



Ontario
Energy
Board

Commission
de l'énergie
de l'Ontario

DECISION AND RATE ORDER

EB-2022-0016

BLUEWATER POWER DISTRIBUTION CORPORATION

Application for electricity distribution rates beginning May 1, 2023

BEFORE: Robert Dodds
Presiding Commissioner

Fred Cass
Commissioner

Patrick Moran
Commissioner

April 27, 2023



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1 OVERVIEW

This is the OEB's Decision and Rate Order on an application filed by Bluewater Power Distribution Corporation seeking approval for changes to the rates Bluewater Power charges for electricity distribution effective May 1, 2023.

On March 31, 2023, Bluewater Power filed a settlement proposal that reflected a comprehensive settlement between Bluewater Power and participating intervenors (collectively, the Parties) on all issues included on the approved Issues List.¹

OEB staff filed a submission supporting the settlement proposal on April 6, 2023. OEB staff argued that the settlement proposal was in the public interest and would result in just and reasonable rates for the customers of Bluewater Power.

The OEB approves the settlement proposal as filed for the reasons described in this Decision and Rate Order.

¹ The Issues List approved in the [OEB's Decision on Issues](#) List dated January 19, 2023.

2 PROCESS

The OEB's *Renewed Regulatory Framework for Electricity*² and *Handbook for Utility Rate Applications*³ provide distributors with performance-based rate application options that support the cost-effective planning and efficient operation of a distribution network. This framework provides an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

On October 24, 2022, Bluewater Power filed a cost of service application with the OEB under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act). The application requested OEB approval of Bluewater Power's proposed electricity distribution rates for five years, using the Price Cap Incentive Rate-setting (Price Cap IR) option described in the *Renewed Regulatory Framework for Electricity*. Under the Price Cap IR option, with an approved 2023 Test Year, Bluewater Power would be eligible to apply to have its 2024-2027 rates adjusted mechanistically, based on inflation and the OEB's assessment of Bluewater Power's efficiency.

The following parties requested and were granted intervenor status:

- Association of Major Power Consumers in Ontario (AMPCO)
- Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC)
- Consumers Council of Canada (CCC)
- School Energy Coalition (SEC)
- Vulnerable Energy Consumers Coalition (VECC)

Each of AMPCO, CCBMC, CCC, SEC and VECC applied for and were granted eligibility for cost awards.

OEB staff filed an Issues List that had been agreed to by all Parties for the OEB's consideration on January 9, 2023. The OEB approved the proposed Issues List on January 19, 2023.

² Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, October 18, 2012

³ Handbook for Utility Rate Applications, October 13, 2016

Following an interrogatory process, a settlement conference was held on February 22, 23, 24 and 27, 2023 and a settlement proposal covering all issues was filed on March 31, 2023. The settlement proposal is attached as Schedule A to this Decision and Rate Order.

On April 6, 2023, OEB staff filed a submission arguing that the settlement proposal was in the public interest.

3 DECISION ON THE SETTLEMENT PROPOSAL

As part of the settlement proposal, the Parties agreed to a 2023 Test Year base revenue requirement of \$25.2 million, a reduction of \$2.2 million from what Bluewater Power proposed in its updated application.⁴

Below, this Decision and Rate Order sets out some of the key aspects of the settlement proposal.

- Parties agreed to a 2023 Test Year net capital expenditures budget of \$9.5 million, which represents a reduction of \$2.8 million (23%) from the \$12.3 million proposed by Bluewater Power in its updated application. The settlement proposal stated that the intent of the reduction is to “revise the pacing of forecast capital spending for the Test Year.”⁵ Bluewater Power identified the projects it intends to defer in materials filed as part of the settlement proposal.⁶

OEB staff supports the proposed 2023 Test Year net capital expenditures budget. In its submission, OEB staff agreed with both the pacing strategy proposed by the Parties and the Parties’ position that the proposed capital plan is sufficient for Bluewater Power to continue to operate its system reliably.⁷

- Parties agreed to a 2023 rate base of \$94.4 million, which represents a reduction of \$3 million from the \$97.4 million proposed by Bluewater Power in its updated application. The reduction reflects the agreements reached by Parties, including a correction to Bluewater Power’s approach to capital contribution amortization between 2013 and 2023.⁸

OEB staff supports the proposed 2023 rate base budget which it stated had been “calculated in accordance with the agreements reached through the settlement process.”⁹

⁴ Bluewater Power updated its application through its responses to interrogatories. The original application proposed a base 2023 Test Year revenue requirement of \$26.4 million; through interrogatory response, Bluewater Power increased its proposal to \$27.4 million.

⁵ EB-2022-0016, Settlement Proposal, March 31, 2023, p. 12.

⁶ EB-2022-0016, [Response to ADR Questions](#), March 31, 2023, p. 4.

⁷ OEB Staff Submission on Settlement Proposal, April 6, 2023, p. 3.

⁸ EB-2022-0016, Settlement Proposal, March 31, 2023, p. 14.

⁹ OEB Staff Submission on Settlement Proposal, April 6, 2023, p. 4.

-
- Parties agreed to a 2023 Test Year Operations, Maintenance and Administration (OM&A) budget of \$14.3 million, which represents a reduction of \$1.5 million (10%) from the \$15.8 million proposed by Bluewater Power in its updated application. The proposed OM&A expenses represent a 1.51% annual compound increase in OM&A over the 10-year period since Bluewater Power's last rebasing application. The settlement proposal stated that the \$1.5 million reduction is not targeted to any specific cost driver or program but allocated on a pro-rated basis across OM&A expense categories.¹⁰

OEB staff submitted that it considered the proposed Test Year OM&A budget to be reasonable and provided possible reasons why Bluewater Power can likely sustain status-quo operations with a lower-than-average OM&A increase comparatively to other distributors.¹¹

- Parties agreed to all matters related to cost of capital, payments in lieu of taxes (PILs), and revenue requirement, as represented by issues 3.1 to 3.5 on the OEB-approved Issues List.

Under the settlement proposal, the OEB's cost of capital parameters for 2023 rate applications have been used in the cost of capital calculation. The settlement proposal noted that Bluewater Power updated the applicable interest rates for its two third party variable rate debt instruments, issued in 2020 and 2023, to reflect the OEB's 2023 deemed long-term debt rate of 4.88%. The Parties stated that the updated calculation accords with the OEB's requirement that the deemed rate be used as a ceiling for variable rate debt.¹²

OEB staff supports the proposed cost of capital and stated in its submission that the cost of capital calculation had been "appropriately determined in accordance with OEB policies and practices."¹³

Parties accepted Bluewater Power's forecast PILs calculation, including the recognition of accelerated capital cost allowance (CCA) in the 2023 Test Year. The Parties also accepted Bluewater Power's proposal to capture future changes

¹⁰ EB-2022-0016, Settlement Proposal, March 31, 2023, p. 15.

¹¹ OEB Staff Submission on Settlement Proposal, April 6, 2023, p. 5.

¹² EB-2022-0016, Settlement Proposal, March 31, 2023, p. 18.

¹³ OEB Staff Submission on Settlement Proposal, April 6, 2023, p. 7.

in accelerated CCA rules in an existing sub-account, eliminating the need to incorporate a smoothing proposal related to any future changes in the 2023 Test Year PILs calculation.

OEB staff supports the Parties' agreement related to the calculation of the PILs amount, including the recognition of accelerated CCA in the 2023 Test Year.

Parties agreed to a base 2023 Test Year revenue requirement of \$25.2 million, a reduction of \$2.2 million (8%) from the \$27.4 million proposed by Bluewater Power in its updated application.¹⁴

OEB staff supports the proposed 2023 Test Year revenue requirement of \$25.2 million and stated that the resultant bill impacts were reasonable.¹⁵

- Parties agreed to a 2023 Test Year load forecast of 954,706MWh, 1,226MW, and 48,135 customers & devices.¹⁶ Relative to Bluewater Power's updated application, this reflects a decrease of 6,029MWh and 2.4MW and 2 customers & devices, respectively. The decreases result from the Parties agreement to remove the COVID adjustment variable from the Residential and GS<50 kW customer classes and an updated load forecast based on actual 2022 customer counts and consumption.¹⁷

OEB staff supports the load and customer forecasts, as well as the basis for the adjustments from the updated application.

- Parties agreed to all matters related to cost allocation, rate design and other charges, as represented by issues 5.1 to 5.6 on the OEB-approved Issues List.

On the issue of rate mitigation, set out in issue 5.6 of the settlement proposal, the Parties agreed to rate mitigation for the GS>50 to 999kW rate class to create closer alignment between the rate impacts to residential and GS>50 to 999kW rate classes from the proposed shifts in the revenue-to-cost ratios of the Large

¹⁴ This is summarized in Table 10 of the Settlement Proposal, see EB-2022-0016, Settlement Proposal, March 31, 2023, p. 25.

¹⁵ OEB Staff Submission on Settlement Proposal, April 6, 2023, p. 11.

¹⁶ EB-2022-0016, Settlement Proposal, March 31, 2023, Tables 11 and 12, p. 28.

¹⁷ EB-2022-0016, Settlement Proposal, March 31, 2023, p. 27.

User and USL classes, as described under Issue 5.1 of settlement proposal. To achieve a level of alignment acceptable to the Parties, Bluewater Power has agreed to forego the recovery of \$50,000 of revenue from the GS>50 to 999kW rate class by increasing the kW demand forecast for the GS>50 to 999kW rate class by 9.5MW. The result of this rate mitigation measure is to reduce the distribution rate impact to the GS>50 to 999kW rate class from 9.69% to 8.10%, similar to the 7.67% to be experienced by residential customers as a result of the revenue-to-cost ratio shift.^{18,19}

OEB staff supports the agreements reached on issues 5.1 to 5.5. On issue 5.6, OEB staff's submission took no issue with the Parties proposed rate mitigation proposal for the GS>50 to 999kW rate class without prejudice to any future OEB staff position.²⁰

- Parties agreed with Bluewater Power's proposals related to the disposition of deferral and variance accounts, subject to revisions as described in the settlement proposal. These revisions include, among other things, a proposal to establish a new 1508 sub-account to track the PILs-related impact related to the tax appeals of the reassessments by the Ministry of Finance.²¹ The settlement proposal included a draft accounting order for the 1508 sub-account which is attached as Schedule B to this Decision and Rate Order.

OEB staff supports the agreements reached related to deferral and variance account disposition, as well as the request to establish the new 1508 sub-account and the associated accounting order.²²

Findings

The OEB accepts the settlement proposal as filed. In the exercise of its statutory authority to fix or approve just and reasonable rates under section 78 of the OEB Act, and in the context of the statutory objectives set out in section 1 of the OEB Act, the

¹⁸ EB-2022-0016, Settlement Proposal, March 31, 2023, p. 38.

¹⁹ The 8.1% refers to the increase in the total class revenue requirement for the GS >50kW to 999kW rate class as compared to current rates. In the settlement agreement, this increase was referred to as the "distribution rate increase."

²⁰ OEB Staff Submission on Settlement Proposal, April 6, 2023, p. 14.

²¹ EB-2022-0016, Settlement Proposal, March 31, 2023, p. 40.

²² OEB Staff Submission on Settlement Proposal, April 6, 2023, pp. 14-15.

OEB has concluded that implementation of the settlement proposal should result in reasonable outcomes for both Bluewater Power and its customers. In particular, the OEB notes the following important provisions of the settlement proposal:

- The proposed 2023 Test Year OM&A expenditures budget of \$14.3M reflects a \$1.5M (10%) reduction from the amount included in the updated application and represents a 1.51% annual compound increase in OM&A over the 10-year period from Bluewater Power's last cost of service application in 2013 to the 2023 Test Year.
- The proposed net capital expenditures and in-service additions budget for the 2023 Test Year of \$9.5M reflects a reduction of \$2.8M (23%) from the amount included in the updated application; the intention of this reduction is to revise the pacing of forecast capital spending for the 2023 Test Year.
- The proposed 2023 Test Year base revenue requirement of \$25.2 million is a reduction of \$2.2 million from the amount included in the updated application, reflecting the reductions in 2023 Test Year OM&A and capital set out above, as well as changes to revenue offsets, depreciation, cost of capital, working capital allowance and PILS.
- The proposal results in bill impacts for all customer classes that range between a 10.8% decrease and a 5.5% increase on a total bill basis; rate impacts for the residential and general service <50kW rate classes are both 2.6% on a total bill basis.
- The implementation and effective date for rates arising from the settlement proposal will be May 1, 2023.

Further, the OEB notes that the settlement proposal sets out several commitments made by Bluewater Power, including the following:

- Bluewater Power agreed to continue to improve the quality of its data with respect to the condition of the assets that make up its distribution system, and to report in its next cost of service application on its progress towards doing so as well as its plan to continue that progress.

