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Ontario

BY E-MAIL

January 9, 2013

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

Re: Bluewater Power Distribution Corporation
Application for Rates
Board File Number EB-2012-0107

In accordance with the process documented in Procedural Order No. 1, please find attached Board staff's interrogatories in the above proceeding with respect to Bluewater Power Distribution Corporation's application for 2013 rates.

Yours truly,

Original signed by

Violet Binette
Project Advisor, Applications & Regulatory Audit

Attach

Board Staff Interrogatories
2013 Electricity Distribution Cost of Service
Bluewater Power Distribution Corporation
("Bluewater Power")
EB-2012-0107
January 9, 2013

General

1-Staff-1

Responses to Letters of Comment

Following publication of the Notice of Application, the Board received one letter of comment. Please confirm whether a reply was sent from the applicant to the author of the letter. If confirmed, please file that reply with the Board. Please ensure that the author's contact information except for the name is redacted. If not confirmed, please explain why a response was not sent and confirm if the applicant intends to respond.

1-Staff-2

Updated Revenue Requirement Work Form

Upon completing responses to all interrogatories from Board staff and intervenors, please provide an updated RRWF with any corrections or adjustments that the applicant wishes to make to the amounts in the previous version of the RRWF included in the middle column. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note.

1-Staff-3

Updated Appendix 2-W, Bill Impacts

Upon completing responses to all interrogatories from Board staff and intervenors, please provide an updated Appendix 2-W for all classes at the typical consumption / demand levels (i.e. 800 kWh for residential, 2,000 kWh for GS<50 kW).

Exhibit 2 – Rate Base

2-Staff-4

Ref: Filing Requirements for Electricity Transmission and Distribution Applications, EB-2006-0170, June 28, 2012, pages 53-54
Ref: Exh 2-2-2 Appendix 2-EB - IFRS-CGAAP Transitional PP&E Amounts
Ref: Report of the Board – Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, October 18, 2012, page 15

The *Filing Requirements for Electricity Transmission and Distribution Applications*, EB-2006-0170, June 28, 2012, state:

> **Account 1575 – IFRS-CGAAP Transitional PP&E Amounts**
> The applicant must propose a disposition period to "clear" the PP&E deferral account through a one-time adjustment to rate base to capture and remove the

> impact of the accounting policy changes as caused by the transition from CGAAP to MIFRS.

Appendix 2-EB states:

> Consistent with the 4 year normal rate cycle, the model is using a 4 year amortization period as a default selection to "clear" the PP&E deferral account through a one-time adjustment to rate base to capture and remove the impact of the accounting policy changes as caused by the transition from CGAAP to MIFRS.

The *Report of the Board – Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach*, October 18, 2012, states, "The Board has determined that the term for 4th Generation IR will be five years (rebasing plus 4 years)."

a) Bluewater Power's proposal with respect to the PP&E deferral account reflects a 4 year period, consistent with 3rd generation IRM. Has Bluewater Power considered the impact of this change to a five year term and how it will affect the proposal in the current application? If yes, please explain.
b) Please update and file with the Board Appendix 2-EB, Appendix 2-CH (Depreciation and Amortization Expense), RRWF, and any other applicable evidence to reflect a five-year disposition period for the clearance of the PP&E deferral account to facilitate consideration of this option.

2-Staff-5
<u>Ref: Exh 2-2-2 Appendix 2-EB IFRS-CGAAP Transitional PP&E Amounts</u>
The Board issued the decision for Bluewater Power's smart meter application (EB-2012-0263) on October 18, 2012. Please reconcile the stranded meter amount of $1,928,303 under MIFRS in Appendix 2-EB to USoA 1860 meters in 2012 MIFRS Fixed Asset Continuity Schedule in Appendix 2-B.

2-Staff-6
Ref: Exh 2-2-4 Attachment 1
<u>Ref: Asset Depreciation Study for the Ontario Energy Board (Kinectrics Inc. July 8, 2010)</u>
Bluewater Power states that it is proposing useful lives for its assets that are within the ranges suggested as a guideline by the Kinectrics Report.

a) Under MIFRS, Bluewater Power proposes a 45 year useful life for fully dressed concrete poles. At Table F-1 of the Kinectrics Report, the useful life range for fully dressed concrete poles is listed as 50 to 80 years. Please explain Bluewater Power's proposal.
b) Similarly, Bluewater Power proposes a 45 year useful life for fully dressed steel poles. At Table F-1 of the Kinectrics Report, the useful life range for fully dressed steel poles is listed as 60 to 80 years. Please explain Bluewater Power's proposal.

2-Staff-7

Ref: Exh 2-4-3 Attachment 1

The attachment summarizes capital expenditure details by project. Please expand the table by one additional column and provide 2012 actual capital expenditures.

2-Staff-8

Ref: Exh 2-4-3 Project UT10

Bluewater Power describes the capital expenditures for "vehicle replacement – lines" in document UT10.

a) For 2012, Bluewater Power proposes to replace 3 vans. The model vintage of the replaced vans range from 1999 to 2006. What are the criteria that Bluewater Power applies for replacement of vans?
b) The summary indicates that a 1998 GMC Truck will be replaced with a 2007 Dodge Pickup at a cost of $33,000. Please confirm whether the 1998 GMC truck will be replaced with a used truck or a new truck and confirm the cost.
c) In 2012 a pickup truck will be purchased for the Vice President of Operations at a cost of $33,000. Please summarize the rationale for this purchase.

2-Staff-9

Ref: Exh 2-4-3 Project UT18

Bluewater Power has established an Emergency System Improvement Fund to complete repairs that are unforeseen, but require attention in the budget year. The evidence states that the fund allows Bluewater Power senior management to provide more conservative and accurate capital budget figures.

a) Please provide a full justification explaining why the fund was created including how contingencies were dealt with before the fund was created, and why Bluewater Power management has adopted this approach.
b) Please provide copies of any assessments that support the position that the fund allows Bluewater Power senior management to provide more conservative and accurate capital budget figures.

2-Staff-10

Ref: Exh 2-4-3 Project UT39

Bluewater plans to spend $223,211 "on implementing upgrade improvements to SAP and connected Operations software to improve workflow efficiencies in Maintenance, Asset Management, Dispatch and Supply Chain." The evidence also states that the scope of the project will be better defined in the second half of 2012.

a) Please provide copies of the documentation that better scopes this capital project. In the event that the documentation is not available, please summarize the scope of the project.
b) What specific measures will Bluewater Power use to measure the improvements in workflow efficiencies?

