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November 24, 2008

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto ON M4P 1E4

Dear Ms Walli,

Bluewater Power Distribution Corporation

Board File No.: EB-2008-0221

Our File No.: 339583-000028

Enclosed please find the Interrogatories of Canadian Manufacturers & Exporters ("CME") to Bluewater Power Distribution Corporation in this proceeding.

Please contact me if you require any further information.

Yours very truly,

A handwritten signature in black ink, appearing to read 'V. DeRose', is written over a horizontal line.

Vincent J. DeRose

\slc
enclosure

c. Andrew Taylor (Ogilvy Renault)
J. McMichael (Bluewater)
Interested Parties EB-2008-0221
Paul Clipsham (CME)

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**2009 Electricity Distribution Rates
Bluewater Power Distribution Corporation
EB-2008-0221**

**INTERROGATORIES OF
CANADIAN MANUFACTURERS & EXPORTERS ("CME")
TO BLUEWATER POWER DISTRIBUTION CORPORATION**

1. Exhibit 2, Tab 1, Schedule 2, page 1 of 1, Table 2.1.2.1 summarizes the actual rate base for 2007 and Bluewater Power Distribution Corporation's ("Bluewater") projected rate base for 2008 and 2009. Please reproduce Table 2.1.2.1 including Bluewater's 2006 Board approved rate base and 2006 actual rate base.
2. Exhibit 2, Tab 3, Schedule 1, Page 2 of 6, Table 2.3.1.1. summarizes Bluewater's capital expenditures from 2007 to 2009 broken out by Operations, Metering, IT, Other, and Total. Please reproduce Table 2.3.1.1. including Bluewater's 2006 Board approved capital expenditures and 2006 actual capital expenditures.
3. At Exhibit 2, Tab 3, Schedule 6, Page 37 of 70, Bluewater states it has developed a joint plan with Hydro One Networks Inc. ("Hydro One") to eliminate existing load transfer arrangements. Pursuant to that joint plan, Hydro One will surrender 32 customers and Bluewater will surrender 12 customers and retain 4 customers. In order to permit CME to better understand the impact of this joint plan, please:
 - (a) Identify the rate classes impacted by this surrender process;
 - (b) Confirm whether the surrender process will have an adverse rate impact on either Bluewater's customers surrendered to Hydro One, or on Hydro One's customers surrendered to Bluewater;
 - (c) If there will be an adverse rate impact, please set out the impact on each individual customer impact ; and

- (d) If there will be an adverse rate impact, please set out the steps, if any, that Bluewater has implemented to explain these changes to the affected customers
4. Exhibit 2. Tab 3, Schedule 6, Page 51 of 70 shows that Bluewater's Legislated Business Application Upgrades have increased from \$76,113 in 2007 to a budgeted amount of \$198,625 for 2009. This is an increase of approximately 260%. Please set out the all of the changes in regulation and legislation that have caused this level of increase. To the extent possible, for each of the years 2007-2009 please show the costs attributable to each change.
5. Exhibit 2, Tab 3, Schedule 6, pages 59-65 shows that Bluewater considered two alternatives to upgrade its existing Enterprise Resource Planning ("ERP") system: SAP ERP 6.0 or a custom developed product. Do any off-the-shelf ERP products exist that compete with SAP 6.0? If so, please identify those alternative off-the-shelf products and explain why they were not considered as a third alternative.
6. At Exhibit 3, Tab 2, Schedule 2 page 2 of 4, Bluewater states that it is mindful of the general downward trend of manufacturing (in particular chemical manufacturing). Since filing this Application:
- (a) Have any manufacturing operations in Bluewater's distribution area either closed down or materially reduced their operations? If so, please set out the rate class affected and the impact on Bluewater's forecast distribution revenue; and
- (b) Please produce any internal memoranda, reports or assessments prepared for management that address the potential impact of the downward trend in manufacturing and/or the possibility of a recession in the near future on Bluewater's operations.

7. Exhibit 7, Tab 1, Schedule 1, Page 2 of 2, Table 7.1.1.1. shows that Bluewater is seeking Board approval of a 2009 total service revenue requirement of \$21,436,076, which produces a forecast 2009 revenue deficiency of \$4,843,712. The forecast 2009 revenue deficiency of \$4,843,712 represents a revenue requirement increase of 29.2% over Bluewater's current revenues. In light of the resulting rate impact, has Bluewater considered whether the resulting rate shock associated with a 29.2% increase in its total service revenue requirement should be mitigated by a multi-year phase-in? If not, why not. If Bluewater considered a multi-year phase-in, please produce all internal memoranda, reports or assessments that address the inclusion of a multi-year phase-in.
8. As shown in Exhibit 8, Tab 1, Schedule 2, Page 2 of 2, Table 8.1.2.1., Bluewater is proposing to increase the revenue to cost ratio for GS 50 to 999 kW from 0.88 to 0.99, and to decrease the revenue to cost ratios for GS 1000 to 4999 kW and the Large Use rate classes from 1.41 to 1.29, and 1.26 to 1.14, respectively. Exhibit 9, Tab 1, Schedule 9, Page 2 of 3 shows the proposed distribution rate increase for the GS 50 to 999 kW rate class as ranging between 31.1% and 31.2%, for the GS 1000 to 4999 kW rate class as 13.7% and for the Large Use rate class as 42.9%. Within this context, CME wishes to better understand the cost allocation of the proposed revenue deficiency of \$4,843,712. Please provide the portion of the proposed revenue deficiency of \$4,843,712 which will be allocated to each rate class.