PUBLIC INTEREST ADVOCACY CENTRE
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January 24, 2023 **VIA E-MAIL**

Ms. Nancy Marconi
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

Re: EB-2022-0016 Bluewater Power Distribution Corporation (Bluewater)
May 1, 2023 Cost of Service Rates
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark C Garner
Digitally signed by Mark C Garner
Date: 2023.01.24 17:05:06 -05'00'

Mark Garner
Consultants for VECC/PIAC

Email copy:
Leslie Dugas, Director, Regulatory & Customer Service
ldugas@bluewaterpower.com

Michael Buonaguro, Counsel to the Applicant
mrb@mrb-law.com

REQUESTOR NAME	**VECC**
TO:	**Bluewater Power Distribution Corporation (Bluewater)**
DATE:	**January 24, 2023**
CASE NO:	**EB-2022-0016**
APPLICATION NAME	**2023 Cost of Service Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: Exhibit 1, page 15 / Exhibit 4, page 27

The Application states: "*Postage has increased by $138,600 primarily driven by the change in residential billing from bi-monthly to monthly in 2017*."

In EB-2012-0107, Exhibit 4, Tab 1, Schedule 1, page 6 Bluewater stated : *"One proposed enhancement to service for the 2013 Test Year which is a move from Bi-monthly Billing to Monthly Billing at an incremental cost of $322k (see Exhibit 4, Tab 2, Schedule 5)"*

a) Please clarify if the Utility is suggesting the increase in moving to monthly billing is an incremental cost of $460,600 (138.6k+322K).

b) Please provide the date monthly billing was instituted for the residential class of customers.

c) Please explain the difference of $302k referred to in Exhibit 4 of this application and the 322k referenced in the prior case.

d) Please explain the difference between $138,600 spoken to as the incremental increase for billing in 2017 and the $140,000 referenced at page 27 of Exhibit 4.

1.0-VECC-2

Reference: Exhibit 1, page 46, Table 21 and page 47

The Application states: "*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 12 would not otherwise be offset by administrative costs*."

Table 21 shows that interest in using credit cards to pay bills without fees was at a rate of 4-5/5 for 23% of survey respondents.

a) Are customers currently able to pay their monthly bill via credit card and if so what transaction fees are applied?

1.0-VECC-3

Reference: Exhibit 1, pages 48, 61

a) Please update the distribution scorecard to include 2022 results.

2.0 RATE BASE (EXHIBIT 2)

2.0-VECC -4

Reference: Exhibit 2, page 53, Appendix 2-AB

a) Appendix 2-AB shows that in 2013 gross capital expenditures were 9% lower than planned (1,852k vs 2,035k). Please discuss what System Renewal and System Service planned projects were not undertaken and explain when (if) these projects were completed.

2.0-VECC -5

Reference: Exhibit 2, page 53, Appendix 2-AB, DSP page 143-153

a) Appendix 2-AB shows that Bluewater underspend its gross general plant budget by 12.7% in 2013. Please describe what (if any) material planned projects were not undertaken and explain when these projects were completed.

b) Specifically address the underspending in general plant shown in Table 47 and the projects of:

   i. Vehicle Replacement – where 2014 and 2015 spending were lower than all other years and,

   ii. Enterprise Mobility indicating when or whether the 2013 shortfall was made up in later years and explaining what is (was) the equivalent investment.

2.0-VECC -6

Reference: Exhibit 2, DSP pages 143 / Appendix F Capital Projects page 42

	2017	2018	2019	2020	2021	2022 Bridge	2023 Test
Wood Pole Replacement Program	1,911,268	1,706,437	2,040,526	2,316,330	1,563,010	1,900,000	1,957,000

a) Please provide an update to the above table to show the actual and forecast number of poles replaced in each year and the average cost per pole replacement in each year.

b) Bluewater began accelerating spending on this project beginning in 2015. What was the impetus for the increase in spending beginning in that year?

2.0-VECC -7

Reference: Exhibit 2, Appendix 2-AB, DSP page 23

a) Appendix 2-AB shows planned and actual capital expenditures for the 2014 through 2021 period. Please clarify as to whether Bluewater has previously had a distribution system plan reviewed by the Ontario Energy Board covering any of these years. If not please clarify what is meant by "Plan" in Appendix 2-AB (for example, are these figures Bluewater board of director approved plans or part of the Asset Management Plan filed in EB-2012-0107?)

b) Please provide the documentation that shows the 2014-2022 approval of capital plans.

