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November 17, 2008

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
EB-2008-0221
Bluewater Power Distribution Corporation – 2009 Electricity Distribution Rate Application

Please find enclosed the interrogatories of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC

cc: Bluewater Power Distribution Corporation

Bluewater Power Distribution Corporation (Bluewater)
2009 Electricity Rate Application
Board File No. EB-2008-0221

VECC's Interrogatories

Question #1
Reference: Exhibit 1/Tab 2/Schedule 4

a) Provide details of position of V.P. Strategic Development- Job Description summary, annual salary and total compensation.

b) Provide an estimate of time that the position spends on each of core distribution business and noncore/affiliate business.

c) How much of the position total compensation estimated for 2009 is allocated/recovered from each of core distribution and non-core/affiliate businesses?

Question #2
Reference: Exhibit 1/Schedule 2/Tab 5

a) Provide the following actual 2007 and projected 2009 metrics for all business units of BWPC, including Corporate and BWDC:

    i. Directors/Board Members and Officers (Number and affiliations)

    ii. Capital Deployed $million

    iii. Employees (FTEs) include separately # of contract employees

    iv. 2007 actual and 2009 projected operating revenue

    v. 2007 actual and 2009 projected operating costs

Question #3
Reference: Exhibit 1/Tab 2/Schedule 6

a) Distinguish core/non/core activities on page 1 lines 25-31.

b) Provide a summary of FTEs and fully allocated costs for 2007, 2008 and 2009 for each core and non-core activity.

c) What costs were recorded in Account 4380 in each of the years 2006-2008 and projected for 2009?

Question #4
Reference: Exhibit 2/Tab11/Schedule 1, Table 2.1.1.1

a) Provide more historic information prior to 2005.

b) Provide YTD estimates for 2008.

c) Provide 2009 targets for major indicators.

Question #5

References: Exhibit 2/Tab 1/Schedule 3/Page 2
Exhibit 2/Tab 3/Schedule 6 and Attachment 1

Preamble: "The increase in Bluewater Power's 2008 to 2009 capital expenditures is primarily caused by the following three "non-routine" capital projects, all of which are described at Exhibit 2, Tab 3, Schedule 6":

- Building renovations/expansion project;
- SAP upgrade project;
- Modeland Transmission Station meter upgrade project.

a) Provide copies of the BWPC Board of Directors approved Business Cases for the three major non-routine Capital Projects listed above.

b) With regard to the SAP upgrade please provide a copy of the benefits realization assessment/plan, including quantification of annual OM&A cost reductions.

Question #6

Reference: Exhibit 2/Tab 3/Schedule 1/Attachment 1
Exhibit 2/Tab 3/Schedule 6, pp. 67-70

a) For each of the years from 2007- 2011, during which Phase V of the Multi-Year Program will commence, please provide the overall level of expenditures on building renovations/expansions, broken down by site and summary of nature of work.

b) With regard to the Building Upgrade project provide the quantitative estimate of annual OM&A savings for each of the 5 Phases.

Question #7

Reference: Exhibit 2/Tab 3/Schedule 1, Page 5

a) Provide an estimate of the 2009 SM capital expenditure and compare the 2009 level of activity to the revenue generated from the 2009 rate adder of $1 per connection.

Question #8

References: Exhibit 2/Tab 3/Schedule 1, page 4
Exhibit 2/Tab 3/Schedule 9

Preamble:"*The typical engineering life of distribution system components is 40 to 50 years. Therefore, Bluewater Power's distribution system is nearing its end of life. If Bluewater Power does not increase its sustaining capital investment in operating assets going forward, it will be required to make significant investments between 2020 and 2030To avoid this last-minute catch-up scenario, commencing in 2010, Bluewater Power intends to work toward increasing its sustaining capital investment in operating assets to approximately $4 million per year".*

a) Has Bluewater conducted a recent asset condition study to support its proposal to increase sustaining capital in 2010? If so please provide a copy,

b) Is project Asset Condition Assessment (UT40): *2009 Expenditure (budgeted): $163,485,* expected to be completed in time to file with the 2010 rate application?

c) Provide a schedule showing the age distribution by major asset class of the existing distribution assets based on remaining life and/or net book value .

