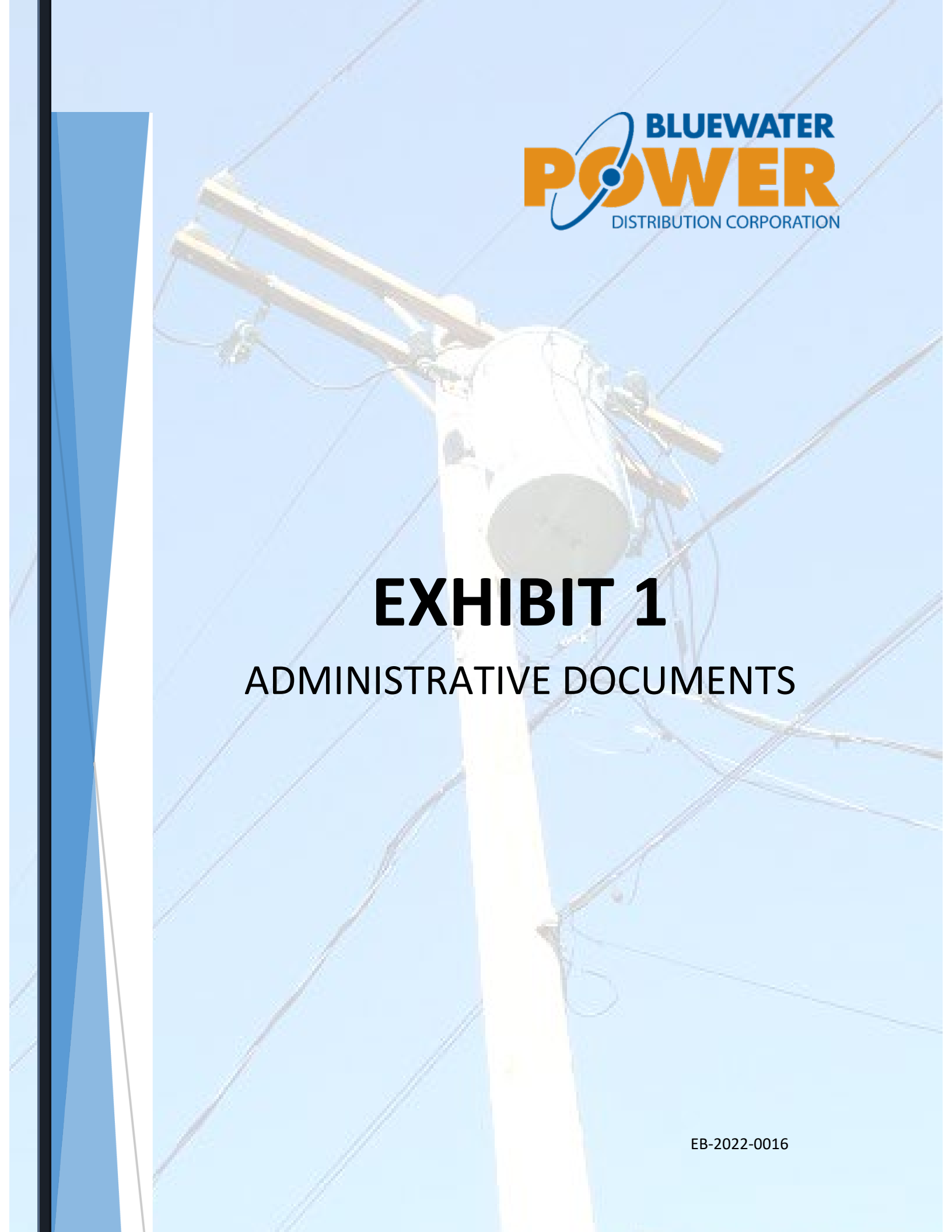


EXHIBIT 1

ADMINISTRATIVE DOCUMENTS

EB-2022-0016

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

TABLE OF CONTENTS

TABLE of TABLES

TABLE of FIGURES

1.1 APPLICATION

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15, 3 Schedule B, as amended (the "OEB Act").

AND IN THE MATTER OF an Application by Bluewater Power Distribution Corporation ("Bluewater" or the "Company") under Section 78 of the OEB Act to the Ontario Energy Board ("OEB") for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2023.

The Applicant is Bluewater Power Distribution Corporation. The Company is a corporation incorporated pursuant to the Business Corporations Act, R.S.O. 1990, c. B.16 with its head office in the City of Sarnia. Bluewater is a licensed electricity distributor operating pursuant to license ED-2002-0517. The Company carries on the business of distributing electricity within 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 south-western Ontario.

Bluewater's 2023 Cost of Service Application (EB-2022-0016) (the "Application") presents evidence demonstrating how Bluewater will develop, operate, and maintain its distribution system to ensure it provides safe, reliable, and cost-effective service to its customers.

The period for this Application includes 9 years of historical information, extending back to Bluewater's last Cost of Service application for rates effective May 1, 2013 (EB-2012-0107), the 2022 Bridge Year; and the 2023 forward Test Year.

Included in this application is Bluewater's first Distribution System Plan ("DSP") covering a five-year forecast period beginning with the 2023 Test Year and ending in 2027.

Bluewater has prepared this Application in accordance with the following:

1. The Application has been prepared pursuant to the OEB's Renewed Regulatory Framework for Electricity Distributors as detailed in the Report of the Board dated October 18, 2012 (the "RRFE").

2. The OEB's Handbook for Utility Rate Applications issued October 13, 2016.

3. Except where specifically identified in the Application, the Applicant followed Chapter 2 of the OEB's Filing Requirements for Electricity Distribution Rate Applications last revised on April 18, 2022 (the "Filing Requirements") in preparing the Application.

4. The Applicant has prepared a consolidated DSP in accordance with Chapter 5 of the OEB's Filing Requirements.

5. Bluewater acknowledges that the OEB may publish an update to its cost of capital parameters for applications for 2023 distribution rates and that these matters will affect the Revenue Requirement that the Applicant has requested in this Application.

6. Bluewater has completed the OEB checklist of the filing requirements and submitted it with this application.

1.2 APPLICATION SUMMARY AND BUSINESS PLAN

Bluewater has structured the Application in accordance to the Chapter 2 Filing Requirements, including the following nine exhibits, each filed as separate documents:

Exhibit 1	Administrative Documents
Exhibit 2	Rate Base
Exhibit 3	Customer and Load Forecast
Exhibit 4	Operating Expenses
Exhibit 5	Cost of Capital and Capital Structure
Exhibit 6	Revenue Requirement and Revenue Deficiency or Sufficiency
Exhibit 7	Cost Allocation
Exhibit 8	Rate Design
Exhibit 9	Deferral and Variance Accounts

The Application itself is underpinned by Bluewater's business plan, which outlines the business objectives Bluewater intends to achieve and how those objectives relate to outcomes customer's value. For ease of reference, a table summarizing Bluewater's corporate objectives from its business plan, has been reproduced as **Table 1**. The complete business plan can be found in Attachment 1-1 of this Exhibit.

Table 1: Bluewater Objectives and Outcomes (Reproduced from Business Plan)

OEB Category	Performance Categories	Objectives and Outcomes
Customer Focus	Service Quality	* Continue to exceed industry targets for service quality indicators * Increase social media presence to better inform customers
Operational Effectiveness	Safety	* Maintain a strong safety culture with zero lost hours * Maintain number of general public incidents at zero through increased public awareness
	Reliability	* Maintain and invest in the distribution system to ensure the safe and reliable delivery of electricity * Improve SAIDI and SAIFI results over the 5 year DSP timeframe * Complete all high priority reliability related projects and programs identified in the DSP * Seek out innovative solutions to provide better service and/or reduce costs to serve customers
	Employee Engagement	* Implement a regular employee engagement survey, targeting improved results over time
	Cost Control & Continuous Improvement	* Maintain Total Cost Benchmarking Cohort 3 Status, while improving results within Cohort 3 * Improve cost efficiency, targeting an incremental $100k reduction in spending each year through identifiable and sustainable savings
Public Policy Responsiveness	Public Policy Responsiveness	* Fulfill obligations mandated by the government through legislative and regulatory requirements * Completion of the Green Button project in 2023 * Development of Environmental & Social Responsibility Policy in support of municipal, provincial and federal initiatives
Financial Performance	Financial	* Deliver electricity at reasonable distribution rates * Earn the approved ROE to provide a stable dividend to shareholders and sufficient reinvestment of capital for distribution system needs

The Application is also based on Bluewater's Distribution System Plan (DSP) which outlines the overall condition of Bluewater's distribution system and the assets it is comprised of, as well as Bluewater's plans to ensure the safe and reliable delivery of electricity. The DSP has been provided as Attachment 2-1 of Exhibit 2.

The proposals of this application have been summarized below:

A. Revenue Requirement

Bluewater is requesting approval of its proposed service revenue requirement of $27,672,099, an increase of 26.8% from its 2013 OEB approved service revenue requirement as shown in **Table 2** below.

Table 2: Service Revenue Requirement

Description	2023 Test Year	2013 OEB Approved	Change $	Change %
OM&A	15,992,773	12,540,974	3,451,799	27.5%
Depreciation	5,516,322	4,948,030	568,292	11.5%
Interest	2,521,579	1,498,379	1,023,200	68.3%
PILs	296,827	476,251	-179,424	-37.7%
Return on Equity	3,344,597	2,351,639	992,958	42.2%
Service Revenue Requirement	27,672,099	21,815,272	5,856,827	26.8%
Other Revenue	1,233,238	1,108,249	124,989	11.3%
Base Revenue Requirement	26,438,861	20,707,023	5,731,838	27.7%

The variance in the base revenue requirement between 2023 proposed and 2013 OEB approved is approximately $5.7 million, however approximately $3.0M has been recovered in annual inflationary rate increases since 2013, leaving a remaining deficiency of approximately $2.7 million.

The main drivers of the increase are:

- Growth in rate base has resulted in increased interest and return on equity. Bluewater's net fixed assets have increased approximately $36.3 million, which have been partially offset by a reduction in working capital allowance of $5.2 million, as provided in section C below. Details on the

continued investment Bluewater has made in its distribution system over the last ten years are found in Exhibit 2 – Rate Base. The proposed return on capital is an increase by approximately $2 million which is a result of the changing cost of capital parameters and an increase in rate base. Details are provided in Exhibit 5.

- The increase in the total OM&A is approximately $3.4 million which is primarily related to inflationary increases. Details are provided in Exhibit 4.
- Depreciation/Amortization expense has increased by approximately $0.6 million, related to the growth in fixed assets. Details are provided in Exhibit 2.
- PILs have decreased by approximately $0.2 million, primarily related to a higher level of CCA deductions available in 2023 vs 2013. Details are provided below in Section 6.2.

B. Load Forecast Summary

Bluewater's customer and connection growth has been provided in **Table 3**. Over the past 10 years Bluewater has seen a moderate amount of growth in residential customers and a decrease in commercial customers. Exhibit 3 provides the details and assumptions supporting the forecasted number of customers.

Table 3: Forecasted Customer Growth: 2013 compared to 2023

Rate Class	2023 Test Year	2013 Approved	Variance #	Variance %
Residential	33,390	32,122	1,268	3.9%
GS < 50 kW	3,487	3,544	(57)	(1.6%)
GS > 50 kW	354	438	(84)	(19.2%)
Intermediate	8	12	(4)	(33.3%)
Large User	4	3	1	33.3%
Total Customers	**37,243**	**36,119**	**1,124**	**3.1%**
Street Lighting	10,193	10,140	53	0.5%
Sentinel Lighting	351	445	(94)	(21.1%)
Unmetered Scattered Load	342	260	82	31.5%
Total Connections	**10,886**	**10,845**	41	0.4%

Bluewater's load growth has been prepared using the same methodology approved in its 2013 cost of service proceeding. **Table 4** provides the forecasted kWh approved in the 2013 cost of service with the amount forecasted in this application. **Table 5** provides the same of the previously approved and forecasted kW.

Table 4: Forecasted kWh: 2013 compared to 2023

Rate Class	2023 Test Year	2013 Approved	Variance #	Variance %
Residential	264,890,809	256,986,232	7,904,577	3.08%
GS < 50 kW	103,734,059	98,884,257	4,849,802	4.90%
GS > 50 kW	186,042,901	223,014,610	(36,971,709)	(16.58%)
Intermediate	112,957,443	157,447,994	(44,490,551)	(28.26%)
Large User	282,196,510	248,880,320	33,316,190	13.39%
Street Lighting	3,361,898	9,039,916	(5,678,018)	(62.81%)
Sentinel Lighting	414,626	620,940	(206,314)	(33.23%)
Unmetered Scattered Load	2,201,349	2,214,914	(13,565)	(0.61%)
Total KWh	955,799,595	997,089,183	(41,289,588)	(4.14%)

Table 5: Forecasted kW: 2013 compared to 2023

Rate Class	2023 Test Year	2013 Approved	Variance #	Variance %
GS > 50 kW	522,093	621,654	(99,561)	(16.02%)
Intermediate	219,591	334,928	(115,337)	(34.44%)
Large User	474,203	396,800	77,403	19.51%
Street Lighting	9,147	24,351	(15,204)	(62.44%)
Sentinel Lighting	1,149	1,313	(164)	(12.49%)
Total KWh	1,226,183	1,379,046	(152,863)	(11.08%)

C. Rate Base and Distribution System Plan (DSP)

As indicated in **Table 6** below, Bluewater's 2023 Test Year rate base is $96,553,044. Rate base has grown by $31,084,262 (47.5%) since Bluewater's last approved cost of service application in 2013. The increase is driven by a 69.5% growth in the average net book value of assets, partially offset by a reduction working capital allowance. The growth in the average net book value of assets is the direct result of the capital

expenditures which Bluewater has incurred over the past ten years. These expenditures are outlined in Exhibit 2 of this application.

The working capital allowance in the Test Year is $7,952,325. This is a decrease of $5,225,514 or 39.7% from the 2013 OEB approved amount, primarily due to the decrease in working capital allowance rate used in 2023 of 7.5% from the former rate of 13% used in 2013. Working Capital related expenses have grown to $106,030,995 in 2023 from $101,367,990 or 4.6% over the past 10 years. An analysis of the working capital is provided in Exhibit 2, 2.5 Allowance for Working Capital.

Table 6: Rate Base – 2023 Test Year vs 2013 OEB Approved

Description	2023 Test Year	2013 OEB Approved	Variance $	Variance %
Average Gross Fixed Assets	115,729,929	120,082,373		
Average Accumulated Depreciation	27,129,210	67,791,430		
Average Net Book Value	88,600,719	52,290,943	36,309,776	69.5%
Working Capital Expenses	106,030,995	101,367,990	4,663,005	4.6%
Working Capital Allowance %	7.5%	13.0%		
Working Capital Allowance $	7,952,325	13,177,839	-5,225,514	-39.7%
Rate Base	96,553,044	65,468,782	31,084,262	47.5%

Bluewater's Distribution System Plan was developed to balance the needs and preferences of its customers and the needs of the distribution system. Bluewater formed its plans through asset management processes, customer engagement, and coordination with third parties. The major drivers of Bluewater's Distribution System Plan include the following:

- **Risk of Asset Failure and Safety:** Bluewater's goal is to maintain the distribution system and improve reliability. Bluewater is investing in projects to replace deteriorated assets and obsolete systems guided by its Asset Management Process.
- **Reliability:** Bluewater invests in technology to improve the reliability and flexibility of the distribution system.

- **Customer Requests**: Requests for new connections, commercial upgrades, and development work drive investments.
- **Operational Effectiveness:** Bluewater replaces non-distribution assets (including fleet, facilities, and IT) that become unreliable, obsolete, or costly to maintain, as well as the increasing desire of customers to have better access to more information and services.
- **Customer Preferences:** Bluewater continuously engages its customers and incorporates feedback into its investment plans. Bluewater's DSP addresses customer priorities, including delivering reliable and cost-effective service.

Bluewater's capital expenditures have increased in 2023 by 91% since the last rebasing application. As indicated in **Table 7** below, the largest increase is in the System Renewal category. The increase in system renewal has been driven by the deteriorating condition of Bluewater's distribution system. Over the past 10 years, Bluewater has increased its spending to ensure it was replacing assets at a rate that maintained the overall condition of assets and health of its system, while targeting assets most critical in order to improve reliability.

System Access spending has increased as a result of customer demand primarily related to upgraded services and, in recent years, subdivision development.

Table 7: 2023 Capital Expenditures with Comparison to 2013 Approved:

Category	2013 Approved ($'000)	2023 Test Year Budget ($'000)	Variance ($)	Variance
System Access	1,250	2,322	1,072	86%
System Renewal	2,035	6,659	4,624	227%
System Service	311	514	203	65%
General Plant	2,871	2,877	6	0%
Total Expenditure	**6,467**	**12,372**	**5,905**	**91%**

D. Operations, Maintenance and Administration Expense

Bluewater is seeking recovery of $15,763,833 of OM&A expenses in the 2023 Test Year. This is an increase of $3,486,273 from its 2013 OEB approved amount, which equates to a Compound Annual Growth Rate of 2.5% over the 10 year period. **Table 8** provides a breakdown of the major cost drivers of this increase.

Table 8: OM&A Expenses Increase – Major Cost Drivers

Cost Drivers	2013 OEB Approved to 2023 Test Year
2013 OEB Approved	12,277,560
Net Payroll and Benefit Changes	1,816,100
Employee Future Benefits	(267,550)
Vehicle costs, net of Capital and Billable	99,000
Postage	138,600
Vegetation Management	273,600
Technology & Security	514,100
Contracted Services	175,688
Other	736,765
2023 Test Year	**15,763,833**
Increase	**3,486,273**
Compound Annual Growth Rate	**2.50%**

- Approximately half of the increase in OM&A over the past ten years is explained by the Net Payroll and Benefit Changes. The increase of $1.8 Million is the cumulative increase in Payroll and Benefits, offset by allocation of such costs to Affiliates, Billable Work and Capitalization of Labour.
- Employee Future Benefits have declined by $267,550 as a result of changes in FTE, employee demographics, benefit programs and discount rates.
- Vehicle costs have increased by $99,000 primarily due to increases in fuel and maintenance.

- Postage has increased by $138,600 primarily driven by the change in residential billing from bi-monthly to monthly in 2017.
- Vegetation Management - Bluewater issued a Request for Proposals in 2022 that resulted in a new third-party contractor for both its four-year regular cycle and its demand driven tree trimming. Bluewater has noted that an increasing number of outages had been caused by tree contacts and as a result has increased its vegetation management budget.
- Technology & Security includes cyber security increases of approximately $119,000, and interval meter requirements for GS>50kW customers of approximately $115,000. The remaining $280,000 is the result of increasing costs for telecommunications and software maintenance, including increased services for new programs such as fleet management, data centre management, social media, outage management and engineering support.
- Contracted Services has increasd by $175,688 primarily related to a step-like increase of approximately $106,000 related to Smart Meter costs due to the addition of one transmitter in response to data transmission issues, changes in the exchange rate on US dollars which has increased by 8% over the period, as well as growth in number of meters. The remaining driver of the increase relates to inflation and changes in demand for services. No one year is a material increase, so the annual variances for Contracted Service form part of “Other Miscellaneous” in Section 4.3.1

E. Cost of Capital

Bluewater has provided its proposed capital structure and cost of capital in **Table 9** below. The cost of capital has been set using the OEB’s current cost of capital parameters (for 2022 applications) for both the short-term debt rate and return on equity. Bluewater intends to update its application with the OEB’s 2023 cost of capital parameters when they are issued. The long-term debt rate is based on the weighted average cost of Bluewater’s long-term debt rate, as described in Exhibit 5.

Table 9: Proposed Capital Structure and Cost of Capital

Test Year:	2023					
Particulars	**Capitalization Ratio**			**Cost Rate**		**Return**
	(%)		($)	(%)		($)
Debt						
Long-term Debt	56.00%		$54,069,705	4.58%		$2,476,392
Short-term Debt	4.00%	(1)	$3,862,122	1.17%		$45,187
Total Debt	60.0%		$57,931,826	4.35%		$2,521,579
Equity						
Common Equity	40.00%		$38,621,218	8.66%		$3,344,597
Preferred Shares			$ -			$ -
Total Equity	40.0%		$38,621,218	8.66%		$3,344,597
Total	100.0%		$96,553,044	6.08%		$5,866,177

F. Cost Allocation and Rate Design

There were three rate classes whose proposed revenue-to-cost ratios were above their respective band thresholds: General Service < 50 kW, Large Use and Unmetered Scattered Load. Bluewater has proposed a reduction to revenues allocated to each of these classes, in order to bring them to the top of their respective bands. This resulted in increases in revenue from Residential, General Service > 50 kW, General Service 1000-4999, and Sentinel lighting rate classes. **Table 10** provides the Revenue to Cost Ratios from Bluewater's last Cost of Service, what the ratios would have been before the proposed changes (Status Quo) and the Revenue to Cost Ratios proposed in this Application, for each rate class.

Table 10: Revenue to Cost Ratios

Rate Class	2013 Previously Approved Ratios	Status Quo Ratios	2023 Proposed Ratios	Policy Range
Residential	93.7%	92.8%	95.3%	85 - 115
General Service < 50 kW	112.1%	122.1%	120.0%	80 - 120
General Service > 50 kW	116.7%	94.3%	95.3%	80 - 120
General Service 1000-4999 kW	89.4%	102.2%	102.2%	80 - 120
Large Use	114.2%	134.0%	115.0%	85 - 115
Unmetered Scattered Load	120.0%	189.2%	120.0%	80 - 120
Sentinel Lighting	106.3%	90.7%	95.3%	80 - 120
Street Lighting	89.7%	107.4%	107.4%	80 - 120

The proposals set forth in this rate application will change the rates for all customers' classes. However there were no changes that exceed a total bill impact in excess of 10% and therefore no mitigation plans have provided.

Bluewater also has not proposed any new customer classes or any changes to the definition of its existing customer classes.

G. Deferral and Variance Accounts

As part of this Application, Bluewater is seeking recovery of its Deferral and Variance Account (DVA) balances of $207,451, as outlined in **Table 11.** Bluewater is seeking disposition over a one year period through the rate riders outlined in Exhibit 9 – Deferral and Variance Accounts.

Table 11: Deferral and Variance Account Balances for Recovery

DVA Category	Disposition ($)
Group 1 Accounts (excluding Global Adjustment)	807,231
Global Adjustment	(86,165)
Total Group 1 (including Global Adjustment)	721,065
Group 2	(1,308,206)
LRAM	794,592
Total DVA Balances for Disposition	**207,451**

There are no new DVA accounts requested in this application. However, Bluewater is requesting final disposition and to discontinue the following accounts which will no longer be necessary:

- 1508 Other Regulatory Assets – Subaccount Deferred IFRS Transition Costs
- 1508 Other Regulatory Assets – Subaccount Pole Attachment Revenue
- 1508 Other Regulatory Assets – Subaccount OEB Cost Assessment
- 1534 Smart Grid Capital Deferral Account
- 1535 Smart Grid OM&A Deferral Account
- 1555 Smart Meter Capital and Recovery Offset – Stranded Meter Costs

H. Bill Impacts

The bill impacts resulting from the proposals within this Application are summarized in **Table 12** below. The bill impacts are to be based on the commodity rates based on time-of-use and regulatory charges held constant. Exhibit 8 – Rate Design outlines the calculations used to determine these rate impacts.

Table 12: Monthly Bill Impacts

Rate Class	Units	kWh	kW	Total	
				Total Bill	
				$	%
Residential - RPP	kWh	750		$ 4.81	3.8%
GS < 50 kW - RPP	kWh	2,000		$ 9.72	3.1%
GS 50-999 kW - RPP	kW	43,000	235	$ 478.13	5.6%
GS 1000-4999 kW - Non-RPP	kW	1,260,000	2,400	$ 2,780.29	1.5%
Large Use - Non-RPP	kW	5,500,000	9,800	$ 3,294.84	0.4%
USL - RPP	kWh	744		$ (12.25)	-9.4%
Sentinel - RPP	kW	258	1	$ 3.39	6.2%
Street lighting - Non-RPP	kW	19,000	54	$ 194.79	2.9%
Residential – Non RPP (Retailer)	kWh	750		$ (1.02)	-0.8%
GS < 50 kW – Non-RPP (Retailer)	kWh	2,000		$ (5.84)	-1.8%
GS 50-999 kW – Non-RPP	kW	43,000	235	$ 264.36	3.0%
Residential – RPP Low Consumption	kWh	277		$ 3.93	5.8%
Streetlighting – Non-RPP	kW	224,000	624	$ 1,746.47	2.4%
Residential – RPP	kWh	660		$ 4.64	4.0%

Table 13 below, provides the bill impacts Bluewater proposes to be used in the Notice of Application.

Table 13: Bill Impacts – Notice of Application

Rate Class	kWh Usage	Bill Impact ($)
Residential	750	$3.55
GS < 50 kW	2,000	$5.40

1.3 ADMINISTRATION

In accordance with the OEB's Filing Requirements this section of the application provides the information relating to the administration of this application.

1.3.1 Certification of Evidence

Bluewater's certification of evidence has been filed as Attachment 1-2 to this Exhibit.

1.3.2 Primary Contact Information

Alex Palimaka
Senior Vice President & General Counsel
Bluewater Power Distribution Corporation
855 Confederation Street
Sarnia, ON, N7T 7L6
Telephone: (519) 337-8201 x2255
Email: apalimaka@bluewaterpower.com

And

Leslie Dugas
Director, Regulatory & Customer Service
Bluewater Power Distribution Corporation
855 Confederation Street
Sarnia, ON, N7T 7L6
Telephone: (519) 337-8201 x2255
Email: ldugas@bluewaterpower.com

1.3.3 Applicant Legal Counsel

Michael Buonaguro
Barrister and Solicitor
24 Humber Trail
Toronto, Ontario M6S 4C1
Telephone: (416) 767-1666
Email: mrb@mrb-law.com

1.3.4 Internet Address and Social Media Accounts

The Application and related materials will be posted on Bluewater's website and available for customers to view at: www.bluewaterpower.com

Bluewater also communicates with its customers using its Twitter (@BluewaterPower) and Facebook (facebook.com/BluewaterPower).

1.3.5 Statement of Publication

Bluewater will follow the OEB's instructions regarding the publication of Notice in relation to this Application. Bluewater proposes that the Notice of Application be published in the Sarnia Observer, a local newspaper serving Sarnia and Lambton County through a paid printed circulation 5 days per week, as well as epaper at www.theobserver.ca.

1.3.6 Materiality Threshold

Bluewater's materiality threshold has been determined as 0.5% of distribution revenue requirement which equates to $132,194, as indicated in **Table 14** below. Bluewater has applied a materiality of $130,000 in its analysis throughout the application, although in some instances it has provided

explanations for variances below the threshold, where such explanations provided for meaningful analysis.

Table 14: Materiality Threshold

Description	2023 Test Year
Distribution Revenue Requirement	$26,438,861
Materiality Threshold 0.5%	$132,194
Materiality Used	$130,000

1.3.7 Requested Form of Hearing

The rate impacts resulting from this Application are below the materiality threshold of 10% for all rate classes. Bluewater therefore requests that this application be heard by way of a written hearing in order to expedite the proceeding.

1.3.8 Requested Effective Date of Rate Order

Bluewater requests that the OEB make its Rate Order effective May 1, 2023. In the event that the OEB is not able to provide a Decision and Rate Order in time for Bluewater to implement its rates effective May 1, 2023, Bluewater request that the OEB declare Bluewater's current rates interim effective May 1, 2023 until the date the OEB's Rate Order for this Application is effective.

1.3.9 Changes to Methodologies used in Previous Applications

Since Bluewater's previous application (EB-2012-0107) the following changes in methodology have occurred:

- In Bluewater's last application, amortization rates were updated to reflect changes necessary for IFRS, however the amortization of contributed capital was not updated. Since the last application the amortization of contributed capital (post IFRS) has been changed from 25 years to 50 years,

in order to reflect the updated amortization rates under IFRS. See Exhibit 6 - Other Revenue, for additional details.

- Likewise, the amortization of contributed capital (pre IFRS) which remains embedded in depreciation expense has been extended from 25 years to 50 years – see Exhibit 2 – Depreciation, for additional details.
- For tax purposes only, storm restoration costs are now expensed (but were treated as capital expenditures for tax purposes in EB-2012-0170) – see Exhibit 6 – PILs, for additional details.

1.3.10 OEB Directions from previous Decisions and/or Orders

As part of the Settlement Agreement approved by the Board in Bluewater's last cost of service application (EB-2012-0107), Bluewater agreed to "undertake a study to determine the costs of serving each of the three customers remaining in the Large User rate class as of the date of this Agreement. The study is intended to determine the specific costs of serving the remaining customers in the class, to compare the results of the study to the costs allocated to the Large User class using the Board's Cost Allocation Methodology. The study and its results shall be filed as evidence no later than with Bluewater Power's application for 2015 rates."

Bluewater completed this study and submitted it with its application for 2015 rates, filed under EB-2014-0057. There were four findings outlined in the study, which Bluewater has incorporated in its cost allocation methodology included in this Application. The findings, and how Bluewater has incorporated them, are included in Exhibit 7 – Cost Allocation.

Bluewater has not received any utility-specific directions from the Board since its last Cost of Service application (EB-2012-0107) and has no directions outstanding presently.

1.3.11 Conditions of Service

Bluewater's current Conditions of Service are available on its website here.

There have been two updates to Bluewater's conditions of service since its last Cost of Service Application (EB-2012-0107), the first took effect October 2015 and the second took effect March 1, 2020.

March 2020 changes:

Section 1 Introduction:

- 1.4 – Amendments and Changes – revised Notice requirements
- 1.5 – Contact Information – Fax Number Updated
- 1.7.8 – Additional Rights – Website Updated

Section 2.0 Distribution Activities General:

- 2.1.3 – Connection Denial – Further defined
- 2.2 – Disconnection – Further defined
- 2.2.2 – Reconnection – Added requirement
- 2.3.2.9 – Interruption Notification – Further defined
- 2.3.2.12 – Outage Reporting – Further defined
- 2.4.3 – Deposits – Updated to reflect Distribution System Code Sections
- 2.4.3.1 – Calculating the Deposit Amount – Updated to reflect monthly billing
- 2.4.3.2 – Deposit Waiver Conditions – Updated to reflect changes to Customer Service Rules
- 2.4.3.3 – Satisfactory Payment History – Updated to reflect changes to Customer Service Rules
- 2.4.5.1 – Equal Month Payment Plan – Further defined
- 2.4.5.3 – Payments and Late Payment Charges – Updated to reflect changes to Customer Service Rules
- 2.4.5.5. – Collection of Account Charges – Removed section

Section 3.0 Customer Specific:

3.1 – Residential - Further defined

3.6 – Embedded Generation – Further defined and explained

Section 4.0 Glossary of Terms:

OEB – Updated OEB website

Ontario Power Authority (OPA) – Removed term

Appendix I – Dunning Procedure – Removed policy and references

Appendix K – Billable Charges – Removed policy and references

Appendix L – Security Deposits, Interest, Refunds, and Transfer – Removed policy and references

October 2015 changes:

Section 2.0 Distribution Activities:

2.1 Connections – Further defined and explained

2.1.7.3 – Opening and Closing of Accounts – Section added

2.2.1 – Customer Requested Disconnection – Terms defined

2.4.3.1 – Calculating the Deposit Amount – Terms defined

2.4.3.6 – Payment Time Lines – Section added

2.4.5.1 – Equal Monthly Payment Plan – Terms defined

2.4.5.2 – Equal Billing Plan – Section removed

Section 3.0 Customer Specific:

3.1 Residential - Further defined and explained

3.2 General Service (Below 50 kW) - Further defined and explained

3.3 General Service (Above 50 kW) - Further defined and explained

3.4 General Service (Above 1000 kW) - Further defined and explained

3.5 General Service - Large Use (Above 5,000 kW Demand) - Further defined and explained

3.9 Unmetered Connections – Further defined and explained

3.10 Street Lighting – Section added

3.11 Sentinel Lights - Further defined and explained

3.12 Temporary Services – Section added

Appendix D – Methodology for Standard fees for Various Services - Section added and terms defined

Appendix D – Connection Fee Tables - Section added

Table 1.11 – Meter Sockets – Section added and defined

Table 1.12 – Meter Cabinets – Section added and defined

Appendix E – Details of Metering Requirements – Section added and defined

Current Application

As part of this Application, Bluewater is requesting changes to its Tariff of Rates and Charges regarding the calculation of Late Payment fees, as described in Exhibit 8 – Section 8.5.2 Non-Payment of Account. In addition, changes are requested to change the description of the Monthly Service charge for USL, Sentinel and Streetlight rate classes as outlined in Exhibit 8 – Section 8.1.1, and Bluewater requests a Note be added to the Tariff Sheet in regard to Gross Load billing as outlined in Exhibit 9 – Section 8.2.2. If these requests are approved, it will necessitate an update to the Conditions of Service reflecting the changes noted above.

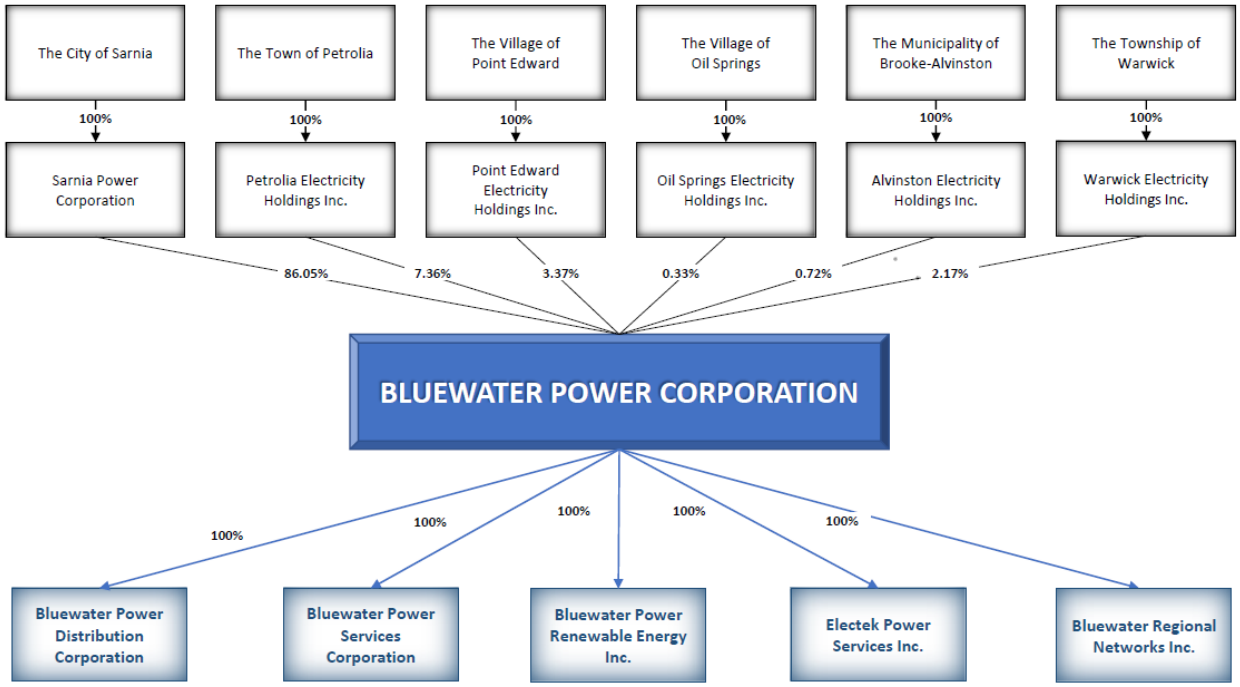
Bluewater confirms that there are no rates and charges in the Conditions of Service that are not in the distributor's Tariff of Rates and Charges.

1.3.12 Corporate and Utility Organizational Structure

Bluewater was incorporated under the *Business Corporations Act, Ontario* on October 30, 2000 upon the amalgamation of the utility companies of the municipalities of Sarnia, Petrolia, Point Edward, Warwick Township (Watford), Brooke-Alvinston and Oil Springs. Bluewater is owned by Bluewater Power Corporation ("BPC"), which in turn is owned by the six municipal shareholders through their own holding

companies. BPC is the holding company for Bluewater and its affiliates including, Bluewater Power Services Corporation, Bluewater Power Renewable Energy Inc., Electek Power Services Inc., and Bluewater Regional Networks Inc. The corporate structure for the Bluewater Power Group of Companies is depicted in Figure 1 below.

Figure 1: Bluewater Power Group of Companies - Corporate Structure



The following descriptions provide a brief summary of the activities undertaken by Bluewater's affiliate companies:

Bluewater Power Services Corporation ("BPSC") - On January 1st, 2009, Bluewater Power responded to OEB Compliance Bulletin #200605 regarding non-core distribution business being carried out within an LDC by moving certain functions to the BPSC affiliate. Those functions included street light and traffic light services, water billing, water meter installation and maintenance, as well as contracting for civil construction and miscellaneous on-demand line work outside of Bluewater's distribution system.

Bluewater Power Renewable Energy Inc. ("BPREI") owns two renewable generation projects under contract with the OPA's MicroFit program as well as having passive (non-operating) ownership interests in a 2.4MW landfill gas to energy project in Petrolia. Since Bluewater's last cost of service application, **BPREI** was merged with **Bluewater Power Generation Corporation ("Genco")**.

Electek Power Services Inc. ("Electek") - acquired by BPC on November 1, 2007. Prior to its acquisition, Electek was an established business in the Sarnia area providing a full line of highly specialized power distribution system services to its customers, including electrical maintenance and commissioning testing, switch gear modifications and retrofits, high/low voltage installations and substation installation turn-key projects.

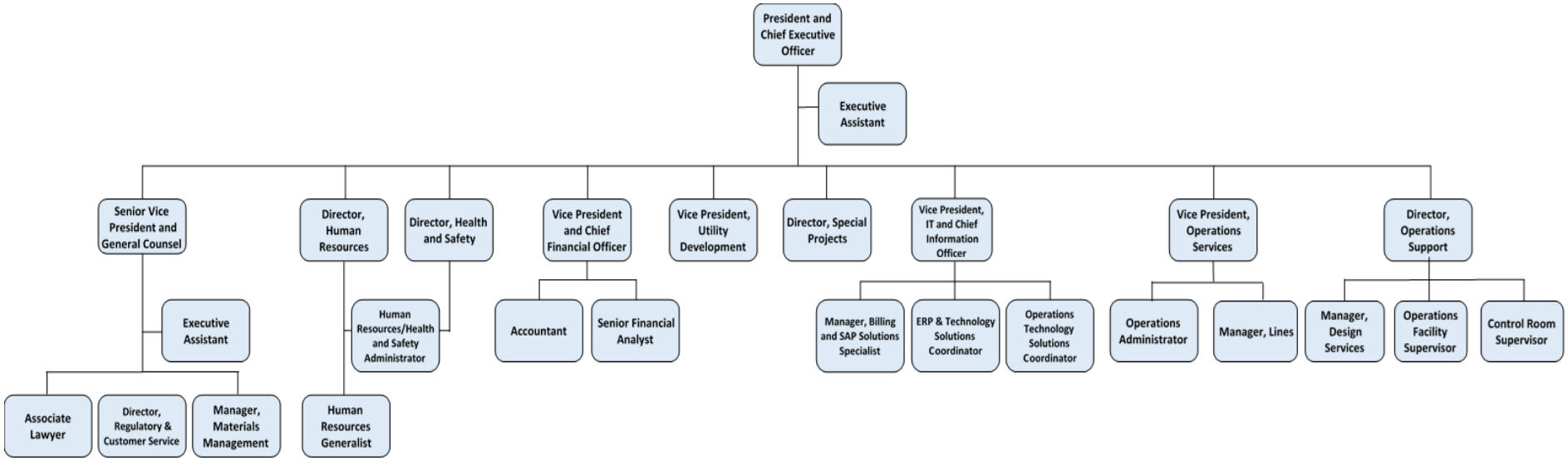
Bluewater Regional Networks Inc. ("BRNI") - created on February 4, 2016, to respond to community demand for reliable Fibre-Optic internet. BRNI is focussed on medium-sized enterprise customers who were not receiving adequate attention from the major telecommunication carriers.

Bluewater Organizational Structure

At the time of forming the corporation, the shareholders agreed that no elected official or municipal employee would serve as a Director of the company. As a result the current board of directors is 100% independent of its shareholders. The Board is responsible for the overall governance of the corporation, while management are responsible for the day-to-day operations. Bluewater has seven board members, four of which are independent of all affiliated companies.

In addition to reviewing management's performance of its operations of the business, the Board is also responsible for ensuring the Company conducts its affairs in accordance with its distribution licence, as well as codes, guidelines, and orders from the Ontario Energy Board. Additional information on Bluewater's governance can be found in the Business Plan, provided as Attachment 1-1 of this Exhibit. Bluewater's organizational structure is set out in Figure 2: Bluewater Organizational Structure.

Figure 2: Bluewater Organizational Structure



1.3.13 List of Specific Approvals Requested

As part of this Application Bluewater has requested the following approvals:

1. Approval of the 2023 Test Year rate base as proposed with Bluewater's average net book value of fixed assets and working capital allowance as set out in Exhibit 2 - Rate Base.
2. Approval of the 2023 Test Year revenue requirement as proposed in Exhibit 6 - Calculation of Revenue Deficiency or Sufficiency as follows:
    a. Approval of the capital structure, cost of capital parameters, and deemed return on equity and debt proposed in Exhibit 5 - Cost of Capital and Capital Structure.
    b. Approval of Test Year Operations, Maintenance and Administration expenses proposed in Exhibit 4 - Operating Expenses.
    c. Approval of Test Year property taxes and payments in lieu of taxes (PILs) proposed in Exhibit 6 - Revenue Requirement and Revenue Deficiency / Sufficiency
    d. Approval of the 2023 Test Year Service Revenue Requirement of $27,672,099 as proposed in Exhibit 6 - Calculation of Revenue Deficiency or Sufficiency.
    e. Approval of the 2023 Revenue Offsets of $1,233,238 as proposed in Exhibit 6 - Revenue Requirement and Revenue Deficiency / Sufficiency.
    f. Approval of the 2023 Test Year Base Revenue Requirement of $26,438,861 as proposed in Exhibit 6 - Calculation of Revenue Deficiency or Sufficiency.
3. Approval of Cost Allocation as filed in Exhibit 7 - Cost Allocation.
4. Approval of 2023 distribution rates and charges, effective May 1, 2023, as proposed in Attachment 8-2 - 2023 Proposed Tariff of Rates and Charges found in Exhibit 8 - Rate Design.
5. Approval of updated Retail Transmission Service Rates (“RTSRs”), as identified in Exhibit 8 - Rate Design.
6. Approvals for disposition of Group 1 DVA accounts as of December 31, 2021 of $721,065.88 (including Account 1589), and associated class specific rate riders a set out in Exhibit 9 - Deferral and Variance Accounts.
7. Approvals for the disposition of Group 2 DVA accounts of ($1,308,207), excluding LRAM of $794,592, as of December 31, 2021 with certain adjustments for forecasted amounts as of December 31, 2022 as set out in Exhibit 9 - Deferral and Variance Accounts.

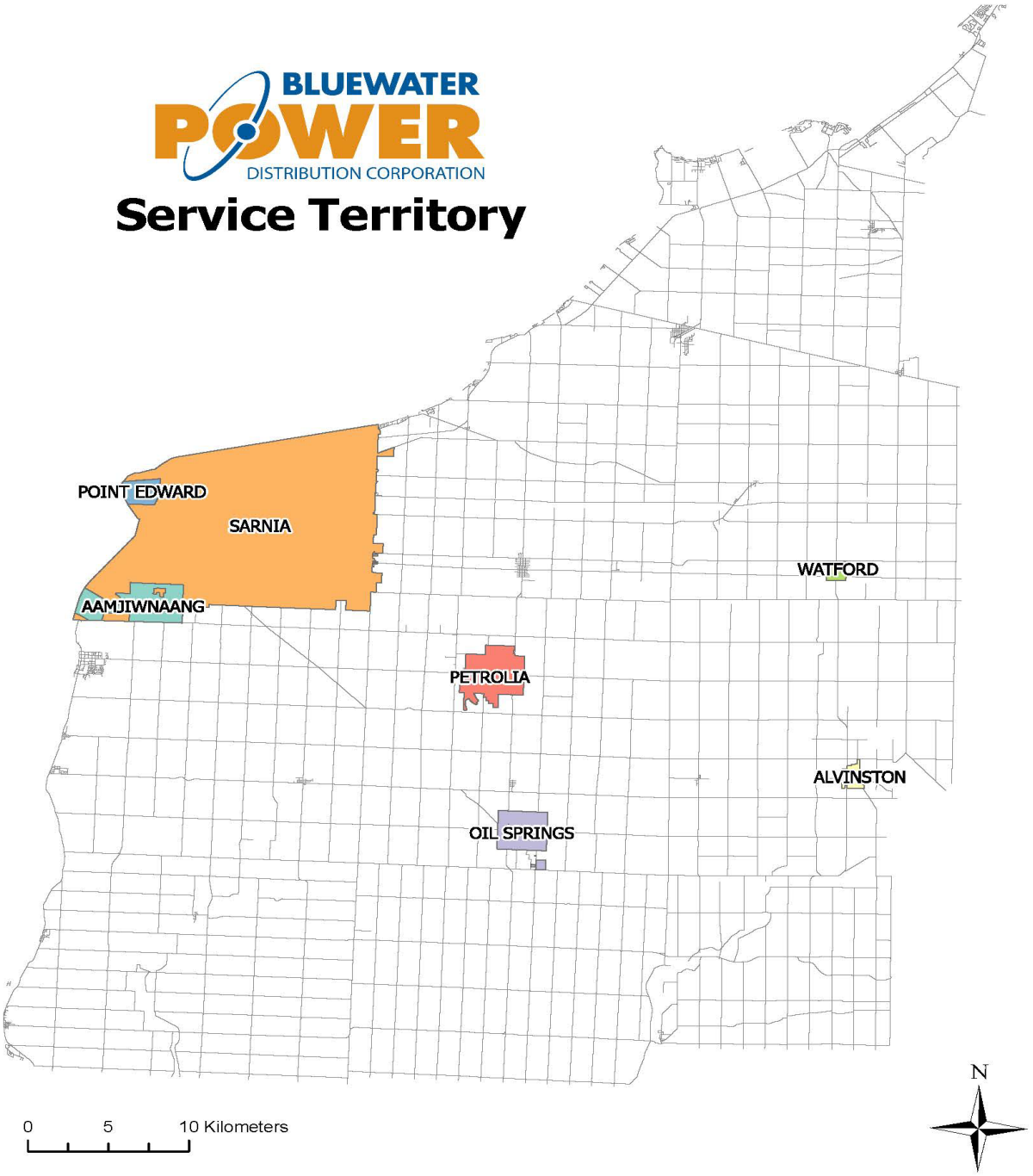
8. Approval for the disposition of the balance in its Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA") of $794,592, resulting from its Conservation and Demand Management ("CDM") activities up to December 31, 2022 as identified 9.4. Lost Revenue Adjustment Mechanism Variance Account of Exhibit 9.
9. Other items or amounts that may be requested by Bluewater during the course of this proceeding, and as may be granted by the OEB.

1.4 DISTRIBUTION SYSTEM OVERVIEW

Bluewater was created as the result of the merger of six former municipal hydro-electric commissions and currently serves the City of Sarnia, which includes Aamjiwnaang First Nation, Town of Petrolia, the Villages of Point Edward and Oil Springs, the Township of Warwick (Watford), and the Township of Brooke-Alvinston. Bluewater provides electrical distribution services to approximately 37,000 residential and commercial customers in its service area throughout Southwestern Ontario as illustrated below in Figure 3, Hydro One serves customers in the areas surrounding Bluewater's service territory within Lambton County.

The City of Sarnia and the Village of Point Edward are considered urban while the Municipality of Alvinston, the Village of Oil Springs, the Town of Petrolia, and Watford are considered rural. Approximately 72% of the system is overhead construction with most of the newer residential and commercial areas using underground construction. Overall Bluewater's service area covers 208 sq. km, of which 113 is rural and 95 is urban.

Figure 3: Map of Bluewater Service Territory



System Configuration

The Bluewater system consists of approximately 935 circuit km of overhead line and 270 circuit km of underground line.

There are two Hydro One owned transformers stations (St Andrews and Modeland) supplying Sarnia and Point Edward, one Hydro One owned transformer station (Wanstead) supplying Petrolia and Watford (via feeders shared with Hydro One), and two Hydro One owned distribution stations (Alvinston and Oil Springs connected to feeders from Wanstead TS) supplying Alvinston and Oil Springs (via feeders shared with Hydro One).

In Sarnia and Point Edward, there are thirteen (13) feeders at 27.6 kV that are exclusive to Bluewater. The remaining areas are each supplied by feeders shared with Hydro One. There are no known capacity issues with any of the supply points, thus there are no plans within Bluewater's DSP to provide additional capacity.

1.5 CUSTOMER ENGAGEMENT

Bluewater continuously works to better understand our customers' needs, preferences, and expectations. Through customer surveys, website and social media communication, and outreach activities, Bluewater is able to identify and respond to customer needs.

In addition to regular communication with our customers, Bluewater communicated and sought feedback on the proposals in this application with its customers.

Bluewater completed Appendix 2-AC of the Chapter 2 Appendices, which summarizes Bluewater's customer engagement activities.

1.5.1 Regular Communications

Website and Social Media

MyAccount

Bluewater customers express interest in better understanding their electricity consumption and Time of Use (TOU) rates. Bluewater's internal team developed MyAccount, an online portal that provides customers with various options for viewing usage and billing information. This portal is also optimized for viewing on smartphones and tablets. Customers can view their monthly, daily, or hourly electricity usage and compare usage and TOU pricing between different periods of time. This tool allows customers to identify areas where they can reduce consumption or shift usage to a lower-priced TOU period, and also allows RPP customers to switch between TOU and Tiered pricing. The Energy Impact Events function allows customers to identify points times when changes may have affected their energy usage, such as getting rid of an inefficient electrical appliance. Customers can then analyze their usage during an impact event to determine changes to their average daily usage and TOU patterns.

Through MyAccount, customers can also view or download any past bills, as well as usage data specific to a billing period. As of July 2022, approximately 27,000 customers have signed up for MyAccount. On average, 7,800 customers use MyAccount each month.

BluewaterPower.com

The Bluewater's user-friendly website offers a live outage notification map, linked to the homepage. Customers can view specific areas on the map that are affected by a planned or unplanned outage, as well as areas that have had power restored.

Customers can also request to start or stop their service, sign up for e-billing, switch RPP pricing structure, request a service connection, as well as learn about safety, energy conservation, understanding the bill, and programs such as the Ontario Electricity Support Program ("OESP").

Social Media

Bluewater launched Facebook and Twitter accounts in 2015. Posts are monitored to ensure customer questions receive timely and meaningful answers. Social media posts are made daily Monday-Friday, as well as on weekends and holidays during outages.

In 2021, Bluewater had approximately 4,300 Facebook fans and 418,000 impressions. Bluewater's Twitter communication has shown similar effectiveness with approximately 3,300 followers and 258,000 impressions in 2021.

Social media has proven to be effective in reaching and communicating with Bluewater customers.

Customers appreciate the ease of visiting Bluewater's social media channels for outage information. The friendly and timely responses to customer queries through social media have resulted in positive customer comments and reviews online.

Bluewater's social media plan focuses on educating consumers in the following content categories:

- General Customer Education: how to read hydro bill, TOU billing
- Crisis updates: storms, weather, outages, etc.
- IESO, OEB, EDA reposts
- News releases
- Job opportunities
- Energy conservation
- Safety messaging and education: downed wires, Ontario OneCall

- Highlight community involvement
- Town hall session advertisements
- Links to radio interviews
- Encourage health and wellness
- Powerline Technician stories
- Good news stories and Bluewater project updates
- Giveaways
- Customer success stories

Community Outreach

Bluewater is proud to support and connect with the municipalities it serves. It donates to support community events and causes in order to provide for its customers. Events supported include those to promote local tourism such as local film and music festivals. It also donates services of its bucket trucks and Powerline Technicians to assist with flag raisings and installing signs in the communities. Bluewater is truly a local community partner.

Employees conduct weekly fundraising initiatives internally for local charities. Employees also support charitable events, including the Terry Fox Run and Big Bike for Heart and Stroke, as well as run 'Fill the Bucket Truck' campaigns to support local food banks.

Employees also take initiative and respond to emergencies, including volunteering to assist with relief efforts to restore power after hurricanes and storms throughout Canada and the United States. Employees came together to gather supplies for the victims of Hurricane Harvey.

Through Bluewater's social media channels, customers demonstrate strong support for such charitable efforts. Each engagement in the community allows for meaningful customer interaction and engagement.

Bluewater also regularly participates in community events to further customer awareness about e-billing options and MyAccount usage tools, as well as information about programs, such as OESP.

Bluewater communicates with its customers using a variety of methods to ensure that all classes are receiving and understanding the information provided. Bluewater's strong community presence encourages open communication between customers and the utility.

Telephone Customer Satisfaction Surveys

Bluewater retains Oraclepoll Research to conduct biennial telephone Customer Satisfaction Surveys, with the most recent survey being conducted in 2021. In total, 360 residential and 40 general service less than 50 kW customers were surveyed each year.

Bluewater's genuine understanding of customer preferences and integration of customer interests and preferences into its plans has resulted in an overall increase in customer satisfaction levels of 4.3% between 2017 and 2021. The overall customer satisfaction index score increased from 73.5% to 77.8%. The most recent report is attached as Attachment 1-5 – OraclePoll Customer Satisfaction Survey Report, 2021.

1.5.2 Rate Application-Related Communications

Bluewater communicated with its customers regarding the proposals in this application, including its 5-year Distribution System Plan ("DSP") spending. **Table 15** highlights engagement efforts by rate class, with further details below.

Table 15: Customer Engagement by Rate Class

Rate Class	Customer Engagement
Residential	• Online Customer Survey, January 2022
GS<50 kW	• Online Customer Survey, January 2022
GEN>50 kW	• Online Customer Survey, January 2022
Intermediate	• Lunch and Learn via Zoom, March 2022 • Online Customer Survey, March 2022
Large	• Virtual 'Lunch and Learn' via Zoom, March 2022 • Online Customer Survey, March 2022
Unmetered Scattered Load	• Letter, February 2022
Sentinel	• Letter, February 2022
Street Light	• Online Customer Survey, May 2022

Bluewater conducted online surveys in the first quarter of 2022. In addition to the survey, Bluewater held a virtual Lunch and Learn with our Intermediate and Large use customers to further engage with our industrial customers.

In the spring of 2022, Bluewater sent letters to its Unmetered Scattered Load and Sentinel customers (see Attachment 1-6 – Unmetered Scattered Load and Sentinel Letters) to explain the regulatory context in which we operate, advise that we were preparing our rate application, and detail our planned capital investments. Bluewater did not receive any feedback from customers within these rate classes in response to our communication.

Survey Development

The customer engagement survey consisted of the following sections:

1. **Demographics:** what type of customer is responding (residential, commercial) and from what geographic area in Bluewater's service territory
2. **Electricity Background**: the purpose of the focus group, Ontario electricity system players, and how Bluewater Power fits in that system

3. **Planned Investments**: this section was broken into the four OEB categories of System Renewal, System Service, and General Plant. General background information and Bluewater's planned investments in each category were provided.
4. **Other Spending Options and Conclusion**: feedback was sought on other spending options, and an overall investment summary was provided.

The survey was estimated to take between 10 and 15 minutes of reading and answering questions. Residential, small, and mid-size commercial customers that completed the survey were entered into a draw for one of five $100 credits towards their electricity bill for each survey.

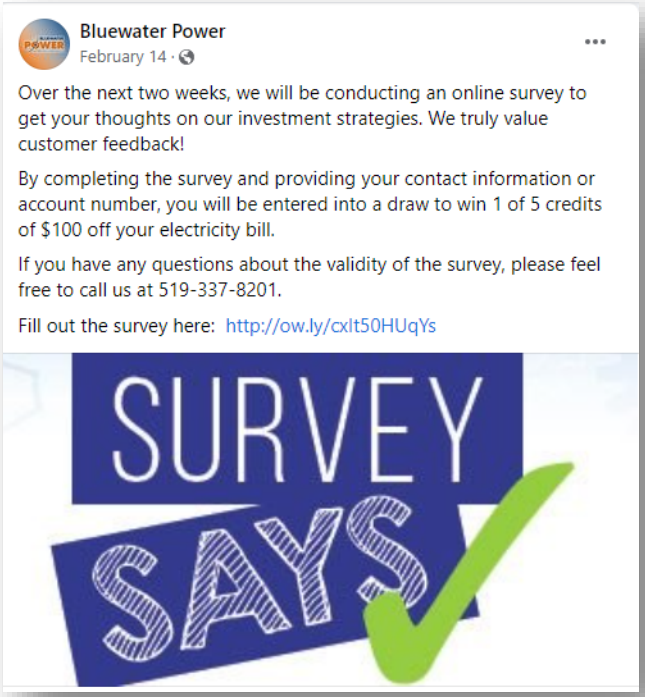
A copy of the surveys, results, and Lunch and Learn presentation are found as Attachment 1-4 – Customer Engagement Survey, Results, and Presentation.

Methodology

The survey was linked on the Bluewater website homepage, Bluewater's Facebook and Twitter social media pages, and emailed to e-billing customers.

Bluewater's Intermediate and Large customers were emailed and invited to participate in a virtual Lunch and Learn, after which time a link to the survey was provided. Feedback was gained during that virtual engagement, as well as from the survey responses.

In total, 1,150 Residential or GS<50 Customers (including a survey sent to municipalities at a later date), 11 GEN>50 customers, and 5 Intermediate or Large customers completed the survey.



Survey, Lunch and Learn Feedback

As detailed above, Bluewater regularly engages with its customers. From this regular communication, we built our 5-year DSP and then presented our plan to our customers for further feedback.

Customers indicated that Bluewater's plan aligns with their preferences. When presented with the details of Bluewater's DSP, the majority of customers confirmed that they support the planned level of spending and rely on Bluewater to make the best investment decisions to maintain system reliability. Customers were confident that Bluewater will continue to provide safe, reliable, and cost-effective power by implementing the investments associated with our plan.

The plan is designed to address customers' top three priorities which are:

1. affordable cost of electricity
2. reducing the length of power outages
3. reducing the number of power outages

The DSP-specific feedback gained from customers was used to inform the final proposals in this rate application. Bluewater developed its 2023 budget and five-year forecast with careful consideration of rate increases to its customers. While trying to minimize rate increases to customers, Bluewater has sought to balance the needs of the distribution system, ensuring that assets are appropriately maintained and replaced as required to maintain the overall health of the system and provide improvement in reliability. In many cases, necessary capital projects have been spread over the five-year period to provide a smooth capital plan and evenly distribute rate increases for customers.

A summary of customer feedback from the surveys and how it has informed our proposals is found below. Full results may be found in Attachment 1-4 – Customer Engagement Survey, Results, and Presentation.

Satisfaction with Service

Overall, Bluewater's customers are satisfied with the service they receive. Responses showed the majority of customers were "very satisfied" or "somewhat satisfied" with the service received from Bluewater Power. A summary of the satisfaction rankings is shown in **Table 16** based on a scale of 1 to 5, with 1 being low satisfaction and 5 being high satisfaction.

Table 16: Satisfaction with Service

	Residential and GS<50 kW	GEN>50 kW	Intermediate and Large
Rank of 4 or 5/5 - Satisfaction with service received from Bluewater Power	88%	82%	100%

Planned Investments

Customers showed support for Bluewater's planned investments by investment category, as shown in **Table 18** as well as overall spending, detailed in **Table 17**. As investments in System Access are mandatory, customers were not surveyed on this category specifically.

Table 17: Feedback on Overall DSP Spending

	Residential and GS<50 kW	GEN>50 kW	Intermediate and Large
Proceed with planned level of spending to increase system reliability.	55%	75%	33%
Increase overall spending, which may further improve the level of reliability, even if it results in an additional increase to my monthly bill.	11%	0%	33%
Decrease overall spending, in order to keep costs from rising; willing to accept more and longer power outages.	13%	0%	0%
No position.	21%	25%	33%

Table 18: Feedback on Spending by Category

	Residential and GS<50 kW	GEN>50 kW	Intermediate and Large
System Renewal: Bluewater Power should proceed with its planned System Renewal investments, which may reduce power outages.	51%	64%	33%
System Service: Bluewater Power should proceed with its planned System Service investments, that aim to improve the current level of reliability and number of outages.	52%	64%	67%
General Plant: Bluewater Power should proceed with its planned General Service investments, because it is important that Bluewater Power's staff have the equipment and tools they need to manage the system safely, efficiently, and reliably.	62%	73%	33%

Reliability

Survey results confirmed that customers are generally satisfied with overall reliability based on the number of outages and time to restore outages. A summary of the satisfaction rankings is shown in **Table 19** based on a scale of 1 to 5, with 1 being low satisfaction and 5 being high satisfaction.

Table 19: Customer Feedback on Reliability

	Residential and GS<50 kW	GEN>50 kW	Intermediate and Large
Rank of 4 or 5/5 Satisfaction with the overall reliability based on the number of outages	69%	55%	67%
Rank of 4 or 5/5 Satisfaction about the amount of time to restore outages	63%	60%	67%

Discussions with the Intermediate and Large customers confirmed that some are more concerned with improving reliability than others and stressed the negative financial impact of outages. One customer stated that "[the] number of outages are most important Price is important, but the cost of an outage far outweighs the cost of electricity."

According to the 2020 Yearbook statistics (Loss of Supply and Major Events Adjusted), the industry average SAIDI was 1.77 and Bluewater's SAIDI was 1.95. The average SAIFI was 1.15, and Bluewater's SAIFI was 2.02.

In order to improve reliability and address customer preferences, Bluewater is undertaking a number of projects in the Test Year that impact reliability and restoration time including the following list, as well as projects the reduce unplanned asset failures. Further details may be found in The Distribution System Plan found in Exhibit 2.

- UT14 Cross Arm/Cap and Pin Insulator
- UT15 Wood Pole Replacement Program
- UT21 27.6 kV Feeder Extensions
- UT25 Remote Load Break Switches
- UT26 Primary Underground Cable
- UT33 Animal Protection

Outage Communication

Survey results confirmed that customers are generally satisfied with the communication surrounding outages and do not rank email or text notifications as highly important. A summary of the satisfaction and importance rankings is shown in the Table below based on a scale of 1 to 5, with 1 being low satisfaction or importance and 5 being high satisfaction or importance.

Table 20: Feedback on Outage Communication

	Residential and GS<50 kW	GEN>50 kW	Intermediate and Large
Rank of 4 or 5/5 Satisfaction with the communication surrounding the outage	49%	70%	67%
Rank of 4 or 5/5 Importance of email or text notifications about outages	55%	27%	33%

To increase Residential and GS<50 kW customers' satisfaction with outage communications, Bluewater plans to provide more information to customers via social media about where outage information is available. Bluewater hosts a live outage map on our website, linked on the homepage.

Bluewater has considered options for further communication surrounding outages, such as partnering with the community network notification system. Bluewater continues to investigate options to increase outage communication, noting residential customers were generally in favour of email and text notifications.

Other Noteworthy Results

Bluewater sought feedback on numerous topics to best determine our customers' expectations. **Table 21** summarizes other noteworthy results.

Table 21: Other Customer Feedback

	Residential and GS<50 kW	GEN>50 kW	Intermediate and Large
Interest in MyAccount mobile app	· 37% rated 4-5/5 for importance; 24% rated not important	· 18% rated 4-5/5 for importance; 18% rated not important	· 67% rated 4-5/5 for importance; 33% rated not important
Interest in Smart phone app to view usage and pay bill	· 37% rated 4-5/5 for importance; 26% rated not important	· 27% rated 4-5/5 for importance; 18% rated not important	· 33% rated 4-5/5 for importance; 33% rated not important
Interest in using Credit Cards to pay bill without fees	· 53% rated 4-5/5 for importance; 23% rated not important	· 27% rated 4-5/5 for importance; 46% rated not important	Not applicable
Importance of Continuous improvement of reliability	· 79% rated 4-5/5 for importance; 4% rated not important	· 75% rated 4-5/5 for importance; 0% rated not important	· 67% rated 4-5/5 for importance; 0% rated not important
Importance of Improving technology to enhance system	· 65% rated 4-5/5 for importance; 5% rated not important	· 73% rated 4-5/5 for importance; 0% rated not important	· 67% rated 4-5/5 for importance; 0% rated not important
Plan to purchase Battery Storage	· 1% own; 8% plan in 5 yrs; 6% plan in 10 years; 52% don't plan to purchase; 33% don't know	· 20% own; 10% plan in 5 yrs; 0% plan in 10 years; 50% don't plan to purchase; 20% don't know	· 0% own; 0% plan in 5 yrs; 33% plan in 10 years; 67% don't plan to purchase; 0% don't know
Plan to purchase Electric or Hybrid Vehicle	· 2% own; 16% plan in 5 yrs; 16% plan in 10 years; 43% don't plan to purchase; 23% don't know	· 20% own; 10% plan in 5 yrs; 0% plan in 10 years; 50% don't plan to purchase; 20% don't know	· 0% own; 33% plan in 5 yrs; 0% plan in 10 years; 33% don't plan to purchase; 34% don't know
Plan to purchase Solar Panels	3% own; 7% plan within 5 yrs; 11% plan within 10 yrs; 54% don't plan to purchase; 25% don't know	10% own; 20% plan within 5 yrs; 10% plan within 10 yrs; 40% don't plan to purchase; 20% don't know	0% own; 33% plan within 5 yrs; 33% plan within 10 yrs; 34% don't plan to purchase; 0% don't know

Customers did not show strong support for mobile applications; Bluewater has not investigated this option further at this time.

There was some interest in the ability to pay a bill by credit card without any transaction fees. As such, Bluewater further investigated introducing a credit card option for residential e-billing customers as an incentive that would help to offset postage costs. Proceeding with the feeless option could only be supported if it benefitted all customers, by driving customers to switch to e-billing, thereby reducing postage costs. It was determined that there would be internal costs to configure the billing system in order for it to determine eligibility (such as tracking the switch between e-billing and paper billing) as well as the administrative burden to monitor the implementation (for example, customers joining e-billing and then switching back to paper billing). It was determined that there were no clear savings in postage that would not otherwise be offset by administrative costs. Non-fee credit card is an option Bluewater may investigate again in the future, but not as part of this rate application.

Survey results confirmed that customers ranked improving technology to enhance the electrical system as a high priority. Projects in the forecast period will enhance the electrical system, including UT25 Remote Load Break Switches, as well as both UT7 4 kV Lines Rebuild/ Load Conversion and UT21 27.6 kV Feeder Extensions (which will contain remote switches). In addition, Bluewater's GeoTab fleet management software program allows for crews to address outages quicker with the assistance of in-vehicle GIS technology. Further information about these projects may be found in the Distribution System Plan in Exhibit 2 of this Application.

Survey results confirmed that customer's plans for purchasing battery storage, electric vehicles, and solar panels over the next 5-10 years does not create capacity concerns at this time. Bluewater will continue to monitor customer interest in these initiatives and any capacity implications.

1.6 PERFORMANCE MEASUREMENT

Bluewater has reviewed the Electricity Distributor's Scorecard and Activity and Program-based Benchmarking in order to assess its performance and plan for the future.

1.6.1 Distributor Scorecard

Bluewater's most recent (2021) electricity distributor's scorecard can be found on its website here.

1.6.1.1 Customer Focus

The results for the metrics under the Customer Focus performance outcomes reflect the customer service orientated culture that is instilled throughout Bluewater. For metrics where industry targets are provided, Bluewater has successfully exceeded those targets. The results demonstrate Bluewater's commitment to serving its customers.

Service Quality

New Residential/Small Business Services Connected on Time – There has been some fluctuation in results for this metric. In 2021, Bluewater declined to 93.92%, from the previous year's score of 100%, although still performed above the industry target of 90%. Over the past 5 years Bluewater's results have ranged between these two levels (93.92% – 100%) and Bluewater's goal is to continue to maintain this performance over the next 5 years.

Scheduled Appointments Met on Time - Bluewater scored above 99% in each of the last five years. Bluewater intends to maintain this high rate of customer service over the course of the next five years.

Telephone Calls Answered on Time – In 2021 Bluewater reached one of its highest scores in this metric, with 86.26% of calls answered within 30 seconds, well above the industry target of 65%. Over the past

five years Bluewater has averaged 83.9% of calls answered on time and will work to maintain this performance over the next five years.

Customer Satisfaction

First Contact Resolution – Bluewater seeks to resolve customer questions or concerns at the point of first contact, without the need to escalate to a higher level of management. Bluewater tracks the number of times that escalation is required, in order to calculate the results. In 2021 99.93% of customer questions and concerns were resolved at the point of first contact. Over the past five years, Bluewater has consistently performed in excess of 99% of this metric and targets to so over the next five years.

Billing Accuracy - In 2021, Bluewater issued over 485,000 bills with 99.99% accuracy. These results are similar to previous years, which have ranged from 99.97% to 99.99% from 2017 to 2021. The results are well above the 98% industry target and Bluewater intends to continue with this high level of accuracy over the next five years.

Customer Satisfaction Survey Results - Throughout the past five years Bluewater has demonstrated continuous improvement with its Customer Satisfaction survey results, which have increased from 73.5% to 77.8%. Bluewater engages a third party to conduct the telephone-based poll, every other year. The poll surveys customers on subjects such as reliability of service, accuracy of bills, bill payment options, customer service experience, communications, and overall satisfaction. The overall satisfaction rating of 77.8% from the 2021 survey were a 3% increase from the previous poll in 2019. Bluewater is pleased to note the increase, and in particular that it was achieved in during a challenging time of the COVID pandemic.

1.6.1.2 Operational Effectiveness

Safety

Safety of the distribution system is a high priority and Bluewater has continued to score well on all three metrics used.

Level of Public Awareness – Bluewater has seen its score increase from 86% in 2017 to 88% in 2021. A standard survey across the province was first implemented in early 2016, and Bluewater completed its fourth bi-annual public safety awareness survey in early 2022. Bluewater customers have increased their safety awareness to 88% compared to 87% achieved in 2020. This is a positive trend as Bluewater continues to provide safety awareness information to our customers through many different channels.

Compliance with Ontario Regulation 22/04 - Bluewater has maintained a Compliant rating from the ESA. Bluewater's target is to maintain this rating throughout the 2023-2027 period.

Serious Electrical Incident Index - This index measures the number and rate of serious electrical incidents occurring on a distributor's assets affecting the public, and is normalized per km of line. Bluewater Power has had zero serious electrical incidents involving the public.

