66%	65.03%
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**Rate Generator**

**Interrogatory #2 Ref: 2012 IRM Rate Generator, Tab 9**

Board staff notes that the amounts for the following entries for each rate class have not been entered into the model:

Board Opening Principal Amounts as of Jan-1-10 (column BC),  
Board-Approved Disposition during 2010 (column BE),  
Board-Approved Disposition during 2010 (column BM),  
Principal Disposition during 2011 – instructed by Board and  
Interest Disposition during 2011 – instructed by Board (columns BP and BQ respectively).

(A) Please provide the missing information for all of the above noted figures and Board staff will make the necessary corrections.

**2(A) Response**

Bluewater has completed the columns noted above on Sheet 9 of the Rate Generator Model, and attached as Appendix 2 in a model updated accordingly.

**Interrogatory #3 Ref: A portion of the 2012 IRM Rate Generator, Tab 9**

Projected Interest on Dec-31-10 Balances				2.1.7 RRR		
Projected Interest from Jan 1, 2011 to December 31, 2011 on Dec 31 -10 balance adjusted for disposition during 2011 <sup>6</sup>		Projected Interest from January 1, 2012 to April 30, 2012 on Dec 31 -10 balance adjusted for disposition during 2011 <sup>6,7</sup>		Total Claim	As of Dec 31-10 <sup>4</sup>	Variance RRR vs. 2010 Balance (Principal + Interest)
-\$	983	-\$	328	69,555	-\$ 143,184	74,940
-\$	20,135	-\$	5,712	1,408,575	-\$ 1,778,900	999,172
-\$	841	-\$	280	58,952	23,374	80,606
-\$	1,653	-\$	551	117,081	288,703	178,827
-\$	3,143	-\$	1,048	202,488	2,352,388	2,580,693
-\$	4,048	-\$	1,349	258,432	2,326,978	2,580,013
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-\$	30,804	-\$	10,268	2,112,481	2,501,953	4,573,942
-\$	26,756	-\$	8,919	1,854,029	174,975	1,998,329
-\$	4,048	-\$	1,349	258,432	2,326,978	2,580,013
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Board staff notes the current large variance between RRR filings versus December 31, 2010 ending balances.

(A) Please reconcile the variances for each rate class (i.e. between Bluewater's RRR filings and the 2010 balances being requested for disposition (Principal + Interest)).

### 3(A) Response

In response to this Interrogatory, Bluewater Power has analyzed accounts 1550, 1580, 1584, 1586, 1588 (excluding GA), 1588 (GA), and 1590. We can advise that the carrying charges in these accounts at December 31, 2010 (RRR filing) were calculated using OEB prescribed interest rates. The OEB approved dispositions, however, include carrying charges calculated at forecast carrying charges set at the time of filing the application for disposition. Accordingly, the variance represents the difference between i) actual amount of carrying charges based on

prescribed rates recorded in previous years by Bluewater Power and ii) the OEB approved disposition amounts which included forecast carrying charges at the time of the respective rate applications.

Bluewater Power intends to reallocate these historical variances to either account 4405 or 6035, as applicable, to reverse these carrying charge variances.

**Interrogatory #4 Ref: A portion of the 2012 IRM Rate Generator, Tab 6 Ref: Current Tariff of Rates and Charges Ref: Proposed Tariff of Rates and Charges**

**Residential**

Low Voltage Service Rate	\$/kWh	0.00020	April 30, 2013
Rate Rider for Global Adjustment Sub-Account (2011) – Applicable only for Non-RPP Customers	\$/kWh	0.00260	April 30, 2013
Rate Rider for Deferral/Variance Account Disposition (2010)	\$/kWh	(0.00160)	April 30, 2012
Rate Rider for Deferral/Variance Account Disposition (2011)	\$/kWh	0.00120	April 30, 2013
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2011)	\$/kWh	0.00040	April 30, 2013
Rate Rider for Tax Change	\$/kWh	(0.00030)	April 30, 2012

Board staff notes that for all rate classes under the low voltage service rate line item, a sunset date of April 30, 2013 has been entered. On Bluewater's current Tariff of Rates and Charges, the Low Voltage Service Date is a standard on-going charge which does not have a sunset date.

(A) Please explain why Bluewater is proposing to establish a sunset date of April 30, 2013 for all rate classes.

**4(A) Response**

Bluewater Power proposed a sunset date of April 30, 2013 simply in anticipation of new rates to be included as part of our next rebasing application for implementation effective May 1, 2013.

**Special Purpose Charge – Account 1521**

**Interrogatory #5 Ref: EB-2011-0153 Manager's Summary, Page 15**

At the above reference, Bluewater states that, "Bluewater provides actual recovery up to July 2011, and includes projections for the remainder of the collection to the end of December 2011 (for billing periods up to October 31, 2011)."

(A) Please confirm what amount Bluewater paid in regards to the SPC Assessment and provide a copy of the original invoice.

**5(A) Response**

Bluewater Power paid \$416,987 in respect of the Special Purpose Charge. A copy of the invoice received and paid is attached to this response.

Doc# 30018770

**Revised Invoice**  
Ministry of Energy and Infrastructure  
Conservation and Renewable Energy Program Costs

**To:** Bluewater Power Distribution Corporation  
P.O. Box 2140, 855 Confederation Street  
Sarnia, ON N7T 7L6  
Attn: Janice McMichael, President & CEO

**Item Description:**

Assessment for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program Costs.

Quote-part pour les coûts des programme de conservation et d'énergie renouvelable du ministère de l'Énergie et de l'Infrastructure.

a/c 152100

*[Signature]*

Customer No./No du client 3003
Customer Site No./ N° d'emplacement du client 1060843
Invoice Date/Date de la facture  April 16, 2010
Invoice No./N° de la facture 50004
Due Date/ Date d'échéance  July 30, 2010
Payment Amount/ Montant remis  CAD \$ 416,987

*Questions related to the remittance should be directed to the Non-Tax Revenue Management Branch Contact Centre at 1-877-535-0554 or Fax (416) 326-5177. Les questions concernant la remise doivent être posées à l'InfoCentre de la Direction de la gestion des revenus non fiscaux au 1 877 535-0554 ou par télécopieur au 416 326-5177.*

*This assessment was calculated by the Ontario Energy Board, 2300 Yonge St. 27<sup>th</sup> Floor, P.O. Box 2319, Toronto, ON M4P 1E4. Questions related to the invoice should be directed to the Market Operations Hotline 416-440-7604. La présente quote-part a été fixée par la Commission de l'énergie de l'Ontario, 2300, rue Yonge, 27<sup>e</sup> étage, case postale 2319, Toronto (Ontario) M4P 1E4. Les questions relatives à la facture doivent être posées au service de téléassistance du service Activités du marché : 416 440-7604.*

*Payments are to be made to the Minister of Finance not the Ontario Energy Board.  
Les paiements doivent être faits au ministre des Finances et non à la Commission de l'énergie de l'Ontario.*

V-1834



(B) Please complete the table below in regards to Bluewater's SPC Assessment.

**5(B) Response**

**Table 1 – Special Purpose Charge**

SPC Assessment (Principal balance)	Amount recovered from customers in 2010	Carrying charges for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charges Balance	Amount recovered from customers in 2011	Carrying Charges for 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted December 31, 2011 Year End Carrying Charges Balance	Carrying Charges for 2012 (Jan 1 to April 30)	Total for Disposition (Principal and Interest)
416,987	(22,762.25)	1,869.27	394,224.75	1,869.27	(363,526.58)	3,107.53	(419,250.52)	4,976.80	(4.19)	2,709.09

Please note that the Forecasted December 31, 2011 Year End Principal Balance is calculated as follows:

( 22,762.25) – 2010 actual recoveries from customers  
(363,526.58) – January to November 2011 actual recoveries from customers  
( 32,961.69) – Forecasted remaining recoveries from customers (not separately identified)  
(419,250.52)

The full proposed recovery of \$(419,250.52) has been included in Sheet 9 of the Rate Generator Model under column BD 'Transactions during 2010'

**Interrogatory #6 Ref: EB-2011-0153 Manager's Summary, Page 15**

At the above reference, Bluewater states that, "We commenced billing customers for the SPC charge on November 1, 2010, and will continue to bill until October 31, 2011. Given this delayed timeline, this application does not include a recovery of variance amounts because recovery is not complete at the time of filing this 2012 IRM. We will be in a position to update final recovery based on billings during the interrogatory process of this application or through an update of unaudited collections in the first quarter of 2012. However, if the Board requires the settlement to be based on audited amounts, then the Board is hereby notified that we will not be in a position to settle Account 1521 until the 2013 Rebasing Application and we request that we are able to carry the variance for future disposition at that time."

(A) In the event that the Board will not require the settlement to be based on audited amounts, please confirm whether or not Bluewater is applying to dispose of Account 1521.

If the answer to (A) is yes, Board staff will make the necessary corrections to tab 9 of the 2012 IRM Rate Generator to include Account 1521 for disposition.

**6(A) Response**

Bluewater Power did not originally propose to settle Account 1521 but, if the Board is prepared to accept final disposition based on the forecasted variance in Account 1521, we support that direction. In fact, in the time since filing our application in October we have compiled the data from a further 3 months' of billing, and we have nearly completed all billing to customers on consumption ending October 31, 2011. Therefore, we can advise with greater certainty that the correct amount for disposition is a \$2,709.09 debit. This amount is less than the estimate we prepared at the time of filing, being a \$10,614.86 debit.

Accordingly, we confirm that Bluewater Power is applying to dispose of Account 1521 and therefore request disposition of an amount of \$2,709.09 debit (amount owed to Bluewater Power).

(B) If the answer to (A) is no, please explain why Bluewater is not applying for the disposition of Account 1521 despite the fact that an application to dispose of the residual balance in Account 1521 is required by regulation no later than April 15, 2012.