Question #9

Reference: Exhibit 2/Tab 3/Schedule 1, page 5 of 6 & Attachment 1, page 2 Exhibit 5/Tab 1/Schedule 4, page 1

a) With regard to Meter expenditures please indicate the number of standard single phase meters installed in each of 2007, 2008 and forecast 2009

b) Explain why the annual capital cost of standard meters is not reducing significantly in 2009 given the roll out of the smart meter program scheduled for completion in 2010?

<u>Question #10</u>
Reference: Exhibit 2/Tab 3/Schedule 1, page 5 and Attachment 1, page 2
Preamble: *Bluewater Power's information technology ("IT") capital costs remain relatively stable from year to year. The $1,538,744 increase from 2008 ($893,000) to 2009 ($2,431,744) is almost entirely attributable to one IT capital project in 2009 budgeted at $1,445,145. This project is an upgrade of Bluewater Power's current integrated, SAP ERP system "*

a) Why cannot Bluewater defer some other 2009 IT projects to accommodate the SAP project Upgrade to more closely match the historic levels of the IT Capital Budget envelope?

b) When is/are the in-service date(s) for the SAP upgrade?

c) Why cannot the Data Centre Lifecycle and Computer Infrastructure Lifecycle be spread over two years?

d) Alternatively given the overall $3.1 million increase in Capital Expenditures why cannot the Building upgrade project be moved forward till later in the year?

<u>Question #11</u>
Reference: Exhibit 2/Tab 3/Schedule 6, pages 40-43

a) Provide a breakdown of the Capital and operating costs for the GIS upgrade showing major capital and/or OM&A components (consulting fees, licences and hardware etc.).

b) Provide an estimate of the improved outage response and the impact on SAIDI expected from implementation of Responder.

c) Provide an estimate of the OM&A Change +/- from implementation of ARC GIS 9.3.

<u>Question #12</u>
Reference: Tab 2/Exhibit 3/Schedule 8

Preamble: *"A capitalization rate of 10% is conservative compared to other utilities in the electricity industry, however, absent a detailed study to support a higher rate Bluewater Power believes the result achieved is fair and reasonable to both current and future ratepayers".*

a) Provide the source reference(s) and range of capitalization for internal management costs that BWPD relies on in the above statement.

b) Are there Guidelines or best practices that the OEB uses or has used to assess indirect capitalization rates? If so provide appropriate references.

<u>Question #13</u>
Reference: Exhibit 3/Tab 1/Schedule 2, Attachment 1, page 1

a) Please provide a schedule that breaks down the Transformer Ownership Allowance for 2008 and 2009 as between the various applicable customer classes.

b) Please provide a schedule that breaks down the Low Voltage Charges embedded in rates by customer class for 2008 and 2009.

<u>Question #14</u>
Reference: Exhibit 3/Tab 1/Schedule 2, Attachment 1, page 3

a) Please indicate where the SSS Admin fee revenues are reported.

b) Please explain what contributes to "Gain on Disposition of Utility and Other Property" for 2009, 2008 and 2007.

c) Please explain what the "Interest and Dividend Income" line represents.

d) Please explain why "Interest and Dividend Income" is included as negative revenue for establishing revenue offsets to the overall revenue requirement (per Exhibit 9/Tab 1/Schedule 1,page 1)

e) Please explain the increase in the Interest and Dividend Income offset for 2009 over 2008 and 2007.

<u>Question #15</u>
Reference: Exhibit 3/Tab 2/Schedule 1 – ERA Load Forecast Attachment, pages 2-3

a) Please confirm that for the GS<50 and GS 50-999 classes the weather correction and forecasting analysis is based on data from January 2004 to January 2007.

b) Please describe more fully the data anomalies that led to the exclusion of 2003 data for both of these classes.

c) Please explain what is meant by "forecasting efficiency is increased significantly". Does improving statistical fit justify excluding available data?

d) Why was the February – December 2007 data excluded from the analysis for these classes.

e) Page 2 states that the residential forecast is based on monthly class specific data for January 2003 to December 2007. For the GS<50 class from data from January 2004 to January 2007 was used.

