

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Bluewater
Power Distribution Corporation for an order approving just and
reasonable rates and other charges for electricity distribution to
be effective May 1, 2013.

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

January 11, 2013

**BLUEWATER POWER DISTRIBUTION CORPORATION
2013 RATES REBASING CASE
EB-2012-0107**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

Energy Probe # 1

Ref: Exhibit 1, Tab 1, Attachment 1

Please confirm that no costs associate with the Board of Directors of any of the affiliates shown in Attachment 1, including the parent holding company, have been recovered in the revenue requirement of the regulated distribution company. If this cannot be confirmed, please provide the amount included associated with each affiliate.

Energy Probe # 2

Ref: Exhibit 1, Tab 2, Schedule 1

Please confirm that Bluewater Power has adopted MIFRS as of January 1, 2013 and that it has not delayed the adoption of IFRS until January 1, 2014, which is now an option for the company.

Energy Probe # 3

Ref: Exhibit 1, Tab 2, Schedule 1, pages 9 - 10

Are any adjustments required to the application as a result of the EB-2012-0263 Decision received in October 2012? If yes, please provide a description of the changes required and a table that shows the impact on the revenue requirement, broken down into each of the components of the change.

Energy Probe # 4

Ref: Exhibit 1, Tab 2, Schedule 1, page 7

Bluewater Power states that it intends to move from bi-monthly billing to monthly billing at an incremental cost of \$322,000.

- a) Which rate classes does Bluewater Power currently bill on a monthly basis and how long has this frequency been in place?**
- b) Which rate classes does Bluewater Power currently bill on a bi-monthly basis that will be moved to monthly and how has this frequency been in place?**
- c) What impact will the move from bi-monthly to monthly billing have on the cash flow of the company?**

Energy Probe # 5

Ref: Exhibit 1, Tab 2, Schedule 3, page 2

What 3 years were utilized in the development of the trend forecast for the 2013 test year?

Energy Probe # 6

**Ref: Exhibit 1, Tab 2, Schedule 5 &
Exhibit 1, Tab 2, Schedule 6**

- a) Please reconcile the total gross revenue requirement of \$22,377,919 shown in Table 1 of Schedule 6 with the Total Revenue of \$22,956,939 shown in Table 1 of Schedule 5. What is the difference related to?**
- b) Please explain why there is no Low Voltage revenue shown in Table 1 in Schedule 6 for the 2013 test year when there was revenue in this line item in the 2009 Board Approved column.**

EXHIBIT 2 – RATE BASE

Energy Probe # 7

Ref: Exhibit 2, Tab 1, Schedule 2, Attachment 2

- a) Please explain why Bluewater Power has included adjustments for stranded meters and smart meters in the calculations shown for 2012. In particular, please confirm that smart meters are not included in the 2012 rate base and that the stranded meters are included in the calculation of the 2012 rate base and that these adjustments are made at year end 2012 to ensure the inclusion of smart meters and exclusion of stranded meters at the beginning of 2013 for rate base calculation purposes.**
- b) Please explain the difference in the stranded meter adjustments shown under CGAAP and MIFRS.**

Energy Probe # 8

Ref: Exhibit 2, Tab 2, Schedule 1

- a) What is the impact on the 2013 test year rate base as a result of the change in the overhead rate from 10% to 12% in 2011?**
- b) What is the impact on the 2013 test year depreciation expense as a result of the change in the overhead rate from 10% to 12% in 2011?**
- c) What is the impact on the 2013 test year revenue requirement as a result of the change in the overhead rate from 10% to 12% in 2011?**
- d) What is the impact on the 2013 test year rate base as a result of the change in the overhead rate from 10% to 13.8% in 2012?**
- e) What is the impact on the 2013 test year depreciation expense as a result of the change in the overhead rate from 10% to 13.8% in 2012?**
- f) What is the impact on the 2013 test year revenue requirement as a result of the change in the overhead rate from 10% to 13.8% in 2012?**

Energy Probe # 9

Ref: Exhibit 2, Tab 2, Schedule 4

Please provide a table for each of 2009, 2010, 2011 and 2012 (if actual data is available) that shows the depreciation expense actually recorded in each year as compared to what the depreciation expense would have been if it had been calculated using the half year rule.

