

**Bluewater Power Distribution Corporation  
EB-2016-0057  
Bluewater Power Responses to OEB Staff Questions**

**Staff Question - 1**

**Reference: Chapter 3, Managers Summary Pg 7 and Rate Generator Model Tab 16**

*Chapter 3 states “In 2017, a distributor is expected to apply to extend its OEB-approved transition period if necessary, to continue to comply with the policy. For 2017, the monthly service charge would have to rise more than \$4 per year in order to affect the length of the transition to fixed rates. It is expected that in most cases, only an additional transition year would be required to make the changes within the \$4 impact threshold identified in the policy. A distributor shall propose an alternative or additional strategy in the event that an additional transition year is insufficient. Consistent with OEB policy regarding mitigation, a distributor may propose as part of its application that no extension is necessary; such a position must be substantiated with reasons.”*

The \$4.00 threshold was intended to be applied before the price cap adjustment.

Bluewater Power stated in its manager’s summary “Bluewater is proposing the 2nd of 4 annual increases to the fixed charge. The rate model produces an increase to the base fixed charge of \$3.69 and a decrease to the variable charge of \$.0055/kWh in the 2017 rate year. Although the change to the base fixed rate is below the \$4.00 threshold per month, when layering on the annual price cap rate adjustment the resulting total increase is \$ 4.11 to the fixed charge and a decrease of \$.0053/kWh to the variable charge. Bluewater proposes that even though the total increase is \$4.11 in the fixed charge, the overall bill impact for customers including all changes to rates, results in a rate decrease given the disposition of the deferral and variance account credit balances which has the effect of mitigating the increase in the fixed charge. We therefore submit the increase to the fixed charge of \$4.11 is reasonable.

Please confirm that Bluewater Power did not in fact exceed the \$4.00 when applied prior to the price cap adjustment.

**Bluewater Response: Confirmed**

**Staff Question - 2**

**Reference: Managers Summary Pg 12 and Rate Generator Model Tab 3**

Please confirm the adjustment to account 1589 in the credit amount of \$2,325,819 is not a retroactive adjustment to balances previously disposed of by the OEB.

**Bluewater Response: Confirmed**

**Staff Question - 3**

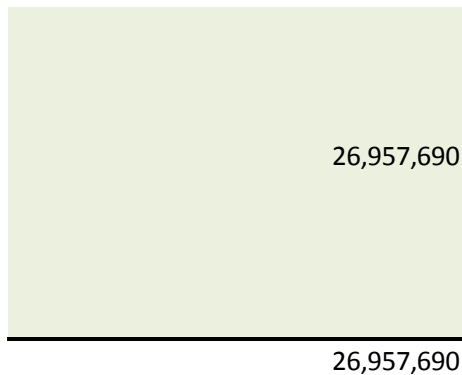
**Reference: Rate Generator Model Tab 6.a GA Allocation\_Class A**

**Allocation of total Non-RPP consumption (kWh) between Class B and New Class A (Former Class B) customers**

		Total	2015
Total Class B Consumption for Years Since Last Disposition (Non-RPP consumption LESS WMP and Class A)	A	303,011,933	303,011,933
New Class A Customer(s)' Former Class B Consumption	B	26,957,690	26,957,690
<b>Portion of Consumption of Former Class B Customers</b>	<b>C=B/A</b>	<b>8.90%</b>	

**Total Metered Consumption for  
New Class A customer(s) in the  
period prior to becoming Class A  
(i.e. Jan. 1 - June 30, 2015)**

**kWh**



The kWh's for class B of 303,011,933 should also include the 26,957,690 total metered consumption for new Class A customers in the period prior to becoming class A, as these kWh's were consumed by class b customers. Please confirm the amount of kWh's entered on cell D20 Tab 6.a should be 329,969,623, OEB staff will update the model.

**Bluewater Response: Confirmed, please update model.**

#### Staff Question - 4

**Ref: Tab “4. 2011-14 LRAM” of LRAMVA Work Form  
Tab “5. 2015 LRAM” of LRAMVA Work Form  
EB-2012-0107, Settlement Agreement, p. 23 of 48**

OEB Staff noticed that the Elenchus has included the persistence of 2011 savings into 2013, 2014 and 2015 when it appears in the 2013 Cost of Service Settlement Agreement that the 2013 approved CDM savings used for LRAMVA amounts embedded actual 2011 savings into the 2013 load forecast.

- a) Please discuss the appropriateness of claiming the 2011 persistence of savings into the 2013, 2014 and 2015 program years.

Bluewater Response: In submitting an LRAMVA, there are two components to be measured – what were the energy savings forecast and what were the actual results. Since it is a variance, it is critical that each measure contains the same assumptions. In this case, we have included the 2011 persistence in both.

To elaborate, the first component relates to the 2013 load forecast that is used for rate making purposes. The 2013 Load Forecast includes expected savings up to, and including 2013. So it is correct that the 2011 actual CDM results are embedded in the Load Forecast. Simply put, the 2013 forecast attempted to project 2013 consumption as accurately as possible at the time, which was calculated including 2011 actual persistence and 2012 forecasted persistence.

The second component seeks to compare actual results with what was agreed to in settlement for the LRAMVA kWh and kW values. Any CDM achieved above the LRAMVA target entitles Bluewater to lost revenue recovery, while CDM results below the target would entitle the rate payers to relief. Since the 2011 CDM savings were included in the 2013 LRAMVA target, Bluewater needs to offset the target savings (whether actual or forecast savings) with persisting savings from 2011 into each of the years 2013-2015. So the true-up should contain the same components each year. By not including 2011 actual results in the LRAMVA claim, we would not have an ‘apples to apples’ comparison of what was in the original target to what is in the actual results in the LRAMVA claim each year. Furthermore, because we used the actual persistence from the IESO results in the original target, and used those same results again now in the LRAMVA claim, there will be no variance or ‘true-up’ attributed to 2011.

- b) Please re-file the 2013 to 2015 LRAMVA claim and workform removing the 2011 persisting savings.

Bluewater Response: It is not appropriate to remove the 2011 persistence savings from 2013 to 2015 for the very reason that the target included a component relating to 2011 persistence. If we were to remove 2011 from the LRAMVA claim, then we would also need to remove it from the original target which was part of the settlement agreement and therefore cannot be removed. Since the original target cannot be changed, the only way to ensure a fair recovery is to include the 2011 persistence in the LRAMVA workform.

### **Staff Question - 5**

#### **Ref: Tab “5. 2015 LRAM” of LRAMVA Work Form**

Please discuss the nature of the Loblaw Pilot Program delivered and the rationale for claiming 12 months of demand savings from this pilot program in 2015.

Bluewater Response: The Loblaws store in Bluewater Power’s service territory was one of 18 stores across the province that participated in the ‘Results Based Performance Optimization Program’. Loblaws received a financial incentive (\$/kWh) for off-peak savings and a higher incentive for on-peak savings. In each case, the savings were based on energy conservation measures, where savings were calculated against a baseline prepared using electricity data from the previous year.

Given that this was an approved pilot program, and the IESO verified the results, it should follow that the savings be included in the LRAMVA calculation for the full duration of the program. At the time, Bluewater was under an extension of the 2011-2014 Conservation programs wherein distributors did have targets for demand savings.