-
- Bluewater Power agreed to complete a new business case analysis for the use of underground Cable Injection and to report on its findings in its next cost of service application.
 - Bluewater Power agreed to file with the OEB an updated Distribution System Plan in 2028, whether or not it files a cost of service application for the year 2028.
 - Bluewater Power agreed to report on the results of its cost efficiency program in its next cost of service application.
 - Bluewater Power agreed to retain an independent third party to review and report on the appropriateness of its shared services cost allocation methodology, and how it should be modified, if at all, and to file that report in its next cost of service application.
 - Bluewater Power agreed to consider issues with respect to the conversion of natural gas uses to electricity, the increase of electrical vehicle use and related charging loads, and the increase in distributed energy resources in the load forecast it provides in its next cost of service application.

4 IMPLEMENTATION

The approved effective date for new rates is May 1, 2023 as proposed by the Parties.

As part of the settlement proposal, Bluewater Power filed tariff sheets and detailed supporting material.

The final approved Tariff of Rates and Charges is attached as Schedule C to this Decision and Rate Order.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Schedule C of this Decision and Rate Order is approved as final effective May 1, 2023. The Tariff of Rates and Charges will apply to electricity consumed, or estimated to have been consumed, on and after May 1, 2023. Bluewater Power Distribution Corporation shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new final rates.
2. The Accounting Order set out in Schedule B of this Decision and Rate Order is approved.
3. Intervenors shall submit their cost claims with the OEB and forward a copy to Bluewater Power Distribution Corporation by May 4, 2023.
4. Bluewater Power Distribution Corporation shall file with the OEB and forward to intervenors any objections to the claimed costs by May 11, 2023.
5. Intervenors to which Bluewater Power Distribution Corporation filed an objection to the claimed costs, shall file with the OEB and forward to Bluewater Power Distribution Corporation any responses to any objections for cost claims by May 18, 2023.
6. Bluewater Power Distribution Corporation shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2022-0016** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.

-
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
 - Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
 - Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Andrew Bishop at Andrew.Bishop@oeb.ca and OEB Counsel, Lawren Murray at Lawren.Murray@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto April 27, 2023

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

SCHEDULE A
DECISION AND RATE ORDER
SETTLEMENT PROPOSAL
BLUEWATER POWER DISTRIBUTION CORP.
EB-2022-0016
APRIL 27, 2023



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March 31, 2023

via RESS

Nancy Marconi Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

**RE: Bluewater Power Distribution Corporation ("Bluewater")
EB-2022-0016 Settlement Proposal**

Dear Ms. Marconi,

Pursuant to Procedural Order #1 in the above referenced proceeding and to the extension letter issued by the OEB on March 27, 2023, Bluewater submits the attached Settlement Proposal along with the updated Excel models for the OEB's review and consideration. The Parties have worked diligently to reach and document a full settlement of all issues in the proceeding.

Bluewater is also filing its responses to the Pre-Settlement Conference clarification questions, and its responses to questions posed during the settlement ("Responses to ADR") to supplement the evidentiary record in this proceeding.

Please contact the undersigned if any questions.

Sincerely,

A handwritten signature in blue ink that reads "L. Dugas".

Leslie Dugas
Director Regulatory and Customer Service
Bluewater Power Distribution Corporation
Email: ldugas@bluewaterpower.com
Phone: 519-337-8201 ext. 2255

Cc: Michael Buonaguro
All Parties

EB-2022-0016

IN THE MATTER OF the Ontario Energy Board Act, 1998,
S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF an application by
Bluewater Power Distribution Corporation
For an order approving just and reasonable rates and
Other charges for electricity distribution beginning
May 1, 2023.

Bluewater Power Distribution Corporation

Settlement Proposal

Filed: March 31, 2023

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- A. Proposed May 1, 2023, Tariff of Rates and Charges
- B. Accounting Order for proposed 1508 sub-account

Bluewater has filed revised models as evidence to support this Settlement Proposal. The models have been filed through the OEB's e-filing service and include:

- 1. OEB Chapter 2 Appendices
- 2. Revenue Requirement Workform
- 3. Income Tax PILs Model
- 4. Load Forecast Model
- 5. Cost Allocation Model
- 6. DVA Continuity Schedule
- 7. RTSR Model
- 8. LRAMVA Workform
- 9. GA Workform
- 10. Tariff Schedule and Bill Impact Model
- 11. Smart Grid Revenue Requirement (PDF)
- 12. Proposed Tariff of Rates and Charges
- 13. Benchmarking Forecast Model
- 14. Load Profiles Spreadsheet

SETTLEMENT PROPOSAL

Bluewater Power Distribution Corporation (the Applicant or Bluewater) filed a Cost-of-Service application with the Ontario Energy Board (the OEB) on October 24, 2022, under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) (the Act), seeking approval for changes to the rates that Bluewater charges for electricity distribution, to be effective May 1, 2023 (OEB file number EB-2022-0016) (the Application).

The OEB issued a Letter of Direction and Notice of Application on November 11, 2022. In Procedural Order No. 1, dated December 22, 2022, the OEB approved the Association of Major Power Consumers in Ontario (AMPCO), the Consumers Council of Canada (CCC), the Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC), the School Energy Coalition (SEC) and the Vulnerable Energy Consumers Coalition (VECC) as intervenors (collectively referred to as the “Intervenors”).

The Procedural Order also indicated the prescribed dates for the written interrogatories, Bluewater’s responses to interrogatories, a Settlement Conference, and various other elements in the proceeding.

On January 9, 2023, OEB staff, on behalf of all the parties, submitted a proposed issues list (the Issues List) to the OEB for approval. The OEB approved the Issues List on January 19, 2023.

Bluewater filed its interrogatory responses with the OEB on February 13, 2023.

The Settlement Conference was convened on February 22, 23, 24 and 27, 2023 in accordance with the OEB’s Rules of Practice and Procedure (the Rules) and the OEB’s Practice Direction on Settlement Conferences (the Practice Direction).

Andrew Mandyam acted as the facilitator for the Settlement Conference.

Bluewater and the Intervenors (collectively referred to as the Parties), reached a full, comprehensive settlement regarding Bluewater’s 2023 Cost of Service Application. The details and specific components of the settlement are detailed in this Settlement Proposal.

This document is called a Settlement Proposal because it is a proposal by the Parties presented to the OEB to settle the issues in this proceeding. It is termed a proposal as between the Parties and the OEB. However, as between the Parties, and subject only to the OEB’s approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. In entering into this Settlement Proposal, the Parties understand and agree that pursuant to the Act, the OEB has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

The Parties acknowledge that the Settlement Conference was confidential in accordance with the OEB’s Practice Direction on Settlement Conferences. The Parties understand that confidentiality

in that context does not have the same meaning as confidentiality in the OEB's Practice Direction on Confidential Filings, and the rules of that latter document do not apply. Instead, in this Settlement Conference, and in this Settlement Proposal, the specific rules with respect to confidentiality and privilege are as set out in the Practice Direction on Settlement Conferences, as amended on February 17, 2021. The Parties have interpreted the revised Practice Direction on Settlement Conferences to mean that the documents and other information provided during the Settlement Conference itself, the discussion of each issue, the offers and counteroffers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception, the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other information to persons who were not attendees at the Settlement Conference. However, the Parties agree that attendees are deemed to include, in this context, persons who were not in attendance at the Settlement Conference but were a) any persons or entities that the Parties engaged to assist them with the Settlement Conference, and b) any persons or entities from whom the attendees' sought instructions with respect to the negotiations, in each case provided those persons are subject to the same obligations of confidentiality and privilege as those persons actually in attendance.

OEB staff also participated in the Settlement Conference. The role adopted by OEB staff is set out in page 5 of the Practice Direction on Settlement Conferences. Although OEB staff is not a party to this Settlement Proposal, as noted in the Practice Direction on Settlement Conferences, OEB staff who did participate in the Settlement Conference are bound by the same confidentiality requirements that apply to the Parties to the proceeding.

This Settlement Proposal provides a brief description of each of the settled issues, as applicable, together with references to the evidence. The Parties agree that references to the evidence in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the responses to interrogatories, all other components of the record up to and including the date hereof, and the additional information included by the Parties in this Settlement Proposal and the attachments and appendices to this document.

Included with the Settlement Proposal are attachments that provide further support for the proposed settlement, including responses to Pre-Settlement Clarification questions (Clarification Responses). The Parties acknowledge that the attachments were prepared by Bluewater. The Intervenor has reviewed the attachments and is relying on the accuracy of the attachments and the underlying evidence in entering into this Settlement Proposal.

For ease of reference, this Settlement Proposal follows the format of the final approved Issues List, with additional sub-issues added as appropriate to highlight specific aspects of the settlement.

According to section 6 of the Practice Direction on Settlement Conferences, the Parties must consider whether a Settlement Proposal should include an appropriate adjustment mechanism

for any settled issue that may be affected by external factors. Any such adjustments are specifically set out in the text of the Settlement Proposal.

The Parties have settled the issues as a package, and none of the parts of this Settlement Proposal are severable. If the OEB does not accept this Settlement Proposal in its entirety, then there is no settlement (unless the Parties agree in writing that any part(s) of this Settlement Proposal that the OEB accepts may continue as a valid settlement without inclusion of any part(s) that the OEB does not accept).

If the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party will be obligated to accept any proposed revision. The Parties agree that all the Parties must agree with any revised Settlement Proposal as it relates to that issue, or take no position, prior to its resubmission to the OEB.

Unless stated otherwise, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of the Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not Bluewater is a party to such proceeding, provided that no Party shall take a position that would result in the Settlement Proposal not applying in accordance with the terms contained herein.

Where, in this Settlement Proposal, the Parties accept the evidence of Bluewater, or agree to any issue, term or condition, including a revised budget or forecast, then unless the Settlement Proposal expressly states to the contrary, the words “for the purpose of settlement of the issues herein” shall be deemed to qualify that acceptance or agreement.

In accordance with what the Parties believe to be the normal practice, Bluewater has prepared new evidence in the form of capital and OM&A budgets reflecting the terms of the Settlement Proposal to replace the capital and OM&A budgets provided in the Application. Again, in accordance with what the Parties believe to be the normal practice, the following is noted with respect to the new capital and OM&A budget evidence:

- a) in accepting this new evidence, the Parties and the OEB are accepting the reasonableness of the amounts and the categories, recognizing that the new capital and OM&A budgets have been developed in the context of an overall Settlement Proposal package as outlined above;
- b) Bluewater remains responsible for managing the utility on a day to day basis in a manner that it considers to be prudent, acting reasonably; and
- c) in furtherance of that responsibility, Bluewater may exercise its discretion to incur capital and OM&A costs that are different from those in this new evidence, whether higher or lower in any category.

SUMMARY

The Parties were able to reach agreement on all aspects of the Application with respect to capital costs, operations, maintenance & administration (OM&A) costs, revenue requirement-related issues, including the accuracy of the revenue requirement determination and the application of OEB policies and practices; while the Parties did not specifically agree on the appropriateness of Bluewater's accounting treatment of the Oversize Load Corridor Project as described under issue 3.4, the Parties have agreed that for the purposes of the Settlement Proposal the outcome of that accounting treatment is appropriate.

In reaching this Settlement Proposal, the Parties have been guided by the [Filing Requirements](#) for 2023 rates and the approved Issues List.

The Parties have described below, in detail, areas where they have settled an issue by agreeing to adjustments to the Application as updated.

This Settlement Proposal will, if accepted, result in a total bill increase of \$3.11 per month for the typical residential customer consuming 750 kWh per month.

The overall financial impact of the Settlement Proposal is to increase the total base revenue requirement by \$1,396,423 or 5.87%, from \$23,793,847 to \$25,190,270.

A Revenue Requirement Work Form (RRWF) incorporating all terms that have been agreed to is filed with the Settlement Proposal. Through the settlement process, Bluewater has agreed to certain adjustments to its original Application. The changes are described in the following sections.

Bluewater has provided the following tables summarizing the Application and highlighting the changes to its Rate Base and Capital, Operating Expenses, and Revenue Requirement as between Bluewater's Application as filed, the interrogatory process and this Settlement Proposal.