System Reliability

Average Number of Hours that Power to a Customer is Interrupted – Through the years 2017 through 2020 Bluewater experienced an upward trend in the average number of hours that power to a customer is interrupted, from 1.31 hours to 1.95 hours. In 2021 Bluewater successfully reversed that trend, reducing it to 1.86 hours. Despite the improvement Bluewater still missed its distributor target of 1.66 hours, which is based on the 5-year previous year's average. Bluewater's target for the next 5 years is to improve its performance and score below its distributor target (as identified by the OEB) of 1.66.

Average Number of Times that Power to a Customer is Interrupted – The average number of times that Bluewater's customers experienced power interruptions increased from 2017 from 0.96 to 2.02 in 2020. Bluewater reversed this increasing trend in 2021, when the average number of interruptions per customer declined to 1.59. However, the improved score still did not meet the target of 1.51 times. Bluewater's target for the next 5 years is to improve its performance and score below its distributor target (as identified by the OEB) of 1.51.

The causes of increased frequency and duration of outages, as well as the steps Bluewater is taking to improve its performance, have been described in greater detail within Bluewater's Distribution System Plan (DSP), Section 5.2.3 Performance Measurement for Continuous Improvement. In summary, Bluewater's plan specifically seeks to improve reliability performance through increased vegetation management to reduce the number of outages from tree contacts, increased replacement of deteriorated assets to reduce the number of outages due to failed equipment, and the installation of protective equipment such as animal guards to reduce the outages caused by foreign interference.

Additionally, Bluewater has set a corporate objective for 100% completion of if its high priority reliability related projects and programs identified in the DSP, for each year going forward.

Asset Management

Distribution System Plan Implementation Progress – Bluewater's first Distribution System Plan has been submitted with this application. In order to report results under this required metric, Bluewater has reported on the progress it made in completing its annual capital budget. Each year Bluewater undergoes a rigorous planning process to establish the amount of asset maintenance and asset replacement that is required to maintain a safe and reliable distribution system. Bluewater's capital budget categorizes each capital project based on high, medium or 'other', mainly based on the specific project's impact on system reliability. A comparison of the operations budget and actual spending for high priority projects has been used to quantify the progress of Bluewater's implementation. For example, in 2021 the budget for high priority projects was $5.8 million, and actual spending was $5.1 million or 87% of the budget. Overall total

capital spending on the Distribution System was at 83% of the budget. Beginning in 2023 Bluewater will begin reporting its progress against is Distribution System Plan.

Bluewater's objective going forward is to complete 100% of if its high priority reliability related projects and programs identified each year.

Cost Control

Efficiency Assessment - The efficiency assessment is determined by a comparison of a utilities' actual costs to the costs forecasted by the Pacific Economics Group's (PEG) model. This study is completed each year of the electricity distributors, with PEG providing an updated report. These total costs are evaluated to produce an 'efficiency' ranking for each utility. Utilities whose actual costs are lower than predicted costs are considered more efficient and are assigned to Group 1 or Group 2. Utilities that are considered average performers with results that are +/-10% of their respective predicted costs are assigned to Group 3. Utilities whose actual costs are higher than predicted costs beyond the Group 3 range are assigned to Group 4 or 5.

Bluewater has been ranked in Group 3 each year since its last Cost of Service application in 2013. As indicated in the table below, for the historical period 2013 to 2021, Bluewater's results reflect a positive improvement, moving from 5.9% over predicted costs to 7.5% below predicted costs. Some of this reduction was temporary in nature, as a result of one time cost reductions due to COVID. These temporary cost reductions are discussed under section 1.10 Impacts of COVID of this exhibit, as well as in Exhibit 4.

For the 2022 and 2023 forecasted results Bluewater has completed the Benchmarking Spreadsheet Forecast Model provided by the OEB and submitted it with this application.

Table 22: Efficiency Assessment Results – Historical and Forecast

	2013A	2014A	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Actual Total Cost	23,242,931	23,030,353	25,249,384	25,958,989	25,350,482	26,767,729	26,955,317	26,228,724	26,271,484	29,210,714	31,668,433
Predicted Cost	21,906,896	22,946,924	23,855,857	24,391,619	24,356,346	25,799,696	26,862,215	27,448,096	28,308,953	30,923,365	33,022,137
Variance ($)	1,336,035	83,429	1,393,527	1,567,370	994,136	968,033	93,102	(1,219,372)	(2,037,469)	(1,712,651)	(1,353,704)
Variance (%)	5.9%	0.3%	5.8%	2.1%	4.0%	3.7%	0.3%	-4.5%	-7.5%	-5.7%	-4.2%

While 2022 and 2023 forecast results are trending upwards instead of downwards, compared to 2021, the costs are still below the model's predicted costs. Additionally, Bluewater believes this upward trend to be a temporary reversal partially due to the rapid level of inflation experienced in 2022 and expected in 2023.

In order to help reverse this trend and improve its overall efficiency, as part of its Business Plan, Bluewater has set an objective to find an additional incremental cost savings of $100,000 per year, accumulating to $500,000 in year 5 of the Business Plan (2027). See Bluewater's Business Plan, submitted with this application for additional details.

Total Cost per Customer and Total Cost per Km of Line – Bluewater's cost per customer, as reflected in the 2021 Scorecard, is $714. Bluewater is 1.25% higher than the industry average. For Total Cost per Km of Line, Bluewater's cost per km of line in 2021 was $21,932, which is approximately 12% lower than average.

However, during 2020 and 2021 Bluewater experienced decreases in expenses as a result of COVID, including travel, training, tree trimming and employee attrition, including delays in hiring replacement staff. These cost decreases helped Bluewater achieve the reduced increases in those years.

Table 23: Historical Cost per Customer

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cost per Customer	646	637	664	685	693	730	734	710	714
Increase (%)		-1.4%	4.2%	3.2%	1.2%	5.3%	0.5%	-3.3%	0.6%
CAGR 2013-21									1.26%

Based on the return to normalized costs, inflationary pressures and the cost increases described in Exhibit 4, Bluewater forecasts a 2013 to 2023 CAGR of 2.5%. Despite the cost pressures in these years, Bluewater's target for both the Total Cost per Customer and the Total Cost per Km of Line is to improve its results relative to the respective industry averages over the 2023-2027 term.

1.6.1.3 Public Policy Responsiveness

Renewable Generation Connection Impact Assessments Completed on Time – Bluewater was not required to complete any impact assessments in the first quarter of 2021, after which this metric was removed from the Reporting and Record-keeping Requirements. As can be seen, historically Bluewater has met 100% of its obligations under this metric.

New Micro-embedded Generation Facilities Connected on Time - Distributors are required to connect micro generation facilities (< 10 kW) such as rooftop solar panels, within 5 business days, 90% of the time, unless the customer agrees to a later date. In 2021, Bluewater Power connected 1 requested micro-embedded facility within the timeline, resulting in 100% achievement. Historically, Bluewater has met 100% of its obligations under this metric.

1.6.1.4 Financial Ratios

Liquidity: Current Ratio – Bluewater's current ratio has declined from 1.32 in 2017 to 0.94 in 2021. Despite this decline, due to the steady predictable nature of Bluewater's cash flow, Bluewater will have no issue meeting its current obligations over the next year. This decline will also be reversed in January 2023 when Bluewater completes a long-term loan of $15 million, as described in Exhibit 5 of this Application. Bluewater's target is to maintain the current ratio at a level of 1.0 or greater.

Leverage: Total Debt to Equity Ratio – Bluewater's Debt to Equity ratio has declined from 0.77 in 2017 to 0.60 in 2021, as Bluewater has decreased debt and increased retained earnings during this time period. This ratio is well below the OEB's deemed capital structure of 60% debt / 40% equity, which would imply a debt-to-equity rate of 1.5. In 2023 Bluewater will be increasing its leverage but will be maintaining its debt-to-equity rate well below the 1.5.

Profitability: Regulatory Return on Equity – Bluewater's deemed regulatory return on equity is 8.98%, which is the regulatory return underpinning its rates from its Cost of Service application in 2013 (EB-2012-0107). Bluewater has successfully achieved a rate of return higher than the deemed rate, but below the 300 bps threshold which potentially triggers an off ramp and requires a cost of service application.

1.6.2 Activity and Program-Based Benchmarking (APB)

The following examines the results of the OEB's Activity and Program-Based Benchmarking (APB) study, issued on May 4, 2022. For each of the 10 cost activities examined, Bluewater discusses its results and performance below.

Billing O&M

Bluewater's five-year average billing expense per customer was $27.00 compared to the distributor average of $35.49. Bluewater's expense per customer in 2021 has declined slightly compared to 2017, while maintaining a high level of performance, as evidenced by the results obtained under the Customer Focus section of the Bluewater's Distributor Scorecard. Some of the reduction in expense over the five-year period was due to temporary reductions in staff. Going forward, Bluewater has not made any changes to its Billing activities and expects Billing expense per customer to continue at similar levels, with adjustments for inflation.

Metering O&M

Bluewater's average operating and maintenance expense for metering during the 2017-2021 period was $21.27, compared to the distributor average of $19.80. Bluewater is not aware of any specific differences

in its activities or costs that would provide insight as to why its costs are 7.4% higher than the distributor average. However it is noted that the distributor unit costs for this metric range from $2.56 per customer to $74.78 per customer, which suggests there may be significant differences in activities and/or accounting practices for recording expenses.

One possibility may be in how capital and operating expenses are determined. While Bluewater's Metering O&M is higher than the distributor average, its Meters Capex is lower than the distributor average. If these two metrics are taken together as a measure of total Meter Cost per Customer, Bluewater notes it is below average for the 2017-2021 period, as indicated in the **Table 24**

Table 24: Total Meter Costs per Customer Comparison

	Average Metering O&M Unit Cost	Average Meter Capex Unit Cost	Total	Variance to Bluewater
Bluewater	21.27	$8.61	$29.88	
Distributor Average	$19.80	$12.12	$31.92	-6.4%

Vegetation Management O&M

Bluewater's vegetation management expense has decreased from $21.16 per pole to $15.63 per pole over the 2017 – 2021 five-year period. This decline is largely the result of challenges faced by Bluewater's contractor in completing the assigned work in the years 2019-2021. In particular, the contractor's efforts to complete the work in 2020 and 2021 were hindered due to COVID. Bluewater's average cost of $16.38 over the five-year period is approximately 47% of the distributor average of $34.70.

As described in the DSP, Bluewater has experienced an increase in the number of outages caused by tree contact during this time period and as a result has increased its vegetation management budget for 2022 and 2023. In addition, in 2022 Bluewater completed an RFP for its vegetation management work and has awarded the contract to a new vendor. Bluewater is working closely with the new vendor to help ensure the assigned work is completed each year. These changes were driven by the need to complete the necessary vegetation management and improve reliability. While the changes were not driven by the

results of the APB, Bluewater notes its 2023 projected costs on a unit cost basis, is approximately $30/pole. While this amount is higher than Bluewater's historical spending, it remains below the distributor average of $34.70.

Poles, Towers and Fixtures O&M

Bluewater's costs for pole maintenance average $0.55 per pole over the 2017-2021 period, compared to the distributor average of $10.86. Bluewater also notes that the results vary widely for this metric with a distributor maximum average unit cost of $49.68 and a minimum unit cost of $0.55.

Bluewater is not aware of any activities it is doing differently from other distributors and believes the difference is at least partially due to accounting differences. Historically Bluewater has not recorded a separate labour expenses for pole maintenance, and as a consequence Bluewater's results for this metric are artificially low and only capture the material costs related to pole maintenance. The labour costs for pole maintenance are part of the labour expenses reported under the category Lines O&M, largely under account 5040, resulting in higher unit cost in that category. Bluewater will endeavor to break out labour expenses separately for this metric in the future, in order to provide results that are more comparable.

Lines O&M

Bluewater's lines operating and maintenance unit cost has for the period 2019 – 2021 has averaged $1,982 / circuit km of line. In comparison, the distributor average cost is $1,812, or approxiametely 8.6% lower.

Historically Bluewater has not broken out its maintenance labour expenses separately. As indicated in the section above, the expenses captured for Poles, Towers and Fixtures O&M, or for materials only, with the related labour expense still grouped in Account 5040, which is reflected in the Lines O&M metric. These expenses were not tracked separately and as a result cannot be separately identified and removed for historical years. If Bluewater were able to remove the expenses, the unit cost for this metric would decrease, and the unit cost for Pole Maintenance would increase.

Going forward Bluewater will endeavor to break out labour expenses separately for this metric in the future, in order to provide results that are comparable to other utilities and more beneficial to the study.

Station Maintenance O&M

Bluewater's station maintenance has increased from $10,454/MVA/Station in 2017 to $25,522 in 2021, with some fluctuation during that time period. Bluewater's Station Maintenance O&M unit cost average of $21,387 over the five year period compares favourably to the distributor average of $76,359. Station expenditures can vary significantly from one year to the next, based on the individual needs of each station, and as a result it is difficult to assess the differences in unit costs. Bluewater's own expenses have fluctuated between $10,454 and $29,938/MVA per station. The fluctuation reflects differences in the type and scope of work completed, as needed on a station by station basis, rather than any identifiable unit cost difference. This challenge also appears to be reflected in the results of the benchmarking study, which indicate a distributor spending range from $340/MVA per station to $2,008,179/MVA per Station.

As part of its Distribution System Plan, Bluewater has reviewed the condition of its station assets and assessed their needs to ensure the necessary maintenance is planned for and completed. Likewise, Bluewater has also considered upcoming capital requirements (such as transformer replacement and station refurbishment) in order to appropriately pace such work, balancing asset need while mitigating rate impact on customers.

Poles, Towers and Fixtures Capex

Bluewater's average cost per pole has increased from $7,501 per pole in 2017 to $10,793 per pole in 2021, resulting in a year average cost of $9,133 per Pole Addition, compared to the distributor average of $8,514, which is approximately 6.8% less than Bluewater's. There are several factors that can contribute to unit cost differences, and which have contributed to the fluctuations seen in Bluewater's cost per pole, over the past five years. These factors include different sizes and types of poles installed, as well as location and additional work requirements when installing poles. For example when replacing existing poles, costs can fluctuate significantly depending on the conductor, transformers, guy wiring, etc. that needs to be transferred from the old poles to the new poles.

Bluewater does not currently have an explanation for the variance in costs between it and other distributors but it is noted that there is a wide range in distributor unit cost, with cost/pole ranging from a low in $293/pole in 2017 to $63,655/pole in 2021. Volume of work, type and location of pole, differences in accounting, and other factors may contribute to the differences in numbers reported. Bluewater also notes that it tends to account for all costs, including the removal of existing hardware from poles being replaced and attaching of the same to the new poles installed, as part of the cost of the pole replacement. Other distributors may break those costs out separately, especially where the pole replacement includes installation of new transformers and conductor.

For planning purposes Bluewater has used a cost of $10,000 per pole, which is higher than its five year average but lower than its 2020 and 2021 costs.

Stations Capex

Bluewater's capital spending per MVA per station increased from $33,836 in 2017 to $51,557 in 2021 and averaged over that period $40,352. This average is well below the distributor average of $192,936. Similar to the comments noted under Stations O&M, Station capital expenditures can vary significantly from one year to the next, based on the individual needs of each station. As a result, it is difficult to assess why differences in unit costs may occur. This challenge also appears to be reflected in the results of the benchmarking study, which indicates that distributor spending on Stations Capex ranges from $109 to $5,320,135/MVA per Station.

Line Transformer Capex

Bluewater's three year average unit cost of $14,045 / Line Transformer addition is 38% higher than the distributor average of $10,152. Bluewater does not currently have an explanation for the variance in costs between it and other distributors, but it is noted that there is a wide range in unit cost, with the five year average costs ranging from $3,028 to $72,092 per line transformer. Volume of work, transformer size and cost, differences in accounting, type of transformer (ie. single phase vs three phase) and other factors may contribute to the differences in numbers reported.

Meter Capex

Bluewater's five year average Meter Capex per customer was $8.61 compared to the distributor average of $12.12. Bluewater is not aware of any significant differences in its meter capex spending compared to other utilities.

1.6.3 Performance Measurement - Conclusion

As part of Bluewater's Business Plan a number of objectives and targets were set to improve its performance in several areas of the Distributor Scorecard, which will result in delivering improved outcomes that customer's value. A copy of Bluewater's scorecard with historical results and targets for improvement have been provided in **Table 25** below.

Table 25: Distributor Scorecard – Historical Results and Future Targets

	Performance Categories	Measure	Bluewater Historical Results 2017	2018	2019	2020	2021	Bluewater Target
Customer Focus	Service Quality	New Res / Small Business Services Connected on Time	99.27%	96.89%	99.77%	100.00%	93.92%	Maintain
		Scheduled Appointments Met on Time	99.82%	99.72%	100.00%	100.00%	99.41%	Maintain
		Telephone Calls Answered on Time	78.01%	82.31%	87.40%	82.67%	86.26%	Maintain
	Customer Satisfaction	First Contact Resolution	99.93%	99.99%	99.99%	99.99%	99.93%	Maintain
		Billing Accuracy	99.99%	99.97%	99.99%	99.98%	99.99%	Maintain
		Customer Satisfaction Survey Results	73.50%	74.40%	74.40%	77.80%	77.80%	Improve
Operational Effectiveness	Safety	Level of Public Awareness	86.00%	86.00%	87.00%	87.00%	88.00%	Improve
		Level of Compliance with Ontario Regulation 22/04	C	C	C	C	C	Maintain
		Number of General Public Incidents	0	0	0	0	0	Maintain
		Rate per 10, 100, 1000 km of Line	0.000%	0.000%	0.000%	0.000%	0.000%	Maintain
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted	1.31	1.60	1.88	1.95	1.86	Improve (1.66)
		Average Number of Times that Power to a Customer is Interrupted	0.96	1.67	1.87	2.02	1.59	Improve (1.51)
	Asset Management	Distribution System Plan Implementation Progress	Near Budget	At Budget	At Budget	Near Budget	Near Budget	Improve (100% Completion of High Priority Reliability Projects)
	Cost Control	Efficiency Assessment	3	3	3	3	3	Maintain
		Total Cost per Customer	$693	$730	$734	$710	$714	Improvement (Relative to Industry Average)
		Total Cost per Km of Line	$32,710	$34,186	$34,871	$21,695	$21,932	Improvement (Relative to Industry Average)
Public Policy Responsiveness	Connection of Renewable Generation	Renewable Genearion Connection Impact Assessments Completed on Time	100%	100%	100%	100%	-	Maintain
		New Micro-embedded Geneartion Facilities Connected on Time	100%	100%	-	-	100%	Maintain
Financial Performance	Financial Ratios	Liquidity: Current Ratio	1.32	1.36	1.13	1.09	0.94	Improve
		Leverage: Total Debt to Equity Ratio	0.77	0.67	0.69	0.72	0.60	Increase Debt within Deeemed Capital Structure
		Profitibility - Deemed Return on Equity	8.98%	8.98%	8.98%	8.98%	8.98%	-
		Profitibility - Achieved Return on Equity	10.31%	11.86%	10.93%	10.80%	9.39%	Maintain

Additionally, Bluewater has included in its plan to refine its accounting practices to better track expenses measured by the Activity and Program-Based Benchmarking. This will improve the quality of the results and comparability to other distributors. In particular this includes expenses related to Lines O&M, Pole Maintenance, Poles, Towers and Fixtures Capex as well as Transformer Capex.

1.7 FACILITATING INNOVATION

Bluewater undertakes innovative projects which help it reduce costs, improve the safe and reliable distribution of electricity, or allows Bluewater to provide beneficial services to customers. Often these projects benefit more than one of these categories. Examples of innovation historically, and with this application include:

Beneficial Services to Customers:

- Outage Map - The implementation of an outage map, available on Bluewater's website to provide customers with information during outages, such as areas affected, number of customers impacted, cause and expected restoration time. The availability of this information to customers has helped reduce the level of calls received during major storm events, helping to reduce staff costs.
- Social Media - The availability of an Outage Map, availability of communication tools like email and social media to help keep customers informed, has led to a 41% reduction in the numbers of calls received by Bluewater since its last cost of service application in 2021.
- Green Button – In 2023, Bluewater will be implementing Green Button. While this program is mandated by the Ontario government, Bluewater considers it innovative in that it provides benefits to customers that they value. The program will provide households and businesses access to their electricity data or authorizes the automatic, secure transfer of their data from their utility to applications or third parties, allowing for better insight and management of energy use.

Safe and Reliable Distribution of Electricity

- Outage Management System – implemented to aid in response time to outages and includes enhanced SCADA system with the installation of FLISR (Fault Location, Isolation, and Service Restoration), which provides the control room with more information and greater capabilities including the use of and/or control of reclosers. Remote controlled and automated reclosers help

reduce truck-rolls and employee time for locating outage sources and restoration, thereby decreasing costs. FLISR is described in detail in Exhibit 2, Attachment 2-1 Distribution System Plan.

- Distributed Transformer Monitoring – Bluewater began the installation of distribution transformer monitoring devices to its transformers in 2015. These devices provide information such as energy theft detection, transformer loading, and distributed generation, assisting with load management. For example as the take-up on electric vehicles increase, Bluewater will be able to assess the impact and ensure it has the flexibility to meet customer needs. So far approximately 25 units have been installed and Bluewater will continue to install additional units during the Test Year. Additional information on Distributed Transformer Monitoring is available in Exhibit 2, Attachment 2-1 Distribution System Plan.

- Voltage Conversion - Bluewater is in the process of updating its system to eliminate the need for 4kV and 8kV substations. This process saves costly upgrades to substations, reduces the need for maintenance expenses and decreases system losses. The voltage conversions can also increase the capacity of feeder cables, resulting in fewer circuits required. Bluewater has eliminated three 4kV substations and two 8kV substations. There are fourteen 4kV substations and one 8kV substation remaining. The conversion projects noted in the DSP will allow for the elimination of the 8kV substation over the course of the next five years. These projects are described in Exhibit 2, Attachment 2.1 – Distribution System Plan, Project # UT21 & UT22. Conversion of sections of the 4kV system to 27.6 kV is also planned in 2023. This upgrade will allow Bluewater to avoid updating circuit breakers in its substations, while providing the advantages of the 27.6kV system. This project is described in Exhibit 2, Attachment 2.1 - Distribution System Plan, Project #UT74.

Process/Operational Improvement

- Business Technological Improvements – Bluewater has implemented new programs to aid in process improvement historically and has plans to continue implementing such improvements in the 2023 Test Year. For example, *Tally* is an in-house program developed for timesheet management, which is fully integrated with SAP and has reduced the need for manual data entry

for employees and supervisors. Another in-house developed system, Requisitions-on-Demand ("ROD"), improves the workflow of requisitions and purchasing approvals, helping to manage the front-end of the supply chain process. In an effort to promote a more paperless environment, an in-house tool named "ARC", short for "Archive", was developed to house many documents in electronic format in order to eliminate the need for storage services, and facilitates easier access to the documents needed.

In 2023 Bluewater will be implementing three new projects. These include a Smart Data hub solution which will provide for more accurate and efficient corporate and regulatory reporting in addition to enabling other business functions. The second project is a new integrated communications solution which will provide better interaction with customers, business partners, employees and other stakeholders. The new solution will integrate customer information with Bluewater's outage management system, accommodate social media management and enable SMS services. The third project is a supply chain upgrade which will provide further automation and inventory management. These projects are discussed further in Exhibit 2, Attachment 2.1 – Distribution System Plan, Project # IT35.

- Bluewater has focused on achieving synergies through Economies of Scope. This innovative strategy and the operational improvements that have resulted from it, have been outlined in detail in Exhibit 4. Bluewater intends to continue this approach over the term of the application in an effort to find additional synergies. Also as indicated in Bluewater's business plan, and as part of the application, Bluewater has set an objective to improve cost efficiency, targeting an incremental $100,000 reduction in spending each year through identifiable and sustainable savings. By year five (2027) of the business plan, Bluewater intends to see a reduction of $500,000 in spending split between OM&A and Capital. While these savings may be found through other cost savings initiatives, Bluewater expects a significant portion will be found through Economies of Scope.

- In the years 2024-2027, Bluewater has included the "Innovation Research" budget for capital investments of $50,000 per year to be used for adopting innovation changes being explored in the industry related to customer needs and/or the distribution system being explored in the industry. There are no specific projects identified for this budget at this time, but it is available as technologies emerge. These projects are not budgeted in the Test Year and no recovery related to these amounts is sought in this application.

1.8 FINANCIAL INFORMATION

1.8.1 Audited Financial Statements

Bluewater's 2021 audited financial statements, with 2020 historical information for comparison, have been included as Attachment 1-3. Bluewater uses International Financial Reporting Standards ("IFRS") for general purpose financial statements. For ratemaking purposes, Modified International Financial Reporting Standards ("MIFRS") were adopted as part of Bluewater's last cost of service application (EB-2012-0107). In 2013 Bluewater made the necessary changes to its accounting practices to comply with the requirements of MIFRS, including changes to its depreciation rates and removing overhead expenses from capital. Bluewater's financial statements continued to be reported under CGAAP (while incorporating these MIFRS changes) until IFRS was formally adopted by the company effective January 1, 2015 for external financial reporting. At the time of adopting IFRS there were no changes required to Bluewater's accounting practices as all necessary changes were made in 2013, however the scope of audit increased as did the financial note disclosure accompanying Bluewater's financial statements.

Bluewater Power does not have any annual reports, MDA, rating agency reports or any other public reports to file. The same is true for its parent company, Bluewater Power Corporation.

Bluewater has not had any change to its tax status.

1.8.2 Existing Accounting Orders

Bluewater does not currently have any distributor specific accounting orders.

1.8.3 Uniform System of Accounts (USoA)

Bluewater follows the USoA for accounting purposes, although as noted in section 1.6.2 Activity and Program-Based Benchmarking (APB), Bluewater is working to improve the breakdown of expenses by individual account to improve the comparability of expenses with other distributors.

Starting in 2022, a correction was made to the calculation of amortization amounts for both Account 1995 and 2440. Prior to IFRS conversion, the gross amount of customer contributions was amortized straight-line over 25 years. At the time of IFRS conversion, the useful lives of capital assets were changed to be more in line with the Kinetrics report as per EB-2010-0178. As a result, the estimated useful lives of the fixed assets were extended, closer to 50 years on average.

With respect to Account 1995, the remaining useful lives at the time of IFRS conversion corresponding to the unamortized gross amount of customer contributions should have been extended. Instead, they were incorrectly based on the previous calculation of 25 years with no change. Similarly, for Account 2440, the useful lives corresponding to the gross amount of customer contributions received should not have been based on the previous calculation of 25 years.

Starting in 2022, and on a prospective basis, Bluewater Power has updated its calculations for the amortization relating to both Accounts 1995 and 2440 to reflect 50 years.

1.8.4 Confirmation of Accounting Treatment for Non-Distribution Businesses

Bluewater records the revenue and expenses for non-utility businesses to OEB Account 4375 'Revenues from Non Rate-Regulated Utility Operations' and to OEB Account 4380 'Expenses of Non Rate-Regulated Utility Operations'. Any non-utility capital assets are recorded in OEB Account 2075 'Non Rate-Regulated Utility Property Owned' and OEB Account 2180 'Accumulated Depreciation of Non Rate-Regulated Utility Property'.

All of these OEB accounts are excluded for rate making purposes. As such, no amounts are included in the 2023 Test Year.

The nature of Bluewater's non-utility related businesses falls into three categories: IESO Conservation and Demand Management (C&DM) Programs, Streetlight Installation Flow-Throughs, and Renewable Generation.

IESO Conservation and Demand Management (C&DM)

All IESO C&DM program revenues and expenses are recorded in Accounts 4375 and 4380, respectively. These programs are designed to cover Bluewater Power's expenses on a dollar-for-dollar basis. These programs will be coming to an end in 2022.

Streetlight Installation (Flow-Through)

Streetlight installation work that forms part of new subdivision work for a developer is completed by Bluewater Power Services Corporation (BPSC), an affiliate of Bluewater. The streetlight installation invoice received from BPSC is added to Bluewater's invoice for electrical infrastructure to be paid by the developer. BPSC's invoice has no markup (i.e. it is simply a flow through to Bluewater) and Accounts 4375 and 4380 are used to record the revenue from developers and the costs from BPSC, respectively.

Renewable Generation

Bluewater has invested in two solar renewable generation projects. The capital assets are recorded in OEB Accounts 2075 and 2180, and the related revenue and expenses are recorded in OEB Accounts 4375 and 4380.

1.9 DISTRIBUTOR CONSOLIDATION

Bluewater has not become party to a proposed or approved Merger, Amalgamation, Acquisition or Divestiture (MAADs) transaction since its last rebasing application.

1.10 IMPACTS OF COVID

Bluewater noted incremental costs during COVID related to additional cleaning costs, safety materials, overtime expenses, and IT related expenses for remote work capabilities. However these incremental costs were offset by decreases in expenses including travel, training, tree trimming and employee attrition, including delays in hiring replacement staff. As a result Bluewater was successful in managing incremental COVID related expenses within its current level of operating expenses and is not seeking recovery of any incremental expenses.

Bluewater expects to see modest sustained savings due to changes in business practice flowing from changes made necessary during the pandemic. There are forecast to be sustained reductions in travel and training which is being accommodated through online and in-house training at a substantial discount. This issue is discussed in Exhibit 4.

ATTACHMENT 1 – 1

BUSINESS PLAN

EB – 2022 – 0016

BUSINESS PLAN

"To be a trusted and respected leader in everything we do!"

Filed with BoD: July 2022

Updated: October 2022

TABLE OF CONTENTS

TABLE OF TABLES

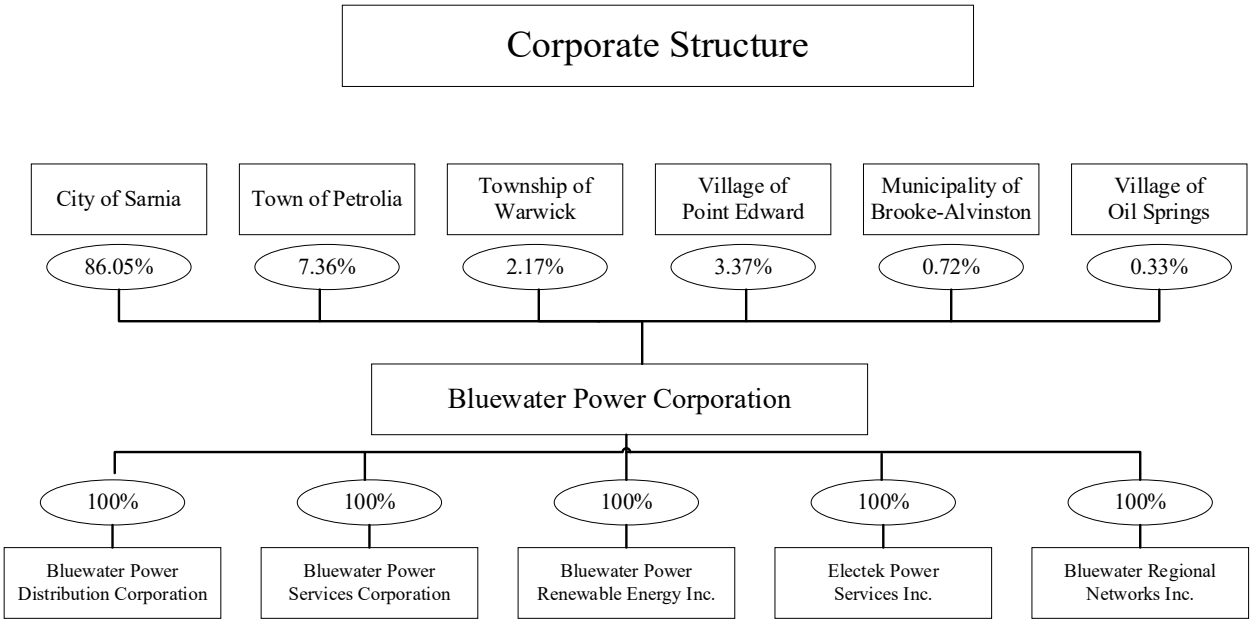
1.0 OVERVIEW OF BLUEWATER POWER DISTRIBUTION CORPORATION

1.1 Utility Description

Bluewater Power Distribution Corporation ("Bluewater") is a Local Distribution Company (LDC) which has delivered electricity to the people of the Sarnia-Lambton area for over 100 years. It serves approximately 37,000 customers in the communities of Sarnia, Petrolia, Point Edward, Warwick Township (Watford), Brooke-Alvinston and Oil Springs. To provide these services Bluewater operates and maintains over 1,200 km of electricity line, covering over 200 sq. km of service territory.

1.2 Corporate Structure

As a Local Distribution Company (LDC), Bluewater is regulated by the Ontario Energy Board ("OEB"). Bluewater was incorporated under the *Business Corporations Act, Ontario* on October 30, 2000 upon the amalgamation of the utility companies of the municipalities of Sarnia, Petrolia, Point Edward, Warwick Township (Watford), Brooke-Alvinston and Oil Springs. Bluewater is owned by Bluewater Power Corporation, which in turn is owned the six municipal shareholders through their own holding companies. Bluewater Power Corporation also owns Bluewater Power Services Corporation, Bluewater Power Renewable Energy Inc., Electek Power Services Inc., and Bluewater Regional Networks Inc. The corporate structure for the Bluewater Power Group of Companies is depicted below.



1.3 Governance

When the corporation was first formed November 1, 2000, the Shareholders agreed that an important part of the transition from electric commission to business corporation was to create a professional Board of Directors (the "Board"), with diverse business related experience, who were also free from local politics. All Shareholders agreed that no elected official or municipal employee would serve as a Director of the company. As a result the current board of directors is 100% independent of its shareholders.

The Board is responsible for the overall governance of the corporation, while management are responsible for the day-to-day operations. In addition to reviewing management's performance of its operations of the business, the Board is also responsible for ensuring the Company conducts its affairs in accordance with its distribution licence, as well as codes, guidelines, and orders from the Ontario Energy Board. Specifically, the responsibilities that fall under the mandate of the Board are as follows:

1. Reviewing and approving the Corporation's Annual Budget and business plans, to ensure it is consistent with the maintenance of a viable, competitive business and the preservation of its

underlying value. Monitor the Corporation's performance and progress towards its strategic and operational goals.

2. Managing all risks related to the business conducted by the Corporation, by overseeing the adoption of appropriate risk management strategies and internal controls, including Cyber Security.
3. Ensure a prudent financial and capitalization structure for the Corporation consistent with sound financial principles and ratemaking guidelines.
4. Providing the Shareholders with a reasonable return through the payment of dividends. Dividends shall generally be paid as one-third of Net Income after Tax, but the Board reserves the right to adjust such payment having regard to a change in circumstances.
5. Establish governance structures and committees as deemed appropriate by the Board from time to time.
6. Approving the appointment of the President and Chief Executive Officer and reviewing his or her performance, compensation and succession plan. Monitor the appointment, performance and succession plans for senior management of the Corporation.
7. Ensure senior management provides communication to Shareholder Representatives, as well as reporting at a public annual meeting of Shareholders within six (6) months after the end of each fiscal year.
8. Ensure the development and implementation of an Incentive Pay program that encourages management, union, and non-union employees to deliver cost effective and extraordinary service while meeting the financial expectations of the Board and Shareholders.

The founding principles of the Company are to operate and maintain a safe, reliable and efficient electricity distribution system while maintaining reasonable rates. In order to help balance the expectations of customers, shareholders and regulators, the Board issued the guiding principles found in Section 2.1 to management.

2.0 BLUEWATER BUSINESS OVERVIEW

2.1 Vision, Mission, and Guiding Principles

Vision: Bluewater's vision is *"To be a trusted and respected leader in everything we do!".*

Mission: Bluewater's mission is *"to be a best in class local energy and services Company embracing growth and innovation, driven by the pride of our employees and communities".*

Guiding Principles:

Bluewater will accomplish our Mission while maintaining the following guiding principles established by its Board of Directors:

1. **Safety First:** The Board expects a culture where employees know that safety is always the number one priority.

2. **Community Always:** Everything that the Corporation does should reflect our desire to be a valued local community partner. We provide reasonable returns to our municipal shareholders, but we also ensure that customers, shareholders and other community partners know that we are their "hometown utility".

3. **Exceptional Customer Service:** The Board believes that exceptional service does not need to be expensive. The Board works to encourage a culture where customers leave every encounter with the utility impressed that they are dealing with an employee that cares.

4. **Control Costs Through Economies of Scope:** The distribution territory served by the Corporation is low growth compared to other regions within Ontario. Therefore, the Board supports an approach to cost control through the use of Economies of Scope utilizing affiliates to share in the cost of management and employees.

5. **Employee Satisfaction:** Employees are encouraged to go "above-and-beyond" their job duties through a financial incentive plan to be applied to all employees, as well as a culture of mutual respect between management, non-management and union employees.

6. **Innovation:** A modern organization moves forward or risks being left behind. The drive for innovation is not only based on modernization of technology, but innovation in business processes at all levels of the organization.

Bluewater believes that a strategy which makes customers our top priority while building on our vision for the future presents a balanced framework for solid performance, adaptation to a changing business environment and sustainable and profitable business growth.

2.2 Customer Engagement

In preparation of the 2023 Rate Application, Bluewater completed a customer engagement exercise to obtain feedback on its distribution system plan and provide an opportunity for customers to provide input and feedback on the service Bluewater provides. This combined with information from customers obtained from regular communication has provided the following key insights that Bluewater has factored into its business plan (as well as disttirbution system plan and rate application).

Affordable cost of electricity and reliability were the top priorities for most customers. Bluewater has taken this feedback seriously and has incorporated it in the business plan in several ways. Bluewater has developed its 2023 budget and five year forecast with careful consideration of rate increases to its customers. This has been especially challenging with the inflationary pressures Bluewater and its customers have faced throughout 2022. While trying to minimize rate increases to customers, Bluewater has sought to balance the needs of its distribution system, ensuring that assets are appropriately maintained and replaced as required to maintain the overall health of the system, and provide improvement in reliability. In many cases necessary capital projects have been spread over the five year period to provide a smooth capital plan and evenly distribute rate increases for customers.

In addition the business plan provides clear objectives to improve reliability and cost control, including the delivery of an additional incremental cost savings of $100,000 per year, accumulating to $500,000 over the five year business plan period.

Further, customers also indicated they value communication regarding power outages. Bluewater already has a social media presence, but is seeking to increase the number of customers it reaches as part of this

business plan. Through this medium Bluewater will continue to inform and interact with customers to increase awareness of both planned and unplanned outages, storm management, regulatory changes, general safety, and customer planning information.

2.3 Benchmarking

In developing its business plan, Bluewater has utilized its results in the OEB's Total Cost Benchmarking and certain performance metrics from the OEB's scorecard for benchmarking purposes. Performance metrics from the OEB scorecard have been considered in determining the business plans objectives and targets, namely in areas of customer service and reliability. The metrics are described in the Objectives section below.

The OEB engages Pacific Economics Group Research, LLC (PEG) on an annual basis to benchmark electricity distributors' total cost performance. The benchmarking analysis is performed according to the OEB-approved methodology and is used in incentive rate setting by rewarding distributors based on their total cost performance. Each distributor is assigned to one of five cohorts, with the best cost performers placed in Cohort 1 and the worst cost performers placed in Cohort 5. Since its last rebasing in 2013, Bluewater has been consistently assigned to the middle cohort, Cohort 3.

Bluewater has used, and will continue to use, the Total Cost Benchmarking forecast model to assess the reasonableness of its operating and capital budgets before they are finalized and presented to its Board for approval. Based on the 2023 operating and capital budgets, Bluewater will remain in Group 3. Its forecasted costs are projected to be 4.2% less than the predicted costs indicated by the TCB forecast model**.** **Table 1** provides the historical and forecasted TCB results.

Table 1: Historical and Forecast Total Cost Benchmarking Results (2013-2023)

	2013A	2014A	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Actual Total Cost	23,242,931	23,030,353	25,249,384	25,958,989	25,350,482	26,767,729	26,955,317	26,228,724	26,271,484	29,210,714	31,668,433
Predicted Cost	21,906,896	22,946,924	23,855,857	24,391,619	24,356,346	25,799,696	26,862,215	27,448,096	28,308,953	30,923,365	33,022,137
Variance ($)	1,336,035	83,429	1,393,527	1,567,370	994,136	968,033	93,102	(1,219,372)	(2,037,469)	(1,712,651)	(1,353,704)
Variance (%)	5.9%	0.3%	5.8%	2.1%	4.0%	3.7%	0.3%	-4.5%	-7.5%	-5.7%	-4.2%

2.4 Business Environment

Service Territory

Bluewater's service territory includes the City of Sarnia and five other municipal communities within Lambton County (Petrolia, Warwick, Point Edward, Brooke-Alvinston and Oil Springs). Lambton County is bordered to the north by Lake Huron and to the west by the St. Clair River as well as the Canadian-United States border. The St. Clair River is spanned by the Blue Water Bridge, linking Sarnia (and theVillage of Point Edward) to Port Huron, Michigan. Primary areas of employment in Lambton County include manufacturing, retail trade, tourism and food services and agriculture.[1]

Since Bluewater's last cost of service application in 2013 its customer base has grown in total, approximately 2.9%, primarily from increasing residential customers. From 2013 to 2021 residential customers have grown 3.47%, resulting in a Compound Annual Growth Rate (CAGR) of 0.43%. This growth was offset by a decline in the number of commercial customers during the same period. Also, during the same period kWh sold declined by 4.8% in aggregate or a CAGR of (0.61%). The changes to customer numbers by customer class and kWh during the 2013 to 2021 period are summarized in the **Table 2** below.

Table 2: Historical Changes to Customer Numbers and kWh Sold

	2013 Actual	2021 Actual	Total Increase (#)	Total Increase (%)	2013-21 CAGR
Residential	32,002	33,113	1,111	3.47%	0.43%
GS < 50 kW	3,472	3,459	(13)	(0.37%)	(0.05%)
GS > 50 kW	428	372	(56)	(13.08%)	(1.74%)
Intermediate	13	9	(4)	(30.77%)	(4.49%)
Large User	3	4	1	33.33%	3.66%
Total Customers	35,918	36,957	1,039	2.89%	0.36%
kWh	1,006,121,332	957,813,268	(48,308,064)	(4.80%)	(0.61%)

The trend in residential customer growth is expected to continue through 2023, while some growth is expected in small commercial. A decline in the number of customers in the GS > 50 kW class is expected as well as in the Intermediate customer class. In addition, Bluewater is also anticipating a decline in kWh of less approxiametely 0.12% per year during the same time period. **Table 3** below summarizes the expected growth/decline in customers and kwh over the next two years.

[1] Lambton County - Wikipedia

Table 3: Forecasted Changes to Customer Numbers and kWh Sold

	2021 Actual	2023 Forecast	2021-23 Increase (#)	2021-23 Increase ($)	2021-23 CAGR
Residential	33,113	33,390	277	0.84%	0.42%
GS < 50 kW	3,459	3,487	28	0.81%	0.40%
GS > 50 kW	372	354	(18)	(4.84%)	(2.45%)
Intermediate	9	8	- 1	(11.11%)	0.00%
Large User	4	4	-	0.00%	0.00%
Total Customers	36,957	37,243	286	0.77%	0.39%
kWh	957,813,268	955,799,596	(2,013,672)	(0.21%)	(0.12%)

Enbridge Line 5:

Located in the south of Sarnia is a complex of petrochemical and refining faciltiies referred to collectively as 'Chemical Valley'. "These industrial complexes are the heart of Sarnia's infrastructure and economy. They directly employ nearly 8,000 and contribute to almost 45,000 additional jobs in the area."[2]

A significant portion of the oil refined in Chemical Valley is delivered through Enbridge's pipeline Line 5. "Line 5 was completed in 1953 and runs from Superior, Wisconsin through Michigan to Sarnia, Ontario, [delivering] up to 540,000 barrels of oil per day."[3]

"In November 2020, Michigan Governor Gretchen Whitmer revoked an easement granted in 1953 to extend a roughly 4-mile section of the pipeline through the Straits of Mackinac, and directed Enbridge to cease operations by May 2021."[4]

Enbridge has defied the order and continues to operate the pipeline while pursing the matter through the courts. In addition, "in May 2021, the Canadian government filed a request to a U.S. court to stop the state of Michigan from shutting down the pipeline ..."[5]

"Canada has invoked the 1977 pipeline treaty between Canada and the U.S. in a bid to prevent Michigan from turning off the taps to Enbridge's Line 5."[6]

[2] Sarnia - Wikipedia
[3] Enbridge Line 5 Oil Pipeline - Global Energy Monitor (gem.wiki)
[4] Enbridge Line 5 Oil Pipeline - Global Energy Monitor (gem.wiki)
[5] Enbridge Line 5 Oil Pipeline - Global Energy Monitor (gem.wiki)
[6] Sarnia, Ont. mayor on latest bid to save Line 5 pipeline | CTV News

"Sarnia Mayor Mike Bradley said at least 3,000 jobs at three refineries in his city, as well as numerous positions in related industries, would be affected if the pipeline shut down."If you're talking about that number of jobs, it is like dropping a neutron bomb on the community," he said. "It would be truly devastating."[7]

"The two sides are currently in mediation and there is the potential that this fight turns into a national dispute between Canada and the U.S., leaving communities like Sarnia largely powerless in an entrenched environmental fight that could imperil thousands of existing jobs. The Ontario government believes 4,900 jobs in Sarnia, a city of 71,500, are in jeopardy if the line is shut down next week, but Bradley said there's a broader economic impact in his city."[8]

It is difficult to estimate what the impact of shutting down Line 5 may be on Bluewater Power, or when/if such an event will occur. The estimates presented in the media are broad; a significant negative impact on the number of industrial, commercial and residential customers, commodity sales, and bad debt expense may occur. The timing of a potential shut down is also unknown. During the upcoming Rebasing Application, Bluewater will advise the OEB of the potential risks involved and may request a variance account at a future date to recover the impacts in the event a shut down does occur.

2.5 Inflation

Throughtout 2021 and 2022 Bluewater has faced inflationary pressure on its expenses. In 2021 Bluewater saw on increase to the moving average cost of its materials of approximately 8.6%. As of July 2022, Bluewater has seen a further average increase in the moving average cost of its materials of approximately 9.8% over 2021 costs.

In developing its business plan, including its 5 year financial forecast (2023 budget and 2024-27 forecast) Bluewater first updated its 2022 forecast. The 2022 forecast is based on a combination of actual results as of May 31, 2022 and estimated expenses for the remainder of the year.

The 2023 Budget contains the following estimated inflationary increases over 2022:

- Union respresented labour – 2%, as determined by the collective agreement.

[7] Sarnia, Ont. workers worry about job loss after planned Enbridge Line 5 shut down | Globalnews.ca
[8] As clock ticks down on Enbridge's Line 5, anxiety grows in Sarnia and Michigan | Financial Post

- Non-Union represented labour – 4%
- Known inflationary increases were incorporated, otherwise inflation on materials and third party services was estimated on average of 6.6%.

For the 2024-27 forecast an annual 3% inflationary increase was used.

2.6 Workforce and Succession Planning

Workforce and Succession Planning are a substantial part of Bluewater Power's corporate planning and budgeting processes. Bluewater Power strives to attract and retain employees that are among the best in the industry, and provide them with challenging and meaningful work, while offering them mutually beneficial opportunities for knowledge, growth and career development. To accomplish this Bluewater Power has developed a strong recruitment and selection process while offering competitive salaries and benefit packages that are competitive in the local market and LDC industry while also being cognizant of the budgetary and business constraints of operating in a regulated environment. Bluewater Power truly values their employees and their contributions to the overall success of the business.

Bluewater Power has had 56 individuals retire or resign, to date, from the last rate application in 2013. Workforce and succession planning remain high priorities over the next five years as Bluewater Power expects to experience turnover of approximately 25 percent of its workforce. This is expected due to the eligibility of retirements and the continued increase in higher than normal turnover rates experienced by all industries in recent years.

Current factors impacting Bluewater Power's workforce planning and the electrical distribution sector are:

- Aging workforce including significant turnover;
- Overall shortage of skilled labour within the electrical industry and competition from local industry;
- Increased customer demand for technological enhancements and 24/7 coverage and access to information;
- Continuously evolving regulatory changes and demand for information technology such as cyber security which requires different skills, expertise and competencies to meet the needs of all stakeholders;

- Reduced geographical recruitment area due to international crossing and waterways; and
- Demands for continuous infrastructure enhancements alongside an aging infrastructure and demands to replace distribution infrastructure beyond its useful life.

Bluewater Power's business decisions are based on the premise that the company's objectives will be met through the contributions of a diverse team of engaged, trained and educated, creative, committed and productive workforce. Taking into consideration the needs of all stakeholders and offering exceptional service at a reasonable cost Bluewater Power strives to manage the workforce planning factors impacting operations by:

- Being proactive instead of reactive when staffing departments that require a significant amount of training;
- Offering a competitive compensation package to attract and retain skilled trades personnel, continuously recruiting apprentices to have a pipeline of appropriately trained and competent staff;
- Providing continuous training, development and mentorship to personnel, promoting internally, and hiring staff that have relevant experience such as apprentices and graduates with the required credentials;
- Enhancing staffing levels in departments that require the additional resources and continuously reviewing staffing levels to meet the demands of the business; and
- Participating in asset management, continuously reviewing infrastructure requirements and forecasting future demands when possible.

3.0 CORPORATE OBJECTIVES

Bluewater has determined the following objectives and related outcomes which it intends to achieve throughout the 2023-27 business plan. A detailed explanation of the objectives and outcomes follows.

Table 4: Bluewater Corporate Objectives

OEB Category	Performance Categories	Objectives and Outcomes
Customer Focus	Service Quality	* Continue to exceed industry targets for service quality indicators * Increase social media presence to better inform customers
Operational Effectiveness	Safety	* Maintain a strong safety culture with zero lost hours * Maintain number of general public incidents at zero through increased public awareness
	Reliability	* Maintain and invest in the distribution system to ensure the safe and reliable delivery of electricity * Improve SAIDI and SAIFI results over the 5 year DSP timeframe * Complete all high priority reliability related projects and programs identified in the DSP * Seek out innovative solutions to provide better service and/or reduce costs to serve customers
	Employee Engagement	* Implement a regular employee engagement survey, targeting improved results over time
	Cost Control & Continuous Improvement	* Maintain Total Cost Benchmarking Cohort 3 Status, while improving results within Cohort 3 * Improve cost efficiency, targeting an incremental $100k reduction in spending each year through identifiable and sustainable savings
Public Policy Responsiveness	Public Policy Responsiveness	* Fulfill obligations mandated by the government through legislative and regulatory requirements * Completion of the Green Button project in 2023 * Development of Environmental & Social Responsibility Policy in support of municipal, provincial and federal initiatives
Financial Performance	Financial	* Deliver electricity at reasonable distribution rates * Earn the approved ROE to provide a stable dividend to shareholders and sufficient reinvestment of capital for distribution system needs

3.1 Customer Focus

Bluewater has an excellent customer service track record and will continue to provide high quality customer service and communication to our customers at all times. To stay on track, Bluewater will continue to focus on the following key areas:

1. Bluewater's customer service has continued to perform strongly over the past several years with service levels exceeding the industry target for each of the five key performance metrics listed in the **Table 5.** Bluewater's goal is to continue to exceed the industry target over the 5 year business plan timeline. Table 5 also provides the results from the industry standard bi-annual customer satisfaction survey. Bluewater has successfully increased its results each survey since 2017. Bluewater's goal is to build on this success and improve its average results.

Table 5:Customer Focus Metrics

Metric	2017	2018	2019	2020	2021	Target
Services Connected on Time	99.3%	96.9%	99.7%	100%	93.9%	Maintain
Appointments met on time	99.8%	99.7%	100%	100%	99.4%	Maintain
Tel. Calls Answered on time	78.0%	82.3%	87.4%	82.7%	86.3%	Maintain
First Contact Resolution	99.9%	99.9%	99.99%	99.9%	99.9%	Maintain
Billing Accuracy	99.9%	99.9%	99.9%	99.9%	99.9%	Maintain
Customer Satisfaction Survey	73.5%	74.4%	74.4%	77.8%	77.8%	Improve

2. Customer expectations regarding communication and the availability of information have increased considerably over the years. To meet these needs Bluewater is working to increase its social media presence in order to provide helpful information regarding planned and unplanned outages, changes to bills, rates and other events that impact customers, in order to better inform customers and meet their needs. This will also help reduce the number of times customers need to initiate contact with the company, saving customers' time and inconvenience. To measure its success in this area, Bluewater will track and report the number of followers subscribed to its social media platforms.

3.2 Operational Effectiveness

Safety

Bluewater's number one priority is the safety of its employees, its customers and the community. This commitment is reflected in the results achieved in the following safety metrics, provided in **Table 6.**

Table 6: Safety Metrics

Metric	2017	2018	2019	2020	2021	Target
Lost Time Hours	0	0	0	0	0	Maintain
Level of Public Awareness	86%	86%	87%	87%	88%	Improve
General Public Incidents	0	0	0	0	0	Maintain

These metrics will continue to be used to measure Bluewater's safety performance. As of January 31, 2022 Bluewater's employees have worked 1,617,954 without a lost time incident. Bluewater has contributed to the community's safety with its safety education program and as a result the level of public awareness has increased over the past five years.

Bluewater is committed to continuous improvement in its health and safety programs, with a strong focus on health and safety training as well as skill upgrades for all of its employees. We will also continue with our public education programs to inform and encourage awareness of the dangers involved when working with or near electricity.

Safety of the distribution system is also an important aspect of the DSP, annual budget and day-to-day work activities. The system assets are monitored for any safety related risks that may pose danger to the general public and our employees. Once identified, appropriate remedial action plans are put in place to mitigate the risk, often including repair or replacement.
All of these efforts are manifest in successful avoidance of Lost Time injuries and general public incidents, which are tracked and reported to the Board.

Reliability

With this application Bluewater has completed its first DSP, which is designed to allow the company to continue the safe and cost effective delivery of electricity, while improving reliability. Bluewater improved reliability as measured by both the System Average Interruption Frequency Index (SAIFI) and the System Average Interruption Duration Index (SAIDI), in 2021. Figure 1 provides the SAIFI results for the past six years, which measures the average number of outages experienced by customers per year. And figure 2

provides the SAIDI results for the past six years, which measures the average duration of the outages experienced by customers.

Figure 1: Reliability – SAIFI

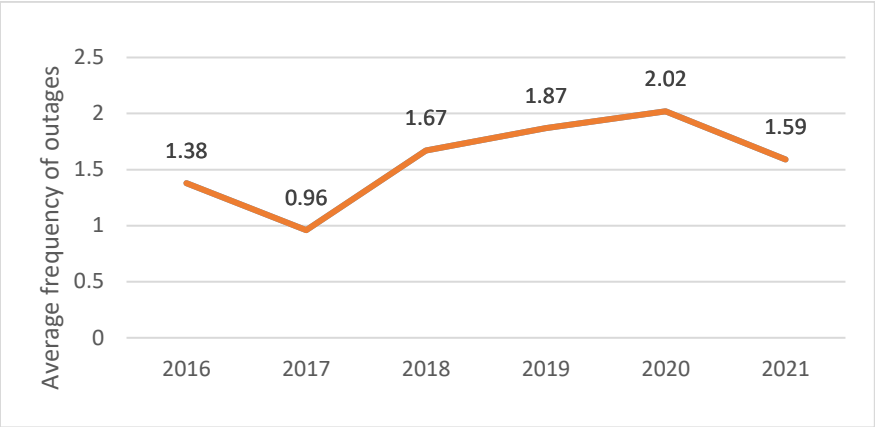
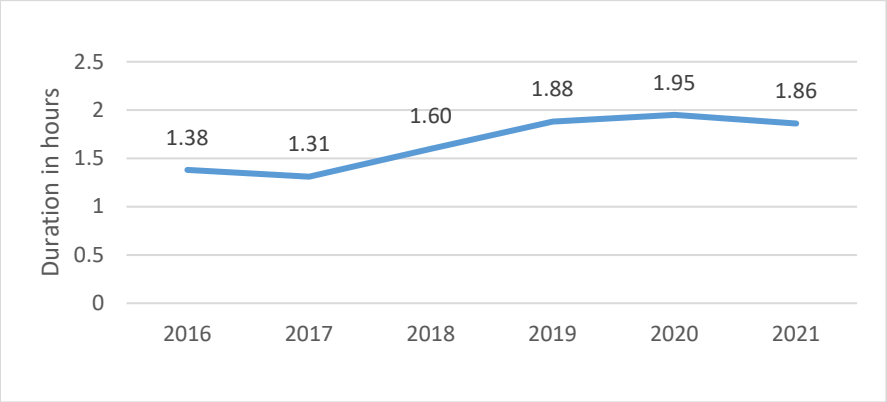


Figure 2: Reliability – SAIDI



Bluewater is seeking to maximize the useful lives of its assets, while at the same time taking a targeted proactive approach to avoid costly equipment failures which decrease reliability and have a negative impact on customers. As such the 2023-2027 DSP outlines its planned replacement of deteriorating assets, with a balanced approach which considers the impact on customer rates.

Bluewater will ensure its reliability related objectives are met by ensuring that the distribution system plan is appropriately implemented each year, as well as measuring its impact on SAIDI and SAIFI, with the intention of improving its annual score over the next 5 years, in comparison to its 5 year historical average. Bluewater will continue using SAIDI and SAIFI metrics to measure and report its reliability results.

Successful completion of the projects in the DSP directly impact reliability. Because of its importance, Bluewater will continue to report on the successful completion of these projects, with particular emphasis on those projects identified as high priority reliability projects.

Bluewater seeks solutions that provide the lowest long-term cost, while meeting safety and performance requirements. Where appropriate, innovative solutions will be sought out to help provide the maximum long term effectiveness of investments while providing the necessary performance. Examples include Bluewater's use of SCADA and its management outages system, which together provide the necessary information for Bluewater to respond rapidly to outages and restore power to customers safely and efficiently. Where more traditional programs make sense, Bluewater will increase the investment level as appropriate. For example, Bluewater will be increasing its vegetation management program over the 2022-2027 period, to help reduce the frequency of tree related outages.

Employee Engagement

Bluewater believes that it will be most successful when its employees are actively engaged in accomplishing its goals and objectives. Beginning in 2022, Bluewater will complete an annual employee engagement survey. Based on feedback received in this survey, Bluewater expects to understand the level of employee engagement and insight in how to address issues and better engage its employees in the future.

Cost Control & Continuous Improvement

Operational effectiveness in the context of operational efficiency is top of mind for Bluewater. In service to its customers, Bluewater believes it is imperative to maintain its costs within Cohort 3 of the Pacific Economics Group's (PEG) annual Total Cost Benchmarking study. To help achieve this and improve cost efficiency, Bluewater will formalize and challenge itself through a cost efficiency program targeting an incremental $100k reduction in spending each year, through identifiable and sustainable savings. Savings may be obtained through productivity and efficiency improvements as well as the permanent elimination or avoidance of costs. Bluewater will report on the success of this program, identifying the amount of actual savings achieved each year.

3.3 Public Policy Responsiveness

Bluewater takes its legislative and regulatory requirements seriously and is committed to meeting all existing and new requirements. In particular Bluewater focuses on ensuring all customers, including those interested in new technology and green generation, have access to the system as they would to any other system in Ontario.

Specifically identified projects by the government, or the OEB will be completed on time. This includes the Green Button project in 2023.

Bluewater is also a strong supporter of environmental responsibility and will develop a policy to ensure it is fulfilling its responsibilities in minimizing the impact of its business operations on the environment and supporting its customers, the local community and government in support of green initiatives.

3.4 Financial Performance

Bluewater strives to earn its full return on equity, as approved by the OEB, while delivering electricity at reasonable rates. Through earning its full return, Bluewater is able to provide a reasonable return to its shareholders, while also having the necessary capital available to re-invest in its distribution system, and maintain a financially stable organization.

4.0 FINANCIALS

Bluewater Power Distribution Corporation Income Statement Comparisons 2023 Forecast			
	2023 w/o Rate App	2023 with Rate App	Variance
REVENUES:			
DISTRIBUTION REVENUE:			
Distribution	23,752,635	25,394,833	1,642,198
Distribution - Shared Tax Savings	30,452	-	(30,452)
Distribution - CCA Change	(216,301)	-	216,301
	23,566,786	25,394,833	1,828,047
LOST REVENUE RECOVERY	379,401	794,592	415,191
OTHER OPERATING REVENUES:	2,010,988	2,010,988	-
TOTAL REVENUES	25,957,175	28,200,413	2,243,238
OPERATING EXPENDITURES:			
ADMINISTRATION:			
O&M - Gross	21,188,193	21,188,193	-
Capitalization	(4,921,000)	(4,921,000)	-
Employee Future Benefits	274,390	274,390	-
	16,541,583	16,541,583	-
AMORTIZATION:			
Intangible Assets	1,072,328	1,072,328	-
Capital Assets	4,530,157	4,530,157	-
Contributed Capital - pre 2014	(82,713)	(82,713)	-
	5,519,772	5,519,772	-
INTEREST:			
Other Interest	10,000	10,000	-
Carrying Charges	18,000	18,000	-
CIBC Term Loan #1 Interest	128,917	128,917	-
CIBC Term Loan #2 Interest	912,136	912,136	-
Promissory Note Interest	403,118	1,442,476	1,039,358
	1,472,171	2,511,529	1,039,358
TOTAL OPERATING EXPENDITURES	23,533,526	24,572,884	1,039,358
INCOME BEFORE PILS	2,423,649	3,627,529	1,203,880
PILS: Current	-	296,827	296,827
NET INCOME	2,423,649	3,330,702	907,053

ATTACHMENT 1 – 2

CERTIFICATE OF EVIDENCE

EB – 2022 – 0016

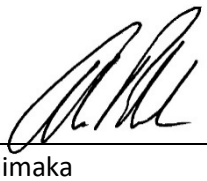
CERTIFICATION OF EVIDENCE

I, Alex Palimaka, Senior Vice President & General Counsel, hereby make the following Certifications regarding the information filed in the Bluewater Power Distribution Corporation 2023 Cost of Service Electricity Distribution Rate Application (EB-2022-0016) and any evidence filed in support of the Application:

1. I certify that the information filed does not include any personal information (as that phrase is defined in the Freedom of Information and Protection of Privacy Act) unless it is filed in accordance with Rule 9A of the OEB's Rules (and the Practice Direction, as applicable) in accordance with Chapter 1 of the Filing Requirements for Electricity Distribution Rate Applications – 2022 Edition for 2023 Rate Applications, issued April 18, 2022.

2. I certify that the information filed in this Application is accurate, consistent, and complete to the best of my knowledge in accordance with Chapter 2 of the Filing Requirements for Electricity Distribution Rate Applications - 2022 Edition for 2023 Rate Applications, issued April 18, 2022.

3. I certify that Bluewater has robust processes and internal controls in place for the preparation, review, verification and oversight of all deferral and variance account balances, regardless of whether the accounts are proposed for disposition, in accordance with Chapter 2 of the Filing Requirements for Electricity Distribution Rate Applications - 2022 Edition for 2023 Rate Applications, issued April 18, 2022.



Alex Palimaka
Senior Vice President & General Counsel

November 4, 2022
Date

ATTACHMENT 1 – 3

FINANCIAL STATEMENTS

EB – 2022 – 0016

Financial Statements of

BLUEWATER POWER DISTRIBUTION CORPORATION

And Independent Auditors' Report thereon

Year ended December 31, 2021

KPMG LLP
140 Fullarton Street, Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4880
Fax 519 672-5684

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Bluewater Power Distribution Corporation

Opinion

We have audited the financial statements of Bluewater Power Distribution Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Other Information

"Other information" is defined in professional standards to be the financial or non-financial information (other than the financial statements and the auditors' report thereon) included in the "annual report". An "annual report" is defined in professional standards to comprise a document or combination of documents. Professional standards also indicate that:

- an annual report is prepared typically on an annual basis in accordance with
  law, regulation or custom (i.e., is reoccurring)
- an annual report contains or accompanies the financial statements and the
  auditors' report thereon
- an annual report's purpose is to provide owners (or similar stakeholders) with information on the Entity's:
  - operations; and/or
  - financial results and financial position as set out in the financial statements.

Based on discussions with management, there are no documents, or combination of documents, expected to meet the definition of an "annual report" under professional standards.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance ***are*** responsible for overseeing the Entity's financial reporting process.

KPMG

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

London, Canada

April 28, 2022

BLUEWATER POWER DISTRIBUTION CORPORATION

Statement of Financial Position
December 31, 2021, with comparative information for December 31, 2020

	Note	2021	2020
Assets			
Current assets			
Accounts receivable	5	$ 12,172,707	$ 10,883,198
Due from related parties	6	449,564	645,209
Unbilled revenue		9,436,560	10,501,655
Income taxes receivable		102,736	-
Materials and supplies	7	793,531	508,297
Prepaid expenses		1,005,867	1,027,673
Total current assets		23,960,965	23,566,032
Non-current assets			
Property, plant and equipment	8	78,955,732	74,256,981
Intangible assets	9	3,551,766	3,556,978
Prepaid income taxes	10	2,126,512	2,126,512
Total non-current assets		84,634,010	79,940,471
Total assets		108,594,975	103,506,503
Regulatory balances	11	6,602,712	5,731,053
Total assets and regulatory balances		$115,197,687	$109,237,556

See accompanying notes to the financial statements.

BLUEWATER POWER DISTRIBUTION CORPORATION

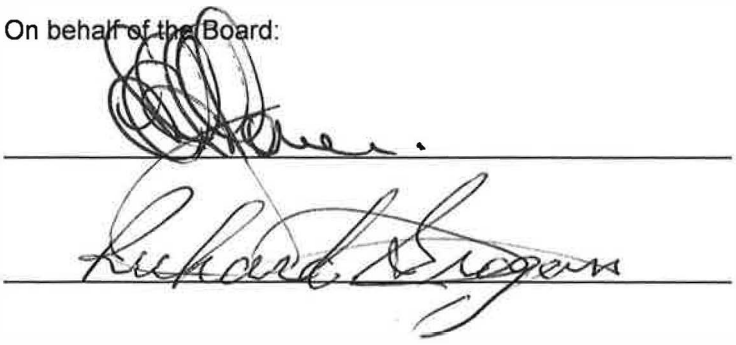
Statement of Financial Position
December 31, 2021, with comparative information for December 31, 2020

	Note	2021	2020
Liabilities and Equity			
Current liabilities			
Bank indebtedness		$ 138,396	$ 892,791
Accounts payable and accrued liabilities	12	11,927,719	12,406,823
Due to related parties	6	7,250,092	2,981,357
Income taxes payable		-	183,588
Dividends payable	15	1,241,722	1,353,801
Long-term debt due within one year	13	1,000,000	1,821,431
Deposits in aid of construction		3,976,256	2,077,851
Deferred revenue	23	635,409	-
Total current liabilities		26,169,594	21,717,642
Non-current liabilities			
Long-term debt	13	23,710,940	24,710,940
Post-employment benefits	14	13,156,064	13,921,081
Deferred revenue	23	2,041,052	2,545,581
Customer and other deposits		1,885,136	1,804,686
Deferred tax liabilities	10	3,182,000	2,374,000
Total non-current liabilities		43,975,192	45,356,288
Total liabilities		70,144,786	67,073,930
Equity			
Share capital	15	18,022,105	18,022,105
Retained earnings		25,878,021	23,394,578
Accumulated other comprehensive loss		(2,379,746)	(3,386,921)
Total equity		41,520,380	38,029,762
Total liabilities and equity		111,665,166	105,103,692
Regulatory balances	11	3,532,521	4,133,864
Total liabilities, equity and regulatory balances		$115,197,687	$109,237,556

Commitments and contingencies (note 21)

See accompanying notes to the financial statements.

On behalf of the Board:



Director

Director

BLUEWATER POWER DISTRIBUTION CORPORATION

Statement of Comprehensive Income
Year ended December 31, 2021, with comparative information for 2020

	Note	2021	2020
Revenue			
Sale of energy	24	$ 94,816,137	$107,394,542
Distribution revenue	24	22,454,538	22,065,524
Other	16	3,864,991	5,253,230
		121,135,666	134,713,296
Operating expenses			
Cost of power purchased		95,631,372	108,844,331
Employee salaries and benefits	17	9,797,081	9,579,079
Other expenses	18	5,184,988	6,289,514
Amortization of intangible assets	9	947,854	908,112
Amortization of eroeert◆. elant and eguiement	8	3,728,361	3,356,505
		115,289,656	128,977,541
Income from operating activities		5,846,010	5,735,755
Finance income	19	20,769	45,358
Finance costs	19	2,123,616	2,078,993
Income before income taxes		3,743,163	3,702,120
Income tax exeense	10	1,224,000	1,397,000
Net income for the year		2,519,163	2,305,120
Net movement in regulatory balances			
Net movement in regulatory balances	11	665,002	1,394,284
Income tax	10	541,000	362,000
		1,206,002	1,756,284
Net income for the year and net movement in regulatory balances		3,725,165	4,061,404
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefits	14	1,007,175	(934,276)
Tax on remeasurements	10	(267,000)	248,000
Net movement in regulator◆ balances, net of tax	11	267,000	{248,000)
Other comprehensive income (loss) for the year		1,007,175	(934,276)
Total comprehensive income for the year		$ 4,732,340	$ 3,127,128

See accompanying notes to the financial statements.

BLUEWATER POWER DISTRIBUTION CORPORATION

Statement of Changes in Equity
Year ended December 31, 2021, with comparative)nformation for 2020

	Share capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2020	$18,022,105	$ 20,686,975	$ (2,452,645)	$ 36,256,435
Net income and net movement in regulatory balances	-	4,061,404	-	4,061,404
Other comprehensive loss	-	-	(934,276)	(934,276)
Dividends	-	{1,353,801)	-	{1,353,801l
Balance at December 31, 2020	$18,022,105	$ 23,394,578	$ (3,386,921)	$ 38,029,762
Balance at January 1, 2021	$18,022,105	$ 23,394,578	$ (3,386,921)	$ 38,029,762
Net income and net movement in regulatory balances	-	3,725,165	-	3,725,165
Other comprehensive income	-	-	1,007,175	1,007,175
Dividends	-	{1,241,722)	-	(1,241,722)
Balance at December 31, 2021	$18,022,105	$ 25,878,021	$ (2,379,746)	$ 41,520,380

See accompanying notes to the financial statements.