Energy Probe # 10

Ref: Exhibit 2, Tab 2, Schedule 4, Attachment 1

Please add columns to the table to show the ranges as suggested as guidelines by the Kinectrics Report.

Energy Probe # 11

Ref: Exhibit 2, Tab 3, Schedule 2, Attachment 2

- a) Please provide updated schedules for 2012 in the format of Appendix 2-B as filed on both a CGAAP and MIFRS basis based on actual data for 2012. If actual data for all of 2012 is not yet available, please update the schedules based on the most recent year to date information available, along with an estimate for the remaining period in 2012. Please also indicate when actual information for 2012 will be available.**
- b) For each account in 2009 through 2013 for which there is an associated contribution and grant, please show the gross additions to the account and the amount of the contribution & grant associated with the account. Please ensure that the contributions and grants add up to the totals shown in the schedules.**

Energy Probe # 12

Ref: Exhibit 2, Tab 4, Schedule 3

- a) Please update Tables 1, 2 and 4 to reflect actual data for 2012. If actual data for all of 2012 is not yet available, please update the tables to reflect the most recent year to date data available for 2012, along with estimates for the remaining months of 2012.**

- b) Please explain why the total expenditures shown in Table 1 for 2012 under CGAAP and MIFRS do not match the total figures shown in Attachment 1 in the line labelled "Total Spending per Exh. 2, Tab 4, Sch 3, Att 1", while they do for all other years.
- c) What is the current status of Project ID O1 (Building Renovations/ Expansions) shown in Attachment 1? In particular, was the project completed by the end of 2012, and if so, please provide the actual costs associated with this project.

Energy Probe # 13

Ref: Exhibit 2, Tab 5, Schedule 1

- a) Please show the calculation of the weighted average commodity price of \$0.810/kWh and provide the data upon which the RPP and non-RPP loads were determined. Please also show the RPP and non-RPP prices and how they were derived from the April 2, 2012 Navigant report.
- b) Please update Attachment 1 to reflect the OEB's Regulated Price Plan Report dated October 17, 2012.

EXHIBIT 3 – REVENUE

Energy Probe # 14

Ref: Exhibit 3, Tab 1, Schedule 1

- a) Please update Tables 6, 7 and 8 to reflect actual 2012 data.
- b) Is the customer count based on the average of the opening and closing number of customers in the year, or the average of each of the 12 months in the year?
- c) Please provide the normalized figures for each rate class for 2009 and 2010 in Tables 7 and 8.
- d) Please provide the normalized figures for each rate class for 2012 in Tables 7 and 8.
- e) Please update Tables 9, 10 and 11 to reflect actual normalized data for 2012.
- f) Please update the second set of Tables 10 and 11 to reflect actual data for 2012 for the large use and USL customers.

- g) Please update the tables in Attachment 1 to reflect actual and normalized actual data for 2012.**

Energy Probe # 15

Ref: Exhibit 3, Tab 1, Schedule 2, Attachment 1

- a) Was any attempt made at forecasting average use per customer using econometric analysis? If not, why not?**
- b) Please confirm that Bluewater Power had monthly sales data by rate class beginning in January, 2006. If this cannot be confirmed, please indicate when it had monthly sales data by rate class.**
- c) Please provide the consumption for Customer D (page 8) for the May through December, 2012 and the corresponding period in 2011. Please also provide the cooling degree days for each of these two periods.**
- d) Please update Tables 12 through 22 to reflect actual data for 2012.**
- e) With respect to Table 14, please explain why the average growth rate of 0.6% for 2007 through 2011 was used instead of the average annual compound growth rate for 2006 to 2011? Please provide the 2012 and 2013 figures based on the use of the average annual compound growth rate in volumes between 2006 and 2011.**
- f) Please explain how the 0.6% growth rate used for 2012 and 2013 shown in Table 15 was derived, since it does not appear to be the average of the percent changes shown for 2007 through 2011, which average 0.8%.**
- g) Please calculate the 2012 and 2013 figures in Table 15 using the average annual compound growth rate for 2006 to 2011.**
- h) With respect to Table 16, please explain why the average growth rate of -0.4% for 2007 through 2011 was used instead of the average annual compound growth rate for 2006 to 2011? Please provide the 2012 and 2013 figures based on the use of the average annual compound growth rate in volumes between 2006 and 2011.**
- i) Please explain how the -0.4% growth rate used for 2012 and 2013 shown in Table 15 was derived, since it does not appear to be the average of the percent changes shown for 2007 through 2011, which average -0.5%.**