- How frequently does Bluewater read the meters for its Residential and GS<50 customer classes?
- How was the billing data adjusted to account for the effect of meter reading dates?
- Please comment on the validity of simply prorating billing data to account for the effect of meter reading dates, when the weather and/or the occurrence non-holiday weekdays could vary significantly over the period requiring prorating.

f) Page 3 includes comments regarding what is considered an acceptable adjusted R-Squared value and acceptable mean percentage error. By what standards are these "values" considered acceptable?

<u>Question #16</u>
Reference: Exhibit 3/Tab 2/Schedule 1 – ERA Load Forecast Attachment, pages 4-7

a) Since ERA also forecasts number of connections by class, did ERA test a relationship that also included number of customers by class? If not, why not?

b) Please provide a schedule that sets out, for the period January 2003 to December 2007, the monthly values for:

- HDD and CDD
- Number of customers by class (month end)

c) Please provide a schedule that sets out the average (per customer) weather normalized usage for the Residential and GS<50 classes for the years 2003, 2004, 2005, 2006, and 2007 based on the ERA weather normalization results. In the same schedule please include the average (per customer) usage forecast for 2008 and 2009.

d) Please provide the average (per customer) weather normalized usage for each customer class as determined and used for Bluewater's Cost Allocation informational filing and confirm which year the data represents.

e) Please develop alternative equations for the Residential, GS<50 and GS 50-999 classes that include the number of customers as an "explanatory variable". If monthly customer counts are not available please make reasonable interpolations using existing data. Please provide the statistical results for the resulting equations and compare them with those for the equations developed by ERA.

f) Using the results from (e), please develop an alternative load forecast for 2008 and 2009.

Question #17

Reference: Exhibit 3/Tab 2/Schedule 1 – ERA Load Forecast Attachment, pages 7-10

a) With respect to page 8, what is the impact on the Residential; GS<50 and GS 50-999 usage forecasts for 2008 and 2009 of using a 30 year definition of "climate normal"?

b) With respect to page 8, are there more recent updates available for any of the economic forecasts presented in Table 4? If so, please provide and update the weather corrected consumption forecast in Table 5 accordingly.

c) Please provide a revised version of Table 6 that reflects the revisions discussed at Exhibit 3/Tab 2/Schedule 1, page 2.

d) The text at Exhibit 3/Tab 2/Schedule 1, page 2 (lines 7-14) suggests that the Intermediate class 2009 use should be reduced by 26.061 kW (i.e. 52,367-26,306). However the value reported by Bluewater in Table 3.2.3.2 (398,767 kW) is 31,306 kW less that reported by ERA in Table 6 of its report. Please reconcile.

e) Please confirm that there was no customer reclassification between 2003 and 2007 that would impact on the historic growth trends calculated for the Intermediate and Large Use classes (Table 6).

Question #18

Reference: Exhibit 3/Tab 2/Schedule 4, pages 2-3

a) The text on page 3 states that there was an increase of four customers for the Intermediate class in 2007. However, the text also states that one of these customers was not reclassified as Intermediate until 2008. The Table on page 3 shows all of the change (including the Large Use to Intermediate reclassification occurring in 2007). Please reconcile.

Question #19

Reference: Exhibit 4/Tab 2/Schedule 2, pages 1 and 2

a) With regard to benchmarking Bluewaters's historic OM&A costs, please confirm/correct the data for 2005 and 2007 shown in the file "Comparison of Distributors (EB-2006-0268)" found on the OEB web site: http://www.oeb.gov.on.ca/OEB/_Documents/EB-2006-0268/Comparison_of_Distributors_with_2007_data.xls

2007	2006	2005
$9,196,145m	$9,602,967m	$9,068,325m

Please indicate the correct data for 2005-2007 and reconcile with Exhibit 4/Tab 2/Schedule 1 Attachment 1.

b) For the historic years 2005-2007 compute the average BWPC OM&A cost per customer and compare the BWPC average to that of the peer group shown on the OEB website

c) Compute the distribution OM&A cost per customer for the years 2007-2009

d) Compute the OM&A per kilowatt hour of energy distributed for the years 2005-2009.

e) Discuss trends in OM&A per customer and per Kilowatt hr of energy distributed .2005-2009