BLUEWATER POWER DISTRIBUTION CORPORATION

Statement of Cash Flows
Year ended December 31, 2021, with comparative information for 2020

	Note	2021	2020
Operating activities			
Net income and net movement in regulatory balances		$ 3,725,165	$ 4,061,404
Adjustments for:			
Amortization of intangible assets		947,854	908,112
Amortization of property, plant and equipment		3,728,361	3,356,505
Post-employment benefits		(115,827)	(57,472)
Gain on disposal of property, plant and equipment		(6,825)	(58,232)
Net finance costs		2,102,847	2,033,635
Income tax expense		1,224,000	1,397,000
Change in non-cash operating working capital	20	5,395,839	2,385,281
Regulatory balances		(1,206,002)	(1,756,284)
Interest received		20,769	45,358
Interest paid		(1,765,631)	(1,610,069)
Income tax received		3,743	-
Income tax paid		(973,067)	(2,925,714)
Net cash from operating activities		13,081,226	7,779,524
Investing activities			
Purchase of property, plant and equipment		(8,427,112)	(8,324,866)
Proceeds on disposal of property, plant and equipment		6,825	125,950
Purchase of intangible assets		(942,624)	(1,016,249)
Net cash used by investing activities		(9,362,929)	(9,215,165)
Financing activities			
Dividends paid		(1,353,801)	(1,289,482)
Deferred revenue		130,880	392,217
Customer and other deposits received, net		80,450	102,611
Issuance of long-term debt		-	10,000,000
Repayment of long-term debt		(1,821,431)	(4,461,098)
Net cash from (used in) financing activities		(2,963,902)	4,744,248
Change in cash		754,395	3,308,607
Bank indebtedness, beginning of year		(892,791)	(4,201,398)
Bank indebtedness, end of year		$ (138,396)	$ (892,791)

See accompanying notes to the financial statements.

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

1. Reporting entity

Bluewater Power Distribution Corporation (the "Corporation") is a rate regulated, municipally owned hydro distribution company incorporated under the laws of Ontario, Canada. The Corporation is located in the City of Sarnia. The address of the Corporation's registered office is 855 Confederation Street, Sarnia, Ontario.

The Corporation is wholly owned by Bluewater Power Corporation, which in turn is owned by six municipalities which includes The City of Sarnia, The Town of Petrolia, The Village of Point Edward, The Municipality of Brooke-Alvinston, The Township of Warwick and The Village of Oil Springs. The Corporation delivers electricity and related energy services to residential and commercial customers in these municipalities.

The financial statements are for the Corporation as at and for the year ended December 31, 2021.

2. Basis of presentation

(a) Statement of compliance

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Approval of financial statements

The financial statements were approved by the Board of Directors on April 28, 2022.

(c) Basis of measurement

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

(d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(e) Use of estimates and judgments

(i) Assumptions and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. Basis of presentation (continued)

(e) Use of estimates and judgments (continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

(i) Note 3(b) - measurement of unbilled revenue
(ii) Notes 8,9 - estimation of useful lives of its property, plant and equipment and intangible assets
(iii) Note 11 - recognition and measurement of regulatory balances
(iv) Note 14 - measurement of defined benefit obligations: key actuarial assumptions
(v) Note 21 - recognition and measurement of provisions and contingencies
(vi) Note 3(b) - determination of the performance obligation for contributions from customers and the related amortization period
(vii) Note 3(m) - leases: whether an arrangement contains a lease
(viii) Note 22 - estimation for impairment of doubtful accounts

(f) Rate regulation

The Corporation is regulated by the Ontario Energy Board ("OEB"), under the authority granted by the Ontario Energy Board Act, 1998. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

Rate setting

Distribution revenue

For the distribution revenue included in sale of energy, the Corporation files a "Cost of Service" ("COS") rate application with the OEB when required where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder's equity required to support the Corporation's business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application ("IRM") is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

2. Basis of presentation {continued)

(f) Rate regulation (continued)

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

The Corporation last filed a COS application in October 2012 for rates effective May 1, 2013 to April 30, 2014. The GDP IPI-FDD for rates effective May 1, 2021 is 2.2% (May 1, 2020 = 2.0%), the Corporation's productivity factor is 0.0% (2020 = 0.0%) and the stretch factor is 0.6% (2020 = 0.3%), resulting in a net adjustment of 1.6% (2020 = 1.7%) to the previous year's rates.

Electricity rates

The OEB sets electricity prices for low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

3. Significant accounting policies

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

(a) Financial instruments

All financial assets are classified as loans and receivables and all financial liabilities are classified as other liabilities. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment *for* the financial assets as described in note 3(f). The Corporation does not enter into derivative instruments.

Hedge accounting has not been used in the preparation of these financial statements.

(b) Revenue recognition

The Corporation determines revenue recognition through the following steps: a) identification of the contract with a customer, b) identification of the performance obligations in the contract, c) determination of the transaction price, d) allocation of the transaction price to the performance obligations in the contract and e) recognition of revenue when the Corporation satisfies a performance obligation.

3. Significant accounting policies (continued)

(b) Revenue recognition (continued)

Sale and distribution of electricity

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Corporation has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Capital contributions

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 Revenue from Contracts with Customers. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 Revenue from Contracts with Customers. The contributions are received to obtain a connection to the distribution system in order receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

Other revenue

Revenue earned from the provision of services is recognized as the service is rendered. Revenue from contracts is recognized in profit or loss as and when the work is done. Otherwise contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

Government grants and the related performance incentive payments under CDM programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

3. Significant accounting policies (continued)

(c) Materials and supplies

Materials and supplies, the majority of which is consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

(d) Property, plant and equipment

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2014, are measured at deemed cost, less accumulated amortization. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated amortization.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Corporation's borrowings. Qualifying assets are considered to be those that take in excess of six months to construct.

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Amortization is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not amortized. Construction-in-progress assets are not amortized until the project is complete and the asset is available for use.

The estimated useful lives are as follows:
Building - 30 to 60 years
Distribution and transmission systems - 15 to 60 years
Equipment - 5 to 25 years

3. Significant accounting policies (continued)

(e) Intangible assets

Intangible assets used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost, less accumulated amortization. All other intangible assets are measured at cost.

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Corporation does not hold title. Land rights are measured at cost less accumulated amortization.

Payments made to a transmitter for capital contributions towards an upgraded transmission station are classified as intangible assets. These include payments made under a Cost Recovery Agreement for the right of use over the transmission station for which the Corporation does not hold title. Capital contributions are measured at cost less accumulated amortization.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate. The estimated useful lives are:

Computer software - 5 years
Land rights - 25 years
Capital contributions - 45 years

(f) Impairment

(i) Financial assets measured at amortized cost

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount. Losses are recognized in profit or loss. An impairment loss is reversed through profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

3. Significant accounting policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

(g) Customer deposits

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

(h) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Regulatory balances

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or Other Comprehensive Income ("OCI"). When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or OCI.

3. Significant accounting policies (continued)

(i) Regulatory balances (continued)

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in profit or loss in the year incurred.

When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.

U) Post-employment benefits

(i) Pension plan

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Corporation is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

(ii) Post-employment benefits, other than pension

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Remeasurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

3. Significant accounting policies (continued)

(k) Finance income and finance costs

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash deposits.

Finance costs comprise interest expense on borrowings, interest expense on post-employment benefits and impairment losses on financial assets. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

(l) Income taxes

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the Electricity Act, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

(m) Leases

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

3. Significant accounting policies (continued)

(m) Leases (continued)

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Corporation is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

4. Standards issued but not yet adopted

There are new standards, amendments to standards and interpretations which have not been applied in preparing these financial statements. These standards or amendments relate to the measurement and disclosure of financial assets and liabilities. The extent of the impact on adoption of these standards and amendments has not yet been determined.

i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

ii. Definition of Accounting Estimates (Amendments to IAS 8)

iii. Disclosure Initiative - Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

iv. Property, Plant and Equipment- Proceeds before Intended Use (Amendments to IAS 16)

v. Annual Improvements to IFRS Standards 2018-2020

4. Standards issued but not yet adopted (continued)

(i) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements (the 2020 amendments), to clarify the classification of liabilities as current or non-current. The 2020 amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

The 2020 amendments are subject to future developments. Certain application issues resulting from the 2020 amendments have been raised with the IFRS Interpretations Committee, which referred them to the IASB. In November 2021, the IASB published the exposure draft Non-current Liabilities with Covenants (proposed amendments to IAS 1). The exposure draft aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions, in addition to addressing concerns about the classification of such a liability as current or non-current. The IASB proposed to defer the effective date of the 2020 amendments to no earlier than January 1, 2024.

For the purposes of non-current classification, the 2020 amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The 2020 amendments also clarify how a company classifies a liability that includes a counterparty conversion option.

The amendments state that settlement of a liability includes transferring a company's own equity instruments to the counterparty, and when classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity.

The Company intends to adopt this standard in its financial statements for the annual period beginning January 1, 2023 or January 1, 2024 should the effective date be deferred. The extent of the impact of adoption of the standard has not yet been determined.

(ii) Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The Company intends to adopt these standards in its financial statements for the annual period beginning January 1, 2023. The extent of the impact of adoption of the standard has not yet been determined.

4. Standards issued but not yet adopted (continued}

(iii) Disclosure Initiative - Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued Disclosure Initiative - Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The amendments help companies provide useful accounting policy disclosures. The key amendments include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Company intends to adopt these standards in its financial statements for the annual period beginning January 1, 2023. The Company does not expect these standards to have a material impact on the financial statements.

(iv) Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

On May 14, 2020, the IASB issued Property, Plant and Equipment- Proceeds before Intended Use (Amendments to IAS 16). The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted.

The amendments provide guidance on the accounting for sale proceeds and the related production costs for items a company produces and sells in the process of making an item of property, plant and equipment available for its intended use. Specifically, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items.

The Company intends to adopt this standard in its financial statements for the annual period beginning January 1, 2022. The extent of the impact of adoption of the standard has not yet been determined.

(v) Annual Improvements to IFRS Standards 2018-2020

On May 14, 2020, the IASB issued Annual Improvements to IFRS Standards 2018-2020. The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted. The amendments relate to the following:

- IFRS 9 Financial Instruments: Clarifies which fees are included for the purpose of performing the '10 per cent test' for derecognition of financial liabilities.

- IFRS 16 Leases: Removes the illustration of payments from the lessor relating to leasehold improvements in the Illustrative Example 13.

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

4. Standards issued but not yet adopted (continued)

(v) Annual Improvements to IFRS Standards 2018-2020 (continued)

- IAS 41 Agriculture: Removes the requirement to exclude cash flows for taxation when measuring fair value.

The Company intends to adopt these standards in its financial statements for the annual period beginning January 1, 2022. The Company does not expect these standards to have a material impact on the financial statements.

5. Accounts receivable

	2021	2020
Trade receivables	$ 6,994,306	$ 5,982,189
Water billing receivables	3,003,647	2,244,032
Billable work	1,123,728	924,229
Other receivables	1,051,026	1,732,748
	$12,172,707	$ 10,883, 198

6. Related party transactions

(a) Parent and ultimate controlling party

The sole shareholder of the Corporation is Bluewater Power Corporation, which in turn is owned by six municipalities through their municipal holding companies. The largest, being the City of Sarnia, has a controlling interest with its 86.05% share ownership of Bluewater Power Corporation. The City of Sarnia produces consolidated financial statements that are available for public use. The remaining minority interest is held by the municipalities of Point Edward, Petrolia, Oil Springs, Warwick and Brooke-Alvinston.

(b) Companies under common control

The following companies are also 100% wholly owned by Bluewater Power Corporation:

Bluewater Power Services Corporation
Bluewater Power Renewable Energy Inc.
Electek Power Services Inc.
Bluewater Regional Networks Inc.

(c) Outstanding balances with related parties

	2021	2020
Due from related parties:		
Bluewater Regional Networks Inc.	$ 193,874	$ 27,395
Bluewater Power Services Corporation	114,759	216,132
City of Sarnia	109,978	359,666
Electek Power Services Inc.	30,689	39,956
Bluewater Power Renewable Energy Inc.	264	-
Town of Petrolia	-	2,060
	$ 449,564	$ 645,209

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

6. Related party transactions (continued)

(c) Outstanding balances with related parties (continued)

	2021	2020
Due to related parties:		
Bluewater Power Corporation	$ 3,500,000	$ -
City of Sarnia - water billing	3,158,730	2,512,450
Town of Petrolia - water billing	232,246	193,026
Bluewater Power Services Corporation	148,963	69,441
Township of Warwick - water billing	75,351	81,189
Electek Power Services Inc.	67,737	6,760
Village of Point Edward - water billing	67,065	-
Unconquered Sun Solar Technologies Inc.	-	105,765
Village of Point Edward - other	-	6,789
City of Sarnia - other	-	4,510
Bluewater Power Renewable Energ;t Inc.	-	1,427
	$ 7,250,092	$ 2,981,357

The balances owing for water billing have arisen as a result of water billing services provided by the Corporation. The balances owing represent billed amounts not yet remitted to these shareholders.

(d) Transactions with parent and municipal shareholders

During the year, the Corporation billed customers for water services on behalf of certain shareholders and remitted funds to the shareholders in the amount of $42,996,595 (2020 - $40,787,938). The Corporation earned $1,069,289 (2020 - $2,000,712) in service fees from certain shareholders.

(e) Transactions with companies under common control

In the ordinary course of business, the Corporation delivers electricity to various properties owned by related parties. Electricity is billed to these entities at prices and under terms approved by the OEB.

During the course of the year, the Corporation paid $1,242,768 (2020 - $1,596,584) in service fees to companies under common control.

During the course of the year, the Corporation earned the following from companies under common control:

	2021	2020
Management fees	$ 333,578	$ 356,579
Service fees	161,027	194,481
Vehicle rent	90,945	112,835
Billing software rent	61,167	59,969
Building rent	22,570	22,128
	$ 669,287	$ 745,992

7. Materials and supplies

The amount of materials and supplies consumed and recognized as an expense during 2021 was $991,852 (2020 - $1,210,802).

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

8. Property, plant and equipment

	Land and buildings	Distribution eguiement	Other fixed assets	Construction in-erogress	Total
Cost or deemed cost					
Balance at January 1, 2021	$9,338,501	$69,736,177	$11,845,002	$699,183	$91,618,863
Additions	231,963	6,413,837	1,451,511	329,801	8,427,112
Diseosals/retirements	(128.294)	(3,875)	(994,452)	-	(1,126,621)
Balance at December 31, 2021	$9,442,170	$76,146,139	$12,302,061	$1,028,984	$98,919,354
Balance at January 1, 2020	$9,146,108	$63,601,214	$10,425,854	$849,524	$84,022,700
Additions	192,393	6,502,101	2,147,851	-	8,842,345
Transfers	-	(367,138)	-	(150,341)	(517,479)
Diseosals/retiremenls	-	-	(728,703)	-	(?:28,703)
Balance at December 31, 2020	$9,338,501	$69,736, 177	$11,845,002	$699,183	$91,618,863
Accumulated amortization					
Balance at January 1, 2021	$1,454,874	$11,374,059	$4,532,949	$ -	$17,361,882
Amortization	224,219	2,241,850	1,262,292	-	3,728,361
Diseosals/retirements	(128,294)	(3,875)	(994,452)	-	!1, 126,621)
Balance at December 31, 2021	$1,550,799	$13,612,034	$4,800,789	$ -	$19,963,622
Balance at January 1, 2020	$1,239,089	$9,311,744	$4,115,529	$ -	$14,666,362
Amortization	215,785	2,062,315	1,078,405	-	3,356,505
Diseosals/retiremenl	-	-	(660,985)	-	(660,985)
Balance at December 31, 2020	$1,454,874	$11,374,059	$4,532,949	$ -	$17,361,882
Carrying amounts					
At December 31, 2021	$7,891,371	$62,534,105	$7,501,272	$1,028,984	$78,955,732
At December 31, 2020	7,883,627	58,362.118	7,312,053	699,183	74,256,981

At December 31, 2021 land and buildings with a carrying amount of $7,891,371 (2020 - $7,883,627) are subject to a general security agreement relating to the Corporation's line of credit (note 22) and long-term debt (note 13).

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

9. Intangible assets

	Computer software	Capital contribution to transmission station	Land rights	Total
Cost or deemed cost				
Balance at January 1, 2021	$5,353,665	$1,169,720	$173,433	$6,696,818
Additions	942,642	-	-	942,642
Diseosals/retirements	(996,105)	-	-	(996,105)
Balance at December 31, 2021	$5,300,202	$1,169,720	$173,433	$6,643,355
Balance at January 1, 2020	$5,009,487	$1,190,000	$173,433	$6,372,920
Additions	1,036,529	-	-	1,036,529
DisQosals/retirements	(692,351)	(20,280)	-	(712,631)
Balance at December 31, 2020	$5,353,665	$1,169,720	$173,433	$6,696,818
Accumulated amortization				
Balance at January 1, 2021	$3,079,508	51,988	$8,344	$3,139,840
Amortization	920,668	25,994	1,192	947,854
Diseosals/retirements	(996,105)	-	-	(996,105)
Balance at December 31, 2021	$3,004,071	$77,982	$9,536	$3,091,589
Balance at January 1, 2020	$2,890,483	26,444	$7,152	$2,924,079
Amortization	881,376	25,544	1,192	908,112
DisQosals/retirements	(692,351)	-	-	(692,351)
Balance at December 31. 2020	$3,079,508	$51,988	$8,344	$3,139,840
Carrying amounts				
At December 31, 2021	$2,296,131	$1,091,738	$163,897	$3,551,766
8tQ◆◆◆tnb◆rJ1,2Q2Q	2,i14,II2Z	I,117ZJi	1S2QB◆	J,I2I2S.◆7B

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

10. Income tax expense

	2021	2020
Current tax expense	$ 683,000	$ 771,000
Prior year tax exgense	-	264,000
	$ 683,000	$ 1,035,000
Deferred tax expense:		
Change in recognized deductible temgorary differences	541,000	362.000
Total current and deferred income tax in profit or loss, before movement of regulatory balances	1,224,000	1,397,000
Other comprehensive income:		
Post-emgloyment benefits	267.000	(248,000)
Total current and deferred tax, before movement of regulatory balances	1,491,000	1,149,000
Net movement in regulatory balances	{808.000)	(114,000)
Income tax expense recognized in Statement of Comprehensive Income	$ 683,000	$ 1,035,000

Reconciliation of effective tax rate

	2021	2020
Income before taxes	$ 5,415,340	$ 4,162,128
Canada and Ontario statutory Income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	1,435,000	1,103,000
Increase (decrease) in income taxes resulting from:		
Permanent differences	31,000	33,000
Recognized deductible temporary differences due to/from customers	(808,000)	(114,000)
Prior year reassessments	-	13.000
Other	25,000	-
Income tax exeense	$ 683.000	$ 1,035,000

Significant components of the Corporation's deferred tax balances

	2021	2020
Deferred tax assets (liabilities):		
Property, plant and equipment and intangible assets	$ (6,718,000)	$ (6,075,000)
Post-employment benefits	3,486,000	3,689,000
Other	50,000	12.000
	$ (3,182,000)	$ (2,374,000)

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

10. Income tax expense (continued)

Prepaid Income Taxes

During 2020, the Company opted to prepay amounts for specific tax positions taken for certain reassessed tax years, as well as tax years soon to be reassessed, by the Ministry of Finance. This was done to mitigate any interest amounts owing should the company be unsuccessful in its appeal of earlier decisions made by the Ministry of Finance.

11. Regulatory balances

Reconciliation of the carrying amount for each class of regulatory balances

Regulatory deferral account debit balances	January 1, 2021	Additions	Recovery/ reversal	December 31, 2021	Remaining years
Group 1 deferred accounts	$3,028,378	$912,383	$ -	$3,940,761	1 to 2
Regulatory settlement account	(2,733,007)	(673,848)		(3,406,855)	nil
Other regulatory accounts	3,061,682	3,447	(178,323)	2,886,806	1 to 3
Income tax	2,374,000	808,000	-	3,182,000	-
	$5,731,053	$1,049,982	$(178,323)	$6,602,712	

Regulatory deferral account debit balances	January 1, 2020	Additions	Recovery/ reversal	December 31, 2020	Remaining years
Group 1 deferred accounts	$1,719,186	$1,309,192	$ -	$3,028,378	1 to 3
Regulatory settlement account	(2,487,285)	(245,722)	-	(2,733,007)	nil
Other regulatory accounts	2,218,842	842,840	-	3,061,682	1 to 4
Income tax	2,260,000	114,000	-	2,374,000	-
	$3,710,743	$2,020,310	$ -	$5,731,053	

Regulatory deferral account credit balances	January 1, 2021	Additions	Recovery/ reversal	December 31, 2021	Remaining years
Group 1 deferred accounts	$6,423,582	$(150,295)	$ -	$6,273,287	1 to 2
Regulatory settlement account	(3,481,606)	(1,199,991)	-	(4,681,597)	nil
Other regulato accounts	1,191,888	748,943		1,940,831	1 to3
	$4,133,864	$(601,343)	$ -	$3,532,521	

Regulatory deferral account credit balances	January 1, 2020	Additions	Recovery/ reversal	December 31, 2020	Remaining years
Group 1 deferred accounts	$5,553,563	$870,019	$ -	$6,423,582	1 to 3
Regulatory settlement account	(2,518,705)	(962,901)	-	(3,481,606)	nil
Other regulate accounts	586,980	604,908	-	1,191,888	1 to 4
	$3,621,838	$512,026	$ -	$4,133,864	

The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Corporation has received approval from the OEB to establish its regulatory balances.

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

11. Regulatory balances (continued)

Settlement of the Group 1 regulatory accounts plus LRAMVA is done on an annual basis through application to the OEB. An application was made to the OEB to settle a net receivable amount of $357,531 for LRAMVA to commence in rates effective May 1, 2021. There were no Group 1 regulatory accounts submitted for this same time period. An application was made to the OEB to settle a net receivable amount of $314,805 for Group 1 accounts plus a net receivable amount of $331,601 for LRAMVA, both to commence in rates effective May 1, 2022. Both applications have been approved by the OEB and will be settled over a one year time period. Once OEB approval is received for an application, the approved account balance is moved to the regulatory settlement account in the same month that settlement commences.

The OEB requires the Corporation to estimate its income taxes when it files a COS application to set its rates. As a result, the Corporation has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be settled with its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates.

Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. For the 2021 fiscal year, the rate was 0.57%.

12. Accounts payable and accrued liabilities

	2021	2020
Accounts payable - energy purchases	$ 8,113,410	$ 6,973,052
Payroll liabilities	1,383,232	1,249,399
Interest payable	-	8,182
Other	2,431,077	4,176,190
	$11,927,719	$12,406,823

13. Long-term debt

	2021	2020
Promissory notes payable	$19,377,604	$19,377,604
Ontario Infrastructure loan	-	821,431
Installment loan	5,333,336	6,333,336
	24,710,940	26,532,371
Less: due within one year	(1,000,000)	(1,821,431)
	$ 23,710,940	$24,710,940

The promissory notes payable to shareholders bear interest at 6.98% (2020 - 6.98%), due quarterly in arrears, are unsecured and subordinated, and are due on demand with eighteen months written notice. No shareholder has demanded payment and as such, the promissory notes have been presented as a long-term liability.

The Ontario Infrastructure loan matured on September 15, 2021, was secured and subordinated, and had an interest rate of 3.37% per annum. Interest payable in semi-annual installments, in arrears, on March 15 and September 15 each year commencing in 2012 until maturity. The loan was issued on September 15, 2011.

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

13. Long-term debt (continued)

In April 2020 the Corporation took out a $10 million non-revolving instalment loan with its bank. The loan is amortized over a 10 year period, is secured with a first priority ranking, and bears interest at the monthly Banker's Acceptance (BA) rate plus a stamping fee of 0.75%. At December 31, 2021, the BA rate was 0.44% (2020 - 0.47%), plus the stamping fee of 0.75%, for a total interest rate of 1.19% (2020 - 1.22%). This rate will change each month in conjunction with the underlying monthly change in the BA rate. It has a maturity date of April 2030 and is payable in monthly principal installments of $83,333 plus interest. The Corporation has the option to prepay any amount at any time, which will be applied to its remaining installments in the inverse order of their maturity. The Corporation prepaid $3 million in December 2020.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Deferred revenue	Customer deposits and other	Long-term debt	Dividends payable	Total
Balance at January 1, 2021	$2,545,581	$1,804,686	$26,532,371	$1,353,801	$32,236,439
Changes from financing cash flows:					
Deferred revenue receipts	130,880				130,880
Repayment of customer and other deposits		80,450			80,450
Repayment of long-term debt			(1,821,431)		(1,821,431)
Dividends paid				(1,353,801)	(1,353,801)
Total changes from financing cash flows	130,880	80,450	(1,821,431)	(1,353,801)	(2,963,902)
Other changes:					
Dividends accrued				1,241,722	1,241,722
Interest expense			1,433,546		1,433,546
Interest paid			(1,433,546)		(1,433,546)
Balance at December 31, 2021	$2,676,461	$1,885,136	$24,710,940	$1,241,722	$30,514.259

14. Post-employment benefits

(a) OMERS pension plan

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2021, the Corporation made employer contributions of $1,171,712 to OMERS (2020 - $1,190.346), of which $334,975 (2020 - $341.738) has been capitalized as part of PP&E, $114,078 (2020 - $115.406) has been allocated to affiliates, and the remaining amount of $722,659 (2020 - $733,202) has been recognized in profit or loss. The Corporation estimates that a contribution of $1.219.056 to OMERS will be made during the next fiscal year.

As at December 31. 2021. OMERS had approximately 541,000 members, of whom 100 are current employees of the Corporation. The most recently available OMERS annual report is for the year ended December 31, 2021, which reported that the plan was 97% funded, with an unfunded liability of $3.1 billion. This unfunded liability is likely to result in future payments by participating employers and members.

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

14. Post-employment benefits (continued)

(b) Post-employment benefits other than pension

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-employment benefits in the year in which employees' services were rendered. The Corporation is recovering its post-employment benefits in rates based on the expense and remeasurements recognized for post-employment benefit plans.

Reconciliation of the obligation	2021	2020
Defined benefit obligation, beginning of year	$ 13,921,081	$12,644,433
Included in profit or loss:		
Current service cost	272,154	240,961
Interest cost	357,985	399,844
	630,139	640,805
Included in other comprehensive income (loss):		
Actuarial (gains) losses arising from:		
Changes in demographic assumptions	-	-
Changes in financial assumetions	(1,007,175}	934,276
	(1,007,175)	934,276
Transfer of employees to companies under common control	(83,101)	175
Benefits paid	(304,880)	(298,608)
Defined benefit obliaation, end of ear	$ 13,156,064	$13,921,081

Actuarial assumetions	2021	2020
General inflation	2.0%	2.0%
Discount rate	3.0%	2.6%
Salary levels	2.3%	2.3%
Medical costs	4.7%	4.4%
Dental costs	4.9%	4.7%

A 1% increase in the assumed discount rate would result in the defined benefit obligation decreasing by $2,090,700. A 1% decrease in the assumed discount rate would result in the defined benefits obligation increasing by $2,721,000.

A 1% increase in the assumed cost trends rate would result in the defined benefit obligation increasing by $2,415,800. A 1% decrease in the assumed cost trends rate would result in the defined benefit obligation decreasing by $1,891,900.

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

15. Share capital

	2021	2020
Authorized:		
Unlimited number of common shares		
Issued:		
10,000 common shares	$ 18,022,105	$ 18,022,105

Dividends

The Corporation has established a dividend policy to pay one-third of after-tax income with consideration given to the cash position, working capital requirements, loan covenants, and the net capital expenditures requirements. As well, the holders of the common shares may also receive additional dividends as declared from time to time.

The Corporation declared aggregate dividends at December 31, 2020 of $1,353,801 ($135.38 per share) which were paid in May 2021. It also declared aggregate dividends at December 31, 2019 of $1,289,482 ($128.95 per share) which were paid in May 2020.

The Corporation has declared aggregate dividends at December 31, 2021 of $1,241,722 ($124.17 per share) which will be paid in May 2022.

16. Other revenue

	2021	2020
Rendering of services	$ 2,397,891	$ 3,257,661
LRAM revenue	357,531	359,628
Pole and other rental revenue	342,105	361,066
Late payment charges	209,893	241,882
Collection and other service charges	195,548	192,946
Other	151,193	290,519
COM revenue	105,415	401,885
Contributions received from customers	98,590	89,411
Gain on disposal of plant and equipment	6,825	58,232
	$ 3,864,991	$ 5,253,230

17. Employee salaries and benefits

	2021	2020
Salaries, wages and benefits	$ 8,481,431	$ 8,312,248
CPP and EI remittances	320,837	292,668
Contributions to OMERS	722,659	733,202
Post-emplo◆ment benefits	272,154	240,961
	$ 9,797,081	$ 9,579,079

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

18. Other expenses

	2021	2020
Contract/consulting	$ 2,309,226	$ 2,923,050
Materials and supplies	991,852	1,210,802
Miscellaneous	424,444	303,580
Building and utilities	413,032	394,821
Regulatory fees and memberships	412,537	429,088
Phone, internet and data	259,674	336,268
Vehicle, fuel, tools	228,764	162,133
CDM expenses	105,415	406,729
Covid exeenses	40,044	123,043
	$ 5,184,988	$ 6,289,514

19. Finance income and costs

	2021	2020
Finance income		
Interest income on bank deposits	$ 20,769	$ 45,358
Finance costs		
Interest expense on long-term debt	1,433,546	1,483,351
Interest expense on post-employment benefits	357,985	399,844
Impairment losses on financial assets	318,109	79,216
Interest expense - other	13,976	116,582
	2,123,616	2,078,993
Net finance costs recognized in profit or loss	$ (2,102,847)	$ (2,033,635)

20. Changes in non-cash operating working capital:

	2021	2020
Accounts receivable	$ (1,289,509)	$ (226,818)
Due from related parties	195,645	(449,356)
Unbilled revenue	1,065,095	(370,080)
Materials and supplies	(285,234)	(124,184)
Prepaid expenses	21,806	24,422
Accounts payable and accrued liabilities	(479,104)	3,282,336
Due to related parties	4,268,735	13,877
Deeosits in aid of construction	1,898,405	235,084
	$ 5,395,839	$ 2,385,281

21. Commitments and contingencies

Contractual obligations

i) Master Customer Demand Management ("COM") Agreement

On October 31, 2014, the Corporation entered into a Master COM Agreement ("COM Agreement") with the Independent Electricity System Operator ("IESO") for the period January 1, 2015 to December 31, 2020. This agreement has been extended into 2022 at which time it will come to an end.

The COM Agreement provides terms under which the Corporation may engage the IESO to design and pay for Province-wide COM programs in support of the Corporation meeting its COM targets. Subject to the terms of the COM Agreement, all IESO COM program costs are paid by the IESO. The Corporation effectively acts as a delivery agent for those programs that it participates in under the COM Agreement.

The total cost of IESO COM program participation over the four year period is estimated to be $15.8 million, of which approximately $4.6 million represents administration costs of the Corporation for program delivery, and the remaining funds relate to customer incentives. The Corporation is entitled to receive, in monthly installments, reimbursements of its actual administration costs associated with each program. Any administration costs incurred by the Corporation in excess of the pre-approved estimate would not be recoverable. All other program costs incurred by the Corporation, (such as customer incentives and goods and services delivered under the programs) are recoverable from the IESO on an invoiced basis in accordance with the COM Agreement.

ii) Operating leases

The Corporation is committed to lease agreements for various vehicles, equipment and property rights. The future minimum non-cancellable annual lease payments are as follows:

	2021	2020
Less than one year	$ 48,366	$ 47,881
From one to five years	133,093	147,252
More than five ears	85,130	115,632
	$ 266,589	$ 310,765

Operating leases expensed during the year ended December 31, 2021 was $47,881 (2020 - $47,881).

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

21. Commitments and contingencies (continued)

General Liability Insurance

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2021, no assessments have been made.

22. Financial instruments and risk management

Fair value disclosure

The carrying values of cash, accounts receivable, unbilled revenue, due from/to related parties and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the long-term debt at December 31, 2021 is $24,660,922 (2020 - $26,498,842). The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2021 was 6.25% (2020 - 5.33%) for the promissory notes payable to shareholders, nil% (2020 - 1.60%) for the Ontario Infrastructure loan, and 1.29% (2020 - 1.24%) for the installment loan.

Financial risks

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

(a) Credit risk

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the municipal shareholder territories. No single customer accounts for a balance in excess of 5.8% (2020- 5.7%) of total accounts receivable.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2021 is $240,000 (2020 - $240,000). An impairment loss of $318,109 (2020 - $79,216) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2021, approximately $296,959 (2020 - $333,360) is considered more than 60 days past due. The Corporation has approximately 36,000 customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2021, the Corporation holds security deposits in the amount of $845,821 (2020 - $1,005,251).

22. Financial instruments and risk management (continued)

Financial risks (continued)

(b) Market risk

Market risk primarily refers to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

A 1% increase in the interest rate in 2021 would have increased interest expense on the long-term debt by $251,693 (2020 - $263,776), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite *effect.*

(c) Liquidity risk

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a $9,100,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due. As at December 31, 2021, $5,719 (2020 - $331,615) had been drawn under the Corporation's $9,100,000 credit facility.

The Corporation has letters of credit aggregating $3,704,848 (2020 - $3,704,848) in favour of the IESO as security for the Corporation's purchase of electricity through the IESO. The Corporation also has letters of credit aggregating $650,000 (2020 - $650,000) in favour of Hydro One as security for the Corporation's purchase of electricity through Hydro One. At year end, no amounts were drawn on these letters of credit.

The majority of accounts payable, as reported on the statement of financial position, are due within 30 days.

(d) Capital disclosures

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2021, shareholder's equity amounts to $41,520,380 (2020 - $38,029,762) and long-term debt amounts to $23,710,940 (2020- $24,710,940).

22. Financial instruments and risk management (continued)

Financial risks (continued)

(e) Other risk - Impact of COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. The Government of Ontario originally announced a state of emergency on March 17, 2020 which remained in effect until July 24, 2020 when the Reopening Ontario Act, 2020 was introduced providing for restrictive orders. A secondary state of emergency was declared effective January 14, 2021 until February 16, 2021. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The OEB has informed the Company that it is to track any COVID-19 related expenses including bad debt expenses through a deferral account for potential future recovery. On June 17, 2021, the OEB issued OEB-2020-0133 to provide guidance and clarification as to amounts that may be eligible for recovery through future rates. Eligible amounts include certain lost revenues as well as incremental expenditures incurred as a result of the pandemic that are deemed to be material. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

23. Deferred revenue:

Deferred revenue relates to the capital contributions received from customers and others, as well as conservation program funding advances received from the IESO.

The amount of deferred revenue received from customers and others in the year is recognized as revenue on a straight-line basis over the life of asset for which the contribution was received.

The amount of conservation program funding advances are recognized as revenue when there is reasonable assurance that the conservation program conditions have been satisfied.

	Capital contributions	Conservation program funding	Total
Balance at January 1, 2021	$ 1,910,172	$ 635,409	$ 2,545,581
Received during the year	229,470	-	229,470
Taken into income	(98,590)	-	(98,590)
Balance at December 31, 2021	$ 2,041,052	$ 635,409	$ 2,676,461
Balance at January 1, 2020	$ 1,517,955	$ 635,409	$ 2,153,364
Received during the year	481,628	-	481,628
Taken into income	(89,411)	-	(89,411)
Balance at December 31, 2020	$ 1,910,172	$ 635,409	$ 2,545,581

BLUEWATER POWER DISTRIBUTION CORPORATION

Notes to Financial Statements
Year ended December 31, 2021, with comparative information for 2020

24. Revenue from contracts with customers

The Corporation generates revenue primarily from the sale and distribution of electricity to its customers. In the following tables, revenue from contracts with electricity customers is disaggregated by type of customer.

a) Sale of energy:

	2021	2020
Commercial	$ 43,703,925	$ 50,958,386
Residential	36,489,954	40,113,497
Large users	13,924,813	15,465,587
Other	697,445	857,072
	$ 94,816,137	$107,394,542

b) Distribution revenue:

	2021	2020
Residential	$ 12,913,282	$ 12,737,336
Commercial	6,914,094	6,743,720
Large users	1,951,770	1,911,269
Other	675,392	673,199
	$ 22,454,538	$ 22,065,524

ATTACHMENT 1 – 4

CUSTOMER ENGAGEMENT SURVEY, RESULTS AND PRESENTATION

EB – 2022 – 0016

Residential and GS<50 kW Survey and Results

February 2022 - Customer Survey to Support the DSP

Hello, Friends!

We invite you to take part in this online survey and share your thoughts on Bluewater Power's investment strategies.

Bluewater Power will be applying to our regulator, the Ontario Energy Board, for a rate review in the coming months. We will include a Distribution System Plan ("DSP"), which details our planned investments in our infrastructure. That's where we need your help and input!

This survey is expected to take between 10-15 minutes; it entails some reading of our investment strategy and then seeks your opinion.

By completing the survey and providing your contact information or account number, you will be entered into the draw to win 1 of 5 credits of $100 off your electricity bill.

Please be assured that your survey responses are confidential, and you will not be identified as the source of any feedback you provide. Your anonymous feedback will be grouped and presented to the Ontario Energy Board when Bluewater Power files its 2023 rate application. We encourage all residential and commercial customers to complete the survey.

* 1. Are you a Residential or Commercial Bluewater Power customer?

- ◯ Residential
- ◯ Small Commercial
- ◯ Neither - Please note that this survey is only open to Bluewater Power Customers

February 2022 - Customer Survey to Support the DSP

2. In which one of our service areas is your home or business located?

- ◯ Aamjiwnaang First Nation
- ◯ City of Sarnia
- ◯ Town of Petrolia
- ◯ Township of Brooke-Alvinston
- ◯ Township of Warwick
- ◯ Village of Oil Springs
- ◯ Village of Point Edward

February 2022 - Customer Survey to Support the DSP

Section 1: Electricity Background

Let's get started with some background on Bluewater Power.

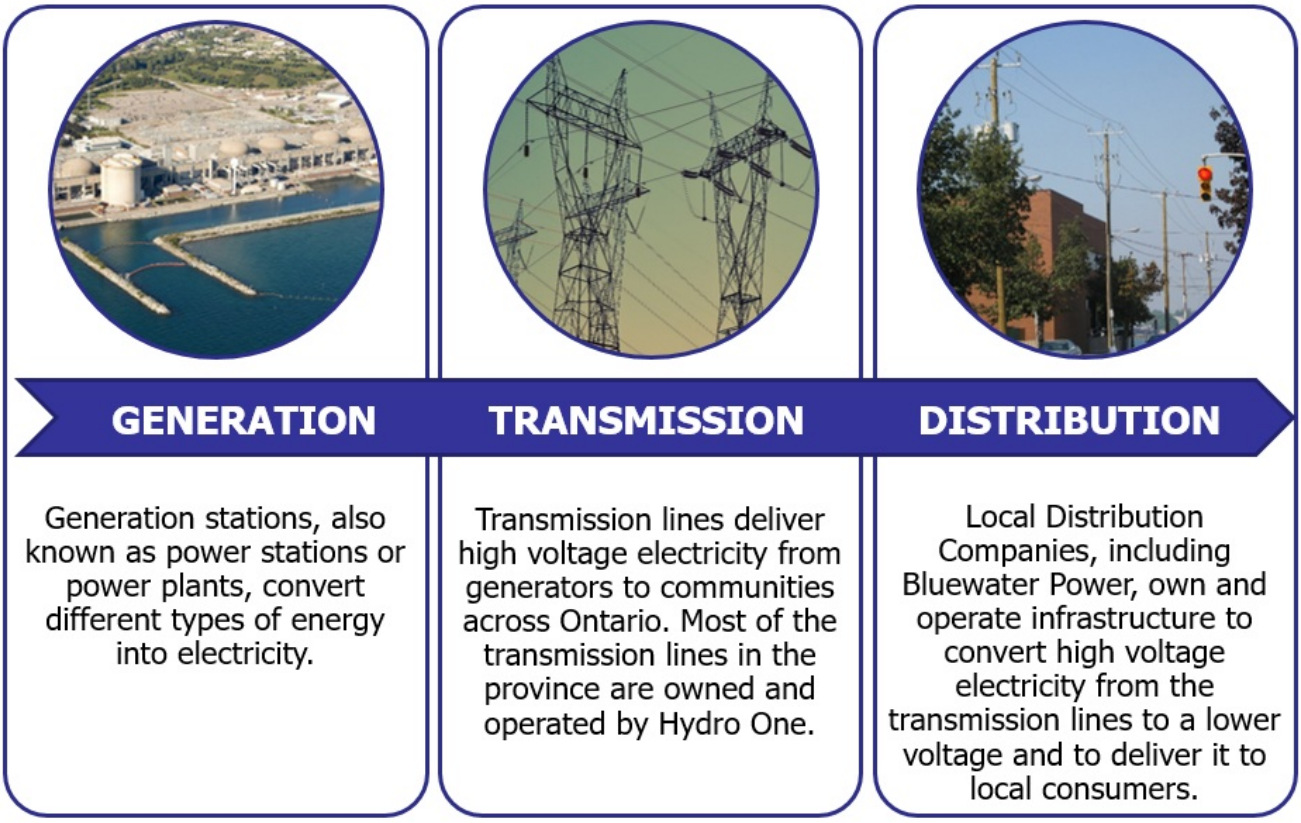
Bluewater Power has distributed electricity to the people of Sarnia-Lambton for the past 100 years. It originated as the Hydro-Electric Commissions of our member municipalities. We pride ourselves on being a valuable local community

partner.

We now service over 37,000 residential, commercial, and industrial customers in the City of Sarnia, including Aamjiwnaang First Nation, the Town of Petrolia, the Village of Point Edward, the Village of Oil Springs, the Township of Warwick, and the Township of Brooke-Alvinston.

What do we do?

Ontario's electricity system consists of 3 main components: generation, transmission, and distribution.



Bluewater Power falls within the third category, which is the distribution (local delivery) of the electricity. We receive power from the provincial grid and then distribute electricity through 220 km of underground lines, and 560 km of overhead lines hanging from 16,000 poles, as well as 16 Municipal Substations all to serve our customers' homes and businesses.

Bluewater Power operates and maintains the distribution system, reads your meter, calculates the bill, answers your questions through phone, email and the front office, handles any emergency outages, and ensures reliability and safety of the power that is supplied to you.

Here are some other quick facts:

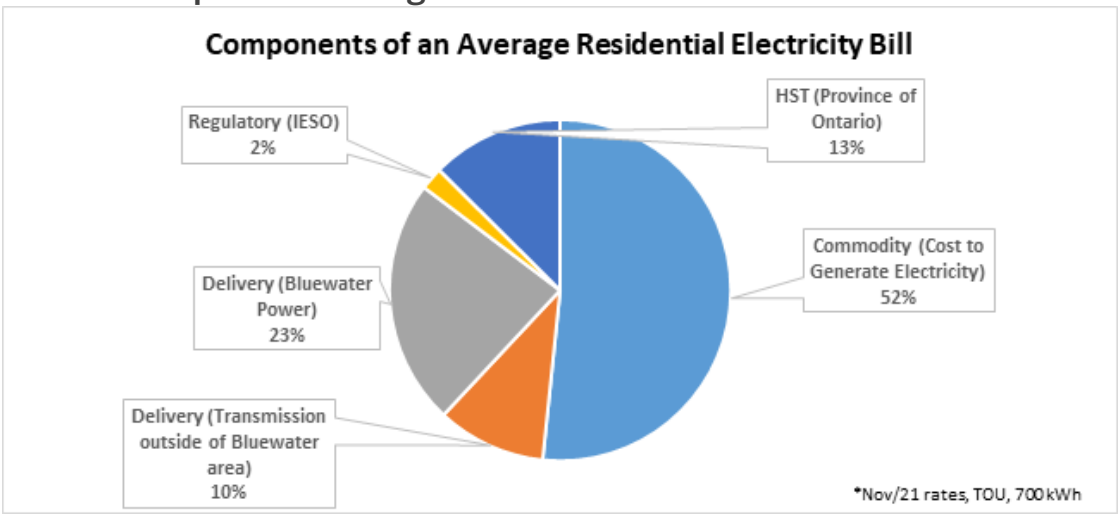
- **Bluewater Power is owned by the Municipalities we serve.**
- **Bluewater Power is a local employer of over 120 people.**
- **The Ontario Energy Board sets the price for the electricity commodity; it also sets the 'time-of-use' periods (on-peak, mid-peak, off-peak) and the tiered thresholds.**
- **Bluewater Power does not generate electricity, but receives power from the Provincial Grid and from Hydro One Networks Inc.**
- **Bluewater Power does not control the source of energy (such as nuclear, hydroelectric, natural gas, solar, wind).**

February 2022 - Customer Survey to Support the DSP

Your Electricity Bill

Every charge on your bill is regulated by the Ontario Energy Board. Although Bluewater Power collects your entire electricity bill, we only retain a portion of the "delivery" line item. The portion Bluewater Power retains represents, on average, 23% of your total bill for residential customers (or $33.35) as shown in grey on the graph, below. For small commercial customers, it represents, on average, 19% of your total bill (or approximately $72.40). The remaining portion of your electricity bill are flow-through items for taxes, regulatory agencies, or the transmission and generation sectors.

The chart below outlines the components of a typical residential electricity bill and who keeps those charges.



This survey focuses on the **distribution** portion of your **electricity bill**, which is included in the "delivery" line item. This is the only component that Bluewater Power controls and keeps in order to run the business. This survey does not pertain to other components of your electricity bill and does not include any components related to your water/sewer charges.

* 3. Were you aware that Bluewater Power only controls and keeps approximately 23% of your residential or 19% of your small commercial electricity bill?

- ◯ Yes
- ◯ No

* 4. Please rank the following from most important to least important to you.

(With 1 being the most important and 5 being least important).

Affordable cost of electricity

Reducing the length of power outages

Reducing the number of power outages

Access to outage information

Support for innovation (conserving or generating my own electricity)

* 5. Overall, how satisfied are you with the service you receive from Bluewater Power?

- ◯ Very satisfied
- ◯ Somewhat satisfied
- ◯ Neither satisfied nor dissatisfied
- ◯ Somewhat dissatisfied
- ◯ Very dissatisfied

6. Is there anything specifically Bluewater Power can do to improve its services to you?

February 2022 - Customer Survey to Support the DSP

Section 2: Planned Investments

Operating Expenses

Operating expenses are another main component of our overall budget. Operating expenses include meter reading, customer service, and administrative expenses, as well as expenses to operate equipment, vehicles, and buildings.

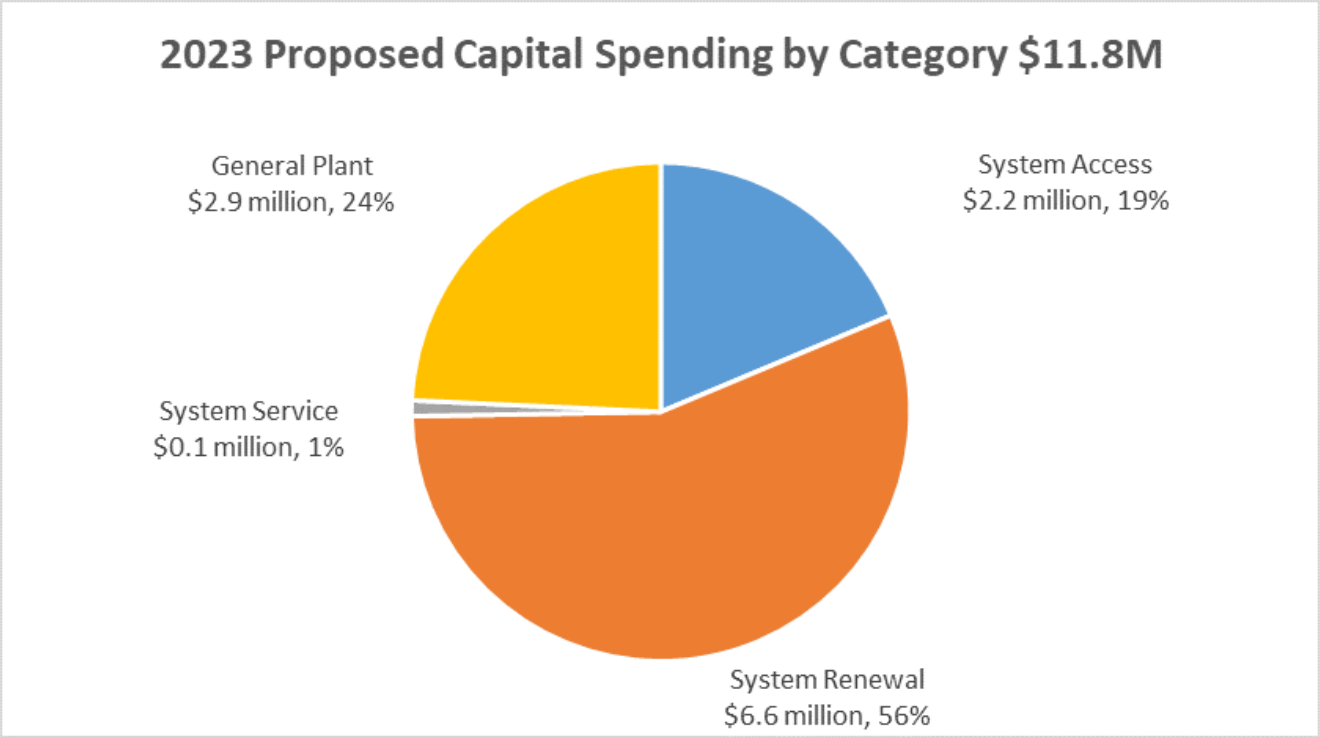
When Bluewater Power files its 2023 rate application with the Ontario Energy Board, all of our expenses will be reviewed and challenged by industry experts, the OEB staff, and interested parties (called intervenors). If you wish to comment on Bluewater Power's application, we encourage you to participate in this process once our application is filed later in 2022 by clicking here.

Capital Expenses

Now we are going to provide some information to you about our planned capital investments for our five-year Distribution System Plan and seek your input.

Bluewater Power's distribution system includes all the power lines, transformers, substations, poles, and power connections to homes and businesses. We spend money on maintaining and replacing these items every year in order to provide you, our customers, with reliable power supply. All of these assets are valued at over $80 million, and we plan to invest between $10-12 million per year on our infrastructure. Our total proposed capital spending for 2023 is $11.8 million.

We group our capital spending into four categories as seen in the chart, below. We'll cover each one individually.



System Access - Mandatory Investments to Support Customer Growth

Bluewater Power provides new infrastructure each year to connect new customers to the electrical system. Examples of this include supporting new subdivision and commercial growth within our service territories, including any new meters required.

Spending in System Access represents approximately 19% of Bluewater Power's total capital budget for the year 2023, or approximately $2.2 million.

Bluewater Power is obligated to provide customers access to electricity, and spending within this category is mandated by the Ontario Energy Board. As a result, these projects are mandatory.

System Renewal - Replacing Aging Equipment

System Renewal involves replacing or upgrading parts of the distribution system such as poles, transformers, wires, and all related equipment. All the equipment has a life expectancy. Bluewater Power continually balances proactively replacing equipment before it fails and waiting until the equipment fails to get the full useful life out of it, depending on the type of equipment and its role in the distribution system.

System Renewal is the largest component of our spending, at approximately 56% or $6.6 million for the year 2023. A large portion of this spending is on replacing wood poles.

February 2022 - Customer Survey to Support the DSP

Wood Pole Replacement

Sarnia's population grew in the 1960s and 1970s, necessitating an increase to overhead infrastructure at that time. Many of the 16,000 poles that Bluewater Power owns and maintains are now greater than 50 years old.

Over time, poles can weaken due to decomposition, weather conditions, insects, birds, and other wildlife. Bluewater Power undertakes regular pole testing to determine the structural integrity of the poles. Wood poles that have reached their end-of-life are marked for replacement.

Bluewater Power is planning on spending approximately $2.2 million per year on pole replacements for the next 5 years. This represents approximately 33% of the System Renewal budget in 2023.

Outages

System Renewal investments are important in order to reduce the number and length of outages.

Reliability is measured by the average frequency and average duration of power outages. In 2021, Bluewater Power customers experienced an average of 2 outages in the year for an average outage time of less than 3 hours. If Bluewater Power continues to invest in improvements to infrastructure, it may continue to improve reliability for customers.

* 7. How many power outages did you experience in the past year?

- ◯ Zero
- ◯ One
- ◯ Two
- ◯ Three
- ◯ More than three
- ◯ I do not know

* 8. How many power outages do you feel are reasonable in a year?

- ◯ Zero
- ◯ One
- ◯ Two
- ◯ Three
- ◯ More than three
- ◯ I do not have a position

* 9. How long do you think is reasonable for a power outage to last?

- ◯ No outage is reasonable
- ◯ 15 minutes
- ◯ 30 minutes
- ◯ 1 hour
- ◯ 2 hours
- ◯ 3 hours or more
- ◯ I do not have a position

10. In regard to power outages that affect your home or business, for each of the following statements, can you tell us your level of satisfaction?

(With 1 being low satisfaction and 5 being high satisfaction).

	1	2	3	4	5
The overall reliability of your electrical service based on the number of power outages you experience	◯	◯	◯	◯	◯
The amount of time it takes to restore power when power outages occur	◯	◯	◯	◯	◯
The communication surrounding the outage	◯	◯	◯	◯	◯

*** 11. Could you tell us which of the following statements is closest to your viewpoint about System Renewal?**

- ◯ I think Bluewater Power should proceed with its planned System Renewal investments, which may reduce power outages
- ◯ I think Bluewater Power should increase its System Renewal investments, which may further reduce power outages, even if it results in an additional increase to my month electricity bill
- ◯ I think Bluewater Power should decrease its System Renewal investments, knowing this may increase power outages, in order to keep costs from rising
- ◯ I do not have a position

February 2022 - Customer Survey to Support the DSP

System Service - Modernizing Investments

Investments in System Service include modifications to the system for more automation, more mapping tools to identify alternate paths for power during outages, smarter transformers, and remote switches that allow power to be redirected from the office. It would also involve upgrades to the system that would reduce power losses. An increasingly modern grid will help Bluewater power meet the future power needs of our customers more easily. Investing in System Service will also ensure a reliable system and help minimize outages and duration of outages.

Bluewater plans to spend approximately $0.1 million or 1% of the 2023 capital budget on System Service.

Remote Load Break Switches

Our System Service investments include remote load break switches. These switches can be operated remotely from the control room or automatically from our software system in conjunction with other remote switches to isolate faults and reduce outage times. Remote operation reduces the need for lines workers to attend a site, which reduces the length of an outage and helps to identify the location of a fault.

* 12. What statement best represents your thoughts on spending on System Service?

- ◯ I think Bluewater Power should proceed with its planned System Service investments, that aim to improve the current level of reliability and number of outages
- ◯ I think Bluewater Power should increase its System Service investments, to aim to further improve the current level of reliability and number of outages, even if it results in an additional increase to my monthly electricity bill.
- ◯ I think Bluewater Power should decrease its System Service investments, knowing that this may lead to reduced levels of reliability and more outages, in order to keep costs from rising
- ◯ I do not have a position

February 2022 - Customer Survey to Support the DSP

General Plant - Ongoing routine investments

Investments in General Plan include Bluewater Power's land and buildings, tools, vehicles and trucks, billing system hardware and software (known as Information Technology or "IT" costs), and other items used to support the day-to-day business and operations activities.

Vehicles

A major investment category within General Plan is utility vehicles, such as bucket trucks. These are specialized vehicles that are used on a daily basis to complete overhead work, such as on electrical poles. They are essential in the safe and quick restoration of power.

Information Technology

Another major category in General Plant is in regard to Information Technology or "IT' projects. IT spending covers all technology hardware and software.

Bluewater must spend to keep its customer information system up-to-date, as this system handles all the billing, meter data, purchasing, and finance functions, as well as protects customer information through cybersecurity. The system has to be continually modified to keep up with changes to Provincial and other regulations. Bluewater is able to perform the majority of the system changes 'in-house', which helps manage costs, as we do our best to not rely on external consultants.

IT projects also include the operation and maintenance of customer communication platforms (including Bluewater Power's online customer portal,

"MyAccount").

Bluewater is proposing to spend approximately $2.9 million, or 24%, of the capital budget on General Plant items in 2023.

* 13. Bluewater Power strives to make investments that will help customers and enhance the overall distribution system. On a scale of 1-5, how important to you is it that Bluewater Power invests in the following? Investing in the following items may result in bill increases.

(With 1 being low importance and 5 being high importance)

	1	2	3	4	5
Email or text notifications about outages	◯	◯	◯	◯	◯
MyAccount mobile application	◯	◯	◯	◯	◯

14. Is there any other technology that you would be interested in for your home or business?

* 15. Which of the following statements best represents your point of view on investments in General Plant?

- ◯ I think Bluewater Power should proceed with its planned General Plant investments, because it is important that Bluewater Power's staff have the equipment and tools they need to manage the system safely, efficiently, and reliably.
- ◯ I think Bluewater Power should increase its General Plant investments, even if it results in an additional increase to my monthly electricity bill
- ◯ I think Bluewater Power should decrease its General Plant investments, in order to keep costs from rising
- ◯ I do not have a position

February 2022 - Customer Survey to Support the DSP

Section 3: Other Spending Options and Conclusion

Please consider each of the following activities, and indicate how important you think they are for Bluewater Power to invest in.

*** 16. Please rate each activity on a scale of 1 to 5.**

(With 1 being low priority and 5 being high priority)

	1	2	3	4	5
The ability to pay your bill by credit card without any transaction fees	○	○	○	○	○
Continuously improve safety and reliability of network	○	○	○	○	○
Reduce response time to outages	○	○	○	○	○
Provide enhanced customer service	○	○	○	○	○
Improve technology to enhance the electrical system (ie Switches that allow power to be remotely re-routed to different feeders)	○	○	○	○	○

	1	2	3	4	5
Provide more self serve options on the website	○	○	○	○	○
Invest in smarter or 'green' technologies (energy storage, electric vehicles etc.)	○	○	○	○	○
Improve communication for billing and outages	○	○	○	○	○
Develop a smart phone application to view usage and pay your bill on your phone	○	○	○	○	○
Provide more education to the public about electricity safety	○	○	○	○	○

17. Is there anything else not mentioned in the question above that we should investigate investing in?

Changes are continual in the energy sector, and Bluewater Power is seeking your feedback to ensure we are equipped to support the future energy needs in our service area.

* 18. How likely are you to purchase battery storage for your home or business?

- ◯ I currently own a battery storage unit
- ◯ I am considering purchasing one in the next 5 years
- ◯ I am considering purchasing one in the next 10 years
- ◯ I do not plan to purchase a battery storage unit
- ◯ I do not know

* 19. How likely are you to purchase an electric or hybrid vehicle?

- ◯ I currently own an electric or plug-in hybrid vehicle
- ◯ I am considering purchasing one in the next 5 years
- ◯ I am considering purchasing one in the next 10 years
- ◯ I do not plan to purchase an electric or hybrid vehicle
- ◯ I do not know

* 20. How likely are you to install a solar panel at your home or business?

- ◯ I currently have solar panels
- ◯ I am considering purchasing solar panels in the next 5 years
- ◯ I am considering purchasing solar panels in the next 10 years
- ◯ I do not plan to purchase solar panels
- ◯ I do not know

Overall Impact On Your Bill

Bluewater is planning on spending approximately $11.8 million in 2023 in capital expenditures and approximately $15 million in operating expenses in 2023.

This level of investment leads to a residential customer paying approximately $3.30 more per month for the distribution portion of the bill. On a total bill basis, that is approximately a 2.8% increase overall.

For a small commercial customer, this leads to approximately $8.40 more per month for the distribution portion of the bill. On a total bill basis, that is approximately a 2.6% increase overall.

If Bluewater was to spend approximately 10% less on capital projects (approximately $1.2 million less), that would reduce the bill impact by 7 cents per month for residential customers or 18 cents for small commercial. Conversely, if we were to spend 10% more and accelerate some of the projects, it would increase the bill impact by approximately 7 cents per month for residential customers or 18 cents for small commercial.

*** 21. What statement best represents your thoughts on Bluewater's overall spending?**

- ◯ **I think Bluewater Power should proceed with its planned level of spending. I rely on the experts at Bluewater Power to make the best investment decisions to increase system reliability**
- ◯ **I think Bluewater Power should increase its overall spending, which may further improve the level of reliability, even if it results in an additional increase to my monthly electricity bill**
- ◯ **I think Bluewater Power should decrease its overall spending, in order to keep costs from rising. I would be willing to accept more and longer power outages**
- ◯ **I do not have a position**

* 22. Thinking about everything we've discussed about our overall capital spending, how confident are you that Bluewater Power will continue to provide safe, reliable, and cost effective power by implementing the investments associated with our plan?

- ◯ High degree of confidence
- ◯ Medium degree of confidence
- ◯ Low degree of confidence
- ◯ I do not have a position

23. Are there any other comments or suggestions you would like to provide?

February 2022 - Customer Survey to Support the DSP

Thank you for completing the survey! In appreciation of your time for completing the survey you will be entered into a draw for 1 of 5 $100 credits towards your Bluewater Power electricity bill.

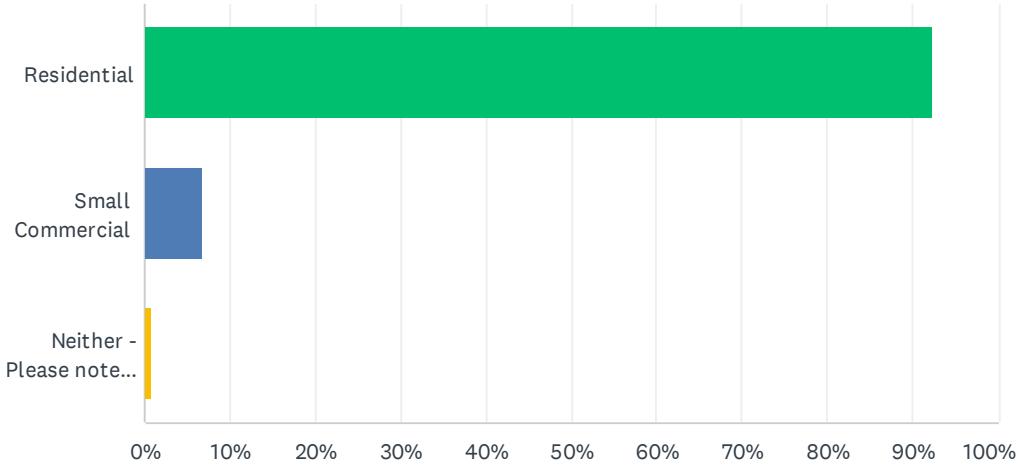
* 24. Customer Information - *If you do not have your account number, please ensure you provide your name and service address to be entered into the draw.*

Name	
Service Address	
Account Number	

Thank you completing this survey!

Q1 Are you a Residential or Commercial Bluewater Power customer?

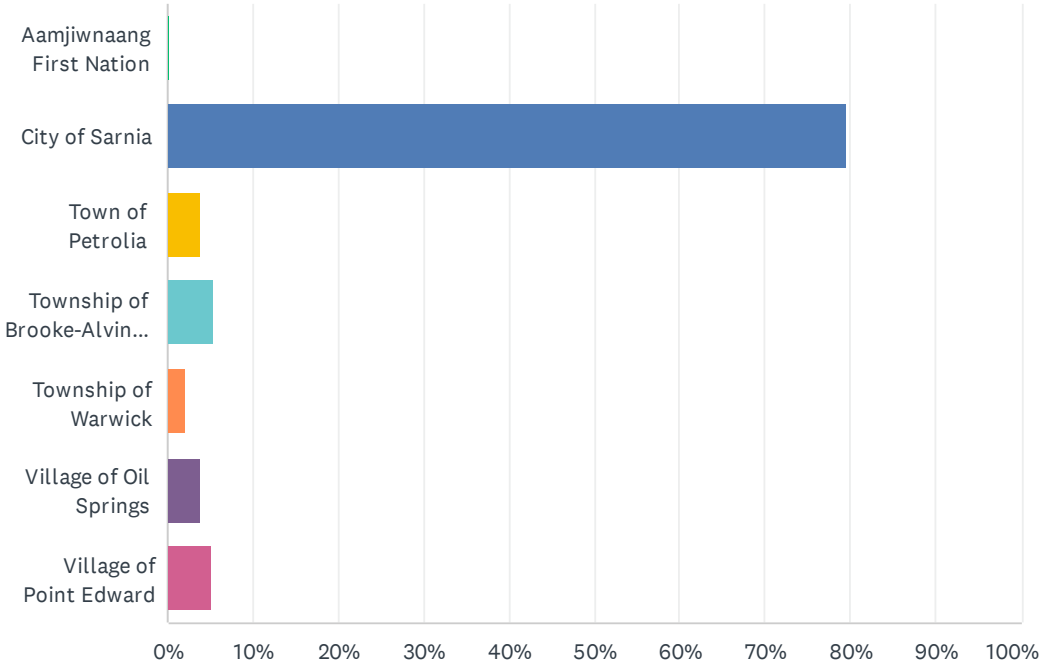
Answered: 1,141 Skipped: 0



ANSWER CHOICES	RESPONSES	
Residential	92.29%	1,053
Small Commercial	6.92%	79
Neither - Please note that this survey is only open to Bluewater Power Customers	0.79%	9
TOTAL		1,141

Q2 In which one of our service areas is your home or business located?

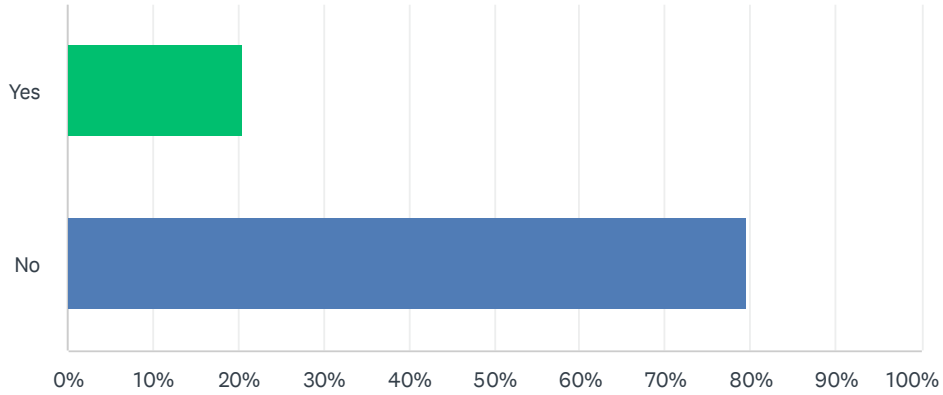
Answered: 1,123 Skipped: 18



ANSWER CHOICES	RESPONSES	
Aamjiwnaang First Nation	0.27%	3
City of Sarnia	79.61%	894
Town of Petrolia	3.92%	44
Township of Brooke-Alvinston	5.34%	60
Township of Warwick	2.05%	23
Village of Oil Springs	3.74%	42
Village of Point Edward	5.08%	57
TOTAL		1,123

Q3 Were you aware that Bluewater Power only controls and keeps approximately 23% of your residential or 19% of your small commercial electricity bill?

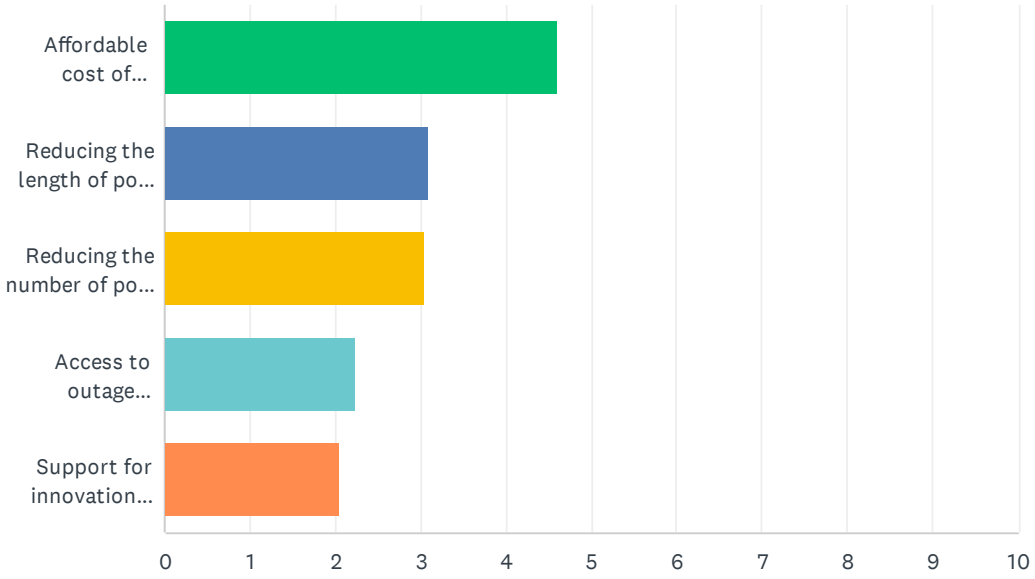
Answered: 946 Skipped: 195



ANSWER CHOICES	RESPONSES	
Yes	20.40%	193
No	79.60%	753
TOTAL		946

Q4 Please rank the following from most important to least important to you.(With 1 being the most important and 5 being least important).

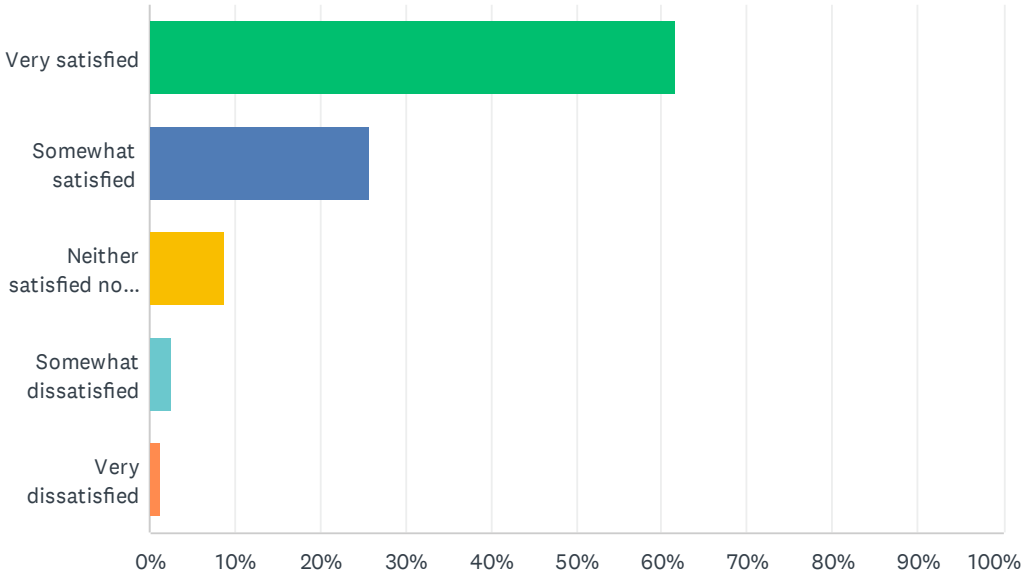
Answered: 946 Skipped: 195



	1	2	3	4	5	TOTAL	SCORE
Affordable cost of electricity	79.70% 754	8.99% 85	6.24% 59	1.69% 16	3.38% 32	946	4.60
Reducing the length of power outages	5.60% 53	33.09% 313	35.41% 335	16.07% 152	9.83% 93	946	3.09
Reducing the number of power outages	6.34% 60	30.23% 286	32.35% 306	23.78% 225	7.29% 69	946	3.05
Access to outage information	3.07% 29	12.79% 121	15.43% 146	41.33% 391	27.38% 259	946	2.23
Support for innovation (conserving or generating my own electricity)	5.29% 50	14.90% 141	10.57% 100	17.12% 162	52.11% 493	946	2.04

Q5 Overall, how satisfied are you with the service you receive from Bluewater Power?

