

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.

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

February 21, 2013

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

**ENERGY PROBE RESEARCH FOUNDATION
SUPPLEMENTAL INTERROGATORIES**

EXHIBIT 1 – ADMINISTRATIVE DOCUMENT

1.0-Energy Probe-32

Ref: 1.0-Staff-2, Attachment 1

Please explain the decrease in distribution revenue from \$18,420,658 to \$18,275,857 as shown in the At Proposed Rates column of the Interrogatory Responses on the Revenue Deficiency/Sufficiency Sheet of the RRWF.

1.0-Energy Probe-33

**Ref: 1.0-SEC-12 &
1.0-Staff-2**

Based on the revised revenue requirement and rate impacts provided in the response to 1.0-Staff-2, please calculate the weighted average increase from 2012 to 2013 in distribution rates only, excluding the impacts associated with rate riders or adders and transmission related costs.

1.0-Energy Probe-34

Ref: 1.0-Energy Probe-2

Based on the response provided, please confirm that there is no PP&E deferral account (1575) to be disposed of as part of this application.

EXHIBIT 2 – RATE BASE

2.0-Energy Probe-35

**Ref: 2.0-Energy Probe-11 &
1.0-Energy Probe-2**

Given that Bluewater will not be converting to IFRS in 2013, please provide a continuity schedule for 2013 based on Modified CGAAP (modified for the change in capitalization and depreciation), based on the 2012 CGAAP preliminary actuals continuity schedule provided in 2.0-Energy Probe-11.

2.0-Energy Probe-36

Ref: 2.0-Energy Probe-9

Has Bluewater Power now had sufficient time to determine and analyse the monthly data for 2012 to provide an estimate of the Recorded depreciation for 2012?

EXHIBIT 3 – REVENUE

3.0-Energy Probe-37

Ref: 3.0-Staff-21

Please provide the mean absolute percentage error based on the monthly data provided in the response to part (d).

3.0-Energy Probe-38

Ref: 3.0-Energy Probe-14

Are the kWh and kW figures for 2012 provided in the response to part (a) in Tables 2 and 3 actual figures (with some forecasts) or normalized actuals (with some forecasts)? If yes, please provide Tables 2 and 3 replacing the 2012 Update figures with 2012 Update Normalized figures.

3.0-Energy Probe-39

Ref: 3.0-Energy Probe-15

Please confirm that based on the response to part (l) of the question that the normalized actual figures for any given year are independent of the actual figures for that year, other than the actual data for that year was used in the estimation of the regression coefficients used to calculate the normalized actual figures.

3.0-Energy Probe-40

**Ref: 3.0-VECC-23 &
Exhibit 3, Tab 2, Schedule 1**

- a) Please show the actual revenues associated with retail service revenue (Table 4 in Exhibit 3, Tab 2, Schedule 1) and with SSS administration charge revenue (Table 6 in Exhibit 3, Tab 2, Schedule 1) for 2012.**
- b) Please provide the 3 year average analysis for account 4086 referred in the response to VECC that resulted in the 2013 forecast of \$90,394.**

EXHIBIT 4 – OPERATING COSTS

4.0-Energy Probe-41

Ref: 4.0-Staff-25

How much of the increase in account 5085 is related to using MIFRS in 2013 as compared to using CGAAP?

4.0-Energy Probe-42

**Ref: 4.0-Energy Probe-19 &
4.0-VECC-26**

- a) Please explain more fully the inclusion of the \$648,986 in account 5175 in 2012.**
- b) When were these expenses actually incurred?**
- c) Has Bluewater received a Board order that allows it to recover these smart meter OM&A costs through a rate rider? If yes, please indicate when the rider was approved and the term of the rider.**

4.0-Energy Probe-43

Ref: 4.0-VECC-27

- a) Please explain why payments made to the Inn of the Good Sheppard are not considered donations?
- b) Please provide a breakout of the 2013 expense of \$95,900 in account 5420, other than the LEAP amount of \$24,000.

4.0-Energy Probe-44

Ref: 1.0-Energy Probe-4

Please explain how the positive impact on the cash flow of the company of approximately \$20,000 has been incorporated into the 2013 test year. Is this related to additional interest income on higher bank balances?

4.0-Energy Probe-45

Ref: 4.0-VECC-33

- a) What is the basis for the statement that the default value for the WCA is not contingent upon a particular business process and does not vary depending upon whether a utility performs monthly or bi-monthly billing?
- b) Please confirm that the WCA percentage would vary depending on whether a utility performs monthly or bi-monthly billing.

EXHIBIT 5 - CAPITAL STRUCTURE AND COST OF CAPITAL

5.0-Energy Probe-46

Ref: 5.0-Energy Probe-30

- a) Please show the calculation of the 4.24% as stated in part (c) of the response using a table similar to that shown in Appendix 2-OB in the original evidence.
- b) What is the impact on the revenue requirement for 2013 of the decision to fully repay the \$2.2 million of advances? Please include the impact on the cost of debt and the reduction in interest income.

- c) Please explain why Bluewater Power decided to pay down \$2.2 million on the IO loan at a rate of 3.37% rather than a portion of the affiliate debt, at a rate of 7.25%?
- d) Please explain why Bluewater Power is not forecasting the use of long-term debt to finance capital expenditures in 2012 and 2013 that total approximately \$18 million on a CGAAP basis. How are these capital expenditures going to be financed?

5.0-Energy Probe-47

Ref: Board Letter dated February 14, 2013 - Cost of Capital Parameter Updates for 2013 Cost of Service Applications for Rates Effective May 1, 2013 & 1.0-Staff-2

Please update the cost of capital to reflect the figures in the Board's letter noted above. Please also provide an updated RRWF (including the live Excel version) that incorporates these changes, along with the changes adopted in the response to 1.0-Staff-2 along with any other changes that may be made by Bluewater as a result of the supplemental interrogatories. Please also provide an updated Table of Adjustments as was provided in Attachment 2 to 1.0-Staff-2.

EXHIBIT 7 - COST ALLOCATION

7.0-Energy Probe-48

Ref: 7.0-Staff-42

- a) Please confirm that the policy 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, has been in place for at least the life of services used for depreciation purposes. If this cannot be confirmed, would it be possible that some historical service costs for non-residential classes remain in account 1855? If yes, what percentage would be non-residential costs?
- b) Does the policy noted above apply to new services, replacement services (end of life situations) and/or capitalized portions of repair costs?