Question #20

Reference: Exhibit 4/Tab 2/Schedule 2, page 13 Table 4.2.2.3
Exhibit 4/Tab 2/Schedule 9, page 1

a) Please provide the basis for Bluewater's compensation structure for its executive CEO, COO, VP/Directors, positions and copies of supporting independent compensation benchmarking studies such as Hay.

b) Provide the average Total Compensation per FTE for each year 2006-2009

c) Provide the total compensation change for the addition of the 6FTEs scheduled for 2009

d) Provide the status of the 2008 replacement/new hires (when were the hires completed?).

e) Have the 6 new hires for 2009 been approved by the CEO and/or the Board of Directors. Please Specify.

f) Are the new hires for 2009 contingent on the timing of the approval of the current rate application by the OEB?

g) Is the assumption that each of 6 new hires will provide a full FTE in 2009 or explain what other assumptions have been made about timing and incremental payroll cost for 2009?

Question #21
Reference: Exhibit 4/Tab 2/Schedule 7

a) Provide a schedule that shows a breakdown of the fully allocated costs each of the non-core distribution activities (as opposed to *services* provided by BWPD to affiliates), including those to be transferred in 2009 for the years 2006-2009.

b) Compare the cost by major activity to the costs recorded in Account 4380 for the same years.

c) In Table 4.2.7.1 explain the basis for the $ 623,221 in OPA costs in 2007(for example number of FTEs allocated to OPA CDM), and why this level of activity and costs are dramatically lower in 2008 and 2009.

d) If the 2009 estimate is higher/lower than estimate who will pay the difference in costs?

Question #22
References: Exhibit 3/Tab 3/Schedule 4, Table 3.3.4.2
Exhibit 4/Tab 2/ Schedules 4, 5 (attachment) and 6

a) Provide a schedule that shows the forecast of the *costs* of services provided to each of BWPD (including BWPC) affiliates in 2009.

b) Compare the Costs in part a) to the 2009 Revenues forecast in Table 3.3.4.2 and discuss/explain all material differences.

c) Provide a schedule that compares 2009 costs to 2006, 2007 actual and estimated 2008 costs by affiliate.

d) What services does BWPD provide to BWPC? Provide costs and brief description for 2009

e) Provide a Copy of the Shared Service Agreements for Bluewater Power Generation and Bluewater Power Corporation

f) Provide the estimated 2009 costs Applicable to Schedule C of the referenced Service agreements and the requested SLAs in part a) above.

g) Provide an example of shared service fully allocated costing as applied to non-core distribution activities based on the 6 cost elements listed on pages 2 and 3 of 4/2/4. Indicate which elements are costed/allocated based on time estimates and which, if any, use cost allocators based on enterprise wide allocators such as capital deployed and headcount

h) Indicate if a return on capital is /is not a cost element and show how this is calculated in the example in part g)..

Question #23
Reference: Exhibit 3/Tab 3/Schedule 4, page 1

a) Provide the breakdown of Management fees by affiliate for 2007, 2008 and 2009

b) What, if any, inbound services did/will BWPD receive from affiliates (including BWPC) in 2007, 2008 and 2009? Provide amounts by affiliate and a brief description of services

Question #24
Reference: Exhibit 3/Tab 3/Schedule 4, page 6

a) When SHSC assumes ownership of Bluewater Power Civil equipment does this imply that these assets were previously distribution assets. If so what is the transfer price of the assets and how was/will be this be calculated?

b) Explain in more detail what if any, assets are being transferred and their net book value.

c) Provide details of the bucket truck rental by SHSC including the calculation of the $20,800 estimate of fully allocated cost.

d) Is it a fixed cost or an hourly rental fee. Please explain.

Question #25
Reference: Exhibit 4/Tab 2/Schedule 6

a) Please explain in sufficient detail why no allocation of Corporate costs is appropriate. Include BWPD's interpretation of the relevant sections of the ARC and references to prior OEB Decisions.