2-Staff-11
Ref: Exh 2-4-3 Project IT8
Ref: Exh 2-7-1
Bluewater Power is developing a strategy around Operations Technology Integration. The description states that "It is critical that Bluewater Power be positioned to make the most efficient use of the smart meter grid as it advances to better serve customers." The expenditures in 2012 ($85,079) and 2013 ($116,035) are for research and third party sources to develop strategy. Is the research described in capital project IT8 incremental to the $35,000 of annual smart grid research that Bluewater Power has identified in Exh 2-7-1?

2-Staff-12
Ref: Exh 2-4-3 Project IT10
Ref: Exh 4-2-5
Bluewater Power has introduced MyAccount which offers customers various self-serve options. The services will be expanded to introduce options including e-billing. Bluewater Power forecasts expenditures of $206,312 in 2012 and $148,709 in 2013. Bluewater Power also plans to move towards monthly billing for all customers.

a) When will the e-billing option be available to Bluewater Power customers?
b) As noted in Exh 4-2-5, $117,000 of additional postage related to monthly billing is forecast for 2013. Does the forecast for additional postage anticipate the impacts of e-billing?

2-Staff-13
Ref: Exh 2-4-3 Project IT21
The IT21 project, IFRS System Upgrade, was initiated in 2009 as part of a series of SAP upgrade projects. The forecast cost in 2012 is $543,886.

a) Please describe the scope of work for the IFRS System Upgrade project.
b) Bluewater Power indicates that this project was initiated in 2009. Are all of the costs for project IT21 incremental to the SAP upgrade project completed in 2010 at a cost of $2.5M?

2-Staff-14
Ref: Exh 1-2-3
Ref: Exh 2-4-2
At Exh 1-2-3, Bluewater Power describes the directives and assumptions it applies in its budget process. The capital budgeting process is described on page 3 of the exhibit. The process conducted by the Planning and Design Department is described and the evidence states that the "Information Technology Department ("IT") follows a similarly disciplined process." At page 3 of Exh 2-4-2 it states that:

> With the guidance of the Asset Management Strategy, Bluewater Power undertook a comprehensive review of its capital assets with an eye to assess the direction of current capital projects and to identify gaps in its

programs. The results of that process are the Capital Project Descriptions found as Exhibit 2, Tab 4, Schedule 3, Attachment 3. Together these capital projects represent the Asset management Plan that Bluewater Power is satisfied will respond to its current capital needs and address the reliability and power quality issues of its customers.

a) What specific guidance is provided in the Asset Management Strategy for IT generally and for the 21 IT capital projects specifically?
b) Does Bluewater Power have a stand-alone IT strategy document? If yes, please file a copy.

2-Staff-15

Ref: Exh 2-4-3 Project O1

Bluewater Power is in the fourth phase of a multi-year program of Building Renovations/Expansion. The estimated 2012 capital cost is $1,870,500.

a) What was the total area (in sqft or m^2) of the head office at 855 Confederation Street before the renovation project?
b) How many Bluewater Power staff work from this location?
c) What is the total area that will be added following the renovation?
d) Of the 2012 estimate of $1,870,500, what is the breakdown for:
    - Office space and meeting room
    - Expanded restrooms
    - Fire code requirements
    - Water line capacity
e) How much of the head office (in sqft or m^2) at 855 Confederation Street is occupied by affiliates of Bluewater Power? Will affiliates occupy more space following completion of the renovation project? If yes, please quantify.
f) When was the project approved by Bluewater Power's Board of Directors? Please provide copies of documentation that were presented to the Board of Directors relating to this project.

2-Staff-16

Ref: Exh 2-4-3 Project O6

Bluewater Power currently rents/leases land rights from CN. Project O6 consists of a $257,200 one-time payment which would eliminate recurring fees. In Exh 2-4-2 Attachment 2 page 32, under OM&A Budget for Operations – Line Department, the CN Lease is listed as item 6.

a) What is the historical cost of this lease?
b) What account was the lease cost charged to? Has it been removed from the 2013 forecast?

2-Staff-17

Ref: Exh 2-6-1

Bluewater Power provided the following reliability data, excluding loss of supply incidents:

YEAR	SAIDI	SAIFI	CAIDI
2008	2.16	2.10	1.03
2009	1.38	2.30	0.60
2010	1.50	2.10	0.72
2011	2.78	2.38	1.17
AVG	1.96	2.22	0.88

The reliability indicators were stable or improving in the period 2008 to 2010. Bluewater Power states that the contributing factors to 2011 performance were a winter storm event, a summer storm event, an incident related to defective equipment and an incident related to animal contact.

a) What additional measures were put in place following the incident related to the defective equipment (a failed arrestor)?
b) Please provide the 2012 reliability results.

Exhibit 3 - Revenue

3-Staff-18
Ref: Exh 3-1-2 Load Forecasting
On page 1 of this exhibit, Bluewater Power states that the load forecasting methodology "uses actual unadjusted data for 2007 to 2011 which is then modelled through separate multiple regression equations to determine a weather normalized forecast for 2012 and 2013 for the weather sensitive classes."

The Load Forecast Report prepared by Elenchus Research Associates Inc. contained in Exh 3-1-2 Attachment 1 reports regression ranges from 2006:01 (i.e. January 2006) to 2011:12 (i.e. December 2011).

a) Please confirm the regression range on which Bluewater Power's load forecast is prepared.
b) Why does the regression range start in January 2006? Many other distributors have ranges going back to 2002 or even earlier.

3-Staff-19
Ref: Exh 3-1-2 Attachment 1 Load Forecasting
Bluewater Power states that separate multivariate regression modelling has been done on a class basis, and Attachment 1 shows separate regression models for: Residential; GS<50 kW; and 'net' GS>50 kW plus specific models for two reclassified customers. For non-weather-sensitive classes, Bluewater Power has used a version of a Normalized Annualized Consumption ("NAC") approach. These classes for which the NAC approach has been used include: Intermediate; Large Use; Streetlighting; Sentinel Lighting; and Unmetered Scattered Load.

Please provide the definition of the 'billed kWh' used as the explanatory variable in the Residential, GS < 50 kW and GS > 50 kW customer classes. Is this the actual consumption in each calendar month? If not, please provide a detailed description of the source of, and any methodology used, to interpolate the data to get monthly data.