Answered: 946 Skipped: 195



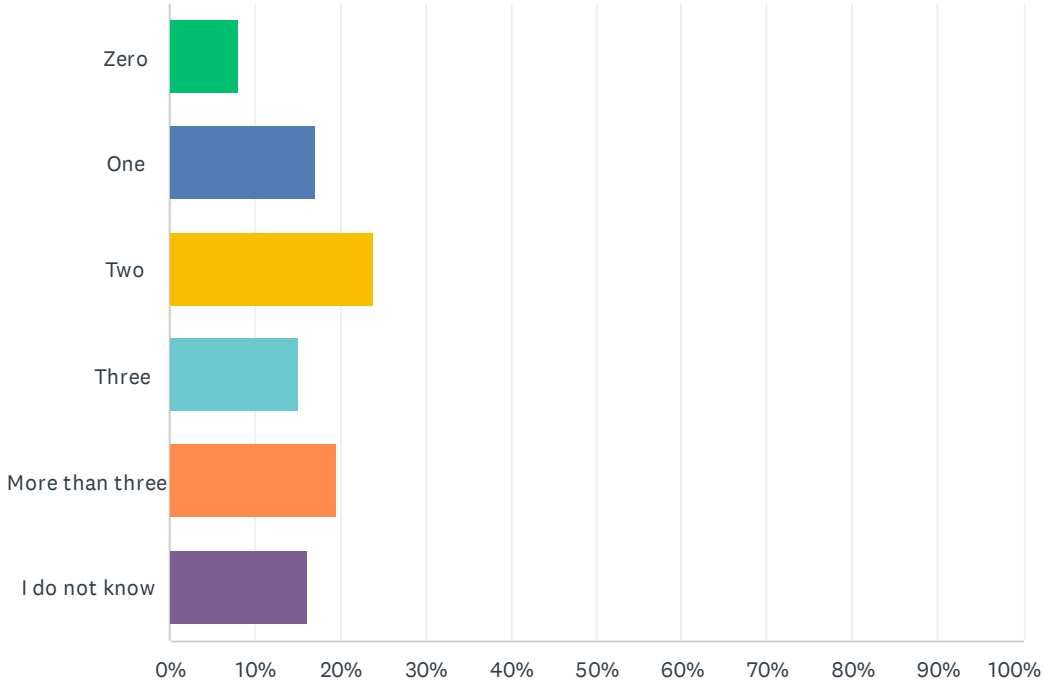
ANSWER CHOICES	RESPONSES	
Very satisfied	61.63%	583
Somewhat satisfied	25.79%	244
Neither satisfied nor dissatisfied	8.67%	82
Somewhat dissatisfied	2.54%	24
Very dissatisfied	1.37%	13
TOTAL		946

Q6 Is there anything specifically Bluewater Power can do to improve its services to you?

Answered: 389 Skipped: 752

Q7 How many power outages did you experience in the past year?

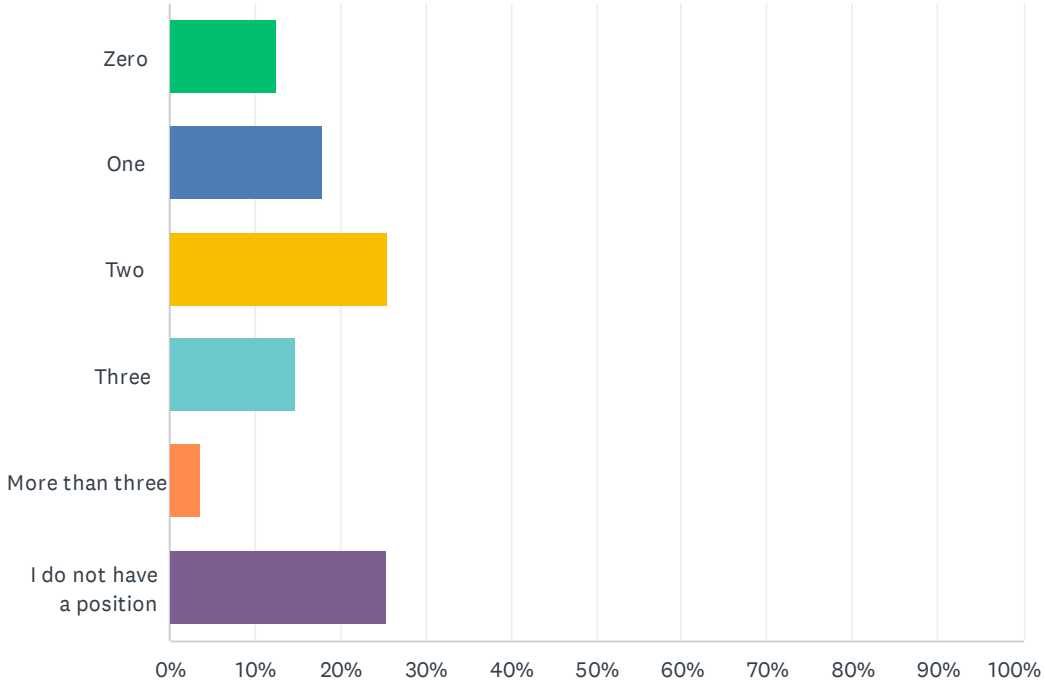
Answered: 869 Skipped: 272



ANSWER CHOICES	RESPONSES	
Zero	8.06%	70
One	17.03%	148
Two	23.94%	208
Three	15.19%	132
More than three	19.68%	171
I do not know	16.11%	140
TOTAL		869

Q8 How many power outages do you feel are reasonable in a year?

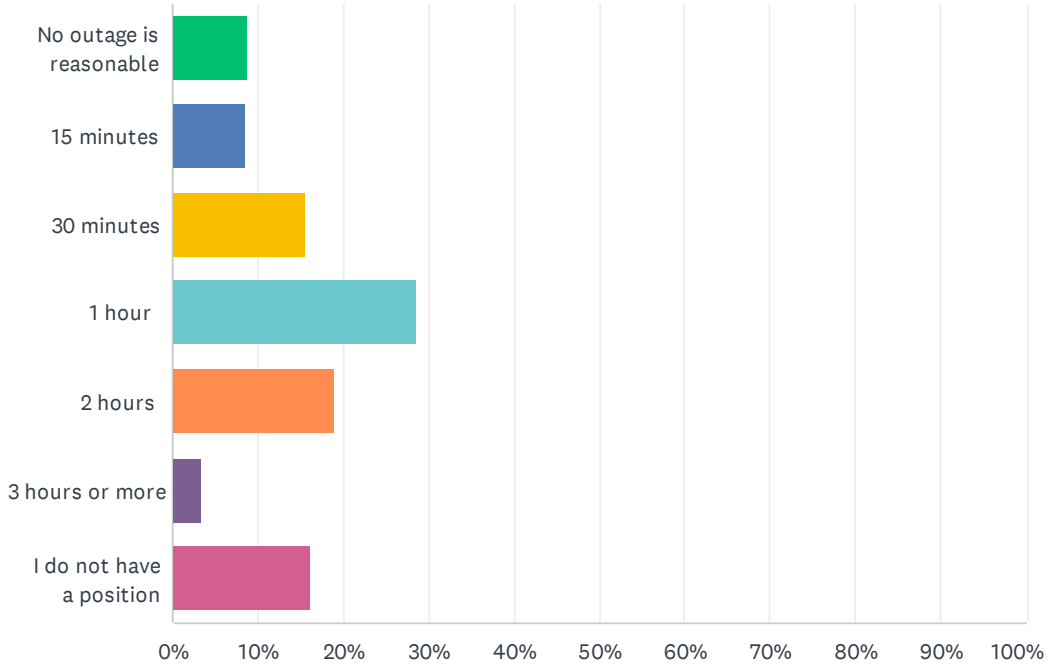
Answered: 869 Skipped: 272



ANSWER CHOICES	RESPONSES	
Zero	12.66%	110
One	17.84%	155
Two	25.66%	223
Three	14.73%	128
More than three	3.68%	32
I do not have a position	25.43%	221
TOTAL		869

Q9 How long do you think is reasonable for a power outage to last?

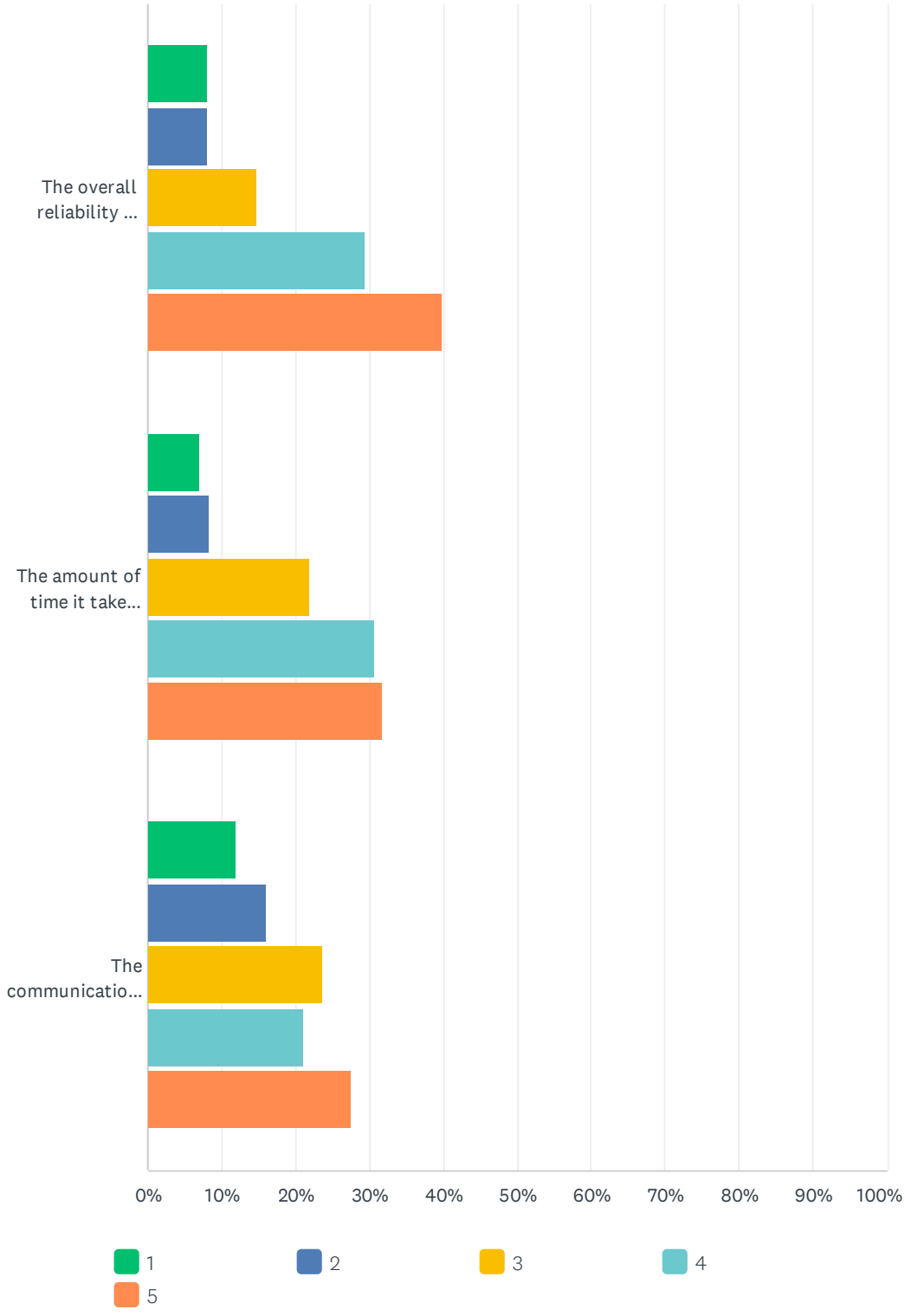
Answered: 869 Skipped: 272



ANSWER CHOICES	RESPONSES	
No outage is reasonable	8.75%	76
15 minutes	8.63%	75
30 minutes	15.54%	135
1 hour	28.54%	248
2 hours	18.99%	165
3 hours or more	3.34%	29
I do not have a position	16.23%	141
TOTAL		869

Q10 In regard to power outages that affect your home or business, for each of the following statements, can you tell us your level of satisfaction? (With 1 being low satisfaction and 5 being high satisfaction).

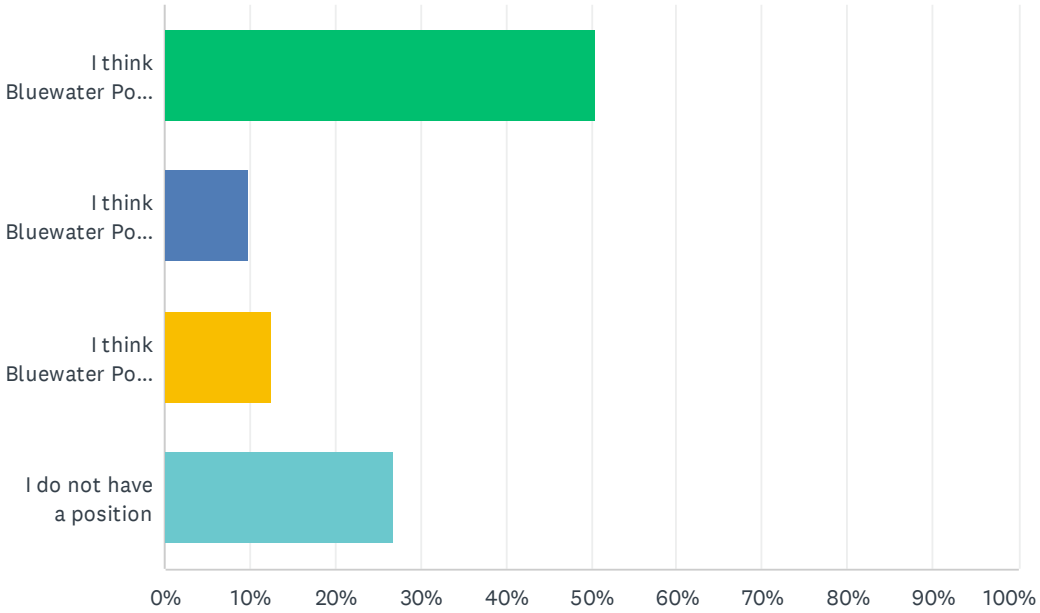
Answered: 861 Skipped: 280



	1	2	3	4	5	TOTAL
The overall reliability of your electrical service based on the number of power outages you experience	8.15% 70	8.03% 69	14.67% 126	29.34% 252	39.81% 342	859
The amount of time it takes to restore power when power outages occur	7.12% 61	8.28% 71	22.05% 189	30.69% 263	31.86% 273	857
The communication surrounding the outage	11.92% 102	15.89% 136	23.60% 202	21.03% 180	27.57% 236	856

Q11 Could you tell us which of the following statements is closest to your viewpoint about System Renewal?

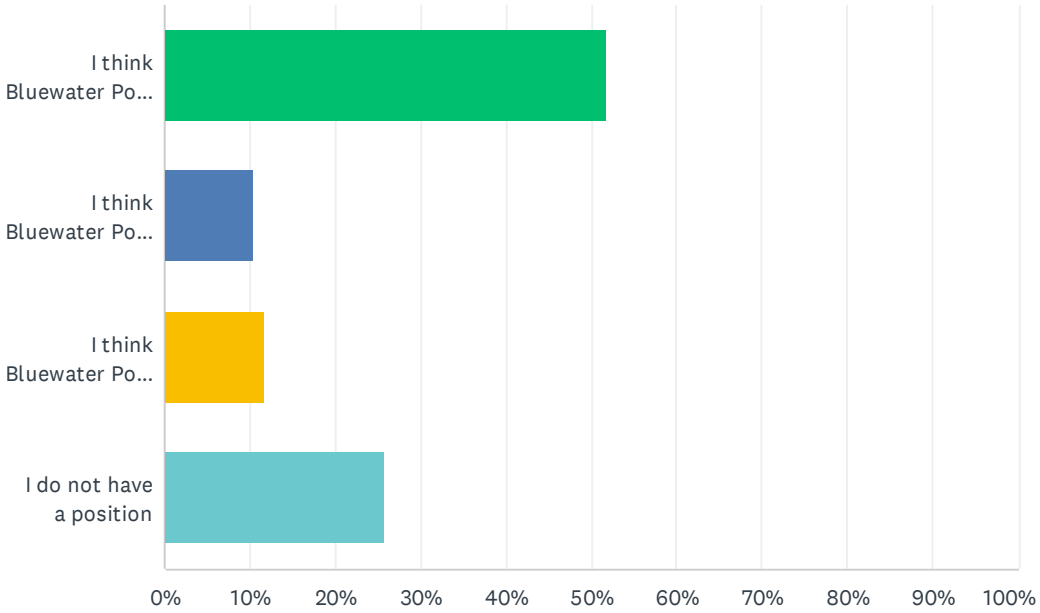
Answered: 869 Skipped: 272



ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned System Renewal investments, which may reduce power outages	50.63%	440
I think Bluewater Power should increase its System Renewal investments, which may further reduce power outages, even if it results in an additional increase to my month electricity bill	9.90%	86
I think Bluewater Power should decrease its System Renewal investments, knowing this may increase power outages, in order to keep costs from rising	12.66%	110
I do not have a position	26.81%	233
TOTAL		869

Q12 What statement best represents your thoughts on spending on System Service?

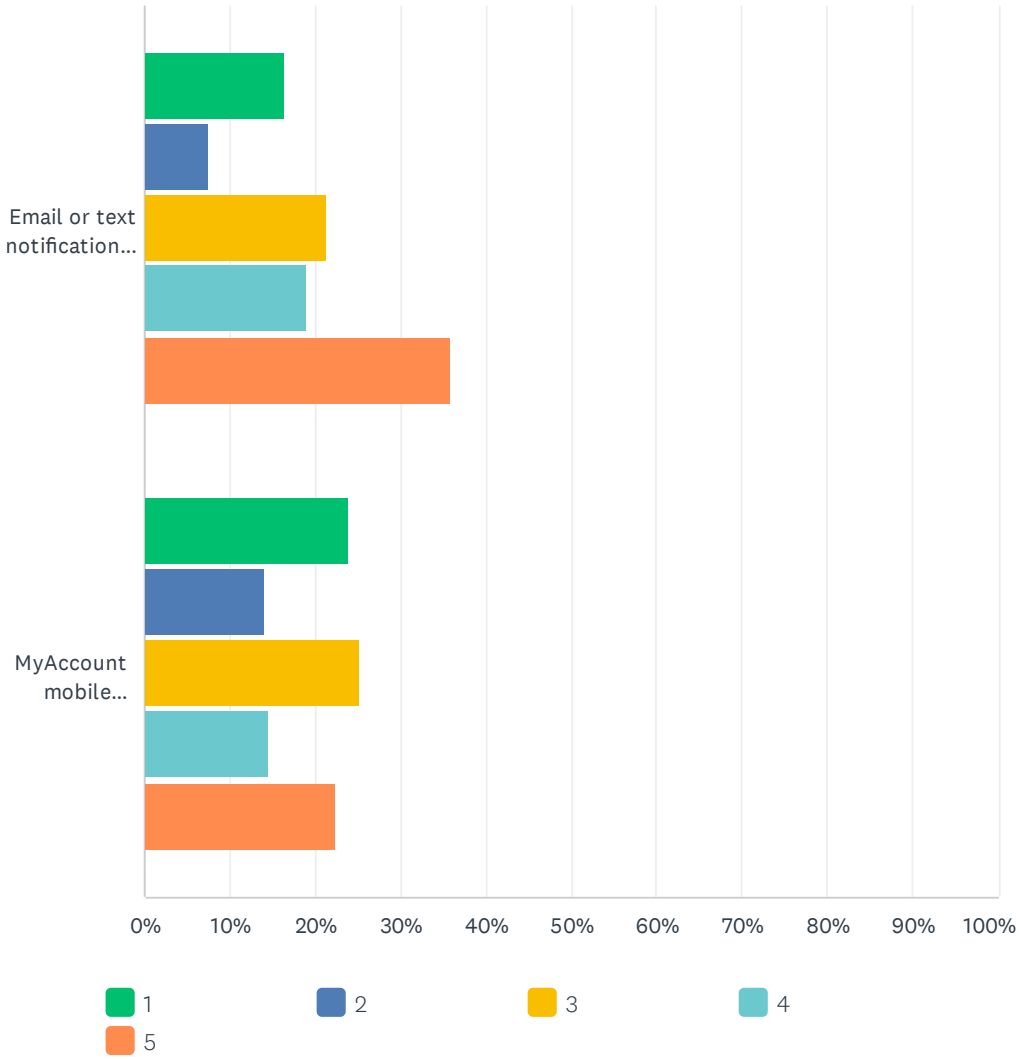
Answered: 846 Skipped: 295



ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned System Service investments, that aim to improve the current level of reliability and number of outages	51.89%	439
I think Bluewater Power should increase its System Service investments, to aim to further improve the current level of reliability and number of outages, even if it results in an additional increase to my monthly electricity bill.	10.52%	89
I think Bluewater Power should decrease its System Service investments, knowing that this may lead to reduced levels of reliability and more outages, in order to keep costs from rising	11.70%	99
I do not have a position	25.89%	219
TOTAL		846

Q13 Bluewater Power strives to make investments that will help customers and enhance the overall distribution system. On a scale of 1-5, how important to you is it that Bluewater Power invests in the following? Investing in the following items may result in bill increases.(With 1 being low importance and 5 being high importance)

Answered: 814 Skipped: 327



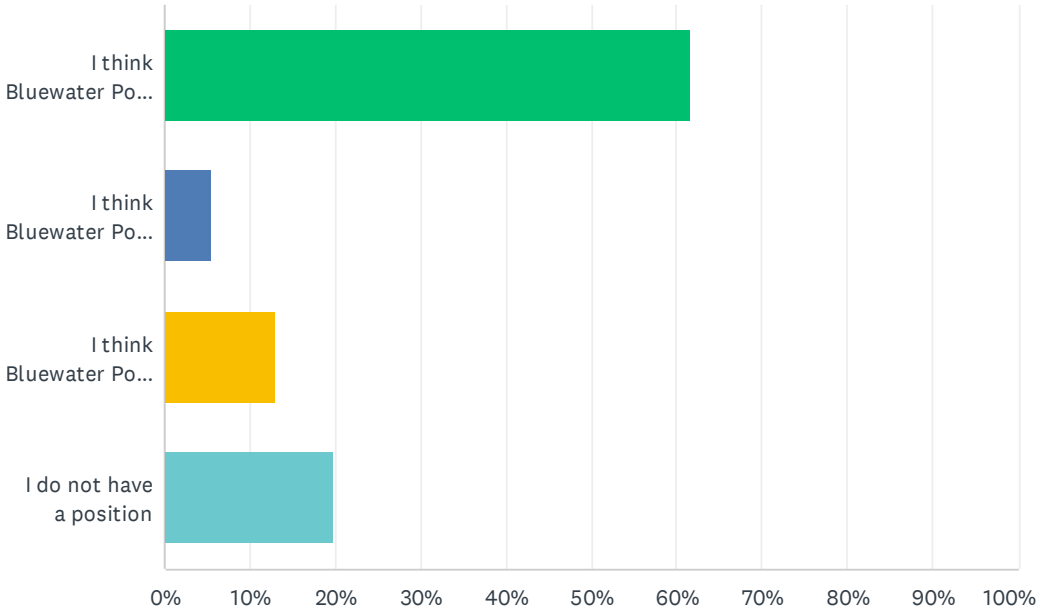
	1	2	3	4	5	TOTAL	WEIGHTED AVERAGE
Email or text notifications about outages	16.34% 133	7.49% 61	21.38% 174	19.04% 155	35.75% 291	814	3.50
MyAccount mobile application	23.83% 194	14.13% 115	25.18% 205	14.50% 118	22.36% 182	814	2.97

Q14 Is there any other technology that you would be interested in for your home or business?

Answered: 188 Skipped: 953

Q15 Which of the following statements best represents your point of view on investments in General Plant?

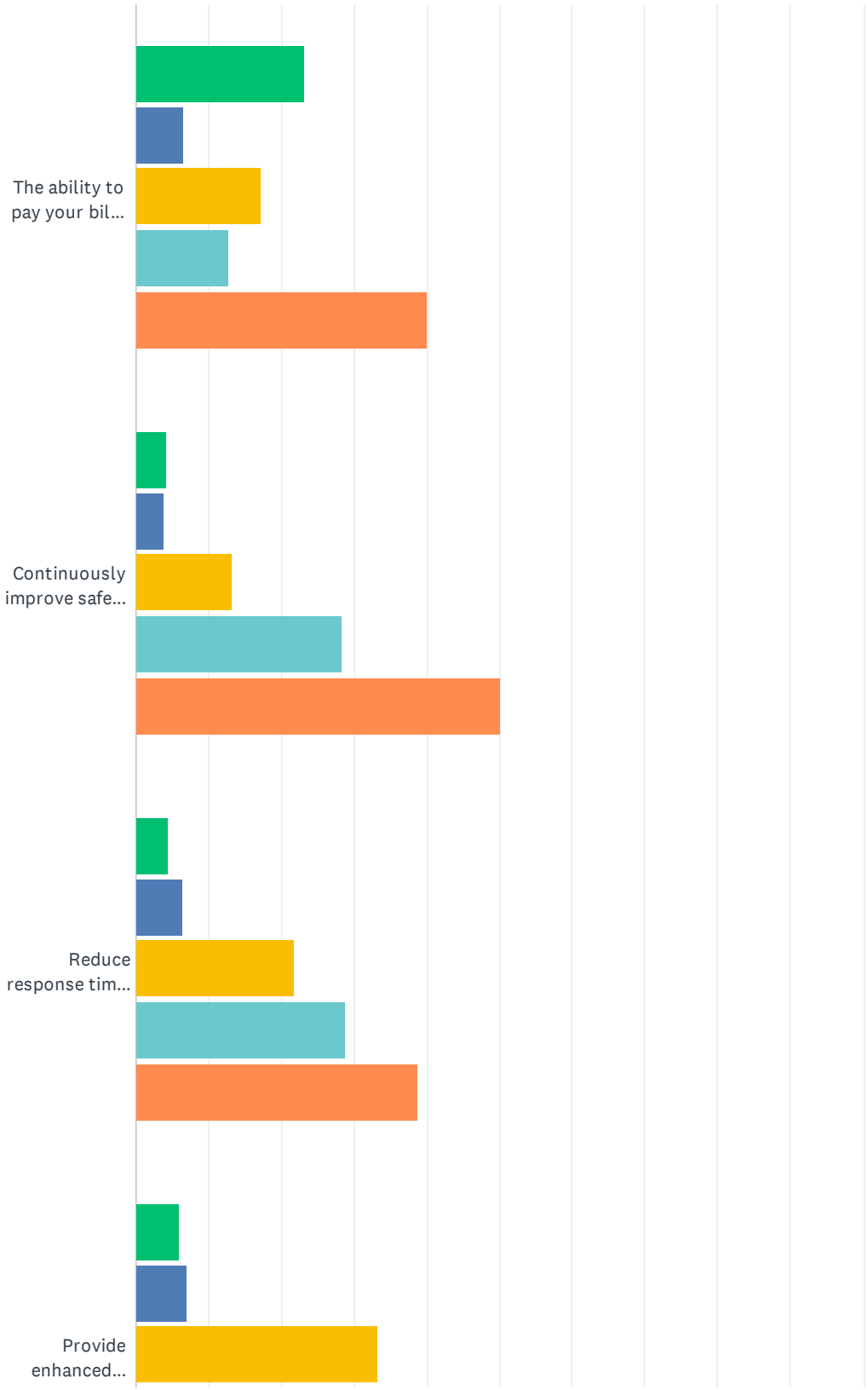
Answered: 814 Skipped: 327

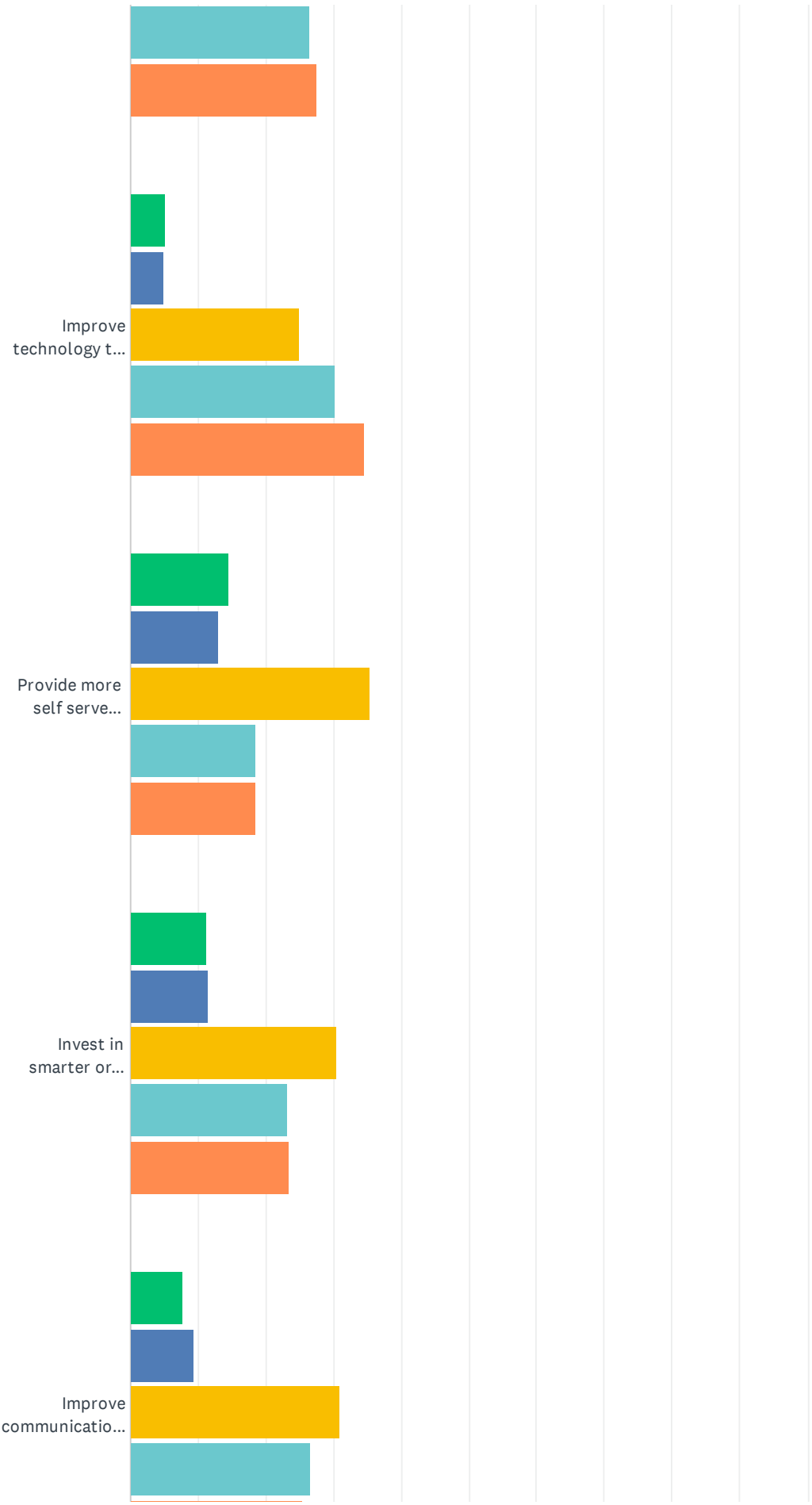


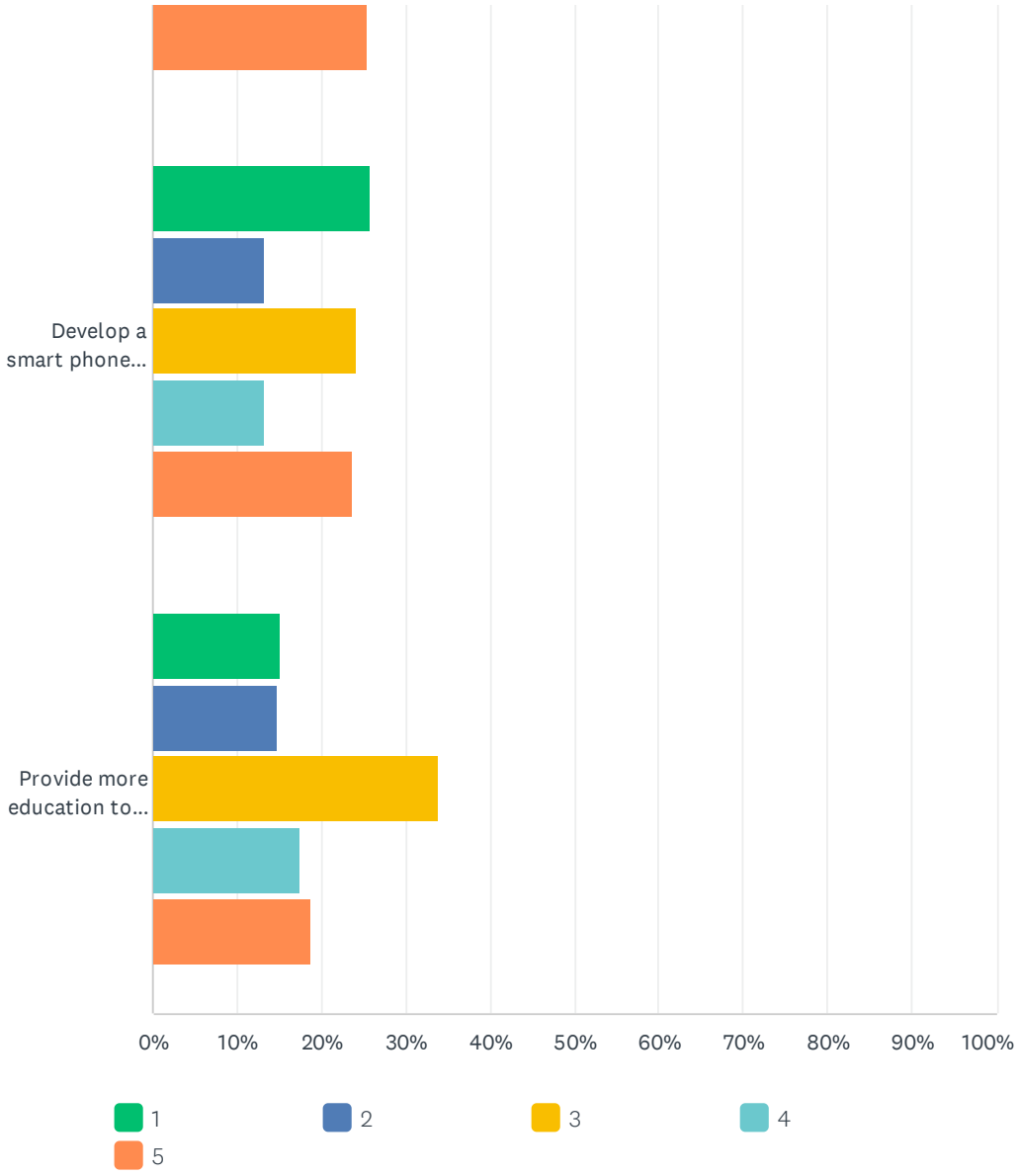
ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned General Plant investments, because it is important that Bluewater Power's staff have the equipment and tools they need to manage the system safely, efficiently, and reliably.	61.55%	501
I think Bluewater Power should increase its General Plant investments, even if it results in an additional increase to my monthly electricity bill	5.53%	45
I think Bluewater Power should decrease its General Plant investments, in order to keep costs from rising	13.02%	106
I do not have a position	19.90%	162
TOTAL		814

Q16 Please rate each activity on a scale of 1 to 5.(With 1 being low priority and 5 being high priority)

Answered: 791 Skipped: 350




Improve technology t...
Provide more self serve...
Invest in smarter or...
Improve communicatio...


Develop a smart phone...
Provide more education to...
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
1
2
3
4
5

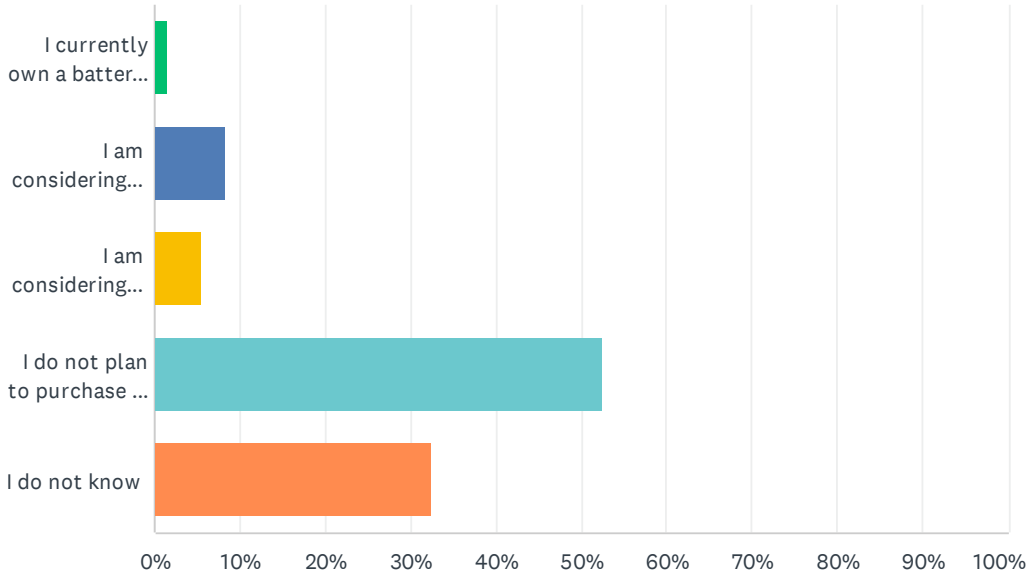
	1	2	3	4	5	TOTAL	WEIGHTED AVERAGE
The ability to pay your bill by credit card without any transaction fees	23.14% 183	6.70% 53	17.32% 137	12.77% 101	40.08% 317	791	3.40
Continuously improve safety and reliability of network	4.17% 33	3.92% 31	13.27% 105	28.45% 225	50.19% 397	791	4.17
Reduce response time to outages	4.42% 35	6.32% 50	21.74% 172	28.70% 227	38.81% 307	791	3.91
Provide enhanced customer service	5.94% 47	6.95% 55	33.25% 263	26.42% 209	27.43% 217	791	3.62
Improve technology to enhance the electrical system (ie Switches that allow power to be remotely re-routed to different feeders)	5.18% 41	4.93% 39	25.03% 198	30.21% 239	34.64% 274	791	3.84
Provide more self serve options on the website	14.54% 115	13.02% 103	35.40% 280	18.46% 146	18.58% 147	791	3.14
Invest in smarter or 'green' technologies (energy storage, electric vehicles etc.)	11.38% 90	11.50% 91	30.59% 242	23.14% 183	23.39% 185	791	3.36
Improve communication for billing and outages	7.59% 60	9.48% 75	30.97% 245	26.68% 211	25.28% 200	791	3.53
Develop a smart phone application to view usage and pay your bill on your phone	25.79% 204	13.27% 105	24.15% 191	13.15% 104	23.64% 187	791	2.96
Provide more education to the public about electricity safety	15.04% 119	14.79% 117	34.01% 269	17.45% 138	18.71% 148	791	3.10

Q17 Is there anything else not mentioned in the question above that we should investigate investing in?

Answered: 157 Skipped: 984

Q18 How likely are you to purchase battery storage for your home or business?

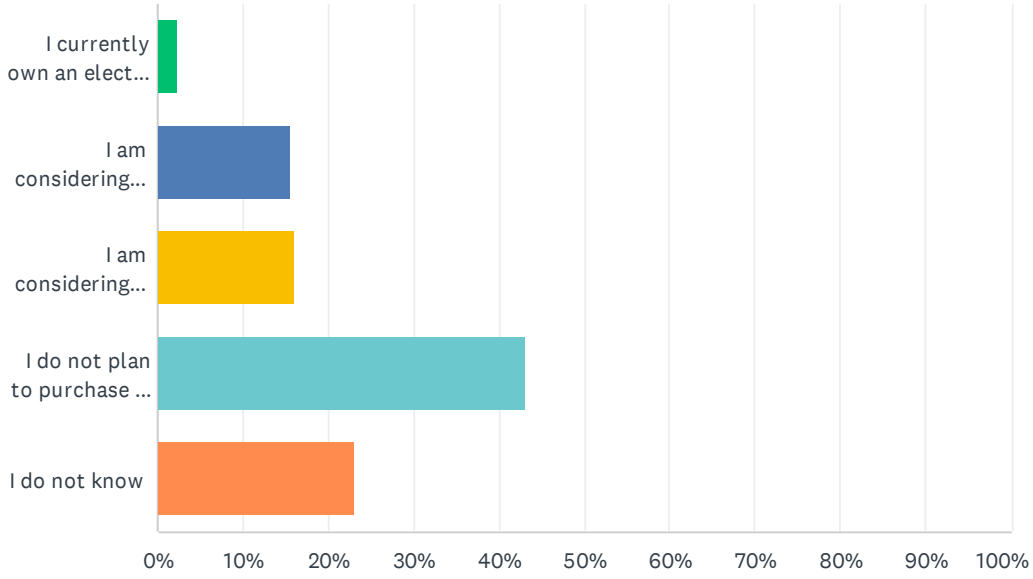
Answered: 785 Skipped: 356



ANSWER CHOICES	RESPONSES	
I currently own a battery storage unit	1.40%	11
I am considering purchasing one in the next 5 years	8.28%	65
I am considering purchasing one in the next 10 years	5.48%	43
I do not plan to purchase a battery storage unit	52.36%	411
I do not know	32.48%	255
TOTAL		785

Q19 How likely are you to purchase an electric or hybrid vehicle?

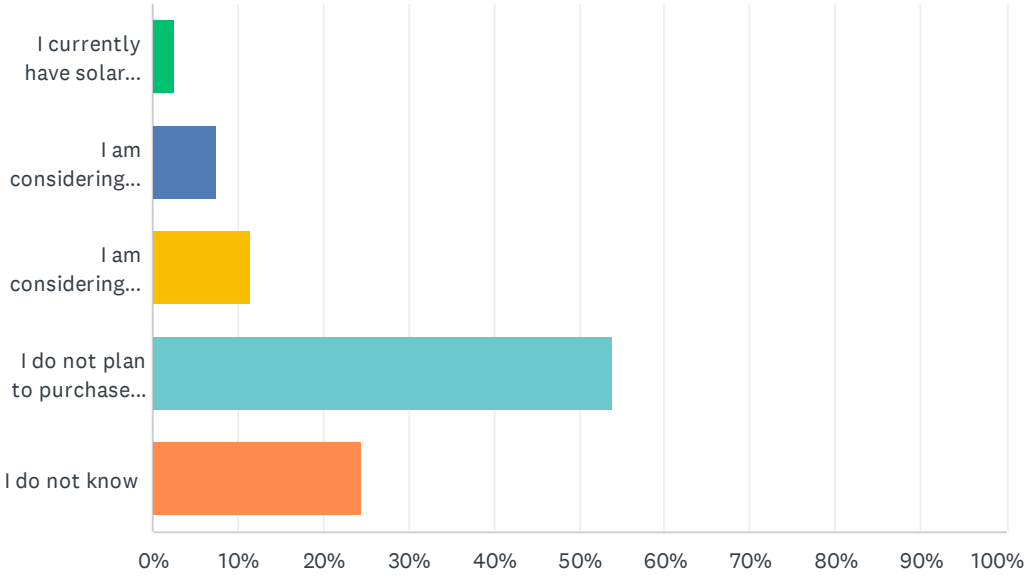
Answered: 785 Skipped: 356



ANSWER CHOICES	RESPONSES	
I currently own an electric or plug-in hybrid vehicle	2.42%	19
I am considering purchasing one in the next 5 years	15.54%	122
I am considering purchasing one in the next 10 years	15.92%	125
I do not plan to purchase an electric or hybrid vehicle	43.06%	338
I do not know	23.06%	181
TOTAL		785

Q20 How likely are you to install a solar panel at your home or business?

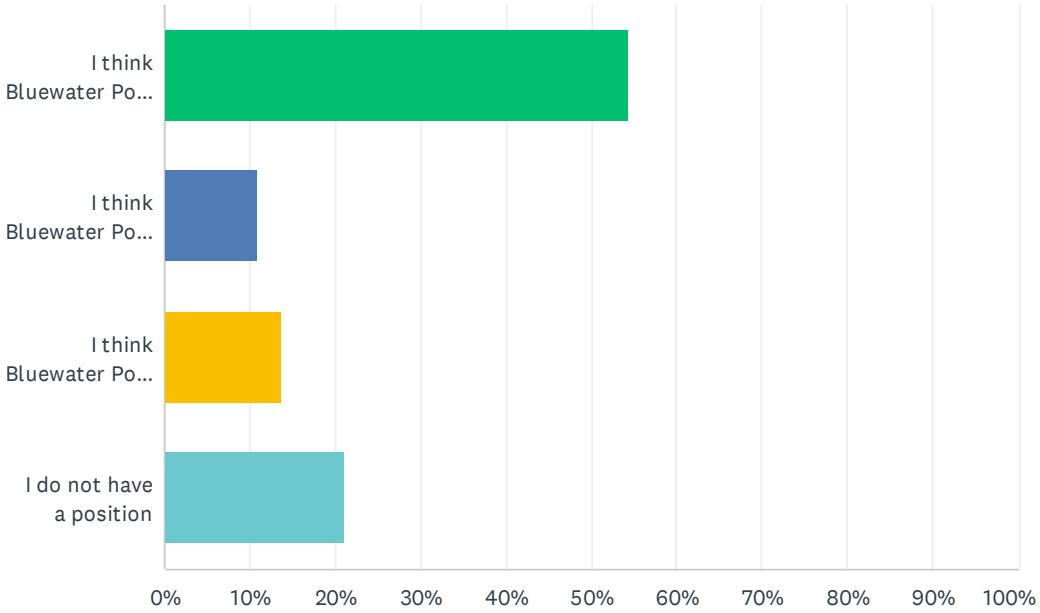
Answered: 785 Skipped: 356



ANSWER CHOICES	RESPONSES	
I currently have solar panels	2.55%	20
I am considering purchasing solar panels in the next 5 years	7.39%	58
I am considering purchasing solar panels in the next 10 years	11.46%	90
I do not plan to purchase solar panels	54.01%	424
I do not know	24.59%	193
TOTAL		785

Q21 What statement best represents your thoughts on Bluewater's overall spending?

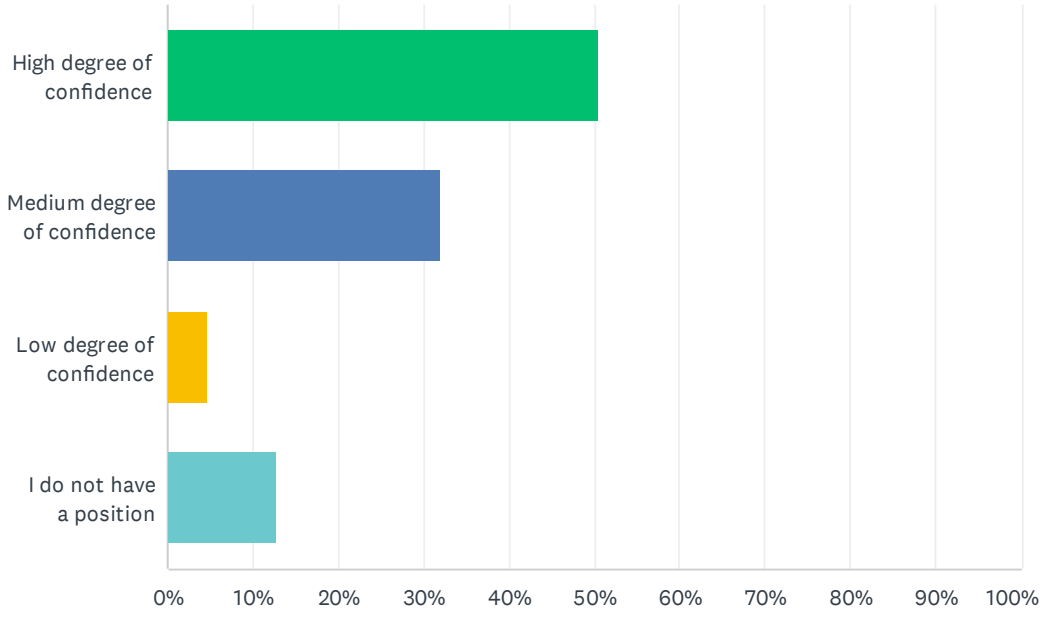
Answered: 773 Skipped: 368



ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned level of spending. I rely on the experts at Bluewater Power to make the best investment decisions to increase system reliability	54.46%	421
I think Bluewater Power should increase its overall spending, which may further improve the level of reliability, even if it results in an additional increase to my monthly electricity bill	10.87%	84
I think Bluewater Power should decrease its overall spending, in order to keep costs from rising. I would be willing to accept more and longer power outages	13.58%	105
I do not have a position	21.09%	163
TOTAL		773

Q22 Thinking about everything we've discussed about our overall capital spending, how confident are you that Bluewater Power will continue to provide safe, reliable, and cost effective power by implementing the investments associated with our plan?

Answered: 773 Skipped: 368



ANSWER CHOICES	RESPONSES	
High degree of confidence	50.58%	391
Medium degree of confidence	31.95%	247
Low degree of confidence	4.66%	36
I do not have a position	12.81%	99
TOTAL		773

Q23 Are there any other comments or suggestions you would like to provide?

Answered: 164 Skipped: 977

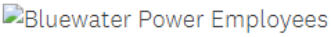
Q24 Customer Information - If you do not have your account number, please ensure you provide your name and service address to be entered into the draw.

Answered: 719 Skipped: 422

ANSWER CHOICES	RESPONSES	
Name	98.05%	705
Service Address	95.83%	689
Account Number	46.59%	335

Municipal Survey and Results

May 2022 - Customer Survey to Support the DSP



Hello, Friends!

We invite you to take part in this online survey and share your thoughts on Bluewater Power's investment strategies.

Bluewater Power will be applying to our regulator, the Ontario Energy Board, for a rate review in the coming months. We will include a Distribution System Plan ("DSP"), which details our planned investments in our infrastructure. That's where we need your help and input!

This survey is expected to take between 10-15 minutes; it entails some reading of our investment strategy and then seeks your opinion.

Please be assured that your survey responses are confidential, and you will not be identified as the source of any feedback you provide. Your anonymous feedback will be grouped and presented to the Ontario Energy Board when Bluewater Power files its 2023 rate application. We encourage all residential and commercial customers to complete the survey.

* 1. Are you a Residential or Commercial Bluewater Power customer?

- ◯ Residential
- ◯ Small Commercial
- ◯ Neither - Please note that this survey is only open to Bluewater Power Customers

May 2022 - Customer Survey to Support the DSP

2. In which one of our service areas is your home or business located?

- ◯ Aamjiwnaang First Nation
- ◯ City of Sarnia
- ◯ Town of Petrolia
- ◯ Township of Brooke-Alvinston
- ◯ Township of Warwick
- ◯ Village of Oil Springs
- ◯ Village of Point Edward

May 2022 - Customer Survey to Support the DSP

Section 1: Electricity Background

Let's get started with some background on Bluewater Power.

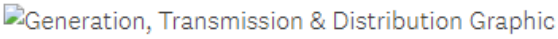
Bluewater Power has distributed electricity to the people of Sarnia-Lambton for the past 100 years. It originated as the Hydro-Electric Commissions of our member municipalities. We pride ourselves on being a valuable local community partner.

We now service over 37,000 residential, commercial, and industrial customers in the City of Sarnia, including Aamjiwnaang First Nation, the Town of Petrolia, the Village of Point Edward, the Village of Oil Springs, the Township of Warwick, and the Township of Brooke-Alvinston.

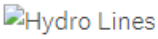

Sarnia Hydro Electric Office Employees

What do we do?

Ontario's electricity system consists of 3 main components: generation, transmission, and distribution.


Generation, Transmission & Distribution Graphic

Bluewater Power falls within the third category, which is the distribution (local delivery) of the electricity. We receive power from the provincial grid and then distribute electricity through 220 km of underground lines, and 560 km of overhead lines hanging from 16,000 poles, as well as 16 Municipal Substations all to serve our customers' homes and businesses.


Hydro Lines

Bluewater Power operates and maintains the distribution system, reads your meter, calculates the bill, answers your questions through phone, email and the front office, handles any emergency outages, and ensures reliability and safety of the power that is supplied to you.

Here are some other quick facts:

- Bluewater Power is owned by the Municipalities we serve.
- Bluewater Power is a local employer of over 120 people.
- The Ontario Energy Board sets the price for the electricity commodity; it also sets the 'time-of-use' periods (on-peak, mid-peak, off-peak) and the tiered thresholds.
- Bluewater Power does not generate electricity, but receives power from the Provincial Grid and from Hydro One Networks Inc.
- Bluewater Power does not control the source of energy (such as nuclear, hydroelectric, natural gas, solar, wind).

May 2022 - Customer Survey to Support the DSP

Your Electricity Bill
Every charge on your bill is regulated by the Ontario Energy Board. Although Bluewater Power collects your entire electricity bill, we only retain a portion of the "delivery" line item. The portion Bluewater Power retains represents, on average, 23% of your total bill for residential customers (or $33.36) as shown in grey on the graph, below. For small commercial customers, it represents, on average, 19% of your total bill (or approximately $72.40). The remaining portion of your electricity bill are flow-through items for taxes, regulatory agencies, or the transmission and generation sectors.

The chart below outlines the components of a typical residential electricity bill and who keeps those charges.

This survey focuses on the **distribution** portion of your **electricity bill**, which is included in the "delivery" line item. This is the only component that Bluewater Power controls and keeps in order to run the business. This survey does not pertain to other components of your electricity bill and does not include any components related to your water/sewer charges.

* 3. Were you aware that Bluewater Power only controls and keeps approximately 23% of your residential or 19% of your small commercial electricity bill?

- ◯ Yes
- ◯ No

* 4. Please rank the following from most important to least important to you.

(With 1 being the most important and 5 being least important).

☰ ⬍	Affordable cost of electricity
☰ ⬍	Reducing the length of power outages
☰ ⬍	Reducing the number of power outages
☰ ⬍	Access to outage information
☰ ⬍	Support for innovation (conserving or generating my own electricity)

* 5. Overall, how satisfied are you with the service you receive from Bluewater Power?

- ◯ Very satisfied
- ◯ Somewhat satisfied
- ◯ Neither satisfied nor dissatisfied
- ◯ Somewhat dissatisfied
- ◯ Very dissatisfied

6. Is there anything specifically Bluewater Power can do to improve its services to you?

May 2022 - Customer Survey to Support the DSP

Section 2: Planned Investments

Operating Expenses
Operating expenses are another main component of our overall budget. Operating expenses include meter reading, customer service, and administrative expenses, as well as expenses to operate equipment, vehicles, and buildings.

When Bluewater Power files its 2023 rate application with the Ontario Energy Board, all of our expenses will be reviewed and challenged by industry experts, the OEB staff, and interested parties (called intervenors). If you wish to comment on Bluewater Power's application, we encourage you to participate in this process once our application is filed later in 2022 by clicking here.

Capital Expenses
Now we are going to provide some information to you about our planned capital investments for our five-year Distribution System Plan and seek your input.

Bluewater Power's distribution system includes all the power lines, transformers, substations, poles, and power connections to homes and businesses. We spend money on maintaining and replacing these items every year in order to provide you, our customers, with reliable power supply. All of these assets are valued at over $80 million, and we plan to invest between $10-12 million per year on our infrastructure. Our total proposed capital spending for 2023 is $11.8 million.

We group our capital spending into four categories as seen in the chart, below. We'll cover each one individually.

System Access - Mandatory Investments to Support Customer Growth
Bluewater Power provides new infrastructure each year to connect new customers to the electrical system. Examples of this include supporting new subdivision and commercial growth within our service territories, including any new meters required.

Spending in System Access represents approximately 19% of Bluewater Power's total capital budget for the year 2023, or approximately $2.2 million.

Bluewater Power is obligated to provide customers access to electricity, and spending within this category is mandated by the Ontario Energy Board. As a result, these projects are mandatory.

System Renewal - Replacing Aging Equipment
System Renewal involves replacing or upgrading parts of the distribution system such as poles, transformers, wires, and all related equipment. All the equipment has a life expectancy. Bluewater Power continually balances proactively replacing equipment before it fails and waiting until the equipment fails to get the full useful life out of it, depending on the type of equipment and its role in the distribution system.

System Renewal is the largest component of our spending, at approximately 56% or $6.6 million for the year 2023. A large portion of this spending is on replacing wood poles.

May 2022 - Customer Survey to Support the DSP

Wood Pole Replacement
Sarnia's population grew in the 1960s and 1970s, necessitating an increase to overhead infrastructure at that time. Many of the 16,000 poles that Bluewater Power owns and maintains are now greater than 50 years old.

Over time, poles can weaken due to decomposition, weather conditions, insects, birds, and other wildlife. Bluewater Power undertakes regular pole testing to determine the structural integrity of the poles. Wood poles that have reached their end-of-life are marked for replacement.

Bluewater Power is planning on spending approximately $2.2 million per year on pole replacements for the next 5 years. This represents approximately 33% of the System Renewal budget in 2023.

Outages
System Renewal investments are important in order to reduce the number and length of outages.

Reliability is measured by the average frequency and average duration of power outages. In 2021, Bluewater Power customers experienced an average of 2 outages in the year for an average outage time of less than 3 hours. If Bluewater Power continues to invest in improvements to infrastructure, it may continue to improve reliability for customers.

* 7. How many power outages did you experience in the past year?

- ◯ Zero
- ◯ One
- ◯ Two
- ◯ Three
- ◯ More than three
- ◯ I do not know

* 8. How many power outages do you feel are reasonable in a year?

- ◯ Zero
- ◯ One
- ◯ Two
- ◯ Three
- ◯ More than three
- ◯ I do not have a position

* 9. How long do you think is reasonable for a power outage to last?

- ◯ No outage is reasonable
- ◯ 15 minutes
- ◯ 30 minutes
- ◯ 1 hour
- ◯ 2 hours
- ◯ 3 hours or more
- ◯ I do not have a position

10. In regard to power outages that affect your home or business, for each of the following statements, can you tell us your level of satisfaction?

(With 1 being low satisfaction and 5 being high satisfaction).

	1	2	3	4	5
The overall reliability of your electrical service based on the number of power outages you experience	○	○	○	○	○
The amount of time it takes to restore power when power outages occur	○	○	○	○	○
The communication surrounding the outage	○	○	○	○	○

* 11. Could you tell us which of the following statements is closest to your viewpoint about System Renewal?

- ○ I think Bluewater Power should proceed with its planned System Renewal investments, which may reduce power outages
- ○ I think Bluewater Power should increase its System Renewal investments, which may further reduce power outages, even if it results in an additional increase to my month electricity bill
- ○ I think Bluewater Power should decrease its System Renewal investments, knowing this may increase power outages, in order to keep costs from rising
- ○ I do not have a position

May 2022 - Customer Survey to Support the DSP

System Service - Modernizing Investments

Investments in System Service include modifications to the system for more automation, more mapping tools to identify alternate paths for power during outages, smarter transformers, and remote switches that allow power to be redirected from the office. It would also involve upgrades to the system that would reduce power losses. An increasingly modern grid will help Bluewater power meet the future power needs of our customers more easily. Investing in System Service will also ensure a reliable system and help minimize outages and duration of outages.

Bluewater plans to spend approximately $0.1 million or 1% of the 2023 capital budget on System Service.

Remote Load Break Switches

Our System Service investments include remote load break switches. These switches can be operated remotely from the control room or automatically from our software system in conjunction with other remote switches to isolate faults and reduce outage times. Remote operation reduces the need for lines workers to attend a site, which reduces the length of an outage and helps to identify the location of a fault.

* 12. What statement best represents your thoughts on spending on System Service?

- ◯ I think Bluewater Power should proceed with its planned System Service investments, that aim to improve the current level of reliability and number of outages
- ◯ I think Bluewater Power should increase its System Service investments, to aim to further improve the current level of reliability and number of outages, even if it results in an additional increase to my monthly electricity bill.
- ◯ I think Bluewater Power should decrease its System Service investments, knowing that this may lead to reduced levels of reliability and more outages, in order to keep costs from rising
- ◯ I do not have a position

May 2022 - Customer Survey to Support the DSP

General Plant - Ongoing routine investments

Investments in General Plan include Bluewater Power's land and buildings, tools, vehicles and trucks, billing system hardware and software (known as Information Technology or "IT" costs), and other items used to support the day-to-day business and operations activities.

Vehicles

A major investment category within General Plan is utility vehicles, such as bucket trucks. These are specialized vehicles that are used on a daily basis to complete overhead work, such as on electrical poles. They are essential in the safe and quick restoration of power.

Information Technology

Another major category in General Plant is in regard to Information Technology or "IT' projects. IT spending covers all technology hardware and software.

Bluewater must spend to keep its customer information system up-to-date, as this system handles all the billing, meter data, purchasing, and finance functions, as well as protects customer information through cybersecurity. The system has to be continually modified to keep up with changes to Provincial and other regulations. Bluewater is able to perform the majority of the system changes 'in-house', which helps manage costs, as we do our best to not rely on external consultants.

IT projects also include the operation and maintenance of customer communication platforms (including Bluewater Power's online customer portal, "MyAccount").

Bluewater is proposing to spend approximately $2.9 million, or 24%, of the capital budget on General Plant items in 2023.

* 13. Bluewater Power strives to make investments that will help customers and enhance the overall distribution system. On a scale of 1-5, how important to you is it that Bluewater Power invests in the following? Investing in the following items may result in bill increases.

(With 1 being low importance and 5 being high importance)

	1	2	3	4	5
Email or text notifications about outages	◯	◯	◯	◯	◯
MyAccount mobile application	◯	◯	◯	◯	◯

14. Is there any other technology that you would be interested in for your home or business?

* 15. Which of the following statements best represents your point of view on investments in General Plant?

- ◯ I think Bluewater Power should proceed with its planned General Plant investments, because it is important that Bluewater Power's staff have the equipment and tools they need to manage the system safely, efficiently, and reliably.
- ◯ I think Bluewater Power should increase its General Plant investments, even if it results in an additional increase to my monthly electricity bill
- ◯ I think Bluewater Power should decrease its General Plant investments, in order to keep costs from rising
- ◯ I do not have a position

May 2022 - Customer Survey to Support the DSP

Section 3: Other Spending Options and Conclusion

Please consider each of the following activities, and indicate how important you think they are for Bluewater Power to invest in.

* 16. Please rate each activity on a scale of 1 to 5.

(With 1 being low priority and 5 being high priority)

	1	2	3	4	5
The ability to pay your bill by credit card without any transaction fees	○	○	○	○	○
Continuously improve safety and reliability of network	○	○	○	○	○
Reduce response time to outages	○	○	○	○	○
Provide enhanced customer service	○	○	○	○	○
Improve technology to enhance the electrical system (ie Switches that allow power to be remotely re-routed to different feeders)	○	○	○	○	○
Provide more self serve options on the website	○	○	○	○	○
Invest in smarter or 'green' technologies (energy storage, electric vehicles etc.)	○	○	○	○	○
Improve communication for billing and outages	○	○	○	○	○
Develop a smart phone application to view usage and pay your bill on your phone	○	○	○	○	○
Provide more education to the public about electricity safety	○	○	○	○	○

17. Is there anything else not mentioned in the question above that we should investigate investing in?

May 2022 - Customer Survey to Support the DSP

Future Energy Needs
Changes are continual in the energy sector, and Bluewater Power is seeking your feedback to ensure we are equipped to support the future energy needs in our service area.

* 18. How likely are you to purchase battery storage for your home or business?

- ◯ I currently own a battery storage unit
- ◯ I am considering purchasing one in the next 5 years
- ◯ I am considering purchasing one in the next 10 years
- ◯ I do not plan to purchase a battery storage unit
- ◯ I do not know

* 19. How likely are you to purchase an electric or hybrid vehicle?

- ◯ I currently own an electric or plug-in hybrid vehicle
- ◯ I am considering purchasing one in the next 5 years
- ◯ I am considering purchasing one in the next 10 years
- ◯ I do not plan to purchase an electric or hybrid vehicle
- ◯ I do not know

* 20. How likely are you to install a solar panel at your home or business?

- ◯ I currently have solar panels
- ◯ I am considering purchasing solar panels in the next 5 years
- ◯ I am considering purchasing solar panels in the next 10 years
- ◯ I do not plan to purchase solar panels
- ◯ I do not know

May 2022 - Customer Survey to Support the DSP

Overall Impact On Your Bill
Bluewater is planning on spending approximately $11.8 million in 2023 in capital expenditures and approximately $15 million in operating expenses in 2023.

This level of investment leads to a residential customer paying approximately $3.30 more per month for the distribution portion of the bill. On a total bill basis, that is approximately a 2.8% increase overall.

For a small commercial customer, this leads to approximately $8.40 more per month for the distribution portion of the bill. On a total bill basis, that is approximately a 2.6% increase overall.

If Bluewater was to spend approximately 10% less on capital projects (approximately $1.2 million less), that would reduce the bill impact by 7 cents per month for residential customers or 18 cents for small commercial. Conversely, if we were to spend 10% more and accelerate some of the projects, it would increase the bill impact by approximately 7 cents per month for residential customers or 18 cents for small commercial.

* 21. What statement best represents your thoughts on Bluewater's overall spending?

- ◯ I think Bluewater Power should proceed with its planned level of spending. I rely on the experts at Bluewater Power to make the best investment decisions to increase system reliability
- ◯ I think Bluewater Power should increase its overall spending, which may further improve the level of reliability, even if it results in an additional increase to my monthly electricity bill
- ◯ I think Bluewater Power should decrease its overall spending, in order to keep costs from rising. I would be willing to accept more and longer power outages
- ◯ I do not have a position

* 22. Thinking about everything we've discussed about our overall capital spending, how confident are you that Bluewater Power will continue to provide safe, reliable, and cost effective power by implementing the investments associated with our plan?

- ◯ High degree of confidence
- ◯ Medium degree of confidence
- ◯ Low degree of confidence
- ◯ I do not have a position

23. Are there any other comments or suggestions you would like to provide?

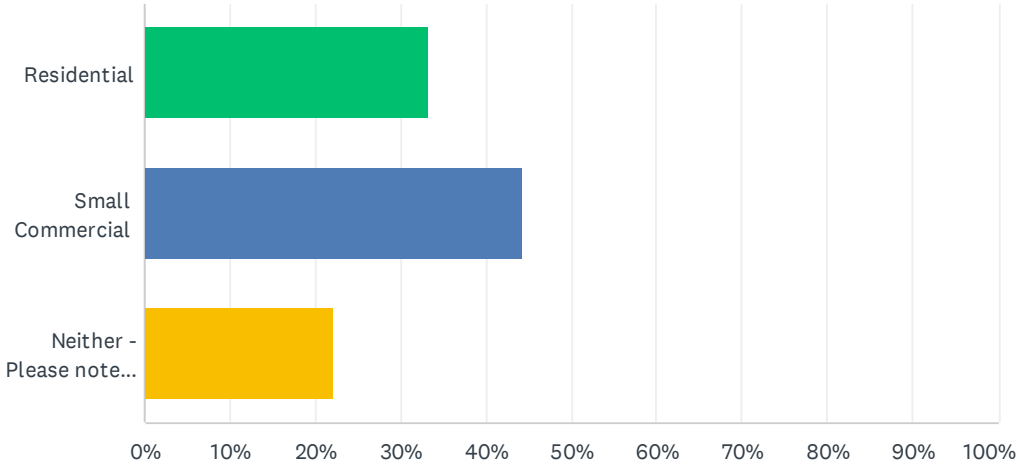
May 2022 - Customer Survey to Support the DSP

Thank you for completing the survey!

Thank you completing this survey!

Q1 Are you a Residential or Commercial Bluewater Power customer?

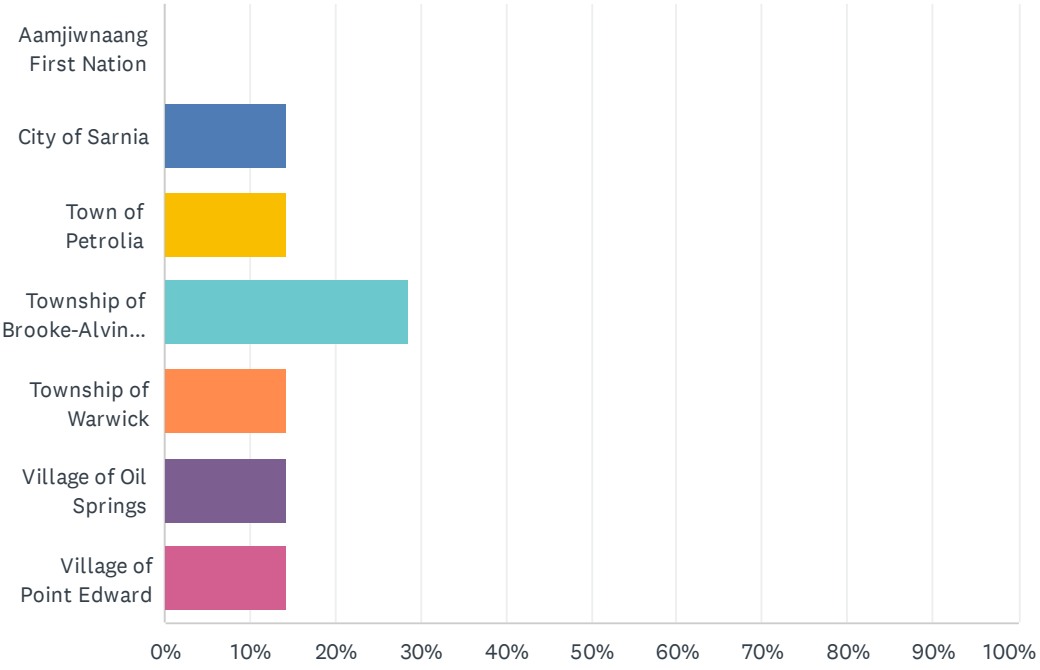
Answered: 9 Skipped: 0



ANSWER CHOICES	RESPONSES	
Residential	33.33%	3
Small Commercial	44.44%	4
Neither - Please note that this survey is only open to Bluewater Power Customers	22.22%	2
TOTAL		9

Q2 In which one of our service areas is your home or business located?