2.0-VECC -8

Reference: Exhibit 2, Appendix 2-AB, Exhibit 1 Table 3

a) Bluewater has underspent its gross capital plan budget in every year since 2013. On the other hand, it has also exceeded its approved equity rate of return of $8.98% in each of those same years. Please explain the reason(s) for the systemic budget underspending. Specifically address whether any changes have been made that would lend credence to Bluewater being better able to fulfill its capital plans.

b) Bluewater now proposes a capital budget for 2023 and in each subsequent year which is much higher than past spending. Please explain why it is not reasonable to assume this higher spending is required at least in part due Bluewater's decision to underinvest in the past.

2.0-VECC -9

Reference: Appendix 2-AB

a) Please update and Appendix 2-AA for Appendix 2-AB to show 2022 year-end actual amounts.

b) Please clarify as to whether Appendix 2-AB is showing in-service amounts for each year or capital expenditures (or if they are the same). If there is a difference between in-service amounts and the Appendices please revise them to show in-service amounts and showing separately work-in-progress for each year.

2.0-VECC -10

Reference: DSP, page 13, page 70/ Appendix F Capital Projects, page 24

"*System Access investments have comprised of 17% of the spending historically between 2013 and 2021,and is budgeted to represent 21% of spending in the forecast between 2023 and 2027*."

a) Please provide the forecast customer contributions for the 138 residential connections and separately the expected contributions for the commercial upgrades, connections and development work.

b) Please explain how the commercial upgrades, connections and development work estimate of $1,902,400 was derived and provide a description of the known material projects in this category of spending.

2.0-VECC -11

Reference: Exhibit 2, DSP page 37

"Finally, Regional Infrastructure Plan commenced in February 2022. The scope of the RIP includes any new information subsequent to the NA, a wires plan to address all the needs identified in the NA and recommendations from the IESO system studies. The RIP is expected to take approximately six months to complete, thus the end of August 2022 is the target.

The main focus of the RIP is on the Wallaceburg and Dresden TSs in order to support the growth in that area. Bluewater does not anticipate any further changes to that noted in the NA.

Bluewater will provide updates to this section of the DSP should any proposed needs by identified in its service territory." (emphasis added)

a) Are there any updates to the 2023 capital plan or the DSP for the RIP?

2.0-VECC -12

Reference: Exhibit 2, DSP page 73, Table 23

a) Table 23 shows the "Flagged-for-Action" Plan starting in 2022 (column 1). Please provide the actual results for 2022 (i.e., update Table 23 to show column 1's actual results).

2.0-VECC -13

Reference: Exhibit 2, DSP page 75, Table 26

a) Table 26 shows the health index based on the latest asset assessment. Please show the Health Index results that are expected upon completion of the current Distribution System Plan.

b) If Bluewater has developed health indices objectives then please explain why not and discuss the merits of such metrics or objectives as a means to assess the success of the proposed DSP.

2.0-VECC -14

Reference: Exhibit 2, DSP page 54

a) Please update Table 18 (Outages by Defective Equipment) to show the outages by asset type.

b) Please provide the number of outages for underground cables by the different categories of underground cables (i.e., XLPE Direct Buried, XLPE in Duct and PILC).

2.0-VECC -15

Reference: Exhibit 2, Appendix 2-AA and 2-AB

a) Please update Appendices 2-AA and 2-AB for 2022 actual results.

2.0-VECC -16

Reference: Exhibit 2, DSP page 149

a) A page 149 Bluewater explains that it was required to spend $553,048 replacing 3,500 Sensus 3.2 meters with remote disconnect due to their being identified as a safety hazard. Did Bluewater recover any monies for these faulty meters from the manufacture or its insurer?

2.0-VECC -17

Reference: Exhibit 2, Appendix F Capital Projects Sheets, page 17

a) Bluewater notes that project IT5 (Legislated Business Applications) is primarily focused on the Green Button. Please provide the amounts spent to date on Green Button and he amounts expected to be spent in 2023 and post 2023. Please separate capital and operating costs.

b) Has a business plan been prepared for the Green Button initiative. If so please provide the plan.

2.0-VECC -18

Reference: Exhibit 2, Appendix F Capital Projects Sheets, page 7

a) Please provide the actual amounts spent on the Bluewater Service Centre in 2022.

b) Please provide the budget for Service Centre repairs and improvements for 2023.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC -19

Reference: Exhibit 3, page 4

Preamble: The Application states:

> **"***The remaining rate classes, being General Service 1,000 to 4,999 kW ("Intermediate"), Large Use, Street Lighting, Sentinel Lighting and Unmetered Scattered Load are not considered weather sensitive*."

a) What is the basis for Bluewater's treatment of the Intermediate and Large Use classes as not being weather sensitive (e.g., has Bluewater tested the historical use of these classes for weather sensitivity)?