Table 1 – Summary of 2023 Revenue Requirement

| Particular | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Variance over Original Application | Settlement Proposal March 31, 2023 | Variance over IRs |
|--|---|---|---|---|----------------------|
| Long Term Debt (OEB Deemed Rate) | 3.49% | 4.88% | 1.39% | 4.88% | 0.00% |
| Short Term Debt | 1.17% | 4.79% | 3.62% | 4.79% | 0.00% |
| Return on Equity | 8.66% | 9.36% | 0.70% | 9.36% | 0.00% |
| Regulated Rate of Return | 6.08% | 6.89% | 0.81% | 6.67% | -0.22% |
| Controllable Expenses | \$15,992,773 | \$15,992,773 | \$0 | \$14,492,773 | (\$1,500,000) |
| Power Supply Expense | \$90,038,221 | \$94,389,662 | \$4,351,441 | \$93,757,297 | (\$632,366) |
| Total Eligible Distribution Expenses | \$106,030,994 | \$110,382,435 | \$4,351,441 | \$108,250,070 | (\$2,132,366) |
| Working Capital Allowance Rate | 7.50% | 7.50% | 0.00% | 7.50% | 0.00% |
| Total Working Capital Allowance ("WCA") | \$7,952,325 | \$8,278,683 | \$326,358 | \$8,118,755 | (\$159,927) |
| Fixed Asset Opening Bal Test Year | \$85,630,564 | \$85,706,867 | \$76,303 | \$84,271,207 | (\$1,435,660) |
| Fixed Asset Closing Bal Test Year | \$91,570,874 | \$92,495,097 | \$924,223 | \$88,372,692 | (\$4,122,405) |
| Average Fixed Asset | \$88,600,719 | \$89,100,982 | \$500,263 | \$86,321,949 | (\$2,779,033) |
| Working Capital Allowance | \$7,952,325 | \$8,278,683 | \$326,358 | \$8,118,755 | (\$159,927) |
| Rate Base | \$96,553,043 | \$97,379,664 | \$826,621 | \$94,440,704 | (\$2,938,960) |
| Regulated Rate of Return | 6.08% | 6.89% | 0.81% | 6.67% | -0.22% |
| Regulated Return on Capital | \$5,866,177 | \$6,711,796 | \$845,619 | \$6,297,684 | (\$414,112) |
| Deemed Interest Expense | \$2,521,579 | \$3,065,901 | \$544,322 | \$2,761,824 | (\$304,077) |
| Deemed Return on Equity | \$3,344,597 | \$3,645,895 | \$301,297 | \$3,535,860 | (\$110,035) |
| OM&A | \$15,763,833 | \$15,763,833 | \$0 | \$14,263,833 | (\$1,500,000) |
| Depreciation Expense | \$5,516,322 | \$5,566,996 | \$50,674 | \$5,474,600 | (\$92,396) |
| Property Taxes | \$228,940 | \$228,940 | \$0 | \$228,940 | \$0 |
| PILs | \$296,827 | \$384,966 | \$88,139 | \$437,648 | \$52,682 |
| Revenue Offset | \$1,233,238 | \$1,233,576 | \$338 | \$1,512,435 | \$278,859 |
| Revenue Requirement | \$26,438,861 | \$27,422,955 | \$984,094 | \$25,190,270 | (\$2,232,685) |

Based on the foregoing, and the evidence and rationale provided below, the Parties accept this Settlement Proposal as appropriate and recommend its acceptance by the OEB. Table 2 below illustrates the updated bill impacts that would result from the acceptance of this Settlement Proposal.

Table 2 - Bill Impact Summary

| RATE CLASSES / CATEGORIES <i>(eg: Residential TOU, Residential Retailer)</i> | Units | Sub-Total | | | | | | Total | |
|---|-------|----------------|--------|---------------|--------|---------------|--------|---------------|--------|
| | | A | | B | | C | | Total Bill | |
| | | \$ | % | \$ | % | \$ | % | \$ | % |
| RESIDENTIAL SERVICE CLASSIFICATION - RPP | kwh | \$ 1.01 | 3.0% | \$ 2.20 | 5.9% | \$ 3.23 | 6.4% | \$ 3.11 | 2.6% |
| GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP | kwh | \$ 2.00 | 2.7% | \$ 5.39 | 6.6% | \$ 7.92 | 7.0% | \$ 7.61 | 2.6% |
| GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION - RPP | kw | \$ 131.58 | 9.4% | \$ 270.81 | 19.8% | \$ 387.37 | 13.9% | \$ 442.49 | 5.5% |
| GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other) | kw | \$ (758.40) | -9.1% | \$ 1,188.00 | 14.8% | \$ 2,470.32 | 10.4% | \$ 2,937.46 | 1.6% |
| LARGE USE SERVICE CLASSIFICATION - Non-RPP (Other) | kw | \$ (10,662.96) | -21.8% | \$ (1,336.30) | -2.8% | \$ (1,336.30) | -2.8% | \$ (1,382.56) | -0.2% |
| UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP | kwh | \$ (16.07) | -39.1% | \$ (14.81) | -33.9% | \$ (13.87) | -25.0% | \$ (13.31) | -10.8% |
| SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP | kw | \$ 2.02 | 8.0% | \$ 2.46 | 9.5% | \$ 2.73 | 9.3% | \$ 2.63 | 5.0% |
| STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other) | kw | \$ 9.44 | 0.3% | \$ (42.69) | -1.2% | \$ (22.27) | -0.6% | \$ (22.96) | -0.4% |
| RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer) | kwh | \$ 1.01 | 3.0% | \$ (3.87) | -9.5% | \$ (2.84) | -5.3% | \$ (2.72) | -2.2% |
| GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Retailer) | kwh | \$ 2.00 | 2.7% | \$ (10.81) | -11.9% | \$ (8.27) | -6.8% | \$ (7.93) | -2.5% |
| GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION - Non-RPP (Other) | kw | \$ 131.58 | 9.4% | \$ 81.61 | 5.3% | \$ 198.17 | 6.6% | \$ 228.92 | 2.7% |
| RESIDENTIAL SERVICE CLASSIFICATION - RPP | kwh | \$ 1.01 | 3.0% | \$ 1.45 | 4.1% | \$ 1.83 | 4.5% | \$ 1.76 | 2.7% |
| STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other) | kw | \$ (111.54) | -0.3% | \$ (733.47) | -2.0% | \$ (497.48) | -1.3% | \$ (536.19) | -0.8% |
| RESIDENTIAL SERVICE CLASSIFICATION - RPP | kwh | \$ 1.01 | 3.0% | \$ 2.06 | 5.6% | \$ 2.97 | 6.1% | \$ 2.85 | 2.6% |

The chart below outlines the rates that comprise the Sub-Totals 'A', 'B', 'C', and Total Bill in Table 2 above:

| Subtotal A | Sub-Total B - Distribution (includes Sub-Total A) | Sub-Total C - Delivery (including Sub-Total B) | Total Bill - Sub-Total C and Items below |
|------------------------------|--|---|--|
| Monthly Service Charge | Line Losses on Cost of Power | RTSR - Network | Wholesale Market Service Charge (WMSC) |
| Distribution Volumetric Rate | Total Deferral/Variance Account Rate Riders | RTSR - Connection and/or Line and Transformation Connection | Rural and Remote Rate Protection (RRRP) |
| Fixed Rate Riders | CBR Class B Rate Riders | | Standard Supply Service Charge |
| Volumetric Rate Riders | GA Rate Riders | | Ontario Electricity Support Program (OESP) if applicable |
| | Low Voltage Service Charge | | Commodity |
| | Smart Meter Entity Charge (if applicable) | | HST |
| | Additional Fixed Rate Riders | | OER (if applicable) |
| | Additional Volumetric Rate Riders | | |

RENEWED REGULATORY FRAMEWORK OUTCOMES

The Parties accept that the Applicant is compliant with the OEB's required outcomes as defined by the Renewed Regulatory Framework. Subject to the adjustments noted in this Settlement Proposal, the Parties accept that Bluewater's proposed rates in the 2023 Test Year will, in all reasonably foreseeable circumstances, allow the Applicant to meet its obligations to its customers while maintaining its financial viability.

SETTEMENT PROPOSAL BY ISSUE NUMBER

1. Capital Spending and Rate Base

1.1 Are the proposed capital expenditures and in-service additions appropriate?

Full Settlement

The Parties agree to Bluewater's proposed 2023 capital expenditures and 2023 net capital additions for the purpose of setting rates subject to the following adjustments:

- a) Bluewater agrees to reduce the forecast gross capital spending for 2023 from its most up to date applied for forecast of \$13,272,100 to \$10,467,100, a reduction of \$2,805,000. The net capital spending forecast after accounting for capital contributions has been reduced from \$12,272,100 to \$9,467,100. The intention with this reduction is to revise the pacing of forecast capital spending for the Test Year. This reduction includes removal of the purchase of land that had been proposed by Bluewater, a forecast \$900,000 expenditure. If Bluewater ultimately determines to purchase the land in any case, it will not be added to rate base unless it has been reviewed and approved by the OEB in Bluewater's next rebasing proceeding.
- b) As a result of the reduction in proposed 2023 net capital spending, the proposed forecast net in-service additions have been reduced from \$12,272,100 to \$9,467,100, a reduction of \$2,805,000.
- c) Bluewater agrees to continue to improve the quality of its data with respect to the condition of the assets that make up its distribution system, and to report in its next cost of service application on its progress towards doing so as well as its plan to continue that progress;
- d) Bluewater agrees to complete a new business case analysis for the use of Cable Injection and report on its findings in its next cost of service application,
- e) Bluewater agrees to file with the OEB an updated Distribution System Plan in 2028, whether or not Bluewater files a rebasing application for the year 2028.

Table 3 - 2023 Capital Expenditures

| | Original Application October 24, 2022, | Response to IRs February 13, 2023 | Variance over Original Application | Settlement Proposal March 31, 2023 | Variance over IRs |
|---------------------------|---|--------------------------------------|--|--|----------------------|
| System Access | \$2,322,000 | \$2,322,000 | \$0 | \$2,172,000 | (\$150,000) |
| Capital Contribution | (\$1,000,000) | (\$1,000,000) | \$0 | (\$1,000,000) | \$0 |
| System Renewal | \$6,659,200 | \$6,659,200 | \$0 | \$5,069,200 | (\$1,590,000) |
| System Service | \$514,400 | \$514,400 | \$0 | \$514,400 | \$0 |
| General Plant | \$2,876,500 | \$3,776,500 | \$900,000 | \$2,711,500 | (\$1,065,000) |
| Total Expenditures | \$11,372,100 | \$12,272,100 | \$900,000 | \$9,467,100 | (\$2,805,000) |

The Parties accept the evidence of Bluewater that the level of planned capital expenditures and the rationale for planning and pacing choices, as adjusted for the Test Year in this Settlement Proposal, are appropriate to maintain system reliability, service quality objectives and the reliable and safe operation of the distribution system.

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 2 – Rate Base
- EXHIBIT 2 – Distribution System Plan

IR Responses

- 2-Staff 9 to 38
- AMPCO 2 to 22
- CCC 3, 12
- 2-CCMBC 4 to 10
- 1-SEC-4; 2-SEC 7 to 14
- 2.0-VECC 4 to 18

Clarification Questions

- 1-Staff-73, 75
- SEC-31, 36
- ADR #3

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

1.2 Are the proposed rate base and depreciation amounts appropriate?

Full Settlement

For the purpose of settlement, the Parties agree that Bluewater's proposed 2023 rate base and depreciation amounts are appropriate subject to the following adjustments:

- a) The Parties agree to update the 2023 rate base to \$94,440,704, which reflects Bluewater's actual in-service additions for 2022, the working capital amount as updated to reflect the terms of this Settlement Proposal, and a correction to how Bluewater treated the amortization of capital contributions between 2013 and 2023 as detailed in 1-Staff-73.
- b) The Parties agree to an updated depreciation expense of \$5,474,600, which reflects the agreed to changes in the capital budget for 2023 as detailed under Issue 1.1, as well as changes related to updates to the 2023 opening fixed assets based on Bluewater's actual in-service additions for 2022. **Table 1 – Summary of 2023 Revenue Requirement** further above outlines the depreciation expense values.

Table 4 – 2023 Working Capital

| Particulars | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Variance over Original Application | Settlement Proposal March 31, 2023 | Variance over IRs |
|----------------------------------|---------------------------------------|-----------------------------------|------------------------------------|------------------------------------|-------------------|
| Controllable Expenses | \$15,992,773 | \$15,992,773 | \$0 | \$14,492,773 | (\$1,500,000) |
| Cost of Power | \$90,038,221 | \$94,389,662 | \$4,351,441 | \$93,757,297 | (\$632,366) |
| Working Capital Base | \$106,030,994 | \$110,382,435 | \$4,351,441 | \$108,250,070 | (\$2,132,366) |
| Working Capital Rate % | 7.50% | 7.50% | 0% | 7.50% | 0% |
| Working Capital Allowance | \$7,952,325 | \$8,278,683 | \$326,358 | \$8,118,755 | (\$159,927) |

Table 5 – 2023 Rate Base

| Particulars | Original Application October 24, 2022 | Adjustment for 2022 Actual | Adjustment for Revised 2023 Forecast | Interrogatory Response February 13, 2023 | Adjustment for Amortization of Contributed Capital | Adjust for Changes Agreed to in Settlement | Settlement Proposal March 31, 2023 |
|--------------------------------|---------------------------------------|----------------------------|--------------------------------------|--|--|--|------------------------------------|
| Gross Fixed Assets (avg) | \$115,729,929 | \$75,608 | \$450,000 | \$116,255,537 | \$0 | (\$1,412,700) | \$114,842,837 |
| Accumulated Depreciation (avg) | (\$27,129,211) | (\$25,344) | \$0 | (\$27,154,555) | (\$1,386,315) | \$19,982 | (\$28,520,888) |
| Net Fixed Assets (avg) | \$88,600,719 | \$50,264 | \$450,000 | \$89,100,982 | (\$1,386,315) | (\$1,392,718) | \$86,321,949 |
| Allowance for Working Capital | \$7,952,325 | \$326,358 | \$0 | \$8,278,683 | \$0 | (\$159,927) | \$8,118,755 |
| Total Rate Base | \$96,553,044 | \$376,623 | \$450,000 | \$97,379,665 | (\$1,386,315) | (\$1,552,645) | \$94,440,704 |

2. OM&A

2.1 Are the proposed OM&A expenditures appropriate?

Full Settlement

Bluewater agrees to reduce the OM&A budget included in the test year revenue requirement from \$15,763,833 to \$14,263,833, a reduction of \$1,500,000. The Parties note that the resulting OM&A budget represents a 1.51% annual compound increase in OM&A over the 10-year period from Bluewater's last rebasing application in 2013 to the 2023 Test Year. In addition, the proposed reduction is the main driver in the reduction of the proposed overall distribution rate impact from the applied for 11.43 % as updated through the interrogatory process to the now proposed distribution rate impact of 5.87% as a result of the overall reduction of the Test Year revenue requirement from the (as updated) applied for amount of \$27,422,955 to \$25,190,270, a reduction of \$2,232,685.

