**Bluewater Power Follow Up Responses – December 7, 2017**

1. In the revised GA Analysis Workform, the Adjusted Principal Balance Including Reconciling Items is equal to the difference between the Adjusted Net Change in Principal Balance in the GL and the sum of reconciling items. Please explain why the

difference is used and not the sum. Please revise the workform as needed.

Bluewater has revised the workform to reflect the sum of the Adjusted Net Change in Principal Balance in the GL and the reconciling items.

1. In response to question b, Bluewater Power indicated that there are no amounts for reconciling 1a and 1b since Bluewater Power only started its new RPP true up process with consumption effective January 1, 2017. Is Bluewater Power able to quantify the true up for 2016? If yes, please quantify. If no, please explain why not.

As noted in the question above, Bluewater commenced the RPP true-up process effective January 1, 2017. This means that there is not an RPP true-up included in the balances requested for disposition for December 31, 2016. Full details of Bluewater’s change to process as a result of the OEB letter dated May 23, 2017 are outlined in the 2018 IRM rate application (EB-2017-0027), Manager’s Summary page 23-24.

However, in order to respond to question 2 above, we are able to quantify the RPP true-up for 2016 for both Global Adjustment (“GA”) and Cost of Power (“COP”). The table below indicates the relevant values for the 2016 RPP true-up for both GA and COP and each row will be explained. Rows 1-5 detail the impact on Bluewater’s settlement process with the IESO, and rows 6-8 detail the resulting impact on Account 1589 (GA) and Account 1588 (COP).



1. Row 1 indicates the 2016 RPP true-up of all calendar month submissions which results in a total GA true-up of $101,101 (recovery from IESO), and a total COP true-up of $1,027,887 (recovery from IESO). This is an adjustment to ensure 2016 is on a calendar month consumption basis using the true-up methodology.
2. Row 2 – If we were to transition as of January 1, 2016 (as opposed to January 1, 2017 as currently reflected in our 2018 IRM application), then we would be required to make a submission to the IESO for the unbilled RPP consumption at the end of 2015 (as opposed to 2016 that has already been done when we implemented the transition as of January 1, 2017). Previously, these kWh’s were submitted to the IESO for recovery when they were billed in the subsequent month(s). **(Note – the old methodology used billings as the proxy for the current month’s RPP settlement, with no RPP true ups completed with the IESO but the variance simply flowed through the RSVA accounts).** Due to the RPP true up calculation for each calendar month in 2016, which started with the consumption effective January 1, 2016, the unbilled RPP consumption from the end of 2015 has been eliminated and will still need to be submitted to the IESO. If directed by the OEB to implement the true-up methodology retroactive to January 1, 2016 (as suggested by this question), then Bluewater will be required to make submissions that total a recovery from the IESO of $5,261,694 for GA, and a payment to the IESO of $4,959,786 for COP.
3. Row 3 – If the transition date is January 1, 2016, there will be a required submission to the IESO for the unbilled RPP consumption at the end of 2016. Due to our new RPP true up process that was started with consumption effective January 1, 2017 (our original transition date), the unbilled RPP kWh’s at the end of 2016 have already been submitted to the IESO and have been received/paid. Thus, this will need to be reversed. The reversal would entail a payment to the IESO of $5,780,093 for GA and a recovery from the IESO of $4,867,714 for COP.
4. Row 4 is the difference between rows 2 and 3. This adjustment effectively reverses the submission already made to the IESO of the 2016 year end unbilled kWh’s if the new transition date is January 1, 2016.
5. Row 5 is the net impact on Bluewater’s settlement with the IESO if moving to an effective date of January 1, 2016 for the RPP true-up.

Rows 6, 7 and 8 reflect the resulting impact on the RSVA accounts 1589 (GA) and 1588 (COP).

In summary, Bluewater’s current 2018 IRM application requests disposition of ($353,663) for Account 1589 (GA) and ($70,724) for Account 1588 (COP) both payable to customers, which reflects the audited balances in these accounts as of December 31, 2016.

Should the OEB direct us to reflect the 2016 RPP settlement true-up in the balances for disposition the resulting amount would be $63,635 recovery from customers for Account 1589 (GA) and ($1,006,539) payable to customers for Account 1588 (COP) for a net amount of ($942,904) payable to customers for these 2 accounts.

We did not perform the true-up retroactive to January 1, 2016 because we interpreted the May 23, 2017 OEB direction to limit our ability to apply retroactively only to January 1, 2017. If we are incorrect, then we would be pleased to update our application in response to the information contained in this response. Given our initial interpretation and actions taken already to settle with the IESO, we believe that some form of direction, generic or specific, from the OEB would be required in order for Bluewater to also make a submission to the IESO to adjust its settlements dating back nearly two years. We look forward to hearing from the OEB at its earliest opportunity if we are to take the complimentary steps of updating our settlement with the IESO so that we can update our settlement of the RSVA accounts as part of this 2018 IRM Application.