



P.O. Box 2140
855 Confederation Street
Sarnia, Ontario N7T 7L6
Tel: (519) 337-8201
Fax: (519) 344-6094

December 18, 2020

Ms. Christine Long
Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

RE: EB-2020-0005 Bluewater Power Distribution Corporation 2021 IRM Rate Application UPDATE

Dear Ms. Long

Bluewater Power Distribution Corporation ("Bluewater") filed its Application for 2021 Rates on November 6, 2020.

Bluewater had planned to file a rebasing application for rates effective January 1, 2022; however, on December 16, 2020, Bluewater filed a letter with the OEB advising that it has elected to file under Annual IR for a second year. Those rates will be effective May 1, 2022. The impact of this election by Bluewater is that the disposition period for the rate riders related to the Group 1 Deferral and Variance accounts (including LRAMVA), must be changed from the proposed eight-month period to a twelve-month period to coincide with Bluewater's current rate year of May to April. This has necessitated an update to the 2021 rate application.

The specific items within the Manager's Summery listed below have been updated:

1. All written references to an eight month disposition period for rate riders have been changed to twelve months.
2. Table 4 – Deferral and Variance Account Balances for Proposed Disposition, has been updated
3. Table 10 – Proposed LRAMVA Rate Rider, has been updated
4. Table 11 – Proposed Monthly Bill Impacts, has been updated

The following updated models have been submitted:

5. 2021 IRM Rate Generator Model, updated December 18, 2020
6. Bluewater's Proposed 2021 Tariffs, updated December 18, 2020

Sincerely,

L. Dugas

Leslie Dugas
Director of Regulatory and Customer Service
Bluewater Power Distribution Corporation
Email: ldugas@bluewaterpower.com
Phone: 519-337-8201 Ext 2255



2021 RATE APPLICATION

EB 2020-0005

Revised December 18, 2020

1 Table of Contents

2	Application	2
3	List of Attachments	5
4	Certification of Evidence	6
5	Manager's Summary	7
5.1	Overview	8
5.2	Annual Adjustment	10
5.3	Retail Transmission Service Rates.....	11
5.4	Proposed Deferral and Variance Account Disposition.....	11
5.4.1	Group 1 Disposition	12
5.4.2	Wholesale Market Participants.....	14
5.4.3	Class A and B Customers and Global Adjustment.....	15
5.4.4	Commodity Accounts 1588 and 1589	17
5.4.5	Capacity Based Demand Response (CBR) Class B Disposition	18
5.4.6	Account 1595 Workform.....	19
5.5	Lost Revenue Adjustment Mechanism	20
5.6	Tax Changes	26
5.7	Proposed Rates and Tariffs	26
5.8	Bill Impacts.....	27

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Bluewater Power Distribution Corporation for an Order or Orders pursuant to section 78 of the *Ontario Energy Board Act, 1998* for 2021 distribution rates and related matters.

2 Application

The Applicant, Bluewater Power Distribution Corporation ("Bluewater"), is a licensed electricity distributor operating pursuant to license ED-2002-0517. Bluewater distributes electricity to approximately 36,000 customers in the municipalities of the City of Sarnia, the Town of Petrolia, the Village of Point Edward, the Village of Oil Springs, the Township of Warwick, and the Township of Brooke-Alvinston in Southwestern Ontario.

Bluewater hereby applies to the Ontario Energy Board (the "OEB") for an order or orders made pursuant to Section 78 of the *Ontario Energy Board Act, 1998*, as amended, (the "OEB Act") approving just and reasonable rates for the distribution of electricity based on a 2021 4th Generation Incentive Rate-setting ("2021 IRM") application, under the Annual IR Index methodology effective May 1, 2021.

Specifically, Bluewater hereby applies for an order or orders granting distribution rates updated and adjusted in accordance with Chapter 3 of the Filing Requirements for Electricity Distribution Rate Applications updated May 14, 2020 ("Filing Requirements"), including the following:

- a) A Price Cap Adjustment in accordance with the parameters of the 4th Generation Incentive Regulation for Ontario's Distributors;
- b) an adjustment to the retail transmission service rates as provided in Guideline (G-2008-0001) on Retail Transmission Service Rates – October 22, 2008 (Revision 4.0 June 28, 2012);
- c) The disposition of certain deferral and variance account principal balances as at December 31, 2019, as discussed in Section 4 of the Manager's Summary, along with the carrying charges

1 projected to April 30, 2021 in accordance with the Section 3.2.5 of the Filing Requirements to
2 be recovered over a twelve month period;

- 3 d) Approval of a rate rider to recover lost revenues attributable to the implementation of
4 certain conservation and demand management (“CDM”) programs in 2019 and the
5 persistence of past programs from 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 into
6 2019 and 2020. The amount proposed for recovery is \$677,348 principal and \$10,446 carrying
7 charges for a total claim of \$687,794 to be recovered over a twelve month period;
- 8 e) Approval to book an amount of \$30,452 related to tax sharing amount for the year ending
9 December 31, 2019 to Account 1595 for future disposition. The amount presented in Sheet 8
10 of the Rate Generator Model does not result in a rate rider greater than four decimal places
11 for any rate class. As a result, consistent with the guidance of Section 3.2.7 of the Filing
12 Guidelines, we request the amount be booked for future disposition.

13
14 This Application is supported by written evidence that may be amended from time to time, prior to
15 the Board's final decision on this Application.

16
17 In the event that the OEB is unable to provide a Decision and Order in this Application for
18 implementation by the Applicant as of May 1, 2021, Bluewater requests that the OEB issue an Interim
19 Rate Order declaring the current Distribution Rates and Specific Service Charges as interim, until the
20 decided implementation date of the approved 2021 distribution rates.