The Parties acknowledge that the \$1,500,000 in cuts were not targeted to any specific cost driver or program. Bluewater has allocated the cuts on a pro-rated basis in Table 6 below; the pro-rated cuts are also reflected in the updated appendices. Bluewater notes that it was necessary in completing OEB's Appendix 2-K to adjust the number of FTEs to ensure a reasonable match with the reduction in total compensation necessary to reflect the envelope cut to OM&A.

Table 6 - 2023 Test Year OM&A Expenses

| | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Variance over Original Application | Settlement Proposal March 31, 2023 | Variance over IRs |
|-----------------------------------|--|--------------------------------------|--|--|-------------------|
| Operations | \$5,036,718 | \$5,036,718 | \$0 | \$4,541,718 | \$ (495,000) |
| Maintenance | \$1,453,769 | \$1,453,769 | \$0 | \$1,303,769 | \$ (150,000) |
| Billing and Collecting | \$2,013,816 | \$2,013,816 | \$0 | \$1,833,816 | \$ (180,000) |
| Community Relations | \$176,527 | \$176,527 | \$0 | \$176,527 | \$ - |
| Administration & General +LEAP | \$7,083,003 | \$7,083,003 | \$0 | \$6,408,003 | \$ (675,000) |
| Total | \$15,763,833 | \$15,763,833 | \$0 | \$14,263,833 | \$ (1,500,000) |

Bluewater agrees to report on the results of its cost efficiency program, as described in the evidence at Exhibit 1 and in interrogatory responses to 1-Staff 2, 1-SEC 1, and CCC-6, in its next cost of service application.

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 4 – OM&A

IR Responses

- 4-Staff 48 to 58
- AMPCO 25 to 26
- CCC 19 - 20
- 4-CCMBC 13 to 14
- 4-SEC 17 to 26
- 4.0- VECC 31 to 39

Clarification Questions

- SEC 32 to 34

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

2.2 Is the proposed shared services cost allocation methodology and the quantum appropriate?

Full Settlement

The Parties accept, for the purpose of the 2023 Test Year, Bluewater's proposed shared services cost allocation methodology and quantum, as updated to reflect other elements of the Settlement Proposal.

As part of this Settlement Proposal, Bluewater agrees to retain an independent 3rd party to review and report on the appropriateness of its shared services cost allocation methodology, and how it should be modified, if at all, and file that report in Bluewater's next cost of service application.

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 4 – Operating Expenses

IR Responses

- 4-Staff 53
- 1-CCMBC 3
- 4-SEC 21

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

3. Cost of Capital, PILs, and Revenue Requirement

3.1 Is the proposed cost of capital (interest on debt, return on equity) and capital structure appropriate?

Full Settlement

The Parties agree to Bluewater’s proposed cost of capital parameters as reflected in the calculation below. The Parties note that the updated cost of capital parameters are based on the OEB’s cost of capital parameters for 2023 rate applications as applicable, and that Bluewater has updated the rate applicable to its two 3rd party variable rate debt instruments, issued in 2020 and 2023 respectively, to reflect the OEB’s 2023 deemed Long Term Debt rate of 4.88% in accordance with the OEB’s 2009 Report on the Cost of Capital (EB-2009-0084) with respect to the use of the deemed rate as a ceiling for variable rate debt.

Table 7 - 2023 Cost of Capital Calculation

| Particulars | Original Application October 24, 2022 | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Response to IRs February 13, 2023 | Variance over Original Application | Settlement Proposal March 31, 2023 | Settlement Proposal March 31, 2023 | Variance over IRs |
|---------------------------|---------------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|--------------------|
| Debt | | | | | | | | |
| Long-term Debt (weighted) | 4.58% | \$2,476,392 | 5.28% | \$2,879,322 | \$402,929 | 4.88% | \$2,580,876 | (\$298,446) |
| Short-term Debt | 1.17% | \$45,187 | 4.79% | \$186,579 | \$141,393 | 4.79% | \$180,948 | (\$5,631) |
| Total Debt | 4.35% | \$2,521,579 | 5.25% | \$3,065,901 | \$544,322 | 4.87% | \$2,761,824 | (\$304,077) |
| | | | | | | | | |
| Equity | | | | | | | | |
| Total Equity | 8.66% | \$3,344,597 | 9.36% | \$3,645,895 | \$301,297 | 9.36% | \$3,535,860 | (\$110,035) |
| | | | | | | | | |
| Total | 6.08% | \$5,866,177 | 6.89% | \$6,711,796 | \$845,619 | 6.67% | \$6,297,684 | (\$414,112) |

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 5 – Cost of Capital and Capital Structure

IR Responses

- 1-Staff 5
- 5-Staff 59 to 60
- CCC 21 to 22
- 5-CCMBC 15
- 5-SEC 27
- 5.0-VECC 42

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

3.2 Is the proposed PILs (or Tax) amount appropriate?

Full Settlement

The Parties accept Bluewater’s calculations of forecast PILs, including the recognition of accelerated CCA in the Test Year. The Parties accept Bluewater’s proposal to capture future changes in accelerated CCA rules in the existing 1592 sub-account related to accelerated CCA, such that no smoothing proposal related to those future changes has been incorporated in the Test Year PILs calculation.

A summary of the updated PILs calculation is presented in Table 8 below.

Table 8 - 2023 Income Taxes

| | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Variance over Original Application | Settlement Proposal March 31, 2023 | Variance over IRs |
|---------------------------|---|---|--|---|----------------------|
| Income Taxes (Grossed up) | \$296,827 | \$384,966 | \$88,139 | \$437,648 | \$52,682 |

An updated Income Tax/PILs Model has been submitted in Live Excel format as part of this Settlement Proposal.

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 6 – Revenue Requirement and Revenue Deficiency or Sufficiency

IR Responses

- 6-Staff-61
- 9-Staff-70

Clarification Questions

- 1 – Staff 74

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

3.3 Is the proposed Other Revenue forecast appropriate?

Full Settlement

The Parties agree to an updated forecast of total other revenue of \$1,512,435, an increase of \$278,859 relative to the amount included in the original application. The proposed increase more closely reflects the pattern of total other revenue generated by Bluewater in its most recent 5 years of actuals, including specifically the incremental other revenue earned by Bluewater as a result of the Oversized Load Corridor Project (described in more detail under issue 3.4) in the 2019 to 2022 period, which revenue had, as part of the original application, been removed from consideration in the forecast of Other Revenue for the Test Year. The Parties note that the incremental Other Revenue added as a part of this Settlement Proposal will effectively credit ratepayers with more than the full net revenue from the Oversized Load Corridor Project over the 5-year period from 2023 to 2027.¹

A summary of the updated Revenue Offsets are presented in Table 9 below.

Table 9 - 2023 Revenue Offsets

| | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Variance over Original Application | Settlement Proposal March 31, 2023 | Variance over IRs |
|--------------------------------|---|--|---|---|----------------------|
| Miscellaneous Service Revenues | \$71,875 | \$71,875 | \$0 | \$71,875 | \$0 |
| Late Payment Charges | \$200,000 | \$200,000 | \$0 | \$200,000 | \$0 |
| Other Operating Revenues | \$720,113 | \$720,451 | \$338 | \$746,310 | \$25,859 |
| Other Income and Deductions | \$241,250 | \$241,250 | \$0 | \$494,250 | \$253,000 |
| Total | \$1,233,238 | \$1,233,576 | \$338 | \$1,512,435 | \$278,859 |

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 6 – Revenue Requirement and Revenue Deficiency or Sufficiency

IR Responses

- 6-CCMBC 17
- 6-SEC 28
- 6.0-VECC 43

¹ The net revenue from the OLC Project as calculated by Bluewater was approximately \$768,000; the proposed increase \$278,859 produces a net benefit to ratepayers of approximately \$1,394,000 over five years.

Clarification Questions

- SEC-35

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

3.4 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

Full Settlement

The Parties accept the evidence of Bluewater that all impacts of any changes to accounting standards, policies, estimates, and adjustments have been properly identified in the Application and the interrogatories, and have been recorded and treated appropriately in the rate-making process, with the following exception:

- a) Between 2019 and 2022 Bluewater was required to undertake a project to relocate and/or replace its distribution equipment to allow oversized vessels to traverse through our service territory (the “Oversized Load Corridor Project”). Similar to a road widening project, the project was treated by Bluewater as a billable project paid by all three levels of government. Revenue received was booked to account 4325 – Revenue from Merchandising, and costs were booked to account 4330 – Costs from Merchandising (further details are provided in response to ADR #1 and 2). The Intervenor do not support the accounting used by Bluewater for the revenues and costs associated with the Oversized Load Corridor Project. However, for the purposes of settlement, the Intervenor accept the resulting impacts of that accounting, particularly in view of the fact that the project resulted in a significant amount of asset renewal at no cost to ratepayers, and the net revenue from the project has been accounted for in the increased Other Revenue forecast embedded in rates as part of this Settlement Proposal, as detailed under Issue 3.3.

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 4 – Operating Expenses
- EXHIBIT 6 – Revenue Requirement and Revenue Deficiency or Sufficiency

IR Responses

- CCC 19
- 4-CCMBC 14
- 4-SEC 22

Clarification Questions

- ADR #1 and 2

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

3.5 Is the proposed calculation of the Revenue Requirement appropriate?

Full Settlement

The Parties agree that the methodology used by Bluewater to calculate the Revenue Requirement is appropriate.

A summary of the adjusted Base Revenue Requirement of \$25,190,270 reflecting adjustments and settled issues is presented in Table 10 below.

Table 10 - 2023 Revenue Requirement Summary

| | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Variance over Original Application | Settlement Proposal March 31, 2023 | Variance over IRs |
|---|---|--------------------------------------|------------------------------------|---------------------------------------|----------------------|
| OM&A Expenses | \$15,763,833 | \$15,763,833 | \$0 | \$14,263,833 | (\$1,500,000) |
| Amortization/Depreciation | \$5,516,322 | \$5,566,996 | \$50,674 | \$5,474,600 | (\$92,396) |
| Property Taxes | \$228,940 | \$228,940 | \$0 | \$228,940 | \$0 |
| Income Taxes (Grossed up) | \$296,827 | \$384,966 | \$88,139 | \$437,648 | \$52,682 |
| Return | \$5,866,177 | \$6,711,796 | \$845,619 | \$6,297,684 | (\$414,112) |
| Deemed Interest Expense | \$2,521,579 | \$3,065,901 | \$544,322 | \$2,761,824 | (\$304,077) |
| Return on Deemed Equity | \$3,344,597 | \$3,645,895 | \$301,297 | \$3,535,860 | (\$110,035) |
| | | | | | |
| Service Revenue Requirement (before Other Revenue Offsets) | \$27,672,099 | \$28,656,531 | \$984,432 | \$26,702,705 | (\$1,953,826) |
| | | | | | |
| Revenue Offsets | \$1,233,238 | \$1,233,576 | \$338 | \$1,512,435 | \$278,859 |
| Base Revenue Requirement | \$26,438,861 | \$27,422,955 | \$984,094 | \$25,190,270 | (\$2,232,685) |
| Gross Revenue Deficiency/Sufficiency | \$2,711,593 | \$3,640,137 | \$928,544 | \$1,396,423 | (\$2,243,714) |

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 4 – Operating Expenses
- EXHIBIT 6 – Revenue Requirement and Revenue Deficiency or Sufficiency

IR Responses

- 6-Staff 61
- 6-CCMBC-16
- 6-SEC-28
- 6.0-VECC-43

Clarification Questions

- SEC 35

Supporting Parties

- AMPCO, CCC, CCMB, SEC, VECC

Parties Taking No Position

- None

4. Load Forecast

4.1 Is the proposed load forecast methodologies and the resulting load forecasts appropriate?

Full Settlement

The Parties agree that the updated load forecast provided in response to interrogatories is appropriate for the purpose of setting rates, subject to the removal of the COVID variable that was applied to the residential and GS<50 customer classes.