- j) Please calculate the 2012 and 2013 figures in Table 17 using the average annual compound growth rate for 2006 to 2011.
- k) Please update Tables 23 and 24 to reflect actual and normalized data for 2012.
- l) Please provide an explanation of how the normalized figures have been calculated. Please provide an example that shows how the 2011 actual residential consumption shown in Table 23 was converted into the normalized figure shown.

Energy Probe # 16

Ref: Exhibit 3, Tab 2, Schedule 1

- a) Please update Table 1 to reflect actual data for 2012. If actual data is not yet available for 2012, please provide the most recent year-to-date actuals for 2012 in the same level of detail as shown in Table 1, along with the figures for the corresponding year-to-date period in 2011.
- b) Please update Table 2 to reflect actual data for 2012. If actual data is not yet available for 2012, please provide the most recent year-to-date actuals for 2012 in the same level of detail as shown in Table 2, along with the figures for the corresponding year-to-date period in 2011.
- c) Please update Table 3 to reflect actual data for 2012. If actual data is not yet available for 2012, please provide the most recent year-to-date actuals for 2012 in the same level of detail as shown in Table 3, along with the figures for the corresponding year-to-date period in 2011.
- d) Please update Table 8 to reflect actual data for 2012. If actual data is not yet available for 2012, please provide the most recent year-to-date actuals for 2012 in the same level of detail as shown in Table 8, along with the figures for the corresponding year-to-date period in 2011.

EXHIBIT 4 – OPERATING COSTS

Energy Probe # 17

Ref: Exhibit 4, Tab 1, Schedule 1, Table 2

- a) Do the figures in Table 2 represent year-end figures of monthly averages for the year?
- b) Please update Table 2 to reflect actual data for 2012.

- c) **If Table 2 does not represent year-end figures, please show the year-end FTE counts for 2012.**

Energy Probe # 18

Ref: Exhibit 4, Tab 1, Schedule 1, page 9

Has Bluewater Power done any cost benefit analysis of the impacts of moving from bi-monthly to monthly billing on such things as bad debt expense, cash flow improvement, etc.? If not, why not? If yes, please provide all of the analysis completed on the subject.

Energy Probe # 19

Ref: Exhibit 4, Tab 1, Schedule 1, Attachment 1

Please update the table shown in Attachment 1 to reflect actual data for 2012. If actual data for all of 2012 is not yet available, please provide the most recent year-to-date actual data available for 2012 in the same level of detail as shown in Attachment 1. Please also provide the figures for the corresponding period in 2011.

Energy Probe # 20

Ref: Exhibit 4, Tab 1, Schedule 1

Please reconcile the total recoverable expenses shown in Attachment 1 with the net OM&A figures shown in Table 2.

Energy Probe # 21

Ref: Exhibit 4, Tab 2, Schedule 2

- a) **What is the impact in the test year if the assumed 3% increase for non-unionized employees was reduced to 2%?**
- b) **What is the impact in the test year if the assumed 3% increase for non-union employees was reduced to 2%?**
- c) **What is the impact, based on parts (a) and (b) above relative to the \$344,000 increase shown for the test year shown in the table under driver 2?**

