



January 24, 2023

Nancy Marconi  
Registrar  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
Toronto ON  
M4P 1E4

Dear Ms. Marconi,

**RE: EB-2022-0016 Bluewater Power Distribution Rates Application  
CCMBC Interrogatories to the Applicant**

Attached are the interrogatories of the Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC) to the applicant in the EB-2022-0016 proceeding, the application by Bluewater Power Distribution Corporation for rates and charges beginning May 1, 2023.

Respectfully submitted on behalf of CCMBC,

Tom Ladanyi  
TL Energy Regulatory Consultants Inc.

cc. Jocelyn Bamford (CCMBC)  
Andrew Bishop (OEB Staff)  
Leslie Dugas (Bluewater Power Distribution)

**EB-2022-0016**

**Bluewater Power Distribution Corporation Rates Application**

**Coalition of Concerned Manufacturers and Businesses of Canada**

**Interrogatories to the Applicant**

**January 24, 2023**

**1-CCMBC-1**

**Reference:** Exhibit 1 Administrative Documents, Attachment 1-3, Financial Statements, Page 10

What are the Intangible Assets that were purchased for \$942,624 in 2021 and \$1,016,249 in 2020?

**1-CCMBC-2**

**Reference:** Exhibit 1 Administrative Documents, Attachment 1-3, Financial Statements, Pages 8 and 31

Please explain the "Remeasurements of post-employment Benefits" that took place in 2020 and 2021.

**1-CCMBC-3**

**Reference:** Exhibit 1 Administrative Documents, Page 27, and Attachment 1-3, Financial Statements, page 24

Please file a table listing the affiliates of Bluewater Power Distribution Corp. from which it obtains services or to which it provides services. Please list and describe each service, the approximate 2023 Test Year dollar amount of each and if the transfer price is cost based or market based.

**2-CCMBC-4**

**Reference:** Exhibit 2 Rate Base, Table 61, OEB Appendix 2-D, 'Overhead Expense', Pages 106-107

Please explain why the % Capitalized OM&A increased from 13% in 2013 OEB Approved to 26% in 2020 Historical Year and is now 23% the 2023 Test Year.

## 2-CCMBC-5

**Reference:** Exhibit 2 DSP, Section 5.2.1.8 Grid Modernization, DER, Climate Change, and LTEP, Pages 28 to 32

- a) What was the cost of Distributed Transformer Monitoring and is it included in SCADA Monitoring Devices in Table 3?
- b) Does Bluewater expect to file an ICM application for its future Smart Grid capital expenditures?

## 2-CCMBC-6

**References:** Exhibit 2 DSP, Conservation, Demand Management, Distributed Generation Planning, Impact on DSP

**Preamble:** *“The CDM/DG Planning has not had an impact on this DSP, as the existing distribution system has adequate capacity to address foreseeable load and generation connections. Positive CDM results have contributed to declining load, which has also contributed to the reasons why the distribution system has adequate capacity.”*

- a) What is the number of EV fast (Level 2) chargers that Bluewater Power Distribution is expected to have in its service area by the end of the forecast period?
- b) What is the number of customers with rooftop solar panels that Bluewater Power Distribution is expected to have in its service area by the end of the forecast period?
- c) What is the number of customers that Bluewater Power Distribution expects to convert from natural gas space and water heating to electric space and water heating over the forecast period?

## 2-CCMBC-7

**References:** Exhibit 2 DSP, Table 36 Historical and Forecast Customer/Connections for 2013-2023, Page 134; Table 37 Appendix 2-AB Capital Expenditure 1 Summary (continued), Page 138; System Access, page 141

Considering the very low growth in new customers why does Bluewater Power Distribution expect to spend \$2.322 million on system access in 2023 and increasing each year to \$2.642 million in 2027?

## 2-CCMBC-8

**Reference:** Exhibit 2 DSP, Table 61: Capital Expenditures by Project 2023-2027, Page 169

Please provide more information on Project IT 35 Business Technology Improvements, particularly why annual expenditures are increasing by more than 100% over the forecast period.

## 2-CCMBC-9

**References:** Exhibit 2 DSP, Appendix A Asset Condition Assessment Report, Introduction, Page 1

**Preamble:** *"In early 2014, BWP selected and engaged Kinectrics Inc. (Kinectrics) to perform an ACA on BWP's key distribution assets. The same type of ACA study was conducted again by Kinectrics in 2015, 2016, 2017, 2018, 2019 and 2020. This report presents assessment results and is based on the available condition data as of the end of December 2020, as well as the audit on the changes since the 2020 ACA study."*

- a) Is the report based only on "the available condition data" provided to Kinectrics by Bluewater Power Distribution?
- b) What did Kinectrics do to confirm the accuracy of the condition data provided by Bluewater Power Distribution, such as site visits?

## 2-CCMBC-10

**Reference:** Exhibit 2 DSP, Appendix A Asset Condition Assessment Report, Section 7 Underground Cables, Page 99

Is Kinectrics assuming that all underground cables deteriorate with age at the same rate? Please discuss.

## 3-CCMCC-11

**Reference:** Exhibit 3 Load Forecast, page 3, footnote 5

**Preamble:** *"This variable does not continue to the Bridge Year of Test Year but is included to account for abnormal consumption at the start of the pandemic that is not precisely reflected in any other variable. Without this variable, the abnormal consumption levels in those months would skew the coefficients of the remaining variables. If temporarily lower consumption is not explained by any variables the model will inappropriately forecast lower consumption on an ongoing basis. For this reason, Elenchus anticipates it will continue to use COVID variables when there are no COVID-related amounts in forecast years."*

- a) Does this mean that the COVID\_2020 variable may account for abnormal consumption that is not COVID related?
- b) Is Elenchus suggesting that COVID variables should continue to be used long after there are no COVID related effects?