3-Staff-20

Ref: Exh 3-1-2 Attachment 1 Load Forecasting

For the multivariate regression model of Residential consumption, Bluewater Power shows that Residential kWh was regressed against the following explanatory variables:

- Constant;
- HDD (Heating Degree Days, as measured at Windsor International Airport);
- CDD (Cooling Degree Days, as measured at Windsor International Airport);
- MonthDays (Number of Days in the calendar month); and
- W_S_FTE (Windsor-Sarnia full-time employment).

a) W_S_FTE is used as a proxy for economic activity in Bluewater Power's service territory. What other variables for community size (population) and economic activity were tried in the model? Why were each of these variables rejected from the load forecast model?

b) The Durbin-Watson ("D-W") statistic shown in the regression results on page 3 of the Elenchus study has a value of 1.2. This would suggest some degree of serial correlation of the residuals. While serial correlation (or autocorrelation) does not imply biased coefficients, it would imply that the Ordinary Least Squares regression methodology would not be optimal. More importantly, the presence of serially correlated residuals suggests that there may be omitted variables. Please provide Bluewater Power's views on the significance of a Durbin-Watson statistic of 1.2 and the implications of serially correlated residuals.

c) What, if any, efforts, did Bluewater Power undertake to address any serial correlation of the residuals?

d) Table 2 on page 3 of the Elenchus study provides summary statistics of the "fit" of the model in terms of annual percentage error and the mean absolute percentage error. As the regression model is based on monthly data, the residual analysis based on annual results will understate the actual residual error, as summing over the monthly values which smooth the deviations. Please provide the following:
   i. Actual and predicted Residential kWh, residual and % error, by month, for the regression period and also including the predicted values for the bridge and test years by month, up to and including December 2013; and
   ii. The Mean Absolute Percentage Error of the monthly residuals over the actual regression range from June 2006 to December 2011.

3-Staff-21

Ref: Exh 3-1-2 Attachment 1 Load Forecasting

For the multivariate regression model of GS<50 kW consumption, Bluewater Power shows that GS<50 kW consumption, in kWh, was regressed against the following explanatory variables:

- Constant;
- HDD (Heating Degree Days, as measured at Windsor International Airport);
- CDD (Cooling Degree Days, as measured at Windsor International Airport);
- MonthDays (Number of Days in the calendar month);
- Time (a linear time trend variable starting at 1 and increasing by 1 each month); and
- d_W_S_FTE (first difference of Windsor-Sarnia full-time employment).

a) d_W_S_FTE effectively measures the change in full-time employment in the Windsor-Sarnia area. The expected sign of the coefficient is positive and this is observed in the regression results. However, the coefficient is statistically insignificant with a t-statistic of 1.1 (p=13.75%).
   i. Why was d_W_S_FTE chosen as the economic measure?
   ii. What other variables for community size (population) and economic activity were tried in the model? Why were each of these variables rejected from the load forecast model?
b) The trend variable ‘time’ is a simple linear trend. Bluewater Power states that its use is supported by the trend shown in Chart 1 on page 4 of the attachment.
   i. How has the trend line on Chart 1 been fitted to actual data?
   ii. How have any other explanatory factors been taken into account in Chart 1?
   iii. What is Bluewater Power’s explanation and rationale that the simple linear trend adequately captures drivers such as market size, economic activity, etc.? Please explain what drivers Bluewater Power believes are being explained by ‘time’.
c) Please explain Bluewater Power’s rationale for believing that the combination of d_W_S_FTE and ‘time’ adequately serve as proxies for the drivers of demand for the GS<50 kW customer class in Bluewater Power’s service territory.
d) Table 4 on page 4 of the Elenchus study provides summary statistics of the “fit” of the model in terms of annual percentage error and the mean absolute percentage error. As the regression model is based on monthly data, the residual analysis based on annual results will understate the actual residual error, as summing over the monthly values which smooth the deviations. Please provide the following:
   i. Actual and predicted GS<50 kW kWh, residual and % error, by month, for the regression period and also including the predicted values for the bridge and test years by month, up to and including December 2013; and
   ii. The Mean Absolute Percentage Error of the monthly residuals over the actual regression range from June 2006 to December 2011.

3-Staff-22

Ref: Exh 3-1-2 Attachment 1 Load Forecasting

To develop the load forecast for the GS>50 kW class, Bluewater Power shows that GS>50 kW consumption, in kWh, was modelled through three separate regression equations:

- ‘Net’ GS>50 kW;
- Customer ‘A’ reclassified from Intermediate to GS>50 kW; and
- Customer ‘B’ reclassified from Intermediate to GS>50 kW.

Each of the three equations has a different set of explanatory variables. Bluewater Power states that customers ‘A’ and ‘B’ are weather-sensitive, but only with respect to cooling.

The consumption in kWh is regressed against the following explanatory variables in each of the three equations, where an ‘X’ indicates that the explanatory variable was included in the documented model:

Explanatory Variables	‘net’ GS>50 kW	Customer ‘A’	Customer ‘B’
Constant	X	X	X
HDD	X		
CDD	X	X	X
Monthdays	X	X	
Peakdays			X
Time (trend variable)			X
W_S_FTE	X	X	
d_W_S_FTE			X

a) Please provide the definition of ‘Peakdays’.
b) In the ‘net’ GS > 50 kW model, the variable W_S_FTE is statistically insignificant with a t-statistic of 1.1 (p=27.21%).
    i. Please provide Bluewater Power’s rationale for inclusion of this variable.
    ii. What other variables to measure economic activity were tried? What were the results of these attempts, and why were these measures ultimately rejected?
    iii. Why is ‘Monthdays’ the chosen measure for the duration of consumption of these higher demand customers, as opposed to a measure of the number of non-holiday business days in the calendar month?
c) The documented regression equation for customer ‘B’ has a different specification, with three different explanatory variables. Furthermore, two of these variables (‘Peakdays’ and d_W_S_FTE) are statistically insignificant, with t-statistics around 1.5 (p=14-15%).
    i. Please explain Bluewater Power’s rationale for the specification of the regression equation for customer ‘B’’s consumption, including the inclusion of these two statistically insignificant variables.
    ii. Please provide a rationale for the inclusion of the ‘Time’ trend variable. What is it about the nature of this customer’s consumption that justifies this variable?
    iii. Please explain what is different about customer ‘B’’s consumption that requires a different specification than that for other GS > 50 kW customers.
    iv. What other variables were tried? Please provide a summary of any other model results, and an explanation of why such models were rejected in preference of the one shown in the Application.

d) Table 8 on pages 8-9 of the Elenchus study provides summary statistics of the "fit" of the GS>50 kW models in terms of annual percentage error and the mean absolute percentage error. As the regression models are based on monthly data, the residual analysis based on annual results will understate the actual residual error, as summing over the monthly values which smooth the deviations. Please provide the following:
   i. Actual and predicted GS>50 kW kWh, residual and % error, by month, for the regression period and also including the predicted values for the bridge and test years by month, up to and including December 2013; and
   ii. The Mean Absolute Percentage Error of the monthly residuals over the actual regression range from June 2006 to December 2011.