**6(B) Response**

Not applicable.

## **Smart Meter Funding Adder**

### **Interrogatory #7 Ref: EB-2011-0153 Application, Page 7**

At the above reference, Bluewater states that, “At the time of filing this application, Bluewater has spent approximately \$5.5 Million prior to 2011; costs that have been audited. In 2011, we have incurred costs of approximately \$1.6 Million that have not yet been audited, and we have projected spending of \$3.1 Million that will be incurred in the latter portion of 2011 and the first two quarters of 2012. Therefore, our total budget is \$10.5 Million, an application at this time for smart meter final disposition would include costs incurred in 2011 but not yet audited representing 15% of costs (\$1.6 Million of \$10.5 Million), as well as costs based on projections representing another 30% of costs (\$3.1 Million of \$10.5 Million).”

(A) Please describe, in detail, a breakdown of the costs spent by Bluewater prior to 2011 totaling approximately \$5.5 Million.

### **7(A) Response**

As part of this application, Bluewater filed a Smart Meter Model at Tab 5 of the application. All of the costs are detailed in that model, but we have reproduced those numbers filed in accordance with the OEB classification of costs by each phase of the project in response to this question and questions 7(b) and 7(c).

**Table 2 – Details of 2010 Smart Meter Costs**

Model Ref	2010
<b>1.1.1 Smart Meters</b>	3,316,113
<b>1.1.2 Meter Installation Costs</b>	349,397
<b>1.2.1 and 1.2.2 Collectors and Repeaters</b>	388,254
<b>1.2.3 AMRC Installation</b>	199,544
<b>1.3.1 Computer Hardware</b>	6,138
<b>1.3.2 Computer Software</b>	779,688
<b>1.5.1 Customer Equipment</b>	39,853
<b>1.5.2 AMI Interface to CIS</b>	11,600
<b>1.5.3 Professional Fees</b>	26,812
<b>1.5.4 CIS Integration</b>	2,938
<b>1.5.5 Project Management</b>	310,745
<b>1.6.1 Technical beyond Min Functionality</b>	19,848
<b>1.6.3 Costs for TOU Implementation</b>	29,742

<b>2.2.2 O&amp;M</b>	29,633
<b>2.5.2 Customer Communication</b>	55,874
<b>2.5.4 O&amp;M Change Management</b>	-12,212
<b>2.5.5 O&amp;M Administration</b>	880
<b>2.5.6 O&amp;M Other AMI</b>	16,584
<b>2.6.3 O&amp;M for TOU Rate Implementation</b>	26,157
	5,597,588

As evidenced in Table 2 above, the focus in 2010 was the deployment of meters so it is reasonable to call this the “Initial Meter Deployment Phase”. Approximately \$5.5 million was spent in 2010 (capital and O&M). During that year, Bluewater Power made the following investments:

- Began installing smart meters throughout our service territory and achieved the following milestones in 2010 for a total of approximately \$3.6 million:
  - 89% of the residential meters
  - 42% of the General Service <50 meters.
- Installed the AMI network: approximately \$400,000 relates to the purchase and installation of the Network and included such items as the Tower Gateway Base Station (“TGB”), the Regional Network Interface (“RNI”), and the Repeaters
- Approximately \$200,000 of investment in 2010 relates to meter hardware, items required for the installation of the meters such as meter conversion bases, installation tools, seals and sealing rings
- The installation of our meters initiated our customer communications strategy and we commenced educating customers on their new meters.
- As a result of the installation of the AMI network, Bluewater Power began to accrue O&M costs in 2010.
- BWP staff and CIS consultants began building the required interfaces for our CIS to communicate with the MDM/R as expected. Approximately \$1.1 million relates to software, consultants fees and other program management fees

(B) Please describe, in detail, a breakdown of the costs spent by Bluewater in 2011 totalling approximately \$1.6 Million (unaudited).

**7(B) Response**

**Table 3 – YTD July 2011 Smart Meter Costs**

Smart Meter Model Description	YTD July 2011
1.1.1 Smart Meters	314,363
1.1.2 Meter Installation Costs	260,633
1.2.1 Collectors	0
1.2.3 AMRC Installation	222
1.3.1 Computer Hardware	0
1.3.2 Computer Software	0
1.5.1 Cust Equipment	6,725
1.5.2 AMI Interface to CIS	44,819
1.5.3 Professional Fees	6,654
1.5.4 CIS Integration	46,044
1.5.5 Project Management	117,838
1.6.1 Technical beyond Min Functionality	12,307
1.6.3 Costs for TOU Implementation	726,002
2.2.2 O&M	28,145
2.5.2 Customer Communication	7,259
2.5.3 O&M Project Management	0
	0
2.5.5 O&M Admin	56
2.5.6 O&M Other AMI	1,368
2.5.6 Other AMI Expense	43
2.6.1 O&M Technical beyond Min Functionality	21,060
2.6.3 O&M for TOU Rate Implementation	9,026
<b>Grand Total</b>	<b>1,602,563</b>

In the first seven months of 2011, Bluewater Power's focus was the continued deployment of meters and further integration of those meters with the MDM/R and our Customer Information System (CIS). Accordingly, this phase could be called the "Final Meter Deployment and Integration Phase". The highlights of spending in those first seven months of 2011 are as follows:

- We continued to install smart meters throughout our service territory. Our focus moved to the GS<50 customers within our territory (Approximately 66% of the General Service <50

- meters were installed in 2011 at cost of \$575,000).
- We continued to build and further define and test the interfaces that were required from our CIS to the MDM/R and began to focus on required business process changes within our utility (Approximately \$900,000 spent in 2011)
  - As the project focus moved toward integration, the complexities drove spending of approximately \$100,000 on project management.

(C) Please describe, in detail, what the \$3.1 Million of projected costs will consist of for the latter portion of 2011 and the first two quarters of 2012.

**7(C) Response**

**Table 4 – 2011and 2012 Forecast**

Smart Meter Model Description	Aug-Dec 2011 Forecast	2012 Forecast
1.1.1 Smart Meters	50,000	-
1.1.2 Meter Installation Costs	50,000	-
1.2.1 Collectors	-	-
1.2.3 AMRC Installation	25,000	30,400
1.3.1 Computer Hardware	-	-
1.3.2 Computer Software	56,074	-
1.5.1 Cust Equipment	5,000	-
1.5.2 AMI Interface to CIS	-	-
1.5.3 Professional Fees	-	-
1.5.4 CIS Integration	75,000	135,000
1.5.5 Project Management	20,207	20,000
1.5.5, 1.5.6 Project Management	-	82,500
1.6.1 Technical beyond Min Functionality	10,000	10,000
1.6.3 Costs for TOU Implementation	1,317,770	964,250
2.2.2 O&M	20,040	28,000
2.5.2 Customer Communication	36,894	50,000
2.5.3 O&M Project Management	-	-
	-	-
2.5.5 O&M Admin	21,000	25,200

2.5.6 Other AMI Expense	5,875	-
2.6.1 O&M Technical beyond Min Functionality	17,550	21,000
2.6.3 O&M for TOU Rate Implementation	-	-
Grand Total	1,710,410	1,366,350

With the final spending to be complete by Q2 of 2012, the spending in the latter half of 2011 and the first part of 2012 will focus on stabilizing our network and billing customers in TOU through our CIS. It is reasonable to call this final spending the “Integration and TOU Billing Phase”. Spending during this final phase will be focused on the following areas:

- Stabilize our network in preparation for going live with the MDM/R and final preparation for TOU Billing. Bluewater Power will make changes to the MDM/R interfaces required as a result of enrolment testing and version 7.2 changes
- Further internal testing on our ODS and business process changes
- Changes to our CIS, web presentment and customer education
- Integration and final preparation for TOU billing

(D) Please describe any costs associated with functionality that exceeds the “minimum functionality” that have been incurred so far and/or forecasted to be incurred by Bluewater (i.e. costs for technical capabilities in the smart meters or related communications infrastructure, costs of deployment of smart meters to customers other than residential and general service < 50 kW customers and costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R etc.)

### 7(D) Response

The OEB released an updated Smart Meter Model v.2.0 on September 13, 2011 and in that model was a summary of the costs ‘Beyond Minimum Functionality’, which were described as 3 types of costs:

1. Costs for technical capabilities in the smart meters or related communications infrastructure that exceed those specified on O.Reg 425/06;
2. Costs for deployment of smart meters to customers other than residential and small general service (ie. Residential and GS<50 kW customers); and
3. Costs for TOU rate implementation, CIS system upgrades, web presentment, integration with MDM/R etc.

Bluewater has not yet determined a position on the Board Staff’s suggested definition of costs that are ‘beyond minimum functionality’. We have, in the interest of moving this proceeding forward, identified costs that fit the Board Staff definition of “beyond minimum functionality” and those are detailed in the Smart Meter Model and are reproduced in Table 5 below.

**Table 5 – Preliminary Costs meeting the Board Staff definition  
of “Beyond Minimum Functionality”**

<b>1.6 CAPITAL COSTS BEYOND MINIMUM FUNCTIONALITY</b>	2010	2011 Forecast	2012	Total
1.6.1 Costs related to technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06	19,848	22,307	10,000	52,155
1.6.2 Costs for deployment of smart meters to customers other than residential and small general service				-
1.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.	29,742	2,043,772	1,046,750	3,120,264
<b>Total Capital Costs Beyond Minimum Functionality</b>	49,590	2,066,079	1,056,750	3,172,419
<b>2.6 OM&amp;A COSTS RELATED TO BEYOND MINIMUM FUNCTIONALITY</b>	2010	2011 Forecast	2012	Total
2.6.1 Costs related to technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06		38,610	21,000	59,610
2.6.2 Costs for deployment of smart meters to customers other than residential and small general service				-
2.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.	26,157	9,026		35,183
<b>Total OM&amp;A Costs Beyond Minimum Functionality</b>	26,157	47,636	21,000	94,793



**Interrogatory #8 Ref: EB-2011-0153 Application, Page 7**

“Bluewater does not expect to be in a position to file for final disposition of its smart meter costs until the first or second quarter in 2012. It is not reasonable to expect that such an application would undergo prudence review in time for rates to be effective May 1, 2012. More likely, such a rate application would lead to a rate rider effective November 1, 2012. The practical effect of removing the current level of SMFA funding and waiting for smart meter final disposition six months later would be unstable rates and customer confusion. This application seeks to smooth rates and continue with the SMFA until Bluewater is in a position to put forth a full application for disposition of the smart meter deferral accounts based on audited costs. Bluewater submits that this would contribute to a more streamlined regulatory process, as it would have the option to apply for disposition of smart meter costs with its 2013 Rebasing Application.”

