Bluewater Power Distribution Corporation
EB-2020-0005

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):

a) 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.

Confirmed.

b) 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.

Given that the amount of $185,959 is below materiality, Bluewater will not dispose of the Group 1 accounts at this time.

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):

a) 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.

Confirmed.

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):

a) 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.

Bluewater's loss factor of 1.0421 was last approved in our 2013 Cost of Service application. Since 2013, the losses have fluctuated slightly each year, but have been within +0.5% of the approved loss factor each year which shows consistency. Bluewater is continually investing in newer infrastructure which, over time, we expect will help reduce the overall loss factor.

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):

a) 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.

   i. 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.

Bluewater will withdraw its request to include persistence into 2020 and will update this application to only include lost revenue up to and including the 2019 program year.

ii. 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.

Please see response to part (i) above.

iii. 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.

Please see response to part (i) above.

b) 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.

Bluewater will update the application to reflect lost revenue up to, and including 2019 results only. The table below details the original claim and the revised claim of $357,531.

Rate Class	Original Claim 2019 & Persistence in 2020	Revised Claim 2019 Only
Residential	$23,125	$23,125
GS < 50 kW	$122,041	$61,449
GS 50 - 999 kW	$519,333	$261,229
GS > 1,000 kW	$20,748	$10,444
Sentinel Lighting	($168)	($84)
Street Lighting	($1,798)	($905)
USL	($2,564)	($1,292)
Large Use	$7,076	$3,566
Total	**$687,794**	**$357,531**

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):

a) 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.

As is noted in the Board Staff Preamble, the LRAMVA workform takes 1/3 of the volumetric rate and multiplies by the 2019 annual value of persisting savings from prior years for the residential rate class. Over 99.9% of 2019 Residential kWh savings is persistence of prior year programs that were in place at January 1st, 2019, and 2019 savings are all from projects put in service prior to April 2019 (as included in the April 2019 Participation & Cost Report). The Residential volumetric rate applicable from January 2019 to April 2019 multiplied by 1/3 of savings in 2019 is equivalent to 1/3 of the volumetric rate applied to full savings. Residential savings in the LRAMVA workform only reflects the lost revenues from the Residential class in 2019 before Bluewater Power completed the transition to fully-fixed rates.

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):

a) 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.

The final Participation & Cost report from the IESO was dated April 15, 2019 and included savings only to March 2019. The savings Bluewater is including for 2019 in addition to the results from the P&C report, relate specifically to projects for which there was a contractual agreement prior to April 15, 2019 and that came into service throughout 2019. The associated savings of those projects were not included in the P&C report dated April 15, 2019 but are eligible for lost revenue recovery.

b) 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.

   i. 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

Please see excel file - Attachment Staff-6 (2019 LRAM), tab ‘2019 ERII Complete’ and tab ‘PSUP 2019 Complete’ which details the data requested above at the project level and corresponds to the data filed in the LRAMVA Workform, tab 3-a. Rate class Allocations.

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

Retrofit and PSUI project demand savings were calculated based on project-level data from the IESO CDM Information System. Savings data is summarized and converted to net savings in Attachment Staff-6 (2019 LRAM), with confidential applicant information removed. The resulting figures used in the LRAMVA workform are in tab ‘Summary kW’. Gross savings was converted to net savings with net-to-gross and realization rates from Table 1 of the EcoMetric Program Year 2017 Evaluation Report, which is attached as Attachment Staff-6 (2017 Evaluation Report).

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):

a) 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.

The reason for the increase in the RTSR Network rate for all rate classes is because the Uniform Transmission rates and the Hydro One Sub-Transmission rates increased in 2021. The increase in these rates necessitates an increase to Bluewater’s rates in order to recover the increase in the amounts Bluewater has to remit.

The slight decrease in the RTSR – Line and Transformation Connection Service Rate is due to a re-alignment of the rates to recover the expected future wholesale connection costs.

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):

a) Please confirm that Bluewater Power is in agreement with OEB staff updates to Rate Generator Model.

Confirmed.

b) 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.

Please see part (c) below for updated models filed.

c) Please summarize all updates to the application, model(s) and/or appendices submitted in this proceeding.

Bluewater has made the following updates to the Models:

1. Updated the LRAMVA Workform to remove the persistence into 2020. Bluewater is proposing to claim only lost revenue up to and including 2019 in this application. The revised claim amounts to $357,531 including carrying charges, and Bluewater proposes to collect this amount over a 12 month period commencing May 1, 2021.
2. As a result of #1 above, the Rate Generator Model has been updated to include the LRAMVA disposition amount of $357,531.

3. Bluewater is not proposing to dispose of the Group 1 accounts at this time given the total of $185,959 is below the materiality threshold for disposition.

The following revised models and information will be submitted:

- 2021 IRM Rate Generator
- 2021 LRAMVA Workform
- 2021 Proposed Tariffs
- Attachment – Staff 6 (2019 LRAM)
- Attachment – Staff 6 (2017 Evaluation Report)