3-Staff-23

Ref: Exh 3-1-2 Attachment 1 Load Forecast Methodology

In the multivariate regression models used by Bluewater Power for its load forecast, the models used included explanatory variables such as HDD, CDD, month of the days and Windsor-Sarnia Employment data.

a) In many load forecasting multivariate regression models filed in cost of service applications in recent years, distributors often include binary seasonal variables (i.e. spring/fall flag) to account for seasonal variability (beyond that of HDD and CDD). Was the inclusion of a spring/fall flag attempted? If so, please explain the reason for excluding it in the final model.
b) The load forecasting models documented by Bluewater Power in its application do not include any variables for CDM activity/impacts during the regression period.
   i. Was any CDM activity variable tried?
   ii. If not, why not?
   iii. If a CDM variable was tried, please define the CDM variable attempted, the regression results, and the reasons that the variable was rejected in the final model. Please provide the data for the variable.

3-Staff-24

Ref: Exh 3-1-3

Ref: Exh 3-1-3 Attachment 1 CDM Adjustment of Load Forecast

In Exh 3-1-3, Bluewater Power describes the methodology it has used to adjust the load forecast data to account for the impact and persistence of CDM programs from 2006 to 2011, and to derive the adjustment for the 2013 load forecast to reflect the impact of 2011 to 2013 CDM programs to achieve the CDM target that is a condition of its distribution licence. The data is provided in Attachment 1 of Exh 3-1-3.

a) Please provide Exh 3-1-3 Attachment 1 in working Microsoft Excel format if available.
b) What is the rationale for using the average of 2006 to 2011 CDM savings to gross-up the base 2013 forecast arising from the model? In particular, estimated savings in 2006 would be smaller that year because only one year's worth of CDM would be involved. CDM savings would generally increase, with some drop off in the

persistence of prior year CDM programs with the passage of time, so it would be expected, all other thing being equal, that the 2006-2011 CDM program average impact would understate the cumulative persistence even to 2013.

c) Bluewater has included 2011 actual data in the regression analysis, and the 2011 actual consumption would be impacted by 2011 CDM programs. However, the 2011 CDM program impact is excluded from the adjustment. Please explain how Bluewater or its consultant Elenchus have taken into account the presence and influence of 2011 CDM programs on the load forecast before the 2013 CDM adjustment.
d) Why has Bluewater adopted the approach of setting the target as 30% of the cumulative 2011-14 CDM target, rather than taking into account measured 2011 CDM savings and setting the adjustment to reflect both what was achieved in 2011 and hence what remains to be achieved in each of 2012, 2013 and 2014 to meet the cumulative CDM target?

Exhibit 4 – Operating Costs

4-Staff-25
Ref: Exh 1-2-3
Ref: Exh 4-2-1 Appendix 2-G
At page 2 of Exh 1-2-3, it states that:

> The operating and maintenance expenses for the Bridge Year and Test Year were forecast using a zero based methodology. Prior year experiences for many items strongly influence the budget after considerations of trending and one-time factors are taken into account. There was no assumption for inflation and each expense item was reviewed account by account for each of the forecast years. The O&M forecast can be found at Exhibit 4, Tab 2, Schedule 1.

a) Please describe how the zero based methodology was applied to determine the test year expense for 5085 Miscellaneous Distribution Expenses.
b) Appendix 2-G provides detailed OM&A expenses by account. Please expand the table by one additional column and provide 2012 actual OM&A expenses.

4-Staff-26
Ref: Exh 2-4-2
Ref: Exh 4-1-1
At page 3 of Exh 2-4-2, it states that the AESI review “confirmed that Bluewater Power’s asset condition assessment process provided a solid foundation for its asset management program. To the extent that areas of improvement were identified through the review, those issues have been addressed by the utility in 2011.”

At page 5 of Exh 4-1-1, Bluewater Power summarizes its focus on the Asset Management Plan:

As discussed in the Asset Management Planning Process (Exhibit 2, Tab 4, Schedule 2) Bluewater Power renewed its asset management planning process and, as discussed in the Human Resource Strategy (Exhibit 4, Tab 4, Schedule 1, Attachment 2), we have realigned certain management positions to maximize leadership in the operational departments. The expected result in 2012 and 2013 is improved productivity reflected in an increase in the level of Capitalized Labour. Accordingly, Capitalized Labour is forecast at $1.8M and $1.9M in 2012 and 2013, respectively, compared to the three year average for 2009-2011 of $1.1M (not including Smart Meters). The reduction in OM&A due to the increase in capitalized labour is, therefore, a reduction to OM&A built into the 2013 Test Year.

a) With respect to "improved productivity", please specify and explain the measures of productivity referred to in the above summary.
b) Please identify the specific AESI analysis and recommendations that lead to the realignment of management positions and increase in the level of capitalized labour.

4-Staff-27

Ref: Exh 4-1-1 Table 2

Table 2 summarizes capitalization and re-allocations to produce net OM&A from gross OM&A.

a) Please provide references to application exhibits for each line item in this table.
b) What is the relationship between the "Capitalized Internal" data and the "Total Compensation Capitalized" as shown in Appendix 2-K? Please explain any differences in the data for each year.

4-Staff-28

Ref: Exh 4-1-1
Ref: Exh 2-4-4
Ref: Exh 4-2-2
Ref: EB-2012-0263

Bluewater Power states that the net incremental increase to OM&A from ongoing smart meter costs in 2013 is $191,000.

a) Bluewater Power indicates that Sensus meter reading fees are $174,000 in Exh 2-4-4. However, in response to interrogatories in the smart meter proceeding EB-2012-0263, Bluewater stated that "the annual cost of, instead, transmitting that customer usage data from smart meters over communications lines is approximately $142,647." Please explain the difference.
b) Bluewater Power states that there is a savings of $30,000 related to manual meter reading. The savings are less than anticipated because manual meter reading costs were already shared with its affiliate, BPSC, for the reading of water meters. In interrogatory responses and submissions file in EB-2012-0263, Bluewater Power stated that the actual full year cost for manual meter reading was $110,000. Please explain the difference.

c) At Exh 4-2-2, Bluewater Power provides cost driver explanations. The evidence states that the 2013 variance with respect to smart metering includes "$47,000 for software fees impacting 2013 for the first time and an incremental cost of $30,000 in annual fees for a new TGB required in order to improve read rates to meet our Service Level Agreement." Please provide further explanation of both of these factors.