21
22 In the event that the effective date does not coincide with the OEB’s decided implementation date for
23 2021 distribution rates and charges, Bluewater requests permission to recover the incremental
24 revenue from the effective date to the implementation date.

25
26 The Applicant requests that, pursuant to Section 32.01 of the OEB’s *Rules of Practice and Procedure*,
27 this proceeding be conducted by way of written hearing.

The Applicant requests that a copy of all documents filed with the OEB in this proceeding be served on the Applicant as follows:

Bluewater Power Distribution Corporation
P.O. Box 2140
855 Confederation Street
Sarnia, ON N7T 7L6

Attention:
Ms. Leslie Dugas
Director of Regulatory and Customer Service
ldugas@bluewaterpower.com
Telephone: (519) 337-8201 ext. 2255
Fax: (519) 332-3878

DATED at Sarnia, Ontario, this 18th day of December, 2020.

BLUEWATER POWER DISTRIBUTION CORPORATION



Leslie Dugas, Director of Regulatory and Customer Service

3 List of Attachments

1. Bluewater's 2020 Approved Tariffs (EB-2019-0021)
2. 2021 IRM Rate Generator Model
3. Global Adjustment Workform
4. LRAMVA Workform
5. IESO Participation & Cost Report dated April 2019
6. Bluewater's Proposed 2021 Tariffs
7. 2021 IRM Checklist

4 Certification of Evidence

As the VP of Finance and Chief Financial Officer of Bluewater Power Distribution Corporation, I certify that the evidence filed in Bluewater's 2021 4th Generation Incentive Rate-setting mechanism, Annual IR Index Application is accurate to the best of my knowledge. Bluewater Power has robust processes and internal controls in place for the preparation, review, verification and oversight of the account balances being disposed of. The filing is consistent with the requirements of Chapter 3 of the Filing Requirements for Electricity Distribution Rate Applications revised on May 14, 2020.

Mark Hutson



VP Finance and Chief Financial Officer

5 Manager's Summary

Bluewater Power Distribution Corporation ("Bluewater") hereby submits its complete application for the approval of distribution rates proposed to be effective May 1, 2021 under the 4th Generation Incentive Rate-setting mechanism, Annual IR Index ("2021 IRM").

For purposes of the 2021 IRM Application, Bluewater has relied upon the following OEB-issued documents and guidelines:

- Chapter 3 of the Filing Requirements for Electricity Distribution Rate Applications, updated on May 14, 2020 ("Filing Requirements")
- Guideline (G-2008-0001) on Retail Transmission Service Rates – October 22, 2008, Revision 4.0, June 28, 2012 ("RSTR Guidelines")
- CBR Accounting Guidelines, dated July 25, 2016
- Guidance on the Disposition of Accounts 1588 and 1589, dated May 23, 2017
- Accounting Procedures Handbook Update – Accounting Guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment, dated February 21, 2019

Listed below are the specific items to be addressed in the Manager's Summary:

1. Overview
2. Annual Adjustment
3. Retail Transmission Service Charges
4. Proposed Deferral and Variance Account Balance Disposition
5. Lost Revenue Adjustment Mechanism Variance Account Disposition ("LRAMVA")
6. Tax Changes
7. Proposed Rates and Tariffs
8. Bill Impacts

5.1 Overview

Bluewater's last Cost of Service Application was filed under Application Number EB-2012-0107 for rates effective May 1, 2013. A full settlement was reached by all parties, and the OEB issued a Decision and Rate Order on April 25, 2013. The most recent rate application submitted was under the Price Cap IR mechanism for rates effective May 1, 2020 under case number EB-2019-0021. Bluewater received a Decision and Rate Order on April 16, 2020 that approved all requested rate proposals. A letter was issued by the OEB on April 17, 2020 giving distributors the option to postpone implementation of the May 1, 2020 rates until November 1, 2020 in light of uncertainties surrounding the COVID-19 pandemic. On April 23, 2020 Bluewater advised the OEB that the May 1, 2020 rates would be deferred for implementation until November 1, 2020.

By letter dated September 4, 2020, Bluewater sought approval from the OEB to implement its rates that were deferred from May 1, 2020 to be effective November 1, 2020. A subsequent letter dated September 30, 2020 from Bluewater requested to recover the Group 1 Deferral and Variance account ("DVA") rate riders over a six month period rather than a twelve month period to align with our rate year. On October 8, 2020 the OEB issued a Final Rate order for rates and other charges effective May 1, 2020 and implemented November 1, 2020 approving the requested six month disposition for the DVA accounts.

Bluewater will publish the Notice of Application and Hearing upon direction from the OEB.

This Application will affect all ratepayers in Bluewater's service territory. A detailed breakdown of the bill impacts for all customers is contained in Table 9 at the end of the Manager's Summary.

The internet address for Bluewater Power Distribution Corporation is: www.bluewaterpower.com

Bluewater requests that this Application be processed by way of a written hearing.

Billing Determinants

The 2021 IRM Rate Generator Model ("Rate Generator Model") imports the billing determinants from the most recent data provided in the RRR filing for 2019, dated April 30, 2020. Bluewater confirms the data in the Rate Generator Model is correct, and an excerpt from Section 2.1.5 of the RRR filing is presented in Table 1, below, with a comparison to the data included in Sheet 4 of the OEB's Rate Generator Model, as presented in Table 2. The loss factor used in Sheet 10 of the Rate Generator Model is the loss factor as approved in 2013.