Bluewater agrees to consider issues with respect to the conversion of natural gas uses to electricity, the increase of electrical vehicle use and related charging loads, and the increase in distributed energy resources in the load forecast it provides to the OEB in its next cost of service application.

The Parties note that, as more fully described under issue 5.6 Rate Mitigation, for the purposes of designing the volumetric rate applicable to the GS>50 to 999 kW rate class the kW demand for the class has been increased by 9,548 kW (1.82%) to 534,674 kW as a rate mitigation measure only, creating a \$50,000 revenue shortfall from that class that is to be absorbed by Bluewater. For all other purposes the forecast kW demand for the GS>50 to 999 kW rate class is 525,126 kW pursuant the agreement with respect to Bluewater's load forecast and corresponds to the billing determinants presented in Table 11 below.

Table 11 - 2023 Test Year Billing Determinants

| Particulars | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Variance over Original Application | Settlement Proposal March 31, 2023 | Variance over IRs |
|---------------------------------|---|---|--|---|----------------------|
| kWh | | | | | |
| Residential | 264,890,809 | 267,876,214 | 2,985,405 | 261,632,170 | (6,244,045) |
| General Service < 50 kW | 103,734,059 | 104,759,996 | 1,025,937 | 106,263,719 | 1,503,723 |
| General Service > 50 to 999 kW | 186,042,901 | 188,002,725 | 1,959,824 | 188,133,766 | 131,041 |
| General Service 1000 to 4999 kW | 112,957,443 | 114,192,587 | 1,235,144 | 112,782,218 | (1,410,368) |
| Large Use | 282,196,510 | 280,213,319 | (1,983,191) | 280,213,319 | - |
| Unmetered Scattered Load | 2,201,349 | 2,198,298 | (3,051) | 2,198,298 | - |
| Sentinel Lighting | 414,626 | 421,220 | 6,594 | 421,220 | - |
| Street Lighting | 3,361,898 | 3,061,562 | (300,336) | 3,061,562 | - |
| | 955,799,596 | 960,725,921 | 4,926,325 | 954,706,272 | (6,019,649) |
| | | | | | |
| kW | | | | | |
| Residential | | | - | | - |
| General Service < 50 kW | | | - | | - |
| General Service > 50 to 999 kW | 522,093 | 524,760 | 2,668 | 525,126 | 366 |
| General Service 1000 to 4999 kW | 219,591 | 221,950 | 2,359 | 219,209 | (2,741) |
| Large Use | 474,203 | 471,571 | (2,632) | 471,571 | - |
| Unmetered Scattered Load | | | - | | - |
| Sentinel Lighting | 1,149 | 1,152 | 3 | 1,152 | - |
| Street Lighting | 9,147 | 8,430 | (717) | 8,430 | - |
| | 1,226,183 | 1,227,864 | 1,681 | 1,225,489 | (2,375) |

Table 12 below details the number of customers and devices for the test year.

Table 12 – Number of Customers & Devices

| Particulars | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Variance over Original Application | Settlement Proposal March 31, 2023 | Variance over IRs |
|------------------------------------|---|---|--|--|----------------------|
| Residential | 33,390 | 33,418 | 28 | 33,418 | 0 |
| General Service < 50 kW | 3487 | 3,451 | -36 | 3,453 | 2 |
| General Service > 50 to 999 kW | 354 | 364 | 10 | 364 | 0 |
| General Service 1000 to 4999 kW | 8 | 8 | 0 | 8 | 0 |
| Large Use | 4 | 4 | 0 | 4 | 0 |
| Unmetered Scattered Load (Devices) | 342 | 337 | -5 | 337 | 0 |
| Sentinel Lighting (Devices) | 351 | 358 | 7 | 358 | 0 |
| Street Lighting (Devices) | 10193 | 10,193 | 0 | 10,193 | 0 |
| Total | 48,129 | 48,133 | 4 | 48,135 | 2 |

Evidence References

- EXHIBIT 3 – Load and Customer Forecast

IR Responses

- 3-Staff 39 to 47
- 3-CCMBC 11, 12
- 3-SEC 15, 16
- 3-VECC 19 to 30

Clarification Questions

- VECC 61, 62

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

5. Cost Allocation, Rate Design, and Other Charges

5.1 Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios, appropriate?

Full Settlement

The Parties accept the results of Bluewater's cost allocation methodology and its proposed revenue-to-cost ratios, as updated through the interrogatory process and to reflect changes resulting from this Settlement Proposal.

The Parties note that, as explained in more detail under issue 5.6, the shifts in revenue to cost ratios necessary to lower the ratios for the Large Use and Unmetered Scattered Load classes produced a distribution rate impact on the GS>50 to 999kW rate class that the Parties agreed required rate mitigation as part of the Settlement Proposal. The Parties note that the manner in which the rate mitigation has been implemented does not impact the settled revenue to cost ratios in Table 13 below.

Table 13 – Summary of 2023 Revenue-to-Cost Ratios

| Customer Class Name | Original Application October 24, 2022 | | | Response to IRs February 13, 2023 | | | Settlement Proposal March 31, 2023 | | |
|---------------------------------|---------------------------------------|--------------------|---------|-----------------------------------|--------------------|---------|------------------------------------|--------------------|---------|
| | Calculated R/C Ratio | Proposed R/C Ratio | Var | Calculated R/C Ratio | Proposed R/C Ratio | Var | Calculated R/C Ratio | Proposed R/C Ratio | Var |
| Residential | 0.9283 | 0.9527 | 0.0244 | 0.9351 | 0.9532 | 0.0181 | 0.9378 | 0.9527 | 0.0150 |
| General Service < 50 kW | 1.2208 | 1.2000 | -0.0208 | 1.2045 | 1.2000 | -0.0045 | 1.2044 | 1.2000 | -0.0044 |
| General Service > 50 to 999 kW | 0.9426 | 0.9527 | 0.0101 | 0.9302 | 0.9532 | 0.0230 | 0.9211 | 0.9527 | 0.0316 |
| General Service 1000 to 4999 kW | 1.0223 | 1.0223 | 0.0000 | 1.0053 | 1.0053 | 0.0000 | 1.0062 | 1.0062 | 0.0000 |
| Large Use | 1.3397 | 1.1500 | -0.1897 | 1.3375 | 1.1500 | -0.1875 | 1.3264 | 1.1500 | -0.1764 |
| Unmetered Scattered Load | 1.8921 | 1.2000 | -0.6921 | 1.8895 | 1.2000 | -0.6895 | 1.8767 | 1.2000 | -0.6767 |
| Sentinel Lighting | 0.9071 | 0.9527 | 0.0456 | 0.8906 | 0.9532 | 0.0626 | 0.8909 | 0.9527 | 0.0619 |
| Street Lighting | 1.074 | 1.0740 | 0.0000 | 1.0568 | 1.0568 | 0.0000 | 1.0670 | 1.0670 | 0.0000 |

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 7 – Cost Allocation

IR Responses

- 7-Staff 62 – 63
- 7-CCMBC-18
- 7-SEC 29
- 7.0-VECC 44 to 50,

Clarification Questions

- VECC 65 to 68

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

5.2 Is the proposed rate design, including fixed/variable splits, appropriate?

Full Settlement

The Parties accept Bluewater’s approach to rate design, including its approach to fixed/variable splits and its proposal to introduce Gross Load Billing (which the Parties note only applies to Low Voltage Rates and RTSRs). The resulting fixed/variable splits are set out in Table 14 below. The Parties note that, as more fully described under issues 4.2 and 5.6, the final rate design includes an adjustment to volumetric rate applicable to the GS>50 to 999 rate class that has been implemented as a rate mitigation measure, with the effect of reducing the revenue collected from that class, but does not impact the calculation of the fixed/variable split for that class.

Table 14 – Summary of 2023 Fixed to Variable Split

| Particulars | Original Application October 24, 2022 | Original Application October 24, 2022 | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Response to IRs February 13, 2023 | Response to IRs February 13, 2023 | Settlement Proposal March 31, 2023 | Settlement Proposal March 31, 2023 | Settlement Proposal March 31, 2023 |
|---------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Customer Class | Fixed Rate | Variable Rate | TOTAL | Fixed Rate | Variable Rate | TOTAL | Fixed Rate | Variable Rate | TOTAL |
| Residential | 100.0% | 0.0% | 59.3% | 100.0% | 0.0% | 58.9% | 100.0% | 0.0% | 58.6% |
| General Service < 50 kW | 33.5% | 66.5% | 14.4% | 33.3% | 66.7% | 14.7% | 34.0% | 66.0% | 14.8% |
| General Service > 50 to 999 kW | 19.8% | 80.2% | 13.3% | 19.2% | 80.8% | 13.6% | 20.7% | 79.3% | 13.7% |
| General Service 1000 to 4999 kW | 48.5% | 51.5% | 2.7% | 46.6% | 53.4% | 2.7% | 51.1% | 48.9% | 2.7% |
| Large Use | 65.3% | 34.7% | 7.4% | 65.4% | 34.6% | 7.4% | 65.4% | 34.6% | 7.5% |
| Unmetered Scattered Load | 40.7% | 59.3% | 0.4% | 40.3% | 59.7% | 0.4% | 40.3% | 59.7% | 0.4% |
| Sentinel Lighting | 35.7% | 64.3% | 0.2% | 36.1% | 63.9% | 0.2% | 36.1% | 63.9% | 0.2% |
| Street Lighting | 63.1% | 36.9% | 2.2% | 65.0% | 35.0% | 2.2% | 65.0% | 35.0% | 2.2% |

Evidence References

- EXHIBIT 8 - Rate Design

IR Responses

- 8-Staff 64 to 66
- AMPCO 28
- 8-CCMBC 18 to 22
- 8-SEC 30
- 8-VECC 51 to 55,

Clarification Questions

- VECC 69, 70

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

5.3 Are the proposed Retail Transmission Service Rates and Low Voltage rates appropriate?

Full Settlement

The Parties accept that the RTSR rates and low voltage rates as updated and presented in Table 15 and Table 16 below are appropriate.

Table 15 - 2023 RTSR Network and Connection Rates Charges

| | | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Settlement Proposal March 31, 2023 |
|---|------------|--|--------------------------------------|---------------------------------------|
| <u>Transmission - Network</u> | | | | |
| Class Name | Per | Rate \$ | Rate \$ | Rate \$ |
| Residential | kWh | 0.0097 | 0.0099 | 0.0099 |
| General Service < 50 kW | kWh | 0.0090 | 0.0093 | 0.0093 |
| General Service > 50 to 999 kW | kW | 3.6199 | 3.7248 | 3.7248 |
| General Service 1000 to 4999 kW | kW | 3.8447 | 3.9561 | 3.9561 |
| Large Use | kW | 4.2569 | 4.3803 | 4.3803 |
| Unmetered Scattered Load | kWh | 0.0090 | 0.0093 | 0.0093 |
| Sentinel Lighting | kW | 2.7437 | 2.8232 | 2.8232 |
| Street Lighting | kW | 2.7300 | 2.8091 | 2.8091 |
| | | | | |
| <u>Transmission - Connection</u> | | | | |
| Class Name | Per | Rate \$ | Rate \$ | Rate \$ |
| Residential | kWh | 0.0072 | 0.0080 | 0.0080 |
| General Service < 50 kW | kWh | 0.0067 | 0.0070 | 0.0070 |
| General Service > 50 to 999 kW | kW | 2.6992 | 2.8587 | 2.8587 |
| General Service 1000 to 4999 kW | kW | 2.8668 | 3.1339 | 3.1339 |
| Large Use | kW | 3.1742 | 3.5837 | 3.5837 |
| Unmetered Scattered Load | kWh | 0.0067 | 0.0070 | 0.0070 |
| Sentinel Lighting | kW | 2.0458 | 2.2563 | 2.2563 |
| Street Lighting | kW | 2.0356 | 2.2103 | 2.2103 |
| | | | | |

Table 16 - 2023 Low Voltage Rates

| | | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Settlement Proposal March 31, 2023 |
|---------------------------------|-----|---|---|--|
| Low Voltage Amount | | \$ 328,655 | \$ 345,785 | \$ 345,785 |
| | | | | |
| Class Name | Per | Rate \$ | Rate | Rate |
| Residential | kWh | 0.0004 | 0.0004 | 0.0004 |
| General Service < 50 kW | kWh | 0.0004 | 0.0004 | 0.0004 |
| General Service > 50 to 999 kW | kW | 0.1365 | 0.1426 | 0.1437 |
| General Service 1000 to 4999 kW | kW | 0.1450 | 0.1564 | 0.1575 |
| Large Use | kW | 0.1606 | 0.1788 | 0.1801 |
| Unmetered Scattered Load | kWh | 0.0004 | 0.0004 | 0.0004 |
| Sentinel Lighting | kW | 0.1035 | 0.1126 | 0.1134 |
| Street Lighting | kW | 0.1030 | 0.1103 | 0.1111 |
| | | | | |

Evidence References

- EXHIBIT 8 - Rate Design

IR Responses

- 8-Staff 66
- 8-CCMBC 21
- 8-VECC 52-53

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

5.4 Are the Proposed Loss Factors Appropriate?

Full Settlement

The Parties accept that the 2023 forecast loss factors as reflected in the response to VECC-55 is appropriate; the updated loss factors are provided in Table 17 below.