3.0-VECC -20

Reference: Exhibit 3, pages 7-12
Load Forecast Model, Customer-Device Count Tab, Rows 40-52

a) For each of the years 2013 to 2021 please indicate the change in customer count for the non-residential classes (i.e., GS<50, GS>50, Intermediate and Large Use) due to customer reclassification and provide details as to what classes the reclassified customers were transferred to.

b) For each of the years 2013 to 2021, in what month did the reclassification take place?

c) In the Load Forecast Model (Customer-Device Count Tab, Row 52) what is the basis for the January 2023 customer/device count for the GS>50 class?

d) For each customer class please provide the 2022 actual monthly customer/device counts (January to December) and the actual average customer/device count for 2022.

e) For the year 2022, please indicate the change in customer count for each of the non-residential classes (i.e., GS<50, GS>50, Intermediate and Large Use) due to customer reclassification and provide details as to what classes the reclassified customers were transferred to. Also, please indicate in what month the reclassification occurred.

f) Does Bluewater anticipate any reclassification of GS<50, GS>50 or LU customers in 2023? If yes, please provide the details and in what month the reclassification will occur.

3.0-VECC -21

Reference: Exhibit 3, page 14
Load Forecast Model, Customer-Device Count Tab, Row 24

Preamble: The Application states:

"*Traffic light device counts and consumption have historically been understated. Traffic lights were counted as a single customer and monthly consumption has been understated by 3,942 kWh. Bluewater will implement the change in the 2023 Test Year. Consumption in 2023 has been forecasted based on adjusted 2021 consumption per customer calculations that include the additional consumption that will be incorporated in 2023 and the corrected device counts*".

a) For which historical years has the monthly consumption for traffic lights been understated and why?

b) How was the monthly understatement of 3,942 kWh determined?

c) For these years, was this understatement in USL use effectively included as part of losses for the year?

3.0-VECC -22

Reference: Exhibit 3, Attachment 3-1, pages 26 and 28
Load Forecast Model, Customer-Device Count Tab,
Row 23

Preamble: The Attachment states (page 26):
"*While GS<50 customer counts are not a component of the regression model, they are forecasted for the purpose of rate setting. The Geometric mean of the annual growth from 2012 to 2021 was used to forecast the growth rate from 2021 to 2023. Additionally, 32 known customer additions at the start of 2022, including 7 customers reclassified from the GS>50 kW rate class, have been added to the 2022 customer count*".

The Attachment states (page 28):
"*The Geometric mean of the annual growth from 2012 to 2021 was used to forecast the customer count growth rate from 2021 to 2023. Additionally, the 2022 customer count has been reduced by 7 customers as these customers have been reclassified as GS < 50 kW at the start of 2022*".

a) Do the historic geomean growth rates for the GS<50 and GS>50 classes capture the impact of the annual customer reclassification that has occurred over the 2012 to 2021 period?

b) If yes, doesn't making an explicit adjustment for the 2022 customer reclassifications between the two classes result in a double counting of reclassifications?

3.0-VECC -23

Reference: Exhibit 3, Attachment 3-1, page 2
Load Forecast Model, Residential Normalized Monthly Tab

Preamble: The Attachment states (page 2):
"*A range of COVID variables were considered to account for the impacts triggered by the COVID-19 pandemic*".

The Attachment also states (page 2):
"*COVID flag variables were tested and found to be statistically significant for the General Service < 50 kW, General Service > 50 kW, Intermediate, and Large Use classes. There are three COVID flag variables considered: "COVID", "COVID_AM", and "COVID_2020*".

a) It is noted that for Residential class the COVID variables used are "HDD COVID" and "CDD COVID" which are equal to the relevant HDD and CDD variables since March 2020, and 0 in all earlier months. These variables continue to December 2021 but are reduced to 50% of HDD and CDD in all months in 2022 and to 25% in 2023. Were any other COVID related variables tested for the Residential class and, if yes what variables were tested and why were they rejected?

b) Why were the "HDD COVID" and "CDD COVID" variables continued at their "full" value until December 2021?

c) What is the basis for the reduction to 50% in 2022 and to 25% in 2023?

3.0-VECC -24

Reference: Exhibit 3, Attachment 3-1, page 9
Load Forecast Model, Residential Normalized Monthly Tab

Preamble: The Attachment states (page 9):
"*The seasonally adjusted Ontario FTE count, a measure of employment, is used as it was found to be the economic variable with the strongest statistical results. Other economic variables, such as London employment and various GDP measures, were tested but found to be inferior variables*.".

a) Was Residential monthly customer count tested as a potential variable both in lieu of Ontario FTE and in addition to Ontario FTE?

b) If yes, what were the results?

c) If not, please provide alternative Residential regression models and the associated 2023 forecast where: i) Monthly Residential customer count is included as an explanatory variable and Ontario FTE is excluded and ii) both Monthly Residential customer count and Ontario FTE are included as explanatory variables.

