

January 24, 2023

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

Dear Ms Marconi:

**EB-2022-0016 – Bluewater Power Distribution Corporation - 2023 Electricity Distribution Rates**

Please find, attached, interrogatories for Bluewater Power Distribution Corporation from the Consumers Council of Canada pursuant to the above-referenced proceeding.

Please feel free to contact me if you have questions.

Yours truly,

**Julie E. Girvan**

Julie E. Girvan

CC: All parties

**INTERROGATORIES FOR BLUEWATER POWER DISTRIBUTION CORPORATION**

**FROM THE CONSUMERS COUNCIL OF CANADA**

**RE: EB-2022-0016**

**2023 COST OF SERVICE RATES**

**ADMINISTRATION:**

**CCC-1**

Please provide all documents provided to Bluewater's Board of Directors regarding this Application.

**CCC-2**

Please explain why Bluewater waited 10 years to rebase its rates.

**CCC-3**

**Re: Ex. 1/p. 8**

The evidence sets out a number of "objectives" and "outcomes" related to reliability including to "improve SAIDI and SAIFI results over the 5-year DSP timeframe". What were the SAIDI and SAIFI results for each year since 2013? What are the proposed targets?

**CCC-4**

**Re: Ex. 1/p. 15**

The evidence states that postage has increased by \$138,600 primarily driven by the change in residential billing from bi-monthly to monthly in 2017. Has postage decreased in recent years to reflect an increase in e-billing? Please explain. How many customers are currently on e-billing? What is the forecast for 2027?

**CCC-5**

**Re: Ex. 1/p. 48**

Please provide the 2022 Scorecard.

**CCC-6**

**RE: Ex. 1/p. 53/65**

In order to 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. What is the basis for these numbers? Has Bluewater undertaken any analysis or analyses to identify where efficiencies could be achieved? If so, please provide that analysis. Does the 2023 revenue requirement reflect these savings?

**CCC-7**

**Re: Ex. 1/p. 55**

Please provide the allowed and actual Return on Equity for each year 2013-2022. Please provide the annual dividend pay-outs to Bluewater's shareholders for each of those years. Please provide a copy of Bluewater's dividend policy.

**CCC-8**

**Re: Ex. 1/p. 55**

Bluewater's Debt to Equity ratio has declined from .77 in 2017 to .6 in 2021 as Bluewater has decreased debt and increased retained earnings during this time period. What are Bluewater's debt financing plans in 2023 and during the period 2023-2027?

**CCC-9**

**Re: Ex. 1/p. 62**

Bluewater will be implementing Green Button in 2023 (as mandated by the Ontario Government) What are the incremental costs associated with the implementation of Green Button? Are they included in the 2023 revenue requirement?

**CCC-10**

**Re: Ex. 1/p. 63**

With respect to its Outage Management System Bluewater has referred to decreasing costs? Please provide the full business case for this initiative. Please quantify all of the expected benefits.

**CCC-11**

**Re: Ex. 1/p. 68**

Does Bluewater plan, during the rate plan period, to seek to merge with or acquire any other utilities? If so, please explain.

**RATE BASE:**

**CCC-12**

**Re: Ex. 2/p. 7**

Please recast Table 1 – Summary of Rate Base – to include 2022 actuals.

**OPERATING EXPENSES:**

**CCC-13**

**Re: Ex. 4**

Please update the OM&A evidence to reflect 2022 actual OM&A amounts.

**CCC-14**

**Re: Ex. 4/p. 7**

Please provide a complete list of productivity initiatives achieved during the 2013-2022 period and quantify the impacts of those initiatives.

**CCC-15****Re: Ex. 4/p. 10**

Please provide all materials and directives sent to employees regarding the 2023 budgeting process.

**CCC-16****Re: Ex. 4/p. 11**

The evidence sets out the various inflation factors used to derive the 2023 Test Year revenue requirement. Those factors vary significantly depending upon the cost items. Please explain the following:

1. How much of the 2023 OM&A budget is comprised of expenses related to fuel, materials and fuel related services?;
2. How much of the 2023 OM&A budget has been derived using a 6.6% inflation factor?
3. Why is it appropriate for non-union employees to receive a 4% salary increase for 2023 whereas union employees are capped at 2% each year as per the Collective Agreement?
4. What are the annual increases embedded in that Collective Agreement?

**CCC-17****Re: Ex. 4/p. 12**

The evidence states that, "The 2023 Test Year was subject to further scrutiny prior to filing in light of inflation but, nevertheless, Bluewater reserves the right through the interrogatory process to provide further updates related to inflation in the event of potentially extraordinary circumstances. Please explain if Bluewater is proposing any changes to its Application in light of current inflationary conditions.

**CCC-18****Re: Ex. 4/p. 13/Table 2: Overall Cost Drivers**

Please explain how the \$1.816 million in Net Payroll and Benefit Charges was calculated. Please explain what is included in the \$736,735 million "Other" category and how it was calculated.

**CCC-19****Re: Ex. 4/p. 19**

The evidence states, "The unusual drop in net OM&A for the years 2020 to 2021 was caused by a drain on the resources of Bluewater, driven by the substantial Billable Work associated with the Oversized Load Corridor Projects and, of course by COVID. Together, these factors led to a level of net OM&A in 2020 and 2021 that would have been unsustainable over the long-term. Although the year 2022 has not been free of COVID constraints nor demands from the Oversized Load Corridor Project, year to date spending in 2022 is on-track to more normal levels of spending." Please explain how the OLC Project has impacted either rate base, capital spending and/or OM&A levels for 2023. Please provide a complete description of the OLC Project and set out the relative roles of all parties involved.

**CCC-20**

**Re: Ex. 4/p. 141/Table 33**

Please provide a detailed break-down of the Application-Related One-Time Regulatory Costs.

**COST OF CAPITAL:**

**CCC-21**

**Re: Ex. 5/p. 3**

The evidence states that Bluewater continues to have an actual debt/equity structure that departs from the deemed OEB structure. Bluewater is not proposing any changes to its current capital structure. Please describe Bluewater's financing strategy and demonstrate why this strategy is in the best interests of its ratepayers.

**CCC-21**

**Re: Ex. 5/p. 9**

The evidence states that 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. What is the current status of that loan?

**CCC-22**

**Re: Ex. 5/p. 9**

The evidence states that the rates associated with the existing third-party debt be updated at the time of OEB approval of this rate application. What process is Bluewater proposing for this update?

**DEFERRAL AND VARIANCE ACCOUNTS:**

**CCC-23**

**Re: Ex. 9/pp. 3-4**

Please indicate the 2023 DV amounts (Group 1 and 2) that Bluewater is seeking to recover from residential consumers through this Application and indicate over what period.