(A) If Bluewater does not complete its smart meter costs until 2012 Q2, when will Bluewater have audited actuals for 90% of its total costs of its program for which it can file for final disposition?

**8(A) Response**

Bluewater intends to undertake a Special Purpose Audit with our external auditors for the purpose of auditing the remaining costs from Q1 and Q2 of 2012. We expect to complete the audit in July 2012 and the information will form part of the Smart Meter Disposition Rate application to be filed in Q3 of 2012.

(B) Please explain why Bluewater believes that it will have the information necessary in time for filing of a Cost of Service application for 2013 rates, given that such application would normally be made in 2012 Q3.

**8(B) Response**

See response to 8(A).

**Payments in Lieu of Taxes – PILS 1562**

**Interrogatory #9 Ref: Income Tax Rates**

The following table displays the income tax rates used in the calculation of the SIMPIL true-up variances in Bluewater's PILs 1562 evidence.

		2001	2002	2003	2004	2005
<b>APPLICATION PILS PROXYCALCULATION</b>	1. SIMPIL Tab TAXCALC Cell C53 (54): Blended income tax rate	40.62%	38.62%	38.62%	38.62%	36.12%
	2. SIMPIL Tab TAXCALC Cell C88 (89): Income tax rate used for gross-up (excluding surtax)	39.50%	37.50%	37.50%	37.50%	35.00%
<b>DECISION INCOMBINEDPROCEEDING</b>	From page 17 of the Decision: Tax rate to calculate the tax impact	40.62%	38.62%	36.62%	36.12%	36.12%
	Tax rate to calculate the grossed-up tax amount	39.50%	37.50%	35.50%	35.00%	35.00%
<b>SIMPIL MODELSTAB TAXCALC</b>	3. Cell E122 (123): Calculation of true-up variance -income tax effect	34.12%	38.62%	36.62%	36.06%	36.12%
	4. Cell E130 (131): Income tax rate used for gross-up (excluding surtax)	33.00%	37.50%	35.50%	35.00%	35.00%
	5. Cell E138 (139): Calculation of Deferral Account Variance caused by changes in legislation – Revised corporate income tax rate	34.12%	38.62%	36.62%	36.12%	36.12%

	6. Cell E175 (176): Calculation of Deferral Account Variance caused by changes in legislation – Actual income tax rate used for gross-up (excluding surtax)	18.00%	18.00%	35.50%	34.94%	35.00%
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(A) How did Bluewater choose the income tax rates used in calculating the tax impact and the gross-up amounts in the SIMPIL TAXCALC reconciliations in 2001, 2002 and 2003 when the utility generated or utilized tax losses and had no taxable income?

#### **9(A) Response**

Bluewater Power excluded regulatory assets and liabilities from the year they were created or collected in the calculation of the final balance in its PILs account 1562 regardless of the actual tax treatment accorded those amounts.

Bluewater Power confirms that the tax rate that was used in the 2001 true-up and deferral account calculations in the TAXCALC worksheet was 34.12%. We did not use the maximum tax rate nor the effective tax rate of NIL% as calculated in the TAXREC worksheet. When we adjust for the impact of regulatory assets and liabilities from the calculation of taxable income, the taxable income would have been in the range of \$200,001 to \$700,000 resulting in a tax rate of 34.12%. More specifically, the adjustments would include Pre-Market Opening Energy Variance, Capital Cost Allowance on I.T. required for market opening, as well as other costs related to market opening which was recorded as Transition costs in regulatory assets (all as reported under RP-2005-0020/EB-2005-0340). If these regulatory costs, and related CCA deductions, are removed from the calculation of taxable income, then Bluewater Power would have been subject to the tax rate of 34.12% and no tax loss carry forward amounts would have been created.

Bluewater Power confirms that the maximum tax rate was used in the 2002 and 2003 true-up and deferral account calculations in the TAXCALC worksheet and not the effective tax rate of NIL% as calculated in the TAXREC worksheet. This is due to the adjustment for regulatory assets and liabilities from the calculation of taxable income. More specifically, the adjustments would include Pre-Market Opening Energy Variance, Capital Cost Allowance on I.T. required for market opening, as well as other costs related to market opening which was recorded as Transition costs in regulatory assets (all as reported under RP-2005-0020/EB-2005-0340). If these regulatory costs, and related CCA deduction, are removed from the calculation of taxable income, then Bluewater Power would have been subject to the maximum tax rates and no tax loss carry forward amounts would have been created or used in these years.

(B) On what regulatory precedent or tax reference did Bluewater rely when it chose the income tax rates?

**9(B) Response**

Bluewater Power relied upon the Settlement Agreement for the PILs proceeding (EB-2008-0381), specifically Question #4 on page 8.

(C) If the utility had taxable income in those years, what tax rate would the utility have been subject to?

**9(C) Response**

In 2001, Bluewater Power would have been subject to 34.12% tax rate, as explained in the response to 9(A). In 2002 and 2003, Bluewater Power would have been subject to the maximum tax rates in those years as also explained in response to 9(A).

(D) Why did Bluewater not use the maximum tax rate?

**9(D) Response**

Explained above.

**Interrogatory #10 Ref: Maximum Deemed Interest - 2001 SIMPIL Model**

(A) In the 2001 SIMPIL model TAXCALC worksheet row 202 cell E202, how is total deemed interest calculated?

**10(A) Response**

Total deemed interest was calculated by taking  $\frac{1}{4}$  of the maximum deemed interest amount found in REGINFO at cell D62 because Bluewater Power was taxable for only the last three months in 2001.

(B) Why did Bluewater not use the maximum deemed interest amount?

**10(B) Response**

See response to 10(A).

(C) What authority or precedent did Bluewater rely on when making the calculation?

**10(C) Response**

Bluewater Power referred to the OEB Notes to Proxy Model dated December 21, 2001 (as revised January 18, 2002).

**Interrogatory #11 Ref: CDM Incremental OM&A Expenses - 2005 SIMPIL Model**

In the 2005 SIMPIL Model TAXCALC worksheet row 44 "*Material*" Items from "*TAXREC*" worksheet - CDM re 2005 PILS model" does not have an actual offsetting amount in cell G44.

The Board issued a letter dated September 13, 2011 regarding 2012 EDR – Disposition of account 1562 deferred PILs that states: "In the 2005 EDR, a deduction for CDM expenses was made in the PILs proxy model. The applicant should ensure that there is a corresponding tax (accounting) amount recorded on the same row in SIMPIL to determine the appropriate true-up".

(A) Please provide the dollar amount of actual expense incurred in 2005 to compare to the proxy amount so that a reasonable true-up will be calculated.

**11(A) Response**

Cell G44 is NIL because there were no CDM costs deducted for tax purposes in 2005. For accounting purposes, the CDM costs incurred were \$104,549 which costs were recorded in subaccounts of Account 1565 and presented in the balance sheet as part of total regulatory assets.

(B) Can Bluewater suggest an alternative method to avoid a one-sided true-up to ratepayers?

**11(B) Response**

Bluewater Power suggests not having an annual true-up for reconciling items such as this. A more appropriate true-up would involve tracking the CDM related costs over a period of time and then completing a multi-year true-up.

**Interrogatory #12 Ref:  
Interest Expense**

For the tax years 2001 to 2005:

(A) Did Bluewater have interest expense related to other than debt that is disclosed as interest expense in its financial statements?

**12(A) Response**

Yes. In addition to the interest on short-term and long-term debt, the interest expense related to customer deposits formed part of the total interest expense presented in the financial statements.

(B) Did Bluewater net interest income against interest expense in deriving the amount it shows as interest expense? If yes, please provide details to what the interest income relates.

**12(B) Response**

No.

(C) Did Bluewater include interest expense on customer security deposits in interest expense?

**12(C) Response**

Yes.

(D) Did Bluewater include interest income on customer security deposits in interest expense?

**12(D) Response**

Bluewater Power did not have any customer security deposits at that time, therefore no interest income was incurred in that time period.

(E) Did Bluewater include interest expense on IESO prudentials in interest expense?

**12(E) Response**

Bluewater Power did not incur any interest expense on its prudential letters of credit from 2001 to 2005. No amounts were drawn by the IESO, therefore no debt was incurred which would have attracted interest. Although fees were paid on account of the Prudentials, those amounts do not constitute interest expense as that term is commonly understood.

(F) Did Bluewater include interest carrying charges on regulatory assets or liabilities in interest expense?

**12(F) Response**

No.

(G) Did Bluewater include the amortization of debt issue costs, debt discounts or debt premiums in interest expense?

**12(G) Response**

Bluewater Power did not incur any debt issue costs, debt discounts or debt premiums and therefore this is not applicable for the tax years 2001 to 2005.

(H) Did Bluewater deduct capitalized interest in deriving the interest expense disclosed in its financial statements?

**12(H) Response**

Bluewater Power did not capitalize any interest during the tax years 2001 to 2005.



(I) Please provide Bluewater's views on which types of interest income and interest expense should be included in the excess interest true-up calculations.