3.0-VECC -25

Reference: Exhibit 3, Attachment 3-1, pages 2-3;
Load Forecast Model, G<50, GS>50, Int and LU Normalized Monthly Tabs

Preamble: The Attachment states:
"*COVID flag variables were tested and found to be statistically significant for the General Service < 50 kW, General Service > 50 kW, Intermediate, and Large Use classes. There are three COVID flag variables considered: "COVID", "COVID_AM", and "COVID_2020*"". (page 2)

"*The "COVID_AM" variable is equal to 0 in all months prior to March 2020, equal to 0.5 in March 2020, equal to 1 in April and May 2020, and 0.5 in each month from June 2020 to December 2021*". (page 2)

"*The "COVID_2020" variable accounts for the impact of COVID in the first few months of the pandemic without any persisting impacts*." (page 3)

"*The "COVID_AM" variable is used for the General Service < 50 kW and Large Use rate classes and the "COVID 2020" variable is used for the General Service > 50 kW and Intermediate rate classes*". (page 3)

a) With respect to the "COVID_AM" variable, please explain why the variable was set equal to 0.5 in each month from June 2020 to December 2021.

b) For each of the GS<50 and LU classes, were alternative regression models tested using alternative "COVID_AM" values for 2021 (e.g., 0.25)? If not, why not? If yes, what were the results?

c) With respect to the "COVID_AM" variable used in the GS<50 and LU forecasts, please explain why the 2022 value was set at 0.25 and the 2023 value set at 0.125.

3.0-VECC -26

Reference: Exhibit 3, Attachment 3-1, page 17
Load Forecast Model, Int Normalized Monthly Tab

Preamble: The Attachment states with respect to the Intermediate class (page 17):

"*Economic variables were tested and multiple were found to have a statistically significant relationship with class consumption. The variable with the strongest statistical results is a composite of the Agriculture GDP and Mining GDP figures from Statistics Canada. This variable "AgMin_GDP" is the sum of these two GDP measures.*
The number of days in the month and COVID_2020 variables were found to be statistically significant. A time trend is also found to be statistically significant. A binary December variable, equal to 1 in December and 0 in all other months, was found to be statistically significant. A version of the model without this variable was tested and

consumption in December was regularly underestimated so this variable was introduced.
The customer count, and other binary calendar variables representing seasons and months were tested but found to not have a statistically significant relationship to energy use."

a) How many of the eight Intermediate customers forecast for 2023 are in the Agriculture or Mining GDP sectors?

b) Please clarify whether the historical Agriculture and Mining GDP values used were for Canada or Ontario.

c) Does Bluewater/Elenchus consider the result for the "AgMin_GDP" variable to be statistically significant? If yes, please explain why.

d) Please provide an alternative Intermediate class regression model and the resulting forecasts that use monthly customer count: i) In addition to "AgMin_GDP" variable and ii) instead of the "AgMin_GDP" variable.

e) Please confirm that for 2022 and 2023 the "AgMin_GDP" variable is forecast to increase at the same annual rate as Ontario GDP overall. If not confirmed, what is the basis for the 2022 and 2023 values?

f) Do any of banks used as sources for the economic forecast (i.e., BMO and Scotia) produce GDP forecasts for the Agriculture and Mining sectors for Canada overall? If yes, please provide the forecasts for 2022 and 2023 produced in September 2022 (i.e., the same date as the Ontario economic forecast used in the Application).

3.0-VECC -27

Reference: Exhibit 3, Attachment 3-1, page 20
Load Forecast Model, LU Normalized Monthly Tab

Preamble: The Attachment states with respect to the Large Use class:
"*Economic variables were tested and multiple were found to have a statistically significant relationship with class consumption. Oil & Gas was found to be the most statistically significant so it is used. Notably, the increase in Oil & Gas GDP in 2016 is aligned with the increase in Large Use consumption.*
The number of days in the month and COVID_AM variables were found to be statistically significant. The Fall variable is also statistically significant.
The customer count, a time trend, and other binary calendar variables representing seasons and months were tested but found to not have a statistically significant relationship to energy use."

a) How many of the four Large Use customers forecast for 2023 are in the Oil & Gas GDP sector?

b) Please clarify whether the historical Oil & Gas GDP values used were for Canada or Ontario.

c) Please confirm that for 2022 and 2023 the "OG_GDP" variable is forecast to

increase at the same annual rate as Ontario GDP overall. If not confirmed, what is the basis for the 2022 and 2023 values?

d) Do any of banks used as sources for the economic forecast (i.e., BMO and Scotia) produce GDP forecasts for the Oil and Gas sector for Canada overall? If yes, please provide the forecast growth for 2022 and 2023 produced in September 2022 (i.e., the same date as the Ontario economic forecast used in the Application) for both the Canada Oil and Gas sector GDP and for Canada GDP overall.