4-Staff-29
Ref: Exh 4-2-3
Ref: Appendix 2-M
Appendix 2-M summarizes regulatory costs and provides a breakdown for one-time costs related to the cost of service application.

a) Please identify the resources related to line 8 "operating expenses associated with other resources allocated to regulatory matters".
b) Bluewater Power's proposal with respect to regulatory costs reflects a 4 year period, consistent with 3rd generation IRM. The *Report of the Board – Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach*, October 18, 2012, states, "The Board has determined that the term for 4th Generation IR will be five years (rebasing plus 4 years)." Has Bluewater Power considered the impact of this change to a five year term and how it will affect the proposal in the current application? If yes, please explain.

4-Staff-30
Ref: Exh 4-2-5
Ref: Exh 4-3-1
Ref: Appendix 2-G
Bluewater Power currently bills 32,000 customers on a bi-monthly basis. Bluewater Power has included $322,641 of incremental costs related to a proposed move to monthly billing in the 2013 application. The costs are related to paper, envelopes, postage and three additional staff.

a) What is the status of the plans to move to monthly billing for all customers?
b) When does Bluewater Power expect to complete the move to monthly billing?
c) How many FTEs worked on customer billing in 2009-2012? What is the total cost for customer billing in 2009-2012? Please provide the data for each year.
d) Has Bluewater Power considered how increased cash flow from this change would reduce the requirement for a working capital allowance?

4-Staff-31
Ref: Exh 4-4-1
At pages 1 and 2, Bluewater Power explains the approach it took to reflect the settlement reached in the 2009 cost of service proceeding. Capital items removed from the capital budget and the associated adjustments were made to revenue requirement. The remaining revenue requirement adjustment was allocated to OM&A.

a) The FTE (Executive, Management, non-Union and Union) count proposed with the 2009 application was 99. The 2009 "Board Approved" FTE count was reduced to 88 for the purposes of analysis. Please confirm that the actual 2009 FTE count was 90.
b) What are the actual 2012 FTE's? Please provide the information for each employee group and explain any differences from the data provided in the application.

4-Staff-32
Ref: Exh 4-4-1
Bluewater Power made certain assumptions in forecasting compensation for the 2013 test year.

a) At page 3, it states that certain benefits are discretionary and require the employee to agree to pay a certain percentage of the total cost of the benefit. Bluewater Power assumes that each employee takes advantage of the maximum available benefit.
   i. Is the current employee participation in these benefits 100%?
   ii. If not, what is the current participation rate?
   iii. What is the 2013 revenue requirement impact if the current participation rate is assumed?
b) Similarly, Bluewater Power has assumed that all employees eligible for progression successfully reach the next progression.
   i. Was the assumption valid for 2012?
   ii. If not, what is the current success rate?
   iii. What is the 2013 revenue requirement impact if the current success rate is assumed?

4-Staff-33
Ref: Exh 4-4-1 Attachment 1 and Attachment 2
The following table is an excerpt from Appendix 2-K.

	2009 Board Approved	2009 Actual	2010 Actual	2011 Actual	2012 Bridge Year	2013 Test Year	2011 vs 2009 Actual	2013 vs 2009 BA	2013 vs 2009 Actual
Compensation - Equivalent Annual Average Yearly Base Wages									
Executive	$120,908	$121,257	$134,696	$135,251	$145,306	$151,811	11.5%	25.6%	25.2%
Management	$ 82,475	$ 80,499	$ 85,974	$ 86,548	$ 91,678	$ 93,925	7.5%	13.9%	16.7%
Non-Union	$ 64,837	$ 64,534	$ 70,026	$ 71,441	$ 72,529	$ 74,406	10.7%	14.8%	15.3%
Union	$ 58,927	$ 57,750	$ 61,744	$ 58,885	$ 63,894	$ 64,735	2.0%	9.9%	12.1%

a) At Exh 4-4-1 Attachment 2, it states that there is a 5 year collective agreement with the IBEW Local 1802 which resulted in 3% annual increases in unionized wages from 2009 to 2014. Please explain why the 2011 equivalent annual average yearly base wages for union staff in Appendix 2-K are lower than 2010 averages.
b) The last two columns of the table compare 2013 forecast base wages with 2009 Board approved and 2009 actual. The % increases for the Executive staff are twice the increases for union staff. The third last column compares 2011 actual base wages with 2009 actual base wages. The % increases for all staff groups are

multiples of the increases for union staff. Please provide the rationale for these results.

c) At Exh 4-4-1 Attachment 2, it states that, "In managing compensation for Executive employees, every year we participate in The Hay Group Salary Survey … This information is utilized by our Board of Directors with a goal to work toward the 75th percentile, although we have not achieved that objective."
   i. Please explain the rationale for the 75th percentile goal for Executive Staff.
   ii. Is the compensation goal for management staff also the 75th percentile?

4-Staff-34
Ref: Exh 4-4-1 Attachment 2
Bluewater Power notes the challenge relating to the age of its workforce, and an increase in the number of employees electing to retire at age 55 or at the earliest unreduced eligibility date. Please provide retirement data in the following table:

Year	Eligible in Year	Eligible Cumulative	Actual Retirement in Year	Balance Cumulative
	A	B=A+D[1]	C	D=B-C
Prior Period				
2009				
2010				
2011				
2012				
Total				

Note 1 - From previous period/year

4-Staff-35
Ref: Exh 4-4-1 Attachment 7
On page 2 of the actuarial report as at January 1, 2011 provided by Dion Durell, it states that "Pursuant to Appendix section D10 of IFRS 1 (First-Time Adoption of IFRS), the attached results are prepared based on the understanding that the Corporation will book an adjustment for all unrecognized actuarial gains and losses at the date of transition to IFRS, i.e. January 1, 2011."

Please confirm that Bluewater Power has booked the adjustment for all unrecognized actuarial gains and losses on January 1, 2011 as suggested by Dion Durell. If not, please provide Bluewater Power's plan in terms of the unrecognized actuarial gains and losses at the date of transition to IFRS.