Table 17 - 2023 Loss Factors

| | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Variance over Original Application | Settlement Proposal March 31, 2023 | Variance over IRs |
|--|---|--|---|---|----------------------|
| Supply Facilities Loss Factor | 1.0072 | 1.0072 | - | 1.0072 | - |
| | | | | | |
| Distribution Loss Factor - Secondary Metered Customer < 5,000 kW | 1.0357 | 1.0357 | - | 1.0356 | (0.0001) |
| Distribution Loss Factor - Secondary Metered Customer > 5,000 kW | 1.0100 | 1.0100 | - | 1.0100 | - |
| Distribution Loss Factor - Primary Metered Customer < 5,000 kW | 1.0253 | 1.0253 | - | 1.0253 | - |
| Distribution Loss Factor - Primary Metered Customer > 5,000 kW | 1.0000 | 1.0000 | - | 1.0000 | - |
| | | | | | |
| Total Loss Factor - Secondary Metered Customer < 5,000 kW | 1.0432 | 1.0432 | - | 1.0431 | (0.0001) |
| Total Loss Factor - Secondary Metered Customer > 5,000 kW | 1.0173 | 1.0173 | - | 1.0173 | - |
| Total Loss Factor - Primary Metered Customer < 5,000 kW | 1.0327 | 1.0327 | - | 1.0327 | - |
| Total Loss Factor - Primary Metered Customer > 5,000 kW | 1.0071 | 1.0071 | - | 1.0071 | - |

Evidence References

- EXHIBIT 8 – Rate Design

IR Responses

- 8-Staff 64
- VECC-55

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

5.5 Are the Specific Service Charges and Retail Service Charges appropriate?

Full Settlement

The Parties accept that Bluewater's proposed Specific Service Charges and Retail Service Charges are appropriate.

Evidence References

- EXHIBIT 8 - Rate Design

IR Responses

- None

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

5.6 Are rate mitigation proposals required and appropriate?

Full Settlement

The Parties agree that, within the context of the Settlement Proposal, no rate mitigation is required subject to the following exception:

The reduction in costs allocated to the Large User and USL classes as part of the proposed shifts in revenue to cost ratios as set out under issue 5.1 resulted in increases in the revenue to cost ratios of the residential and GS>50 to 999kW ("GS>50") rate classes. While the increase to the residential revenue to cost ratio resulted in a 7.67% distribution rate increase, the increase to the GS>50 revenue to cost ratio resulted in a 9.69% distribution rate increase for an average customer in the class. The Parties determined that, as a rate mitigation measure, it would be preferred if the rate increase for the GS>50 class was approximately the same as the next highest rate increase, that of the residential class.

Other methods of adjusting for this impact all had collateral outcomes that were unacceptable to the Parties. To resolve the problem, Bluewater determined that it will forego the recovery of \$50,000 of revenue from the GS>50 rate class. The result of the mitigation measure is to reduce the distribution rate impact on an average GS>50 customer from 9.69% without mitigation to 8.10% with mitigation. This impact is more comparable to the average 7.67% increase for customers in the residential rate class.

The Parties agree that it is appropriate to implement this mitigation measure by increasing the kW demand forecast, as used for the purposes of rate design for the GS>50 rate class only, by 9,548 kW. For all other cost allocation and rate design purposes the settled kW demand forecast of 525,126 kW for the GS>50 rate class will remain unchanged. As a result, while the Revenue Requirement Workform will show a revenue deficiency of zero, Bluewater expects to experience a \$50,000 shortfall in revenue from the GS>50 rate class. Bluewater will seek to make up this shortfall, which amounts to 1.26% of its forecast pre-tax income under this Settlement Proposal, by finding additional efficiencies in its operations during the Test Year.

The 9,548 kW increase in billing demand for the GS>50 rate class can be seen in cell L30 of tab '13. Rate Design' in the Revenue Requirement Workform. The additional demand of 9,548 kW multiplied by the adjusted GS> 50 kW volumetric rate of \$5.2365/kW produces the agreed to \$50,000 reduction to volumetric revenues from that class.

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 8 - Rate Design

IR Responses

- None

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

6. Deferral and Variance Accounts

6.1 Are the proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?

Full Settlement

The Parties agree that Bluewater's proposals for deferral and variance accounts, including the balances as updated throughout the application process (as presented in Table 18 below) are appropriate, including the proposed disposition of those accounts on a final basis, subject to the following revisions:

- a) Bluewater withdraws its request for disposition of the OEB Assessment Account, a reduction in its claimed debit from ratepayers of \$166,939;
- b) Bluewater agrees to forego recovery of any principal and carrying charge amounts included in the Smart Grid related capital and OM&A DVA accounts occurring after May, 2018, a reduction in its claimed debit from ratepayers of \$130,386;
- c) Bluewater agrees to forego interest on debits from ratepayers on other Group 2 accounts in the amount of \$12,317 charged after May, 2018;
- d) Bluewater agrees to withdraw its proposal to track the impact of the decision on its outstanding appeals of tax reassessments by the Ministry of Finance ("MoF") for the years 2014 to 2018 in the existing account 1592, and instead will establish a new 1508 sub-account to track the impact, if any, of the MoF's decision on Bluewater's outstanding appeals of tax reassessments by the MoF for the years 2014 to 2018. In establishing this account the Intervenor take no position on the substance of the appeals.

Bluewater's PILs amounts, both in its 2013 Test Year and in the 2023 Test Year, have been calculated on the same basis as the MoF's current "status quo" position with respect to the issues on appeal. Therefore, the parties agree that in the event the appeals are rejected on all grounds then there will be no impacts to record in the new sub-account 1508 and the new sub-account 1508 can be closed.

Accordingly, it is only in the event that the MoF allows either or both grounds of appeal (i.e. the MoF allows smart meters to be included in Class 8 and/or allows pole replacement costs to be fully expensed for tax purposes) that Bluewater will track the impacts of the successful appeal(s) in the account for disposition by the OEB, including consideration of any other adjustments that the Parties may submit may be required.

In the event Bluewater is successful in its appeals of tax reassessments and changes the treatment of smart meters to be included in Class 8 and/or expenses pole

replacement costs for tax purposes for the year 2019 and/or subsequent years, Bluewater will record the impact of these changes in the 1508 sub-account as well.

Please see Appendix B for the draft accounting order for the 1508 sub-account.

- e) Bluewater Power agrees that, going forward, it will not change its accounting practice or filing strategy with respect to PILs in any material way without first providing notice to the OEB of its intention to do so. Without limiting the generality of the foregoing, this will apply to any plan to include smart meters in any class other than Class 47, and any plan to expense in whole or in part pole replacement costs.

Table 18 - DVA Balances for Disposition

| | Original Application October 24, 2022 | Response to IRs February 13, 2023 | Variance over Original Application | Settlement Proposal March 31, 2023 | Variance over IR's |
|---|---|---|--|--|-----------------------|
| Group 1 | | | | | |
| Group 1 (excluding Account 1589) | \$807,231 | \$807,231 | \$0 | \$807,231 | \$0 |
| Account 1589 RSVA - Global Adjustment | (\$86,165) | (\$86,165) | \$0 | (\$86,165) | \$0 |
| Total Group 1 | \$721,066 | \$721,066 | \$0 | \$721,066 | \$0 |
| | | | | | |
| Group 2 | | | | | |
| Deferred IFRS Transition costs | \$143,021 | \$143,021 | \$0 | \$131,800 | (\$11,221) |
| Pole Attachment Revenue Variance | (\$572,206) | (\$572,206) | \$0 | (\$572,206) | \$0 |
| Retailer Service Charge Incremental Revenue | (\$60,909) | (\$60,909) | \$0 | (\$60,909) | \$0 |
| OEB Cost Assessments | \$166,939 | \$0 | (\$166,939) | | \$0 |
| Pension & OPEB Forecast Accrual vs. Actual Cash Payment Differential Carrying Charges | (\$114,380) | (\$114,380) | \$0 | (\$114,380) | \$0 |
| PILs and Tax Variance for 2006 and subsequent Years - subaccount CCA changes | (\$1,455,059) | (\$1,455,059) | \$0 | (\$1,455,059) | \$0 |
| Smart Grid Capital Deferral Account | \$330,338 | \$330,338 | \$0 | \$303,584 | (\$26,754) |
| Smart Grid OM&A Deferral Account | \$200,398 | \$200,398 | \$0 | \$96,766 | (\$103,632) |
| Smart Meter Capital and Recovery Offset Variance - sub-account - Stranded Meter Costs | \$53,651 | \$53,651 | \$0 | \$52,555 | (\$1,096) |
| Total Group 2 | (\$1,308,207) | (\$1,475,146) | (\$166,939) | (\$1,617,849) | (\$142,703) |
| | | | | | |
| LRAM Variance Account | \$795,592 | \$789,725 | (\$5,867) | \$789,725 | \$0 |
| | | | | | |
| Net Deferral Account Recovery | \$208,451 | \$35,645 | (\$172,806) | (\$107,058) | (\$142,703) |

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 9 – Deferral and Variance Accounts

IR Responses

- 9-Staff 67 to 72
- CCC 23
- 9 VECC 56 to 59

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

7. Other

7.1 Is the proposed effective date appropriate?

Full Settlement

The Parties agree that Bluewater's new rates should be effective on May 1, 2023. It is the Parties' expectation that there should be sufficient time for Bluewater to implement rates effective May 1, 2023 should it receive approval of the Settlement Proposal on or before May 1, 2023.

The Parties agree that in the event Bluewater is, as a result of the timing of any approval of this Settlement Proposal, unable to implement rates for May 1, 2023, then Bluewater will be entitled to establish a forgone revenue deferral account to track the impact of the implementation of rates later than the effective date of May 1, 2023.

Evidence References

- EXHIBIT 1 – Administrative Documents

IR Responses

- None

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

7.2 Has the applicant responded appropriately to all relevant OEB directions from previous proceedings?

Full Settlement

The Parties accept that Bluewater's has responded appropriately to the following relevant OEB direction from a previous proceeding.

As part of the Settlement Agreement approved by the Board in Bluewater's last cost of service application (EB-2012-0107), Bluewater agreed to "undertake a study to determine the costs of serving each of the three customers remaining in the Large User rate class as of the date of this Agreement. The study is intended to determine the specific costs of serving the remaining customers in the class, to compare the results of the study to the costs allocated to the Large User class using the Board's Cost Allocation Methodology. The study and its results shall be filed as evidence no later than with Bluewater's application for 2015 rates."

Bluewater completed this study and submitted it with its application for 2015 rates, filed under EB-2014-0057. There were four findings outlined in the study, which Bluewater has incorporated in its cost allocation methodology included in this Application as detailed in Exhibit 1, Section 1.3.10. The findings, and how Bluewater has incorporated them, are included in Exhibit 7 – Cost Allocation.

The Parties accept Bluewater's evidence that it has not received any other utility-specific directions from the OEB since its last Cost of Service application (EB-2012-0107).

Evidence References

- EXHIBIT 1 – Administrative Documents

IR Responses

- None

Supporting Parties

- AMPCO, CCC, CCMBC, SEC, VECC

Parties Taking No Position

- None

7.3 Summary of Directives for future cost of service application

As part of this Settlement Proposal Bluewater has agreed to several forward-looking directives. Those directives are repeated and listed for ease of reference below:

- 1) Bluewater agrees to continue to improve the quality of its data with respect to the condition of the assets that make up its distribution system, and to report in its next cost of service application on its progress towards doing so as well as its plan to continue that progress;
- 2) Bluewater agrees to complete a new business case for the use of Cable Injection and report on its findings in its next cost of service application,
- 3) Bluewater agrees to file with the OEB an updated Distribution System Plan in 2028, whether or not Bluewater files a cost of service application for the year 2028.
- 4) Bluewater agrees to report on the results of its cost efficiency program, as described in the evidence at Exhibit 1 and in interrogatory responses to 1-Staff 2, 1-SEC 1, and CCC-6, in its next cost of service application.
- 5) As part of this Settlement Proposal, Bluewater agrees to retain an independent 3rd party to review and report on the appropriateness of its shared services cost allocation methodology, and how it should be modified, if at all, and file that report in Bluewater's next cost of service application.
- 6) Bluewater agrees to consider issues with respect to the conversion of natural gas uses to electricity, the increase of electrical vehicle use and related charging loads, and the increase in Distributed Energy Resources ("DERs") in the load forecast it provides to the OEB in its next cost of service application.