3.0-VECC -28

Reference: Exhibit 3, Attachment 3-1, page 1
Load Forecast Model, Historic CDM Tab
LRAMVA Workform, Tab 4 & 5

Preamble: The Attachment states:

"*To isolate the impact of CDM, persisting CDM as measured by the IESO is added back to rate class consumption to simulate the rate class consumption had there been no CDM program delivery. This is labelled as "Actual No CDM" throughout the model. The effect is to remove the impact of CDM from any explanatory variables, which may capture a trend, and focus on the external factors. A weather normalized forecast is produced first based on no CDM delivery, and then persisting CDM savings of historic programs are subtracted off to reflect the actual normal forecast*."

a) The CDM savings in 2014 from 2014 programs used in the Historic CDM Tab (Row 14, Total – 4,860,899 kWh) does not match the value used in the LRAMVA Workform (Tab 4, Cell D57, Total 5,198,565 kWh). Please reconcile and revise the relevant models as required.

b) The CDM savings in 2021, 2022 and 2023 from 2016 programs used in the Historic CDM Tab (Rows 68-78, Totals of 8,670,447 kWh, 8,626,453 kWh and 8,625,579 kWh respectively) do not match the values used in the LRAMVA Workform (Tab 5, Row 385, Columns I, J & K – when summed the values are 8,682,301 kWh, 8,638,307 kWh and 8,637,433 kWh respectively). Please reconcile and revise the relevant models as required.

c) The CDM savings in the years 2017-2023 from 2017 programs used in the Historic CDM Tab (Rows 72-78) do not match the values used in the LRAMVA Workform (Tab 5, Row 576 – when summed). Please reconcile and revise the relevant models as required.

d) The CDM savings in the years 2020-2023 from 2020 programs used in the Historic CDM Tab (Rows 93-96) do not match the values used in the LRAMVA Workform (Tab 5, Row 1159 – when summed). Please reconcile and revise the relevant models as required.

3.0-VECC -29

Reference: Exhibit 3, Attachment 3-1, pages 41-44
Load Forecast Model, Normalized Annual Summary, Historic CDM and CDM Adjustment Tabs
LRAMVA Workform, Tab 5

a) Please confirm that, in the Normalized Annual Summary Tab, the 2023 cumulative persisting CDM savings used for each customer class include ½ of the savings in 2023 from both the CCF and 2021-2024 Framework programs implemented in 2021.

b) In the CDM Adjustment Tab, the 2021 annual CDM savings values used total 7,036,144 kWh. However, in the Historic CDM Tab the total savings in 2023 from 2021 programs is 6,149,611 kWh (i.e., 2,649,129 from post CCF and 3,500,482 from the 2021-24 Framework). Please reconcile. (Note: It appears that in the CDM Adjustment Tab the formula for 2021 incorrectly just sums the 2021-24 Framework savings twice).

c) In the CDM Adjustment Tab, the 2022 annual CDM savings values used total 8,163,717 kWh (consisting of 3,519,823 kWh from the 2021-24 Framework and 4,643,893 from the post-CCF). However, the LRAMVA Workform (Tab 5, Row 1481) only reports savings of 4,621,841 kWh in 2022 from post-CCF activity. Please reconcile.

3.0-VECC -30

Reference: Distribution System Plan, Appendix C, pages 14 and 22-25

Preamble: Appendix C states (page 14) that for the Needs Assessment: "*Load forecasts are provided by the Region's LDCs and industrial customers using historical 2020 summer peak loads as reference points*".

a) Please provide the load forecast developed by Bluewater for purposes of the Needs Assessment.

b) With respect the various TS's, DS's and CTS's noted on pages 23-25, please indicate which ones provide service for Bluewater.

c) Is the approach used by the IESO to determine the forecast CDM savings for the Needs Assessment (per pages 14 and 22) consistent with the approach used by Bluewater/Elenchus in Exhibit 3 to determine the CDM adjustment for 2023? If not, how do they differ and what would be the result of applying the IESO's methodology to establish the 2023 CDM Adjustment to the 2023 Load Forecast.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -31
Reference: Exhibit 4, page 11

"*For 2022 and 2023, Bluewater incorporated Cost of Living ("COL") increases for union employees at the level required by the current Collective Agreement (which covers the period from April 1, 2021 to March 31, 2027), being an increase 2.0% each year"*

For non-union employees, there is no pre-existing negotiation for COL. Given the inflationary pressures that exist and the competitive nature of the labour market locally, Bluewater expects upward pressure on salaries. In fact, recent trends suggest that expectations for salary increases next year will be in the range of 4.1%3. Accordingly, the COL for all non-union employees has been included at a 4.0% increase for 2023."

a) Why is Bluewater proposing a 4.0% increase in non-union positions when union positions will be receiving less than this amount of an increase?
b) Please provide the unionized employe percentage increases for each year 2023 to 2027 as contemplated by the collective agreement.