**12(I) Response**

In Bluewater Power's circumstances, interest expense is the amount paid for the use of borrowed money, being short and long term debt and customer deposits. Bluewater Power views this to include those costs identified in APH accounts 6005 to 6045. That would exclude Prudential costs in our view; the IESO prudential letters of credit represent fees paid to the bank are not considered interest, but instead are a General and Administrative expense. These fees are paid to the bank as a fee for service to ensure the letters of credit are in place should the need arise to initiate a borrowing under this credit facility. A letter of credit is not a loan, and does not attract interest until drawn upon. It is only at the point where the Prudential is drawn upon that the repayment terms, including interest, are determined.

Therefore, Bluewater Power confirms that the interest expense included in its calculation of PILs in accordance with this proceeding is accurate. We note, however, that there is a relationship between borrowing and interest income. To the extent borrowing increases the balance in a utility's bank account those borrowings do drive the amount of interest earned on cash held by the utility. Thus it would be appropriate to treat interest income as an offset to interest expense for the claw-back calculation. Bluewater Power agrees with the submission of Hydro One Brampton Networks Inc. in EB-2011-0174, and we note that at page 9 of the Board Staff Submission in that proceeding it is stated that "Board staff does not oppose this treatment". Accordingly, we have provided in response to IR 12(J) below the recalculated values.

(J) Please provide a table for the years 2001 to 2005 that shows all of the components of Bluewater's interest expense and the amount associated with each type of interest.

**12(J) Response**

Further to 12(I) above, Bluewater Power has included interest income as an offset to interest expense in Table 6 below. If the OEB accepts our position outlined in response to IR 12(I), then our claim to interest expense in each year would need to be adjusted to reflect the Net Interest Expense indicated for the corresponding year below.

**Table 6 - Net Interest Expense**

	Oct to Dec				
<u>INTEREST EXPENSE COMPONENTS</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Long-term debt	383,170	1,521,069	1,560,640	1,557,943	1,404,876
Customer deposits / line of credit	12,379	128,274	132,103	16,741	29,397
Amount presented in audited F/S	395,549	1,649,343	1,692,743	1,574,684	1,434,273
Less: Interest Income	(81,210)	-	(47,171)	(100,417)	(63,054)
Net Interest Expense	314,339	1,649,343	1,645,572	1,474,267	1,371,219

## **Lost Revenue Adjustment Mechanism (“LRAM”)**

### **Interrogatory #13 Ref: Burman Energy LRAM Support Document, Sept. 29, 2011**

Burman notes that the sum of all LRAM calculations, including OPA sponsored programs is \$303,393.37 and that this amount is based on lost revenues from programs implemented from 2006-2010 and energy savings that took place in 2010 and 2011.

Burman further notes that the most recent 2010 published program evaluation results were used to calculate 2010 LRAM amounts. It is also noted that adjustments to 2011 estimates may be required to accurately reflect final OPA program evaluation results.

(A) Please confirm when Bluewater’s last load forecast was approved by the Board.

### **13(A) Response**

Bluewater’s last load forecast was approved by the Board in proceeding EB-2008-0221 which was our rebasing application for rates effective May 1, 2009. That load forecast was based on weather normalized data from 2003 to 2007.

(B) Please identify the savings included in Bluewater’s last Board approved load forecast, for CDM programs deployed from 2006 to 2010 inclusive.

### **13(B) Response**

The chart below displays the 3 LRAM claims (colour coded to reflect the year in which the claim was filed, including this year) with details demonstrating the programs and the years to which the claim related. The chart demonstrates all programs implemented by Bluewater Power by the year of participation and links that program to the year in which an LRAM claim has been made, or is being made in the case of programs included in this LRAM application.

The majority of the 2009 COS programs (in green) did not have subsequent claims for persistence because the savings would have been inherent in the Board approved load forecast that formed part of Bluewater Power’s 2009 Rebasing Application because the forecast included the 2007 actual data. The only two exceptions are the 2006 Every Kilowatt Counts program and the 2007 Great Refrigerator Round-up.

The Great Refrigerator Round-up was launched halfway through the year in June 2007, and 94% of the units were picked up in either Q3 or Q4 of 2007 therefore the lost kWh were not

material in the 2007 actual load which formed the basis for the forecast. If the Board deems an adjustment to the LRAM claim, then we would estimate the impact as an \$1166 reduction to the LRMA claimed in this application.

The 2006 EKC program could be included in the rebased load forecast. The current LRAM claim includes 299,690 kWh attributable to the 2006 EKC programs. If the Board deems an adjustment to the LRAM claim, then we would estimate the impact as a \$5594 reduction to the LRMA claimed in this application.

LRAM claimed in 2009 COS application
LRAM claimed in 2011 IRM
LRAM proposed for 2012 IRM

Rate Class	Program	Technology	Year Implemented	2005	2006	2007	2008	2009	2010	2011
Residential	Community Outreach	CFL 15w screw in	2005							
Residential	Low Income Consumers - 2005	Energy Star Dishwasher	2005							
Residential	Low Income Consumers - 2005	Energy Star Clothes washer	2005							
Residential	Low Income Consumers - 2005	Energy Star CAC	2005							
Residential	Seasonal LED Lights	LED Christmas Light	2005							
GS>50	Green Team	High BayT5 Lamps	2005							
Residential	Low Income Consumers - 2006	Energy Star Dishwasher	2006							
Residential	Low Income Consumers - 2006	Energy Star Clothes washer	2006							
Residential	Lighting Programs	CFL 15w screw in	2006							
Residential	Lighting Programs	LED Christmas Lights	2006							
GS<50	Lighting Programs	Cool Shops 15w cfl	2006							
GS<50	Lighting Programs	Cool Shops LED Exit	2006							
GS<50	Lighting Programs	Cool Shops11w cfl	2006							
GS<50	Lighting Programs	Cool Shops 27w cfl	2006							
GS<50	Lighting Programs	Cool Shops BR 15w	2006							

GS<50	Lighting Programs	Cool Shops BR 16w	2006								
GS<50	Lighting Programs	Cool Shops PAR 20w	2006								
GS<50	Lighting Programs	Cool Shops PAR 23w	2006								
GS<50	Lighting Programs	Cool Shops 13w cfl	2006								
GS>50	Lighting Programs	Business Incentive Program-T8	2007								
GS>50	Lighting Programs	Business Incentive Program-Exit Lighting	2007								
-											
Residential	Secondary Fridge Retirement Pilot		2006								
Residential	Cool & Hot Savings Rebate		2006								
Residential	Cool & Hot Savings Rebate		2007								
Residential	Cool Savings Rebate Program		2008								
Residential	Cool Savings Rebate Program		2009								
Residential	Cool Savings Rebate Program		2010								
Residential	Every Kilowatt Counts		2006								
Residential	Every Kilowatt Counts		2007								
Residential	Every Kilowatt Counts Power Savings Event		2008								
Residential	Every Kilowatt Counts Power Savings Event		2009								
Residential	Great Refrigerator Roundup		2007								
Residential	Great Refrigerator Roundup		2008								
Residential	Great Refrigerator Roundup		2009								
Residential	Great Refrigerator Roundup		2010								
Residential	Aboriginal		2007								
Residential	peaksaver®		2007								

[illegible]

(C) Please confirm that Bluewater has not collected any LRAM amounts it has requested in this application in past LRAM applications.

**13(C) Response**

Bluewater confirms that no LRAM amounts pertaining to past applications are included in the current application. The current application includes incremental amounts related to 2010, as well as persistence in 2010 for programs implemented in 2009 and prior and persistence in 2011 related to programs implemented in 2010 and prior.

(D) Has Bluewater received final 2010 program evaluation results from the OPA?

**13(D) Response**

Yes, on November 16, 2011 Bluewater received the final evaluation report from the OPA.

(E) If Bluewater has received final 2010 program evaluation results from the OPA, please update the LRAM claim accordingly and make the 2010 OPA evaluation results available for review.

**13(E) Response**

Bluewater has updated the LRAM claim based on the final 2010 results. The details and underlying assumptions are contained in Appendix 1 in response to VECC Interrogatories. The revised claim is as follows:

Rate Class	Original LRAM Claim	Revised LRAM Claim
Residential	\$ 202,511.08	\$ 204,086.56
General Service <50 kW	\$ 86,249.25	\$ 89,850.64
General Service > 50 kW	\$ 14,633.04	\$ 14,629.96
Total	\$ 303,393.37	\$ 308,567.16

(F) If Bluewater has not received final 2010 program results from the OPA, please discuss when Bluewater plans on receiving them and how it proposes to update its LRAM amount to reflect the final results.

**13(F) Response**

Not applicable, see response to 13(E).

(G) Please discuss what adjustments are envisioned to be made to 2011 estimates to accurately reflect final OPA program evaluation results.

**13(G) Response**

The only potential adjustments to this recovery in the future would relate to changes to the OPA Measures and Assumptions. The only incremental recovery in 2011 would not relate to the measures for which we are seeking recovery in this application as the 2011 to 2014 LRAM process is yet to be determined by the Board.

In the event that material deviations are generated by changes to the Measures and Assumptions, Bluewater Power would be prepared in a future application to adjust the amount pertaining to 2011 related to persistence from 2010 and earlier programs, and include any incremental (or overstated) lost revenues pertaining to the 2011 estimates.

(H) Please discuss why Bluewater feels it is appropriate to collect LRAM for 2011 when the year is not yet complete and it is using estimated lost revenue amounts.

**13(H) Response**

The amounts claimed for 2011 relate to persistence for the 2006-2010 programs. The quantum of the claim is based on the 2010 OPA final report dated November 16, 2011. The uptake of measures verified in that final report are not subject to adjustment and, therefore, the only potential adjustment to the LRAM would relate to changes to the Measures and Assumptions. We have addressed that issue in answer to 13(G) above.