Table 1 – Excerpt from RRR Filings – Section 2.1.5 Table 3b (2019 data)

TABLE 3B

Total Metered Consumption (SSS + Retailer) and Annual Billings by Generic Rate Class

Metered consumption in kWhs and kW will auto-populate from Table 1b and Table 2a.

Please input Annual Billings for each generic rate class. The sum of annual billings for all rate classes should equal Account 4080 from

<input type="checkbox"/>	GENERIC RATE CLASS	METERED CONSUMPTION IN KWHS (W=O+Q)	METERED CONSUMPTION IN KWS (X=P+R)
<input type="checkbox"/>	Residential	251,122,547.00	0.00
<input type="checkbox"/>	General Service < 50 kW	101,723,566.00	0.00
<input type="checkbox"/>	General Service >= 50 kW	324,989,625.00	794,193.00
<input type="checkbox"/>	Large User	290,955,053.00	477,954.00
<input type="checkbox"/>	Sub Transmission Customers	0.00	0.00
<input type="checkbox"/>	Embedded Distributor(s)	0.00	0.00
<input type="checkbox"/>	Street Lighting Connections	3,457,006.00	9,621.00
<input type="checkbox"/>	Sentinel Lighting Connections	474,594.00	1,299.00
<input type="checkbox"/>	Unmetered Scattered Load Connecti...	2,202,857.00	0.00
<input type="checkbox"/>	Total (Auto-Calculated)	974,925,248.00	1,283,067.00

Table 2 – Excerpt from Sheet 4 – Billing Determinants from the Rate Generator Model

Rate Class	Unit	Total Metered kWh	Total Metered kW
RESIDENTIAL SERVICE CLASSIFICATION	kWh	251,122,547	0
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	101,723,566	0
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kW	193,322,395	528,420
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kW	131,667,230	265,773
LARGE USE SERVICE CLASSIFICATION	kW	290,955,053	477,954
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	2,202,857	0
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	474,594	1,299
STREET LIGHTING SERVICE CLASSIFICATION	kW	3,457,006	9,621
	Total	974,925,248	1,283,067

5.2 Annual Adjustment

Based on the current price cap parameters, the Rate Generator Model reflects an adjustment of 1.4% to base distribution rates. That calculation is based on an inflation factor of 2.0%, less a productivity factor of 0.0%, and less a stretch factor of 0.6%.

Bluewater was assigned a stretch factor of 0.3% based on the PEG Report to the Ontario Energy Board, dated August 31, 2020. However, Bluewater acknowledges that the OEB directed by letter dated June 19, 2020 that the OEB will be applying the Annual IR Index method to Bluewater's 2021 IRM rate application. Bluewater also acknowledges that the price escalator may change as a result of an updated inflation factor.

The customers in the Residential rate class transitioned to fully fixed rates for rates effective May 1, 2019 so no further transition is required.

5.3 Retail Transmission Service Rates

Bluewater is charged retail transmission service rates (“RTSR”) by each of the Independent Electricity System Operator (“IESO”) and Hydro One Networks Inc. (“Hydro One”). Bluewater has established approved rates to charge customers in order to recover those expenses.

The OEB has provided sheets 10-15 within the Rate Generator Model to compare the current retail transmission costs and retail transmission revenues to the projected transmission costs. Bluewater has completed the Rate Generator Model using the best available information. Bluewater acknowledges that the rates are expected to be updated with potential changes to one, or both, of the IESO or Hydro One transmission service rates for 2021. Those updates will be incorporated into this application prior to a final decision by the Board.

5.4 Proposed Deferral and Variance Account Disposition

This section of the application deals with the following topics:

5.4.1 Group 1 Disposition

5.4.2 Wholesale Market Participants

5.4.3 Class A and B Customers and Global Adjustment

5.4.4 Commodity Accounts 1588 and 1589

5.4.5 Capacity Based Recovery (“CBR”) Class B Disposition

5.4.6 Account 1595 Workform

5.4.1 Group 1 Disposition

Bluewater is proposing to dispose of audited balances as of December 31, 2019 on a final basis. Provided in Table 3, below, is the detailed claim by account number. The balance in the Group 1 accounts (Accounts 1550, 1551, 1580, 1584, 1586, 1588, and 1589) is (\$1,339,927). This leads to a threshold test value of (\$0.0014)/kWh, which exceeds the materiality threshold of +/- \$0.001/kWh, as defined in the Filing Requirements. Bluewater is proposing to dispose of the balance over a twelve month period, commencing May 1, 2021 for all Group 1 accounts which is consistent with the filing guidelines.

Bluewater has calculated carrying charges from January 1, 2021 to April 30, 2021 at the Board's current prescribed interest rate of 0.57%.

Bluewater confirms that no adjustments have been made to any deferral or variance account balances previously approved by the OEB on a final basis, and we confirm the balances as reported in the RRR filings match those presented in the continuity schedule in this application with the exception of one noted variance which is explained further below. We confirm the account balances as presented Tab 3 – Continuity Schedule of the rate generator model match the values in the audited financial statements.

Bluewater is proposing disposition of Account 1568- LRAM variance account related to conservation activities in this application. The variance between the level of conservation included in the 2013 rebasing application and the actual results for 2019, including persistence from 2011 to 2020 inclusive, is greater than Bluewater's materiality threshold; therefore, Bluewater requests disposition of the amount of \$687,794. Further details supporting the claim are found in Section 5 of this Application.