4.0 -VECC -32
Reference: Exhibit 4, page 16

a) Please provide the total number of customers and the total number of customers using e-billing for each year 2013 to 2022 (year -end figures).

4.0 -VECC -33
Reference: Exhibit 4, page 43

"*There has been no change in the methodology of capitalizing OM&A since the 2013 Rebasing Application, however, Bluewater has improved the accuracy of its capitalization facilitated through a customized timesheet system developed in-house by the name of TALLY*."

a) In what year was the TALLY system introduced?
b) Bluewater's capitalized compensation has increased from approximately 17.5% in 2013 to 30% in 2023. Approximately what portion of this increase is attributable to improved timesheets and other administrative or accounting changes and what portion is attributable to the larger capital program in 2023 as compared to the past?

4.0 -VECC -34
Reference: Exhibit 4, page 66

a) If Bluewater is a member of the EDA please provide the annual membership fees for each year 2013 through 2023.

4.0 -VECC -35
Reference: Exhibit 4, pages 74, 143

a) Bluewater states it has an average turnover rate of 5.6%. Using data from 2013 to 2022 what is the average number of unfilled FTEs per year (based unfilled positions for which there is active recruiting in the year).

4.0 -VECC -36
Reference: Exhibit 4, page 81

"*On a Gross basis, the FTE count has increased from 102.8 in 2013 actuals to 118 in 2023 projected*."

a) Please explain the difference between the referenced "Gross" numbers and the actual FTEs of 93.9 and 106.9 for 2013 and 2023 respectively, as shown in Appendix 2-k.

4.0 -VECC -37
Reference: Exhibit 4, page 96-

a) Please provide a table for each of the years 2013, 2014, 2022 and 2023 which shows each Bluewater job classification and the number of employed FTEs in that position (based on either year-end or year average please specify). Please include both the number of positions filled for that job classification and, separately, the number of vacancies (i.e., positions for which there was active recruiting in that year).

4.0 -VECC -38
Reference: Exhibit 4, page 141, Table 33

Application-Related One-Time Costs	Total
Total One-Time Costs Related to Application to be Amortized over IRM Period	$ 531,390
1/5 of Total One-Time Costs	$ 106,278

a) Please provide a breakdown on the application costs into:
   i. Legal
   ii. Consulting
   iii. Intervenor
   iv. Incremental internal costs
   v. OEB
   vi. Other (please describe material amounts)

   For each category, please show the amount expended to date.

4.0 -VECC -39
Reference: Exhibit 4, page 141, Table 33

a) Please update Appendix 2-JC to show actual 2022 year end results. Please identify any costs of this application that are shown in the 2022 actual results.

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0-VECC-40
Reference: Exhibit 5

a) Please update Appendices 2-OA and 2OB to reflect the most recent 2023 cost of capital parameters issued by the Board on October 20, 2022.

5.0-VECC-41
Reference: Exhibit 5, page 9

"*Bluewater notes that the new $15 million term loan will first used to repay the $3.5 million short-term advance from its parent company, Bluewater Power Corporation, as disclosed in Note 6 in the 2021 audited financial statements. The remaining $11,500,000 will be used to finance Bluewater's planned capital spending which has grown over recent years as discussed in Exhibit 2."*

a) Please provide the agreement with respect to the $3.5 million dollar short term advance to Bluewater Distribution.

b) Given the Utility's historical underleveraged position please explain why Bluewater has waited until interest rates are at historical highs in order to enter the private market for capital funding? Specifically, address the question as to why it would not be correct for the Board to find that the Utility has acted imprudently in undertaking virtually no financing over the previous 10 years when interest rates were at historically low levels.

5.0-VECC-42
Reference: Exhibit 5, page 9

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.

a) Please provide an update as to the current state of negotiations for this loan.

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

6.0-VECC-43

Reference: Exhibit 6, Tab 3, page 32
Appendix 2-H

a) Please provide a revised version of Appendix 2-H that includes the actual values for 2022 by account. If year-end 2022 values are not available please provide year-to-date actual total for those months for which actuals are available and provide year-to-date 2021 actuals (by account) for the same period.

b) Please provide the derivation of the 2023 Pole Rental Revenue ($249,669).

c) Please provide the derivation of the 2023 revenue forecasted for accounts 4082, 4084 and 4086.

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-44

Reference: Exhibit 7, page 13

Preamble: The Application states:

> "*In determining the weighting factors for Billing and Collecting, an analysis of the underlying costs such as postage, and the effort required from the Billing staff, Credit and Collections staff and Customer Service staff was reviewed, also taking into consideration the complexity of the bills. The resulting weighting factors are presented in Table 7 below*."

a) Please provide a copy of the analysis performed to develop the weighting factors for Billing and Collecting.

b) Does Bluewater offer e-billing to its customers? If yes, please provide the most current data as to the number of customers in each class that are on e-billing.