ATTACHMENTS

| | |
|------------|---|
| Appendix A | Proposed May 1, 2023 Tariff of Rates and Charges |
| Appendix B | Accounting order for proposed 1508 sub-account |

A Proposed May 1, 2023, Tariff of Rates and Charges

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

RESIDENTIAL SERVICE CLASSIFICATION

All service supplied to single-family dwelling units for domestic or household purposes shall be classed as residential service. Where electricity service is provided for combined residential and business purposes (including agricultural usage) and the wiring does not provide for separate metering, the classification shall be in the discretion of Bluewater Power Distribution Corporation ("Bluewater Power") and shall be based on such considerations as the estimated predominant consumption or the municipal tax roll classification. A residential customer may be found in a detached, semi-detached, linear row housing, apartment building or mixed-use building. Where more than one dwelling is served by a single meter, that service shall be considered a General Service Customer. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge | \$ | 36.80 |
| Rate Rider for Group 2 Accounts - effective until April 30, 2024 | \$ | (1.61) |
| Smart Metering Entity Charge - effective until December 31, 2027 | \$ | 0.42 |
| Low Voltage Service Rate | \$/kWh | 0.0004 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kWh | 0.0009 |
| Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until April 30, 2024 | \$/kWh | (0.0002) |
| Rate Rider for RSVA Global Adjustment - effective until April 30, 2024 | \$/kWh | (0.0037) |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0099 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0080 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a customer not designated as Residential, and that over a twelve month period has, or a new customer forecast to have, an average monthly peak demand less than 50 kW, and has a monthly peak demand that never exceeds 100 kW. Bluewater Power shall review this rate class designation on an annual basis and the customer's designated rate class may change as a result. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge | \$ | 30.60 |
| Smart Metering Entity Charge - effective until December 31, 2027 | \$ | 0.42 |
| Distribution Volumetric Rate | \$/kWh | 0.0231 |
| Low Voltage Service Rate | \$/kWh | 0.0004 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kWh | 0.0010 |
| Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until April 30, 2024 | \$/kWh | (0.0002) |
| Rate Rider for RSVA Global Adjustment - effective until April 30, 2024 | \$/kWh | (0.0037) |
| Rate Rider for Group 2 Accounts - effective until April 30, 2024 | \$/kWh | (0.0016) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kWh | 0.0014 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0093 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0070 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION

This classification applies to a customer not designated as Residential, and that over a twelve month period has, or a new customer forecast to have, an average monthly peak demand equal to or greater than 50 kW and less than 1,000 kW. This rate class designation is reviewed on an annual basis and the customer's designated rate class may change as a result. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|-------|----------|
| Service Charge | \$ | 163.49 |
| Distribution Volumetric Rate | \$/kW | 5.2365 |
| Low Voltage Service Rate (see Note 1) | \$/kW | 0.1437 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kW | 0.2116 |
| Rate Rider for Disposition of Deferral/Variance Accounts Applicable only for Non-Wholesale Market Participants - effective until April 30, 2024 | \$/kW | 0.1513 |
| Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until April 30, 2024 | \$/kW | (0.0579) |
| Rate Rider for Group 2 Accounts - effective until April 30, 2024 | \$/kW | (0.5383) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kW | 1.1198 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

| | | |
|---|-------|--------|
| Retail Transmission Rate - Network Service Rate | \$/kW | 3.7248 |
|---|-------|--------|

| | | |
|---|-------|--------|
| Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 1) | \$/kW | 2.8587 |
|---|-------|--------|

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
|---|--------|--------|

| | | |
|--|--------|--------|
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
|--|--------|--------|

| | | |
|---|--------|--------|
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
|---|--------|--------|

| | | |
|---|----|------|
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |
|---|----|------|

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a customer not designated Residential, and that: over a twelve month period has, or a new customer forecast to have, an average monthly peak demand equal to or greater than 1,000 kW and less than 5,000 kW. This rate class designation is reviewed on an annual basis and the customer's designated rate class may change as a result. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|-------|----------|
| Service Charge | \$ | 3,593.59 |
| Distribution Volumetric Rate | \$/kW | 2.1090 |
| Low Voltage Service Rate (see Note 1) | \$/kW | 0.1575 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kW | 0.5272 |
| Rate Rider for Group 2 Accounts - effective until April 30, 2024 | \$/kW | (0.6291) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kW | 0.1851 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 3.9561 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 1) | \$/kW | 3.1339 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

LARGE USE SERVICE CLASSIFICATION

This classification applies to a customer not designated as Residential, and that over 12 consecutive billing periods has, or a new customer forecast to have, an average monthly peak demand equal to or greater than 5,000 kW. This rate class designation is reviewed on an annual basis and the customer's designated rate class may change as a result. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|-------|-----------|
| Service Charge | \$ | 25,640.77 |
| Distribution Volumetric Rate | \$/kW | 1.9785 |
| Low Voltage Service Rate (see Note 1) | \$/kW | 0.1801 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kW | 0.3490 |
| Rate Rider for Disposition of Deferral/Variance Accounts Applicable only for Non-Wholesale Market Participants - effective until April 30, 2024 | \$/kW | 0.2442 |
| Rate Rider for Group 2 Accounts - effective until April 30, 2024 | \$/kW | (0.7355) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kW | 0.0414 |
| Retail Transmission Rate - Network Service Rate - Interval Metered | \$/kW | 4.3803 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

| | | |
|---|-------|--------|
| Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 1) | \$/kW | 3.5837 |
|---|-------|--------|

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or a new customer forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by Bluewater Power and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge (per device) | \$ | 9.14 |
| Distribution Volumetric Rate | \$/kWh | 0.0248 |
| Low Voltage Service Rate | \$/kWh | 0.0004 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kWh | 0.0010 |
| Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until April 30, 2024 | \$/kWh | (0.0002) |
| Rate Rider for RSVA Global Adjustment - effective until April 30, 2024 | \$/kWh | (0.0037) |
| Rate Rider for Group 2 Accounts - effective until April 30, 2024 | \$/kWh | (0.0022) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kWh | (0.0012) |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0093 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0070 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge (per device) | \$ | 5.04 |
| Distribution Volumetric Rate | \$/kW | 33.2613 |
| Low Voltage Service Rate | \$/kW | 0.1134 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kW | 0.3721 |
| Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until April 30, 2024 | \$/kW | (0.0612) |
| Rate Rider for RSVA Global Adjustment - effective until April 30, 2024 | \$/kWh | (0.0037) |
| Rate Rider for Group 2 Accounts - effective until April 30, 2024 | \$/kW | (1.9731) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kW | (0.1541) |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.8232 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 2.2563 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|-------|----------|
| Service Charge (per device) | \$ | 2.90 |
| Distribution Volumetric Rate | \$/kW | 22.6387 |
| Low Voltage Service Rate | \$/kW | 0.1111 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kW | 0.3755 |
| Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until April 30, 2024 | \$/kW | (0.0608) |
| Rate Rider for Group 2 Accounts - effective until April 30, 2024 | \$/kW | (3.3947) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kW | (0.2259) |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.8091 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 2.2103 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|----------------|----|------|
| Service Charge | \$ | 4.55 |
|----------------|----|------|

ALLOWANCES

| | | |
|---|-------|--------|
| Transformer Allowance for Ownership - per kW of billing demand/month | \$/kW | (0.60) |
| Primary Metering Allowance for Transformer Losses - applied to measured demand & energy | % | (1.00) |

SPECIFIC SERVICE CHARGES

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Customer Administration

| | | |
|---|----|-------|
| Duplicate invoices for previous billing | \$ | 15.00 |
| Income tax letter | \$ | 15.00 |
| Legal letter charge | \$ | 15.00 |
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 10.00 |
| Returned cheque (plus bank charges) | \$ | 15.00 |
| Special meter reads | \$ | 30.00 |
| Account history | \$ | 15.00 |
| Meter dispute charge plus Measurement Canada fees (if meter found correct) | \$ | 30.00 |

Non-Payment of Account

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

| | | |
|--|----|--------|
| Late payment - per month (effective annual rate 18%) | % | 1.50 |
| Reconnection at meter - during regular hours | \$ | 65.00 |
| Reconnection at meter - after regular hours | \$ | 185.00 |

Other

| | | |
|--|----|-------|
| Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments) | \$ | 36.05 |
|--|----|-------|

RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

| | | |
|--|----------|-----------|
| | \$ | 111.66 |
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer | | |
| Monthly fixed charge, per retailer | \$ | 44.67 |
| Monthly variable charge, per customer, per retailer | \$/cust. | 1.11 |
| Distributor-consolidated billing monthly charge, per customer, per retailer | \$/cust. | 0.66 |
| Retailer-consolidated billing monthly credit, per customer, per retailer | \$/cust. | (0.66) |
| Service Transaction Requests (STR) | | |
| Request fee, per request, applied to the requesting party | \$ | 0.56 |
| Processing fee, per request, applied to the requesting party | \$ | 1.11 |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party | | |
| Up to twice a year | \$ | no charge |
| More than twice a year, per request (plus incremental delivery costs) | \$ | 4.47 |
| Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019) | \$ | 2.23 |

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

| | |
|---|--------|
| Total Loss Factor - Secondary Metered Customer < 5,000 kW | 1.0431 |
| Total Loss Factor - Secondary Metered Customer > 5,000 kW | 1.0173 |
| Total Loss Factor - Primary Metered Customer < 5,000 kW | 1.0327 |
| Total Loss Factor - Primary Metered Customer > 5,000 kW | 1.0071 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

NOTES

1) The Billing Demand for Line and Transformation Connection Services, and Low Voltage Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss adjusted demand supplied from the distribution system plus (b) the demand that is supplied by embedded generation installed after October 30, 1998, which have installed capacity of 2MW or more for renewable generation and 1MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for losses.

B Accounting Order for proposed 1508 Sub-Account

DRAFT ACCOUNTING ORDER

Account 1508: Other Regulatory Assets, Sub-Account: Pole Replacement/Smart Meter PILs Deferral Account

Bluewater Power Distribution Corporation (“Bluewater”) shall establish a new deferral account sub-account effective May 1, 2023, to record amounts related to the PILs consequences of a series of active tax appeals by Bluewater Power.

The new sub-account is being created pursuant to the Settlement Proposal in EB-2022-0016 (dated March 20, 2023, Issue 6.1). As set out in the Settlement Proposal, the appeals being carried out relate to tax deductions taken by Bluewater related to the (proposed) expensing of pole replacement costs and the (proposed) classification of Smart Meters under Class 8 for the 2014, 2015, 2016, 2017 and 2018 tax years (the “Appeals”). Should the Appeals result in any reassessment being issued by the Ministry of Finance approving either or both of the proposed deductions, Bluewater will record in the sub-account the tax savings resulting from those reassessments plus any reasonable and directly related offsetting adjustments. The principal balance of this account will not include any interest income earned from the Ministry of Finance because tax liabilities resulting from the original assessments have been pre-paid in advance of a ruling on the requested reassessments.

In the event none of the Appeals are allowed there will be no impact to track in the account and the account may be closed.

The creation of this new sub-account should not be construed as the Parties to the Settlement Proposal in EB-2022-0016 agreeing to the appropriateness of the calculation for inclusion in the account of any balance in the account which Bluewater may bring forward for disposition in the future as a result of the success of any part of the Appeals, or what, if any, offsetting entries may be required.

This draft order shall not dictate any action from Bluewater with respect to its tax filings for the years following 2018. What has been agreed to is that, once Bluewater takes action based upon its success in the Appeals, then Bluewater shall record the impacts associated beyond the year 2018.

Carrying charges shall be recorded monthly in this sub-account, calculated using simple interest applied to the opening balances in the Pole Replacement/Smart Meter PILs Deferral sub-account. The interest rate shall be at the OEB’s prescribed rate.

The following outlines the proposed accounting entries:

| <u>USofA #</u> | <u>Account Description</u> |
|-----------------------|--|
| Dr: 1005 | Cash |
| Cr: 1508 | Other Regulatory Assets – Sub-Account “Pole Replacement/Smart Meter PILs Deferral Account” |

To record the revenue requirement impact of any reassessment issued by the Ministry of Finance related to the appeals.

| | |
|----------|--|
| Dr: 1508 | Other Regulatory Assets – Sub-Account “Pole Replacement PILs Deferral Account” |
| Cr: 5XXX | Applicable OM&A Account |

To record offsetting adjustments.

| | |
|----------|---|
| Dr: 6035 | Other Interest expense |
| Cr: 1508 | Other Regulatory Assets – Sub-Account “Pole Replacement PILs Deferral Account – Carrying Charges” |

To record carrying charges on this account.