Bluewater Power Distribution Corporation
2021 4th Generation IRM Rate Application
EB-2020-0005
Originally Filed November 6, 2020
Updated December 18, 2020

Table 3 – Deferral and Variance Account Claim by Account

		ances		2.1.7 RRR ⁵			
Account Descriptions	Account Number	Total Claim	Account Disposition: Yes/No?	As of Dec 31, 2019	Variance RRR vs. 2019 Balance (Principal + Interest)		
Group 1 Accounts							
LV Variance Account	1550	214,371		211,145			0
Smart Metering Entity Charge Variance Account	1551	(5,333)		(45,370)			0
RSVA - Wholesale Market Service Charge ⁵	1580	(829,717)		(951,190)			(133,961)
Variance WMS – Sub-account CBR Class A ⁵	1580	0		0			0
Variance WMS – Sub-account CBR Class B ⁵	1580	(136,015)		(133,961)			0
RSVA - Retail Transmission Network Charge	1584	257,573		253,627			0
RSVA - Retail Transmission Connection Charge	1586	75,483		74,376			0
RSVA - Power ⁴	1588	(891,341)		(877,921)			0
RSVA - Global Adjustment ⁴	1589	(24,948)		(24,459)			0
Disposition and Recovery/Refund of Regulatory Balances (2014 and pre-2014) ³	1595	0	No	0			0
Disposition and Recovery/Refund of Regulatory Balances (2015) ³	1595	0	No	0			0
Disposition and Recovery/Refund of Regulatory Balances (2016) ³	1595	0	No	32,308			32,308
Disposition and Recovery/Refund of Regulatory Balances (2017) ³	1595	0	No	39,022			0
Disposition and Recovery/Refund of Regulatory Balances (2018) ³	1595	0	No	31,536			0
Disposition and Recovery/Refund of Regulatory Balances (2019) ³			No				
Refer to the Filing Requirements for disposition eligibility.	1595	0		(631,171)			0
RSVA - Global Adjustment	1589	(24,948)		(24,459)			0
Total Group 1 Balance excluding Account 1589 - Global Adjustment		(1,314,979)		(1,863,638)			32,308
Total Group 1 Balance		(1,339,927)		(1,888,097)			32,308
LRAM Variance Account (only input amounts if applying for disposition of this account)	1568	687,794		0			(680,850)
Total including Account 1568		(652,133)		(1,888,097)			(648,542)

Variances between the 2.1.7 RRR and the balances as of Dec 31, 2019

- RSVA – Wholesale Market Service Charge (Row 23 of Tab 3): The variance of (\$133,961) equates to the value in the WMS – Sub-account CBR Class B (Row 25), as reported in 2.1.7 RRR. The value presented under the column “As of Dec 31, 2019” for RSVA – Wholesale Market Service Charge of (\$951,190) includes the amount of (\$133,961) pertaining to WMS – Sub-account CBR Class B (Row 25). Therefore, there is no variance on an aggregate level.
- Disposition of Account 1595 (2016) (Row 33 of Tab 3): The amount of \$32,308 shown under the column “2.1.7 As of December 31, 2019” should be zero. This amount was fully settled and should not have been reported in the RRR filing of April 30, 2020. We have not proposed to file a revision request for the RRR balance given the immaterial dollar value of the adjustment.

- LRAM Variance Account (Row 43): The variance of (\$680,850) pertains to the LRAMVA amount at the end of 2019 being requested for disposition in this 2021 IRM Rate Application. The amount is not booked to the variance account until the value is calculated and finalized; as a result, no amount was included in RRR 2.1.7 for 2019.

Table 4 summarizes the amount of the disposition and the calculation of the rate riders by rate category for the Group 1 Deferral/Variance Accounts. Bluewater proposes to dispose these amounts over a twelve month period commencing May 1, 2021.

Table 4 – Deferral and Variance Account Balances for Proposed Disposition

Rate Class	Unit	Allocation of Group 1 Account Balances to All Classes	Allocation of Group 1 Account Balances to Non-WMP Classes Only (If	Deferral/Variance Account Rate Rider	Deferral/Variance Account Rate Rider for Non-WMP	Account 1568 Rate Rider
RESIDENTIAL SERVICE CLASSIFICATION	kWh	(369,065)		(0.0015)	0.0000	0.0001
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	(148,057)		(0.0015)	0.0000	0.0012
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kW	108,552	(380,579)	0.2054	(0.7311)	0.9828
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kW	(190,978)		(0.7186)	0.0000	0.0781
LARGE USE SERVICE CLASSIFICATION	kW	163,373	(353,313)	0.3418	(1.2132)	0.0148
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	(3,195)		(0.0015)	0.0000	(0.0012)
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	(688)		(0.5299)	0.0000	(0.1293)
STREET LIGHTING SERVICE CLASSIFICATION	kW	(5,014)		(0.5212)	0.0000	(0.1869)

5.4.2 Wholesale Market Participants

Bluewater has two wholesale market participants (“WMP”), one in the General Service > 50 kW rate class and one in the Large Use rate class. WMPs do not contribute to the variances in Accounts 1580, 1588, or 1589; therefore, the WMP customers should not be party to the disposition of these accounts.

Consequently, and in accordance with Section 3.2.5.1 of the Filing Requirements, Bluewater agrees with the calculations presented in the Rate Generator Model in determining the deferral and variance account balances to be allocated to WMPs and non-WMPs.

5.4.3 Class A and B Customers and Global Adjustment

The OEB has noted in the Filing Requirements that Class A customers pay Global Adjustment on an ‘actual’ basis; therefore, no variance accumulates in Account 1589 related to Class A customers once they become Class A customers. Thus, these Class A customers, in addition to WMPs, should not be party to the disposition in Account 1589. Table 5, below, indicates the number of Class A customers and the year they became Class A. At the end of 2019 Bluewater had 14 Class A customers, and no customers transitioned in to or out of Class A during 2019, which is the disposition period for the deferral and variance accounts in this Application. Therefore there are no customer specific adjustments required for either Global Adjustment or CBR disposition.