7.0-VECC-45

Reference: Cost Allocation Model, Tabs 7.1 and I7.2
Exhibit 7, page 13-14

a) Do any of the GS>50, Intermediate or Large Use customers have more than one meter that is owned by Bluewater. If yes, how many such customers are there and how many Bluewater-owned meters does each one have?

b) Do any of the GS>50, Intermediate or Large Use customers have more than one meter that is read by Bluewater. If yes, how many such customers are there and how many Bluewater-read meters does each one have?

7.0-VECC-46

Reference: Exhibit 7, Cost Allocation Model, Tab I4 (BO Assets)

a) Please provide a schedule that compares the primary/secondary asset breakout in the current Application with that used in the utility's last COS Application for the following accounts: i) #1830, ii) #1835, iii) #1840 and iv) #1845. Please explain any material changes (i.e., greater than five percentage points).

7.0-VECC-47

Reference: Exhibit 7, page 4

Preamble: The Application states:
"*In its 2013 COS application, Bluewater used the load profiles provided by Hydro One in its cost allocation models. Those load profiles were scaled to the 2013 consumption forecasts*."

a) Please provide a version of the 2023 Cost Allocation Model where the load profiles are based on those provided by Hydro One and sales to the 2023 consumption forecasts.

7.0-VECC-48

Reference: Exhibit 7, page 5

Preamble: The Application states:
"*Street Lights and Sentinel Light profiles were based on Bluewater's hourly street light load profile. Annual USL consumption was allocated evenly over each hour of the year*."

a) How was the Street Light class load profile determined?

7.0-VECC-49

Reference: Exhibit 7, pages 8-9

Preamble: The Application states (page 8):
"*The impact of HDDs and CDDs on hourly load is calculated with a regression of six years of actual hourly loads (2016 to 2021) on daily HDDs and CDDs. The regression results provide the estimated impact of a change in degree days on load*."

The Application states (page 9):

"*Actual 2019 hourly load is adjusted by calculating the difference between actual daily temperatures and the corresponding ranked typical daily temperature (as identified in Table 5) and applying the regression coefficient to the difference. The year 2019 was selected as the base year to scale to avoid irregular consumption patterns in 2020 and 2021 caused by the COVID-19 pandemic that are expected to diminish by the 2023 Test Year*."

a) Why is it appropriate use 2020 and 2021 data to determine the impact of HDDs and CDDs on hourly load but not use 2020 or 2021 for purposes of calculating the load profiles for each class, particularly when the regression model used to determine the impact of HDD and CDD on load includes variables to account for the impact of COVID (per pages 6-7)?

b) Please provide the results (i.e., the 2023 CP and NCP values) for each customer class based on: i) adjusted 2020 data and ii) adjusted 2021 data.

c) Please provide the results (i.e., the 2023 CP and NCP values) for each customer class based on adjusted 2018 data.

7.0-VECC-50

Reference: Exhibit 7, pages 8-9

Preamble: The Application states:
"*Temperatures can impact load differently depending on the time of the day and consequently HDD and CDD variables are converted to interaction variables between degree days and the hour of the day. There are 24 variables for each of HDD and CDD, equal to the actual degree days in the corresponding hour, and 0 in all other hours. A set of 24 binary variables, equal to 1 in the corresponding hour and 0 in all other hours; COVIDHDD and COVIDCDD variables equal to 0 in all days until March 16, 2020 and equal to the relevant HDD or CDD in each hour thereafter; a COVID_AM variable equal to 0.5 in every hour from March 16 to March 31, 2020, 1 in every hour in April and May 2020, and 0.5 for every month thereafter; a trend variable; a Weekend binary variable; and a Holiday binary variable. The resulting coefficients reflect the impact of one HDD or CDD that considers different impacts depending on the hour of the day*."

a) Please confirm that by using binary variables to account for the impact of weekends and holidays as opposed to weekdays on load the model implicitly assumes that the impact of a change in HDD or CDD value is the same on weekends and holidays as it is on weekdays. If confirmed, please explain why this "assumption" is reasonable? If not confirmed, please explain why not.

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-51

Reference: Exhibit 8, pages 4-5
Cost Allocation Model, Tab O2

Preamble: The Application states:
"*It should be noted that for the USL, Sentinel and Streetlighting rate classes, the billing determinant for the monthly fixed service charge is the number of devices, not the number of connections. Bluewater requests an update to the Tariff Sheet to reflect a wording change to be 'Monthly Service Charge (per device)'. Bluewater confirms that the 2013 OEB Approved rates were also properly calculated and charged based on the number of devices such that there is no substantive change from 2013 to 2023; it is simply the case that the 2013 Tariff sheet incorrectly referred to a per connection charge*".

a) In Tab O2 and Table 3 (Exhibit 8), are the USL, Sentinel and Streetlighting values for 'Customer Unit Cost Per Month – Minimum System with PLCC Adjustment" values calculated using number of connections or number of devices? If number of connections is used please restate the values based on number of devices.