Question #26

References: Exhibit 5/Tab 1/Scheule
Exhibit 5/Tab 1/Schedule 2, Attachment 1

Preamble: *"Bluewater Power is cognizant of the OEB's letter dated February 19, 2008 regarding initiative EB-2008-0046 'Deferral Account Review Initiative'. Given this pending review the OEB has deferred other LDCs' request for disposition of the deferral and variance account balances.*
Bluewater Power, however, has seen the balance in Account 1588 grow in a credit balance over the last two years. As demonstrated, the balances are significant and we feel it is in our customers' best interest to rebate the accumulated credit balance beginning May 1, 2009."

a) Provide a Copy of the referenced OEB letter

b) Given the OEB review, why is BWPD proposal to dispose of December 2007 balances over three years appropriate? Please explain and provide relevant references to OEB Decisions/directions.

c) Given the very large increase in rates proposed in 2009 please indicate how rate stability will be achieved by a three year disposition, rather than disposition in 2009. State any key assumptions about future rate increases.

d) Please provide a schedule identifying the rate riders associated with the disposition of the deferral and variance accounts over one, two and three year periods. Provide appropriate notes and calculation detail

Question #27

References: Exhibit 5/Tab 1/Schedule 3, plus Attachments1-3
Exhibit 5/Tab 1/Schedule 3 Attachment-ERA Report, pp. 18 and 24 -26

a) Provide a copy of the evaluation/audit report (or the summary) provided to the OPA in support of savings claimed due to OPA funded programs (page 13 of Attachment 3)

b) Indicate the status of the recommendations on page 18 of the ERA Report

c) Provide a copy of the Consultants Report supporting the assumptions for the 9 measures under the CoolShops Program (measure life, savings and free-ridership etc).

d) Provide a Table showing the comparison of the assumptions in the Consultants report with the OPA listing of measure assumptions for the same 9 technologies.

e) Provide an estimate of the costs of preparing the SSM claim (Charged to ratepayers) relative to the amount of the claim (shareholder benefit)

f) With regard to persistence of CDM measures, what assumptions have been made in the 2009 load forecast? Provide specific examples for short life measures such as for screw-in CFLs installed in prior years

Question #28

Reference: Exhibit 5/Tab 1/Schedule 4, page 1

Preamble*: Bluewater Power currently has an OEB approved rate rider of $.26 per month per metered customer related to smart metering, which was the equivalent to $.30 per residential customer in the 2006 EDR process. The revenue received is being booked to the variance account 1555.*

a) Clarify if Bluewater is proposing to clear the December 2007 Balance in Account 1555. If so, explain why, given limited SM installations/assets in service

b) Provide the accomplishment (# of smart meter installations) to the end of 2007, including any pilot programs.

c) Provide the planned accomplishment (# units) for 2008 if any, and the 2009 and 2010 forecasts

d) Does Bluewater expect to purchase, smart meters or advanced metering infrastructure that exceeds the minimum functionality. If so provide # units and Incremental costs per unit and total costs for 2009 and 2010.

Question #29

Reference: Exhibit 6/Tab 1/Schedule 2/Page 2 of 3

Preamble: "The OEB Cost of Capital Report permits certain forms of callable debt to be considered long term debt recovered at its face value, but purports to distinguish between debt that is callable by an affiliate and debt that is callable by a third party. There is no jurisdictional basis to make that distinction. Moreover, there is no factual basis in the case of the debt of Bluewater Power because the Promissory Notes have been treated at all times as if they were third party debt. These Promissory Notes were negotiated at market rates at the time they were established, and Bluewater Power continues to consider 7.25% an acceptable market-based rate for long-term debt.

a) Provide a copy of the Auditors opinion of the nature of BWPs "long term" debt relative to the OEB cost of Capital Report and Guidelines

b) Has BWP assessed the cost of procuring medium/long term debt from the financial markets? If so provide a copy of that report. If not provide more information to support the statement that 7.25% is an acceptable market-based rate for medium long term debt for 2009.

c) Provide details of the basis of the claimed cost rate for the 4% short term component of the deemed capital structure

