Bluewater Power Distribution Corporation

OEB Staff Questions

EB-2020-0005

**Bluewater Power Distribution Corporation**

**EB-2020-0005**

Please note, Bluewater Power is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff questions and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB’s *Rules of Practice and Procedure*.

## Staff Question-1

Ref: (1) EB-2019-0021, 2020 IRM decision, Table 7.2, page 11

(2) Tab 3 of the Rate Generator Model

Preamble:

At the first reference, Bluewater Power was approved to dispose of its 2018 Group 1 accounts on a final basis in the 2020 IRM decision. However, as shown at the second reference, only a credit balance of $40,096 was recorded for Account 1551 in the “OEB approved disposition during 2020” in the DVA continuity schedule.

Question(s):

1. OEB staff populated the “OEB approved disposition during 2020” column in the DVA continuity schedule with the 2018 Group 1 balances approved in the 2020 IRM decision. In doing so, the Group 1 balance changed from a credit balance of $1,339,927 to a debit of $185,959. Please confirm that Bluewater Power agrees with the amounts populated in the 2020 disposition columns.
2. As the updated Group 1 balance no longer exceeds the materiality threshold, please confirm whether Bluewater Power maintains its request to dispose of Group 1 accounts in this proceeding.

## Staff Question-2

Ref: (1) EB-2019-0021, 2020 IRM proceeding, Responses to Staff Questions (#5)

(2) EB-2019-0021, 2020 IRM decision

(3) Application, pages 12, 17 and 18

(4) Accounting Procedures Handbook Update, Accounting Guidance Related to

Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019

Preamble:

In the 2020 IRM proceeding, Bluewater Power confirmed that its settlement process was the subject of an extensive OEB audit (per the first reference). Bluewater Power stated that its 2017 and 2018 Account 1588 and 1589 balances were in accordance with the February 21, 2019 accounting guidance.

In the 2020 IRM decision, the OEB approved the 2018 Group 1 balances on a final basis. The 2017 balances, previously approved on an interim basis, were also approved to be disposed on a final basis (per the second reference).

In the 2021 IRM application, Bluewater Power confirms that it is in full compliance with the OEB accounting guidance and the processes were implemented effective January 1, 2019 (per the third reference). Bluewater Power did not have any principal adjustments included in the Account 1588 and 1589 balance as of December 31, 2019.

Question(s):

1. Please confirm whether Bluewater Power leaves its general ledger open long enough at year-end to record true-up adjustments within their respective fiscal year and therefore there are no principal adjustments and reversals required in the following year. If this is not the case, please explain why there are no principal adjustments recorded for Accounts 1588 and 1589 in 2019.

## Staff Question-3

Ref: (1) GA workform, Tab 2019 GA

Preamble:

In the application as originally filed, Bluewater Power requested final disposition of the credit balance in Account 1589 – Global Adjustment in the amount of $24,948. Subsequent to the revisions to the DVA continuity schedule as noted in Staff Question-1, the revised balance in Account 1589 is a debit balance of $473,705.

At the first reference, Bluewater Power quantified a credit balance of $100,432 as a reconciling item on the GA 2019 workform due to unaccounted for energy differences, which relates to the difference between actual system losses and approved loss factor billed to customers. Bluewater Power demonstrated that the unexplained variance is less than 1% as a percentage of expected GA payments to the IESO.

Question(s):

1. Please discuss whether Bluewater Power has investigated the operational reasons for why actual system losses relating to non-RPP customers are higher than the approved loss factor. If so, please discuss the issues experienced and/or results, if available.

## Staff Question-4

Ref: (1) LRAMVA workform

(2) Application, page 23

(3) Chapter 3 Filing Requirements, section 3.2.6, page 21

Preamble:

At the first reference, Bluewater Power has claimed 2019 incremental savings, the persistence of 2011-2018 savings in 2019, and the persistence of 2011-2019 savings in 2020. Incremental 2020 savings were specifically excluded, as the utility wishes to smooth rates and mitigate future bill impacts in its 2022 rate application.

At the second reference, Bluewater Power indicated that it intends on disposing 2020 actual savings as part of its 2022 rate application or at a future time.

At the third reference, the OEB LRAMVA policy indicates that once the balance has been approved on a final basis, changes to the balance associated with a program year that was approved on a final basis would constitute rate retroactivity.