8.0-VECC-52

Reference: Exhibit 8, pages 8-10
RTSR Workform

Preamble: The Application states (page 9):
"*The 2023 RTSR Workform incorporates the updated 2022 Uniform Transmission rates effective as of April 1, 20221, and the following rates have been used in the model until such time as the 2023 rates are available*".

a) What year's data are used for the customer class billing kWh and kW in Tab 3 of the RTSR Workform?.

b) What year's data are used for the Network, Line Connection and Transformation Connection billing units used in Tabs 5, 6 and 7 of the RTSR Workform for the IESO and Hydro One?

c) Please provide an updated RTSR Workform that includes the 2023 UTRs approved by the OEB (EB-2022-0250) and Hydro One Networks approved 2023 RTSRs for ST customers.

8.0-VECC-53

Reference: Exhibit 8, pages 11-12

Preamble: The Application states (page 11):
"*Bluewater requests the establishment and approval of Gross Load Billing of Retail Transmission Rate – Line and Transformation Connection Service Rate, and for Low Voltage Service Rates for customers with Eligible Load Displacement Generation*".

a) For each of the GS>50, Intermediate and LU classes please indicate, based on 2022 billings, how much the application of "Gross Load Billing" will increase the class's average monthly billing demand.

8.0-VECC-54

Reference: Exhibit 8, pages 15-16

Preamble: The Application states (page 16):
"*Bluewater is proposing to update the LV rates for the 2023 Test Year, and has projected 2023 LV costs based on the 2021 actual LV costs in the amount of $318,689*."

a) What would be the annual LV costs and the resulting LV rates based on 2022 actual volumes and Hydro One Networks approved 2023 ST rates (EB-2021-0110)? (Note: If actual 2022 volumes are not available for the full year please use 2021 actual volumes)

8.0-VECC-55

Reference: Exhibit 8, pages 18-21
Exhibit 3, page 14
Appendix 2-R

Preamble: The Application states (Exhibit 3, page 14):
"*Traffic light device counts and consumption have historically been understated. Traffic lights were counted as a single customer and monthly consumption has been understated by 3,942 kWh*."

a) Please provide a revised version of Appendix 2-R where the Retail kWh for each year are adjusted to include the unrecorded additional kWh for traffic lights described in Exhibit 3.

DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -56

Reference: Exhibit 9, page Letter of October 14, 2015

On October 14, 2015 Bluewater wrote to the Board stating in part:

"Bluewater Power Distribution Corporation's ("Bluewater Power") most recent rebasing application was for rates effective May 1, 2013. Accordingly, we are currently scheduled for a Cost of Service application for rates effective May 1, 2017 under the 3rd Generation IR framework. Bluewater Power respectfully requests to defer the Cost of Service application for one year (for rates effective 2018) and, thereby continue under the 3rd Generation IR framework for one additional year, being the rate year effective May 1, 2017."

a) Please confirm that Bluewater voluntarily sought to defer rate rebasing for the years subsequent to this letter.

b) Please provide the correspondence to the Board seeking each of those deferrals and the Board response.

9.0 –VECC -57

Reference: Exhibit 9, page Letter of October 14, 2015

a) In light of Bluewater's decision to seek rate rebasing and it exceeding the deemed ROE in rates for each of those subsequent years, please explain why it is reasonable that ratepayers reimburse the Utility for any OEB cost assessment variance subsequent to May 1, 2017?

9.0 –VECC -58

Reference: Exhibit 9, page 6

a) Please provide the carrying charges that Bluewater is seeking for the following accounts for the period starting May 1, 2017:
   i. 1508 Deferred IFRS Transition Costs
   ii. 1508 OEB Cost Assessment Account
   iii. 1534 Smart Grid Deferral Account - Capital
   iv. 1535 Smart Grid Deferral Account – OM&A
   v. 1555 Smart Meter Capital and Recovery Offset – Stranded Meter Costs
   vi. 1568 LRAM Variance Account –

9.0 –VECC -59

Reference: Exhibit 9, pages 24 -

Bluewater is seeking recovery of two “smart grid” capital investments – Distributed Transformer Monitoring and Distribution Automation/FLSIR. Please provide the in-service dates for the various equipment by month and year.

a) Please explain what differentiates these two projects from other (innovative) capital investments that Bluewater made during the past rate period.
b) Did Bluewater inform the Board prior to making these investments to seek guidance on the applicability of deferral account treatment for these accounts. If so, please provide that correspondence.

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