Question #30

Reference: Exhibit 8/Tab 1/Schedule 1, pages 1-2: Board Staff IR #4

a) Please confirm that for purposes of Bluewater's Cost Allocation Informational Filing:
   - The Revenues are based on distribution rates (excluding the discounts for transformer ownership allowance)
   - The Costs include the cost of the Transformer Ownership Allowance
   - The cost of the Transformer Ownership Allowance is allocated to all customer classes

b) Please confirm that Bluewater is proposing to directly allocate the cost of the transformer ownership allowance to the relevant customer class (Exhibit 9/Tab 1/Schedule 1, page 2)

c) Please provide the results of a cost allocation run with an alternative treatment of the Transformer Ownership Allowance where:
   - The Revenues by class are based the rates reduced by the transformer ownership allowance where applicable
   - The Costs allocated exclude the "cost" of the Transformer Ownership Allowance.
     (Note: For purposes of the response please just file the revised Output Sheet O1)

Question #31

Reference: i) Exhibit 8/Tab 1/Schedule 1, Attachment 1
ii) Board Staff IR #8.1

a) With respect to page 7 (point #9), please explain more fully why a small change in revenue to cost ratios will only affect customers' rates if the revenue-to-cost ratios are close to either the upper or lower limits of the ranges.

b) With respect to page 10, the report concludes that the shift in proportions of assets will not have a large impact on the overall allocation of costs (lines 7-10). How large would the shift have to be before Bluewater's consultant would deem the impact on the resulting allocation to be sufficiently material to require an update.

c) With respect to page 11, please re-do Table 3 such that the 2006 and 2009 data are classified by account on comparable basis.

d) Page 13 outlines various reasons why completing a full cost allocation study for 2009 is not necessary. Please clarify the following:

- Please confirm that first bullet (lines 3-6) actually provides a rationale as to why the study should be updated
- The discussion in the third bullet presumes that for those classes where the ratios are within the Board guidelines there will be no proposed changes to the class R/C ratio based on the current (2006) results.

e) With respect to page 16, please clarify what is meant by Scenarios A and B (lines 24-27).

f) The Board's Cost Allocation Report set out tests to determine which CP and NCP allocators (e.g. 1NCP vs. 4 NCP) should be used. Did the consultant assess whether the adjustments to the load data changed the definition of the CP or NCP allocators that should be used in Bluewater's Cost Allocation run? If not, why not? If yes, what were the results?

g) If not provided in response to Board Staff IR #8.1, please provide a copy of the Cost Allocation run consistent with the adjustments outlined on pages 18 and 19.

h) With respect to page 18 (lines 20-22), please confirm that "percentage" adjustment was made to Distribution Revenues and not Total Revenues by class, where the latter includes miscellaneous revenues. If not, please re-do and update the values presented on page 19.

i) Using the revised load values please provide a cost allocation run where by:
   - The Revenues by class are based the rates reduced by the transformer ownership allowance where applicable
   - The Costs allocated exclude the "cost" of the Transformer Ownership Allowance.
     (Note: For purposes of the response please just file the revised Output Sheet O1)

<u>Question #32</u>
Reference: i) Exhibit 8/Tab 1/Schedule 2, page 2 (Table 8.1.2.1)
ii) Exhibit 9/Tab 1/Schedule 1, pages 2 & 4

a) Reference (i) suggests there is no proposed change to the revenue to cost ratio for the Residential class. However, the % of costs allocated to Residential is 51.5% (Reference (ii), page 2) while the percentage of revenue currently collected is 50.4% (Reference (ii), page 4). This suggests the revenue to cost to cost ratio will increase. Please reconcile.

b) Please explain how the Total Base Revenue Requirement allocation to customer classes in Table 9.1.1.2 was established.

c) In light of the comments by ERA regarding the use of revenue to cost ratios (pages 1-3 and page 7), why is Bluewater proposing to change the revenue to cost ratio for GS<50 and GS 50-999 when both are already well within the range set by the Board?

d) Please provide the results (i.e., revenue to cost ratios and revenue allocation) of an alternate 2009 cost allocation where:
   - The revenue to cost ratios for USL, Street Lighting and Sentinel Lighting are as proposed by Bluewater.
   - The increased revenue from these three classes is used to reduce the revenue to cost ratio for the Large Use class
   - If the Large Use class ratio is still above 115%, then the revenue to cost ratio for the GS 50-999 class is increased until the Large Use class reaches 115%.