Question(s):

1. If Bluewater Power maintains its proposal to claim 2019 savings and only the persistence of 2011-2019 savings in 2020 (with no incremental 2020 amounts in the 2020 program year), OEB staff notes that this LRAMVA request would proceed to be approved on a final basis unless indicated otherwise.
2. Please confirm that Bluewater Power wishes to maintain its LRAMVA proposal in this rate application. If so, please confirm that Bluewater Power will be forgoing 2020 incremental savings once the balance is approved on a final basis.

If not, please discuss whether Bluewater Power will revise its LRAMVA proposal to exclude persisting savings into 2020, so that only lost revenues up to the 2019 program year are recovered in this LRAMVA disposition request.

1. If Bluewater Power believes that there is a benefit to dispose of this LRAMVA claim (as proposed) on an interim basis to smooth rate impacts, please discuss the ramifications and provide rationale.
2. Please explain Bluewater Power’s position with respect to including the incremental 2020 amounts with the LRAMVA claim in this rate application, if available, or whether a longer disposition period was considered to smooth rate impacts.
3. Please quantify and compare the customer impacts of the proposed LRAMVA disposition to the scenarios noted above. Based on the analysis, please confirm the utility’s proposed composition of the LRAMVA balance and the disposition period.

## Staff Question-5

Ref: LRAMVA workform, Tabs 3 and 5

Preamble:

Bluewater Power completed the transition to a fixed residential charge as of May 1, 2019, but it has claimed lost revenues from the residential class in 2019. As a result of the transition to the fixed residential charge, distributors will no longer experience lost revenues due to reduced consumption.

As the May 1, 2019 fixed residential charge is no longer a volumetric rate, the LRAMVA workform calculates residential lost revenues in 2019 by taking the full year value of persisting savings from prior years into 2019 and multiplying that amount by 1/3 of the 2018 volumetric rate (i.e. Jan 1 to April 30, 2019) to calculate lost revenues for 2019, as this period was before the fixed residential charge was in place.

Question(s):

1. Please provide rationale for claiming lost revenues for the residential class for all of 2019 when the utility has transitioned to a fixed residential charge as of May 1, 2019.

## Staff Question-6

Ref: Application, page 22 / LRAMVA workform, Tab 5

Participation & Cost (P&C) Report

Preamble:

Bluewater Power claimed an additional 2,985,790 kWh (or 608 kW/month) of retrofit program savings and 3,592,070 kWh (or 858 kW/month) of PSUI savings in the LRAMVA workform, which were not included in the Participation and Cost Report.

Question(s):

1. Please provide rationale for why the additional retrofit savings and PSUI savings were not included in the P&C Report, but should be considered eligible for lost revenue recovery.
2. Please provide supporting documentation (e.g. aggregated copy of the CDM-IS report(s) in excel format) to substantiate the additional project savings claimed for lost revenue purposes.
3. Please ensure the following information is included:

* Framework under which the savings will be delivered under (e.g. CFF wind-down framework, interim framework, etc.)
* Date that the program was approved by the IESO
* Expected completion date of the program
* Expected kWh and kW savings (net)
* Delivery agent for the program savings (e.g. LDC or IESO led)
* Approval date of an IESO incentive

1. Please explain how the 2019 demand savings from the retrofit and PSUI projects were calculated, including assumptions and reports used.

## Staff Question-7

Ref: Tab 20 of Rate Generator Model

Preamble:

RTSRs, for both Network, and Connection and/or Line and Transformation Connection, have changed by more than 4% for all customer classes. In Tab 20 of the Rate Generator Model, an explanation is required in the Manager’s Summary if the change in RTSR charges is more than 4%.

Question(s):

1. Please discuss whether the utility has analysed the reason for the change in RTSR – Network, and Connection and/or Line and Transformation Connection, from the previous bill. If so, please discuss the driver(s) of the change.

## Staff Question-8

Ref: Model updates with 2021 IRM application

Rate Generator Model, dated Jan 15 2021 (revised as attached)

Preamble:

OEB staff made the following changes to the Rate Generator Model:

* Tab 3 – Included final approved balances for 2018 in 2020 Dispositions column
* Tab 11 – UTRs and 2021 Hydro One sub-tx rates were updated
* Tab 16 – Price escalator was updated to 2.2%
* Tab 17 – Regulatory changes and TOU pricing have been updated for Jan. 1, 2021 rates
* Tab 20 – Ontario Electricity Rebate has been updated to 21.2%

Question(s):

1. Please confirm that Bluewater Power is in agreement with OEB staff updates to Rate Generator Model.
2. Based on Bluewater Power’s responses to the above questions, please re-file all applicable model(s), workform(s) and/or appendices to reflect any revisions required.
3. Please summarize all updates to the application, model(s) and/or appendices submitted in this proceeding.