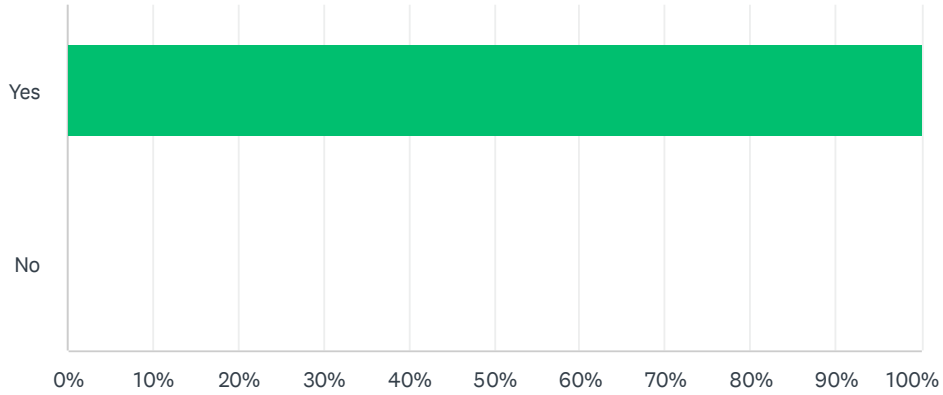
Answered: 7 Skipped: 2



ANSWER CHOICES	RESPONSES	
Aamjiwnaang First Nation	0.00%	0
City of Sarnia	14.29%	1
Town of Petrolia	14.29%	1
Township of Brooke-Alvinston	28.57%	2
Township of Warwick	14.29%	1
Village of Oil Springs	14.29%	1
Village of Point Edward	14.29%	1
TOTAL		7

Q3 Were you aware that Bluewater Power only controls and keeps approximately 23% of your residential or 19% of your small commercial electricity bill?

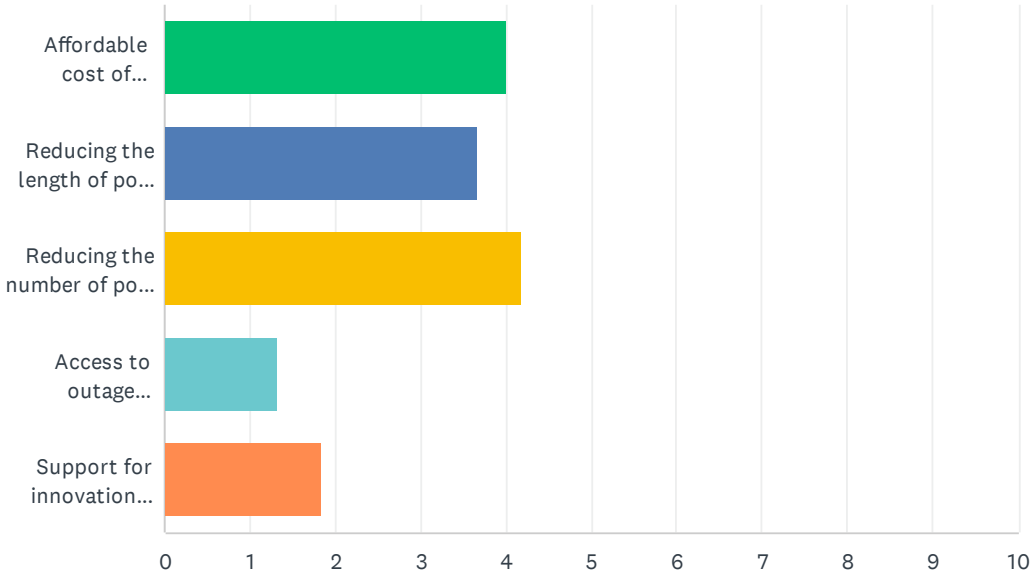
Answered: 6 Skipped: 3



ANSWER CHOICES	RESPONSES	
Yes	100.00%	6
No	0.00%	0
TOTAL		6

Q4 Please rank the following from most important to least important to you.(With 1 being the most important and 5 being least important).

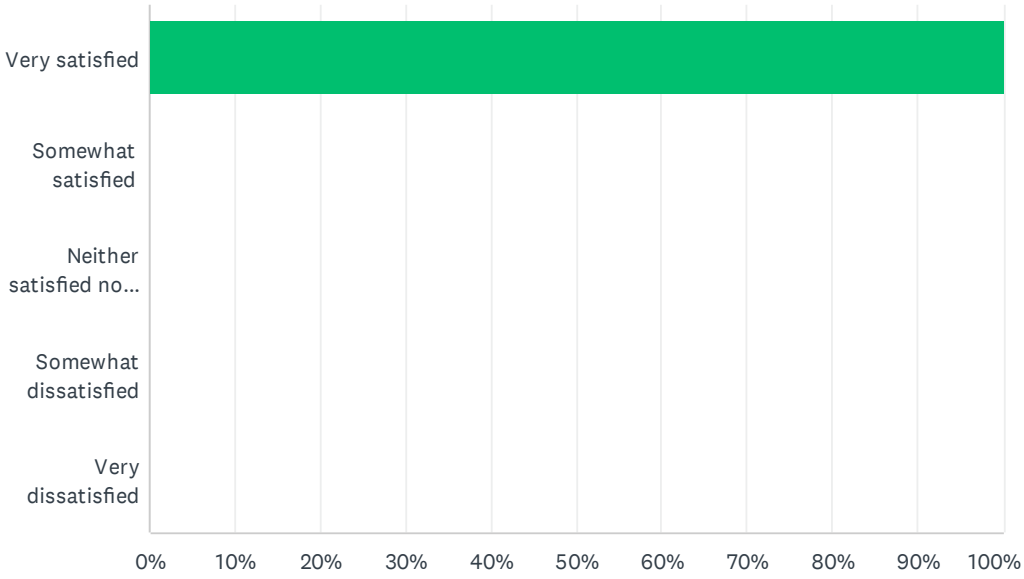
Answered: 6 Skipped: 3



	1	2	3	4	5	TOTAL	SCORE
Affordable cost of electricity	50.00% 3	0.00% 0	50.00% 3	0.00% 0	0.00% 0	6	4.00
Reducing the length of power outages	0.00% 0	66.67% 4	33.33% 2	0.00% 0	0.00% 0	6	3.67
Reducing the number of power outages	50.00% 3	33.33% 2	0.00% 0	16.67% 1	0.00% 0	6	4.17
Access to outage information	0.00% 0	0.00% 0	0.00% 0	33.33% 2	66.67% 4	6	1.33
Support for innovation (conserving or generating my own electricity)	0.00% 0	0.00% 0	16.67% 1	50.00% 3	33.33% 2	6	1.83

Q5 Overall, how satisfied are you with the service you receive from Bluewater Power?

Answered: 6 Skipped: 3



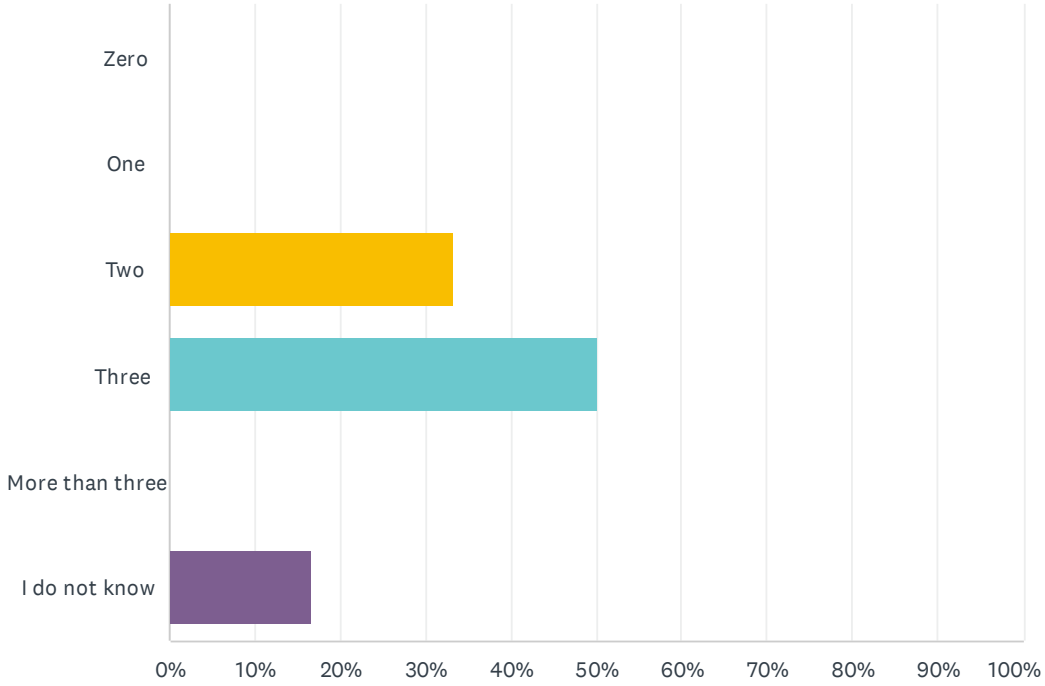
ANSWER CHOICES	RESPONSES	
Very satisfied	100.00%	6
Somewhat satisfied	0.00%	0
Neither satisfied nor dissatisfied	0.00%	0
Somewhat dissatisfied	0.00%	0
Very dissatisfied	0.00%	0
TOTAL		6

Q6 Is there anything specifically Bluewater Power can do to improve its services to you?

Answered: 3 Skipped: 6

Q7 How many power outages did you experience in the past year?

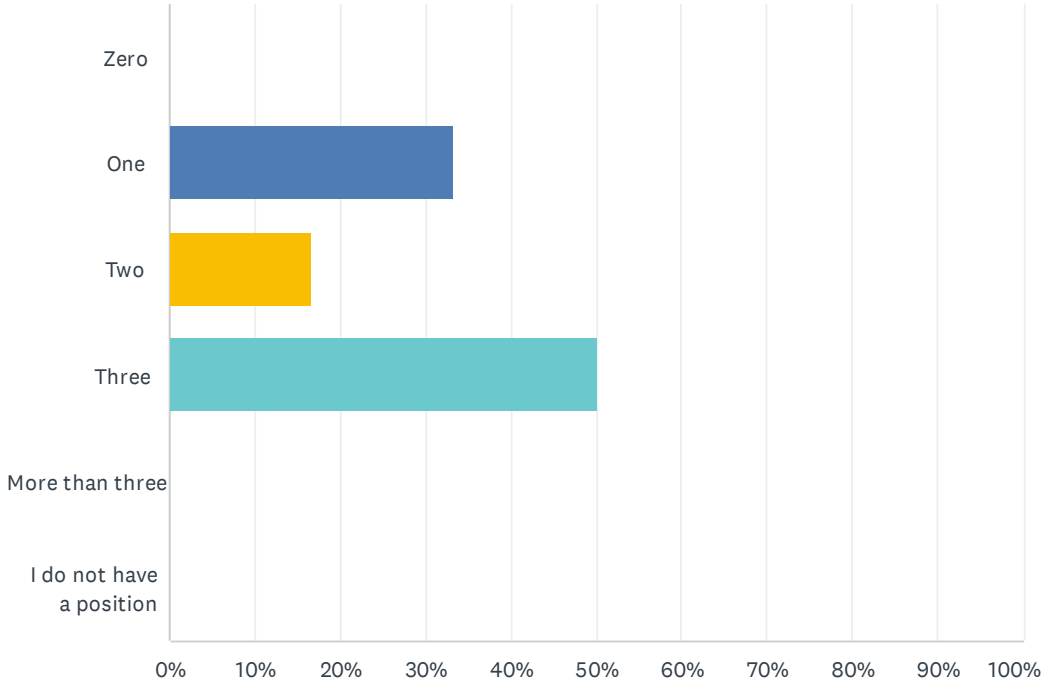
Answered: 6 Skipped: 3



ANSWER CHOICES	RESPONSES	
Zero	0.00%	0
One	0.00%	0
Two	33.33%	2
Three	50.00%	3
More than three	0.00%	0
I do not know	16.67%	1
TOTAL		6

Q8 How many power outages do you feel are reasonable in a year?

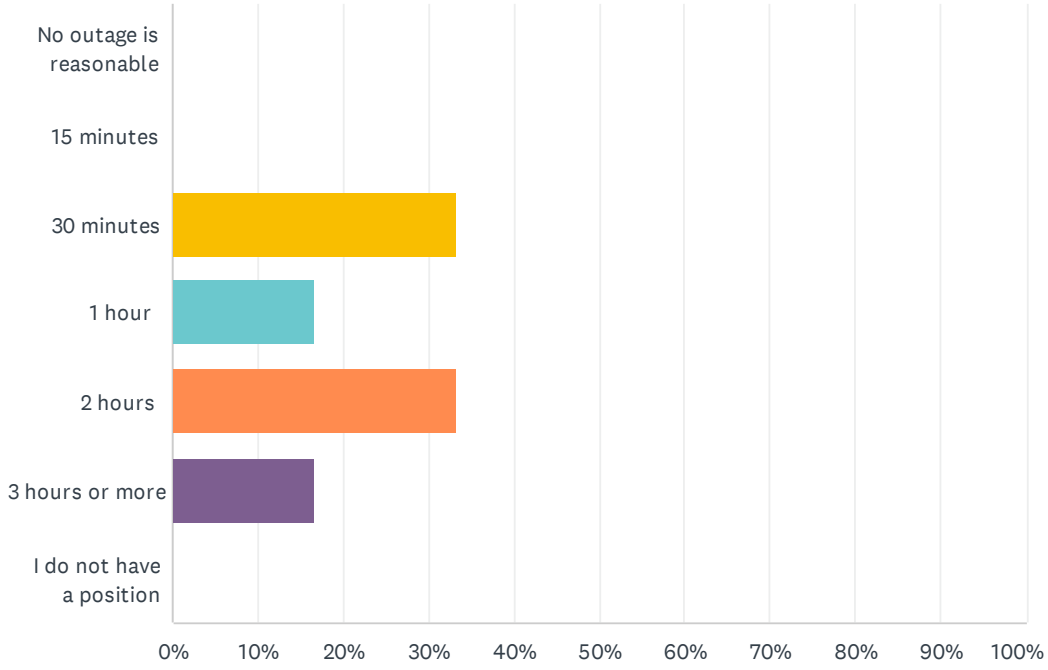
Answered: 6 Skipped: 3



ANSWER CHOICES	RESPONSES	
Zero	0.00%	0
One	33.33%	2
Two	16.67%	1
Three	50.00%	3
More than three	0.00%	0
I do not have a position	0.00%	0
TOTAL		6

Q9 How long do you think is reasonable for a power outage to last?

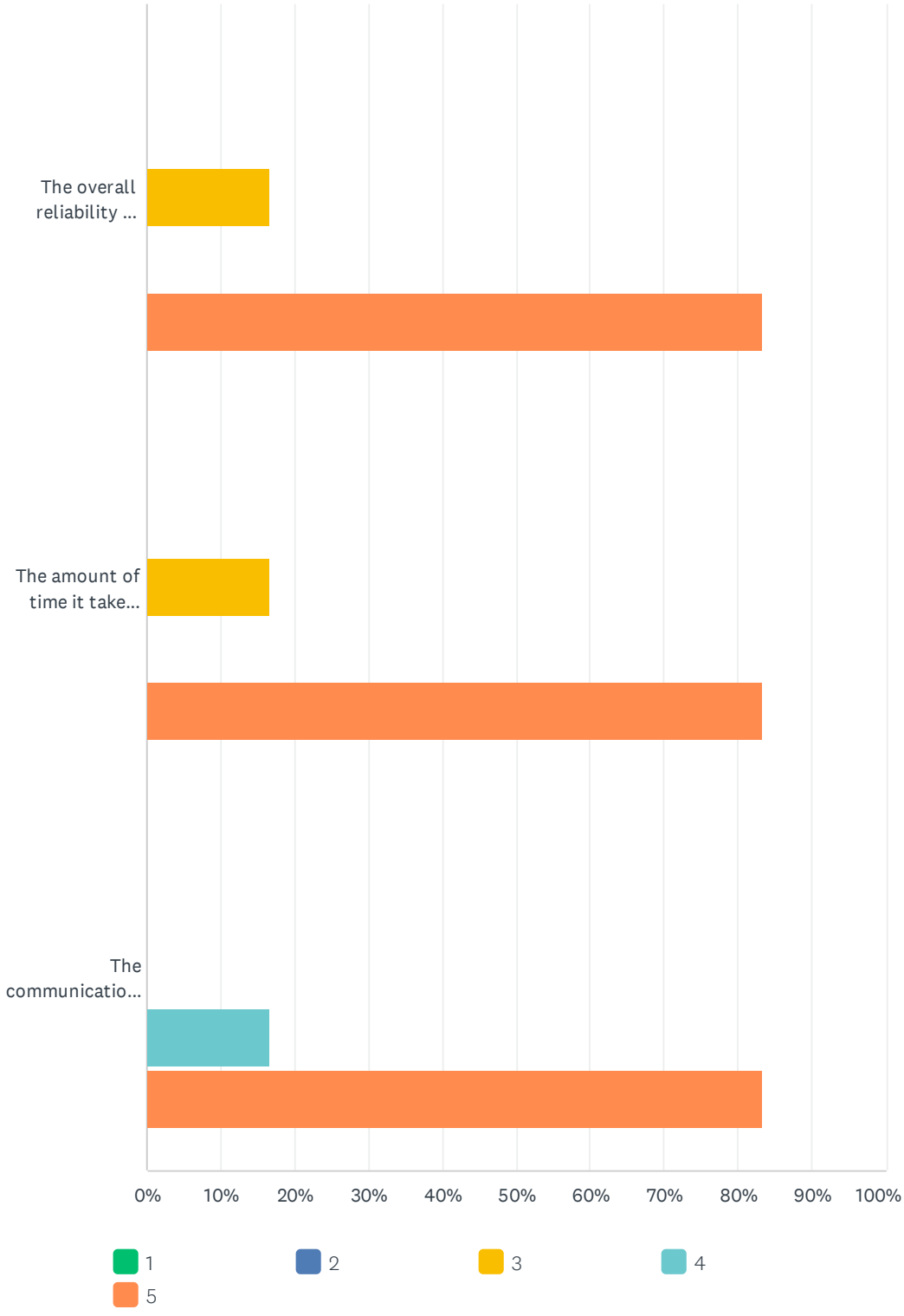
Answered: 6 Skipped: 3



ANSWER CHOICES	RESPONSES	
No outage is reasonable	0.00%	0
15 minutes	0.00%	0
30 minutes	33.33%	2
1 hour	16.67%	1
2 hours	33.33%	2
3 hours or more	16.67%	1
I do not have a position	0.00%	0
TOTAL		6

Q10 In regard to power outages that affect your home or business, for each of the following statements, can you tell us your level of satisfaction? (With 1 being low satisfaction and 5 being high satisfaction).

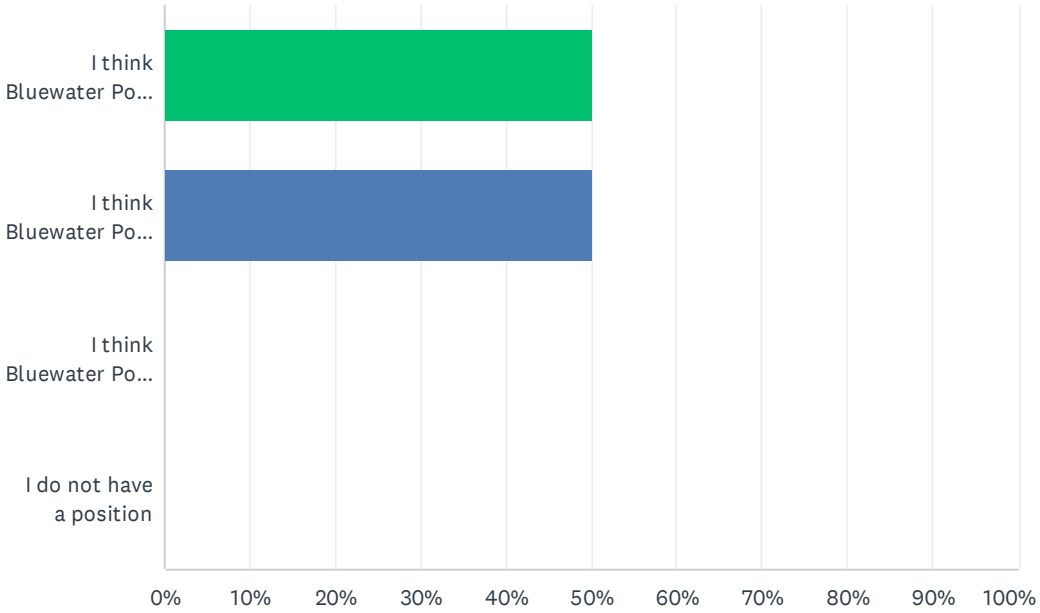
Answered: 6 Skipped: 3



	1	2	3	4	5	TOTAL
The overall reliability of your electrical service based on the number of power outages you experience	0.00% 0	0.00% 0	16.67% 1	0.00% 0	83.33% 5	6
The amount of time it takes to restore power when power outages occur	0.00% 0	0.00% 0	16.67% 1	0.00% 0	83.33% 5	6
The communication surrounding the outage	0.00% 0	0.00% 0	0.00% 0	16.67% 1	83.33% 5	6

Q11 Could you tell us which of the following statements is closest to your viewpoint about System Renewal?

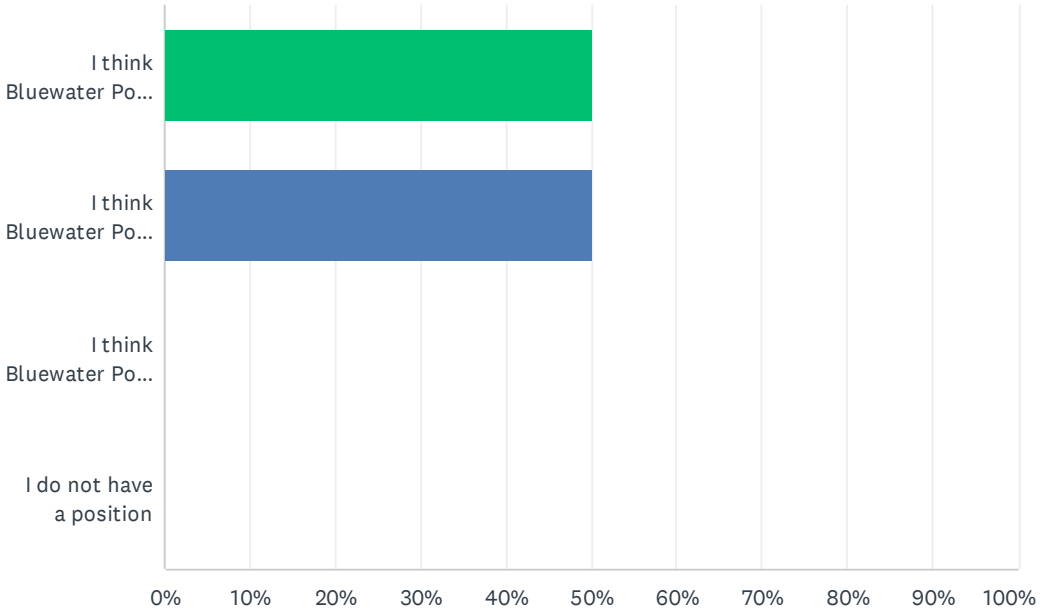
Answered: 6 Skipped: 3



ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned System Renewal investments, which may reduce power outages	50.00%	3
I think Bluewater Power should increase its System Renewal investments, which may further reduce power outages, even if it results in an additional increase to my month electricity bill	50.00%	3
I think Bluewater Power should decrease its System Renewal investments, knowing this may increase power outages, in order to keep costs from rising	0.00%	0
I do not have a position	0.00%	0
TOTAL		6

Q12 What statement best represents your thoughts on spending on System Service?

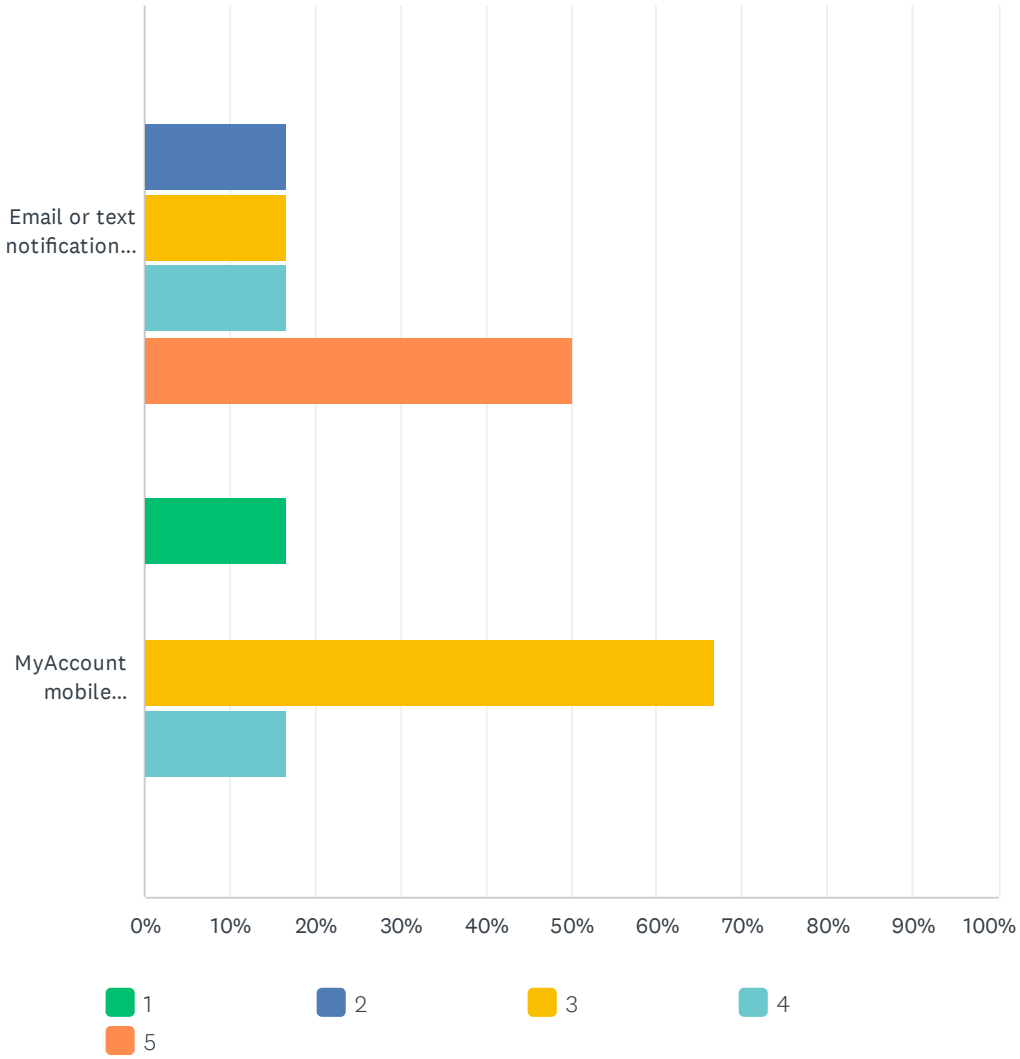
Answered: 6 Skipped: 3



ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned System Service investments, that aim to improve the current level of reliability and number of outages	50.00%	3
I think Bluewater Power should increase its System Service investments, to aim to further improve the current level of reliability and number of outages, even if it results in an additional increase to my monthly electricity bill.	50.00%	3
I think Bluewater Power should decrease its System Service investments, knowing that this may lead to reduced levels of reliability and more outages, in order to keep costs from rising	0.00%	0
I do not have a position	0.00%	0
TOTAL		6

Q13 Bluewater Power strives to make investments that will help customers and enhance the overall distribution system. On a scale of 1-5, how important to you is it that Bluewater Power invests in the following? Investing in the following items may result in bill increases.(With 1 being low importance and 5 being high importance)

Answered: 6 Skipped: 3



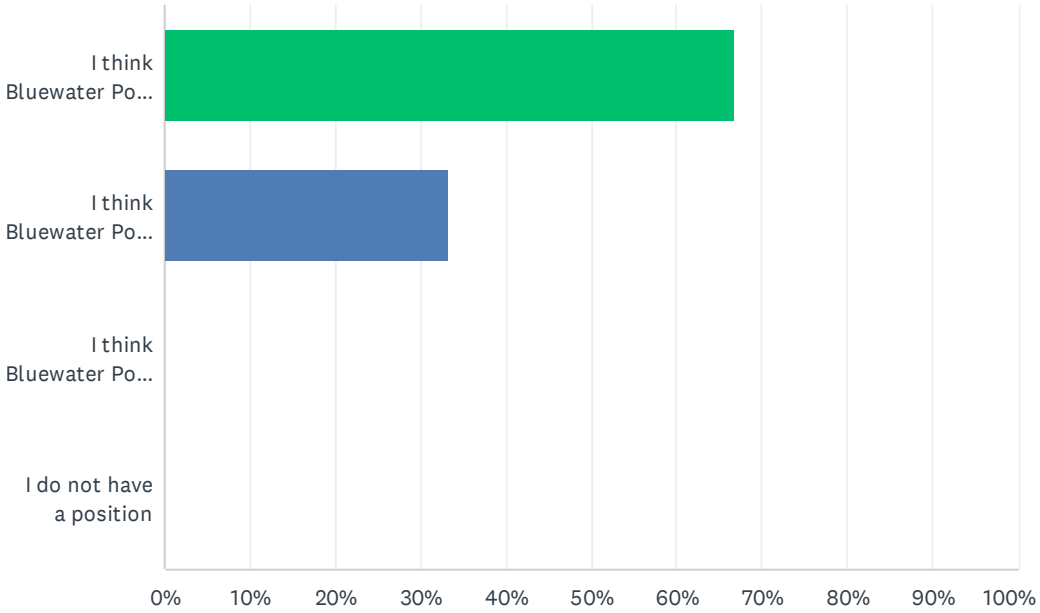
	1	2	3	4	5	TOTAL	WEIGHTED AVERAGE
Email or text notifications about outages	0.00% 0	16.67% 1	16.67% 1	16.67% 1	50.00% 3	6	4.00
MyAccount mobile application	16.67% 1	0.00% 0	66.67% 4	16.67% 1	0.00% 0	6	2.83

Q14 Is there any other technology that you would be interested in for your home or business?

Answered: 0 Skipped: 9

Q15 Which of the following statements best represents your point of view on investments in General Plant?

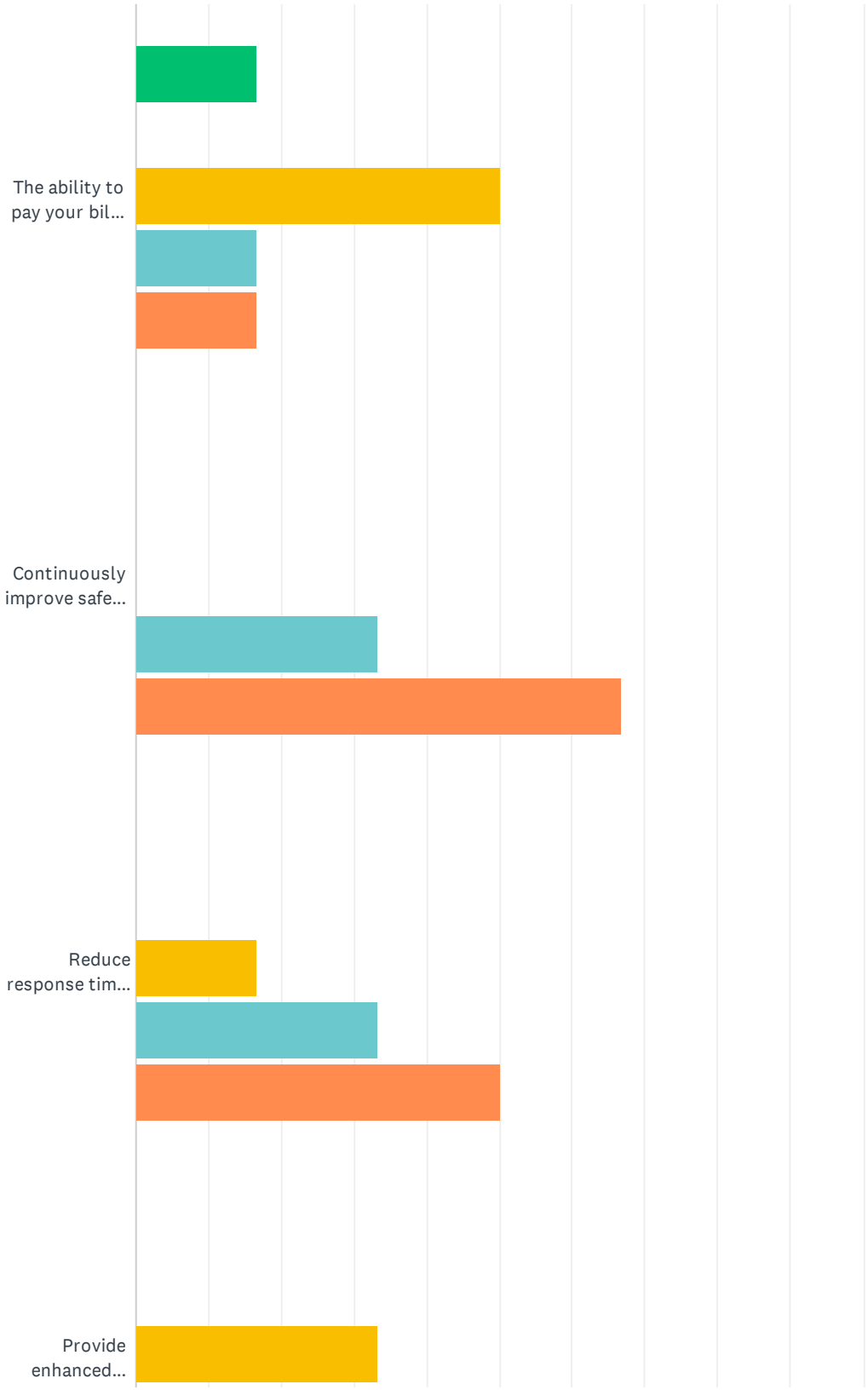
Answered: 6 Skipped: 3

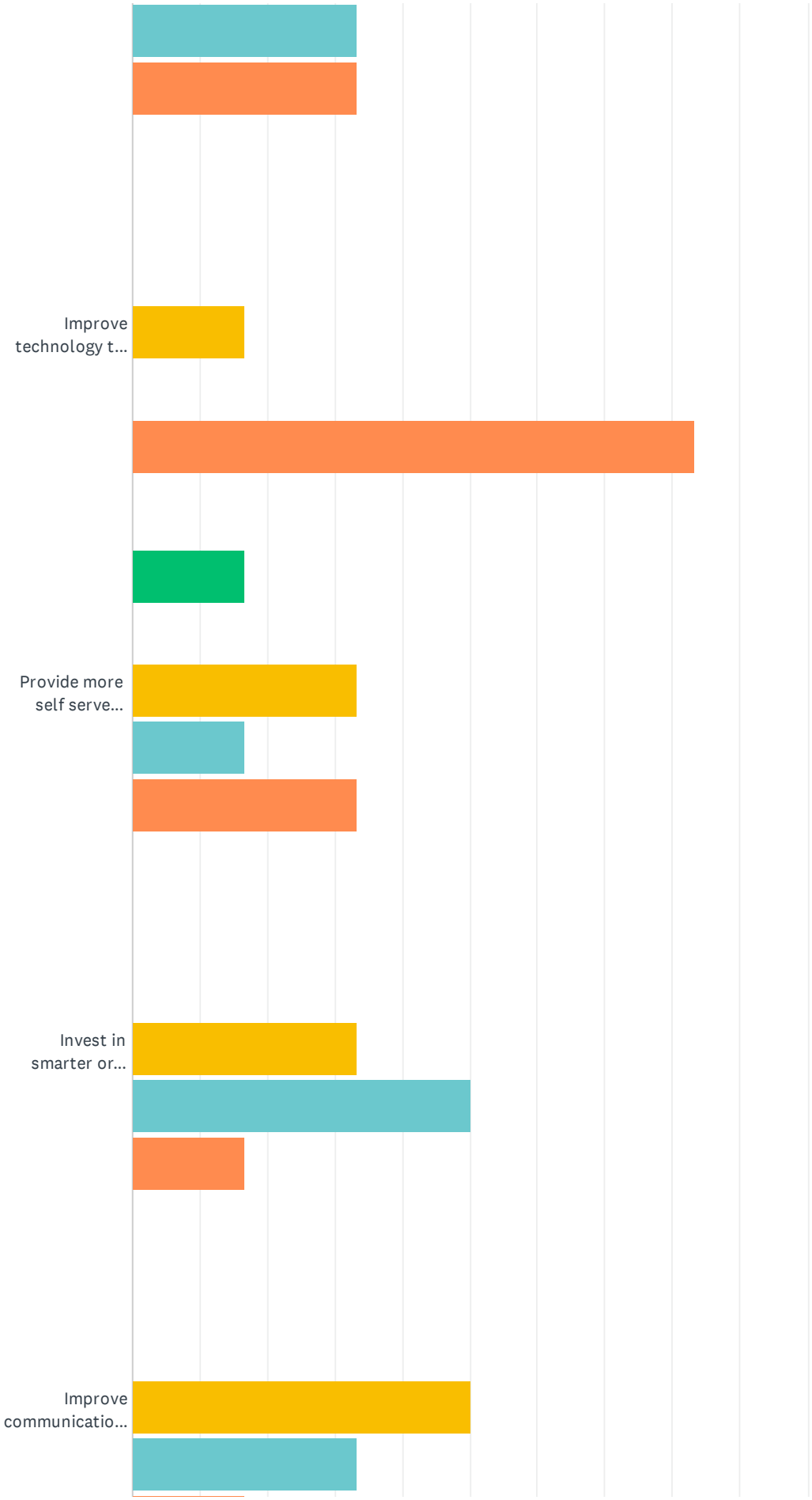


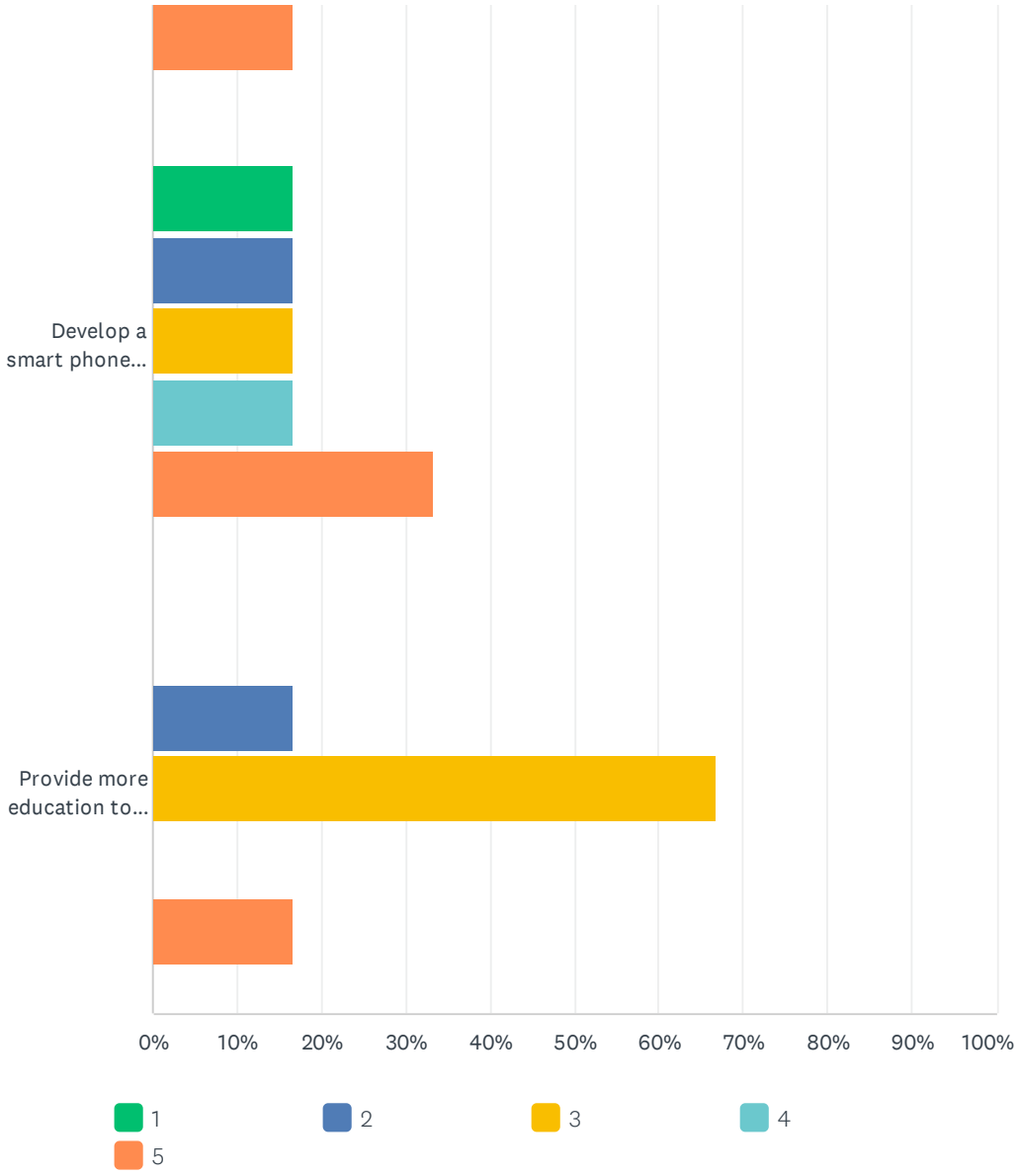
ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned General Plant investments, because it is important that Bluewater Power's staff have the equipment and tools they need to manage the system safely, efficiently, and reliably.	66.67%	4
I think Bluewater Power should increase its General Plant investments, even if it results in an additional increase to my monthly electricity bill	33.33%	2
I think Bluewater Power should decrease its General Plant investments, in order to keep costs from rising	0.00%	0
I do not have a position	0.00%	0
TOTAL		6

Q16 Please rate each activity on a scale of 1 to 5.(With 1 being low priority and 5 being high priority)

Answered: 6 Skipped: 3




Improve technology t...
Provide more self serve...
Invest in smarter or...
Improve communicatio...


Develop a smart phone...
Provide more education to...
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
1
2
3
4
5

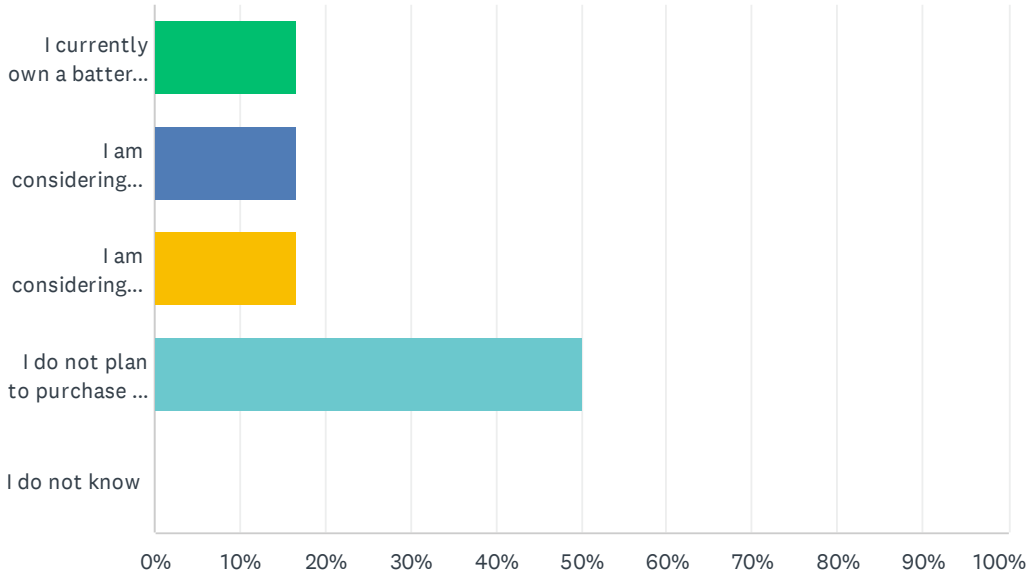
	1	2	3	4	5	TOTAL	WEIGHTED AVERAGE
The ability to pay your bill by credit card without any transaction fees	16.67% 1	0.00% 0	50.00% 3	16.67% 1	16.67% 1	6	3.17
Continuously improve safety and reliability of network	0.00% 0	0.00% 0	0.00% 0	33.33% 2	66.67% 4	6	4.67
Reduce response time to outages	0.00% 0	0.00% 0	16.67% 1	33.33% 2	50.00% 3	6	4.33
Provide enhanced customer service	0.00% 0	0.00% 0	33.33% 2	33.33% 2	33.33% 2	6	4.00
Improve technology to enhance the electrical system (ie Switches that allow power to be remotely re-routed to different feeders)	0.00% 0	0.00% 0	16.67% 1	0.00% 0	83.33% 5	6	4.67
Provide more self serve options on the website	16.67% 1	0.00% 0	33.33% 2	16.67% 1	33.33% 2	6	3.50
Invest in smarter or 'green' technologies (energy storage, electric vehicles etc.)	0.00% 0	0.00% 0	33.33% 2	50.00% 3	16.67% 1	6	3.83
Improve communication for billing and outages	0.00% 0	0.00% 0	50.00% 3	33.33% 2	16.67% 1	6	3.67
Develop a smart phone application to view usage and pay your bill on your phone	16.67% 1	16.67% 1	16.67% 1	16.67% 1	33.33% 2	6	3.33
Provide more education to the public about electricity safety	0.00% 0	16.67% 1	66.67% 4	0.00% 0	16.67% 1	6	3.17

Q17 Is there anything else not mentioned in the question above that we should investigate investing in?

Answered: 0 Skipped: 9

Q18 How likely are you to purchase battery storage for your home or business?

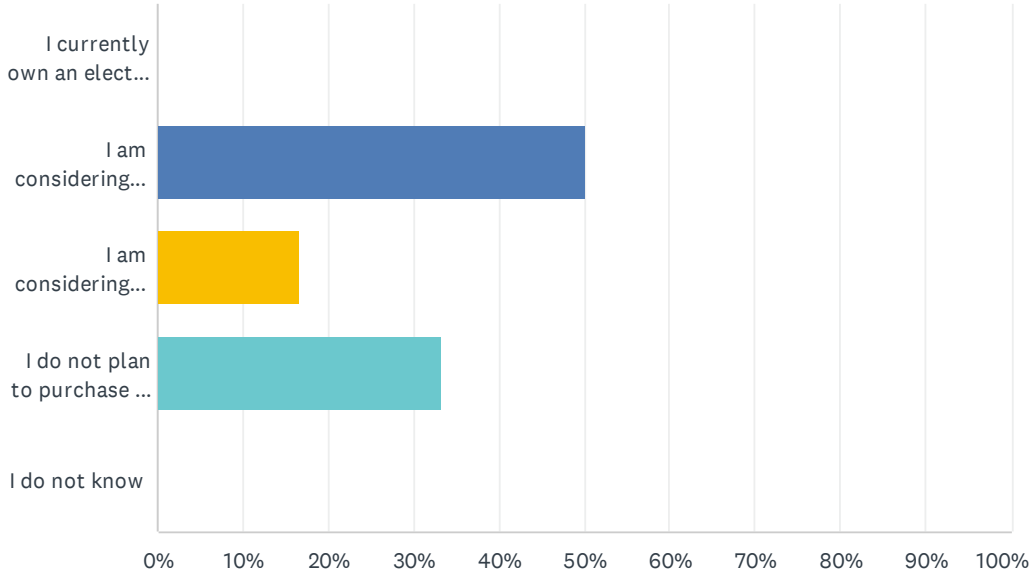
Answered: 6 Skipped: 3



ANSWER CHOICES	RESPONSES	
I currently own a battery storage unit	16.67%	1
I am considering purchasing one in the next 5 years	16.67%	1
I am considering purchasing one in the next 10 years	16.67%	1
I do not plan to purchase a battery storage unit	50.00%	3
I do not know	0.00%	0
TOTAL		6

Q19 How likely are you to purchase an electric or hybrid vehicle?

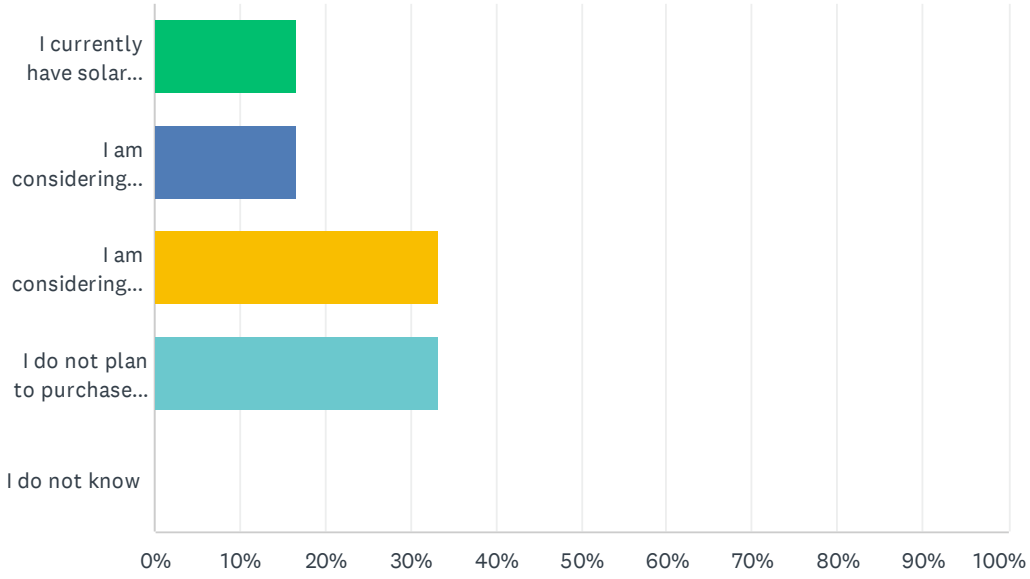
Answered: 6 Skipped: 3



ANSWER CHOICES	RESPONSES	
I currently own an electric or plug-in hybrid vehicle	0.00%	0
I am considering purchasing one in the next 5 years	50.00%	3
I am considering purchasing one in the next 10 years	16.67%	1
I do not plan to purchase an electric or hybrid vehicle	33.33%	2
I do not know	0.00%	0
TOTAL		6

Q20 How likely are you to install a solar panel at your home or business?

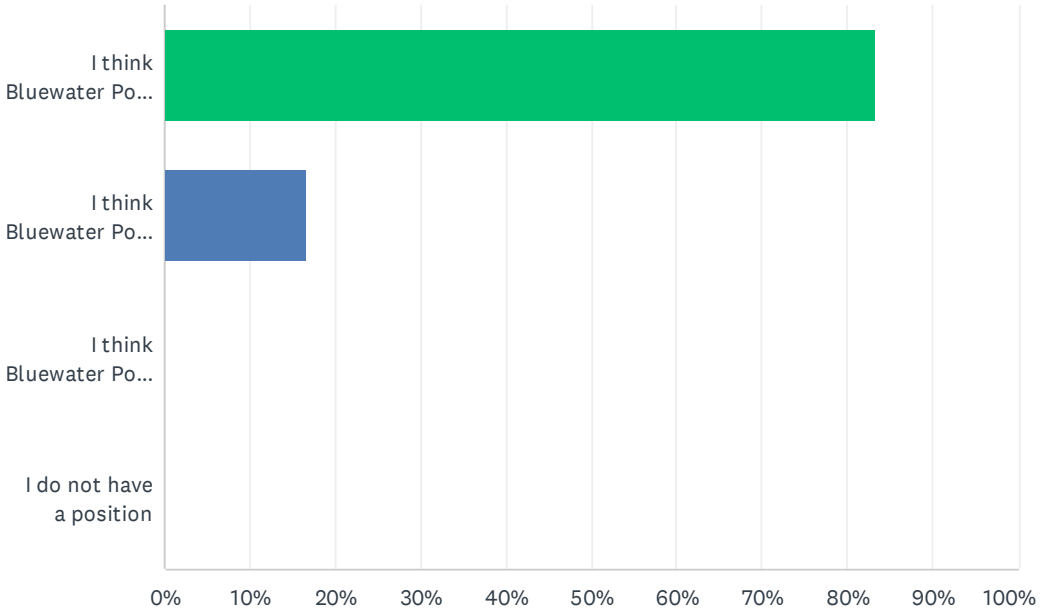
Answered: 6 Skipped: 3



ANSWER CHOICES	RESPONSES	
I currently have solar panels	16.67%	1
I am considering purchasing solar panels in the next 5 years	16.67%	1
I am considering purchasing solar panels in the next 10 years	33.33%	2
I do not plan to purchase solar panels	33.33%	2
I do not know	0.00%	0
TOTAL		6

Q21 What statement best represents your thoughts on Bluewater's overall spending?

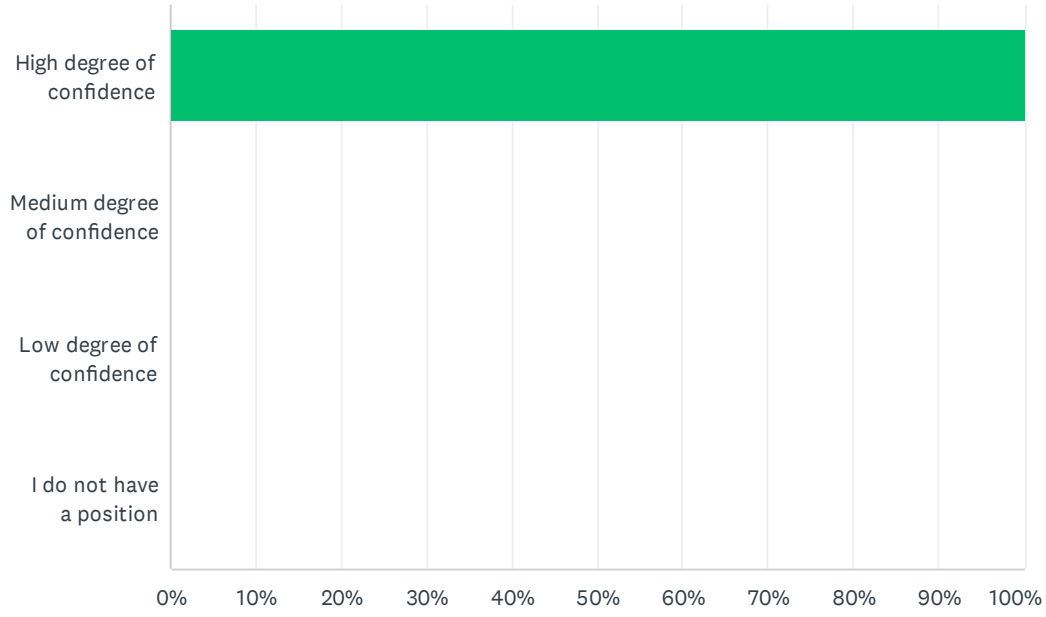
Answered: 6 Skipped: 3



ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned level of spending. I rely on the experts at Bluewater Power to make the best investment decisions to increase system reliability	83.33%	5
I think Bluewater Power should increase its overall spending, which may further improve the level of reliability, even if it results in an additional increase to my monthly electricity bill	16.67%	1
I think Bluewater Power should decrease its overall spending, in order to keep costs from rising. I would be willing to accept more and longer power outages	0.00%	0
I do not have a position	0.00%	0
TOTAL		6

Q22 Thinking about everything we've discussed about our overall capital spending, how confident are you that Bluewater Power will continue to provide safe, reliable, and cost effective power by implementing the investments associated with our plan?

Answered: 6 Skipped: 3



ANSWER CHOICES	RESPONSES	
High degree of confidence	100.00%	6
Medium degree of confidence	0.00%	0
Low degree of confidence	0.00%	0
I do not have a position	0.00%	0
TOTAL		6

Q23 Are there any other comments or suggestions you would like to provide?

Answered: 1 Skipped: 8

GEN>50 kW Survey and Results

February 2022 - Customer Survey to Support the DSP - Commercial

Hello, Friends!

We invite you to take part in this online survey and share your thoughts on Bluewater Power's investment strategies.

Bluewater Power will be applying to our regulator, the Ontario Energy Board, for a rate review in the coming months. We will include a Distribution System Plan ("DSP"), which details our planned investments in our infrastructure. That's where we need your help and input!

This survey is expected to take between 10-15 minutes; it entails some reading of our investment strategy and then seeks your opinion.

By completing the survey and providing your contact information or account number, your business will be entered into the draw to win 1 of 5 credits of $100 off your electricity bill.

Please be assured that your survey responses are confidential, and you will not be identified as the source of any feedback you provide. Your anonymous feedback will be grouped and presented to the Ontario Energy Board when Bluewater Power files its 2023 rate application. We encourage all mid-size commercial customers to complete the survey.

February 2022 - Customer Survey to Support the DSP - Commercial

* 1. In which sector does your business operate?

- ◯ Commercial
- ◯ Industrial, construction, or manufacturing
- ◯ Warehouse or transportation
- ◯ Hospitality or restaurant
- ◯ Real Estate
- ◯ Retail
- ◯ Education services
- ◯ Health care
- ◯ Other

* 2. How many employees work at your business?

- ◯ 1-10
- ◯ 11-20
- ◯ 21-50
- ◯ 51-100
- ◯ More than 100

February 2022 - Customer Survey to Support the DSP - Commercial

Section 1: Electricity Background

Let's get started with some background on Bluewater Power.

Bluewater Power has distributed electricity to the people of Sarnia-Lambton for the past 100 years. It originated as the Hydro-Electric Commissions of our member municipalities. We pride ourselves on being a valuable local community partner.

We now service over 37,000 residential, commercial, and industrial customers in the City of Sarnia, including Aamjiwnaang First Nation, the Town of Petrolia, the Village of Point Edward, the Village of Oil Springs, the Township of Warwick, and the Township of Brooke-Alvinston.

What do we do?

Ontario's electricity system consists of 3 main components: generation, transmission, and distribution.

GENERATION

Generation stations, also known as power stations or power plants, convert different types of energy into electricity.

TRANSMISSION

Transmission lines deliver high voltage electricity from generators to communities across Ontario. Most of the transmission lines in the province are owned and operated by Hydro One.

DISTRIBUTION

Local Distribution Companies, including Bluewater Power, own and operate infrastructure to convert high voltage electricity from the transmission lines to a lower voltage and to deliver it to local consumers.

Bluewater Power falls within the third category, which is the distribution (local delivery) of the electricity. We receive power from the provincial grid and then distribute electricity through 220 km of underground lines, and 560 km of overhead lines hanging from 16,000 poles, as well as 16 Municipal Substations all to serve our customers' homes and businesses.

Bluewater Power operates and maintains the distribution system, reads your meter, calculates the bill, answers your questions through phone, email and the front office, handles any emergency outages, and ensures reliability and safety of the power that is supplied to you.

Here are some other quick facts:

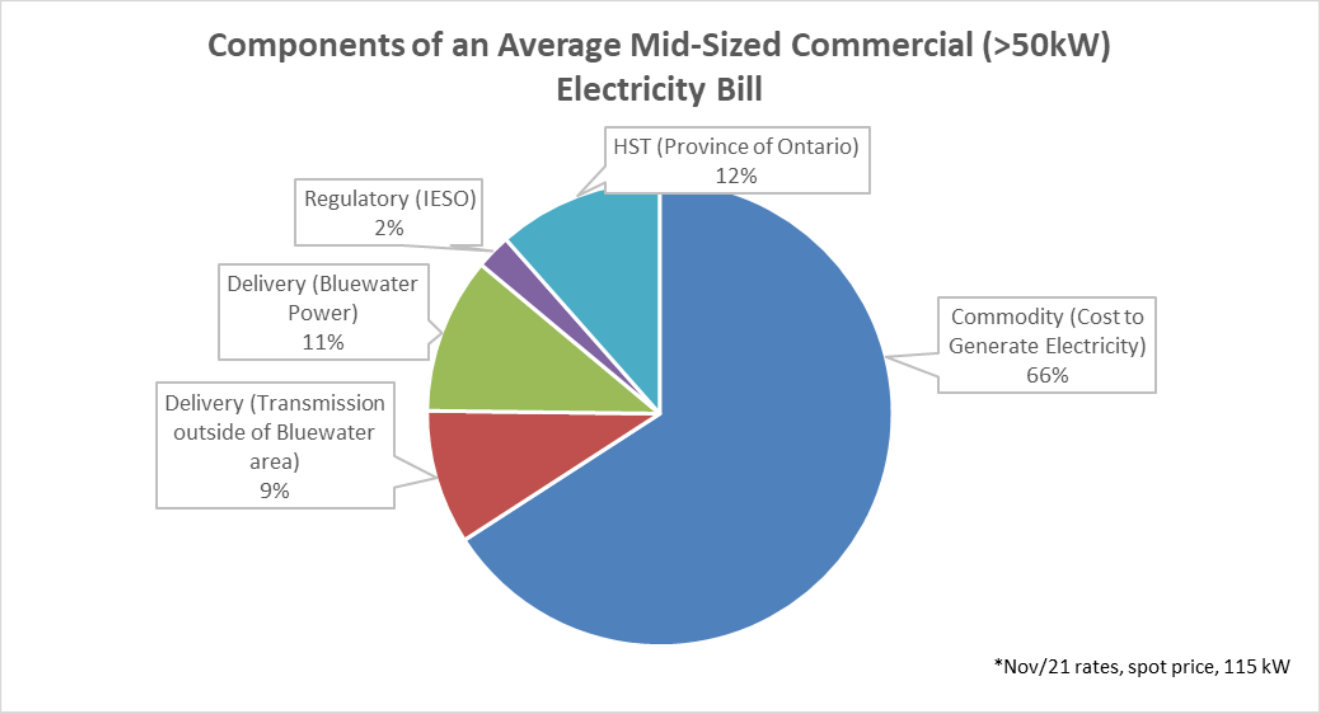
- **Bluewater Power is owned by the Municipalities we serve.**
- **Bluewater Power is a local employer of over 120 people.**
- **The Ontario Energy Board sets the price for the electricity commodity; it also sets the 'time-of-use' periods (on-peak, mid-peak, off-peak) and the tiered thresholds.**
- **Bluewater Power does not generate electricity, but receives power from the Provincial Grid and from Hydro One Networks Inc.**
- **Bluewater Power does not control the source of energy (such as nuclear, hydroelectric, natural gas, solar, wind).**

February 2022 - Customer Survey to Support the DSP - Commercial

Your Electricity Bill

Every charge on your bill is regulated by the Ontario Energy Board. Although Bluewater Power collects your entire electricity bill, we only retain a portion of the "Distribution Charge" line item. The portion Bluewater Power retains represents, on average, 11% of your total bill for mid-size commercial customers, as shown in green on the graph, below. The remaining portion of your electricity bill are flow-through items for taxes, regulatory agencies, or the transmission and generation sectors.

The chart below outlines the components of a typical mid-size commercial (>50kW) electricity bill and who keeps those charges.



This survey focuses on the **distribution** portion of your **electricity bill**, which is included in the 'Fixed Customer Charge' and part of the 'Distribution Charge' on your bill. This is the only component that Bluewater Power controls and keeps in order to run the business.

* 3. Were you aware that Bluewater Power only controls and keeps approximately 11% of your commercial electricity bill?

- ◯ Yes
- ◯ No

* 4. Please rank the following from most important to least important to you.

(With 1 being the most important and 5 being least important).

- Affordable cost of electricity
- Reducing the length of power outages
- Reducing the number of power outages
- Access to outage information
- Support for innovation (conserving or generating my own electricity)

* 5. Overall, how satisfied are you with the service you receive from Bluewater Power?

- ◯ Very satisfied
- ◯ Somewhat satisfied
- ◯ Neither satisfied nor dissatisfied
- ◯ Somewhat dissatisfied
- ◯ Very dissatisfied

6. Is there anything specifically Bluewater Power can do to improve its services to you?

February 2022 - Customer Survey to Support the DSP - Commercial

Section 2: Planned Investments

Operating Expenses

Operating expenses are another main component of our overall budget. Operating expenses include meter reading, customer service, and administrative expenses, as well as expenses to operate equipment, vehicles, and buildings.

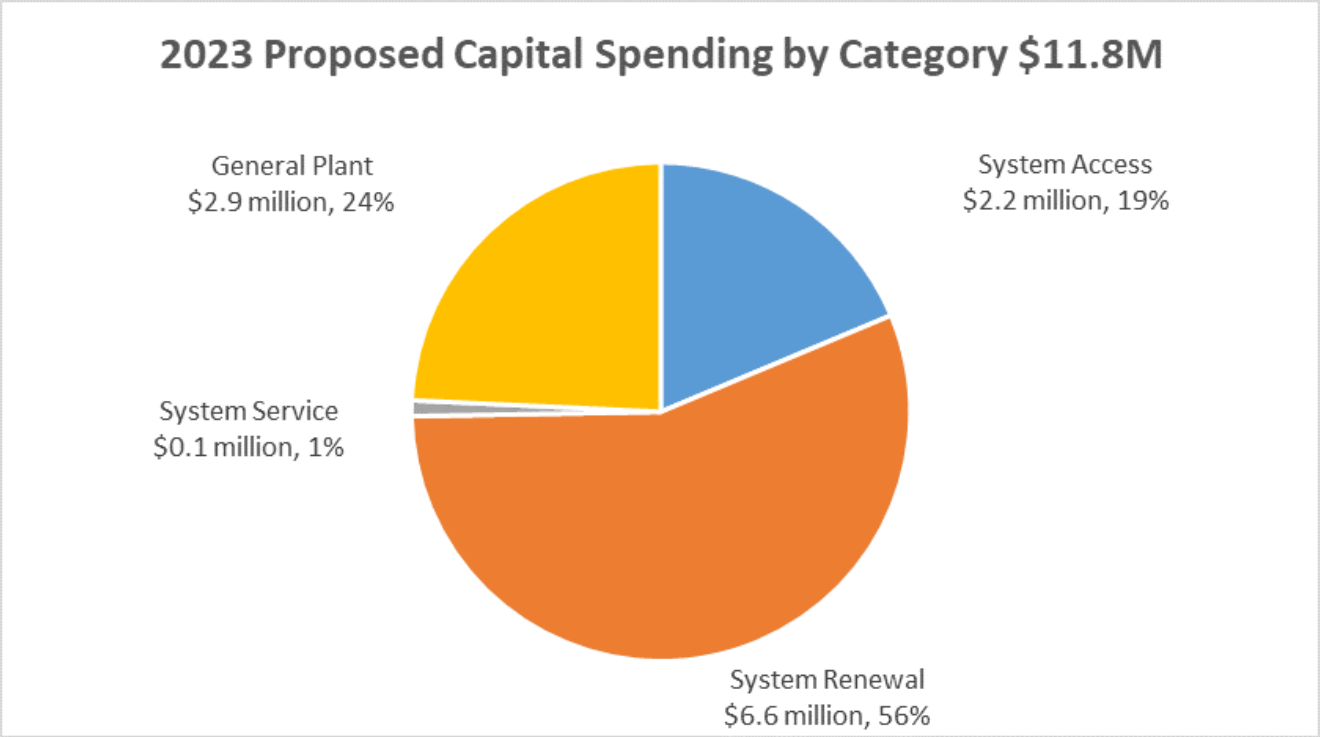
When Bluewater Power files its 2023 rate application with the Ontario Energy Board, all of our expenses will be reviewed and challenged by industry experts, the OEB staff, and interested parties (called intervenors). If you wish to comment on Bluewater Power's application, we encourage you to participate in this process once our application is filed later in 2022 by clicking here.

Capital Expenses

Now we are going to provide some information to you about our planned capital investments for our five-year Distribution System Plan and seek your input.

Bluewater Power's distribution system includes all the power lines, transformers, substations, poles, and power connections to homes and businesses. We spend money on maintaining and replacing these items every year in order to provide you, our customers, with reliable power supply. All of these assets are valued at over $80 million, and we plan to invest between $10-12 million per year on our infrastructure. Our total proposed capital spending for 2023 is $11.8 million.

We group our capital spending into four categories as seen in the chart, below. We'll cover each one individually.



System Access - Mandatory Investments to Support Customer Growth

Bluewater Power provides new infrastructure each year to connect new customers to the electrical system. Examples of this include supporting new subdivision and commercial growth within our service territories, including any new meters required.

Spending in System Access represents approximately 19% of Bluewater Power's total capital budget for the year 2023, or approximately $2.2 million.

Bluewater Power is obligated to provide customers access to electricity, and spending within this category is mandated by the Ontario Energy Board. As a result, these projects are mandatory.

System Renewal - Replacing Aging Equipment

System Renewal involves replacing or upgrading parts of the distribution system such as poles, transformers, wires, and all related equipment. All the equipment has a life expectancy. Bluewater Power continually balances proactively replacing equipment before it fails and waiting until the equipment fails to get the full useful life out of it, depending on the type of equipment and its role in the distribution system.

System Renewal is the largest component of our spending, at approximately 56% or $6.6 million for the year 2023. A large portion of this spending is on replacing wood poles.

February 2022 - Customer Survey to Support the DSP - Commercial

Wood Pole Replacement

Sarnia's population grew in the 1960s and 1970s, necessitating an increase to overhead infrastructure at that time. Many of the 16,000 poles that Bluewater Power owns and maintains are now greater than 50 years old.

Over time, poles can weaken due to decomposition, weather conditions, insects, birds, and other wildlife. Bluewater Power undertakes regular pole testing to determine the structural integrity of the poles. Wood poles that have reached their end-of-life are marked for replacement.

Bluewater Power is planning on spending approximately $2.2 million per year on pole replacements for the next 5 years. This represents approximately 33% of the System Renewal budget in 2023.

Outages

System Renewal investments are important in order to reduce the number and length of outages.

Reliability is measured by the average frequency and average duration of power outages. In 2021, Bluewater Power customers experienced an average of 2 outages in the year for an average outage time of less than 3 hours. If Bluewater Power continues to invest in improvements to infrastructure, it may continue to improve reliability for customers.