Bluewater Power invested significant effort in C&DM programs in 2006 through to 2010 and those efforts will have persistence in the year 2011 (and 2012 for that matter). That persistence will be accounted for in our 2013 forecast as part of our Rebasing Application, but until that time the quantifiable persistence in lost revenue from historical programs will not be accounted for in our load forecast.



It is our submission that it is reasonable to include these amounts otherwise there will be a material financial impact on the utility relating to its participation in C&DM programs. We further submit that this approach was contemplated by Section 3.4.2 of the Filing Requirements for Transmission and Distribution Applications dated June 22, 2011:.

**“3.4.2 Deadline for filing LRAM and SSM applications**

The Board has approved LRAM and SSM applications for many distributors since the beginning of the Third Tranche CDM period in 2005. The Board has stated its understanding that there may still be remaining distributors who have yet to apply to the Board for recovery of LRAM and/or SSM amounts related to CDM activities undertaken between 2005 and 2010.

Distributors intending to file an LRAM or SSM application for CDM Programs funded through distribution rates, or an LRAM application for CDM Programs funded by the OPA between 2005 and 2010, shall do so as part of their 2012 rate application filings, either cost-of-service or IRM. If a distributor does not file for the recovery of LRAM or SSM amounts in its 2012 rate application, it will forego the opportunity to recover LRAM or SSM for this legacy period of CDM activity.”

The OPA does not typically release the final results for a calendar year until at least the third quarter of the following year. Given that the OEB has indicated that the 2012 rate application is the final year to claim results for the 2005-2010 programs, this may be Bluewater’s only opportunity to claim 2011 losses pertaining to the 2005-2010 programs on the current results which have been verified by the OPA.

In closing, we note that our application does not include persistence in 2012 from programs implemented in 2005-2010. If there were no mechanism to recover this lost revenue, then this would represent a potentially material gap in our ability to be held whole in respect of conservation efforts. Given that this IRM Application relates to the year 2012, we felt it was premature to include lost revenue in a year yet to take place. In any event, we believe it is appropriate to seek recovery for persistence in 2012 and we hereby advise the Board that we do intend to bring an LRAM application in respect of 2012 persistence at the appropriate time.

- (I) If the OPA subsequently updates its Measures and Assumptions list prior to Bluewater filing its next rate application, will Bluewater file an updated 2011 LRAM application seeking to recover or refund any variance between the amounts it has requested in this application to the actual verified amounts for 2011? Please discuss the rationale for your response.

**13(I) Response**

Yes, Bluewater will adjust its claim with any material changes resulting from revised measures and assumptions.

## **Appendix 2**



Ontario Energy Board

3<sup>RD</sup> Generation Incentive Regulation Model

Bluewater Power Distribution Corporation - EB-2011-0153

Please complete the following continuity schedule for your Group 1 Deferral / Variance Accounts, Account 1521 and Account 1562. Enter information into green cells only. Lines 51-61 contain footnotes and further instructions.

If you have received approval to dispose of balances from prior years, the starting point for entries in the 2012 DVA schedule below will be the balance sheet date as per your G/L for which you received approval. For example, if in the 2011 EDR process (CoS or IRM) you received approval for the December 31, 2009 balances, the starting point for your entries below should be the adjustment column AV for principal and column BA for interest. This will allow for the correct starting point for the 2010 opening balance columns (for both principal and interest) without requiring entries dating back to the beginning of the continuity schedule ie: Jan 1, 2005.

		2005										
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-05	Transactions Debit / (Credit) during 2005 excluding interest and adjustments <sup>5</sup>	Board-Approved Disposition during 2005	Adjustments during 2005 - other <sup>3</sup>	Closing Principal Balance as of Dec-31-05	Opening Interest Amounts as of Jan-1-05	Interest Jan-1 to Dec-31-05	Board-Approved Disposition during 2005	Adjustments during 2005 - other <sup>3</sup>	Closing Interest Amounts as of Dec-31-05	
Group 1 Accounts												
LV Variance Account	1550					\$ -					\$ -	
RSVA - Wholesale Market Service Charge	1580					\$ -					\$ -	
RSVA - Retail Transmission Network Charge	1584					\$ -					\$ -	
RSVA - Retail Transmission Connection Charge	1586					\$ -					\$ -	
RSVA - Power (excluding Global Adjustment)	1588					\$ -					\$ -	
RSVA - Power - Sub-Account - Global Adjustment	1588					\$ -					\$ -	
Recovery of Regulatory Asset Balances	1590					\$ -					\$ -	
Disposition and Recovery of Regulatory Balances (2008) <sup>7</sup>	1595					\$ -					\$ -	
Disposition and Recovery of Regulatory Balances (2009) <sup>7</sup>	1595					\$ -					\$ -	
Group 1 Sub-Total (including Account 1588 - Global Adjustment)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Special Purpose Charge Assessment Variance Account	1521											
Deferred Payments in Lieu of Taxes	1562											
Group 1 Total + 1521 + 1562		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
The following is not included in the total claim but are included on a memo basis:												
Board-Approved CDM Variance Account	1567											
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592											
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592											
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	1592					\$ -					\$ -	
Disposition and Recovery of Regulatory Balances <sup>7</sup>	1595					\$ -					\$ -	

For all Board-Approved dispositions, please ensure that the disposition amount has the same sign (e.g: debit balances are to have a positive figure and credit balance are to have a negative figure) as per the related Board decision.

<sup>1</sup> Applicants may wish to propose kWh as the allocator for account 1521 pending a final decision of the Board

<sup>2</sup> Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board, 10% transition costs write-off, etc.

<sup>2A</sup> Adjustments Instructed by the Board include deferral/variance account balances moved to Account 1590 as a result of the 2006 EDR and account 1595 during the 2008 EDR and subsequent years as ordered by the Board.

<sup>3</sup> Please provide explanations for the nature of the adjustments. If the adjustment relates to previously Board Approved disposed balances, please provide amounts for adjustments and include supporting documentations.

<sup>4</sup> Although the Global Adjustment Account is not reported separately under 2.1.7, please provide a breakdown in rows 28 and 29.

<sup>5</sup> For RSVA accounts only, report the net variance to the account during the year. For all other accounts, record the transactions during the year.

<sup>6</sup> If the LDC's 2011 rate year started January 1, the projected interest is recorded from January 1, 2011 to December 31, 2011 on the December 31, 2010 balance adjusted for the disposed balances approved by the Board in the 2011 rate decision. If the LDC's 2011 rate year started May 1, the projected interest is recorded from January 1, 2011 to April 30, 11 on the December 31, 2010 balance. The projected interest is recorded from May 1, 2011 to April 30, 2012 on the December 31, 2010 balance adjusted for the disposed balances approved by the Board in the 2011 rate decision.

<sup>7</sup> Include Account 1595 as part of Group 1 accounts (line 31) for review and disposition if the recovery (or refund) period has been completed, and the audited financial statements support the underlying residual balance in account 1595. If the recovery (or refund) period has not been completed, include the balances in Account 1595 on a memo basis only (line 49).



Bluewater Power Distribution Corporation - EB-2011-0153

lease complete the following continuity schedule for your Group 1 Deferral / Variance Accounts, Account 1521. For more information, see the instructions and footnotes and further instructions.

If you have received approval to dispose of balances from prior years, the starting point for entries in the 2012 Continuity Schedule is the year you received approval. For example, if in the 2011 EDR process (CoS or IRM) you received approval for the December 31, 2010 adjustment column AV for principal and column BA for interest. This will allow for the correct starting point for entries requiring entries dating back to the beginning of the continuity schedule ie: Jan 1, 2005.

		2006											
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-06	Transactions Debit / (Credit) during 2006 excluding interest and adjustments <sup>5</sup>	Board-Approved Disposition during 2006 <sup>2, 2A</sup>	Adjustments during 2006 - other <sup>3</sup>	Closing Principal Balance as of Dec-31-06	Opening Interest Amounts as of Jan-1-06	Interest Jan-1 to Dec-31-06	Board-Approved Disposition during 2006 <sup>2, 2A</sup>	Adjustments during 2006 - other <sup>3</sup>	Closing Interest Amounts as of Dec-31-06		
<b>Group 1 Accounts</b>													
LV Variance Account	1550	\$ -				\$ -	\$ -				\$ -		
RSVA - Wholesale Market Service Charge	1580	\$ -				\$ -	\$ -				\$ -		
RSVA - Retail Transmission Network Charge	1584	\$ -				\$ -	\$ -				\$ -		
RSVA - Retail Transmission Connection Charge	1586	\$ -				\$ -	\$ -				\$ -		
RSVA - Power (excluding Global Adjustment)	1588	\$ -				\$ -	\$ -				\$ -		
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -				\$ -	\$ -				\$ -		
Recovery of Regulatory Asset Balances	1590	\$ -				\$ -	\$ -				\$ -		
Disposition and Recovery of Regulatory Balances (2008) <sup>7</sup>	1595	\$ -				\$ -	\$ -				\$ -		
Disposition and Recovery of Regulatory Balances (2009) <sup>7</sup>	1595	\$ -				\$ -	\$ -				\$ -		
<b>Group 1 Sub-Total (including Account 1588 - Global Adjustment)</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>RSVA - Power - Sub-Account - Global Adjustment</b>	<b>1588</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>Special Purpose Charge Assessment Variance Account</b>	<b>1521</b>												
<b>Deferred Payments in Lieu of Taxes</b>	<b>1562</b>												
												\$ -	
<b>Group 1 Total + 1521 + 1562</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>The following is not included in the total claim but are included on a memo basis:</b>													
Board-Approved CDM Variance Account	1567												
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592												
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592												
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	1592	\$ -				\$ -	\$ -				\$ -		
Disposition and Recovery of Regulatory Balances <sup>7</sup>	1595	\$ -				\$ -	\$ -				\$ -		

For all Board-Approved dispositions, please ensure that the disposition amount has the same sign as the opening principal amount (e.g., if the opening principal amount is positive, the disposition amount must have a negative figure) as per the related Board decision.