- d) **What is the impact, based on parts (a) and (b) above, on the increase shown for the test year under driver 6 (benefits) and under driver 8 (OMERS)?**
- e) **Please provide more details on the need to improve read dates to meet the Service Level Agreement noted under driver 4.**
- f) **Are the software fees of \$47,000 noted under driver 4 an annual expense or a one-time expense?**
- g) **Please explain the increase in 2012 shown under driver 5 related to the net change in FTEs despite the reduction in the number of FTEs in 2012.**
- h) **Has Bluewater Power made any adjustment to the 2013 bad debt cost (driver 7) to reflect the impact of moving to monthly billing for customers? If not, why not?**
- i) **Given the increase in FTEs forecast for 2013 versus 2012 for unionized positions, why is there no additional savings shown in driver 13 related to overtime in 2013?**

Energy Probe # 22

Ref: Exhibit 4, Tab 2, Schedule 2

- a) **Please indicate in which account costs associated with membership in the Electricity Distributors Association (EDA) are recorded.**
- b) **Please provide the actual and forecasted costs associated with the EDA membership in each of 2009 through 2013, including the actual cost for 2012.**

Energy Probe # 23

Ref: Exhibit 4, Tab 2, Schedule 3

- a) **Please confirm that none of the rate application costs shown in Table 1 in the 2012 bridge year column have been, or will be, recorded as an expense in 2012. If this cannot be confirmed, please provide an estimate of, or the actual amount associated with the current rate proceeding that will be booked as an expense in 2012.**
- b) **What assumptions have been made with respect to the consultant, legal and intervenor costs related to time associated with the potential need for an oral hearing and submissions?**

Energy Probe # 24

Ref: Exhibit 4, Tab 1, Schedule 1, Attachment 1

- a) **Please provide the actual Taxes Other Than Income Taxes for 2012.**
- b) **Please confirm that this line item contains only property taxes in 2012 and 2013. If this cannot be confirmed, please indicate what other expenses are recorded here in 2012 and 2013.**
- c) **Please provide the actual property taxes for 2009 through 2012, along with the forecast for 2013.**
- d) **How much of the increase in property taxes between 2012 and 2013 is related to the building addition?**

Energy Probe # 25

Ref: Exhibit 4, Tab 4, Schedule 1

- a) **How was the COLA adjustment of 3% determined? Was the figure of 3% part of a negotiated agreement or is it related to some measure of inflation? If the latter, please explain what the COLA is related to.**
- b) **What is Bluewater Power's policy with respect to unused vacation and the associated payouts?**
- c) **Which group of employees are eligible for overtime and which group of employees are not eligible for overtime?**
- d) **For each of 2009 through 2012, please provide the total number of employees that were eligible for progression and the corresponding number that successfully reached their next progression in each of those years.**
- e) **Have employees taken advantage of the maximum available benefit in each of 2009 through 2012? If not, please provide the percentage of the maximum available benefit that was utilized. Please also provide the reduction in costs to Bluewater Power as a result of employees not taking advantage of the maximum available benefit.**
- f) **For each year shown in Appendix 2-K, please indicate what percentage the total incentive pay shown is of the total potential incentive pay.**

- g) **There is an increase of 5.17 Union FTEs shown for 2013 as compared to 2012. Do any of these FTEs represent apprentice positions? If yes, please indicate how many are the result of the forecast hiring of apprentices. Are these positions being used to plan for retirements over the next few years?**

Energy Probe # 26

Ref: Exhibit 4, Tab 7, Schedule 1

The evidence indicates that Bluewater Power's historical accounting practice is to commence recording depreciation expense in the month an asset enters service. However, the depreciation expense calculated for 2011 in Attachment 1 appears to show the use of the half year rule to arrive at the total for depreciation.

- a) **Has Bluewater Power adjusted the depreciation rates shown in Attachment 1 in order to balance the depreciation calculated using the half year rule with its practice of recording depreciation expense in the month an asset enters service?**
- b) **If the response to part (a) is no, please reconcile the calculation shown in Attachment 1 with the written evidence and explain how the two different methodologies arrive at the same depreciation expense.**