4-Staff-36
Ref: Exh 4-5-1

Bluewater Power contracted with BDR North America Inc. to review its transfer pricing practices and methodologies. What changes, other than allocating certain Board of Director costs to affiliates, were implemented as a result of the review?

4-Staff-37

Ref: Exh 4-8-3 Attachment 1

The Board issued the decision for Bluewater Power's smart meter application (EB-2012-0263) on October 18, 2012.

Please confirm whether the 2013 PILs model submitted with the current application is consistent with the tax treatment related to smart meters as presented by Bluewater Power in the smart meter draft rate order submitted on October 23, 2012. If not, please update.

4-Staff-38

Ref: Exh 4-8-1

Bluewater Power is proposing an adjustment of $92,369 related to the 2013 addition of smart meter software to the 2013 PILs calculation. The adjustment amount is calculated based on Bluewater Power's final spending on smart meter software of $770,255 in the year 2012. For PILs purpose, the capital expenditure of $770,255 was included in the smart meter model as a Class 12, resulting in a one-time tax saving of $123,158 in 2013.

Bluewater Power claims that the adjustment is required because the $123,158 grossed-up tax savings is a one-time tax savings pertaining to the 2013 test year only and without the adjustment it would result in a total under-recovery of $369,474 ($123,158 over 3 years) of grossed-up PILs.

In the 2013 PILs model, it is noted that there is a total addition of $993,685 for class 12 computer software on Schedule 8 CCA for 2013.

a) Please update the figure of $770,255 with the Board approved amount for smart meter application in EB-2012-0263 and update the adjustment amount accordingly.
b) Please explain why Bluewater Power would not be able to claim CCA on the 50% of the smart meter software in its 2014 tax return based on the half–year rule prescribed by Canada Revenue Agency.
c) Please confirm that smart meter software is included in the total addition on schedule 8 CCA for 2013. If so, please provide the reasons why the PILs treatment of smart meter software should be different than any other software addition for the test year.
d) Please provide any regulatory precedence of adjusting the PILs provision to spread out the tax savings over the IRM period.
e) Bluewater Power's proposal with respect to the PILs adjustment reflects a 4 year period, consistent with 3rd generation IRM. The *Report of the Board – Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach*,

October 18, 2012, states, “The Board has determined that the term for 4th Generation IR will be five years (rebasing plus 4 years).” Has Bluewater Power considered the impact of this change to a five year term and how it will affect the proposal in the current application? If yes, please explain.

4-Staff-39
Ref: Exh 4-8-3 page 3
Ref: Exh 4-8-3 Attachment 1
Bluewater Power states that it does not anticipate having any tax credits in 2013 and therefore no amounts are included in the final PILs calculation.

It is noted in the PILs tax provision calculation for historical year 2011 in the PILs model that $93,530 is included in the line of miscellaneous tax credits for the 2011 historical year but no miscellaneous credit amounts are included for 2012 bridge year PILs provision and 2013 test year PILs provision.

Please explain the nature of miscellaneous tax credits of $93,530 in 2011 and explain why the tax credits are not applicable for 2012 and 2013.

Exhibit 5 – Capital Structure and Cost of Capital

5-Staff-40
Ref: Exh 5-1-1
Bluewater Power’s debt instruments include promissory notes to shareholders and third party borrowing with Infrastructure Ontario. At page 2 it states that the first debenture with Infrastructure Ontario was set as a 10 year debenture at 3.37% as of September 15, 2010. The summary provided as Appendix 2-OB lists a date of September 15, 2011. Please explain the difference.

Exhibit 7 – Cost Allocation

7-Staff-41
Ref: Exh 7-1-1 and Appendix 2-P
Ref: Decision EB-2011-0153
The Board approved a revenue to cost ratio of 1.03 for the GS<50 kW class in proceeding EB-2011-0153. This ratio is summarized in the evidence at page 2 of Exh 7-1-1 in the current proceeding. Please explain why the current revenue to cost ratio for the GS<50 kW class is shown as 1.05 in Appendix 2-P.

7-Staff-42
Ref: Exh 7-1-1
At page 4 of the reference, Bluewater Power states that its policy “is to charge customers other than residential customers for the cost of their service such that there are no service costs being booked to account 1855 for non-residential customers.” Bluewater Power has proposed 2013 services weighting factors of “0” for all customer classes except residential. Please confirm whether the policy stated on page 4 of the

reference refers to capital contributions as well as any subsequent related OM&A expenses.

7-Staff-43

Ref: Exh 7-1-1

At page 7, Bluewater Power states that it could not justify the disparity of the classes to the extent that the Board's default weighting factors identified for billing and collecting. The Report of the Board – *Review of Electricity Distribution Cost Allocation Policy* (March 31, 2011) states that a factor affecting the level of effort in billing and collecting is the complexity of the bill. The report also states that billing software costs are a component of billing costs. Please explain how these factors were considered in the determination of the weighting factors listed on page 8 of the evidence and used in the cost allocation model.

Exhibit 8 – Rate Design

8-Staff-44

Ref: Exh 8-2-1 Tables 5, 6 and 8, Appendix 2-V

A transformer ownership allowance credit applies to the GS>50 to 999 kW, GS>1000 to 4999 kW and Large Use customer classes. Board staff notes that the fixed revenue component for these three classes differs in Tables 5, 6 and 8. Please review and make appropriate corrections. Please confirm whether the corrected data in this exhibit is consistent with the revenue reconciliation presented in Appendix 2-V.

8-Staff-45

Ref: Exh 8-3-1

On December 20, 2012, the Board issued updated Uniform Transmission Rates that are effective January 1, 2013. Please file a revised RTSR workform that reflects the new UTR.

8-Staff-46

Ref: Exh 8-3-2

Bluewater Power charges retailers for services related to the supply of competitive electricity to consumers.

a) Please confirm whether or not the applicant has followed Article 490, Retail Services and Settlement Variances of the Accounting Procedures Handbook for Account 1518 and Account 1548. Please explain if the applicant has not followed Article 490. In other words, please confirm that the higher of, the relevant revenues (i.e. account 4082, Retail Services Revenue and/or account 4084, STR Revenue) and the incremental expenses in the associated expense accounts (i.e. account 5315, Customer Billing, and possibly 5305, Supervision and 5340, Miscellaneous Customer Accounts Expenses) is reduced (i.e. revenues debited or expenses credited) at the end of each period, with an offsetting entry to the variance account. Please explain if the applicant has not followed Article 490, and if so, please quantify the variance.

b) Please confirm that all costs incorporated into the variances reported in Account 1518 and Account 1548 are incremental costs of providing retail services.