Applicants may wish to propose kWh as the allocator for account 1521 pending a final decision of the Board. Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board, 10% transition costs were not recovered. If the Board instructed by the Board include deferral/variance account balances moved to Account 1590 as a result of the Board's decision, please provide explanations for the nature of the adjustments. If the adjustment relates to previously Board Approved dispositions, please provide a breakdown in rows 28-31. Although the Global Adjustment Account is not reported separately under 2.1.7, please provide a breakdown in rows 28-31. For RSVA accounts only, report the net variance to the account during the year. For all other accounts, record the transition costs as part of the 2011 rate year. If the LDC's 2011 rate year started January 1, the projected interest is recorded from January 1, 2011 to December 31, 2011. If the LDC's 2011 rate year started May 1, the projected interest is recorded from January 1, 2011 to April 30, 2012 on the December 31, 2010 balance adjusted for the disposed balances applicable to the period from May 1, 2011 to April 30, 2012. Include Account 1595 as part of Group 1 accounts (line 31) for review and disposition if the recovery (or refund) period has not been completed, including the underlying residual balance in account 1595. If the recovery (or refund) period has not been completed, include the underlying residual balance in account 1595.





Please complete the following continuity schedule for your Group 1 Deferral / Variance Accounts, Account 1521 and 1562. For more information, see the instructions and further instructions.

If you have received approval to dispose of balances from prior years, the starting point for entries in the 2012 Continuity Schedule is the date of the Board's approval. For example, if in the 2011 EDR process (CoS or IRM) you received approval for the December 31, 2011 adjustment column AV for principal and column BA for interest. This will allow for the correct starting point for entries requiring entries dating back to the beginning of the continuity schedule ie: Jan 1, 2005.

		2007										
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-07	Transactions Debit / (Credit) during 2007 excluding interest and adjustments <sup>5</sup>	Board-Approved Disposition during 2007	Adjustments during 2007 - other <sup>3</sup>	Closing Principal Balance as of Dec-31-07	Opening Interest Amounts as of Jan-1-07	Interest Jan-1 to Dec-31-07	Board-Approved Disposition during 2007	Adjustments during 2007 - other <sup>3</sup>	Closing Interest Amounts as of Dec-31-07	
Group 1 Accounts												
LV Variance Account	1550	\$ -	-\$ 33,141			-\$ 33,141	\$ -	-\$ 1,578			-\$ 1,578	
RSVA - Wholesale Market Service Charge	1580	\$ -	-\$ 1,717,946			-\$ 1,717,946	\$ -	-\$ 112,489			-\$ 112,489	
RSVA - Retail Transmission Network Charge	1584	\$ -	\$ 111,692			\$ 111,692	\$ -	\$ 5,299			\$ 5,299	
RSVA - Retail Transmission Connection Charge	1586	\$ -	-\$ 327,908			-\$ 327,908	\$ -	-\$ 68,761			-\$ 68,761	
RSVA - Power (excluding Global Adjustment)	1588	\$ -	-\$ 2,526,543			-\$ 2,526,543	\$ -	-\$ 328,131			-\$ 328,131	
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -	\$ 199,595			\$ 199,595	\$ -	\$ 12,552			\$ 12,552	
Recovery of Regulatory Asset Balances	1590	\$ -				\$ -	\$ -				\$ -	
Disposition and Recovery of Regulatory Balances (2008) <sup>7</sup>	1595	\$ -				\$ -	\$ -				\$ -	
Disposition and Recovery of Regulatory Balances (2009) <sup>7</sup>	1595	\$ -				\$ -	\$ -				\$ -	
Group 1 Sub-Total (including Account 1588 - Global Adjustment)		\$ -	-\$ 4,294,251	\$ -	\$ -	-\$ 4,294,251	\$ -	-\$ 493,108	\$ -	\$ -	-\$ 493,108	
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		\$ -	-\$ 4,493,846	\$ -	\$ -	-\$ 4,493,846	\$ -	-\$ 505,660	\$ -	\$ -	-\$ 505,660	
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -	\$ 199,595	\$ -	\$ -	\$ 199,595	\$ -	\$ 12,552	\$ -	\$ -	\$ 12,552	
Special Purpose Charge Assessment Variance Account	1521											
Deferred Payments in Lieu of Taxes	1562	\$ -				\$ -	\$ -				\$ -	
Group 1 Total + 1521 + 1562		\$ -	-\$ 4,294,251	\$ -	\$ -	-\$ 4,294,251	\$ -	-\$ 493,108	\$ -	\$ -	-\$ 493,108	
The following is not included in the total claim but are included on a memo basis:												
Board-Approved CDM Variance Account	1567											
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592											
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592											
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	1592	\$ -				\$ -	\$ -				\$ -	
Disposition and Recovery of Regulatory Balances <sup>7</sup>	1595	\$ -				\$ -	\$ -				\$ -	

For all Board-Approved dispositions, please ensure that the disposition amount has the same sign (positive or negative) as the related Board decision.

Applicants may wish to propose kWh as the allocator for account 1521 pending a final decision of the Board. Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board, 10% transition costs were recorded in the 2006 EDR process. Adjustments Instructed by the Board include deferral/variance account balances moved to Account 1590 as a result of the Board's decision. Please provide explanations for the nature of the adjustments. If the adjustment relates to previously Board Approved dispositions, please provide a breakdown in rows 28-31. Although the Global Adjustment Account is not reported separately under 2.1.7, please provide a breakdown in rows 28-31. For RSVA accounts only, report the net variance to the account during the year. For all other accounts, record the transition costs in the 2011 rate year. If the LDC's 2011 rate year started January 1, the projected interest is recorded from January 1, 2011 to December 31, 2011. If the LDC's 2011 rate year started May 1, the projected interest is recorded from January 1, 2011 to April 30, 2012 on the December 31, 2010 balance adjusted for the disposed balances applicable to the period. Include Account 1595 as part of Group 1 accounts (line 31) for review and disposition if the recovery (or refund) period has not been completed, including support the underlying residual balance in account 1595. If the recovery (or refund) period has not been completed, include the amount in the 2012 Continuity Schedule.



Please complete the following continuity schedule for your Group 1 Deferral / Variance Accounts, Account 1521 and 1562. For further instructions.

If you have received approval to dispose of balances from prior years, the starting point for entries in the 2012 Continuity Schedule is the date of the Board's approval. For example, if in the 2011 EDR process (CoS or IRM) you received approval for the December 31, 2011 adjustment column AV for principal and column BA for interest. This will allow for the correct starting point for recording entries dating back to the beginning of the continuity schedule ie: Jan 1, 2005.

		2008										
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-08	Transactions Debit / (Credit) during 2008 excluding interest and adjustments <sup>5</sup>	Board-Approved Disposition during 2008	Adjustments during 2008 - other <sup>3</sup>	Closing Principal Balance as of Dec-31-08	Opening Interest Amounts as of Jan-1-08	Interest Jan-1 to Dec-31-08	Board-Approved Disposition during 2008	Adjustments during 2008 - other <sup>3</sup>	Closing Interest Amounts as of Dec-31-08	
Group 1 Accounts												
LV Variance Account	1550	-\$ 33,141	\$ 9,408			-\$ 23,733	-\$ 1,578	-\$ 929			-\$ 2,507	
RSVA - Wholesale Market Service Charge	1580	-\$ 1,717,946	-\$ 490,745			-\$ 2,208,691	-\$ 112,489	-\$ 17,576			-\$ 130,065	
RSVA - Retail Transmission Network Charge	1584	-\$ 111,692	-\$ 463,877			-\$ 352,185	\$ 5,299	-\$ 22,542			-\$ 17,243	
RSVA - Retail Transmission Connection Charge	1586	-\$ 327,908	-\$ 316,248			-\$ 644,156	-\$ 68,761	-\$ 13,670			-\$ 82,431	
RSVA - Power (excluding Global Adjustment)	1588	-\$ 2,526,543	-\$ 1,318,895			-\$ 3,845,438	-\$ 328,131	-\$ 53,218			-\$ 381,349	
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 199,595	\$ 204,254			\$ 403,849	\$ 12,552	\$ 12,442			\$ 24,994	
Recovery of Regulatory Asset Balances	1590	\$ -	-\$ 2,026,712			-\$ 2,026,712	\$ -	\$ 1,772,391			\$ 1,772,391	
Disposition and Recovery of Regulatory Balances (2008) <sup>7</sup>	1595	\$ -				\$ -	\$ -				\$ -	
Disposition and Recovery of Regulatory Balances (2009) <sup>7</sup>	1595	\$ -				\$ -	\$ -				\$ -	
Group 1 Sub-Total (including Account 1588 - Global Adjustment)		-\$ 4,294,251	-\$ 4,402,815	\$ -	\$ -	-\$ 8,697,066	-\$ 493,108	\$ 1,676,898	\$ -	\$ -	\$ 1,183,790	
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		-\$ 4,493,846	-\$ 4,607,069	\$ -	\$ -	-\$ 9,100,915	-\$ 505,660	\$ 1,664,456	\$ -	\$ -	\$ 1,158,796	
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 199,595	\$ 204,254	\$ -	\$ -	\$ 403,849	\$ 12,552	\$ 12,442	\$ -	\$ -	\$ 24,994	
Special Purpose Charge Assessment Variance Account	1521											
Deferred Payments in Lieu of Taxes	1562	\$ -				\$ -	\$ -				\$ -	
Group 1 Total + 1521 + 1562		-\$ 4,294,251	-\$ 4,402,815	\$ -	\$ -	-\$ 8,697,066	-\$ 493,108	\$ 1,676,898	\$ -	\$ -	\$ 1,183,790	
The following is not included in the total claim but are included on a memo basis:												
Board-Approved CDM Variance Account	1567											
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592											
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592											
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	1592	\$ -				\$ -	\$ -				\$ -	
Disposition and Recovery of Regulatory Balances <sup>7</sup>	1595	\$ -				\$ -	\$ -				\$ -	

For all Board-Approved dispositions, please ensure that the disposition amount has the same sign (positive or negative) as the related Board decision.