Energy Probe # 27

Ref: Exhibit 4, Tab 8, Schedule 1

- a) **Was the tax savings related to the CCA deduction in 2012 related to the smart meter software reflected in the amount of the final disposition of the smart meter costs in EB-2012-0263?**
- b) **Please confirm that Bluewater Power will have increased CCA claims over the IRM period associated with all capital expenditures in those years.**
- c) **Please confirm that Bluewater Power will have increased CCA claims in 2014 and subsequent years because of the all of additions in 2013 as a result of the half year rule being applied in 2013.**
- d) **Please provide an estimate of the CCA claim for each of 2014, 2015 and 2016 based on the current capital expenditures forecast for each of these years. Based on this forecast, what would be the amount associated with the PILs calculation if these amounts were amortized over four years to reduce current rates to customers?**

- e) **What is the NBV amount included in the test year rate base associated with the smart meter software?**
- f) **What is the depreciation expense included in the revenue requirement for the test year associated with the smart meter software?**
- g) **Please provide the NBV amount for each of 2014, 2015 and 2016 associated with the smart meter software.**
- h) **Please provide the depreciation expense for each of 2014, 2015 and 2016 associated with the smart meter software.**

Energy Probe # 28

Ref: Exhibit 4, Tab 8, Schedule 3

- a) **Please explain why Bluewater Power believes that the \$91,220 associated with account 1575 should be added to the depreciation expense for PILs purposes?**
- b) **Did Bluewater Power have any tax credits in 2011 or 2012, such as the SR&ED Tax Credit, Federal Apprenticeship Job Creation Tax Credit, the Ontario Co-Operative Education Tax Credit or the Ontario Apprenticeship Training Tax Credit? If so, please provide the actual amount for each of the credits.**
- c) **If Bluewater Power did have any of the tax credits noted in part (b) above, please explain why no tax credits have been forecast for 2013.**
- d) **Please provide the number of positions eligible for each of the tax credits noted in part (b) related to job creation, apprenticeship training and co-operative education.**

Energy Probe # 29

Ref: Exhibit 2, Tab 3, Schedule 2, Attachment 2 & Exhibit 4, Tab 8, Schedule 3, Attachment 1

- a) **It appears that in both 2012 and 2013 that Bluewater Power has put computer equipment - hardware (account 1920) into CCA Class 10 rather than Class 50. Please explain.**
- b) **Did Bluewater Power claim computer equipment - hardware (account 1920) as CCA Class 10 or 50 in its 2011 PILs filing?**

- c) Please provide the change to the 2013 test year CCA claim if the capital expenditures in account 1920 for both 2012 and 2013 are put in CCA Class 50 rather than Class 10.
- d) Please explain why the costs in account 1908 (buildings and fixtures) have been put in CCA Class 1 in both 2012 and 2013 rather than in Class 1 Enhanced. Do the expenditures in account 1908 in 2012 qualify to be in CCA Class 1 Enhanced? If no, please explain fully.

EXHIBIT 5 - CAPITAL STRUCTURE AND COST OF CAPITAL

Energy Probe # 30

Ref: Exhibit 5, Tab 1, Schedule 1

- a) Please reconcile the date of September 15, 2010 shown at line 15 of page 2 with the date of September 15, 2011 shown in Appendix 2-OB for 2013.
- b) Please explain why there is no Advance from Infrastructure Ontario shown for 2013, as there was in previous years, at a variable rate in those years of 1.75%.
- c) What is the amount of the advance in 2013 from Infrastructure Ontario prior to its conversion to a fixed rate debenture as of September 15, 2013? What is the current and forecasted rate for this debt for the beginning of 2013 up to the conversion date?
- d) What is the current Infrastructure Ontario rate for a 10 year term, as proposed by Bluewater Power?
- e) Please provide a copy of all loan/debenture agreements with Infrastructure Ontario.

EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS

Energy Probe # 31

Ref: Exhibit 9, Tab 1, Schedule 3

- a) Does the Bluewater Power approach to setting a rate rider for the recovery of stranded meter costs implicitly assume that the historical cost of a residential meter is equivalent to that of a GS < 50 meter? If so, does Bluewater Power believe this is a reasonable assumption?

- b) What were the relative weighted meter costs for the residential and GS < 50 classes in the cost allocation filing used in the 2009 cost of service application?**
- c) What are the relative weighted meter costs for the residential and GS < 50 classes in the cost allocation filing used in this cost of service application?**