

**Bluewater Power Distribution Corporation
Responses to OEB Staff Questions
EB-2023-007**

Staff Question-1

Ref: Rate Generator Model, Tab 3, Continuity Schedule

On September 12, 2023, the OEB published the 2023 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question(s):

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2023 OEB-prescribed interest rate of 5.49%.

Response:

Confirmed. Bluewater's Tab 3 reflects the OEB-prescribed interest rate of 5.49% as filed. No further update is required.

Staff Question-2

Ref 1: IRM Rate Generator Model, Tab 3, Continuity Schedule

Ref 2: IRM Rate Generator – DVA Tabs Instructions

Ref 3: OEB Guidance for Electricity Distributors with Forgone Revenues Due to Postponed Rate Implementation from COVID-19, August 6, 2020, page 5

On July 18, 2023, the OEB issued the DVA Tabs Instructions for the 2024 IRM Rate Generator Model. Pages 1 and 3 noted that Account 1509 - Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation was added to the model. A separate rider is calculated for this account in Tab 7, if the disposition is approved.

Regarding Account 1509, Impacts Arising from the COVID-19 Emergency Account, Subaccount Forgone Revenues from Postponing Rate Implementation, the following steps are noted in the August 6, 2020 guidance:

1. Upon implementation of the forgone revenue rate rider that is calculated from the Forgone Revenue Model, the rate rider transactions will be recorded in the same Forgone Revenues Subaccount. This will draw down the accumulated balance of actual forgone revenues/amounts.
2. Any residual balance after the expiry of the rate riders should be requested for final disposition in a future rate application (cost of service or IRM), once the balance has been audited in accordance with normal deferral and variance account disposition practices.
3. If disposition is approved, the residual balance in the Forgone Revenues Subaccount should be disposed proportionately by customer class and the residual balance will be transferred to Account 1595.

Question(s):

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect a balance in Account 1509 – Impacts Arising from the COVID-19 Emergency, Subaccount Forgone Revenues from Postponing Rate Implementation. Please complete the above-noted steps #1, #2, #3.
- b) If this balance is not applicable, please explain.

Response:

Bluewater has amended the Continuity Schedule on Tab 3 of the 2024 IRM Rate Generator Model to show the transactions required in Step 1 and the residual balance of \$(3,852) in principal and \$(715) carry charges after the rate riders expired.

Bluewater has also reported principal and interest adjustments during 2021 to reflect that Bluewater wrote these amounts off, consistent with its 2023 Cost of Service application (EB-2022-0016), in which Bluewater reported it would not seek any further recovery of expenses related to Account 1509 Impacts Arising from the COVID-19 Emergency.

Staff Question-2

Ref 1: 2024 IRM Rate Generator Model, Tabs 11, 15 and 20

Ref 2: OEB Letter, EB-2023-0222, 2024 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, September 28, 2023

On September 28, 2023 the OEB issued a letter regarding 2024 Preliminary Uniform Transmission Rates (UTRs) and Hydro One Sub-Transmission Rates. The OEB determined the use of preliminary UTRs to calculate 2024 Retail Service Transmission Rates (RTSRs) to improve regulatory efficiency, allowing for this data to feed into the rate applications including annual updates for electricity distributors on a timelier basis. The OEB also directed distributors to update their 2024 application with Hydro One Network Inc.'s proposed host RTSRs.

OEB staff has updated Bluewater's Rate Generators with the preliminary UTRs and proposed host RTSR by HONI as follows:

UTRs:

Uniform Transmission Rates		Unit		2022 Jan to Mar		2022 Apr to Dec		2023 Jan to Jun		2023 Jul to Dec		2024	
Rate Description				Rate				Rate				Rate	
Network Service Rate		kW	\$	5.13	\$	5.46	\$	5.60	\$	5.37		\$	5.76
Line Connection Service Rate		kW	\$	0.88	\$	0.88	\$	0.92	\$	0.88		\$	0.95
Transformation Connection Service Rate		kW	\$	2.81	\$	2.81	\$	3.10	\$	2.98		\$	3.21

Hydro One Sub-Transmission Rates:

Hydro One Sub-Transmission Rates		Unit		2022		2023		2024	
Rate Description				Rate		Rate		Rate	
Network Service Rate		kW	\$		4.3473	\$	4.6545	\$	4.9103
Line Connection Service Rate		kW	\$		0.6788	\$	0.6056	\$	0.6537
Transformation Connection Service Rate		kW	\$		2.3267	\$	2.8924	\$	3.3041
Both Line and Transformation Connection Service Rate		kW	\$		3.0055	\$	3.4980	\$	3.9578

Question(s):

- a) Please confirm the accuracy of the Rate Generator update, as well as the accuracy of the resulting Retail Transmission Service Rates following these updates.