Applicants may wish to propose kWh as the allocator for account 1521 pending a final decision of the Board. Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board, 10% transition costs were recorded. Adjustments Instructed by the Board include deferral/variance account balances moved to Account 1590 as a result of the Board's decision. Please provide explanations for the nature of the adjustments. If the adjustment relates to previously Board Approved dispositions, please provide a breakdown in rows 28-31. Although the Global Adjustment Account is not reported separately under 2.1.7, please provide a breakdown in rows 28-31. For RSVA accounts only, report the net variance to the account during the year. For all other accounts, record the transition costs in the 2011 rate year. If the LDC's 2011 rate year started January 1, the projected interest is recorded from January 1, 2011 to December 31, 2011. If the LDC's 2011 rate year started May 1, the projected interest is recorded from January 1, 2011 to April 30, 2012 on the December 31, 2010 balance adjusted for the disposed balances applicable to the period. Include Account 1595 as part of Group 1 accounts (line 31) for review and disposition if the recovery (or refund) period has not been completed, include the underlying residual balance in account 1595. If the recovery (or refund) period has not been completed, include the underlying residual balance in account 1595.





Please complete the following continuity schedule for your Group 1 Deferral / Variance Accounts, Account 1521 and 1562. For more information, see the instructions and further instructions.

If you have received approval to dispose of balances from prior years, the starting point for entries in the 2012 Continuity Schedule is the date of the Board's approval. For example, if in the 2011 EDR process (CoS or IRM) you received approval for the December 31, 2010 adjustment column AV for principal and column BA for interest. This will allow for the correct starting point for recording entries dating back to the beginning of the continuity schedule i.e. Jan 1, 2005.

		2009										
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-09	Transactions Debit / (Credit) during 2009 excluding interest and adjustments <sup>5</sup>	Board-Approved Disposition during 2009	Adjustments during 2009 - other <sup>3</sup>	Closing Principal Balance as of Dec-31-09	Opening Interest Amounts as of Jan-1-09	Interest Jan-1 to Dec-31-09	Board-Approved Disposition during 2009	Adjustments during 2009 - other <sup>3</sup>	Closing Interest Amounts as of Dec-31-09	
Group 1 Accounts												
LV Variance Account	1550	-\$ 23,733	-\$ 76,148	-\$ 33,141		-\$ 66,740	-\$ 2,507	-\$ 18	-\$ 1,578		-\$ 947	
RSVA - Wholesale Market Service Charge	1580	-\$ 2,208,691	-\$ 401,955	-\$ 1,717,946		-\$ 892,700	-\$ 130,065	-\$ 1,293	-\$ 112,489		-\$ 18,869	
RSVA - Retail Transmission Network Charge	1584	-\$ 352,185	\$ 76,220	\$ 111,692		-\$ 387,657	-\$ 17,243	\$ 5,158	\$ 5,299		-\$ 17,384	
RSVA - Retail Transmission Connection Charge	1586	-\$ 644,156	-\$ 175,853	-\$ 327,908		-\$ 492,101	-\$ 82,431	\$ 243	-\$ 68,761		-\$ 13,427	
RSVA - Power (excluding Global Adjustment)	1588	-\$ 3,845,438	\$ 2,547,648	-\$ 2,526,543		\$ 1,228,753	-\$ 381,349	\$ 38,848	-\$ 328,131		-\$ 14,370	
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 403,849	\$ 2,571,723	\$ 199,595		\$ 2,775,977	\$ 24,994	\$ 34,367	\$ 12,552		\$ 46,809	
Recovery of Regulatory Asset Balances	1590	-\$ 2,026,712				-\$ 2,026,712	\$ 1,772,391	\$ 17,629			\$ 1,790,020	
Disposition and Recovery of Regulatory Balances (2008) <sup>7</sup>	1595	\$ -				\$ -	\$ -				\$ -	
Disposition and Recovery of Regulatory Balances (2009) <sup>7</sup>	1595	\$ -				\$ -	\$ -				\$ -	
Group 1 Sub-Total (including Account 1588 - Global Adjustment)		-\$ 8,697,066	\$ 4,541,635	-\$ 4,294,251	\$ -	\$ 138,820	\$ 1,183,790	\$ 94,934	-\$ 493,108	\$ -	\$ 1,771,832	
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		-\$ 9,100,915	\$ 1,969,912	-\$ 4,493,846	\$ -	-\$ 2,637,157	\$ 1,158,796	\$ 60,567	-\$ 505,660	\$ -	\$ 1,725,023	
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 403,849	\$ 2,571,723	\$ 199,595	\$ -	\$ 2,775,977	\$ 24,994	\$ 34,367	\$ 12,552	\$ -	\$ 46,809	
Special Purpose Charge Assessment Variance Account	1521											
Deferred Payments in Lieu of Taxes	1562	\$ -				\$ -	\$ -				\$ -	
Group 1 Total + 1521 + 1562		-\$ 8,697,066	\$ 4,541,635	-\$ 4,294,251	\$ -	\$ 138,820	\$ 1,183,790	\$ 94,934	-\$ 493,108	\$ -	\$ 1,771,832	
The following is not included in the total claim but are included on a memo basis:												
Board-Approved CDM Variance Account	1567											
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592											
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592											
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	1592	\$ -				\$ -	\$ -				\$ -	
Disposition and Recovery of Regulatory Balances <sup>7</sup>	1595	\$ -	\$ 1,071,157	\$ 3,570,951		-\$ 2,499,794	\$ -	-\$ 11,367	\$ 403,393		-\$ 414,760	

For all Board-Approved dispositions, please ensure that the disposition amount has the same sign as the related Board decision (i.e., if the Board decision is a credit, the disposition amount must be a negative figure).

Applicants may wish to propose kWh as the allocator for account 1521 pending a final decision of the Board. Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board, 10% transition costs were recorded. Adjustments Instructed by the Board include deferral/variance account balances moved to Account 1590 as a result of the Board's decision. Please provide explanations for the nature of the adjustments. If the adjustment relates to previously Board Approved dispositions, please provide a breakdown in rows 28-30. Although the Global Adjustment Account is not reported separately under 2.1.7, please provide a breakdown in rows 28-30. For RSVA accounts only, report the net variance to the account during the year. For all other accounts, record the transition costs. If the LDC's 2011 rate year started January 1, the projected interest is recorded from January 1, 2011 to December 31, 2011. If the LDC's 2011 rate year started May 1, the projected interest is recorded from January 1, 2011 to April 30, 2012 on the December 31, 2010 balance adjusted for the disposed balances applicable to the period. Include Account 1595 as part of Group 1 accounts (line 31) for review and disposition if the recovery (or refund) period has not been completed, include the underlying residual balance in account 1595. If the recovery (or refund) period has not been completed, include the underlying residual balance in account 1595.





Please complete the following continuity schedule for your Group 1 Deferral / Variance Accounts, Account 1521, and provide supporting documentation and further instructions.

If you have received approval to dispose of balances from prior years, the starting point for entries in the 2012 Continuity Schedule should be the year of approval. For example, if in the 2011 EDR process (CoS or IRM) you received approval for the December 31, 2010 adjustment column AV for principal and column BA for interest. This will allow for the correct starting point for entries requiring entries dating back to the beginning of the continuity schedule i.e. Jan 1, 2005.

2010														
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-10	Transactions Debit / (Credit) during 2010 excluding interest and adjustments <sup>5</sup>	Board-Approved Disposition during 2010	Other <sup>3</sup> Adjustments during Q1 2010	Other <sup>3</sup> Adjustments during Q2 2010	Other <sup>3</sup> Adjustments during Q3 2010	Other <sup>3</sup> Adjustments during Q4 2010	Closing Principal Balance as of Dec-31-10	Opening Interest Amounts as of Jan-1-10	Interest Jan-1 to Dec-31-10	Board-Approved Disposition during 2010	Adjustments during 2010 - other <sup>3</sup>	Closing Interest Amounts as of Dec-31-10
<b>Group 1 Accounts</b>														
LV Variance Account	1550	-\$ 66,740	-\$ 66,902	\$ 9,408					-\$ 143,050	-\$ 947	-\$ 1,342	-\$ 929		-\$ 1,360
RSVA - Wholesale Market Service Charge	1580	-\$ 892,700	-\$ 1,369,743	-\$ 490,745					-\$ 1,771,698	-\$ 18,869	-\$ 9,985	-\$ 17,576		-\$ 11,278
RSVA - Retail Transmission Network Charge	1584	-\$ 387,657	-\$ 57,194	-\$ 463,877					\$ 19,026	-\$ 17,384	-\$ 37	-\$ 22,542		\$ 5,121
RSVA - Retail Transmission Connection Charge	1586	-\$ 492,101	-\$ 112,481	-\$ 316,248					-\$ 288,334	-\$ 13,427	-\$ 2,395	-\$ 13,670		-\$ 2,152
RSVA - Power (excluding Global Adjustment)	1588	\$ 1,228,753	-\$ 213,825	-\$ 1,318,895					\$ 2,333,823	-\$ 14,370	\$ 15,550	-\$ 53,218		\$ 54,398
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 2,775,977	\$ 275,380	\$ 204,254					\$ 2,296,343	\$ 46,809	\$ 22,345	\$ 12,442		\$ 56,712
Recovery of Regulatory Asset Balances	1590	-\$ 2,026,712		-\$ 2,026,712					\$ -	\$ 1,790,020		\$ 1,772,391		\$ 17,629
Disposition and Recovery of Regulatory Balances (2008) <sup>7</sup>	1595	\$ -							\$ -	\$ -				\$ -
Disposition and Recovery of Regulatory Balances (2009) <sup>7</sup>	1595	\$ -							\$ -	\$ -				\$ -
<b>Group 1 Sub-Total (including Account 1588 - Global Adjustment)</b>		\$ 138,820	-\$ 2,095,525	-\$ 4,402,815	\$ -	\$ -	\$ -	\$ -	\$ 2,446,110	\$ 1,771,832	\$ 24,136	\$ 1,676,898	\$ -	\$ 119,070
<b>Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)</b>		-\$ 2,637,157	-\$ 1,820,145	-\$ 4,607,069	\$ -	\$ -	\$ -	\$ -	\$ 149,767	\$ 1,725,023	\$ 1,791	\$ 1,664,456	\$ -	\$ 62,358
<b>RSVA - Power - Sub-Account - Global Adjustment</b>	<b>1588</b>	\$ 2,775,977	-\$ 275,380	\$ 204,254	\$ -	\$ -	\$ -	\$ -	\$ 2,296,343	\$ 46,809	\$ 22,345	\$ 12,442	\$ -	\$ 56,712
<b>Special Purpose Charge Assessment Variance Account</b>	<b>1521</b>	\$ 416,987	-\$ 419,251	\$ -					-\$ 2,264	\$ -	\$ 1,869			\$ 1,869
<b>Deferred Payments in Lieu of Taxes</b>	<b>1562</b>	\$ -							\$ -	\$ -			-\$ 555,943	-\$ 555,943
<b>Group 1 Total + 1521 + 1562</b>		\$ 555,807	-\$ 2,514,776	-\$ 4,402,815	\$ -	\$ -	\$ -	\$ -	\$ 2,443,846	\$ 1,771,832	\$ 26,005	\$ 1,676,898	-\$ 555,943	-\$ 435,004
<b>The following is not included in the total claim but are included on a memo basis:</b>														
Board-Approved CDM Variance Account	1567								\$ -	\$ -				\$ -
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592								\$ -	\$ -				\$ -
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592								\$ -	\$ -				\$ -
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	1592	\$ -							\$ -	\$ -				\$ -
Disposition and Recovery of Regulatory Balances <sup>7</sup>	1595	-\$ 2,499,794	\$ 2,791,346	\$ 2,686,128					-\$ 2,394,576	-\$ 414,760	-\$ 24,299	\$ 95,493		-\$ 534,552

