

**Board Staff Submissions - Procedural Order No. 2**  
**Application for Approval of 2009 Electricity Distribution Rates**  
**Bluewater Power Distribution Corporation**  
**Board File Number EB-2008-0221**  
**January 15, 2009**

The following are the submissions of Board staff with respect to the issues identified in the Board's Procedural Order No. 2 issued January 6, 2009 in the matter of the Bluewater Power Distribution Corporation ("Bluewater") rates application.

***a) Whether Further Discovery is Required, Either in the Form of Further Interrogatories or a Technical Conference***

1. Board staff submits that the following areas require further clarification:
  - **Operating Costs:** Board staff Interrogatories #1.2b, #1.14, and #1.12c
  - **PILs:** Board staff Interrogatories #5.1 and #5.2
  - **Rate Design:** Board staff interrogatory #7.1
  - **Cost Allocation And Rate Design:** Board staff interrogatory #10.1
2. Board staff submits that in response to Board staff Interrogatories #3.5, #3.6, #3.7, #3.9, #3.10, and #3.11, Bluewater has not provided quantitative analyses such as a cost benefit analysis to justify significant increases in its capital expenditures.
3. Board staff notes that the Bluewater has taken a position regarding Cost of Debt and stated that "What we are suggesting is that the OEB lacks jurisdiction to take a mechanistic approach based on a test outlined in an OEB Staff Report." It is Board staff's view that this matter can be dealt with at the final submission phase.
4. Board staff notes from Bluewater's application that carrying charges were included in the Interest & Dividend Income account instead of the Other Interest Expense account. In response to Board staff's interrogatories #6.6 and #7.3, Bluewater stated, "It is not the 2006 EDR model that was 'wrong', it is the APH that is 'wrong' to the extent its mechanistic application is unfair. Bluewater Power did not seek relief in the 2006 EDR; nor did we seek to appeal the results of our 2006 EDR approval; we seek to avoid the unfairness in the APH going forward as many LDCs did in the 2006 EDR." It is Board staff's view that this matter can be dealt with at the final submission phase.

Based on the specific information provided above, Board staff submits that further clarification in the form of a second round of interrogatories or a technical conference is necessary to complete the record in this matter.

All of which is respectfully submitted.