Table 5 – Class A Customers by Year

Customer	Effective Year for Class A	Rate Class
1	2011	Large
2	2011	Large
3	2015	Intermediate
4	2015	Intermediate
5	2016	Intermediate to Large
6	2016	Intermediate
7	2017	Intermediate
8	2017	Intermediate
9	2017	Intermediate
10	2017	Intermediate
11	2017	Intermediate
12	2017	Intermediate
13	2018	GEN>50
14	2018	Intermediate

For billing purposes, effective January 1, 2016, all customers within the General Service 1000-4999 kW (“Intermediate”) rate class, the Large Use rate class and all customers within the Street Lighting rate class pay Global Adjustment (“GA”) based on either the peak demand factor (“PDF”) for Class A customers or the Actual GA rate for Class B customers in the above noted rate classes therefore no variance in Account 1589 should be attributed to them. These classes of customers are billed in our billing system on a calendar month basis; therefore, they are able to be charged the actual GA rate (if they are not Class A) because the GA rate as produced by the IESO is a calendar month rate. In 2019 Bluewater had 11 Intermediate customers: 10 were Class A and were charge GA based on their PDF factor, and 1 was Class B charged the Actual GA rate. Bluewater has 4 customers in its Large Use rate class: 1 is a WMP and 3 are Class A, charged GA based on their PDF factor.

Customers in the other rate classes not noted above are billed based on the 1st Estimate GA Rate, because they are not all billed on a calendar month basis within the same rate class. This includes non-RPP customers in the Residential, GS<50, GEN>50, and a small number of customers in the Sentinel and Unmetered Scattered Load rate classes. Variances related to the difference between the 1st Estimate GA rate and the Actual GA rate are held in Account 1589 for disposition to the non-RPP Class B customers.

The total amount requested for disposition for Account 1589 – RSVA Global Adjustment is (\$24,948).

Modifications were made to Sheet “6.1 GA” (with support from OEB staff) to remove the kWh related to the customers in Intermediate, Large Use and Streetlighting rate classes that did not contribute to the balance in Account 1589, leaving the remaining rate class kWh in order to calculate the GA rate rider of (\$0.0002) per kWh as detailed in Table 6 below. Bluewater proposes to return this amount to customers over a twelve month period commencing May 1, 2021.

Table 6 – GA Rate Rider (from Sheet 6.1 of 2021 Rate Generator Model)

Rate Class	Non-RPP Metered Consumption for Current Class B Customers (Non-RPP Consumption excluding WMP, Class A and Transition Customers' Consumption)	% of total kWh	Total GA \$ allocated to Current Class B Customers	GA Rate Rider (\$/kWh)
	kWh			
RESIDENTIAL SERVICE CLASSIFICATION	7,317,353	4.5%	(\$1,121)	(\$0.0002)
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	17,912,667	11.0%	(\$2,744)	(\$0.0002)
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	137,250,195	84.3%	(\$21,027)	(\$0.0002)
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	0	0.0%	\$0	\$0.0000
LARGE USE SERVICE CLASSIFICATION	0	0.0%	\$0	\$0.0000
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	329,071	0.2%	(\$50)	(\$0.0002)
SENTINEL LIGHTING SERVICE CLASSIFICATION	32,098	0.0%	(\$5)	(\$0.0002)
STREET LIGHTING SERVICE CLASSIFICATION	0	0.0%	\$0	\$0.0000
	162,841,384	100.0%	(\$24,947)	

5.4.4 Commodity Accounts 1588 and 1589

The OEB released guidance on February 21, 2019, entitled “Accounting Guidance related to Accounts 1588 Power, and 1589 Global Adjustment.” The Accounting Guidance was effective January 1, 2019 and was to be implemented by August 31, 2019.

In Bluewater’s most recent 2020 IRM Decision (EB-2019-0021), the OEB granted final disposition of Balances as of December 31, 2018 and approved on a final basis the December 31, 2017 balances that were previously disposed on an interim basis in Bluewater’s 2019 IRM proceeding (EB-2018-0019).

Bluewater confirms that it is in full compliance with the Accounting Guidance and the processes were implemented effective January 1, 2019.

Bluewater is requesting final disposition for the balance in Account 1588 RSVA – Power in the amount of (\$891,341), and for the balance in Account 1589 – Global Adjustment in the amount of (\$24,948). Bluewater has completed the GA Analysis Workform to support the claim for disposition for Account 1589 and notes the variance is less than 1%.

The GA Analysis Workform now includes a tab “Principal Adjustments”. Bluewater did not have any principal adjustments included in the last approved balance as of December 31, 2018 for both Account 1588 or Account 1589 and therefore has not included any data in this tab.

Bluewater has two rate classes that have customers that are billed on the Actual GA rate (General Service 1000-4999 kW and Street Lighting). The remaining Class B customers are billed based on the 1st Estimate GA. The GA Workform has been modified (with support from OEB Staff) to add columns to segregate the kWh related to the customers charged the Actual GA rate from the remaining Class B customers who are charged based on the 1st Estimate GA rate.

Bluewater has completed the GA Workform for 2019 data and has been able to identify reconciling items such that the variances fall below the materiality threshold of 1%.

5.4.5 Capacity Based Demand Response (CBR) Class B Disposition

Bluewater has recorded Capacity Based Recovery (“CBR”) costs and revenues separately for Class A and Class B customers in the respective Account 1580 subaccounts. CBR Class A is disposed of based on the customers PDF factor and therefore there is no variance in Account 1580 – Sub Account CBR Class A.