For all Board-Approved dispositions, please ensure that the disposition amount has the same sign as the related Board decision (e.g., if the Board decision is a credit, the disposition amount should be a negative figure).

Applicants may wish to propose kWh as the allocator for account 1521 pending a final decision of the Board. Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board, 10% transition costs adjustments instructed by the Board include deferral/variance account balances moved to Account 1590 as a result of the Board's decision. Please provide explanations for the nature of the adjustments. If the adjustment relates to previously Board Approved dispositions, please provide a breakdown in rows 28-30. Although the Global Adjustment Account is not reported separately under 2.1.7, please provide a breakdown in rows 28-30. For RSVA accounts only, report the net variance to the account during the year. For all other accounts, record the transition year. If the LDC's 2011 rate year started January 1, the projected interest is recorded from January 1, 2011 to December 31, 2011. If the LDC's 2011 rate year started May 1, the projected interest is recorded from January 1, 2011 to April 30, 2012 on the December 31, 2010 balance adjusted for the disposed balances applicable to the period. Include Account 1595 as part of Group 1 accounts (line 31) for review and disposition if the recovery (or refund) period has not been completed, include the underlying residual balance in account 1595. If the recovery (or refund) period has not been completed, include the underlying residual balance in account 1595.



Please complete the following continuity schedule for your Group 1 Deferral / Variance Accounts, Account 1521 and 1562. For more information, see the instructions on pages 3 and 4 of the 2012 Cont. Sched. Def\_Var.

If you have received approval to dispose of balances from prior years, the starting point for entries in the 2012 Cont. Sched. Def\_Var is the year of the approval. For example, if in the 2011 EDR process (CoS or IRM) you received approval for the December 31, 2010 balance adjustment column AV for principal and column BA for interest. This will allow for the correct starting point for entries requiring entries dating back to the beginning of the continuity schedule i.e. Jan 1, 2005.

		2011				Projected Interest on Dec-31-10 Balances				2.1.7 RRR		
Account Descriptions	Account Number	Principal Disposition during 2011 - instructed by Board	Interest Disposition during 2011 - instructed by Board	Closing Principal Balances as of Dec 31-10 Adjusted for Dispositions during 2011	Closing Interest Balances as of Dec 31-10 Adjusted during 2011 Disposition	Projected Interest from Jan 1, 2011 to December 31, 2011 on Dec 31 -10 balance adjusted for disposition during 2011 <sup>5</sup>	Projected Interest from January 1, 2012 to April 30, 2012 on Dec 31 -10 balance adjusted for disposition during 2011 <sup>6, 7</sup>	Total Claim	As of Dec 31-10 <sup>4</sup>	Variance RRR vs. 2010 Balance (Principal + Interest)		
Group 1 Accounts												
LV Variance Account	1550	-\$ 76,148	-\$ 18	-\$ 66,902	-\$ 1,342	-\$ 983	-\$ 328	-\$ 69,555	-\$ 143,184	\$ 1,226		
RSVA - Wholesale Market Service Charge	1580	-\$ 401,955	-\$ 1,293	-\$ 1,369,743	-\$ 9,985	-\$ 20,135	-\$ 6,712	-\$ 1,406,575	-\$ 1,778,900	\$ 4,076		
RSVA - Retail Transmission Network Charge	1584	-\$ 76,220	\$ 5,158	-\$ 57,194	-\$ 37	-\$ 841	-\$ 280	-\$ 58,352	-\$ 23,374	-\$ 773		
RSVA - Retail Transmission Connection Charge	1586	-\$ 175,853	\$ 243	-\$ 112,481	-\$ 2,395	-\$ 1,653	-\$ 551	-\$ 117,081	-\$ 288,703	\$ 1,783		
RSVA - Power (excluding Global Adjustment)	1588	\$ 2,547,648	\$ 38,848	\$ 213,825	\$ 15,550	-\$ 3,143	-\$ 1,048	-\$ 202,466	\$ 2,362,388	-\$ 25,833		
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 2,571,723	\$ 34,367	-\$ 275,380	\$ 22,345	-\$ 4,048	-\$ 1,349	-\$ 258,432	\$ 2,326,978	-\$ 26,077		
Recovery of Regulatory Asset Balances	1590		\$ 17,629	\$ -	\$ -			\$ -		-\$ 17,629		
Disposition and Recovery of Regulatory Balances (2008) <sup>7</sup>	1595			\$ -	\$ -			\$ -		\$ -		
Disposition and Recovery of Regulatory Balances (2009) <sup>7</sup>	1595			\$ -	\$ -			\$ -		\$ -		
Group 1 Sub-Total (including Account 1588 - Global Adjustment)		\$ 4,541,635	\$ 94,934	-\$ 2,095,525	\$ 24,136	-\$ 30,804	-\$ 10,268	-\$ 2,112,461	\$ 2,501,953	-\$ 63,227		
Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)		\$ 1,969,912	\$ 60,567	-\$ 1,820,145	\$ 1,791	-\$ 26,756	-\$ 8,919	-\$ 1,854,029	\$ 174,975	-\$ 37,150		
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 2,571,723	\$ 34,367	-\$ 275,380	\$ 22,345	-\$ 4,048	-\$ 1,349	-\$ 258,432	\$ 2,326,978	-\$ 26,077		
Special Purpose Charge Assessment Variance Account	1521					\$ 3,108	-\$ 4	\$ 2,709	\$ 396,094	\$ 396,489		
Deferred Payments in Lieu of Taxes	1562			\$ -	-\$ 555,943		-\$ 82,713	-\$ 638,656	-\$ 277,433	\$ 278,510		
Group 1 Total + 1521 + 1562		\$ 4,541,635	\$ 94,934	-\$ 2,095,525	-\$ 531,807	-\$ 27,696	-\$ 92,985	-\$ 2,748,408	\$ 2,620,614	\$ 611,772		
The following is not included in the total claim but are included on a memo basis:												
Board-Approved CDM Variance Account	1567							\$ -		\$ -		
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account below)	1592							\$ -		\$ -		
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592							\$ -		\$ -		
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Contra Account	1592							\$ -		\$ -		
Disposition and Recovery of Regulatory Balances <sup>7</sup>	1595							-\$ 2,929,128	-\$ 2,929,129	-\$ 1		

For all Board-Approved dispositions, please ensure that the disposition amount has the same sign as the related Board decision. (e.g. if the Board decision is a credit, the disposition amount should be a credit; if the Board decision is a debit, the disposition amount should be a debit.)

Applicants may wish to propose kWh as the allocator for account 1521 pending a final decision of the Board. Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board, 10% transition costs were allocated to the account. Adjustments Instructed by the Board include deferral/variance account balances moved to Account 1590 as a result of the Board's decision. Please provide explanations for the nature of the adjustments. If the adjustment relates to previously Board Approved dispositions, please provide a breakdown in rows 28-30. Although the Global Adjustment Account is not reported separately under 2.1.7, please provide a breakdown in rows 28-30. For RSVA accounts only, report the net variance to the account during the year. For all other accounts, record the transition costs in the 2011 rate year. If the LDC's 2011 rate year started January 1, the projected interest is recorded from January 1, 2011 to December 31, 2011. If the LDC's 2011 rate year started May 1, the projected interest is recorded from January 1, 2011 to April 30, 2012 on the December 31, 2010 balance adjusted for the disposed balances applicable to the period. Include Account 1595 as part of Group 1 accounts (line 31) for review and disposition if the recovery (or refund) period has not been completed, include the underlying residual balance in account 1595. If the recovery (or refund) period has not been completed, include the underlying residual balance in account 1595.