8-Staff-47

Ref: Exh 8-3-5

Bluewater Power has projected 2013 LV costs based on the actual demand for each of the six Hydro One delivery points. The proposed rates in the Hydro One proceeding EB-2012-0136 were applied to estimate the 2013 LV costs. Please update the 2013 LV costs based on the Sub-Transmission rates found in the rate order issued on December 20, 2012.

8-Staff-48

Ref: Exh 8-3-6 Table 2

The distribution loss factors (“DLF”), and the supporting data, for the period 2007 to 2011 are summarized in Table 2. The amount of distributed generation has increased significantly in the 5 year period. Bluewater Power’s distribution losses are less than 5%, however, there is a trend of increasing DLF in the 5 year period. Please explain the factors that are contributing to the trend, particularly as the amount of distributed generation is increasing each year.

Exhibit 9 – Deferral and Variance Accounts

9-Staff-49

Ref: Exh 9-1-1

Ref: Exh 9-1-2

As per the settlement agreement for Bluewater Power’s 2009 rate application EB-2008-0221, Account 1572 is to record the net distribution revenues from two customers that were known at the time to be closing.

In the current application, Bluewater Power is proposing a refund of the 2012 year-end balance of $355,670 for accounts 1572 Extra-Ordinary Event Costs including a forecast amount in 2012. Bluewater Power states that if the Board requires settlement based on audited amounts, then Bluewater Power will request disposition during the 2014 IRM rate application.

Bluewater Power also indicates that the Group 2 accounts submitted for disposition in this rate application, including 1572, will not continue going forward assuming final disposition. Board staff summarizes the balance for account 1572 in the following table:

	Audited 2011 Balance	2012 - 7 month revenues based on billings	2012 - 5 month revenues forecasted	2012 balance requested in this application
Account 1572	-342,101	-9,499	-4,070	-355,670

Bluewater Power states that the $342,101 of net distribution revenues from these two customers (or locations) is broken down as $273,487 in 2009, $49,615 in 2010 and $18,999 in 2011.

a) Please update 2012 actual and forecast figures using Bluewater Power's billing system if the numbers are different than the proposed ones.
b) Net distribution revenues recorded in account 1572 are $49,615 in 2010 and $18,999 in 2011. Please confirm that the auditor has performed the necessary procedures to confirm the completeness of the net distribution revenues in 2010 and 2011.
c) Please confirm that there will not be any revenues generated from these two customers (or locations) after 2012. If not, please explain how Bluewater Power proposes to address these future revenues.

9-Staff-50

Ref: Exh 9-1-3

Ref: EB-2012-0263 and EB-2008-0221

At page 3 it states that the net recoverable stranded meter amount from customers at December 31, 2012 is $1,928,303. In response to interrogatories related to Bluewater Power's smart meter application, the NBV of stranded conventional meters was estimated to be $1,897,063. Please explain the difference.

9-Staff-51

Ref: Exh 9-1-3

Bluewater Power has proposed stranded meter rate riders ("SMRR") of $2.25 per month for residential customers and $2.24 per month for GS<50 kW customers applicable for two years. In *Guideline G-2011-0001: Smart Meter Funding and Cost Recovery – Final Disposition* ("Guideline G-2011-0001"), issued December 15, 2011, the Board states its expectation that proposals for the SMRR would reflect an allocation of the stranded meter costs reflecting the net book value of the conventional meters stranded by replacement by smart meters. In Section 3.7, page 22, of Guideline G-2011-0001, the Board states:

> The distributor should determine and support its proposed allocation, based on the principles of cost causality and practicality. The stranded meter NBV should be recovered through rate riders for applicable customer classes. A distributor must outline the manner in which it intends to allocate the stranded meter costs to the applicable customer rate classes and the rationale for the selected approach. If a distributor has recorded the NBV of the stranded meters by customer class, it should propose class-specific rate riders for each applicable class (Residential, GS < 50 kW and any other classes approved by the Board for smart meter deployment). If the NBV is not known on a class-specific basis, a distributor should propose an allocation between the affected metered customer classes and support its proposal.

In sheet 7.1 of the cost allocation model filed with the current application, it indicates that the capital costs of Residential and GS<50 kW smart meters are, respectively, $71.56 and $276.24. In other words, the average cost of a GS<50 kW smart meters is close to four times that of a residential smart meter. Since we are dealing with the net book value of the conventional meters, the capital cost of smart meters is not an appropriate proxy. However, capital cost data from sheet I7.1 of the 2006/7 Cost Allocation Informational Filing would have comparable information on the conventional meters.

a) Please provide a copy of Sheet I7.1 from Bluewater Power's 2006/7 Cost Allocation Informational Filing.
b) Based on the information provided in a), please provide class-specific SMRRs for the Residential and GS<50 kW customer classes. Please adequately document the methodology for allocating the costs between the classes.
c) Please indicate Bluewater Power's preference, with reasons, for either a uniform or class-specific SMRR.

9-Staff-52
Ref: Exh 9-1-4
Ref: Filing Requirements for Electricity Transmission and Distribution Applications (last revised on June 28, 2012)
<u>Ref: Accounting Procedures Handbook, FAQ December 2010</u>
Section 2.12.2 of Filling Requirements last revised June 28, 2012 states that

> The applicant must provide an analysis that supports the applicant's conformity with December 2010 APH FAQs, in particular the example shown in FAQ #4.

APH FAQ #3 issued December 2010 indicates that a distributor should not record in the sub-account the incremental HST on items not previously subject to PST, such as natural gas and electricity utility costs that became subject to the HST at 13% but are subject to recaptured ITC requirements, thus nullifying the ITCs.

Bluewater Power states that it disagrees with this direction and records the adjustment in Account 1592 for $11,526 annually for the incremental cost incurred by Bluewater Power due to Restricted ITC. Bluewater Power provides its projected 1592 HST balance as of April 30, 2013 related to OM&A expenses in Table 2 on page 5 of Exh 9-1-4.

As per Section 2.12.2 of Filling Requirements and APH FAQs #3, please restate Table 2 without the annual adjustment of $11,526 related to the incremental cost incurred by Bluewater Power.