Bluewater is proposing to dispose of “Variance WMS - Sub-Account CBR – Class B” through this Application. The total amount requested for disposition including carrying charges is (\$136,015). Bluewater is requesting a twelve month disposition period for the balance in this account. The proposed rate riders are presented in Table 7 below.

Table 7 – CBR Class B Disposition

Rate Class	Unit	Metered Consumption for Current Class B Customers (Total Consumption LESS WMP, Class A and Transition Customers'		% of total kWh	Class B \$ allocated to Current Class B Customers	CBR Class B Rate Rider
		kWh	kW			
RESIDENTIAL SERVICE CLASSIFICATION	kWh	251,122,547	0	46.1%	(\$62,719)	(\$0.0002)
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	101,723,566	0	18.7%	(\$25,406)	(\$0.0002)
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION	kW	183,950,487	509,705	33.8%	(\$45,943)	(\$0.0901)
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION	kW	1,660,281	10,588	0.3%	(\$415)	(\$0.0392)
LARGE USE SERVICE CLASSIFICATION	kW	0	0	0.0%	\$0	\$0.0000
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	2,202,857	0	0.4%	(\$550)	(\$0.0002)
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	474,594	1,299	0.1%	(\$119)	(\$0.0916)
STREET LIGHTING SERVICE CLASSIFICATION	kW	3,457,006	9,621	0.6%	(\$863)	(\$0.0897)
Total		544,591,341	531,213	100.0%	(\$136,015)	

5.4.6 Account 1595 Workform

Bluewater is not requesting disposition of any balances in Account 1595 in this application. The earliest vintage year with a balance of \$32,308 relates to sub-account 1595 (2017). The residual balances of the 2017 rate riders become eligible to be disposed of on a final basis once the balances as of December 31, 2020 have been audited, therefore sub-account 1595 (2017) would be eligible for disposition in the 2022 rate year.

Since Bluewater is not eligible to seek disposition of any residual balances, the Account 1595 Workform is not required to be completed.

5.5 Lost Revenue Adjustment Mechanism

Bluewater is proposing recovery for lost revenue associated with the implementation of Conservation and Demand Management (“CDM”) programs. The OEB has established Account 1568 LRAMVA to capture the difference between OEB-approved CDM forecast and the actual results at the customer rate class level.

On March 20, 2019, the Minister of Energy, Northern Development and Mines (“MEDM”) issued directives to the OEB and the IESO with the effect of concluding the Conservation First Framework (“CFF”) but allowing applications in progress to be completed. Bluewater has processed applications for projects to be completed in 2019 as well as 2020. Furthermore, on July 22, 2020 the MEDM directed the IESO to extend the timelines for completion of certain projects under the CFF until June 30, 2021. Bluewater expects to have projects come into service related to the CFF extension into 2021. Bluewater last made an LRAMVA claim in its 2020 IRM application (EB-2019-0021) for programs up to, and including 2018, and was approved for recovery of \$359,628. Recovery of these amounts will commence November 1, 2020 for a six month period ending April 30, 2021.

In this application, Bluewater is proposing to recover lost revenue for the year 2019 and persistence of programs into 2020 in the amount of \$687,794, including carrying charges to the end of April 2021. Bluewater is proposing a twelve month recovery period commencing May 1, 2021 to April 30, 2022. The excel model of the LRAMVA Workform is attached.

To smooth rates and mitigate future rate impacts anticipated with Bluewater’s 2022 Cost of Service (“COS”) application, Bluewater proposes to recover the persistence of programs up to and including 2020 in this application, however, Bluewater intends to dispose of the savings related to the actual 2020 projects as part of its 2022 COS proceeding or later. Although this approach of proposing to claim for persistence into 2020 without the incremental 2020 projects is not standard, we feel that this is appropriate in order to mitigate future bill impacts. That is proposed this year because we foresee significant project results related to large projects in 2020 and into 2021; therefore, by disposing of the

1 persistence in 2020 in this application we feel that will help mitigate the LRAMVA claim in the future
2 thereby helping to isolate customers from larger rate swings.

3
4 Bluewater's CDM activities consist of programs initiated by the Independent Electricity System Operator
5 (IESO). In this application Bluewater is claiming a LRAMVA amount pertaining to full lost revenues in
6 2019 and lost revenues associated with persistence of earlier programs in 2019 and 2020. Therefore,
7 Bluewater is entitled to 2019 persistence of IESO CDM program activities from 2011 to 2019 for its lost
8 revenue in 2019, and persistence of activities from 2011 to 2019 for its lost revenue in 2020.

9
10 In 2019, Bluewater achieved 11,865,926 kWh in excess of the 2013 target for Residential customers,
11 2,995,460 kWh above target for GS < 50 kW customers, and 35,877 kWh below target for the USL class.
12 Demand savings were 57,113 kW above the target for the GS 50 – 999 kW class, 5,597 kW above the
13 forecast for the GS > 1,000 kW class, 3 kW below target for the Sentinel Light class, 44kW below target
14 for the Street Light class, and 1,754 kW above target for the Large Use class.

15
16 Persistence of programs from 2011 to 2019 into 2020 is nearly identical to persistence of those
17 programs in 2019. The relative savings are slightly lower as a result of the loss in persistence from 2019
18 to 2020.