* 7. How many power outages did your business experience in the past year?

- ◯ Zero
- ◯ One
- ◯ Two
- ◯ Three
- ◯ More than three
- ◯ I do not know

* 8. How many power outages do you feel are reasonable in a year?

- ◯ Zero
- ◯ One
- ◯ Two
- ◯ Three
- ◯ More than three
- ◯ I do not have a position

* 9. How long do you think is reasonable for a power outage to last?

- ◯ No outage is reasonable
- ◯ 15 minutes
- ◯ 30 minutes
- ◯ 1 hour
- ◯ 2 hours
- ◯ 3 hours or more
- ◯ I do not have a position

10. In regard to power outages that affect your business, for each of the following statements, can you tell us your level of satisfaction?

(With 1 being low satisfaction and 5 being high satisfaction).

	1	2	3	4	5
The overall reliability of your electrical service based on the number of power outages you experience	◯	◯	◯	◯	◯
The amount of time it takes to restore power when power outages occur	◯	◯	◯	◯	◯
The communication surrounding the outage	◯	◯	◯	◯	◯

* 11. Could you tell us which of the following statements is closest to your viewpoint about System Renewal?

- ◯ I think Bluewater Power should proceed with its planned System Renewal investments, which may reduce power outages
- ◯ I think Bluewater Power should increase its System Renewal investments, which may further reduce power outages, even if it results in an additional increase to my month electricity bill
- ◯ I think Bluewater Power should decrease its System Renewal investments, knowing this may increase power outages, in order to keep costs from rising
- ◯ I do not have a position

February 2022 - Customer Survey to Support the DSP - Commercial

System Service - Modernizing Investments

Investments in System Service include modifications to the system for more automation, more mapping tools to identify alternate paths for power during outages, smarter transformers, and remote switches that allow power to be redirected from the office. It would also involve upgrades to the system that would reduce power losses. An increasingly modern grid will help Bluewater power meet the future power needs of our customers more easily. Investing in System Service will also ensure a reliable system and help minimize outages and duration of outages.

Bluewater plans to spend approximately $0.1 million or 1% of the 2023 capital budget on System Service.

Remote Load Break Switches

Our System Service investments include remote load break switches. These switches can be operated remotely from the control room or automatically from our software system in conjunction with other remote switches to isolate faults and reduce outage times. Remote operation reduces the need for lines workers to attend a site, which reduces the length of an outage and helps to identify the location of a fault.

* 12. What statement best represents your thoughts on spending on System Service?

- ◯ I think Bluewater Power should proceed with its planned System Service investments, that aim to improve the current level of reliability and number of outages
- ◯ I think Bluewater Power should increase its System Service investments, to aim to further improve the current level of reliability and number of outages, even if it results in an additional increase to my monthly electricity bill.
- ◯ I think Bluewater Power should decrease its System Service investments, knowing that this may lead to reduced levels of reliability and more outages, in order to keep costs from rising
- ◯ I do not have a position

February 2022 - Customer Survey to Support the DSP - Commercial

General Plant - Ongoing routine investments

Investments in General Plan include Bluewater Power's land and buildings, tools, vehicles and trucks, billing system hardware and software (known as Information Technology or "IT" costs), and other items used to support the day-to-day business and operations activities.

Vehicles

A major investment category within General Plan is utility vehicles, such as bucket trucks. These are specialized vehicles that are used on a daily basis to complete overhead work, such as on electrical poles. They are essential in the safe and quick restoration of power.

Information Technology

Another major category in General Plant is in regard to Information Technology or "IT' projects. IT spending covers all technology hardware and software.

Bluewater must spend to keep its customer information system up-to-date, as this system handles all the billing, meter data, purchasing, and finance functions, as well as protects customer information through cybersecurity. The system has to be continually modified to keep up with changes to Provincial and other regulations. Bluewater is able to perform the majority of the system changes 'in-house', which helps manage costs, as we do our best to not rely on external consultants.

IT projects also include the operation and maintenance of customer communication platforms (including Bluewater Power's online customer portal,

"MyAccount").

Bluewater is proposing to spend approximately $2.9 million, or 24%, of the capital budget on General Plant items in 2023.

* 13. Bluewater Power strives to make investments that will help customers and enhance the overall distribution system. On a scale of 1-5, how important to you is it that Bluewater Power invests in the following? Investing in the following items may result in bill increases.

(With 1 being low importance and 5 being high importance)

	1	2	3	4	5
Email or text notifications about outages	◯	◯	◯	◯	◯
MyAccount mobile application	◯	◯	◯	◯	◯

14. Is there any other technology that you would be interested in for your business?

* 15. Which of the following statements best represents your point of view on investments in General Plant?

- ◯ I think Bluewater Power should proceed with its planned General Plant investments, because it is important that Bluewater Power's staff have the equipment and tools they need to manage the system safely, efficiently, and reliably.
- ◯ I think Bluewater Power should increase its General Plant investments, even if it results in an additional increase to my monthly electricity bill
- ◯ I think Bluewater Power should decrease its General Plant investments, in order to keep costs from rising
- ◯ I do not have a position

February 2022 - Customer Survey to Support the DSP - Commercial

Section 3: Other Spending Options and Conclusion

Please consider each of the following activities, and indicate how important you think they are for Bluewater Power to invest in.

*** 16. Please consider each of the following activities, and indicate how important you think they are for Bluewater to invest in: Please rate each activity on a scale of 1 to 5.**

(With 1 being low priority and 5 being high priority)

	1	2	3	4	5
The ability to pay your bill by credit card without any transaction fees	◯	◯	◯	◯	◯
Continuously improve safety and reliability of network	◯	◯	◯	◯	◯
Reduce response time to outages	◯	◯	◯	◯	◯
Provide enhanced customer service	◯	◯	◯	◯	◯

	1	2	3	4	5
Improve technology to enhance the electrical system (i.e. Switches that allow power to be remotely re-routed to different feeders)	○	○	○	○	○
Provide more self serve options on the website	○	○	○	○	○
Invest in smarter or 'green' technologies (energy storage, electric vehicles etc.)	○	○	○	○	○
Improve communication for billing and outages	○	○	○	○	○
Develop a smart phone application to view usage and pay your bill on your phone	○	○	○	○	○
Provide more education to the public about electricity safety	○	○	○	○	○

17. Is there anything else not mentioned in the question above that we should investigate investing in?

February 2022 - Customer Survey to Support the DSP - Commercial

Future Energy Needs

Changes are continual in the energy sector, and Bluewater Power is seeking your feedback to ensure we are equipped to support the future energy needs in our service area.

* 18. How likely are you to purchase battery storage for your business?

- Our business currently owns a battery storage unit
- Our business is considering purchasing one in the next 5 years
- Our business is considering purchasing one in the next 10 years
- Our business does not plan to purchase a battery storage unit
- I do not know

* 19. How likely are you to purchase an electric or hybrid vehicle for your business?

- Our business currently owns an electric or plug-in hybrid vehicle
- Our business is considering purchasing one in the next 5 years
- Our business is considering purchasing one in the next 10 years
- Our business does not plan to purchase an electric or hybrid vehicle
- I do not know

* 20. How likely are you to install a solar panel at your business?

- ◯ Our business currently has solar panels
- ◯ Our business is considering purchasing solar panels in the next 5 years
- ◯ Our business is considering purchasing solar panels in the next 10 years
- ◯ Our business does not plan to purchase solar panels
- ◯ I do not know

February 2022 - Customer Survey to Support the DSP - Commercial

Overall Impact On Your Bill

Bluewater is planning on spending approximately $11.8 million in 2023 in capital expenditures and approximately $15 million in operating expenses in 2023.

This level of investment leads to a commercial customer paying approximately 1.2% more on a total bill basis.

If Bluewater was to spend approximately 10% less on capital projects (approximately $1.2 million less), that would reduce the bill impact by $1.76 per month. Conversely, if we were to spend 10% more and accelerate some of the projects, it would increase the bill impact by approximately $1.76 per month.

*** 21. What statement best represents your thoughts on Bluewater's overall spending?**

- ◯ I think Bluewater Power should proceed with its planned level of spending. I rely on the experts at Bluewater Power to make the best investment decisions to increase system reliability
- ◯ I think Bluewater Power should increase its overall spending. I would be willing to pay slightly more on my bill to further improve the level of reliability.
- ◯ I think Bluewater Power should decrease its overall spending. I would be willing to accept more and longer power outages if that meant there would be a slight decrease on my electricity bill.
- ◯ I do not have a position

*** 22. Thinking about everything we've discussed about our overall capital spending, how confident are you that Bluewater Power will continue to provide safe, reliable, and cost effective power by implementing the investments associated with our plan?**

- ◯ High degree of confidence
- ◯ Medium degree of confidence
- ◯ Low degree of confidence
- ◯ I do not have a position

23. Are there any other comments or suggestions you would like to provide?

February 2022 - Customer Survey to Support the DSP - Commercial

Thank you for completing the survey! In appreciation of your time for completing the survey you will be entered into a draw for 1 of 5 $100 credits towards your Bluewater Power electricity bill.

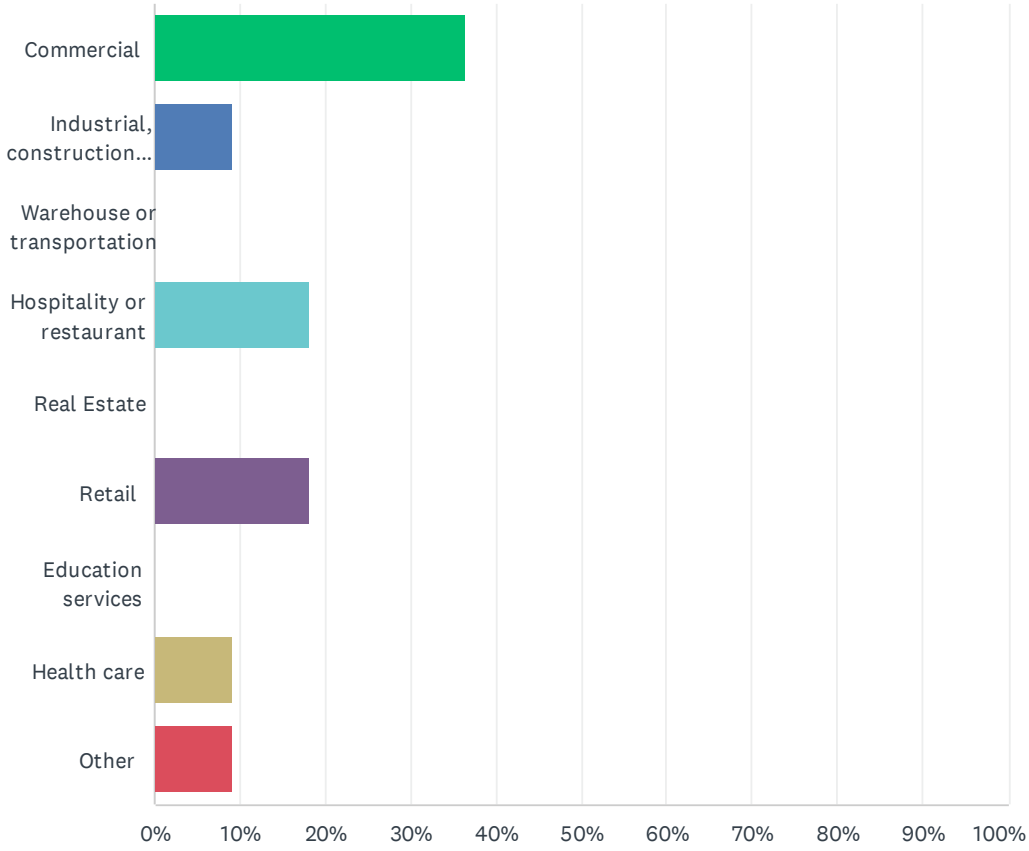
*** 24. Customer Information - *If you do not have your account number, please ensure you provide your business name and service address to be entered into the draw.***

Name	
Service Address	
Account Number	

Thank you completing this survey!

Q1 In which sector does your business operate?

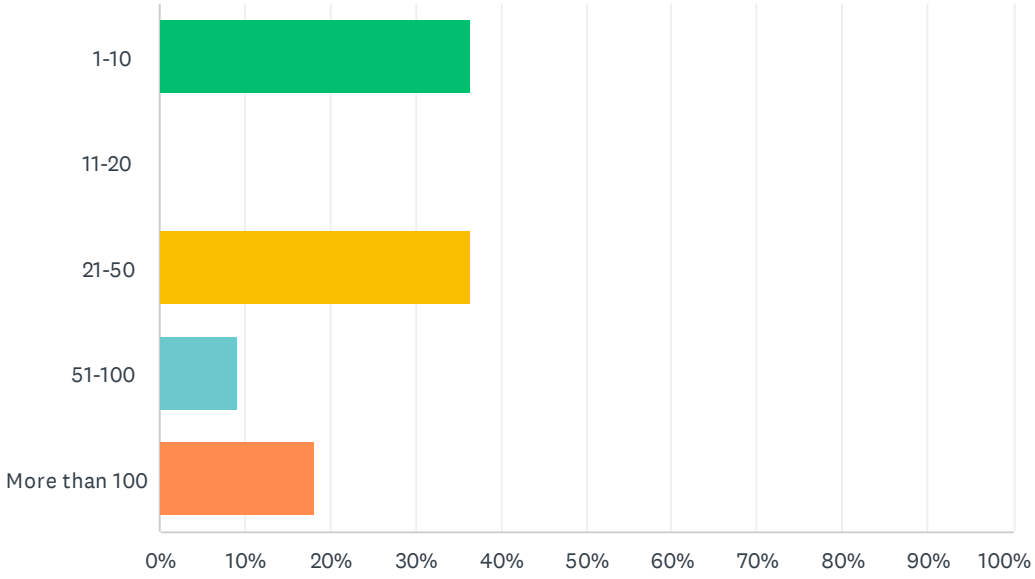
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Commercial	36.36%	4
Industrial, construction, or manufacturing	9.09%	1
Warehouse or transportation	0.00%	0
Hospitality or restaurant	18.18%	2
Real Estate	0.00%	0
Retail	18.18%	2
Education services	0.00%	0
Health care	9.09%	1
Other	9.09%	1
TOTAL		11

Q2 How many employees work at your business?

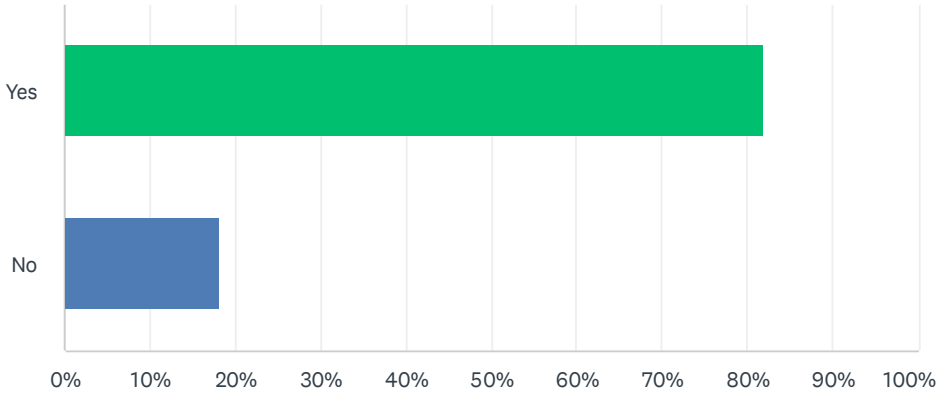
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
1-10	36.36%	4
11-20	0.00%	0
21-50	36.36%	4
51-100	9.09%	1
More than 100	18.18%	2
TOTAL		11

Q3 Were you aware that Bluewater Power only controls and keeps approximately 11% of your commercial electricity bill?

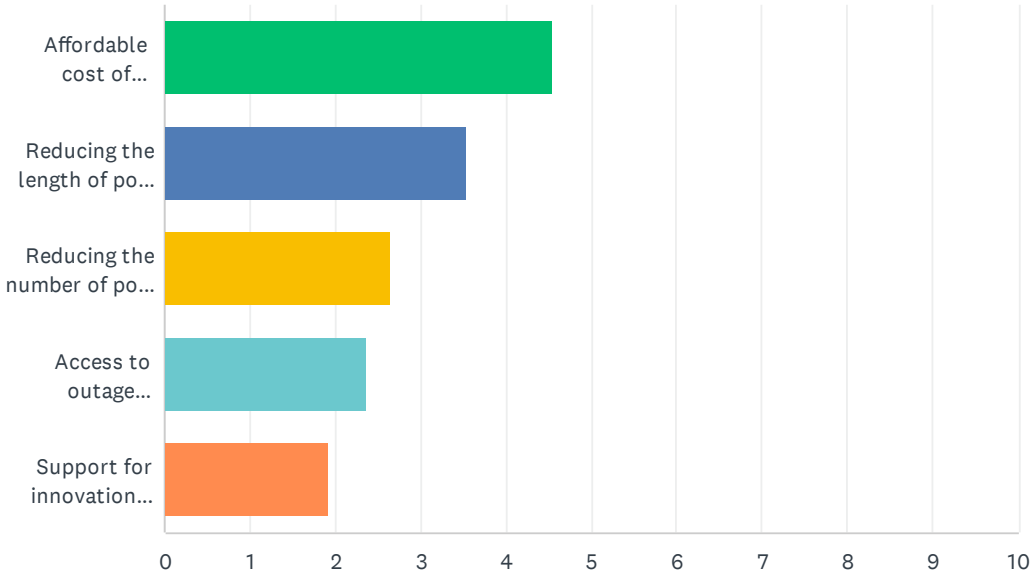
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	81.82%	9
No	18.18%	2
TOTAL		11

Q4 Please rank the following from most important to least important to you.(With 1 being the most important and 5 being least important).

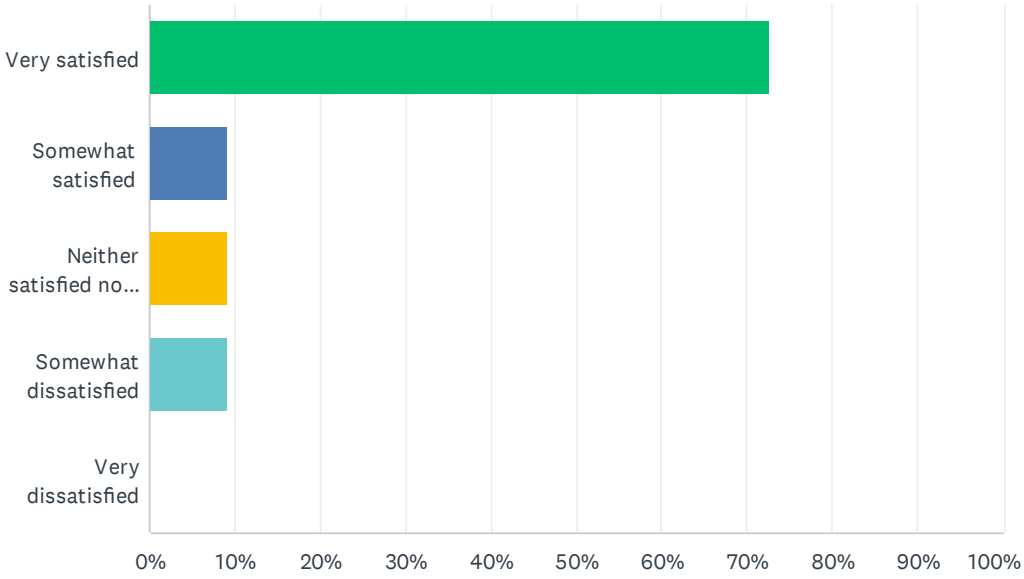
Answered: 11 Skipped: 0



	1	2	3	4	5	TOTAL	SCORE
Affordable cost of electricity	72.73% 8	9.09% 1	18.18% 2	0.00% 0	0.00% 0	11	4.55
Reducing the length of power outages	27.27% 3	18.18% 2	36.36% 4	18.18% 2	0.00% 0	11	3.55
Reducing the number of power outages	0.00% 0	18.18% 2	36.36% 4	36.36% 4	9.09% 1	11	2.64
Access to outage information	0.00% 0	36.36% 4	0.00% 0	27.27% 3	36.36% 4	11	2.36
Support for innovation (conserving or generating my own electricity)	0.00% 0	18.18% 2	9.09% 1	18.18% 2	54.55% 6	11	1.91

Q5 Overall, how satisfied are you with the service you receive from Bluewater Power?

Answered: 11 Skipped: 0



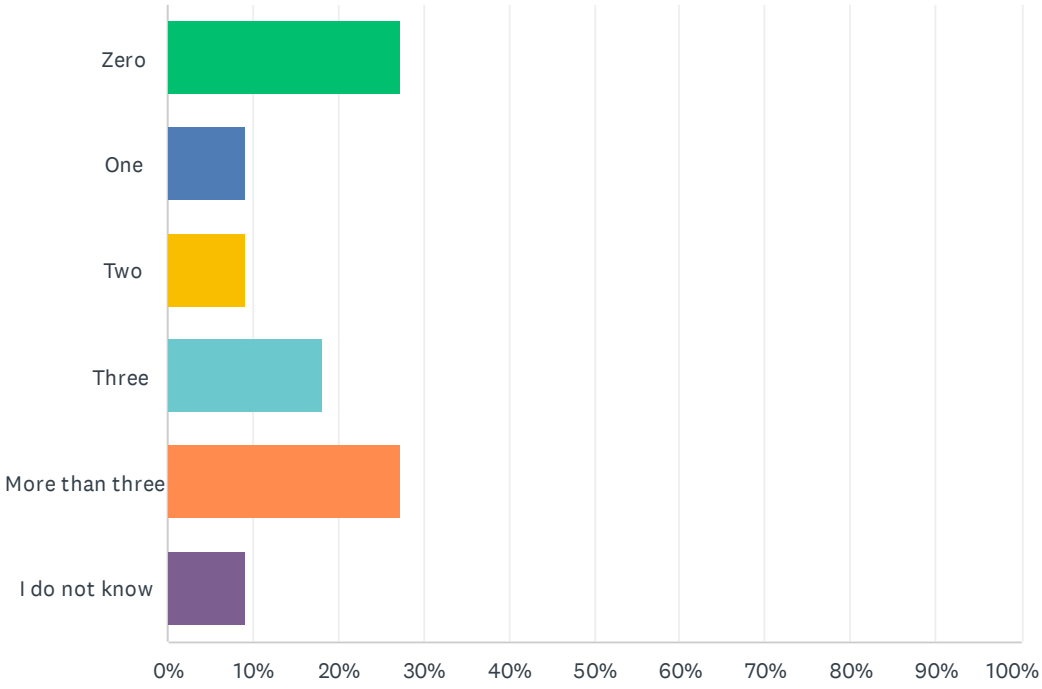
ANSWER CHOICES	RESPONSES	
Very satisfied	72.73%	8
Somewhat satisfied	9.09%	1
Neither satisfied nor dissatisfied	9.09%	1
Somewhat dissatisfied	9.09%	1
Very dissatisfied	0.00%	0
TOTAL		11

Q6 Is there anything specifically Bluewater Power can do to improve its services to you?

Answered: 3 Skipped: 8

Q7 How many power outages did your business experience in the past year?

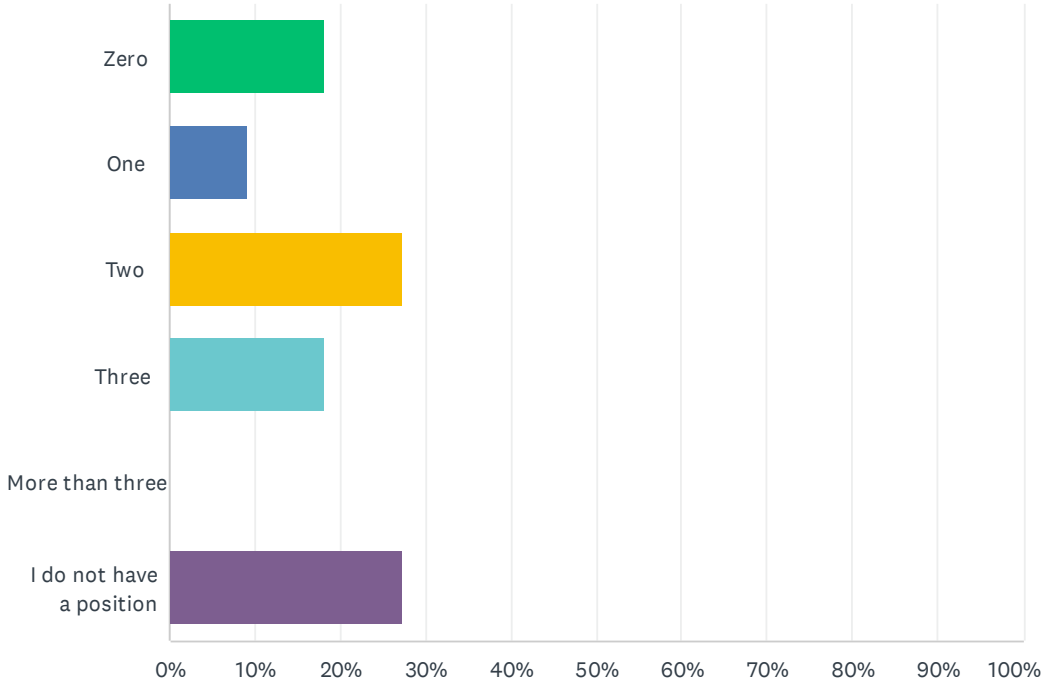
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Zero	27.27%	3
One	9.09%	1
Two	9.09%	1
Three	18.18%	2
More than three	27.27%	3
I do not know	9.09%	1
TOTAL		11

Q8 How many power outages do you feel are reasonable in a year?

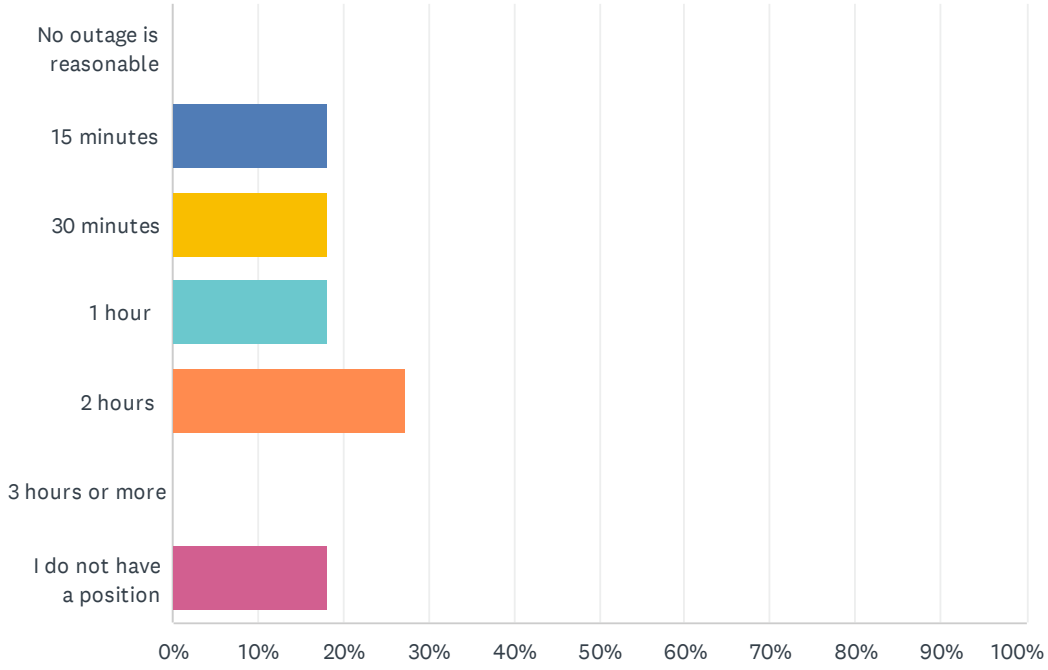
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Zero	18.18%	2
One	9.09%	1
Two	27.27%	3
Three	18.18%	2
More than three	0.00%	0
I do not have a position	27.27%	3
TOTAL		11

Q9 How long do you think is reasonable for a power outage to last?

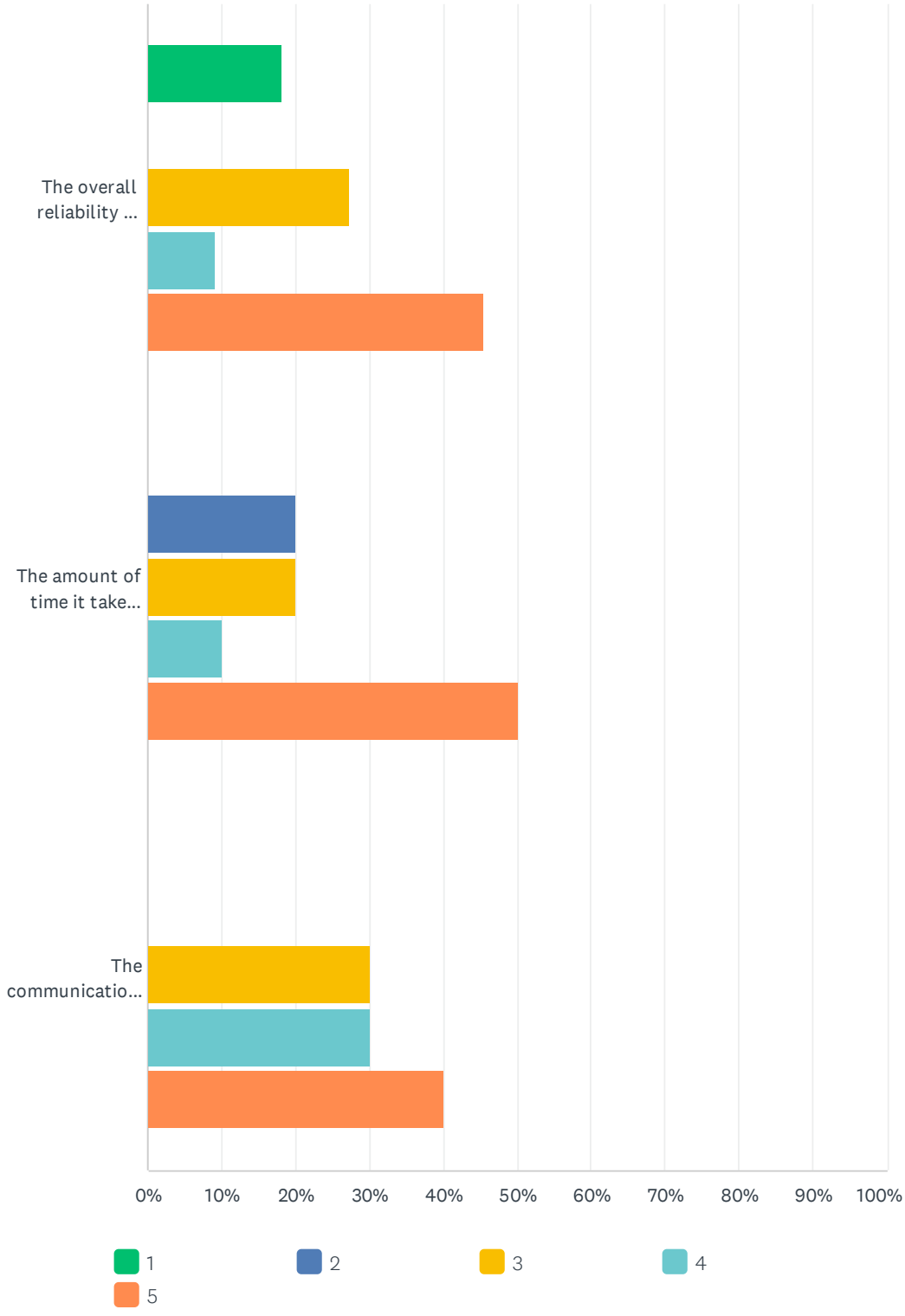
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
No outage is reasonable	0.00%	0
15 minutes	18.18%	2
30 minutes	18.18%	2
1 hour	18.18%	2
2 hours	27.27%	3
3 hours or more	0.00%	0
I do not have a position	18.18%	2
TOTAL		11

Q10 In regard to power outages that affect your business, for each of the following statements, can you tell us your level of satisfaction? (With 1 being low satisfaction and 5 being high satisfaction).

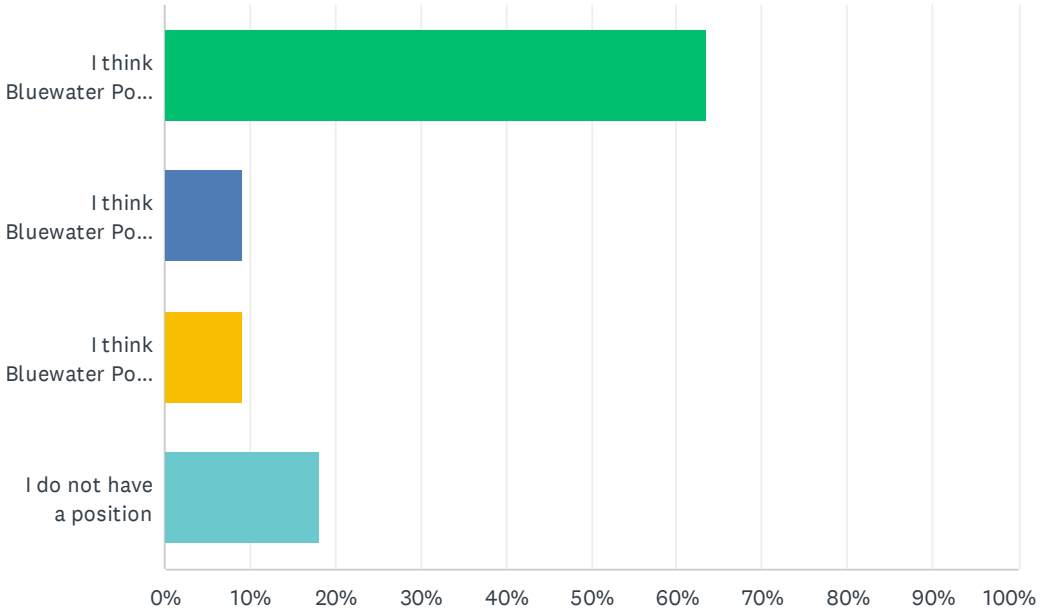
Answered: 11 Skipped: 0



	1	2	3	4	5	TOTAL
The overall reliability of your electrical service based on the number of power outages you experience	18.18% 2	0.00% 0	27.27% 3	9.09% 1	45.45% 5	11
The amount of time it takes to restore power when power outages occur	0.00% 0	20.00% 2	20.00% 2	10.00% 1	50.00% 5	10
The communication surrounding the outage	0.00% 0	0.00% 0	30.00% 3	30.00% 3	40.00% 4	10

Q11 Could you tell us which of the following statements is closest to your viewpoint about System Renewal?

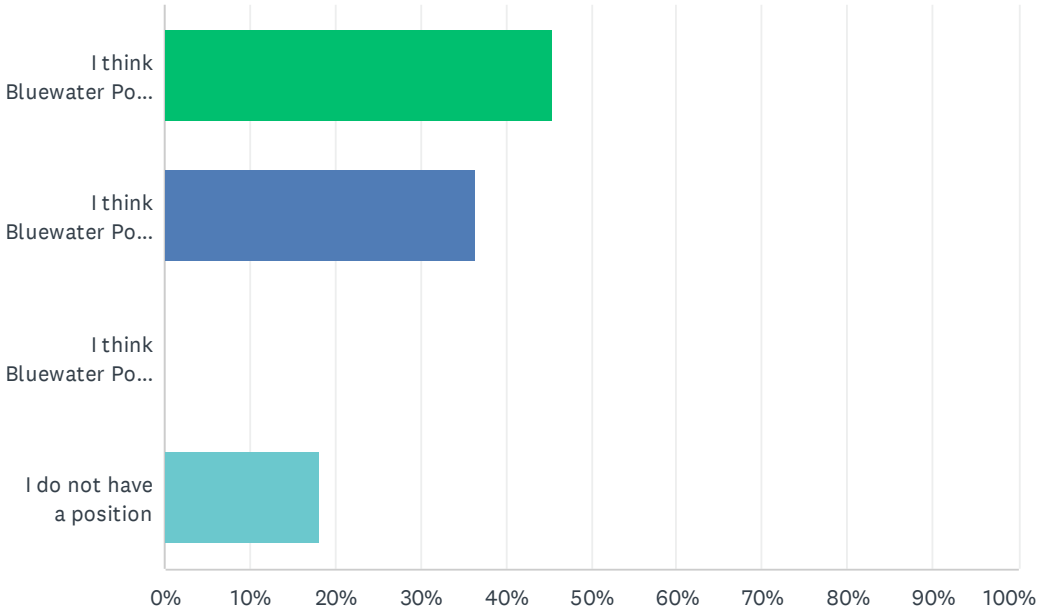
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned System Renewal investments, which may reduce power outages	63.64%	7
I think Bluewater Power should increase its System Renewal investments, which may further reduce power outages, even if it results in an additional increase to my month electricity bill	9.09%	1
I think Bluewater Power should decrease its System Renewal investments, knowing this may increase power outages, in order to keep costs from rising	9.09%	1
I do not have a position	18.18%	2
TOTAL		11

Q12 What statement best represents your thoughts on spending on System Service?

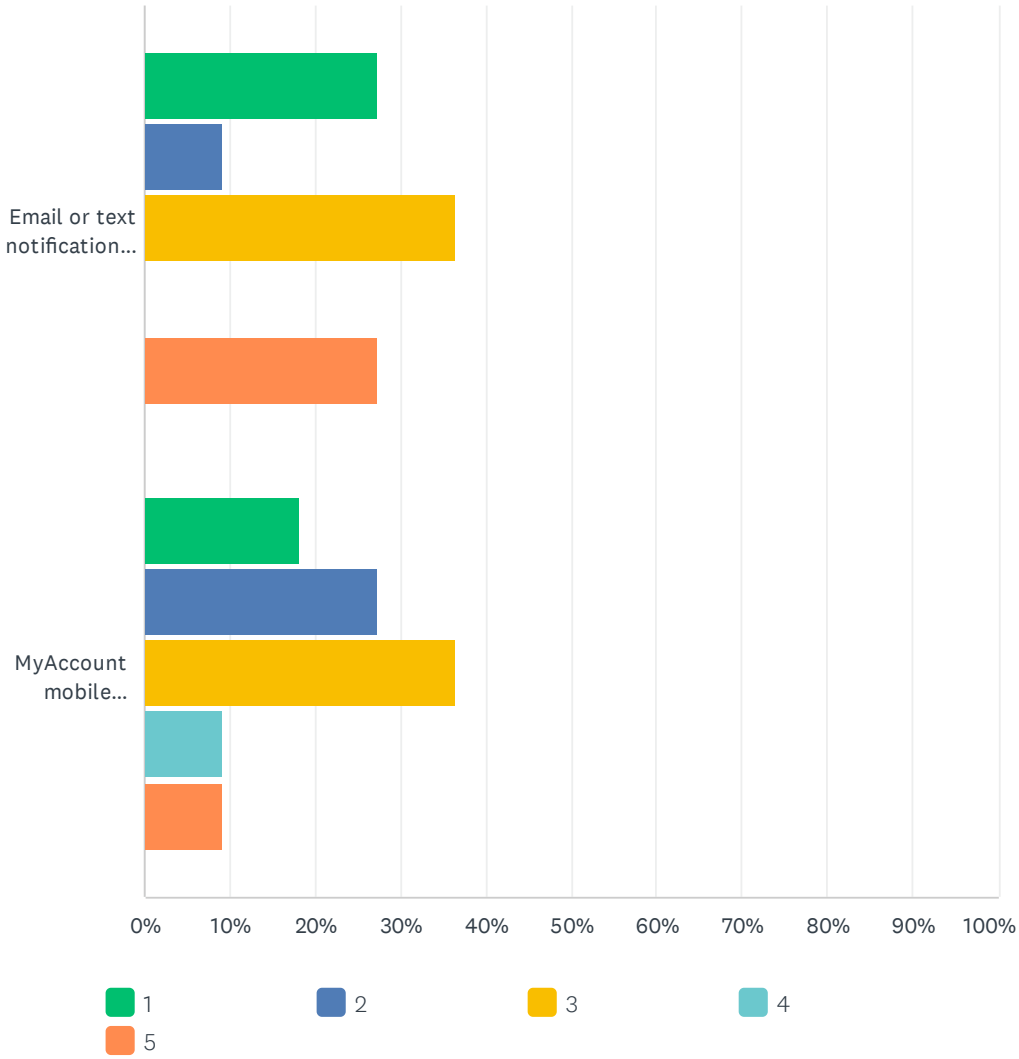
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned System Service investments, that aim to improve the current level of reliability and number of outages	45.45%	5
I think Bluewater Power should increase its System Service investments, to aim to further improve the current level of reliability and number of outages, even if it results in an additional increase to my monthly electricity bill.	36.36%	4
I think Bluewater Power should decrease its System Service investments, knowing that this may lead to reduced levels of reliability and more outages, in order to keep costs from rising	0.00%	0
I do not have a position	18.18%	2
TOTAL		11

Q13 Bluewater Power strives to make investments that will help customers and enhance the overall distribution system. On a scale of 1-5, how important to you is it that Bluewater Power invests in the following? Investing in the following items may result in bill increases.(With 1 being low importance and 5 being high importance)

Answered: 11 Skipped: 0



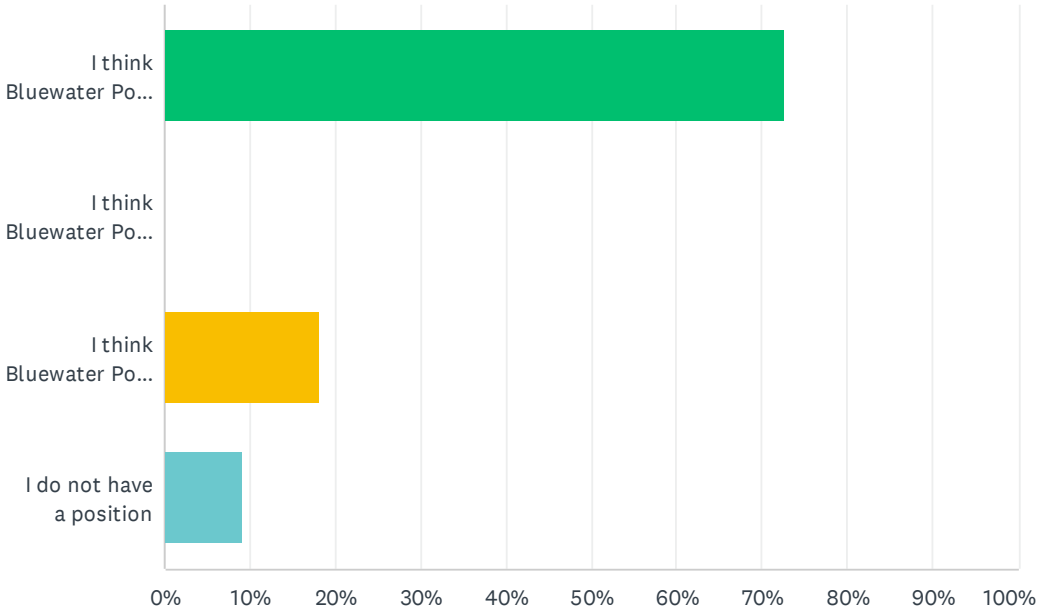
	1	2	3	4	5	TOTAL	WEIGHTED AVERAGE
Email or text notifications about outages	27.27% 3	9.09% 1	36.36% 4	0.00% 0	27.27% 3	11	2.91
MyAccount mobile application	18.18% 2	27.27% 3	36.36% 4	9.09% 1	9.09% 1	11	2.64

Q14 Is there any other technology that you would be interested in for your business?

Answered: 2 Skipped: 9

Q15 Which of the following statements best represents your point of view on investments in General Plant?

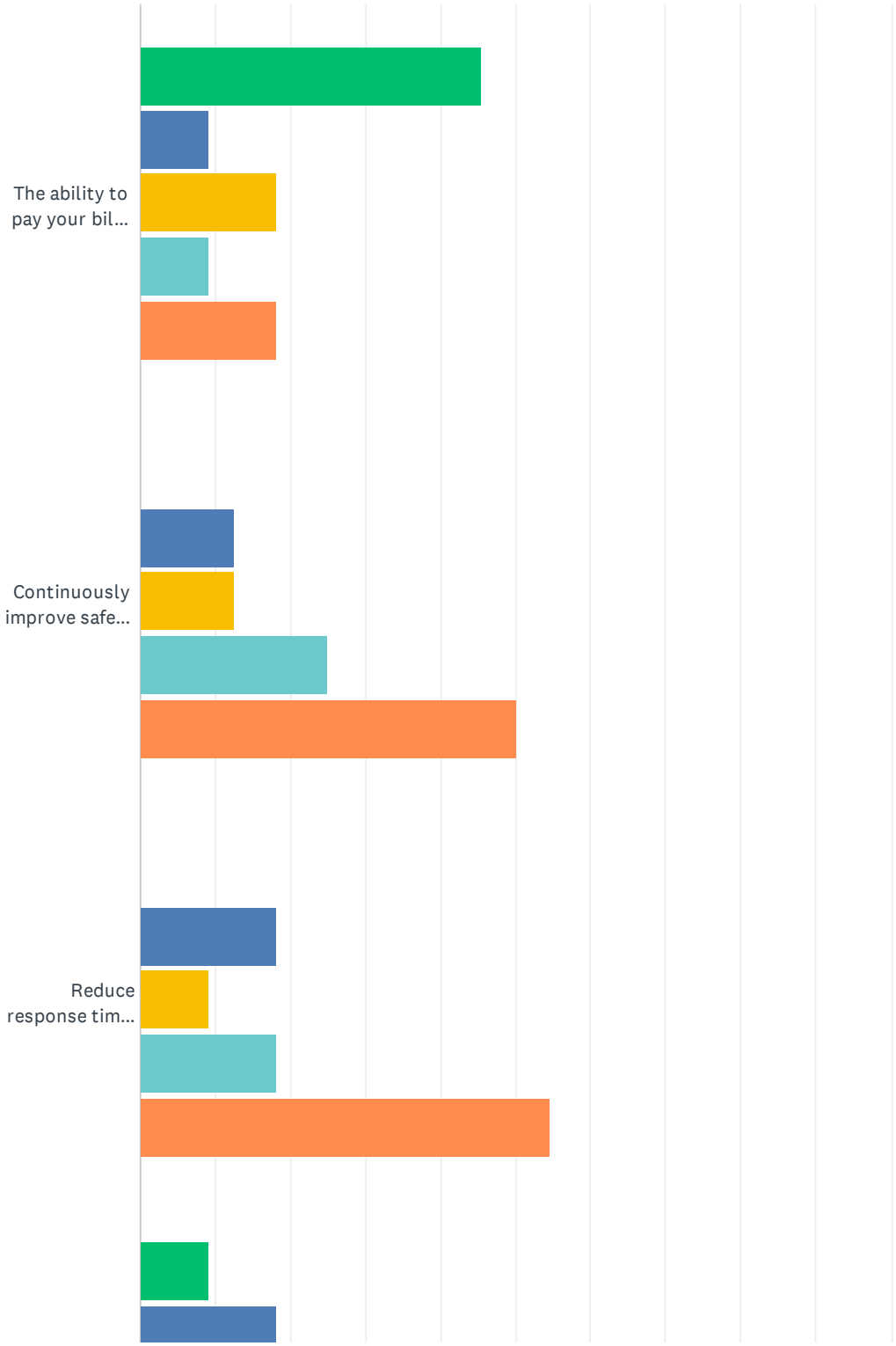
Answered: 11 Skipped: 0

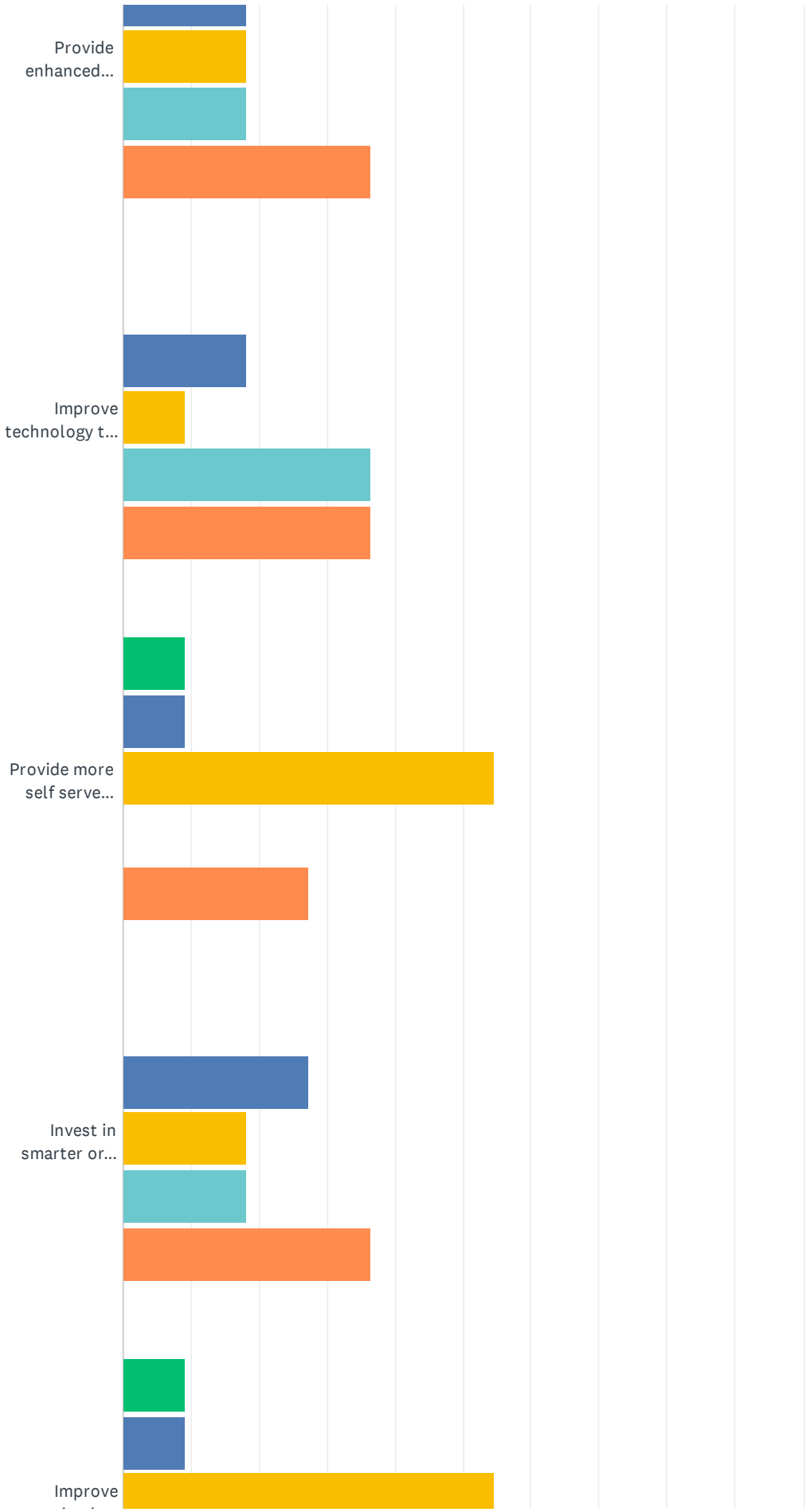


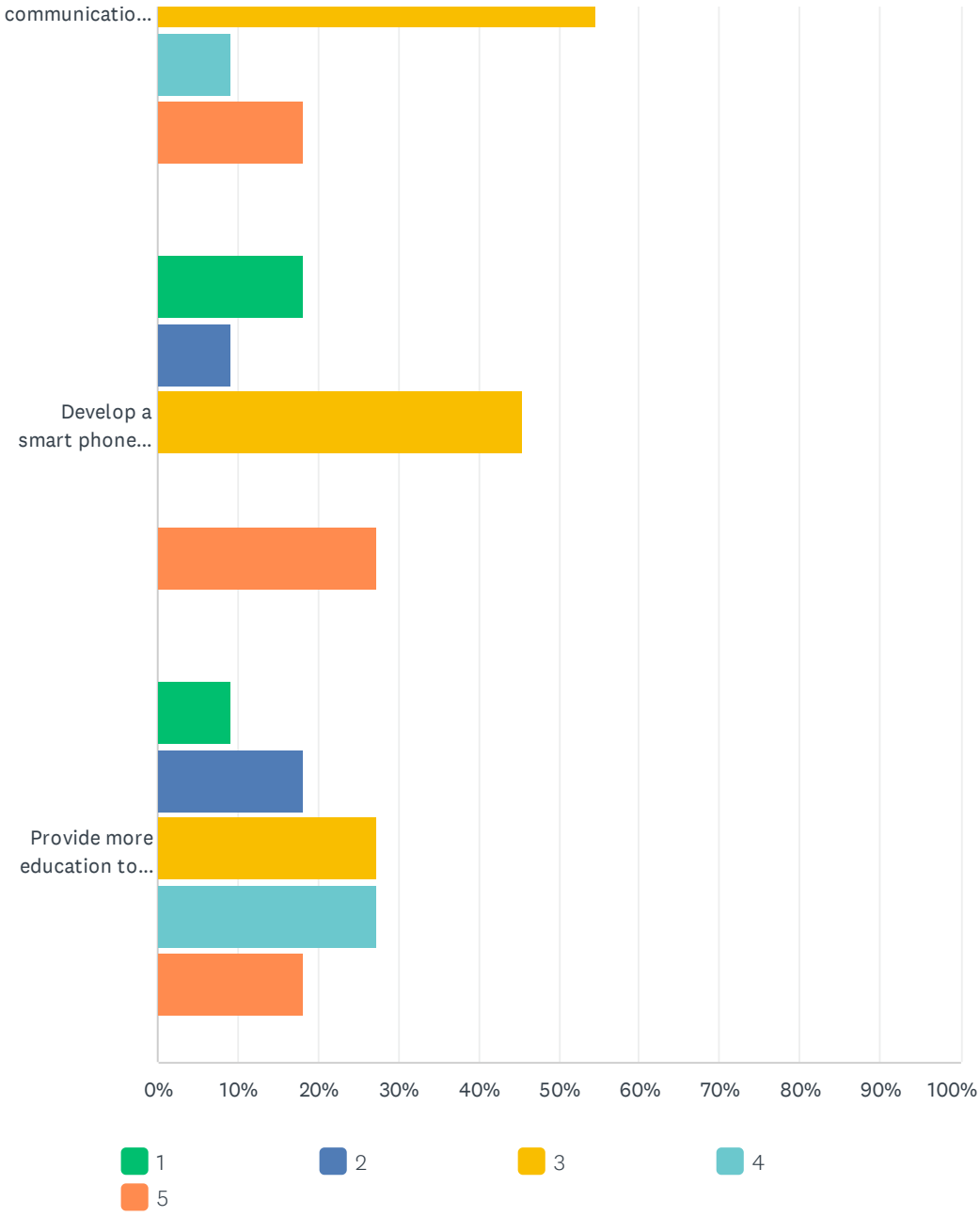
ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned General Plant investments, because it is important that Bluewater Power's staff have the equipment and tools they need to manage the system safely, efficiently, and reliably.	72.73%	8
I think Bluewater Power should increase its General Plant investments, even if it results in an additional increase to my monthly electricity bill	0.00%	0
I think Bluewater Power should decrease its General Plant investments, in order to keep costs from rising	18.18%	2
I do not have a position	9.09%	1
TOTAL		11

Q16 Please consider each of the following activities, and indicate how important you think they are for Bluewater to invest in: Please rate each activity on a scale of 1 to 5.(With 1 being low priority and 5 being high priority)

Answered: 11 Skipped: 0




Provide enhanced...
Improve technology t...
Provide more self serve...
Invest in smarter or...
Improve


communicatio...
Develop a smart phone...
Provide more education to...
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
1
2
3
4
5

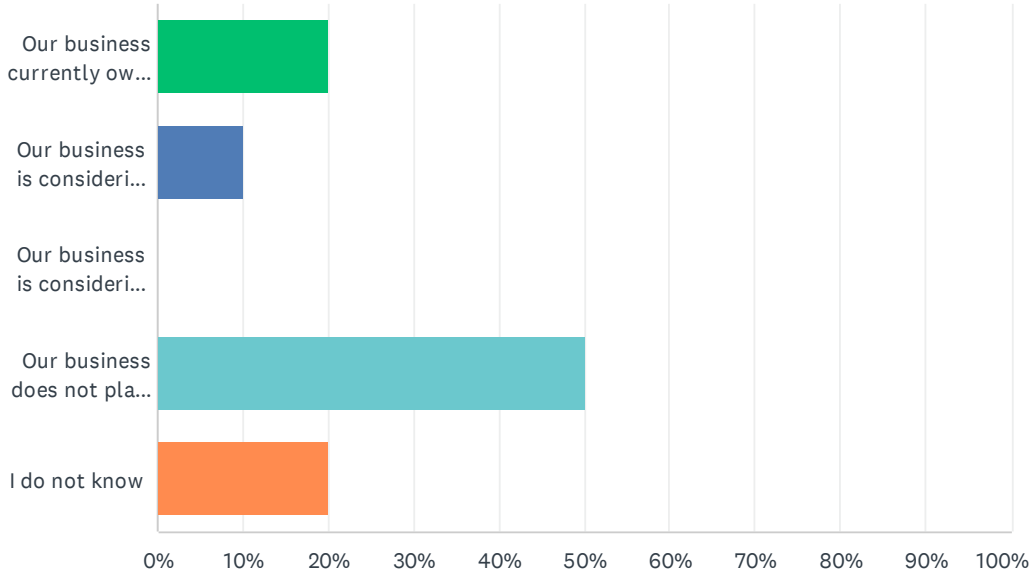
	1	2	3	4	5	TOTAL	WEIGHTED AVERAGE
The ability to pay your bill by credit card without any transaction fees	45.45% 5	9.09% 1	18.18% 2	9.09% 1	18.18% 2	11	2.45
Continuously improve safety and reliability of network	0.00% 0	12.50% 1	12.50% 1	25.00% 2	50.00% 4	8	4.13
Reduce response time to outages	0.00% 0	18.18% 2	9.09% 1	18.18% 2	54.55% 6	11	4.09
Provide enhanced customer service	9.09% 1	18.18% 2	18.18% 2	18.18% 2	36.36% 4	11	3.55
Improve technology to enhance the electrical system (i.e. Switches that allow power to be remotely re-routed to different feeders)	0.00% 0	18.18% 2	9.09% 1	36.36% 4	36.36% 4	11	3.91
Provide more self serve options on the website	9.09% 1	9.09% 1	54.55% 6	0.00% 0	27.27% 3	11	3.27
Invest in smarter or 'green' technologies (energy storage, electric vehicles etc.)	0.00% 0	27.27% 3	18.18% 2	18.18% 2	36.36% 4	11	3.64
Improve communication for billing and outages	9.09% 1	9.09% 1	54.55% 6	9.09% 1	18.18% 2	11	3.18
Develop a smart phone application to view usage and pay your bill on your phone	18.18% 2	9.09% 1	45.45% 5	0.00% 0	27.27% 3	11	3.09
Provide more education to the public about electricity safety	9.09% 1	18.18% 2	27.27% 3	27.27% 3	18.18% 2	11	3.27

Q17 Is there anything else not mentioned in the question above that we should investigate investing in?

Answered: 2 Skipped: 9

Q18 How likely are you to purchase battery storage for your business?

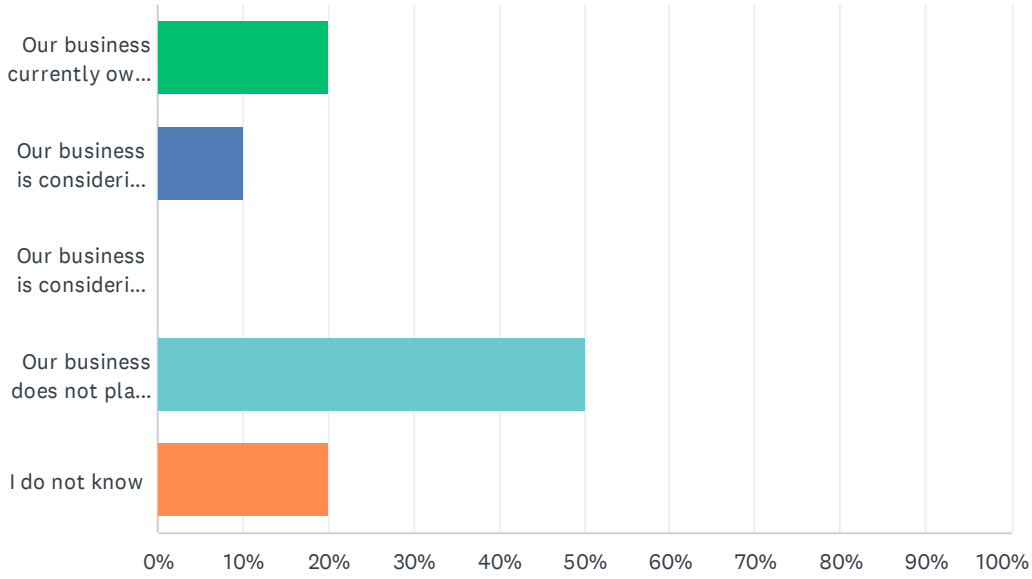
Answered: 10 Skipped: 1



ANSWER CHOICES	RESPONSES	
Our business currently owns a battery storage unit	20.00%	2
Our business is considering purchasing one in the next 5 years	10.00%	1
Our business is considering purchasing one in the next 10 years	0.00%	0
Our business does not plan to purchase a battery storage unit	50.00%	5
I do not know	20.00%	2
TOTAL		10

Q19 How likely are you to purchase an electric or hybrid vehicle for your business?

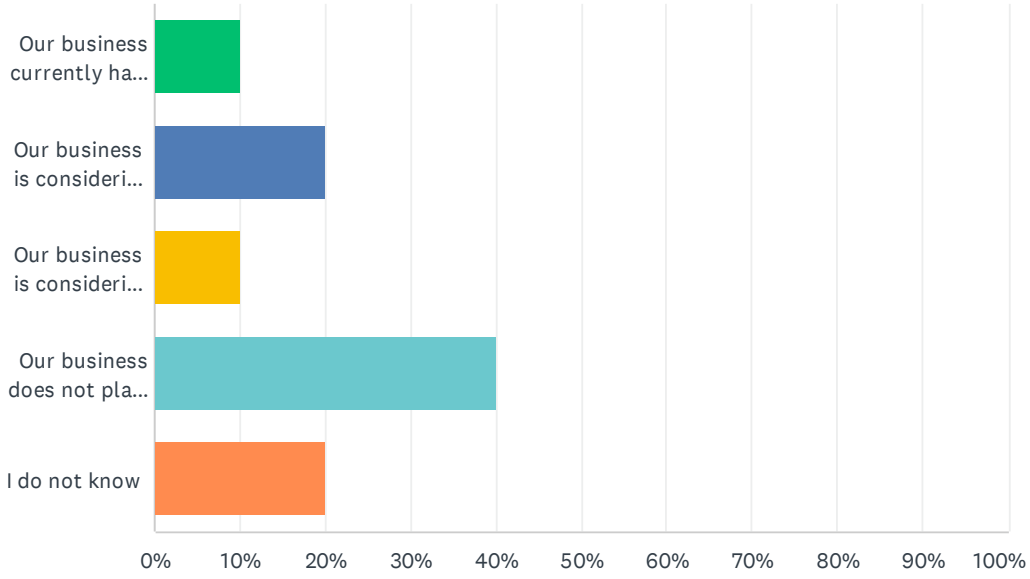
Answered: 10 Skipped: 1



ANSWER CHOICES	RESPONSES	
Our business currently owns an electric or plug-in hybrid vehicle	20.00%	2
Our business is considering purchasing one in the next 5 years	10.00%	1
Our business is considering purchasing one in the next 10 years	0.00%	0
Our business does not plan to purchase an electric or hybrid vehicle	50.00%	5
I do not know	20.00%	2
TOTAL		10

Q20 How likely are you to install a solar panel at your business?

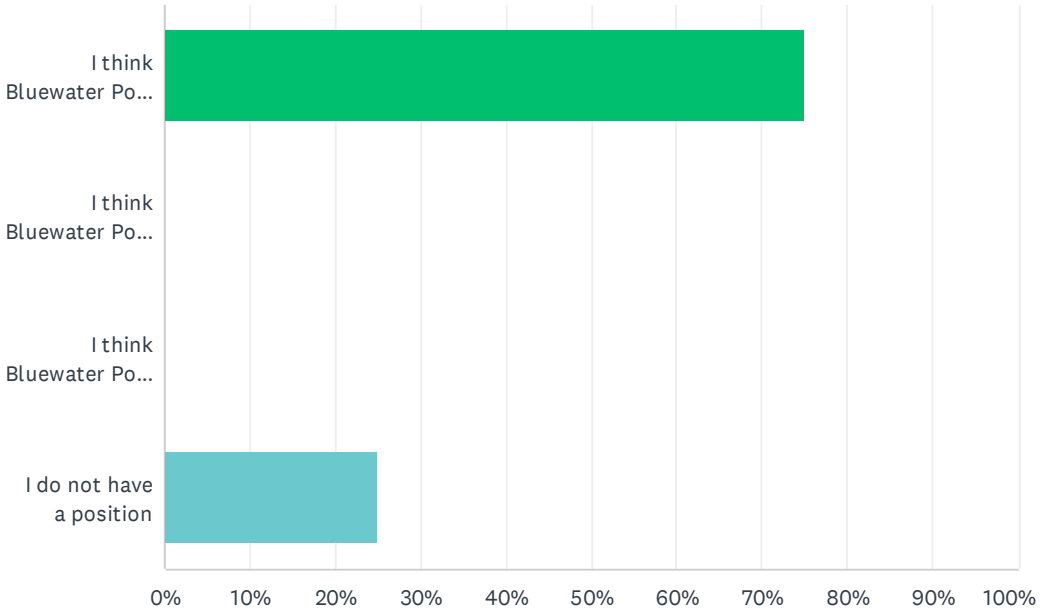
Answered: 10 Skipped: 1



ANSWER CHOICES	RESPONSES	
Our business currently has solar panels	10.00%	1
Our business is considering purchasing solar panels in the next 5 years	20.00%	2
Our business is considering purchasing solar panels in the next 10 years	10.00%	1
Our business does not plan to purchase solar panels	40.00%	4
I do not know	20.00%	2
TOTAL		10

Q21 What statement best represents your thoughts on Bluewater's overall spending?

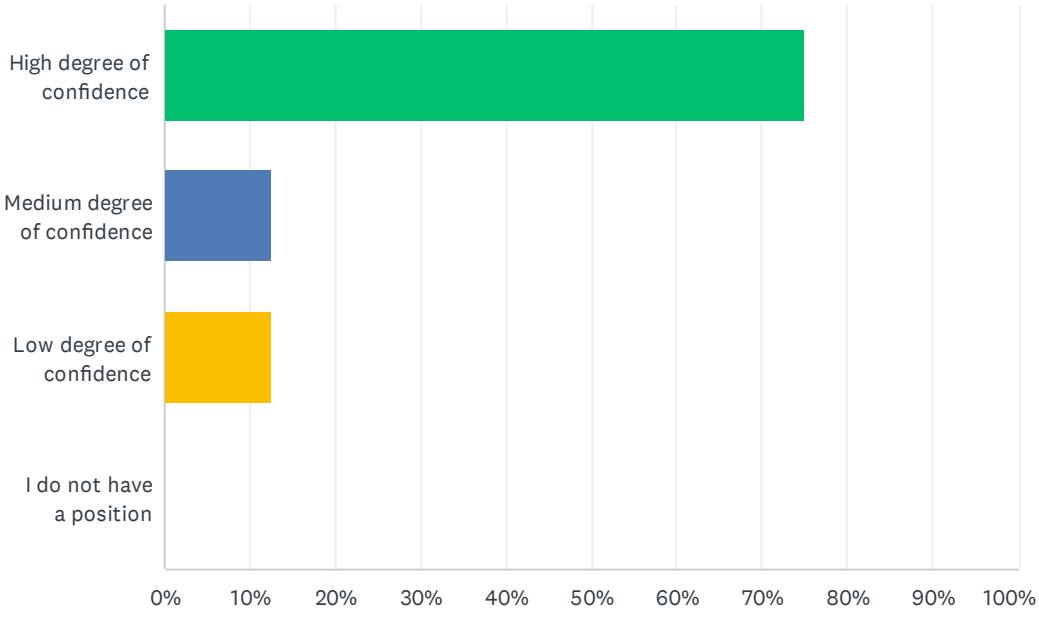
Answered: 8 Skipped: 3



ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned level of spending. I rely on the experts at Bluewater Power to make the best investment decisions to increase system reliability	75.00%	6
I think Bluewater Power should increase its overall spending. I would be willing to pay slightly more on my bill to further improve the level of reliability.	0.00%	0
I think Bluewater Power should decrease its overall spending. I would be willing to accept more and longer power outages if that meant there would be a slight decrease on my electricity bill.	0.00%	0
I do not have a position	25.00%	2
TOTAL		8

Q22 Thinking about everything we've discussed about our overall capital spending, how confident are you that Bluewater Power will continue to provide safe, reliable, and cost effective power by implementing the investments associated with our plan?

Answered: 8 Skipped: 3



ANSWER CHOICES	RESPONSES	
High degree of confidence	75.00%	6
Medium degree of confidence	12.50%	1
Low degree of confidence	12.50%	1
I do not have a position	0.00%	0
TOTAL		8

Q23 Are there any other comments or suggestions you would like to provide?

Answered: 2 Skipped: 9

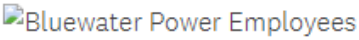
Q24 Customer Information - If you do not have your account number, please ensure you provide your business name and service address to be entered into the draw.

Answered: 6 Skipped: 5

ANSWER CHOICES	RESPONSES	
Name	100.00%	6
Service Address	100.00%	6
Account Number	83.33%	5

Intermediate and Large Survey, Results, and Presentation

March 2022 - Customer Survey to Support the DSP



Hello, Friends!

We invite you to take part in this online survey and share your thoughts on Bluewater Power's investment strategies.

Bluewater Power will be applying to our regulator, the Ontario Energy Board, for a rate review in the coming months. We will include a Distribution System Plan ("DSP"), which details our planned investments in our infrastructure. That's where we need your help and input!

This survey is expected to take between 10-15 minutes; it entails some reading of our investment strategy and then seeks your opinion.

Please be assured that your survey responses are confidential, and you will not be identified as the source of any feedback you provide. Your anonymous feedback will be grouped and presented to the Ontario Energy Board when Bluewater Power files its 2023 rate application. We encourage all of you to complete the survey.