Response:

Bluewater confirms the accuracy of the Rate Generator update as well as the accuracy of the resulting Retail Transmission Service Rates.

In addition, Bluewater has notes the OEB decision on 2024 Uniform Transmission Rates, issued January 18, 2024 and the final approved rate of \$5.78/kW/Month. This change has been reflected in the model and Bluewater confirms the accuracy of the resulting Retail Transmission Service Rates.

Staff Question-3

Ref 1: 2024 IRM Rate Generator Model, Tab 18

Ref 2: EB-2023-0268, Decision and Order, December 7, 2023

Ref 3: EB-2023-0222, OEB Letter “2024 Preliminary Uniform Transmission Rates, issued September 28, 2023

Question(s):

- a) The Rate Generator Model was updated to reflect the outcome of the references above. Please confirm the accuracy of the Rate Generator update, as well as the accuracy of the results from these updates, as outlined below.
- Tab 18 Regulatory Charges, RRRP Charges
RRRP charge = \$0.0014/kWh
 - Tab 18 Time of Use RRP Prices and Percentages

Time-of-Use RPP Prices and Percentages

As of	November 1, 2023		
Off-Peak	\$/kWh	0.0870	63%
Mid-Peak	\$/kWh	0.1220	18%
On-Peak	\$/kWh	0.1820	19%

- Tab 21 Bill Impacts to a 19.3% Ontario Electricity Rebate

Response:

Confirmed.

Staff Question-4

Ref 1: 2024 IRM Rate Generator Model, Tab 8

Ref 2: EB-2022-0016, 2023 IRM Rate Generator Model

Question(s):

- a) Please explain how did you come to the tax numbers in Tab 8 Cell H18, H36? In your response, please explain any deviations from the value approved in the Bluewater Power Distribution Powerlines EB-2022-0016, 2023 Cost of Service application.

Response:

The tax numbers referenced are the same tax numbers approved in Bluewater's 2023 Cost of Service application (EB-2022-0016). Both numbers referenced were taken from Bluewater's 2023 Revenue Requirement Workform filed March 31, 2023, in support of the settlement agreement and final decision of that application.

The OEB-Approved Regulatory Taxable Income of \$1,270,458 referenced in Tab 8 cell H18 can be found in the 2023 Revenue Requirement Workform on Tab 6, cell O20.

The tax rate of 26.5% referenced in Tab 8, Cell H36 can be found in the 2023 Revenue Requirement Workform on Tab 6, cell O13.

Also, as part of EB-2022-0016, Bluewater filed the 2023 Income Tax / PILs workform where the same information can be found on Tab T0.

Staff Question-5

Ref 1: 2024 GA Analysis Work Form, Tab “GA 2022”

Ref 2: 2024 IRM Rate Generator Model, Tab 3

In Reference 1, Bluewater Power Distribution reports a debit balance of \$81,230 in Net Change in Principal Balance in the GL (i.e. Transactions in the Year) in Cell B75. However, in Reference 2, Bluewater reported transaction during 2022 of debit balance of \$79,828 in Cell BD 29.

Question(s):

- a) Please explain variance and update accordingly.

Response:

Bluewater confirms the balance reported in the 2024 IRM Rate Generator Model, Tab 3 of \$79,828 is correct. The \$81,230 was an incorrect entry. Bluewater has submitted a corrected version of the 2024 GA Analysis Workform with this response. The variance remains at the previously reported 0.4%.

Staff Question-6

Ref 1: 2024 GA Analysis Work Form, Tab “Account 1588”

Ref 2: 2024 IRM Rate Generator Model, Tab 3

In Reference 1, Bluewater Power Distribution reports a credit balance of \$283,907 in Account 1588 - RSVA Power in the GL (i.e. Transactions in the Year) in Cell C20. However, in Reference 2, Bluewater reported transaction during 2022 of debit balance of \$283,907 in Cell BO 28.

Question(s):

- a) Please explain variance and update accordingly.

Response:

Bluewater confirms the debit balance of \$283,907 reported in the IRM Rate Generator Model is correct and the credit balance reported in the GA Analysis Work Form was a typo.

Bluewater has submitted a corrected version of the 2024 GA Analysis Workform with this response. As a result of this change the reasonability test results in a variance of 0.4% compared to the results previously submitted of -0.4%.