19
20 In 2020, Bluewater will have achieved 11,640,543 kWh in excess of the 2013 target for Residential
21 customers, 2,986,116 kWh above target for GS < 50 kW customers, and 35,877 kWh below target for
22 the USL class. Demand savings were 57,229 kW above the target for the GS 50 – 999 kW class, 5,601
23 kW above the forecast for the GS > 1,000 kW class, 3 kW below target for the Sentinel Light class, 44kW
24 below target for the Street Light class, and 1,751 kW above target for the Large Use class.

25
26 Consumption and demand figures above are relative to the targets established in Bluewater's 2013 Cost
27 of Service Application EB-2012-0107. The LRAMVA thresholds are provided on page 25 of the
28 Settlement Agreement of that proceeding, which has been copied below in Table 8 for reference.

Table 8 – Targets established in 2013 Cost of Service Application

Settlement Table #7 – LRAMVA Allocation

	Weather Normalized 2013F (Elenchus) A		LRAMVA Allocation (kWh) B
Residential (kWh)	259,773,254	26%	4,162,607
GS<50 (kWh)	99,956,659	10%	1,601,705
GS>50 (kW)	225,433,209	22%	3,612,342
Intermediate	159,155,521	16%	2,550,308
Large Users	251,579,433	25%	4,031,309
USL (kWh)	2,238,935	0%	35,877
Sentinel Lights (kW)	627,674	0%	10,058
Street Lights (kW)	9,137,954	1%	146,427
Total Customer (kWh) original CDM	<u>1,007,902,639</u>	100%	<u>16,150,632</u>

	Weather Normalized 2013F (Elenchus) A		LRAMVA Allocation (kW) B
Residential (kWh)		0%	-
GS<50 (kWh)		0%	-
GS>50 (kW)	622,378	45%	1,126
Intermediate	335,318	24%	607
Large Users	398,793	29%	722
USL (kWh)		0%	-
Sentinel Lights (kW)	1,452	0%	3
Street Lights (kW)	24,551	2%	44
Total Customer (kWh)	<u>1,382,492</u>	100%	<u>2,502</u>

Bluewater confirms that the most recent input assumptions have been used in making this claim.

Bluewater's persisting results are based on the 2011-2014 Final Results Report, Final 2015 Annual Verified Results Report, Final 2016 Annual Verified Results Report, the Final 2017 Annual Verified Results Report, and the 2018 Participation and Cost Report (April 2019 version), all provided by the IESO.

Section 3.2.6.1 of the Chapter 3 Filing Requirements allow for detailed project level savings files as supporting documentation when assessing applications for lost revenue where final verified results from the IESO are not available. In 2019, Bluewater's customers completed 76 projects under the Retrofit program and completed 4 projects under the Process and Systems Upgrades ("PSUI") program.

1 The details supporting the Gross kWh and kW are presented on Tab 3.a of the LRAMVA workform for
2 both the Retrofit and PSUI programs. Since each project is known, the rate class can be specifically
3 assigned in order to allocate the total savings for each year to the applicable rate class. The Save on
4 Energy Heating and Cooling Program is a consumer program so the savings provided in the April 2019
5 Participation & Cost Report for this program have been allocated to the Residential class. In years prior
6 to 2019, the allocation to rate classes as originally submitted by Bluewater and subsequently approved
7 by the OEB have not changed.

8
9 Savings from the 2019 Retrofit and PSUI programs are based on the cumulative savings of completed
10 projects that were approved before April 2019, adjusted by applicable realization rates and net-to-gross
11 ratios. The data related to each project under each of the Retrofit and PSUI are detailed in Tab 3.a of
12 the LRAMVA workform along with the adjustments to the gross results to determine the net results.
13 The 2017 Realization Rates and Net-to-Gross ratios from the IESO's 2017 Industrial Programs Evaluation
14 report have been applied to the gross savings. Persistence values from the References Tables in the
15 April 2019 Participation & Cost Report are applied to savings in future years from 2019 projects. The
16 April 2019 Participation & Cost Report is provided at Attachment 5.

17
18 Net incremental peak demand savings (kW) for 2018 are not provided in the 2018 Participation and
19 Cost Report (dated April 2019). For the Coupon Program, Retrofit Program, Heating and Cooling
20 Program, Small Business Lighting Program, and Existing Building Commission Program, the average kW
21 to kWh ratio of the program's historic savings are applied to the 2018 net incremental energy savings
22 to approximate 2018 net incremental demand savings. The same ratios are applied to 2019 savings from
23 the April 2019 Participation and Cost Report. The Instant Discount Program and Smart Thermostat
24 Program did not have historical savings, however all savings are allocated to the consumption-billed
25 Residential class so demand savings figures are not required.

26
27 Carrying charges totaling \$10,446 have been calculated to the end of April 2021 with the OEB's
28 Approved Deferral and Variance Accounts prescribed interest rates. The rates in 2021 Q1 and 2021 Q2
29 are not yet available so the 2020 Q4 rate of 0.57% is used in those periods.

Bluewater has not made any adjustments to previously claimed LRAMVA amounts. Bluewater has made adjustments to the LRAMVA workform to include persistence of 2011-2019 programs to 2020. For Bluewater's next LRAMVA claim, all persistence figures to 2020 will be cleared from the LRAMVA workform to ensure lost revenues in 2020 includes only incremental 2020 programs without persistence.