Question #33
Reference: i) Exhibit 8/Tab 1/Schedule 2, page 2 (Table 8.1.2.1)
ii) Exhibit 9/Tab 1/Schedule 1, page 2 (Table 9.1.1.2)
iii) Exhibit 9/Tab 1/Schedule 3, page 1

a) Please provide a schedule that sets out the derivation of the values for the 2009 revenue to cost ratios by customer class proposed in reference (i). (e.g., how was it determined that the revenue allocation for each class set out in reference (ii) yielded the proposed revenue to cost ratios?).

b) Please provide the derivation of the Full Cost Allocation percentages set out in reference (iii), Column A.

Question #34
Reference: Exhibit 9/Tab 1/Schedule 1, pages 3-5

a) Please provide the rates used to determine the fixed and variable revenues by customer class in Table 9.1.1.3 and confirm that:
   - The service charge excluded the smart meter rate adder
   - The variable charge excluded the adder for LV cost recovery
   - The variable charge included reduced rates for transformer ownership allowance where appropriate.

b) If the points outlined in part (a) are not all confirmed then please re-do the Table accordingly. Please provide the supporting rates and update Table 9.1.1.4.

c) With respect to page 5, why are the percentages applied to the total revenue requirement, including LV costs and Transformer Ownership

Discount costs, when these two items are allocated in a different manner (per Table 9.1.1.2)?

d) Page 5 states that the percentages in Table 9.1.1.4 were applied to the total revenue requirement ($21,456,445). However, Exhibit 9, Tab 1, Schedule 3, page 1 indicates that the percentages were applied to the Base Revenue Requirement ($20,707,479). Please reconcile.

Question #35
Reference: Exhibit 9/Tab 1/Schedule 1, page 6
OEB, Application of Cost Allocation for Electricity Distributors, Report of the Board, EB-2007-0667, November 28, 2007

a) Please provide a schedule that sets out the target range for the service charge for each customer class based on the results of Bluewater's Cost Allocation Informational Filing and the OEB's November 2007 Report.

b) Please comment on any proposed fixed charges that fall outside the target range established by the Board.

Question #36
Reference: Exhibit 9/Tab 1/Schedule 9

a) What is the forecast average monthly residential use for 2009?

b) Based on a recent 12 consecutive months of actual billing data, please indicate the percentage of total residential customers that:
- Consume less than 250 kWh per month
- Consume 250 -> 500 kWh per month
- Consume 500 -> 750 kWh per month
- Consume 750 -> 1000 kWh per month
- Consume 1000 -> 1500 kWh per month
- Consume 1500 -> 2000 kWh per month
- Consume more than 2000 kWh per month

Question #37
Reference: Exhibit 9/Tab 1/Schedule 9, Attach 1
Preamble: *Exhibit 9, Tab 1, Schedule 9, Attachment 2 details the rate impacts for Residential customers using 1000 kWh per month, and General Service <50 kW using 2000 kWh per month, with a percentage change and dollar per month change on the 'delivery line charges' as per a request from the Board. Delivery line charges include fixed charges, variable charges, deferral/variance account*

disposition and retail transmission network and retail transmission connection charges.

a) What “request from the Board” resulted in the subject Schedule?

b) With respect to the 31.6% increase in the distribution component of the bill, does Bluewater agree that this constitutes rate shock for low volume customers? If not, why not?

c) Provide the rationale for the increase of $4.60 ($13.90-$18.50, including Smart meters) in the monthly residential charge.

d) Calculate the distribution bill and total bill increase for a low volume residential customer using 250 kWh per month based on Bluewater’s proposal.

e) Calculate the distribution rate increases for residential customers at various consumption levels assuming an increase in the monthly charge to $15.00, including smart meters and an offsetting increase in the variable charge.

<u>Question #38</u>
References: Exhibit 9/Tab 1/Schedule 1, page 3
Exhibit 9/Tab 1/Schedule 1, page 5

a) Indicate whether or not the largest Street Lighting customer(s) is/are the local municipality(ies) or whether there is an intermediary/agent providing any/all of these services

b) Indicate whether any of BWPD’s affiliates provide Street Lighting services and the nature of these services.