March 2022 - Customer Survey to Support the DSP

* 1. In which sector does your business operate?

- ◯ Commercial
- ◯ Industrial, construction, or manufacturing
- ◯ Warehouse or transportation
- ◯ Hospitality or restaurant
- ◯ Real Estate
- ◯ Retail
- ◯ Education services
- ◯ Health care
- ◯ Other

* 2. How many employees work at your business?

- ◯ 1-10
- ◯ 11-20
- ◯ 21-50
- ◯ 51-100
- ◯ More than 100

March 2022 - Customer Survey to Support the DSP

This question requires an answer.

* 1. In which sector does your business operate?

- ◯ Commercial
- ◯ Industrial, construction, or manufacturing
- ◯ Warehouse or transportation
- ◯ Hospitality or restaurant
- ◯ Real Estate
- ◯ Retail
- ◯ Education services
- ◯ Health care
- ◯ Other

* 2. How many employees work at your business?

- ◯ 1-10
- ◯ 11-20
- ◯ 21-50
- ◯ 51-100
- ◯ More than 100

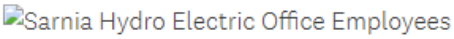
March 2022 - Customer Survey to Support the DSP

Section 1: Electricity Background

Let's get started with some background on Bluewater Power.

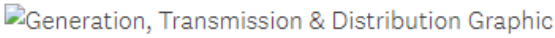
Bluewater Power has distributed electricity to the people of Sarnia-Lambton for the past 100 years. It originated as the Hydro-Electric Commissions of our member municipalities. We pride ourselves on being a valuable local community partner.

We now service over 37,000 residential, commercial, and industrial customers in the City of Sarnia, including Aamjiwnaang First Nation, the Town of Petrolia, the Village of Point Edward, the Village of Oil Springs, the Township of Warwick, and the Township of Brooke-Alvinston.

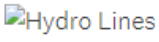

Sarnia Hydro Electric Office Employees

What do we do?

Ontario's electricity system consists of 3 main components: generation, transmission, and distribution.


Generation, Transmission & Distribution Graphic

Bluewater Power falls within the third category, which is the distribution (local delivery) of the electricity. We receive power from the provincial grid and then distribute electricity through 220 km of underground lines, and 560 km of overhead lines hanging from 16,000 poles, as well as 16 Municipal Substations all to serve our customers' homes and businesses.


Hydro Lines

Bluewater Power operates and maintains the distribution system, reads your meter, calculates the bill, answers your questions through phone, email and the front office, handles any emergency outages, and ensures reliability and safety of the power that is supplied to you.

Here are some other quick facts:

- Bluewater Power is owned by the Municipalities we serve.
- Bluewater Power is a local employer of over 120 people.
- The Ontario Energy Board sets the price for the electricity commodity; it also sets the 'time-of-use' periods (on-peak, mid-peak, off-peak) and the tiered thresholds.
- Bluewater Power does not generate electricity, but receives power from the Provincial Grid and from Hydro One Networks Inc.
- Bluewater Power does not control the source of energy (such as nuclear, hydroelectric, natural gas, solar, wind).

March 2022 - Customer Survey to Support the DSP

Your Electricity Bill

Every charge on your bill is regulated by the Ontario Energy Board. Although Bluewater Power collects your entire electricity bill, we only retain a portion of the "Distribution Charge" line item, as well as the Fixed Customer Charge. The portion Bluewater Power retains represents, on average, 7% of your total bill for customers in the Intermediate and Large Rate Classes (>1MW), as shown in blue on the graph, below. The remaining portions of your electricity bill are flow-through items for taxes, regulatory agencies, or the transmission and generation sectors.

The chart below outlines the components of a typical electricity bill for a customer in the Intermediate and Large (>1MW) rate class, and who keeps those charges.

Intermediate and Large User

This survey focuses on the **distribution** portion and fixed customer charge of your **electricity bill.** These are the only components that Bluewater Power controls and keeps in order to run the business.

* 3. Were you aware that Bluewater Power only controls and keeps approximately 7% of your commercial electricity bill?

- ◯ Yes
- ◯ No

* 4. Please rank the following from most important to least important to you.

(With 1 being the most important and 5 being least important).

☰ ⬍	Reducing the length of power outages
☰ ⬍	Reducing the number of power outages
☰ ⬍	Affordable cost of electricity
☰ ⬍	Access to outage information
☰ ⬍	Support for innovation (conserving or generating our business's own electricity)

* 5. Overall, how satisfied are you with the service you receive from Bluewater Power?

- ◯ Very satisfied
- ◯ Somewhat satisfied
- ◯ Neither satisfied nor dissatisfied
- ◯ Somewhat dissatisfied
- ◯ Very dissatisfied

6. Is there anything specifically Bluewater Power can do to improve its services to you?

March 2022 - Customer Survey to Support the DSP

Section 2: Planned Investments

Operating Expenses
Operating expenses are another main component of our overall budget. Operating expenses include meter reading, customer service, and administrative expenses, as well as expenses to operate equipment, vehicles, and buildings.

When Bluewater Power files its 2023 rate application with the Ontario Energy Board, all of our expenses will be reviewed and challenged by industry experts, the OEB staff, and interested parties (called intervenors). If you wish to comment on Bluewater Power's application, we encourage you to participate in this process once our application is filed later in 2022 by clicking here.

Capital Expenses
Now we are going to provide some information to you about our planned capital investments for our five-year Distribution System Plan and seek your input.

Bluewater Power's distribution system includes all the power lines, transformers, substations, poles, and power connections to homes and businesses. We spend money on maintaining and replacing these items every year in order to provide you, our customers, with reliable power supply. All of these assets are valued at over $80 million, and we plan to invest between $10-12 million per year on our infrastructure. Our total proposed capital spending for 2023 is $11.8 million.

We group our capital spending into four categories as seen in the chart, below. We'll cover each one individually.

System Access - Mandatory Investments to Support Customer Growth
Bluewater Power provides new infrastructure each year to connect new customers to the electrical system. Examples of this include supporting new subdivision and commercial growth within our service territories, including any new meters required.

Spending in System Access represents approximately 19% of Bluewater Power's total capital budget for the year 2023, or approximately $2.2 million.

Bluewater Power is obligated to provide customers access to electricity, and spending within this category is mandated by the Ontario Energy Board. As a result, these projects are mandatory.

System Renewal - Replacing Aging Equipment
System Renewal involves replacing or upgrading parts of the distribution system such as poles, transformers, wires, and all related equipment. All the equipment has a life expectancy. Bluewater Power continually balances proactively replacing equipment before it fails and waiting until the equipment fails to get the full useful life out of it, depending on the type of equipment and its role in the distribution system.

System Renewal is the largest component of our spending, at approximately 56% or $6.6 million for the year 2023. A large portion of this spending is on replacing wood poles.

March 2022 - Customer Survey to Support the DSP

Wood Pole Replacement
Sarnia's population grew in the 1960s and 1970s, necessitating an increase to overhead infrastructure at that time. Many of the 16,000 poles that Bluewater Power owns and maintains are now greater than 50 years old.

Over time, poles can weaken due to decomposition, weather conditions, insects, birds, and other wildlife. Bluewater Power undertakes regular pole testing to determine the structural integrity of the poles. Wood poles that have reached their end-of-life are marked for replacement.

Bluewater Power is planning on spending approximately $2.2 million per year on pole replacements for the next 5 years. This represents approximately 33% of the System Renewal budget in 2023.

Outages
System Renewal investments are important in order to reduce the number and length of outages.

Reliability is measured by the average frequency and average duration of power outages. In 2021, Bluewater Power customers experienced an average of 2 outages in the year for an average outage time of less than 3 hours. If Bluewater Power continues to invest in improvements to infrastructure, it may continue to improve reliability for customers.

* 7. How many power outages did your business experience in the past year?

- ◯ Zero
- ◯ One
- ◯ Two
- ◯ Three
- ◯ More than three
- ◯ I do not know

* 8. How many power outages do you feel are reasonable in a year?

- ◯ Zero
- ◯ One
- ◯ Two
- ◯ Three
- ◯ More than three
- ◯ I do not have a position

* 9. How long do you think is reasonable for a power outage to last?

- ◯ No outage is reasonable
- ◯ 15 minutes
- ◯ 30 minutes
- ◯ 1 hour
- ◯ 2 hours
- ◯ 3 hours or more
- ◯ I do not have a position

10. In regard to power outages that affect your business, for each of the following statements, can you tell us your level of satisfaction?

(With 1 being low satisfaction and 5 being high satisfaction).

	1	2	3	4	5
The overall reliability of your electrical service based on the number of power outages you experience	◯	◯	◯	◯	◯
The amount of time it takes to restore power when power outages occur	◯	◯	◯	◯	◯
The communication surrounding the outage	◯	◯	◯	◯	◯

* 11. Could you tell us which of the following statements is closest to your viewpoint about System Renewal?

- ◯ I think Bluewater Power should proceed with its planned System Renewal investments, which may reduce power outages
- ◯ I think Bluewater Power should increase its System Renewal investments, which may further reduce power outages, even if it results in an additional increase to my month electricity bill
- ◯ I think Bluewater Power should decrease its System Renewal investments, knowing this may increase power outages, in order to keep costs from rising
- ◯ I do not have a position

March 2022 - Customer Survey to Support the DSP

System Service - Modernizing Investments

Investments in System Service include modifications to the system for more automation, more mapping tools to identify alternate paths for power during outages, smarter transformers, and remote switches that allow power to be redirected from the office. It would also involve upgrades to the system that would reduce power losses. An increasingly modern grid will help Bluewater power meet the future power needs of our customers more easily. Investing in System Service will also ensure a reliable system and help minimize outages and duration of outages.

Bluewater plans to spend approximately $0.1 million or 1% of the 2023 capital budget on System Service.

Remote Load Break Switches

Our System Service investments include remote load break switches. These switches can be operated remotely from the control room or automatically from our software system in conjunction with other remote switches to isolate faults and reduce outage times. Remote operation reduces the need for lines workers to attend a site, which reduces the length of an outage and helps to identify the location of a fault.

* 12. What statement best represents your thoughts on spending on System Service?

- ◯ I think Bluewater Power should proceed with its planned System Service investments, that aim to improve the current level of reliability and number of outages
- ◯ I think Bluewater Power should increase its System Service investments, to aim to further improve the current level of reliability and number of outages, even if it results in an additional increase to my monthly electricity bill.
- ◯ I think Bluewater Power should decrease its System Service investments, knowing that this may lead to reduced levels of reliability and more outages, in order to keep costs from rising
- ◯ I do not have a position

March 2022 - Customer Survey to Support the DSP

General Plant - Ongoing routine investments

Investments in General Plan include Bluewater Power's land and buildings, tools, vehicles and trucks, billing system hardware and software (known as Information Technology or "IT" costs), and other items used to support the day-to-day business and operations activities.

Vehicles

A major investment category within General Plan is utility vehicles, such as bucket trucks. These are specialized vehicles that are used on a daily basis to complete overhead work, such as on electrical poles. They are essential in the safe and quick restoration of power.

Information Technology

Another major category in General Plant is in regard to Information Technology or "IT' projects. IT spending covers all technology hardware and software.

Bluewater must spend to keep its customer information system up-to-date, as this system handles all the billing, meter data, purchasing, and finance functions, as well as protects customer information through cybersecurity. The system has to be continually modified to keep up with changes to Provincial and other regulations. Bluewater is able to perform the majority of the system changes 'in-house', which helps manage costs, as we do our best to not rely on external consultants.

IT projects also include the operation and maintenance of customer communication platforms (including Bluewater Power's online customer portal, "MyAccount").

Bluewater is proposing to spend approximately $2.9 million, or 24%, of the capital budget on General Plant items in 2023.

* 13. Bluewater Power strives to make investments that will help customers and enhance the overall distribution system. On a scale of 1-5, how important to you is it that Bluewater Power invests in the following? Investing in the following items may result in bill increases.

(With 1 being low importance and 5 being high importance)

	1	2	3	4	5
Email or text notifications about outages	◯	◯	◯	◯	◯
MyAccount mobile application	◯	◯	◯	◯	◯

14. Is there any other technology that you would be interested in for your business?

* 15. Which of the following statements best represents your point of view on investments in General Plant?

- ◯ I think Bluewater Power should proceed with its planned General Plant investments, because it is important that Bluewater Power's staff have the equipment and tools they need to manage the system safely, efficiently, and reliably.
- ◯ I think Bluewater Power should increase its General Plant investments, even if it results in an additional increase to my monthly electricity bill
- ◯ I think Bluewater Power should decrease its General Plant investments, in order to keep costs from rising
- ◯ I do not have a position

March 2022 - Customer Survey to Support the DSP

Section 3: Other Spending Options and Conclusion

Please consider each of the following activities, and indicate how important you think they are for Bluewater Power to invest in.

* 16. Please consider each of the following activities, and indicate how important you think they are for Bluewater to invest in: Please rate each activity on a scale of 1 to 5.

(With 1 being low priority and 5 being high priority)

	1	2	3	4	5
Continuously improve safety and reliability of network	○	○	○	○	○
Reduce response time to outages	○	○	○	○	○
Provide enhanced customer service	○	○	○	○	○
Improve technology to enhance the electrical system (i.e. Switches that allow power to be remotely re-routed to different feeders)	○	○	○	○	○
Provide more self serve options on the website	○	○	○	○	○
Invest in smarter or 'green' technologies (energy storage, electric vehicles etc.)	○	○	○	○	○
Improve communication for billing and outages	○	○	○	○	○
Develop a smart phone application to view usage and pay your bill on your phone	○	○	○	○	○
Provide more education to the public about electricity safety	○	○	○	○	○

17. Is there anything else not mentioned in the question above that we should investigate investing in?

March 2022 - Customer Survey to Support the DSP

Future Energy Needs

Changes are continual in the energy sector, and Bluewater Power is seeking your feedback to ensure we are equipped to support the future energy needs in our service area.

* 18. How likely are you to purchase battery storage for your business?

- ◯ Our business currently owns a battery storage unit
- ◯ Our business is considering purchasing one in the next 5 years
- ◯ Our business is considering purchasing one in the next 10 years
- ◯ Our business does not plan to purchase a battery storage unit
- ◯ I do not know

* 19. How likely are you to purchase an electric or hybrid vehicle for your business?

- ◯ Our business currently owns an electric or plug-in hybrid vehicle
- ◯ Our business is considering purchasing one in the next 5 years
- ◯ Our business is considering purchasing one in the next 10 years
- ◯ Our business does not plan to purchase an electric or hybrid vehicle
- ◯ I do not know

* 20. How likely are you to install a solar panel at your business?

- ◯ Our business currently has solar panels
- ◯ Our business is considering purchasing solar panels in the next 5 years
- ◯ Our business is considering purchasing solar panels in the next 10 years
- ◯ Our business does not plan to purchase solar panels
- ◯ I do not know

March 2022 - Customer Survey to Support the DSP

Overall Impact On Your Bill
Bluewater is planning on spending approximately $11.8 million in 2023 in capital expenditures and approximately $15 million in operating expenses in 2023.

This level of investment leads to an Intermediate Rate Class customer (peak demand between 1MW and 5MW per month) paying approximately 0.8% more on a total bill basis.

This level of investment leads to a Large Use Rate Class customer (peak demand >5MW per month) paying approximately 0.9% more on a total bill basis.

If Bluewater was to spend approximately 10% less on capital projects (approximately $1.2 million less), that would reduce the bill impact by $20 per month for Intermediate customers or $74 per month for Large customers. Conversely, if we were to spend 10% more and accelerate some of the projects, it would increase the bill impact by approximately $20 per month for Intermediate customers or $74 per month for Large customers.

* 21. What statement best represents your thoughts on Bluewater's overall spending?

- ◯ I think Bluewater Power should proceed with its planned level of spending. I rely on the experts at Bluewater Power to make the best investment decisions to increase system reliability
- ◯ I think Bluewater Power should increase its overall spending. I would be willing to pay slightly more on my bill to further improve the level of reliability.
- ◯ I think Bluewater Power should decrease its overall spending. I would be willing to accept more and longer power outages if that meant there would be a slight decrease on my electricity bill.
- ◯ I do not have a position

* 22. Thinking about everything we've discussed about our overall capital spending, how confident are you that Bluewater Power will continue to provide safe, reliable, and cost effective power by implementing the investments associated with our plan?

- ◯ High degree of confidence
- ◯ Medium degree of confidence
- ◯ Low degree of confidence
- ◯ I do not have a position

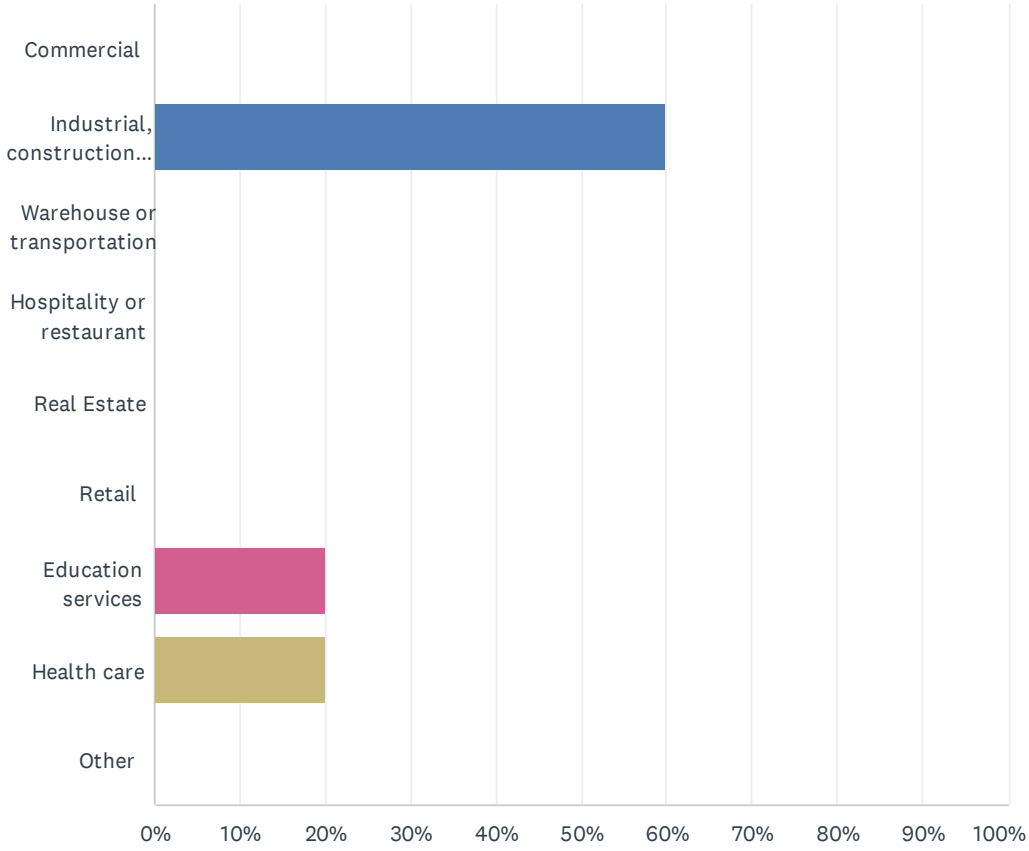
23. Are there any other comments or suggestions you would like to provide?

March 2022 - Customer Survey to Support the DSP

Thank you for completing the survey!

Q1 In which sector does your business operate?

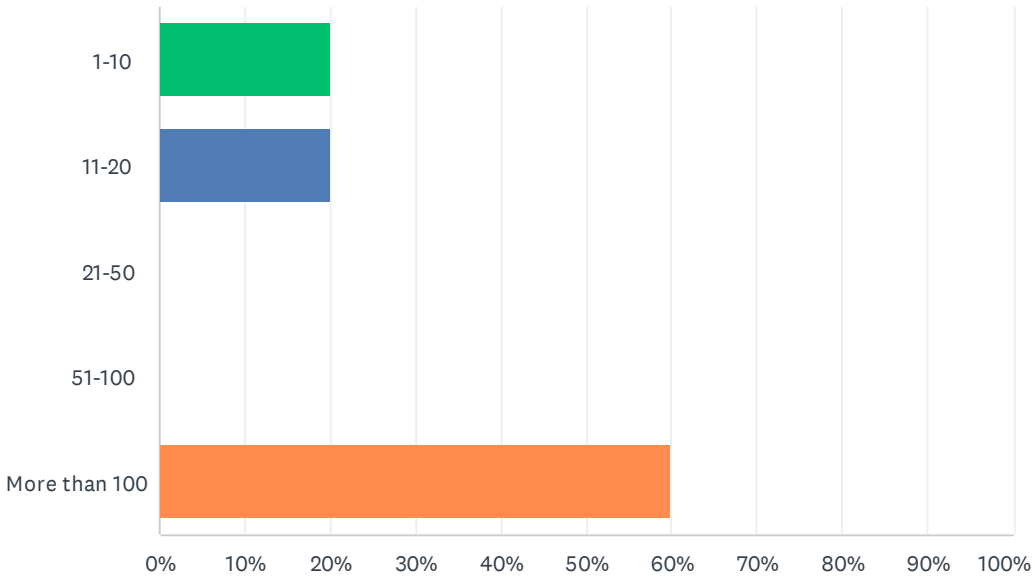
Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
Commercial	0.00%	0
Industrial, construction, or manufacturing	60.00%	3
Warehouse or transportation	0.00%	0
Hospitality or restaurant	0.00%	0
Real Estate	0.00%	0
Retail	0.00%	0
Education services	20.00%	1
Health care	20.00%	1
Other	0.00%	0
TOTAL		5

Q2 How many employees work at your business?

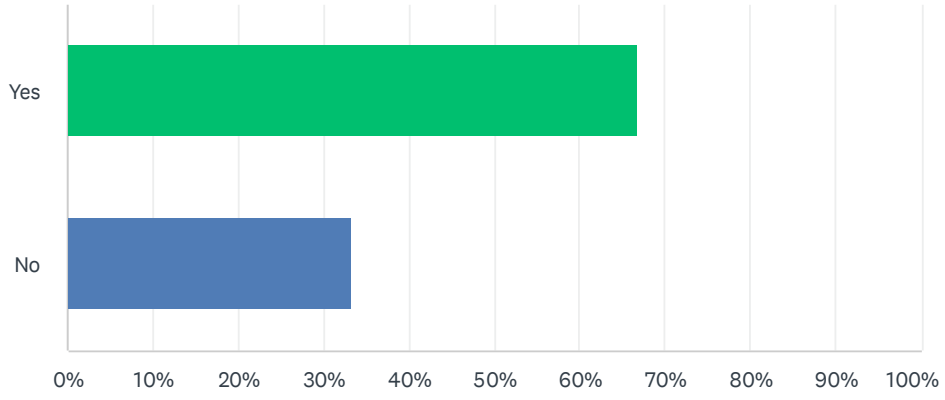
Answered: 5 Skipped: 0



ANSWER CHOICES	RESPONSES	
1-10	20.00%	1
11-20	20.00%	1
21-50	0.00%	0
51-100	0.00%	0
More than 100	60.00%	3
TOTAL		5

Q3 Were you aware that Bluewater Power only controls and keeps approximately 7% of your commercial electricity bill?

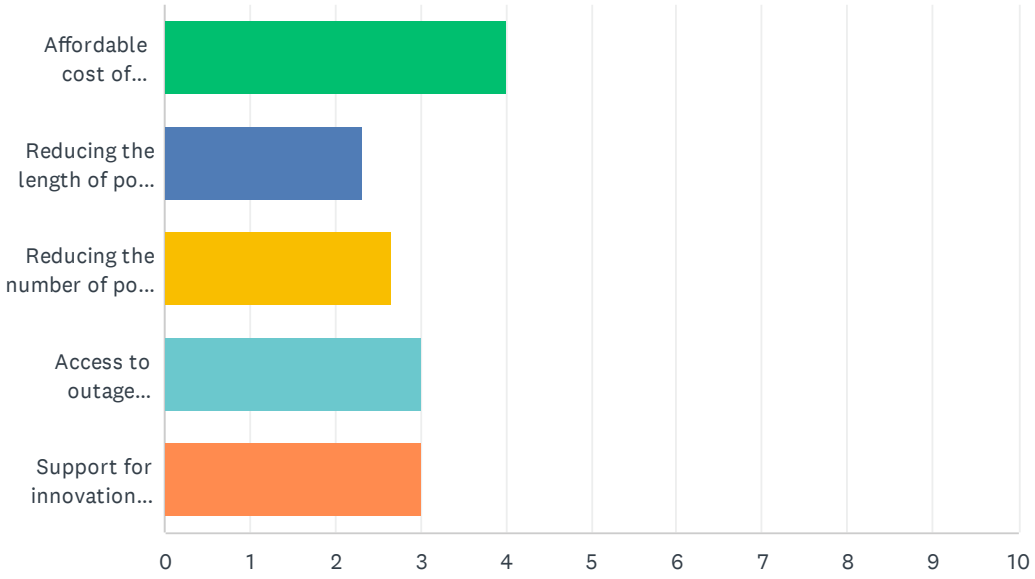
Answered: 3 Skipped: 2



ANSWER CHOICES	RESPONSES	
Yes	66.67%	2
No	33.33%	1
TOTAL		3

Q4 Please rank the following from most important to least important to you.(With 1 being the most important and 5 being least important).

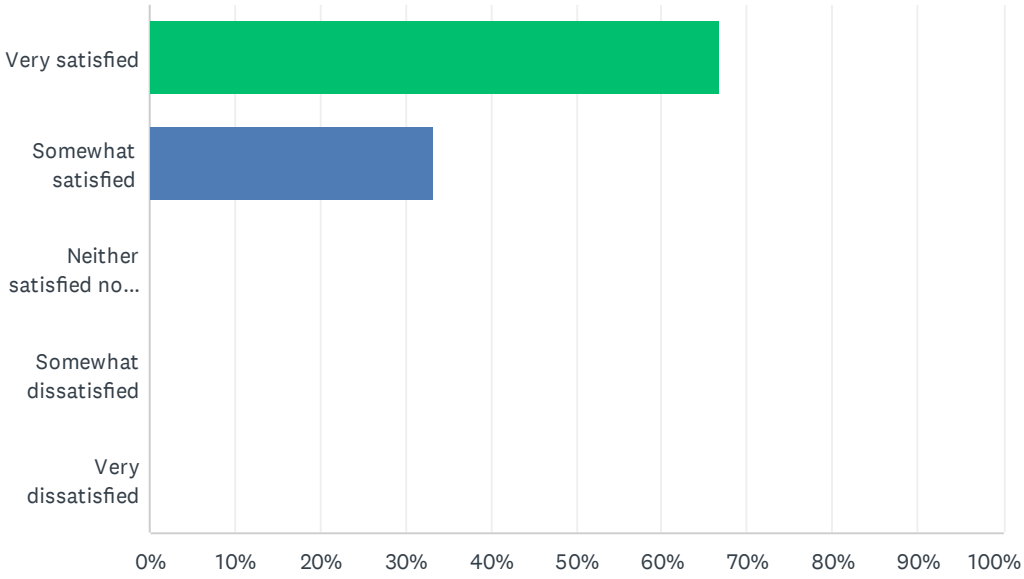
Answered: 3 Skipped: 2



	1	2	3	4	5	TOTAL	SCORE
Affordable cost of electricity	66.67% 2	0.00% 0	0.00% 0	33.33% 1	0.00% 0	3	4.00
Reducing the length of power outages	0.00% 0	33.33% 1	0.00% 0	33.33% 1	33.33% 1	3	2.33
Reducing the number of power outages	33.33% 1	0.00% 0	0.00% 0	33.33% 1	33.33% 1	3	2.67
Access to outage information	0.00% 0	0.00% 0	100.00% 3	0.00% 0	0.00% 0	3	3.00
Support for innovation (conserving or generating our business's own electricity)	0.00% 0	66.67% 2	0.00% 0	0.00% 0	33.33% 1	3	3.00

Q5 Overall, how satisfied are you with the service you receive from Bluewater Power?

Answered: 3 Skipped: 2



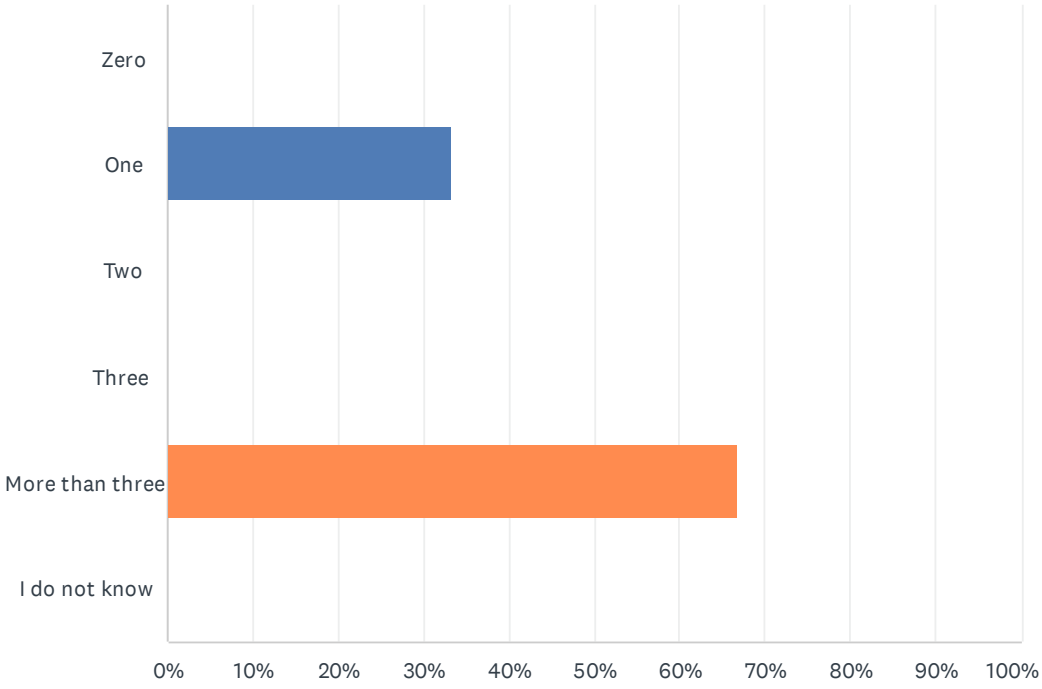
ANSWER CHOICES	RESPONSES	
Very satisfied	66.67%	2
Somewhat satisfied	33.33%	1
Neither satisfied nor dissatisfied	0.00%	0
Somewhat dissatisfied	0.00%	0
Very dissatisfied	0.00%	0
TOTAL		3

Q6 Is there anything specifically Bluewater Power can do to improve its services to you?

Answered: 1 Skipped: 4

Q7 How many power outages did your business experience in the past year?

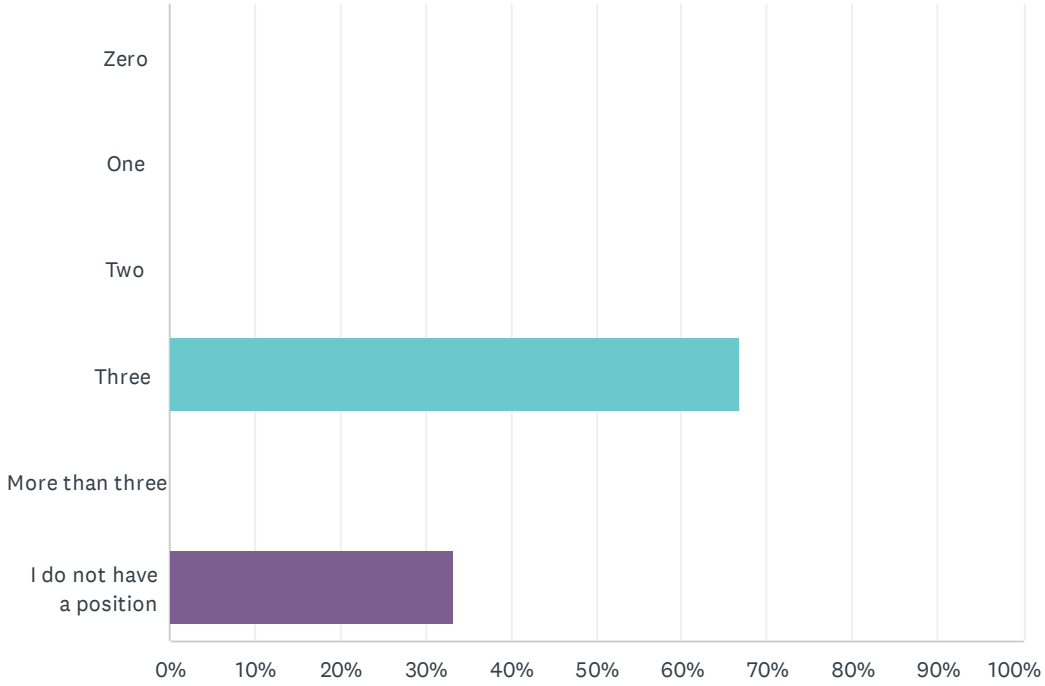
Answered: 3 Skipped: 2



ANSWER CHOICES	RESPONSES	
Zero	0.00%	0
One	33.33%	1
Two	0.00%	0
Three	0.00%	0
More than three	66.67%	2
I do not know	0.00%	0
TOTAL		3

Q8 How many power outages do you feel are reasonable in a year?

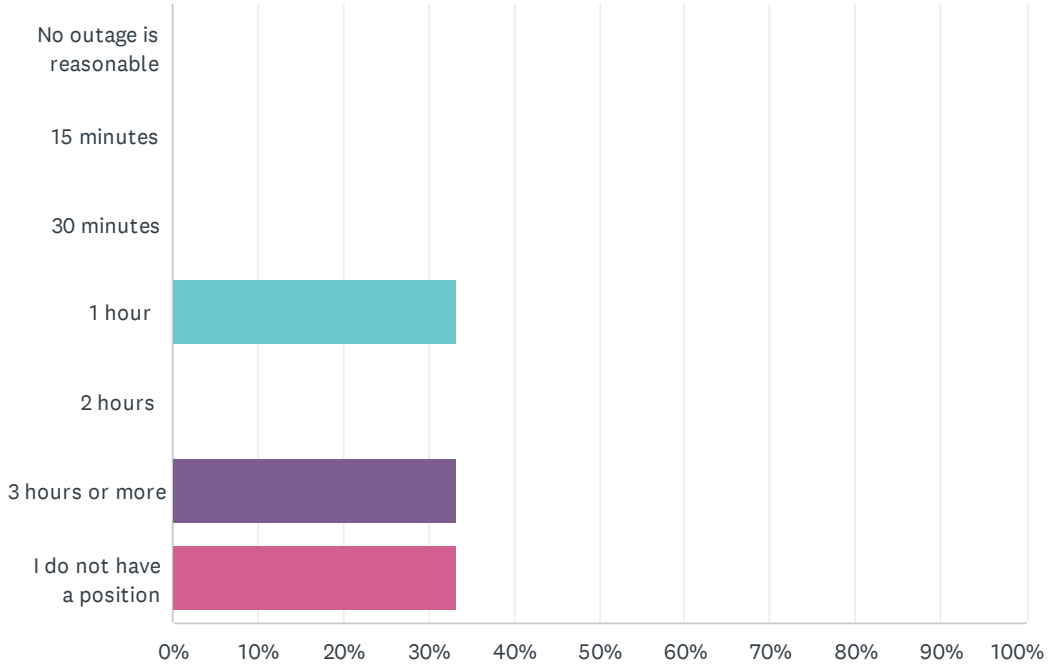
Answered: 3 Skipped: 2



ANSWER CHOICES	RESPONSES	
Zero	0.00%	0
One	0.00%	0
Two	0.00%	0
Three	66.67%	2
More than three	0.00%	0
I do not have a position	33.33%	1
TOTAL		3

Q9 How long do you think is reasonable for a power outage to last?

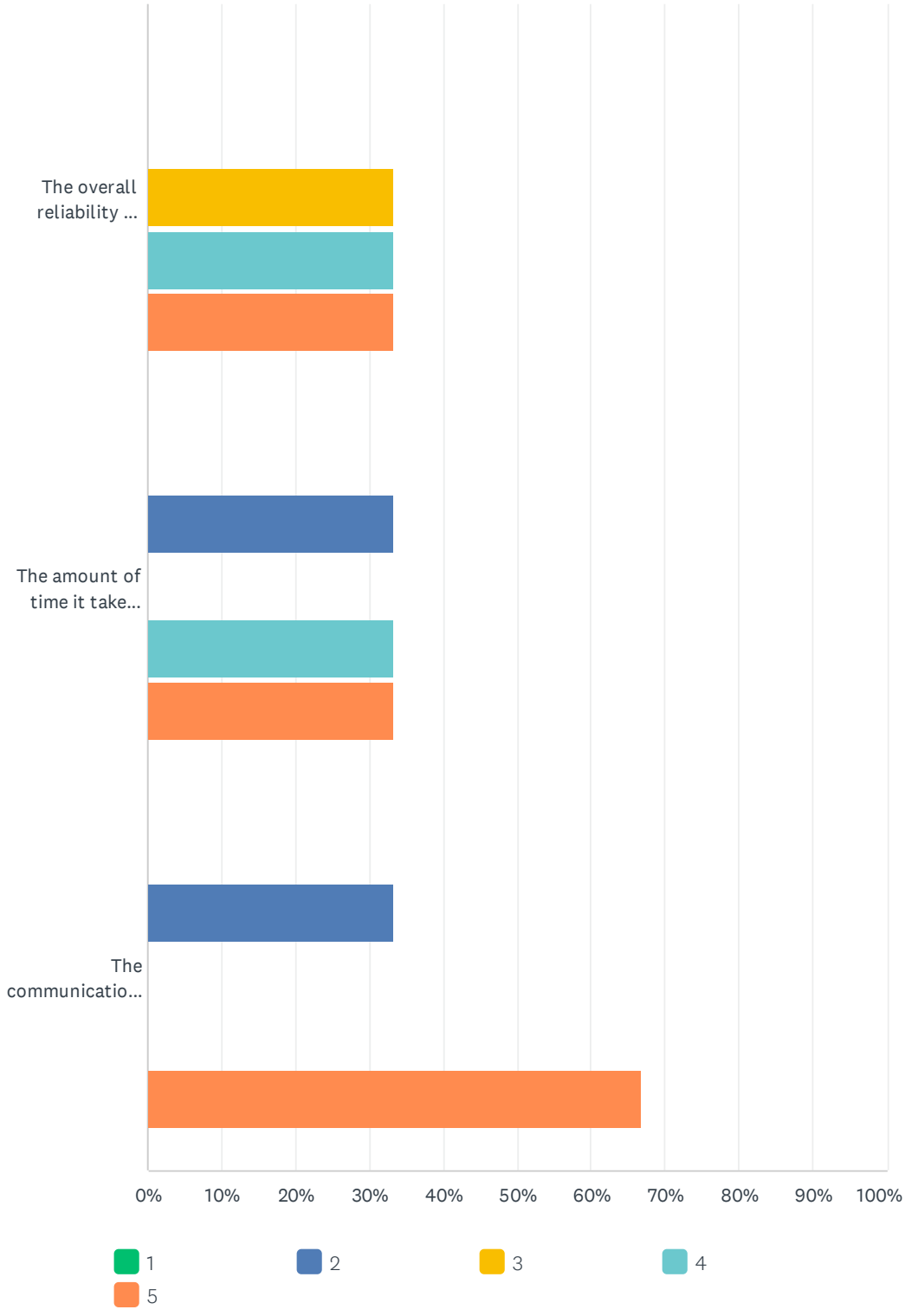
Answered: 3 Skipped: 2



ANSWER CHOICES	RESPONSES	
No outage is reasonable	0.00%	0
15 minutes	0.00%	0
30 minutes	0.00%	0
1 hour	33.33%	1
2 hours	0.00%	0
3 hours or more	33.33%	1
I do not have a position	33.33%	1
TOTAL		3

Q10 In regard to power outages that affect your business, for each of the following statements, can you tell us your level of satisfaction? (With 1 being low satisfaction and 5 being high satisfaction).

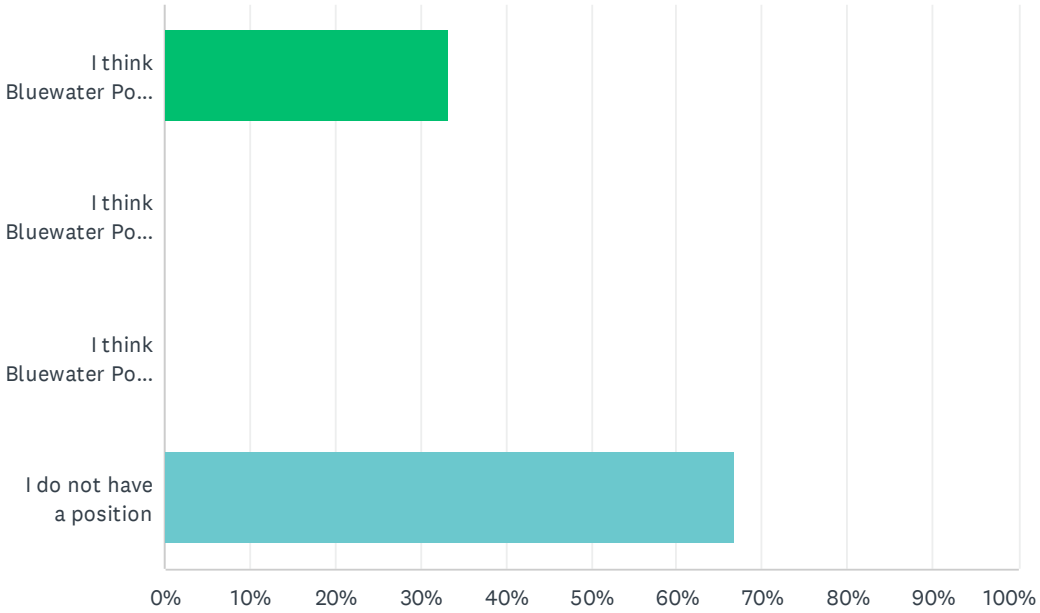
Answered: 3 Skipped: 2



	1	2	3	4	5	TOTAL
The overall reliability of your electrical service based on the number of power outages you experience	0.00% 0	0.00% 0	33.33% 1	33.33% 1	33.33% 1	3
The amount of time it takes to restore power when power outages occur	0.00% 0	33.33% 1	0.00% 0	33.33% 1	33.33% 1	3
The communication surrounding the outage	0.00% 0	33.33% 1	0.00% 0	0.00% 0	66.67% 2	3

Q11 Could you tell us which of the following statements is closest to your viewpoint about System Renewal?

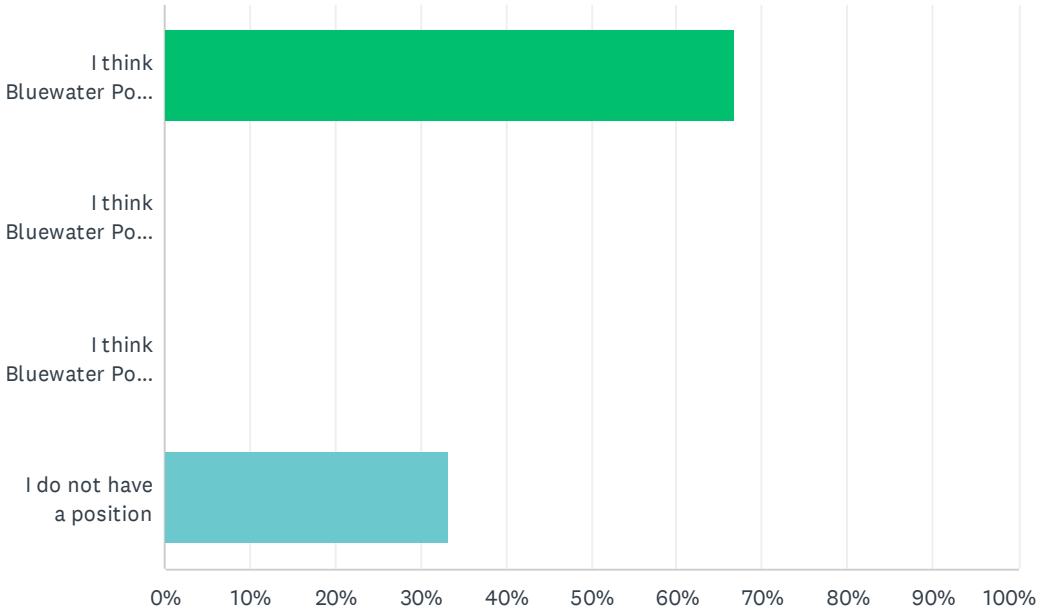
Answered: 3 Skipped: 2



ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned System Renewal investments, which may reduce power outages	33.33%	1
I think Bluewater Power should increase its System Renewal investments, which may further reduce power outages, even if it results in an additional increase to my month electricity bill	0.00%	0
I think Bluewater Power should decrease its System Renewal investments, knowing this may increase power outages, in order to keep costs from rising	0.00%	0
I do not have a position	66.67%	2
TOTAL		3

Q12 What statement best represents your thoughts on spending on System Service?

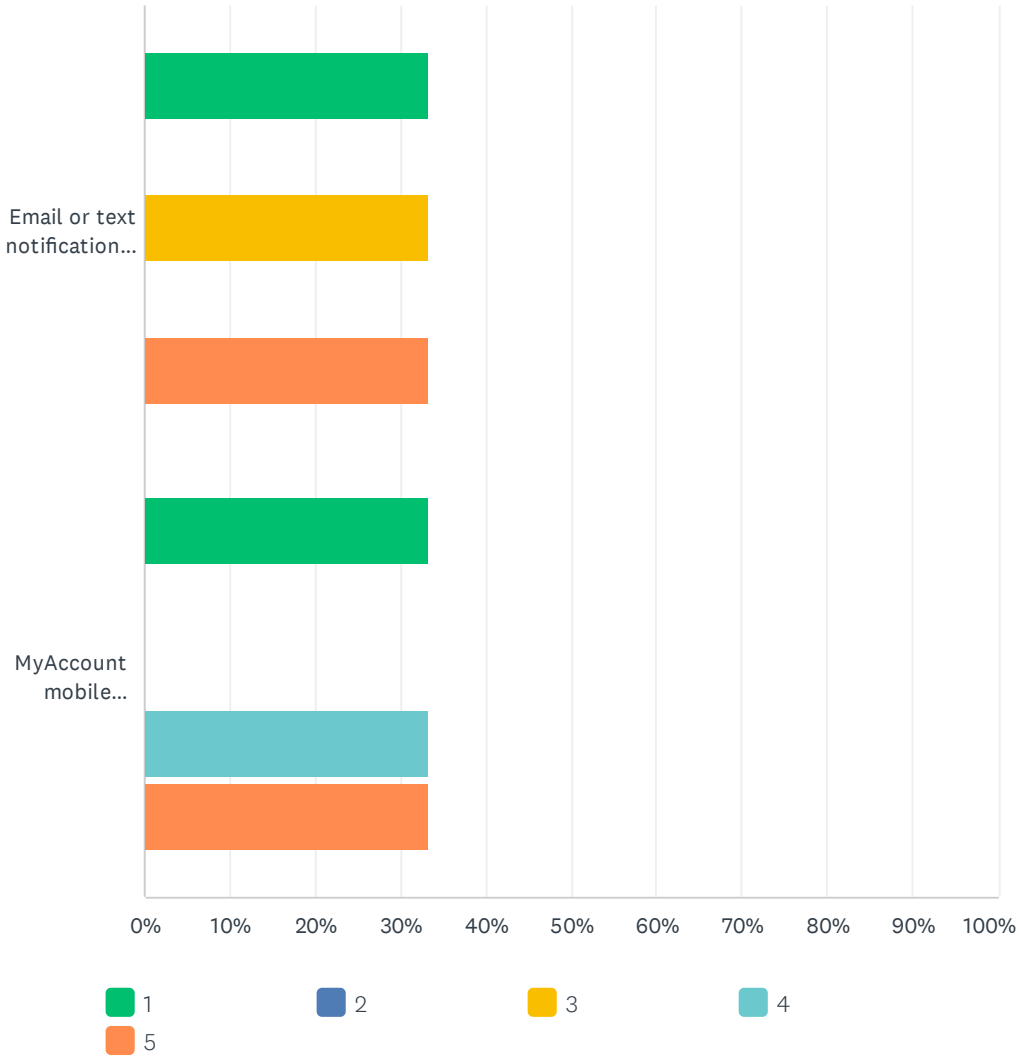
Answered: 3 Skipped: 2



ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned System Service investments, that aim to improve the current level of reliability and number of outages	66.67%	2
I think Bluewater Power should increase its System Service investments, to aim to further improve the current level of reliability and number of outages, even if it results in an additional increase to my monthly electricity bill.	0.00%	0
I think Bluewater Power should decrease its System Service investments, knowing that this may lead to reduced levels of reliability and more outages, in order to keep costs from rising	0.00%	0
I do not have a position	33.33%	1
TOTAL		3

Q13 Bluewater Power strives to make investments that will help customers and enhance the overall distribution system. On a scale of 1-5, how important to you is it that Bluewater Power invests in the following? Investing in the following items may result in bill increases.(With 1 being low importance and 5 being high importance)

Answered: 3 Skipped: 2



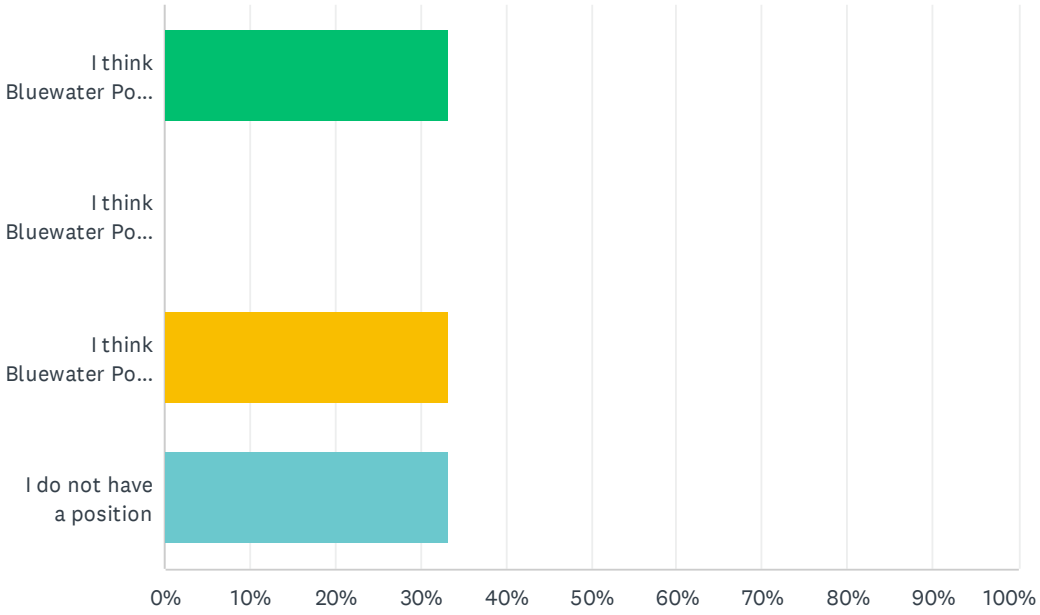
	1	2	3	4	5	TOTAL	WEIGHTED AVERAGE
Email or text notifications about outages	33.33% 1	0.00% 0	33.33% 1	0.00% 0	33.33% 1	3	3.00
MyAccount mobile application	33.33% 1	0.00% 0	0.00% 0	33.33% 1	33.33% 1	3	3.33

Q14 Is there any other technology that you would be interested in for your business?

Answered: 2 Skipped: 3

Q15 Which of the following statements best represents your point of view on investments in General Plant?

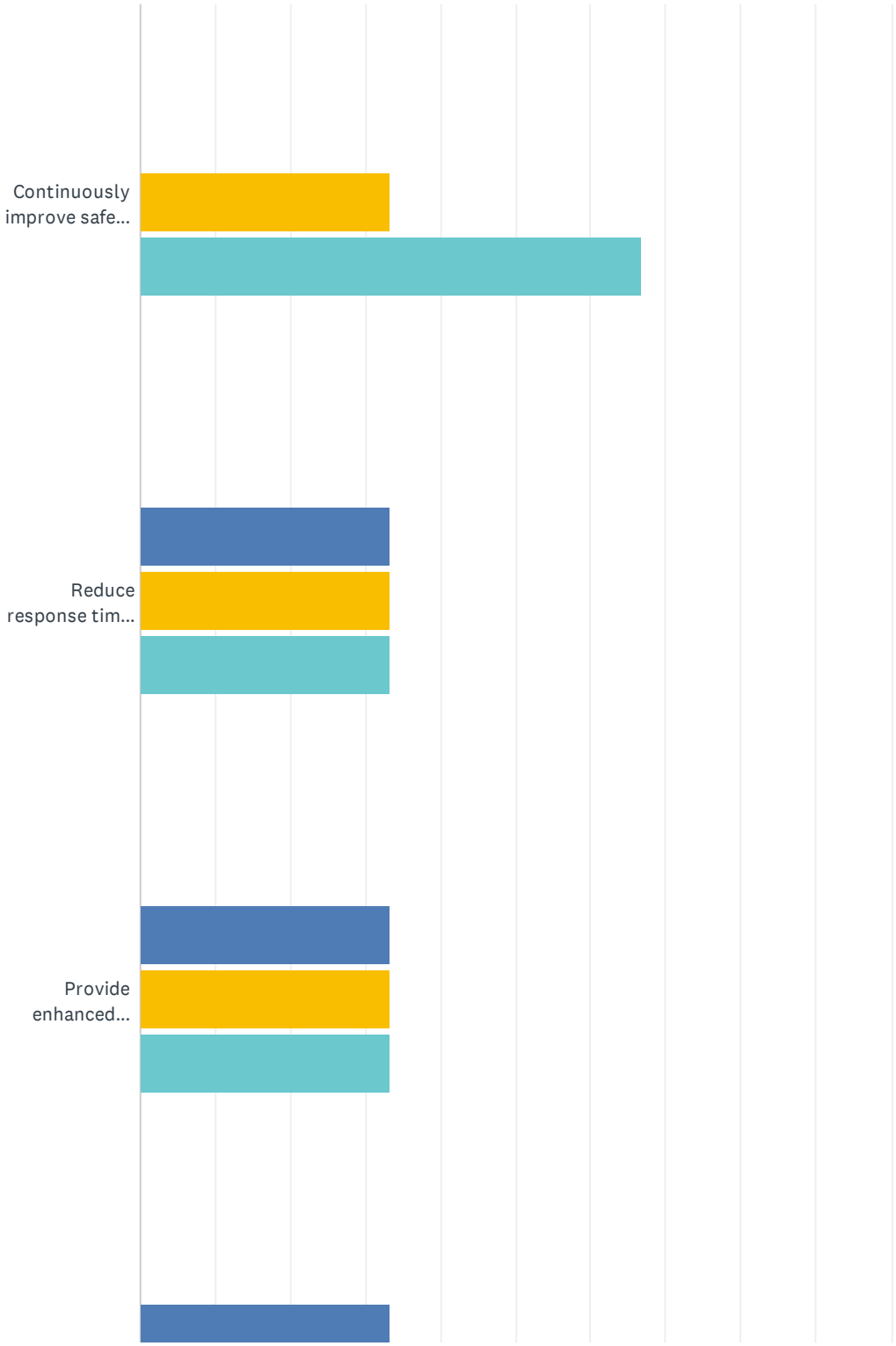
Answered: 3 Skipped: 2

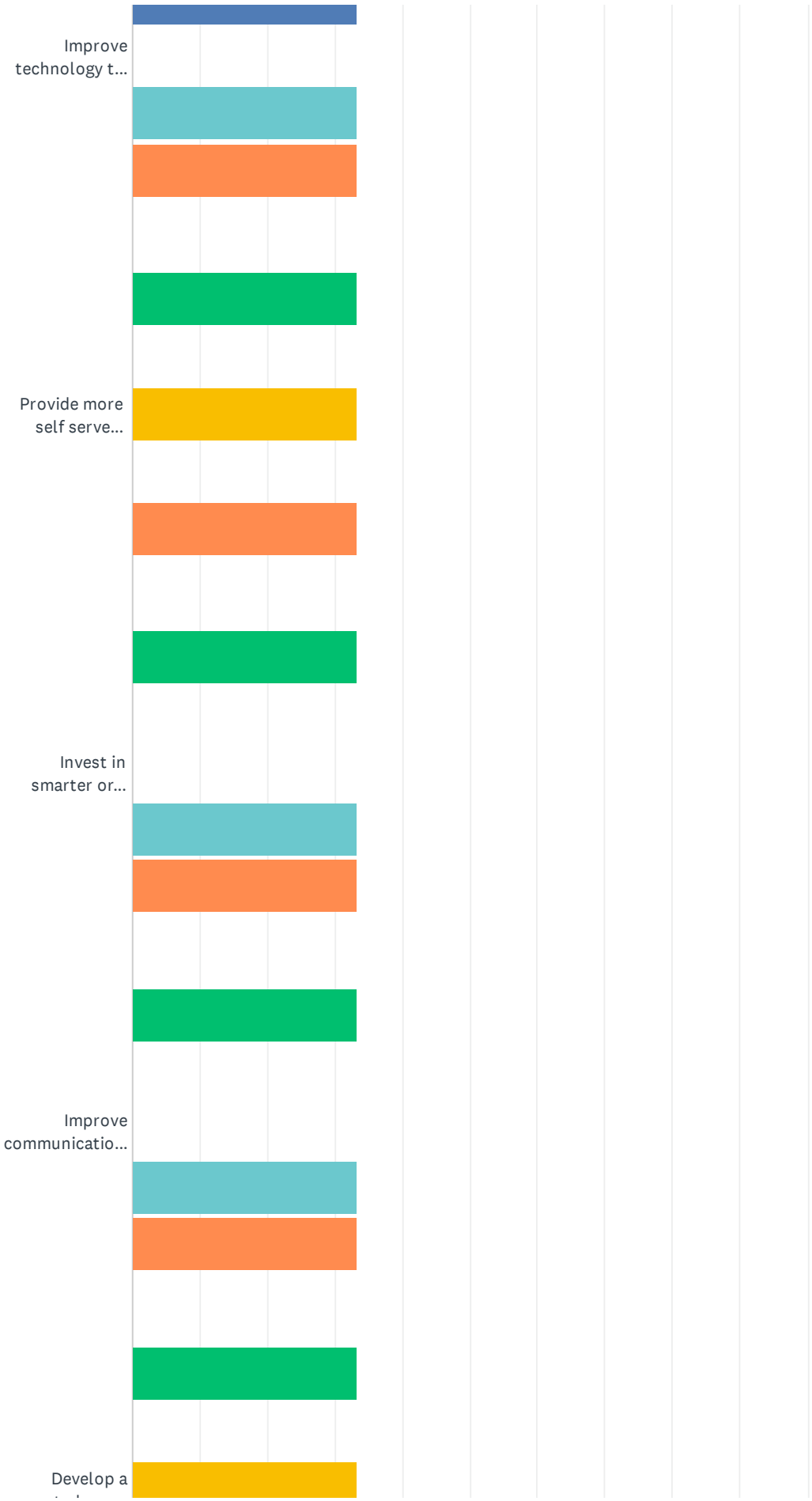


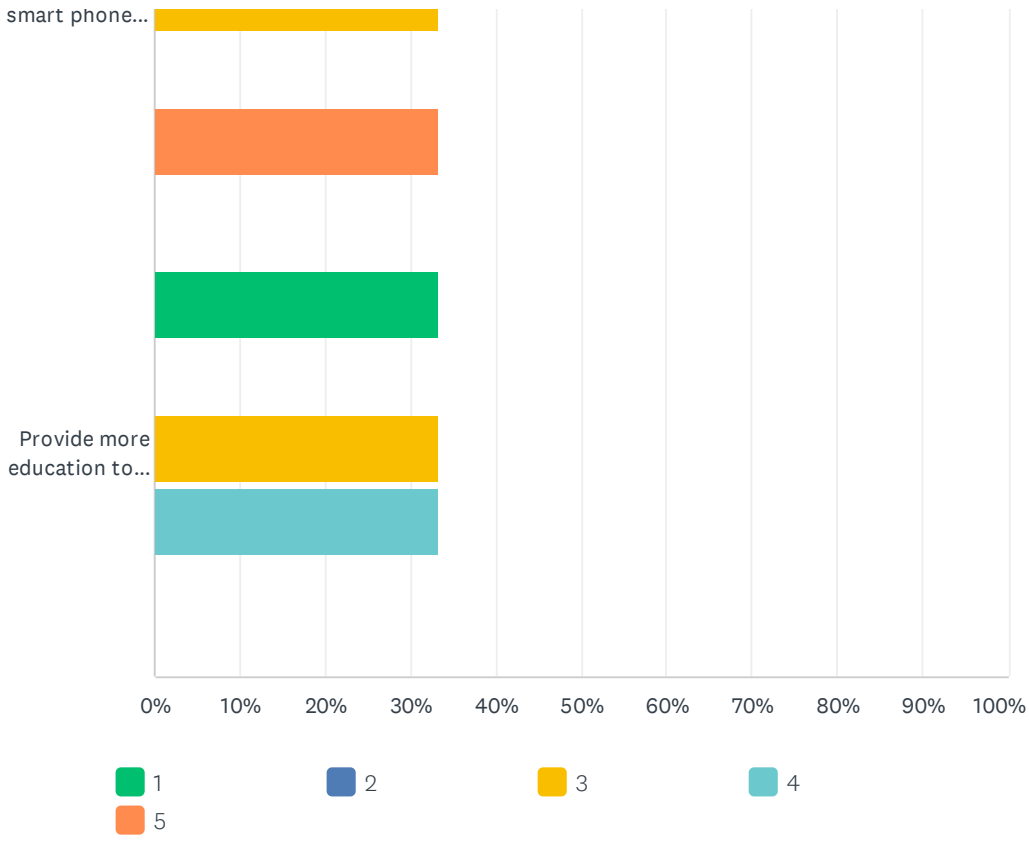
ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned General Plant investments, because it is important that Bluewater Power's staff have the equipment and tools they need to manage the system safely, efficiently, and reliably.	33.33%	1
I think Bluewater Power should increase its General Plant investments, even if it results in an additional increase to my monthly electricity bill	0.00%	0
I think Bluewater Power should decrease its General Plant investments, in order to keep costs from rising	33.33%	1
I do not have a position	33.33%	1
TOTAL		3

Q16 Please consider each of the following activities, and indicate how important you think they are for Bluewater to invest in: Please rate each activity on a scale of 1 to 5.(With 1 being low priority and 5 being high priority)

Answered: 3 Skipped: 2




Improve technology t...
Provide more self serve...
Invest in smarter or...
Improve communicatio...
Develop a



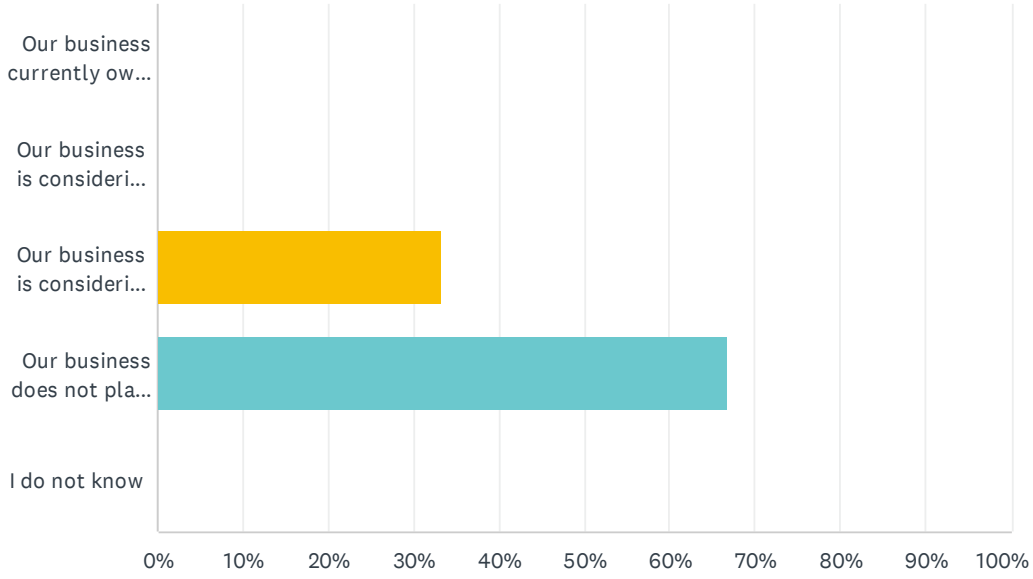
	1	2	3	4	5	TOTAL	WEIGHTED AVERAGE
Continuously improve safety and reliability of network	0.00% 0	0.00% 0	33.33% 1	66.67% 2	0.00% 0	3	3.67
Reduce response time to outages	0.00% 0	33.33% 1	33.33% 1	33.33% 1	0.00% 0	3	3.00
Provide enhanced customer service	0.00% 0	33.33% 1	33.33% 1	33.33% 1	0.00% 0	3	3.00
Improve technology to enhance the electrical system (i.e. Switches that allow power to be remotely re-routed to different feeders)	0.00% 0	33.33% 1	0.00% 0	33.33% 1	33.33% 1	3	3.67
Provide more self serve options on the website	33.33% 1	0.00% 0	33.33% 1	0.00% 0	33.33% 1	3	3.00
Invest in smarter or 'green' technologies (energy storage, electric vehicles etc.)	33.33% 1	0.00% 0	0.00% 0	33.33% 1	33.33% 1	3	3.33
Improve communication for billing and outages	33.33% 1	0.00% 0	0.00% 0	33.33% 1	33.33% 1	3	3.33
Develop a smart phone application to view usage and pay your bill on your phone	33.33% 1	0.00% 0	33.33% 1	0.00% 0	33.33% 1	3	3.00
Provide more education to the public about electricity safety	33.33% 1	0.00% 0	33.33% 1	33.33% 1	0.00% 0	3	2.67

Q17 Is there anything else not mentioned in the question above that we should investigate investing in?

Answered: 1 Skipped: 4

Q18 How likely are you to purchase battery storage for your business?

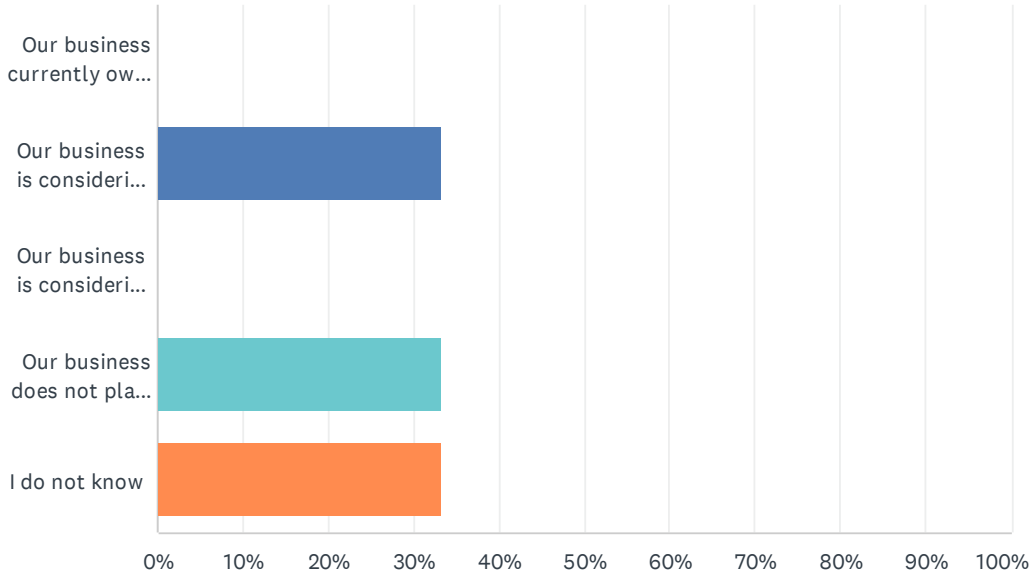
Answered: 3 Skipped: 2



ANSWER CHOICES	RESPONSES	
Our business currently owns a battery storage unit	0.00%	0
Our business is considering purchasing one in the next 5 years	0.00%	0
Our business is considering purchasing one in the next 10 years	33.33%	1
Our business does not plan to purchase a battery storage unit	66.67%	2
I do not know	0.00%	0
TOTAL		3

Q19 How likely are you to purchase an electric or hybrid vehicle for your business?

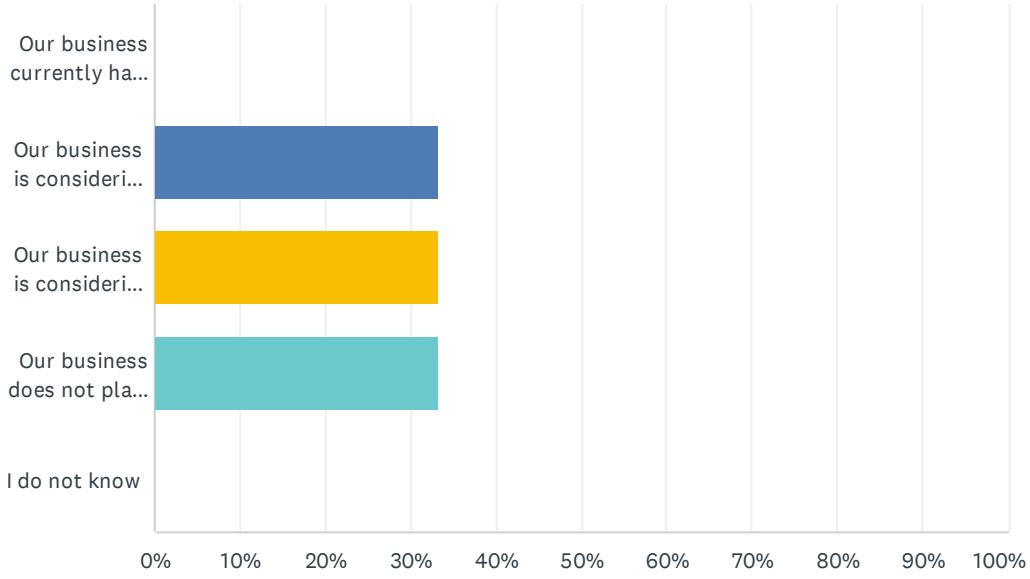
Answered: 3 Skipped: 2



ANSWER CHOICES	RESPONSES	
Our business currently owns an electric or plug-in hybrid vehicle	0.00%	0
Our business is considering purchasing one in the next 5 years	33.33%	1
Our business is considering purchasing one in the next 10 years	0.00%	0
Our business does not plan to purchase an electric or hybrid vehicle	33.33%	1
I do not know	33.33%	1
TOTAL		3

Q20 How likely are you to install a solar panel at your business?