9-Staff-53
Ref: Exh 9-1-4
Ref: Filing Requirements for Electricity Transmission and Distribution Applications (last revised on June 28, 2012)
<u>Ref: Accounting Procedures Handbook, FAQ December 2010</u>
Section 2.12.2 of Filling Requirements last revised June 28, 2012 states that

The applicant must provide an analysis that supports the applicant's conformity with December 2010 APH FAQs, in particular the example shown in FAQ #4.

APH FAQ #4 indicates that for any period before the rebasing that occurs after July 1, 2010, the PST savings would be included in the annual depreciation of the capital items and be recorded in Account 1592 sub-account HST/OVAT Input Tax Credits (ITCs). Bluewater Power disagrees with this assertion.

Bluewater Power states that the 2009 capital assets additions included PST and these test year capital additions formed the basis for the depreciation collected in rates and the depreciation related to the capital costs incurred between January 1, 2010 and April 30, 2013 have not been included in rates until the 2013 rebasing. As a result, there is no incremental savings for 2009 and for 2010 to 2013.

As a result, Bluewater Power has not recorded any amounts related to the PST saving on the depreciation related to capital additions from July 1, 2010 to April 30, 2013 in Account 1592.

a) As per Section 2.12.2 of Filling Requirements, please provide the analysis following the APH FAQ #4, i.e. using 2009 capital additions as proxy to calculate the PST savings on depreciation related to capital additions from July 1, 2010 to April 30, 2013.
b) After completing this analysis, please provide an updated balance in Account 1592 PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs) and also update any other related evidence where appropriate.

9-Staff-54

Ref: Exh 9-1-5 Attachment 3
Ref: Exh 8-4-1 Attachment 1
Ref: Exh 8-4-1 Attachment 2
Please update these and any other exhibits to reflect the rate order issued in Bluewater Power smart meter proceeding EB-2012-0263 issued on November 8, 2012.

9-Staff-55

Ref: Exh 9-2-1
Bluewater Power seeks recovery of $121,683 in 1508 sub-account – Deferred IFRS Transition Costs.

Bluewater Power states that the $121,683 includes an estimated audit fee of $28,500 in 2013. The estimated audit fee relates to the audit of the 2012 opening IFRS balance sheet and the 2012 CGAAP-IFRS conversion audit.

The account balance includes a total of $85,810 professional accounting fees which is related to KPMG's consulting services provided to Bluewater Power for the implementation of the IFRS project. Board staff notes from Appendix 2-U the majority of this cost incurred in 2009.

Bluewater Power states that if the Board requires settlement based on the audited amount of $91,437, Bluewater Power then requests review and disposition of this account in the 2014 IRM proceeding.

In its decision summary issued in September 2012, the Canadian Accounting Standards Board decided to extend the existing deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities by an additional year to January 1, 2014.

a) Please confirm that the estimated audit fee of $28,500 in 2013 will be incurred given the further deferral allowed by Canadian Accounting Standard Board. If not, please update Appendix 2-U.
b) For the professional accounting fees of $85,810, please confirm that none of this cost was included in the 2009 base revenue requirement.
a) The account balance includes $1,611 for professional legal fees related to the Board's section 30 cost awards for consultations on IFRS. Are these costs also included in the regulatory costs summarized in Appendix 2-M?
b) The account balance includes $1,775 related to IFRS seminars and courses. Please confirm that these seminars and courses are incremental to Bluewater Power's training budget included in base distribution rates.

9-Staff-56
Ref: Exh 9-3-1 Pages 1-3
Ref: Exh 9-3-1 Attachment 2
Ref: Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003), Section 13: LRAM
LRAM for pre-2011 CDM Activities: Bluewater Power has requested recovery of an LRAM amount for persisting lost revenues from 2006 to 2010 CDM programs in 2011 for the total amount of $146,861 not including carrying charges. Bluewater Power has requested recovery over a two-year period.

Bluewater Power has also included a request for approval of $6,356 in carrying charges associated with the entirety of its lost revenue request, inclusive of both LRAM amounts for persisting savings from 2006-2010 CDM programs in 2011 and LRAMVA amounts for 2011 CDM program savings in 2011.

Board staff notes that section 13.6 of the 2012 CDM Guidelines states that it is the Board's expectation that LRAM for pre-2011 CDM activities should have been completed with the 2012 rate applications, outside of persisting historical CDM impacts realized after 2010 for those distributors whose load forecast has not been updated as part of a cost of service application.

a) Please discuss whether Bluewater Power will seek recovery of persisting lost revenues from 2006-2010 CDM programs in 2012 in this application.
b) If the answer to (a) is yes, please provide supporting evidence for the persisting lost revenues in 2012 from 2006-2010 CDM programs in the same manner as has been provided in the Elenchus LRAM/LRAMVA report for the persisting lost revenues of 2006-2010 CDM programs in 2011.
c) If the answer to (a) is no, please confirm that Bluewater Power foregoes the opportunity to recover the persisting lost revenues from 2006-2010 CDM programs in 2012.
d) Please recalculate the carrying charges to provide carrying charges specific to only those lost revenues associated with the LRAM amount for persisting 2006-2010 CDM savings in 2011. Do not include any lost revenues associated with 2011 CDM programs in this calculation.
e) Please provide separate rate riders specific to Bluewater Power's requested LRAM amount for persisting lost revenues from 2006-2010 CDM programs in 2011 (and 2012 if Bluewater Power updates its application based on the interrogatories above). Do not include any LRAMVA amounts associated with 2011 CDM programs in the LRAM rate riders.

9-Staff-57
Ref: Exh 9-3-1 Attachment 2
Ref: Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003), Section 13: LRAM
Ref: Chapter 2 of the Filing Requirements for Electricity Transmission and Distribution Applications, Last Revised on June 28, 2012, Section 2.7.10: CDM Costs
Bluewater Power has requested recovery of an LRAMVA amount for 2011 lost revenues from 2011 CDM programs in the total amount of $84,030, not including carrying charges. Bluewater Power has requested recovery over a two-year period.

Bluewater Power has also included a request for approval of $6,356 in carrying charges associated with the entirety of its lost revenue request, inclusive of both LRAM amounts for persisting savings from 2006-2010 CDM programs and 2011 CDM programs.

a) Please recalculate the carrying charges included in the application for only those lost revenues associated with the LRAMVA amount for 2011 CDM program savings in 2011. Do not include any lost revenues associated with persisting 2006-2010 CDM programs in this calculation.
b) Please provide separate rate riders for Bluewater Power's requested LRAMVA amount associated with 2011 CDM programs. Do not include any LRAM separate from LRAM amounts for persisting 2006-2010 CDM programs in the LRAMVA rate riders.