### **3-CCMBC-12**

**Reference:** Exhibit 3 Load Forecast, page 5 and page 13, Table 12

If possible, please update using the latest 2022 Bridge Year results. If it is not possible, please explain why not.

### **4-CCMBC-13**

**Reference:** Exhibit 4 Operating Expenses, Section 4.1 Overview, Page 6

**Preamble:** *“The increase in OM&A over the ten-year period from 2013 to 2023 is 28%, for a 2.5% Compound Annual Growth Rate. As a result, the forecast increase in OM&A from 2013 to 2023 is reasonably in line with inflationary pressures over the same period.”*

What was the Compound Annual Growth Rate of inflation over the 2013 to 2023 period?

### **4-CCMBC-14**

**Reference:** Exhibit 4 Operating Expenses, Pages 21 and 22; Exhibit 2 Rate Base, Section 2.9.5 Contributed Capital, Page 108; Exhibit 6, Section 6.3.2.5 Other Income and Expenses (Accounts 4325, 1 4330, 4355, 4360, 4390, 4405), page 43

**Preamble:** *“In order to fully understand the scope of the OLC Project, consider that the Capital Budget for “poles and wires” investments in that timeframe was in the range of \$7 Million per year (approximate total of System Access and System Renewal). Accordingly, the additional revenue of \$4.1 million required by the OLC Project effectively represented an expansion of the “poles and wires” capital budget nearly 25% in each of the years 2020 and 2021, with some spill over in 2019 and 2022.”*

Please provide more information about the OLC Project including capital expenditures by Bluewater Power Distribution, capital contributions received by Bluewater Power Distribution, OM&A costs incurred by Bluewater Distribution, and OM&A costs paid by other parties to Bluewater Power Distribution. Also please explain accounting treatment of all funds received by Bluewater Power Distribution.

### **5-CCMBC-15**

**Reference:** Exhibit 5 Cost of Capital and Capital Structure, Section 5.2.2.2 Long Term Debt, Proposed Bank Term Loan, Page 9

**Preamble:** *“Bluewater is planning to take out a second third party, non-revolving, installment loan in the amount of \$15 million with its bank in late 2022. This loan has a forecast fixed interest rate of 6.373% applied to it based on a quote from Bluewater’s bank at the time of preparing this rate application plus 0.5% to account for potential increases in borrowing costs.”*

- a) Has Bluewater Power Distribution taken out this \$15 million dollar loan in late 2022? If the answer is yes, what is the rate of interest? If the answer is no, please explain why not.
- b) Please explain why Bluewater Power Distribution needs this large loan at this time?

### **6-CCMBC-16**

**Reference:** Exhibit 6 Revenue Requirement, Table 7: Revenue Deficiency Components

Please add a column to Table 7 indicating the %increase from 2013 to 2023.

### **6-CCMBC-17**

**Reference:** Exhibit 6, Section 6.3.2.4 Other Distribution Revenue (Accounts 3 4086, 4210, 4220, 4245), Page 39

**Preamble:** *“Rent from Electric Property (Account 4210) includes building rental revenue, vehicle rental revenue and Return on Invested Capital which is revenue received from Affiliates in relation to a return on invested capital on vehicles and computer software.”*

- a) Please provide more information regarding this account such as why Bluewater Power Distribution is providing building and vehicle rentals to affiliates, the number of buildings and vehicles involved and the annual 2023 Test Year rent.
- b) What is the 2023 Test Year return on invested capital on vehicles and computer software owned by Bluewater Power Distribution that is used by affiliates.?

### **7-CCMBC-18**

**Reference:** Exhibit 7 Cost Allocation, Revenue to Cost Ratios, Page 17

**Preamble:** *“Three rate classes were originally above the band threshold established for each rate class: General 10 Service < 50 kW, Large Use and Unmetered Scattered Load. Bluewater proposes to reduce the revenues 11 allocated to each of these classes to bring each class to the top of the band.”*

Considering that the proposed reductions will still leave General Service < 50 kW at 120.0% and Large Use at 115.0%, does Bluewater Power Distribution plan further reductions in the revenue to cost ratios for those classes to bring them closer to 100%?

### **8-CCMBC-19**

**Reference:** Exhibit 8 Rate Design, Page 5, Table 3 Cost Allocation Study Fixed Charge Results, and Existing and Proposed Fixed Charges

What is the PLCC (Peak Load Carrying Capability) Adjustment for each Customer Class?

### **8-CCMBC-20**

**Reference:** Exhibit 8 Rate Design, Page 5, Table 7 Summary of Current and Proposed Rates

Please expand Table 7 by inserting columns for Fixed Rate % Change and Variable Rate % Change and show respective values.

### **8-CCMBC-21**

**Reference:** Exhibit 8 Rate Design, Page 10, Table 9 Current and Proposed Transmission Connection Rates

Why are the 2023 Proposed Transmission Connection rates for some rate classes higher than Current 2022 rates while they are lower for other rate classes?

### **8-CCMBC-22**

**Reference:** Exhibit 8 Rate Design, Page 11, Section 8.2.2 Gross Load Billing and Page and Page 17, Section 8.7 Standby Charges

Why is Bluewater Power Distribution proposing Gross Load Billing but not a Standby Rate? Please discuss.