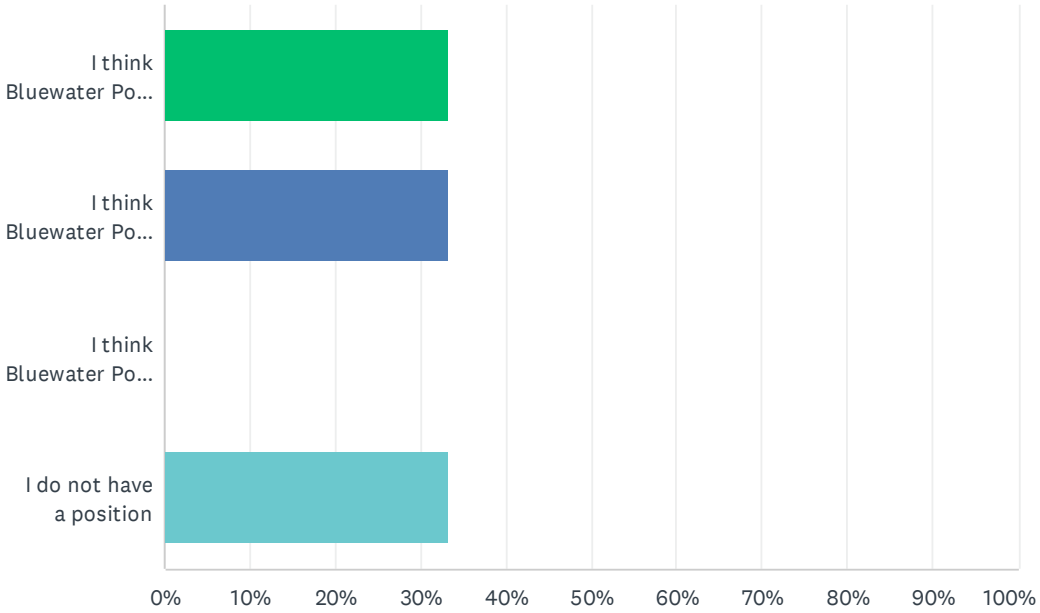
Answered: 3 Skipped: 2



ANSWER CHOICES	RESPONSES	
Our business currently has solar panels	0.00%	0
Our business is considering purchasing solar panels in the next 5 years	33.33%	1
Our business is considering purchasing solar panels in the next 10 years	33.33%	1
Our business does not plan to purchase solar panels	33.33%	1
I do not know	0.00%	0
TOTAL		3

Q21 What statement best represents your thoughts on Bluewater's overall spending?

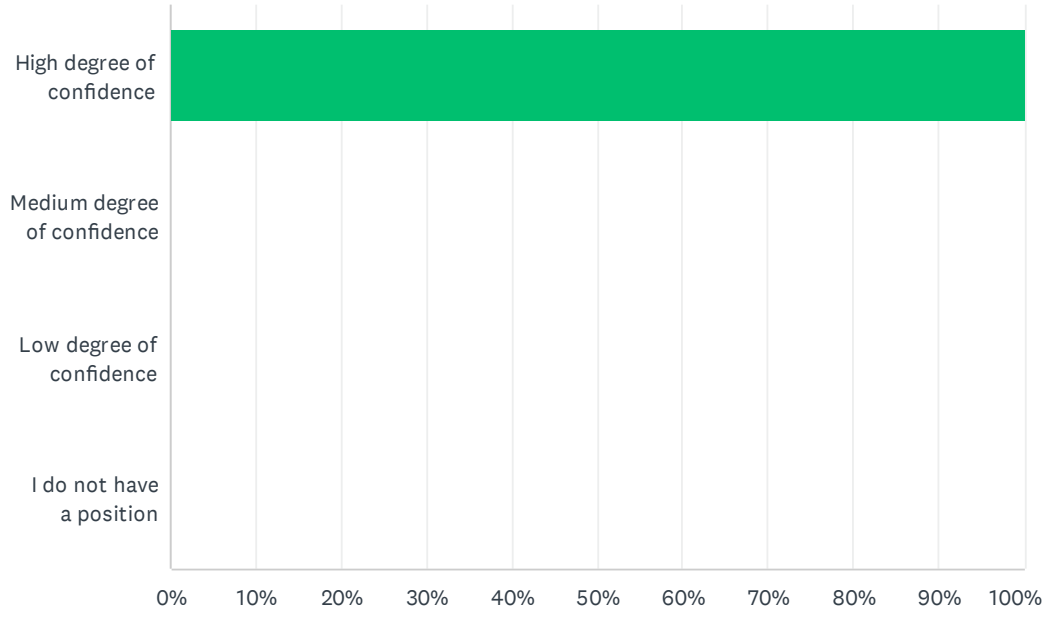
Answered: 3 Skipped: 2



ANSWER CHOICES	RESPONSES	
I think Bluewater Power should proceed with its planned level of spending. I rely on the experts at Bluewater Power to make the best investment decisions to increase system reliability	33.33%	1
I think Bluewater Power should increase its overall spending. I would be willing to pay slightly more on my bill to further improve the level of reliability.	33.33%	1
I think Bluewater Power should decrease its overall spending. I would be willing to accept more and longer power outages if that meant there would be a slight decrease on my electricity bill.	0.00%	0
I do not have a position	33.33%	1
TOTAL		3

Q22 Thinking about everything we've discussed about our overall capital spending, how confident are you that Bluewater Power will continue to provide safe, reliable, and cost effective power by implementing the investments associated with our plan?

Answered: 3 Skipped: 2



ANSWER CHOICES	RESPONSES	
High degree of confidence	100.00%	3
Medium degree of confidence	0.00%	0
Low degree of confidence	0.00%	0
I do not have a position	0.00%	0
TOTAL		3

Q23 Are there any other comments or suggestions you would like to provide?

Answered: 1 Skipped: 4


BLUEWATER
POWER
DISTRIBUTION CORPORATION

Commercial/Industrial/Institutional Customer Meeting

March 23, 2022

Welcome from Bluewater Power!

Alex Palimaka, Senior Vice President and General Counsel

Leslie Dugas, Director, Regulatory and Customer Service

Mark Delaurier, VP, Operations Services

Mark Vanderheide, Director, Operations Support

Emma Nicholson, Associate Lawyer

Jody McEachran, Regulatory Consultant

Meeting Purpose

Bluewater Power will be applying to our regulator, the Ontario Energy Board, for a rate review in the coming months. We will include a **Distribution System Plan ("DSP")**, which details our planned investments in our infrastructure.

We want to know **your priorities** regarding electrical distribution in our community and feedback on the above noted **DSP**. This meeting is designed to give you some background information about issues facing the distribution system and to allow you to provide an informed opinion.

Throughout this presentation, we will pause to ask you questions, and we will also have time for you to ask questions of us.

Ontario Electricity System Players

The **Ontario Energy Board** ("OEB") is Ontario's independent energy regulator. The OEB licenses energy companies, establishes rates, and makes rules to protect consumers. The OEB sets the electricity commodity time-of-use rates on May 1st and November 1st of each year.

The **Independent Electricity System Operator** ("IESO") operates the electrical grid in real-time and ensures there is enough electricity to meet the province's demand.

Ontario Electricity System Players

GENERATION

Generation stations, also known as power stations or power plants, convert different types of energy into electricity.

TRANSMISSION

Transmission lines deliver high voltage electricity from generators to communities across Ontario. Most of the transmission lines in the province are owned and operated by Hydro One.

DISTRIBUTION

Local Distribution Companies, including Bluewater Power, own and operate infrastructure to convert high voltage electricity from the transmission lines to a lower voltage and to deliver it to local consumers.

Electricity Distribution Rate Applications

Bluewater Power receives funding to maintain and operate the distribution system from the rates paid by its customers. Usually every 5 years, Bluewater Power must submit a detailed "Cost of Service" application with the Ontario Energy Board ("OEB"), to justify the rates charged. Bluewater Power uses its own expertise, as well as customer feedback to shape its investment and spending plans in order to meet the needs of its customers.

In the years between Cost of Service applications, the OEB sets inflationary based rate increases for the **distribution portion** of the bill.

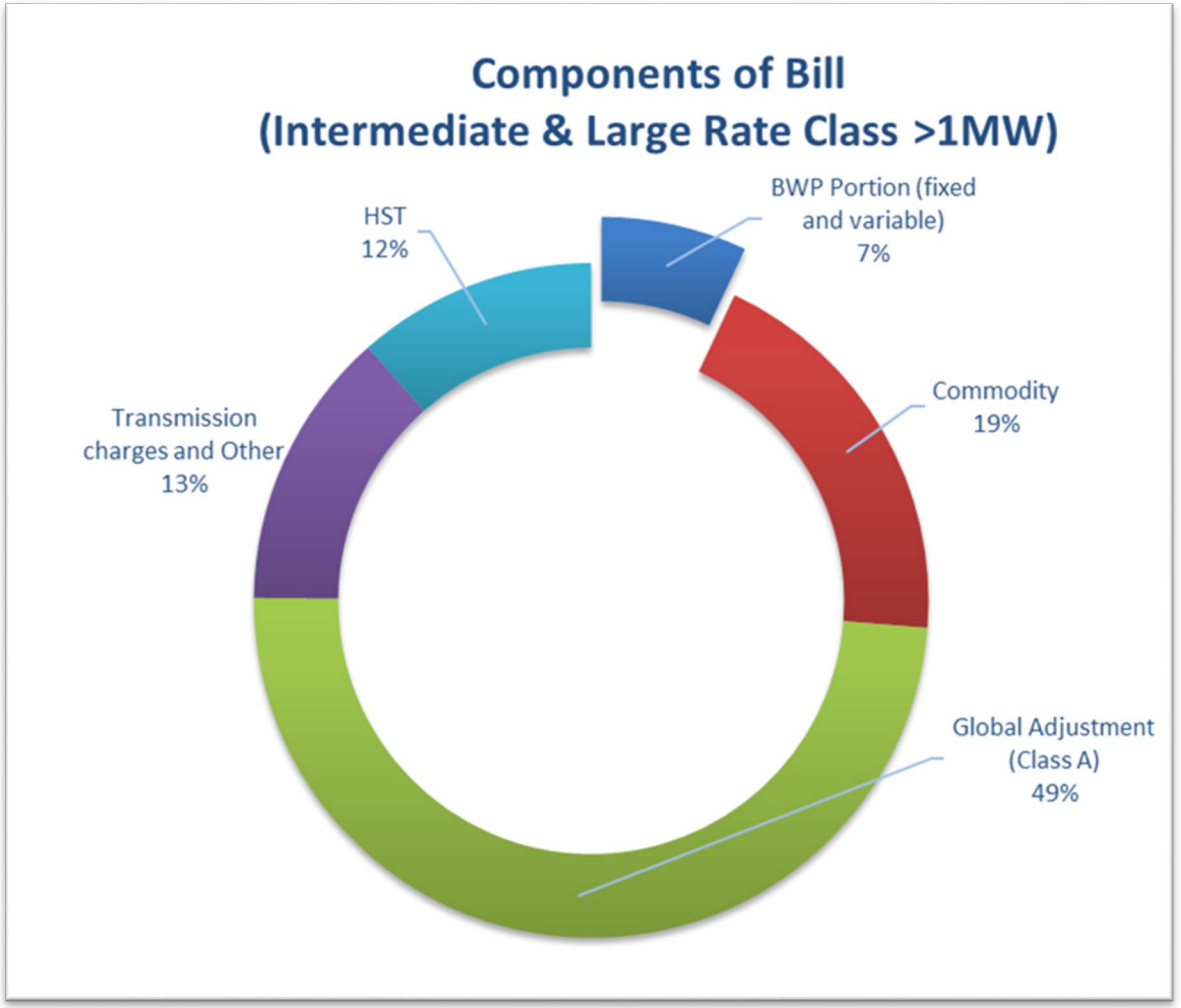
Bluewater Power's next Cost of Service rate application to the OEB will be for 2023 rates.

Understanding Your Electricity Bill

The Ontario Energy Board regulates every line item on your electricity bill.

Bluewater Power retains only a portion of the fixed and variable **distribution** charges on your monthly bill. Transmission-related, commodity and global adjustment charges are remitted to other agencies.

Distribution charges are used to cover the cost of building and maintaining our local distribution system, including the power lines, poles, transformers, as well as the administration of these items.



Questions & Discussion

Service Delivery

Bluewater Power continually balances power reliability with the cost of running the distribution system. No distribution system can deliver service 100% of the time.

Bluewater Power is a partially embedded distributor of Hydro One Networks Inc. ("Hydro One"), which means that all of our municipal areas rely on Hydro One for supply.

Bluewater Power receives power from three Hydro One-owned transmission stations:

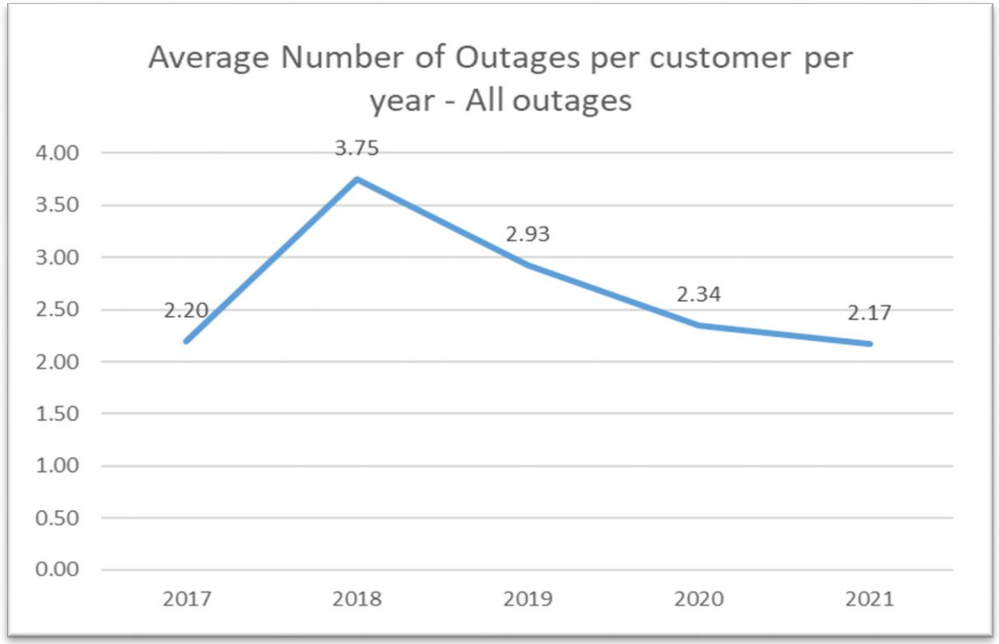
- St Andrew's - serving mainly south end of Sarnia and Industrial customers
- Modeland – serving mainly north end of Sarnia
- Wanstead – serving Petrolia, Warwick, Oil Springs, Alvinston

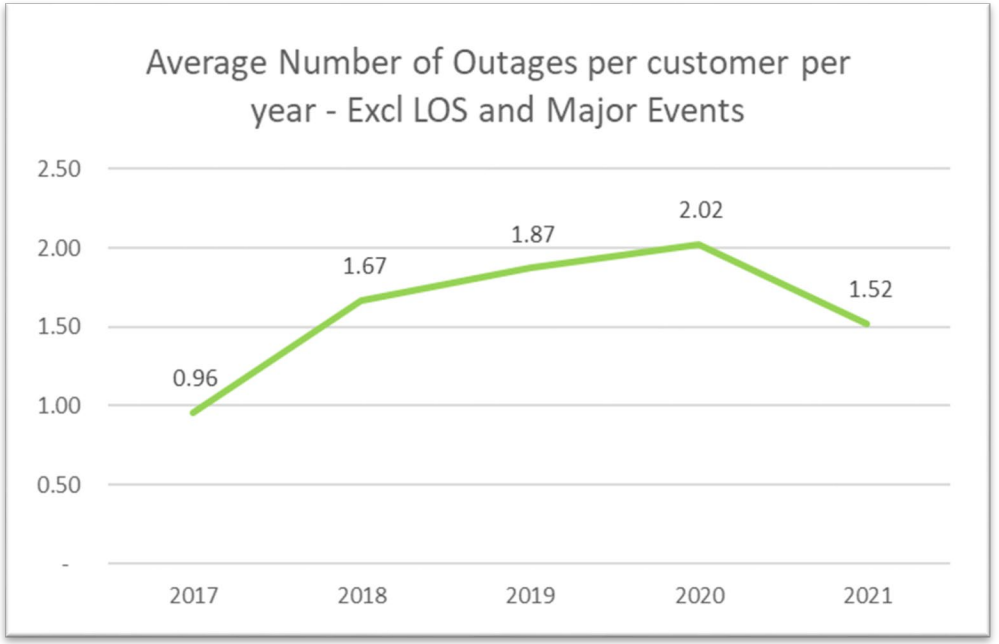
Upgrades

- **Wanstead TS:** Hydro One recently completed an upgrade of the TS to a dual 230 kV feed, which was a multi-year project to modernize the station. This upgrade has lead to increased reliability in the area that serves Petrolia, Alvinston, Oil Springs, and Warwick. Bluewater Power contributed significantly to the funding of this project and is pleased to see improvements in the area.

- **St. Andrew's TS**: Hydro One is in the planning stages of upgrading St Andrew's TS with a completion date of 2025. The new station will have a higher Limited Time Rating ("LTR") resulting in greater supply capacity of 120 MVA in summer months and 133 MVA in winter months.

Reliability

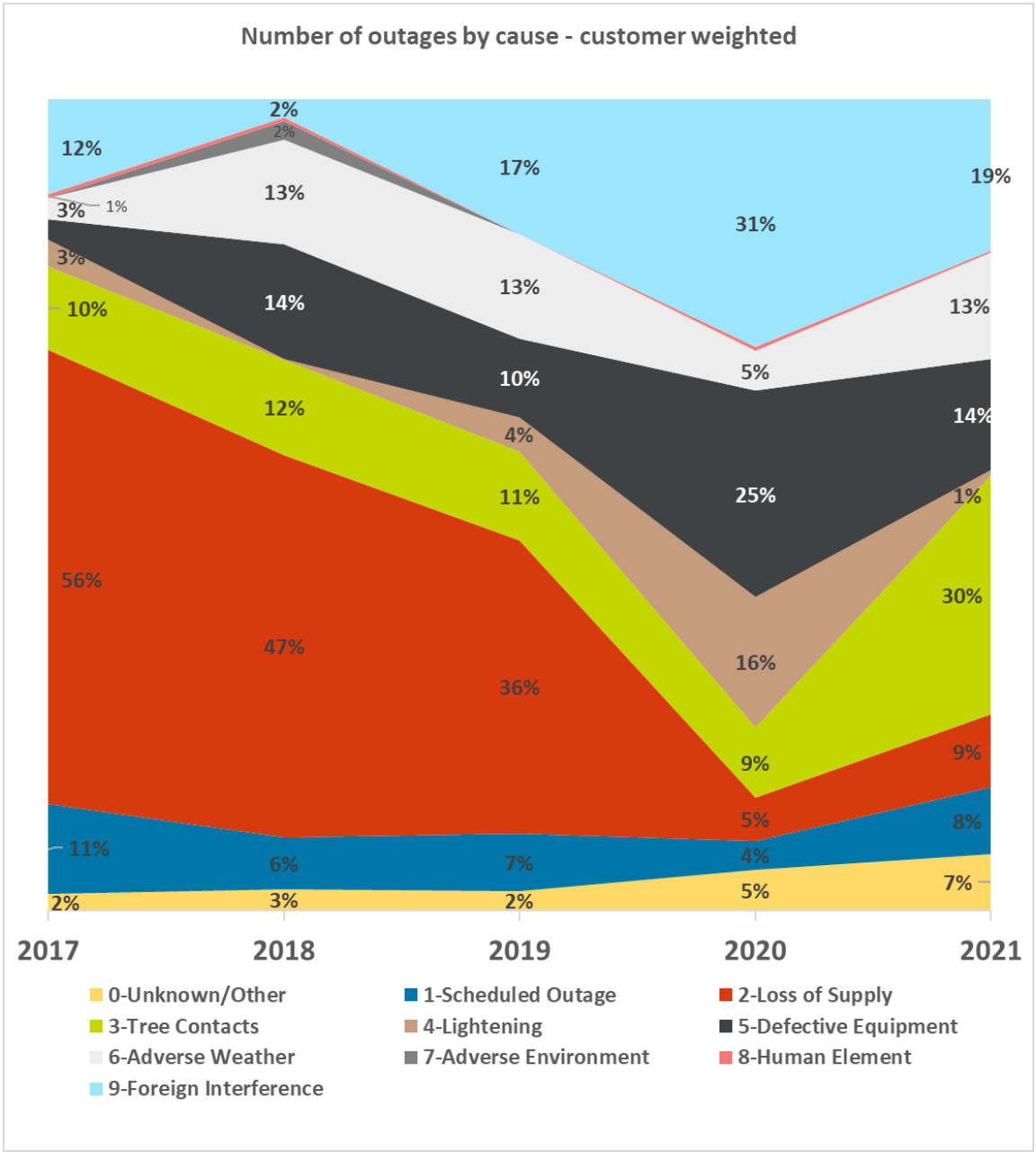




- Over time, Bluewater Power's reliability has improved, and we continually strive to make the system more resilient.
- Compared to industry averages, Bluewater Power is better than average for the duration of outages, and slightly higher than average, but trending towards average for the frequency of outages.

Section 3: System Reliability

- Increased spending over time on replacing equipment nearing end of useful life has resulted in a decline in outages caused by equipment failure
- Tree contact related outages has increased as a result of declining vegetation management, due to COVID and contractor restrictions.
- Loss of supply is significantly lower given the upgrades at the Wanstead TS
- Weather related impacts including lightning and storms amounts to almost half of the number of outages. Bluewater Power plans on investing in more resilient equipment to help withstand weather impacts.



Deteriorating Infrastructure

Every year, Bluewater Power balances running some assets to 'end-of-life' and proactively replacing some equipment assets prior to failure. Bluewater Power must continue to replace at-risk parts of the system and allow for growth and efficiency.

Bluewater Power also has to balance the cost of replacing these assets with the impacts to the customer rates.

Questions & Discussion

- **What is most important for your business?**
  - Affordable cost of electricity
  - Reducing the number of power outages
  - Reducing the length of power outages
  - Access to outage information

Section 4: Distribution System Plan ("DSP")

In regard to capital investments, a Distribution System plan or "DSP" is used to support Bluewater Power's Rate Application.

- Looks at the age and condition of assets
- Ensures safety of public and employees is critical
- Reviews system performance – reliability
- Accommodates load growth – with Municipalities, developers, customers
- Identifies efficiency opportunities – reduce losses, reduce response time to outages, increased automation
- Reflects customer expectations

- The DSP is a 5 year overview of how Bluewater Power plans on investing in its assets

Four Main Capital Investment Categories and Drivers

System Service - projects that modernize the system

- Remotely operated switches

System Access - customer requests for new connections or new infrastructure development

- New subdivisions, road widening, pole attachments

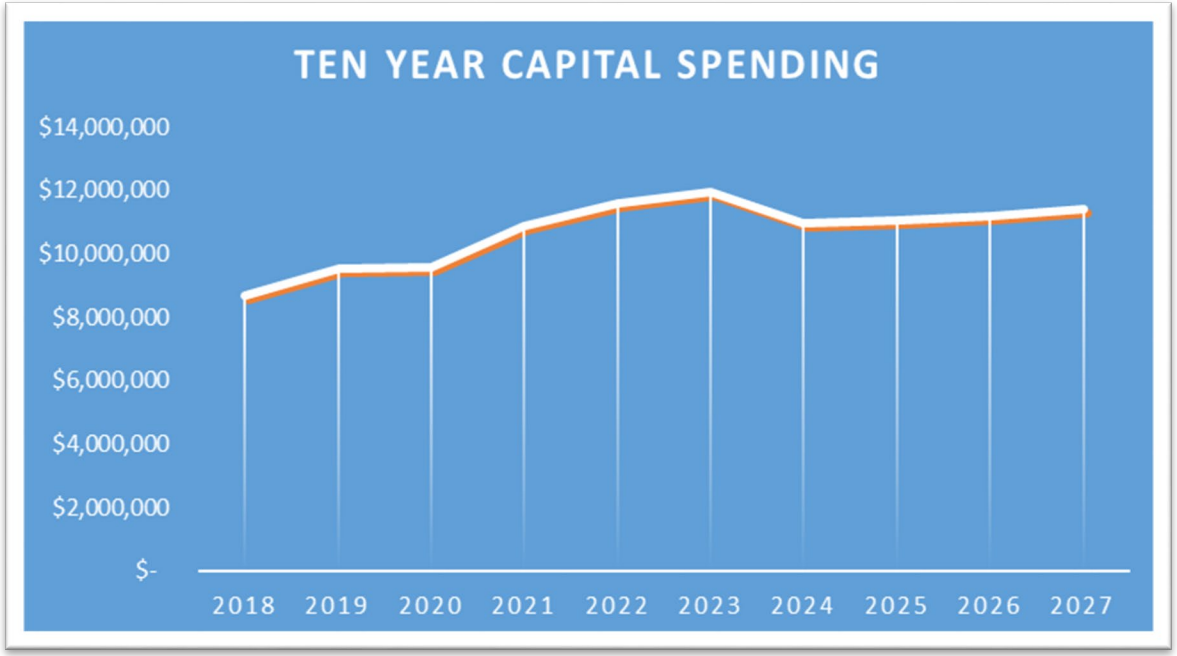
General Plant - assets that support the system

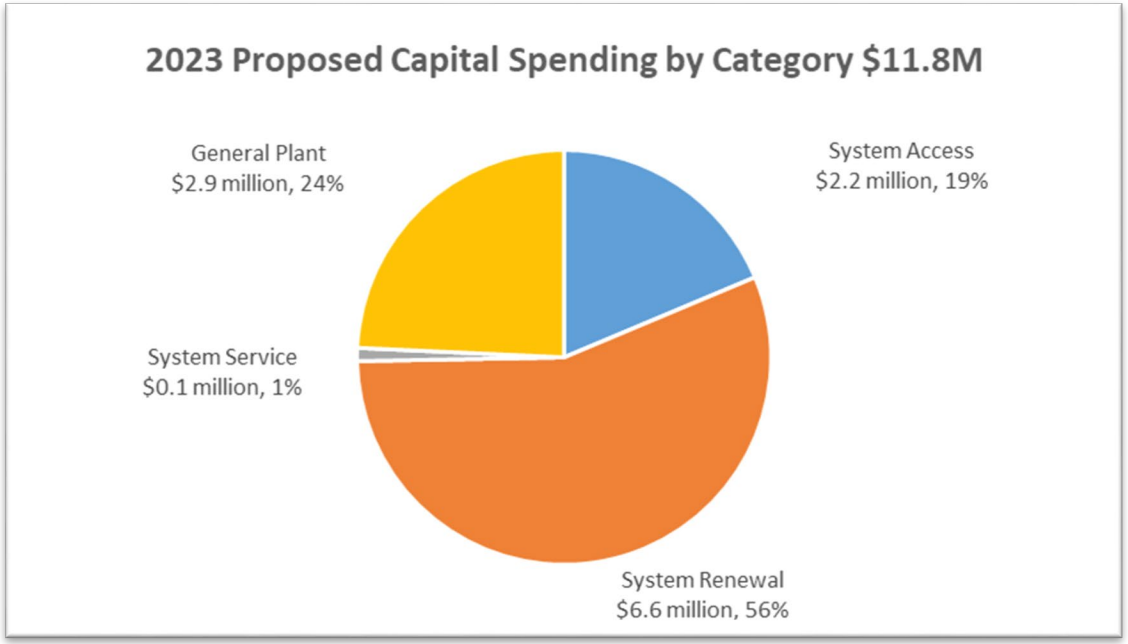
- Information Technology ("IT"): system software and hardware
- Fleet
- Office equipment

System Renewal - replacing aging equipment

- Rebuild and upgrade aging infrastructure
- Pole replacement program

Section 4: Distribution System Plan ("DSP")





- Bluewater Power is planning on spending between $10 million to $12 million per year over the next five years to maintain and improve the distribution system.
- Over half of the capital spending is on replacing and refurbishing the assets.

System Service – Modernizing Investments

Investments in System Service include specific modifications to the system.

Key System Service Projects:

- More automation
- More mapping tools to identify alternate paths for power during outages
- Remote switches that allow power to be redirected from the office
- Upgrades to systems to reduce power losses.
- Animal protection in 2018 (St. Andrew's)

Budget:

- Bluewater Power modernizes its equipment with each project and targeted spending is approximately $0.1 million or 1% of the 2023 capital budget on System Service.

Benefits:

- A modern grid will help Bluewater Power meet future power needs of our customers more easily.
- Help ensure a reliable system and help minimize outages and duration of outages

System Access – Mandatory Investments to support growth

Bluewater Power provides new infrastructure each year to connect new customers to the electrical system.

Key System Access Projects:

- New connections – required to connect new subdivisions and commercial builds
- Metering for new connections
- Street widening requires moving infrastructure

Budget:

- System Access accounts for approx. $2.2M or 19% of the capital budget

Benefits:

- Stimulate economic growth with new subdivisions and road improvements

General Plant

Key General Plant Projects:

- Vehicle replacements – bucket trucks are specialized vehicles used on a daily basis to complete overhead work.
- Service Centre upgrades
- Information Technology ("IT") – includes our customer information system, billing system, purchasing and finance systems. Bluewater Power performs the majority of system changes 'in-house' to help manage costs.

Budget:

- General Plant accounts for approx. $2.9M or 24% of the capital budget

Benefits:

- Have a well maintained fleet able to respond to outages and emergencies
- Utilize technology to benefit the system and our customers

System Renewal – Replacing Aging Equipment

All equipment has a life expectancy. Bluewater continually balances proactively replacing equipment before it fails and waiting until the equipment fails to get the full useful life out of it, depending on the type of equipment and its role in the distribution system.

Key System Renewal Projects:

- Wood pole replacement
- 4 kV system upgrades
- 8 kV load conversion to 27.6 kV (Sarnia)
- Primary underground cable replacement (Sherwood area completed, working on Cardiff Acres)

Budget:

- General Plant accounts for approx. $6.6M or 56% of the capital budget

Benefits:

- Newer equipment better able to withstand weather events
- Replacing underground circuit reduces chance of outages
- Substation rebuild to modernize end of life assets

System Renewal – Wood Pole Replacement

Sarnia's population grew in the 1960s and 1970s, necessitating an increase to overhead infrastructure at that time. Of the 16,000 poles that Bluewater Power owns and maintains, it is estimated that over half are at least 50 years old.

Over time, poles can weaken due to decomposition, weather conditions, insects, birds, and other wildlife. Bluewater undertakes regular pole testing to determine the structural integrity of the poles. Wood poles that have reached their end-of-life are marked for replacement.

Bluewater Power is planning on spending approximately $2.2 million per year on pole replacements for at least the next 5 years. This represents approximately 33% of the System Renewal budget in 2023.

Overall Impact on Bill

Based on the investments we just discussed, Bluewater Power is planning on spending approximately $11.8 million in 2023 on capital expenditures and approximately $15 million in operating expenses

This level of investment leads to the following preliminary bill impacts, excluding commodity or other price changes:

- We expect bill increases to be less than 1% on a total bill basis

Questions & Discussion

- What are your thoughts on Bluewater's overall spending plan?
- Have we achieved the appropriate balance of capital spending and distribution rates (the 7% portion that Bluewater controls)?
- Would you rather see Bluewater invest more in improving reliability, or spend less which may impact reliability?

Future Energy Needs

- The electrical distribution system is changing with the connection of **Distributed Energy Resources ("DERs")**
- This includes Battery Storage, Generation (load displacement, co-generation, and emergency back-up), electric vehicles
- A top priority for Bluewater Power will be to safely operate the system, maintain and improve reliability and respond to requests for connections from new technologies.

Questions & Discussion

- **Changes are constant in the electricity sector, we want to be prepared to meet your future energy needs**
  - How likely is your business to install battery storage?
  - How likely is your business to install solar panels?
  - Any other generation investments?
  - Any additional services you would like Bluewater Power to provide/offer?

SURVEY

We sent an online survey to the contacts we had on file in early March.

We encourage you to complete it, and will send out to all participants in today's meeting.

Thank you for participating!

Questions??

ATTACHMENT 1 – 5

ORACLEPOLL CUSTOMER SATISFACTION SURVEY REPORT 2021

EB – 2022 – 0016

Customer Satisfaction Survey Report

oracle poll RESEARCH

March 2021

TABLE OF CONTENTS

Methodology & Logistics

Overview

- This report represents the findings from a February / March 2021 customer satisfaction survey of N=400 Bluewater Power customers conducted by Oraclepoll Research Limited for the LDC. The results in this report are compared with the survey data that was first benchmarked in March 2017 and tracked in March 2019. In each of these survey waves there was a N=360 residential customer sample segment and a N=40 business component.

- Within this report, there are the combined findings from the total (N=400) sample as well as breakouts for the residential and business components. Where applicable and possible, the results are compared to the previous survey wave.

Study Sample

- Bluewater Power provided Oraclepoll with a database of their residential and business customers that was used as a sample frame. The database included contact information as well as usage – from which the sample frame was stratified accordingly. A total of N=360 residential customers and N=40 business customers were randomly selected from the database and surveyed by telephone using person to person live telephone interviewing.

- Respondents were screened to ensure that they were 18 years of age or older and were one of the persons either at the business or residence that was responsible for making decisions related to their electricity usage including bill payments.

Survey Method

- All surveys were conducted by telephone using live operators at the Oraclepoll call centre facility. The survey was conducted using computer-assisted techniques of telephone interviewing (CATI) and random number selection. A total of 20% of all interviews were monitored and the management of Oraclepoll Research Limited supervised 100%.

Logistics

- Surveys were completed by telephone from the days of February 22nd and March 1st, 2021. Initial calls to residents were made between the hours of 6:00 pm and 9:00 pm. Subsequent call-backs of no-answers and busy numbers were made on a (staggered) daily rotating basis up to 5 times (from 10:00 a.m. to 9:00 p.m.) until contact was made. At least one call was made on a weekend. Calls to commercial clients were made during business hours from 8:30 am to 6 pm with at least one call after 6 pm and one on a weekend. In addition, telephone interview appointments were attempted with those respondents unable to complete the survey at the time of contact.

Confidence

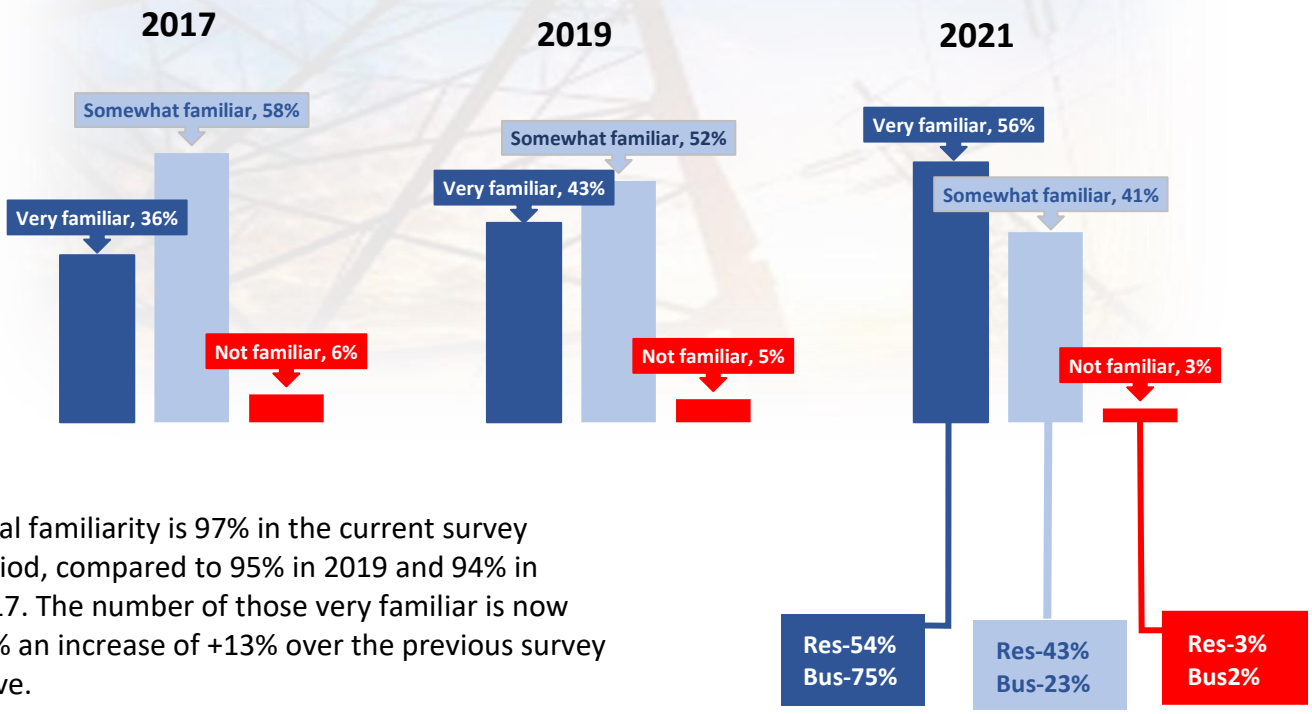
- The margin of error for the total N=400 sample is ± 4.9%, 19/20 times. The error rate for the N=360 residential breakout is ± 5.2% and ± 15.5% for the business.

Familiarity

All respondents were first read the following descriptive preamble outlining the local electricity distribution system in the area. They were then asked about their familiarity with Bluewater Power.

"To begin, I'd like to ask you some questions about your electricity service.
Today we want to talk about Bluewater Power and the local electricity system in your community. This is the system that takes the electricity from provincial transmission towers and brings it to your organization through a network of wires, poles and other equipment that is owned and operated by Bluewater Power."

Q1. "How familiar are you with Bluewater Power, which operates the electricity distribution system in your community? Would you say you are very familiar, somewhat familiar or not familiar? "

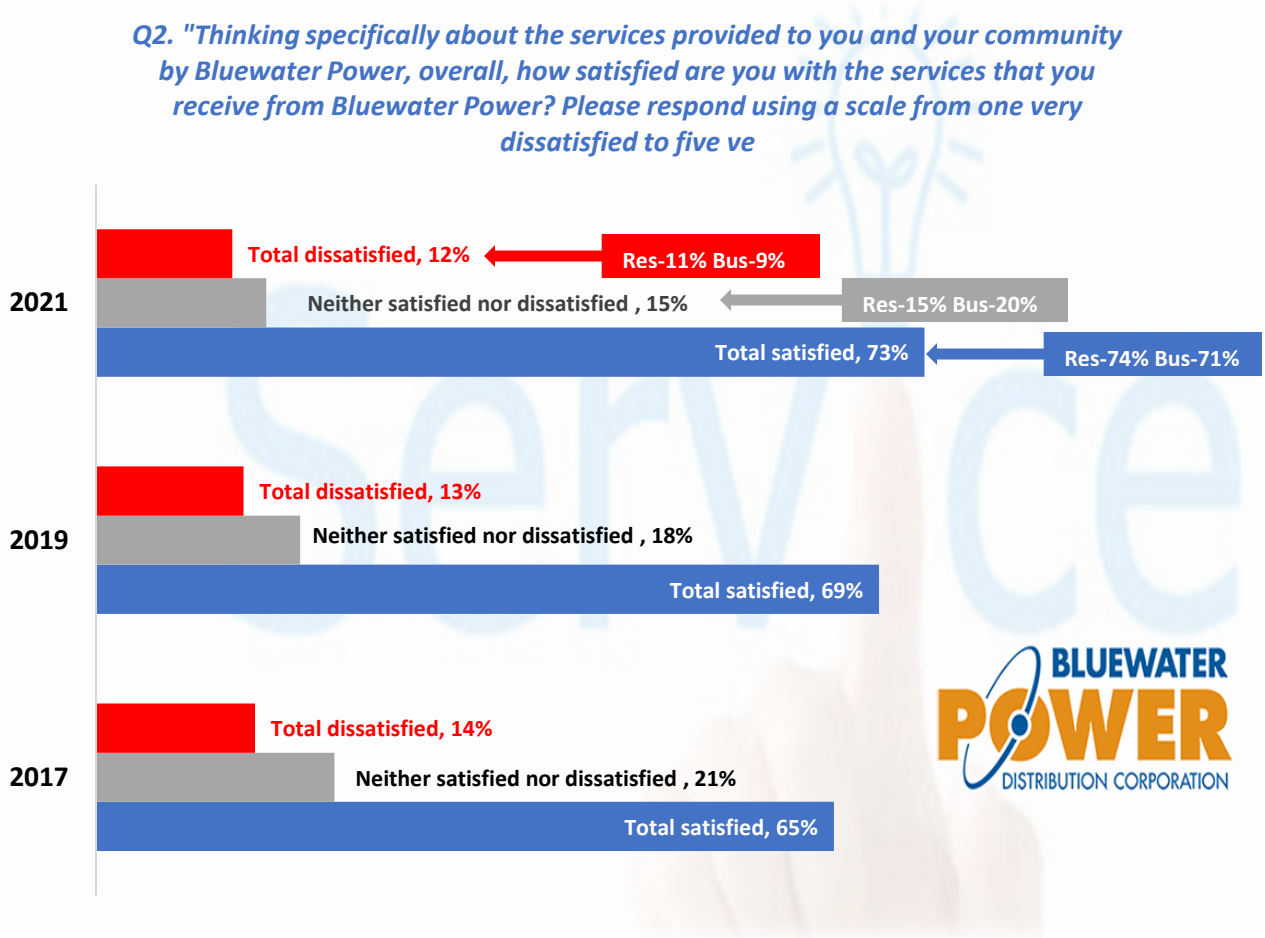


Total familiarity is 97% in the current survey period, compared to 95% in 2019 and 94% in 2017. The number of those very familiar is now 56% an increase of +13% over the previous survey wave.

Results also reveal that more businesses are very familiar (75%) in relation to residential customers (54%).

Satisfaction – Services

Customers were asked to rate their overall satisfaction with Bluewater Power using a five-point rating scale from one very satisfied to five very dissatisfied. The results below illustrate the combined satisfied (1-very satisfied & 2-satisfied) and total dissatisfied (4-dissatisfied & 5-very dissatisfied) scores and compares them to 2017.



There was a +4% increase in the overall customer satisfaction score in this survey to 73% (compared to 69% in the previous 2019 poll), while dissatisfaction remains low and consistent at 12%. Fifteen percent expressed a neutral (neither satisfied nor dissatisfied) opinion (-3% lower over 2019). Slightly more residential customers (74%) than businesses (71%) provided a satisfied or very satisfied rating.

Reliability of Power Supply

Using a 5-point scale, respondents were asked to rate their level of satisfaction with three areas related to the reliability of their power supply. The table below combines the total satisfied responses (1-very & 2-somewhat) as well as the total dissatisfied scores (4-somewhat & 5-very) and compares them over the three survey periods.

"Please rate each of the following areas using a scale from one very satisfied to five very dissatisfied.?"

Q3. "The reliability of your electricity service - as judged by the number of power outages you experience"

	Total satisfied	Neutral	Total dissatisfied
2017	84%	9%	7%
2019	82%	9%	9%
2020	85%	8%	7%

Results are higher in terms of overall satisfaction at 85% or +3% more than 2019. Eighty-five percent of residents and 88% of businesses expressed satisfaction.

Q4. "The amount of time it takes to restore power when power outages occur"

	Total satisfied	Neutral	Total dissatisfied
2017	81%	10%	10%
2019	82%	11%	7%
2021	89%	7%	3%

Satisfaction with restoring power after outages improved significantly (+7%) to 89% with 89% of residents and 83% of businesses being satisfied or very satisfied.

Q5. "The quality of the power delivered to you as judged by the absence of voltage fluctuations that can result in the flickering or dimming of lights"

	Total satisfied	Neutral	Total dissatisfied
2017	79%	11%	10%
2019	80%	6%	14%
2021	86%	10%	4%

There was an increase in this rating as 86% are now satisfied with the quality of power delivered (+6% over 2019), including 88% of residential customers and 75% of businesses.

Billing

Next, customers rated their satisfaction using a 5-point scale with two aspects of the billing provided by Bluewater Power. The table below displays the total satisfied responses (1-very & 2-somewhat) as well as the dissatisfied scores (4-somewhat & 5-very).

"The next two questions are about the bills that you receive from Bluewater Power. Please respond to each using the same scale of one very satisfied to five very dissatisfied."

Q6. "The bills being accurate"

	Total satisfied	Neutral	Total dissatisfied
2017	82%	6%	12%
2019	78%	3%	19%
2021	76%	7%	17%

Q7. "Being provided convenient options to both receive and pay bills"

	Total satisfied	Neutral	Total dissatisfied
2017	79%	6%	18%
2019	80%	11%	10%
2021	78%	10%	12%

Both billing areas saw slight decreases in the total satisfied score. The accurate billing total satisfied rating dropped -2% to 76% (77% – residential & 70% – business).

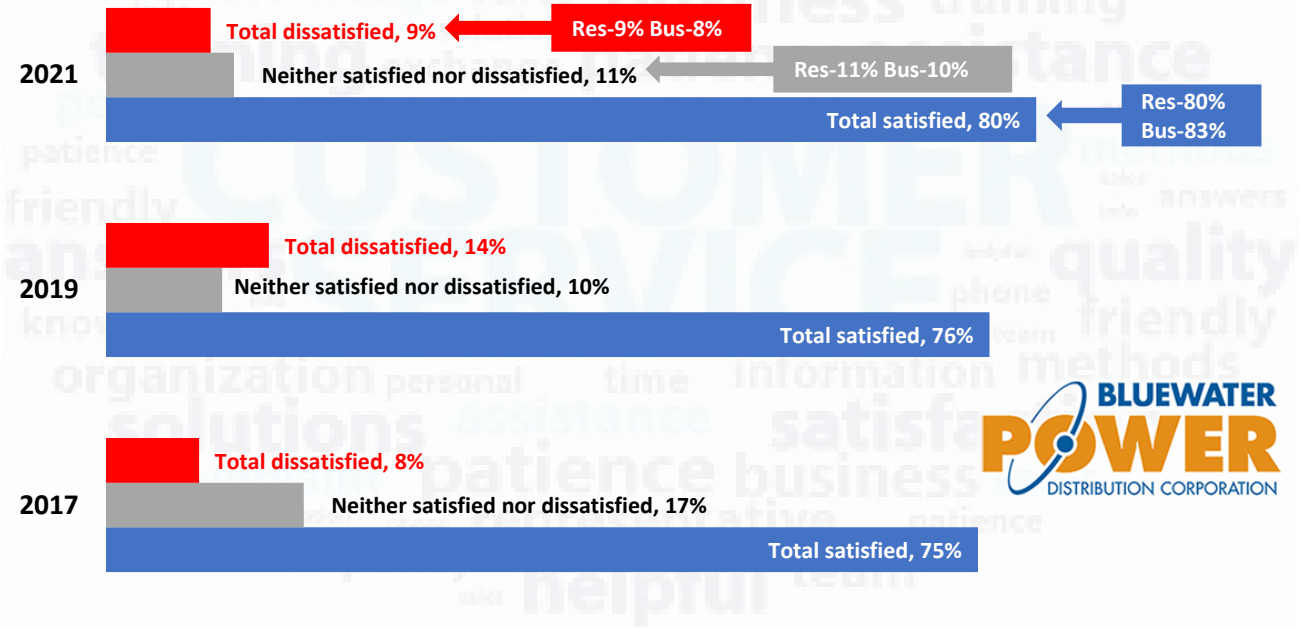
There also a decrease of -2% in the total satisfied rating for convenient billing options to 78%. The numbers were consistent among segments but with slightly more businesses being satisfied (80%) than residential customers (78%).

Customer Service & Communication

Respondents rated the customer service that they receive from Bluewater Power. A five-point rating scale was used, and the table below combines the total satisfied responses (1-very & 2-somewhat) as well as the dissatisfied scores (4-somewhat & 5-very).

"Now I would like to ask you about the customer service you have received when dealing with employees of Bluewater Power [whether on the telephone, via email, in person or through online conversations including social media]."

Q8. "Overall, how satisfied are you with the customer service provided by Bluewater Power? Please respond using a scale from one very satisfied to five very dissatisfied."

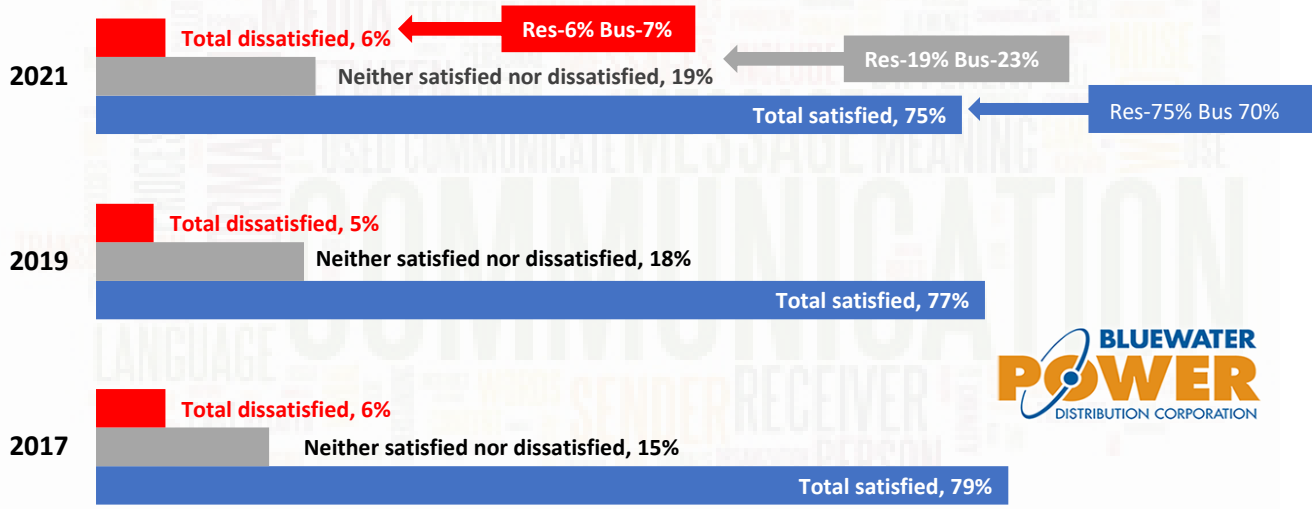


Eight in ten Bluewater Power customers (80%) are satisfied with the customer service provided, up +4% from 2019. Satisfaction levels were somewhat better among businesses (83%) in relation to residential (80%) customers.

Customers next rated the communications they receive from Bluewater Power. A five-point rating scale was used, and the table below combines the total satisfied responses (1-very & 2-somewhat) as well as the dissatisfied scores (4-somewhat & 5-very).

"I would now like you to think about the communications that you may receive from Bluewater Power without talking directly to an employee. This may include information found on their website, bill inserts, advertising, notices, emails, or social media sites."

Q9. "Overall, how satisfied are you with the communications that you receive from Bluewater Power related specifically to your electrical service? Please respond using a scale from one very satisfied to five very dissatisfied."



There was a -2% decrease with communications from Bluewater as three-quarters are satisfied, compared to 77% in 2019. Residential customers rated satisfaction higher at 75% in relation to businesses (70%).

Percentage of Bill Retained by Bluewater

An introductory pre-amble was first read to respondents outlining how the average customer's bill is distributed and what percentage is kept by the local utility. Residential and business customers were each read the percentage that applied to their respective cohort. They were then asked about how familiar they were with this arrangement.

"While Bluewater Power is responsible for collecting payment for the entire electricity bill, they retain only about [30% of the average residential customer's bill / 23% of the average small business customer's bill]. The rest of the bill goes to power generation companies, transmission companies, the provincial government, and regulatory agencies."

Q10. "Before this survey, how familiar were you with the percentage of your electricity bill that went to Bluewater Power?"

	2017	2019	2021
1-Very familiar	10%	13%	12%
2-Somewhat familiar	36%	40%	37%
3-Not familiar	54%	47%	51%

Forty-nine percent of respondents said they were familiar or very familiar, down -4% compared to 2019. More businesses or 58% were familiar or very familiar, compared to 49% of residential clients.

Next, they were asked if they felt that the percentage of their bill paid to Bluewater is reasonable. A four-point rating scale was used.

Q11. "Do you feel that the [23% of your organization's] [30% of your] total electricity bill that you pay to Bluewater Power for the services they provide is very reasonable, somewhat reasonable, somewhat unreasonable or very unreasonable?

	2017	2019	2021
1-Very reasonable	25%	28%	34%
2-Somewhat reasonable	42%	45%	40%
3-Somewhat unreasonable	17%	14%	15%
4-Very unreasonable	7%	5%	5%
Don't know	9%	7%	6%

The total reasonable responses in this survey period total 74%, up slightly from 73% in 2019. Seventy-eight percent of businesses answered reasonable as did 75% of residential customers.

Customers were asked in an open question to name what they would like Bluewater Power to do in order to improve the services is offers.

Q12. "Is there anything in particular you would like Bluewater Power to do to improve its services to you?"

Do not know	43%
Lower rates / prices	21%
Maintain rates / no increases / freeze	8%
Incentives / programs for reducing electricity	5%
Make Bills clearer / easier to read	4%
Bill / payment relief / flexibility during Covid-19	4%
Too many extra / hidden fees	4%
Clearer explanation of energy usage	3%
Get rid of time of use / have single use billing	3%
Fewer outages / quicker response to outages	3%
Offer alternative energy sources (wind, Solar, etc.)	1%
Distribution fee is too high	1%
Be easier to contact	1%
Better communication	1%

While more than four in ten had no comment, those with opinions tended to name cost related issues, most out of the control of an LDC. This included having lower rates, price freezes, incentives to save, as well as payment relief and a return to single use billing.

Social Media & Website

Customers were asked if they have followed Bluewater Power on social media. If they have visited either or both they were then asked two follow-up questions.

Q13. "Have you visited the Bluewater Power Facebook page in the last 6 months?"

57% Yes (+4%)

57% - residential
50% - business

Q14. "Have you visited the Bluewater Power Twitter page in the last 6 months?"

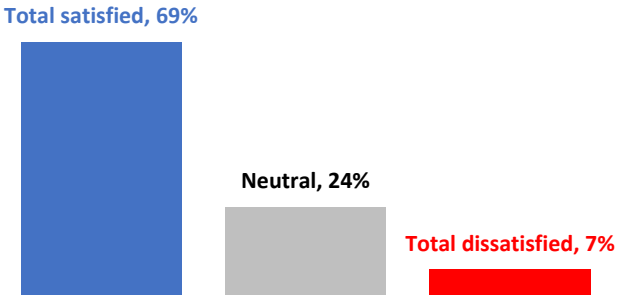
15% Yes (+2%)

14% - residential
20% - business

The N=248 that visited either or both of the Facebook or Twitter page were asked Q15.

Q15. "How satisfied are you with the communications provided on the Facebook or Twitter pages? Please use a scale from one very satisfied to five very dissatisfied."

Almost seven in ten are satisfied with Facebook and Twitter communications, including an almost equal number of businesses (68%) and residential (69%) customers.



In the final question of this section all N=400 were asked about the information they would like to see on Facebook and Twitter, of which most were unsure or had no opinion. Among those that had a mention, comments related to outages, how to save or conserve and to find out what incentives or programs are available.

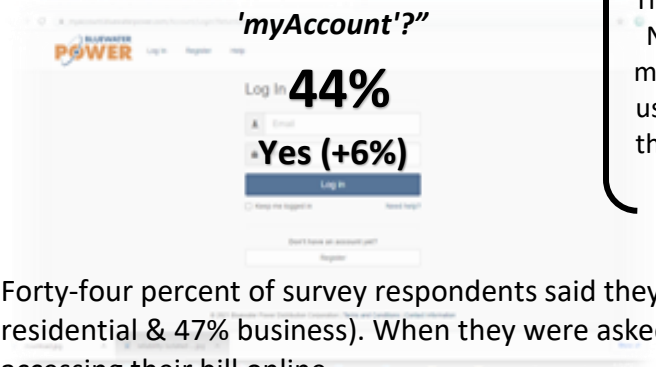
Q16. "Is there additional information you would like to see provided on the Facebook or Twitter pages?"

Do not know / none	40%	Account information news / updates	4%
Outage info (scheduled, durations, response times etc.)	15%	Billing / usage updates (time of use, etc.)	2%
Info on energy incentives / programs	11%	Corporate information	1%
News (in general)	10%	Alternative energy news	1%
Energy conservation / how to save tips	6%	Electric vehicles / charging stations	1%
Rates & fee updates	5%	Environmental/safety	<1%
Bill payment relief / deferrals / support (Covid support)	4%		

Electronic Billing & myAccount

The next set of questions asked customers about their usage of the online tool myAccount and electronic billing.

Q17. "Are you currently signed up for Bluewater Power's online tool called 'myAccount'?"



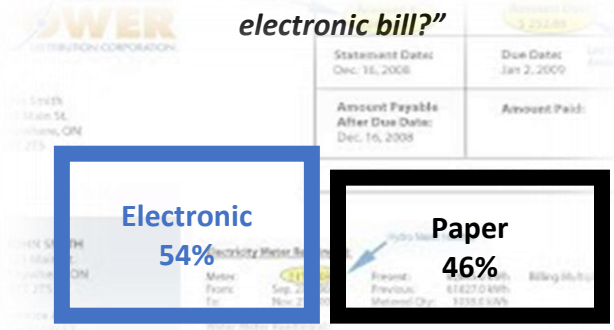
The 44% or N=175 of myAccount users were then asked Q18.

Q18. "What do you mainly use it for?"

Access bill online	66%
Update account/billing info	23%
Review energy consumption	9%
Do not know	1%

Forty-four percent of survey respondents said they have signed up for myAccount (43% - residential & 47% business). When they were asked about what they use it for, most named accessing their bill online.

Q19. "Are you currently receiving a paper or electronic bill?"



The 46% or N=185 receiving paper bills were asked Q20 & Q21

Q20. How likely are you to switch to an electronic bill in the future? Would you say you are very likely, likely, or not likely?

Very likely	8%
Likely	42%
Not likely	41%
Don't know	9%

Fifty-four percent receive an e-bill (+11%) and 46% a paper copy. Paper recipients (47% residential & 40% business) were asked a follow-up question about switching to electronic billing, with half of them being very or somewhat likely. In the final question of this section, the N=185 paper bill recipients were asked in an open-ended or unaided question (below) to recall what would most encourage them to switch to electronic billing.

Q21. " What can Bluewater Power do to help encourage you to switch to an electronic bill?"

Nothing	32%	Offer incentive / discount	4%
Do not know	17%	Address security issues / concerns	4%
Make signing up easy / easier	11%	Being able to access past / historical bills	4%
Plan to switch	8%	Save money	3%
Remind / inform us / offer the option	6%	Easy access / convenience	1%
No extra charges for switching	5%	Less paper / good for environment	1%
No choice / everything going online	5%		

Rating Importance of Business Aspects

In the final set of questions, customers were asked to rate the importance of six aspects of Bluewater Powers business. A five-point rating scale was used from 1-not at all important to five very important.

"Using a scale from 1-not at all important to 5-very important, please rate each of the following aspects of Bluewater Powers business."

BUSINESS ASPECTS	Unsure	Not at all important	Not important	Neutral	Important	Extremely important	Total Important
Q22.Having fewer power outages	-	1%	1%	6%%	27%	65%	92%
Q23.Reducing the duration of power outages when they happen	-	<1%	<1%	5%	15%	79%	94%
Q24. Keeping electricity bills manageable	-	<1%	<1%	1%	17%	81%	98%
Q25.Investing in innovative services such as renewable energy, battery storage, smart home features	4%	1%	4%	17%	26%	48%	74%
Q26. Educating public as it relates to electrical safety	2	<1	1%	12%	21%	64%	85%
Q27.Opportunities for you to learn more about Bluewater Power's plans to maintain the poles and wires that service you	2%	1%	2%	12%	45%	37%	82%

While all areas rated highly in terms of importance, customers consider keeping bills manageable the highest priority at 98%. Also scored very strongly as being important was reducing the duration of outages at 94%, followed by having fewer outages overall at 92%.

The next highest aspect rated as being important or very important was educating the public with respect to public safety at 85% and then opportunities to learn about maintenance plans at 82%. The lowest aspect in relative terms was investing in innovative services (74%).

Customer Scorecard Rating

The following is the calculation of the overall customer satisfaction index.

Overall Satisfaction *Q2* (73.3)

+ Reliability *Q3* (85) + Restoring Power *Q4* (88.6) + Quality of Power *Q5* (86.3) ÷3

+ Accurate Bills *Q6* (76.1) + Convenient Bill Options *Q7* (78.1) ÷2

+ Customer Service *Q8* (79.8)

+ Communications *Q9* (75.1)

+ Percentage of Bill to Bluewater *Q11* (73.8)

TOTAL (446.6) ÷6 = (77.8%)

OVERALL CUSTOMER SATISFACTION INDEX SCORE

2021	2019	2017
77.8%	74.4%	73.5%

ATTACHMENT 1 – 6

UNMETERED SCATTERED LOAD AND SENTINEL LETTERS

EB – 2022 – 0016

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

Date

Customer Name

Customer Address

RE: Bluewater Power 2023 Rate Application

Dear Customer:

This letter is to advise you that Bluewater Power Distribution Corporation ("Bluewater") is preparing an application to our regulator, the Ontario Energy Board to update its distribution rates as of May 1, 2023. The application will include comprehensive updates on Bluewater's costs to provide service to its customers and on the electricity loads projected for Bluewater's distribution system. The account noted in the header above is billed as a "Sentinel" account. Your company may have one or more accounts under this rate classification with Bluewater. The application will be publically available on Bluewater's website and the OEB's website. If you have any questions or wish to be informed of the status of the application, please email us at regulatory@bluewaterpower.com.

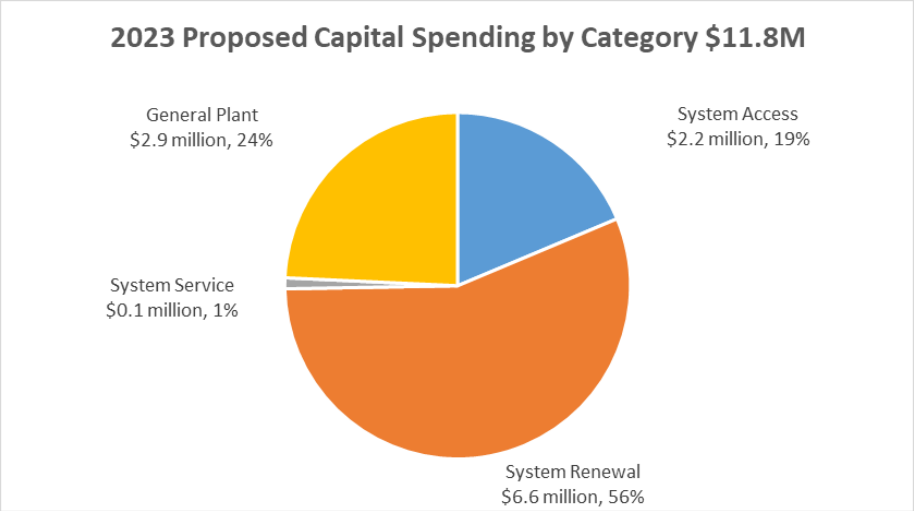
Every charge on your bill is regulated by the Ontario Energy Board. Although Bluewater Power collects your entire electricity bill, we only retain a portion of the "delivery" line item. A portion of the delivery line item includes your fixed monthly service charge and a variable charge per kW. On average, the portion of the total bill Bluewater keeps in order to run the business is approximately 49%. The remaining portions of your electricity bill are flow-through items for taxes, regulatory agencies, or the transmission and generation sectors.

This letter focuses on the above noted fixed monthly service charge and the variable distribution portion of your electricity bill, which is included in the "delivery" line item. These are the only components that Bluewater Power controls and keeps in order to run the business. We would like to provide you some information on our investment strategy, particularly the year 2023, which is outlined below.

Planned Capital Investments

Bluewater Power's distribution system includes all the power lines, transformers, substations, poles, and power connections to homes and businesses. We spend money on maintaining and replacing these items every year in order to provide you, our customers, with reliable power supply. All of these assets are valued at over $80 million, and we plan to invest between $10-12 million per year on our infrastructure. Our total proposed capital spending for 2023 is $11.8 million.

We group our capital spending into four categories, as outlined below.



System Access – Mandatory Investments to support customer growth

Bluewater Power provides new infrastructure each year to connect new customers to the electrical system. Examples of this include supporting new subdivision and commercial growth within our service territories, including any new meters required.

System Renewal – Replacing Aging Equipment

System Renewal involves replacing or upgrading parts of the distribution system such as poles, transformers, wires, and all related equipment. All the equipment has a life expectancy. Bluewater Power continually balances proactively replacing equipment before it fails and waiting until the equipment fails to get the full useful life out of it, depending on the type of equipment and its role in the distribution system.

System Service – Modernizing Investments

Investments in System Service include modifications to the system for more automation, more mapping tools to identify alternate paths for power during outages, smarter transformers, and remote switches that allow power to be redirected from the office. It would also involve upgrades to the system that would reduce power losses. An increasingly modern grid will help Bluewater Power meet the future power needs of our customers more easily. Investing in System Service will also ensure a reliable system and help minimize outages and duration of outages.

General Plant – Ongoing routine investments

Investments in General Plant include Bluewater Power's land and buildings, tools, vehicles and trucks, billing system hardware and software (known as Information Technology or "IT" costs), and other items used to support the day-to-day business and operations activities.

Contact

We value customer feedback in the development of our plan. If you have any questions or comments in regard to this letter, please email us at regulatory@bluewaterpower.com. We would be happy to hear from you and answer any questions you have.

Sincerely,

Bluewater Power Distribution Corporation

Email: regulatory@bluewaterpower.com

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

Date

Customer Name

Customer Address

RE: Bluewater Power 2023 Rate Application

Dear Customer:

This letter is to advise you that Bluewater Power Distribution Corporation ("Bluewater") is preparing an application to our regulator, the Ontario Energy Board ("OEB") to update its distribution rates as of May 1, 2023. The application will include comprehensive updates on Bluewater's costs to provide service to its customers and on the electricity loads projected for Bluewater's distribution system. The account noted in the header above is billed as an "Unmetered Scattered Load" account. Your company may have one or more accounts under this rate classification with Bluewater. The application will be publically available on Bluewater's website and the OEB's website. If you have any questions or wish to be informed of the status of the application, please email us at regulatory@bluewaterpower.com.

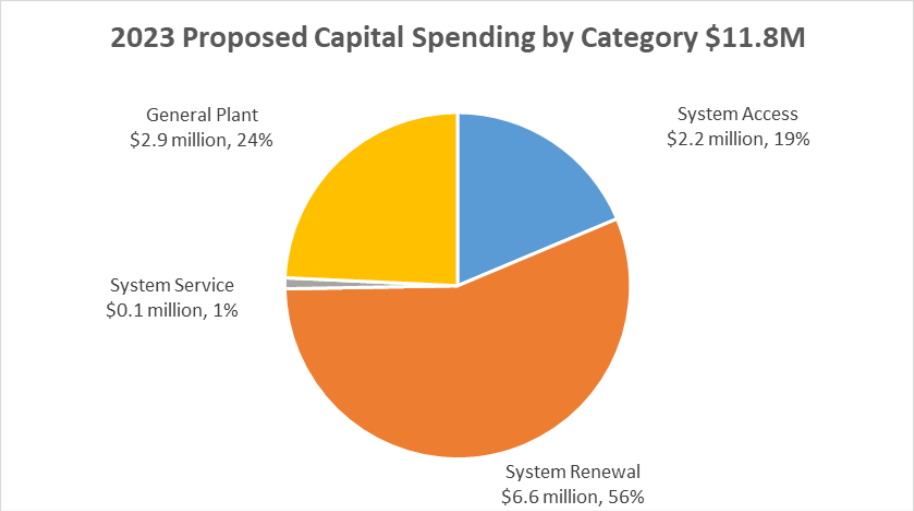
Every charge on your bill is regulated by the Ontario Energy Board. Although Bluewater Power collects your entire electricity bill, we only retain a portion of the "delivery" line item. A portion of the delivery line item includes your fixed monthly service charge and a variable charge per kWh. On average the portion of the total bill Bluewater Power keeps in order to run the business is approximately 33%. The remaining portions of your electricity bill are flow-through items for taxes, regulatory agencies, or the transmission and generation sectors.

This letter focuses on the above noted fixed monthly service charge and the variable portion of your electricity bill, which is included in the "delivery" line item. These are the only components that Bluewater Power controls and keeps in order to run the business. We would like to provide you some information on our investment strategy, particularly the year 2023, which is outlined below.

Planned Capital Investments

Bluewater Power's distribution system includes all the power lines, transformers, substations, poles, and power connections to homes and businesses. We spend money on maintaining and replacing these items every year in order to provide you, our customers, with reliable power supply. All of these assets are valued at over $80 million, and we plan to invest between $10-12 million per year on our infrastructure. Our total proposed capital spending for 2023 is $11.8 million.

We group our capital spending into four categories, as outlined below.



System Access – Mandatory Investments to support customer growth

Bluewater Power provides new infrastructure each year to connect new customers to the electrical system. Examples of this include supporting new subdivision and commercial growth within our service territories, including any new meters required.

System Renewal – Replacing Aging Equipment

System Renewal involves replacing or upgrading parts of the distribution system such as poles, transformers, wires, and all related equipment. All the equipment has a life expectancy. Bluewater Power continually balances proactively replacing equipment before it fails and waiting until the equipment fails to get the full useful life out of it, depending on the type of equipment and its role in the distribution system.

System Service – Modernizing Investments

Investments in System Service include modifications to the system for more automation, more mapping tools to identify alternate paths for power during outages, smarter transformers, and remote switches that allow power to be redirected from the office. It would also involve upgrades to the system that would reduce power losses. An increasingly modern grid will help Bluewater Power meet the future power needs of our customers more easily. Investing in System Service will also ensure a reliable system and help minimize outages and duration of outages.

General Plant – Ongoing routine investments

Investments in General Plant include Bluewater Power's land and buildings, tools, vehicles and trucks, billing system hardware and software (known as Information Technology or "IT" costs), and other items used to support the day-to-day business and operations activities.

Contact

We value customer feedback in the development of our plan. If you have any questions or comments in regard to this letter, please email us at regulatory@bluewaterpower.com. We would be happy to hear from you and answer any questions you have.

Sincerely,

Bluewater Power Distribution Corporation

Email: regulatory@bluewaterpower.com