Table 9 - LRAMVA Claim Summary – Principal

Rate Class		2019	2020 Persistence	Total
Residential	Actual	\$30,454	\$0	\$22,545
	Forecast	(\$7,909)	\$0	
GS < 50 kW	Actual	\$91,943	\$92,674	\$120,229
	Forecast	(\$32,034)	(\$32,354)	
GS 50 – 999 kW	Actual	\$259,705	\$261,997	\$511,625
	Forecast	(\$5,021)	(\$5,055)	
GS > 1,000 kW	Actual	\$11,287	\$11,370	\$20,440
	Forecast	(\$1,104)	(\$1,112)	
Sentinel	Actual	\$0	\$0	(\$165)
	Forecast	(\$82)	(\$83)	
Street Lighting	Actual	\$0	\$0	(\$1,771)
	Forecast	(\$883)	(\$889)	
USL	Actual	\$0	\$0	(\$2,526)
	Forecast	(\$1,259)	(\$1,266)	
Large Use	Actual	\$4,908	\$4,935	\$6,970
	Forecast	(\$1,431)	(\$1,441)	
Total	Actual	\$398,297	\$370,975	\$677,348
	Forecast	(\$49,724)	(\$42,201)	

Bluewater is proposing to dispose of these amounts over a twelve month period through rate riders effective May 1, 2021 to April 30, 2022. The following table outlines the proposed disposition.

LRAMVA Claim Summary – Total and Proposed Rate Rider

Table 10 – Proposed LRAMVA Rate Rider

Rate Class	Billing Unit	Principal	Carrying Charges	Total LRAMVA	Billing Determinants (per Sheet 4 of IRM model)	Proposed Rate Rider (\$)
Residential	kWh	\$22,545	\$579	\$23,125	251,122,547	0.0001
GS < 50 kW	kWh	\$120,229	\$1,813	\$122,041	101,723,566	0.0012
GS 50 - 999 kW	kW	\$511,625	\$7,708	\$519,333	528,420	0.9828
GS > 1,000 kW	kW	\$20,440	\$308	\$20,748	265,773	0.0781
Sentinel Lighting	kW	(\$165)	(\$2)	(\$168)	1,299	(0.1293)
Street Lighting	kW	(\$1,771)	(\$27)	(\$1,798)	9,621	(0.1869)
USL	kWh	(\$2,526)	(\$38)	(\$2,564)	2,202,857	(0.0012)
Large Use	kW	\$6,970	\$105	\$7,076	477,954	0.0148
Total		\$677,348	\$10,446	\$687,794		

5.6 Tax Changes

Bluewater's corporate tax rate included in its 2013 Cost of Service Application is 24.44%. The current corporate tax rate is 26.5%.

The OEB has determined that under the IRM plan, a 50/50 sharing of the impact of currently known legislated tax changes as compared to the tax level reflected in the Board approved base rates for a distributor applies.

The difference between the tax rate embedded in base distribution rates and the current tax rate leads to an incremental tax liability of \$60,905 per year. When shared 50/50, the amount to be recovered from rate payers is \$30,452.

The Decisions related to the past 5 rate applications (2016 IRM EB 2015-0053, 2017 IRM EB-2016-0057, 2018 IRM EB 2017-0027, 2019 IRM EB 2018-0019, and 2020 IRM EB-2019-0021) have required the approved amount booked to Account 1595 for future disposition given that the annual amount does not lead to a specific rate rider greater than 4 decimal places for all rate classes.

The similar situation arises for the amount proposed for the 2021 IRM Application. Bluewater requests that the OEB allow Bluewater to book the current shared tax savings amount of \$30,452 to Account 1595 for future disposition. The amount booked will correspond to the year of the rate decision relating to account 1595.

5.7 Proposed Rates and Tariffs

The rates proposed in this application are found at Attachment 6 - Proposed Rates.

An excel version of the proposed rates is included with this application. We note one change that was manually performed on the excel version of the proposed tariffs:

- The Effective date was changed to reflect "May 1, 2021" from "May 1, 2020"

5.8 Bill Impacts

The bill impacts from the proposed rates are summarized in Table 11. Detailed bill impacts by rate class are found at Tab 20 of the 2021 IRM Rate Generator model.

Table 11 – Proposed Monthly Bill Impacts

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Monthly Usage	Units	Sub-Total						Total	
			A		B		C		Total Bill	
			\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	750	kWh	\$ (0.61)	-1.8%	\$ 0.21	0.6%	\$ (0.10)	-0.2%	\$ (0.08)	-0.1%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	2,000	kWh	\$ 0.32	0.4%	\$ 2.12	2.7%	\$ 1.29	1.2%	\$ 1.04	0.3%
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION - RPP	60	kW	\$ 10.22	2.1%	\$ 27.20	6.2%	\$ 18.32	2.5%	\$ 14.87	0.5%
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	2,100	kW	\$ 95.86	1.3%	\$ 874.96	16.5%	\$ 537.70	3.2%	\$ 607.60	0.3%
LARGE USE SERVICE CLASSIFICATION - Non-RPP (Other)	10,000	kW	\$ 52.80	0.1%	\$ 4,368.80	12.2%	\$ 2,548.80	2.6%	\$ 2,880.14	0.3%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	714	kWh	\$ (0.11)	-0.3%	\$ 0.39	1.0%	\$ 0.09	0.2%	\$ 0.07	0.1%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	1	kW	\$ (3.93)	-0.2%	\$ (3.69)	-0.2%	\$ (3.80)	-0.2%	\$ (3.09)	-0.2%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	1	kW	\$ (0.06)	0.0%	\$ 0.21	0.0%	\$ 0.10	0.0%	\$ 0.11	0.0%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	750	kWh	\$ (0.61)	-1.8%	\$ 4.26	13.0%	\$ 3.95	9.0%	\$ 4.46	2.6%
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	60	kW	\$ 10.22	2.1%	\$ 135.20	41.8%	\$ 126.32	19.9%	\$ 142.74	3.5%

All of which is respectfully submitted.