SCHEDULE B
DECISION AND RATE ORDER
ACCOUNTING ORDER
BLUEWATER POWER DISTRIBUTION CORP.
EB-2022-0016
APRIL 27, 2023

ACCOUNTING ORDER

Account 1508: Other Regulatory Assets, Sub-Account: Pole Replacement/Smart Meter PILs Deferral Account

Bluewater Power Distribution Corporation (“Bluewater”) shall establish a new deferral account sub-account effective May 1, 2023, to record amounts related to the PILs consequences of a series of active tax appeals by Bluewater Power.

The new sub-account is being created pursuant to the Settlement Proposal in EB-2022-0016 (dated March 20, 2023, Issue 6.1). As set out in the Settlement Proposal, the appeals being carried out relate to tax deductions taken by Bluewater related to the (proposed) expensing of pole replacement costs and the (proposed) classification of Smart Meters under Class 8 for the 2014, 2015, 2016, 2017 and 2018 tax years (the “Appeals”). Should the Appeals result in any reassessment being issued by the Ministry of Finance approving either or both of the proposed deductions, Bluewater will record in the sub-account the tax savings resulting from those reassessments plus any reasonable and directly related offsetting adjustments. The principal balance of this account will not include any interest income earned from the Ministry of Finance because tax liabilities resulting from the original assessments have been pre-paid in advance of a ruling on the requested reassessments.

In the event none of the Appeals are allowed there will be no impact to track in the account and the account may be closed.

The creation of this new sub-account should not be construed as the Parties to the Settlement Proposal in EB-2022-0016 agreeing to the appropriateness of the calculation for inclusion in the account of any balance in the account which Bluewater may bring forward for disposition in the future as a result of the success of any part of the Appeals, or what, if any, offsetting entries may be required.

This draft order shall not dictate any action from Bluewater with respect to its tax filings for the years following 2018. What has been agreed to is that, once Bluewater takes action based upon its success in the Appeals, then Bluewater shall record the impacts associated beyond the year 2018.

Carrying charges shall be recorded monthly in this sub-account, calculated using simple interest applied to the opening balances in the Pole Replacement/Smart Meter PILs Deferral sub-account. The interest rate shall be at the OEB’s prescribed rate.

The following outlines the proposed accounting entries:

| <u>USofA #</u> | <u>Account Description</u> |
|-----------------------|--|
| Dr: 1005 | Cash |
| Cr: 1508 | Other Regulatory Assets – Sub-Account “Pole Replacement/Smart Meter PILs Deferral Account” |

To record the revenue requirement impact of any reassessment issued by the Ministry of Finance related to the appeals.

| | |
|----------|--|
| Dr: 1508 | Other Regulatory Assets – Sub-Account “Pole Replacement PILs Deferral Account” |
| Cr: 5XXX | Applicable OM&A Account |

To record offsetting adjustments.

| | |
|----------|---|
| Dr: 6035 | Other Interest expense |
| Cr: 1508 | Other Regulatory Assets – Sub-Account “Pole Replacement PILs Deferral Account – Carrying Charges” |

To record carrying charges on this account.

SCHEDULE C
DECISION AND RATE ORDER
TARIFF OF RATES AND CHARGES
BLUEWATER POWER DISTRIBUTION CORP.
EB-2022-0016
APRIL 27, 2023

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

RESIDENTIAL SERVICE CLASSIFICATION

All service supplied to single-family dwelling units for domestic or household purposes shall be classed as residential service. Where electricity service is provided for combined residential and business purposes (including agricultural usage) and the wiring does not provide for separate metering, the classification shall be in the discretion of Bluewater Power Distribution Corporation ("Bluewater Power") and shall be based on such considerations as the estimated predominant consumption or the municipal tax roll classification. A residential customer may be found in a detached, semi-detached, linear row housing, apartment building or mixed-use building. Where more than one dwelling is served by a single meter, that service shall be considered a General Service Customer. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge | \$ | 36.80 |
| Rate Rider for Disposition of Group 2 Accounts - effective until April 30, 2024 | \$ | (1.61) |
| Smart Metering Entity Charge - effective until December 31, 2027 | \$ | 0.42 |
| Low Voltage Service Rate | \$/kWh | 0.0004 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kWh | 0.0009 |
| Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until April 30, 2024 | \$/kWh | (0.0002) |
| Rate Rider for Disposition of Global Adjustment Account Applicable only for Non-RPP Customers - effective until April 30, 2024 | \$/kWh | (0.0037) |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0099 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0080 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a customer not designated as Residential, and that over a twelve month period has, or a new customer forecast to have, an average monthly peak demand less than 50 kW, and has a monthly peak demand that never exceeds 100 kW. Bluewater Power shall review this rate class designation on an annual basis and the customer's designated rate class may change as a result. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge | \$ | 30.60 |
| Smart Metering Entity Charge - effective until December 31, 2027 | \$ | 0.42 |
| Distribution Volumetric Rate | \$/kWh | 0.0231 |
| Low Voltage Service Rate | \$/kWh | 0.0004 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kWh | 0.0010 |
| Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until April 30, 2024 | \$/kWh | (0.0002) |
| Rate Rider for Disposition of Global Adjustment Account Applicable only for Non-RPP Customers - effective until April 30, 2024 | \$/kWh | (0.0037) |
| Rate Rider for Disposition of Group 2 Accounts - effective until April 30, 2024 | \$/kWh | (0.0016) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kWh | 0.0014 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0093 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0070 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION

This classification applies to a customer not designated as Residential, and that over a twelve month period has, or a new customer forecast to have, an average monthly peak demand equal to or greater than 50 kW and less than 1,000 kW. This rate class designation is reviewed on an annual basis and the customer's designated rate class may change as a result.

Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|-------|----------|
| Service Charge | \$ | 163.49 |
| Distribution Volumetric Rate | \$/kW | 5.2365 |
| Low Voltage Service Rate (see Note 1) | \$/kW | 0.1437 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kW | 0.2116 |
| Rate Rider for Disposition of Deferral/Variance Accounts Applicable only for Non-Wholesale Market Participants - effective until April 30, 2024 | \$/kW | 0.1513 |
| Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until April 30, 2024 | \$/kW | (0.0579) |
| Rate Rider for Disposition of Group 2 Accounts - effective until April 30, 2024 | \$/kW | (0.5383) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kW | 1.1198 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 3.7248 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 1) | \$/kW | 2.8587 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a customer not designated Residential, and that: over a twelve month period has, or a new customer forecast to have, an average monthly peak demand equal to or greater than 1,000 kW and less than 5,000 kW. This rate class designation is reviewed on an annual basis and the customer's designated rate class may change as a result. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|-------|----------|
| Service Charge | \$ | 3,593.59 |
| Distribution Volumetric Rate | \$/kW | 2.1090 |
| Low Voltage Service Rate (see Note 1) | \$/kW | 0.1575 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kW | 0.5272 |
| Rate Rider for Disposition of Group 2 Accounts - effective until April 30, 2024 | \$/kW | (0.6291) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kW | 0.1851 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 3.9561 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 1) | \$/kW | 3.1339 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Bluewater Power Distribution Corporation

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2023

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2022-0016

LARGE USE SERVICE CLASSIFICATION

This classification applies to a customer not designated as Residential, and that over 12 consecutive billing periods has, or a new customer forecast to have, an average monthly peak demand equal to or greater than 5,000 kW. This rate class designation is reviewed on an annual basis and the customer's designated rate class may change as a result. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|-------|-----------|
| Service Charge | \$ | 25,640.77 |
| Distribution Volumetric Rate | \$/kW | 1.9785 |
| Low Voltage Service Rate (see Note 1) | \$/kW | 0.1801 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kW | 0.3490 |
| Rate Rider for Disposition of Deferral/Variance Accounts Applicable only for Non-Wholesale Market Participants - effective until April 30, 2024 | \$/kW | 0.2442 |
| Rate Rider for Disposition of Group 2 Accounts - effective until April 30, 2024 | \$/kW | (0.7355) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kW | 0.0414 |
| Retail Transmission Rate - Network Service Rate - Interval Metered | \$/kW | 4.3803 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate (see Note 1) | \$/kW | 3.5837 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

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Effective and Implementation Date May 1, 2023
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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or a new customer forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by Bluewater Power and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge (per device) | \$ | 9.14 |
| Distribution Volumetric Rate | \$/kWh | 0.0248 |
| Low Voltage Service Rate | \$/kWh | 0.0004 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kWh | 0.0010 |
| Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until April 30, 2024 | \$/kWh | (0.0002) |
| Rate Rider for Disposition of Global Adjustment Account Applicable only for Non-RPP Customers - effective until April 30, 2024 | \$/kWh | (0.0037) |
| Rate Rider for Disposition of Group 2 Accounts - effective until April 30, 2024 | \$/kWh | (0.0022) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kWh | (0.0012) |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0093 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kWh | 0.0070 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

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SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge (per device) | \$ | 5.04 |
| Distribution Volumetric Rate | \$/kW | 33.2613 |
| Low Voltage Service Rate | \$/kW | 0.1134 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kW | 0.3721 |
| Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until April 30, 2024 | \$/kW | (0.0612) |
| Rate Rider for Disposition of Global Adjustment Account Applicable only for Non-RPP Customers - effective until April 30, 2024 | \$/kWh | (0.0037) |
| Rate Rider for Disposition of Group 2 Accounts - effective until April 30, 2024 | \$/kW | (1.9731) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kWh | (0.1541) |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.8232 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 2.2563 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

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STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|-------|----------|
| Service Charge (per device) | \$ | 2.90 |
| Distribution Volumetric Rate | \$/kW | 22.6387 |
| Low Voltage Service Rate | \$/kW | 0.1111 |
| Rate Rider for Disposition of Deferral/Variance Accounts - effective until April 30, 2024 | \$/kW | 0.3755 |
| Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until April 30, 2024 | \$/kW | (0.0608) |
| Rate Rider for Disposition of Group 2 Accounts - effective until April 30, 2024 | \$/kW | (3.3947) |
| Rate Rider for Disposition of LRAMVA - effective until April 30, 2024 | \$/kW | (0.2259) |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.8091 |
| Retail Transmission Rate - Line and Transformation Connection Service Rate | \$/kW | 2.2103 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

Bluewater Power Distribution Corporation
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microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|----------------|----|------|
| Service Charge | \$ | 4.55 |
|----------------|----|------|

Bluewater Power Distribution Corporation

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ALLOWANCES

| | | |
|---|-------|--------|
| Transformer Allowance for Ownership - per kW of billing demand/month | \$/kW | (0.60) |
| Primary Metering Allowance for Transformer Losses - applied to measured demand & energy | % | (1.00) |

SPECIFIC SERVICE CHARGES

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

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Customer Administration

| | | |
|---|----|-------|
| Duplicate invoices for previous billing | \$ | 15.00 |
| Income tax letter | \$ | 15.00 |
| Legal letter charge | \$ | 15.00 |
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 10.00 |
| Returned cheque (plus bank charges) | \$ | 15.00 |
| Special meter reads | \$ | 30.00 |
| Account history | \$ | 15.00 |
| Meter dispute charge plus Measurement Canada fees (if meter found correct) | \$ | 30.00 |

Non-Payment of Account

| | | |
|--|----|--------|
| Late payment - per month (effective annual rate 18%) | % | 1.50 |
| Reconnection at meter - during regular hours | \$ | 65.00 |
| Reconnection at meter - after regular hours | \$ | 185.00 |

Other

| | | |
|---|----|-------|
| Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments) | \$ | 36.05 |
|---|----|-------|

Bluewater Power Distribution Corporation

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RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

| | | |
|--|----------|-----------|
| | \$ | 111.66 |
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer | | |
| Monthly fixed charge, per retailer | \$ | 44.67 |
| Monthly variable charge, per customer, per retailer | \$/cust. | 1.11 |
| Distributor-consolidated billing monthly charge, per customer, per retailer | \$/cust. | 0.66 |
| Retailer-consolidated billing monthly credit, per customer, per retailer | \$/cust. | (0.66) |
| Service Transaction Requests (STR) | | |
| Request fee, per request, applied to the requesting party | \$ | 0.56 |
| Processing fee, per request, applied to the requesting party | \$ | 1.11 |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party | | |
| Up to twice a year | \$ | no charge |
| More than twice a year, per request (plus incremental delivery costs) | \$ | 4.47 |
| Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019) | \$ | 2.23 |

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

| | |
|---|--------|
| Total Loss Factor - Secondary Metered Customer < 5,000 kW | 1.0431 |
| Total Loss Factor - Secondary Metered Customer > 5,000 kW | 1.0173 |
| Total Loss Factor - Primary Metered Customer < 5,000 kW | 1.0327 |
| Total Loss Factor - Primary Metered Customer > 5,000 kW | 1.0071 |

NOTES

1) The Billing Demand for Line and Transformation Connection Services, and Low Voltage Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss adjusted demand supplied from the distribution system plus (b) the demand that is supplied by embedded generation installed after October 30, 1998, which have installed capacity of 2MW or more for renewable generation and 1MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for losses.