

**INTERROGATORIES FOR POWERSTREAM INC.
FROM THE CONSUMERS COUNCIL OF CANADA**

RE: 2009 Rates Application – EB-2008-0244

ADMINISTRATION:

(A/Appendix 1/S9)

1. Please provide an updated corporate organization chart reflecting current staffing that includes both the PS Division and the Barrie Division of the merged entity.

2. On February 3, 2009, PS updated its evidence to reflect a revised load forecast that incorporates the impact of the economic downturn that has occurred since the original load forecast had developed. Please explain why it is appropriate for PS to update its application and revenue requirement to reflect a revised load forecast, but not update to reflect any changes that may reduce the revenue requirement.

(B1/T2/S1/p. 4)

The evidence states that PS's corporate goals and initiatives pertain to a number of topics including "Mergers and Acquisitions Strategy" and "New Business Opportunities".

3. Please provide a detailed explanation of the activities planned in 2009 related to Mergers and Acquisitions Strategy. Please provide a list of all expenditures in the 2009 budget that relate to M&A Strategy.

4. Please provide a detailed explanation of the activities planned in 2009 related to New Business Opportunities. Please provide a list of all expenditures in the 2009 budget that relate to New Business Opportunities.

RATE BASE:

(B1/T2/S1, p. 1)

5. The evidence states that PS has a strategic plan that is reviewed regularly and subject to formal review and revision annually – in February – by

PS's Board of Directors and its Executive Management Team. Please provide copies of all materials provided to the EMT in February 2008 and February 2009 related to their review of the strategic plan.

(B1/T2/S1, p. 1)

6. With respect to the strategic plan please explain, specifically, how it has changed, since the merger with Barrie.

(B1/T2/S1/p. 2)

7. The evidence states that the capital investment planning cycle starts with a review and revision, if required, by the Board of Directors and the EMT and culminates with the approval of the capital investment budgets by the Board of Directors in December. Please provide all materials provided to the Board of Directors in December regarding the capital investment planning cycle.

(B1/T2/S1, p. 11, B1/T4/S2/p. 5)

8. The evidence states that the most significant component of capacity related projects is the planning for new or upgraded transformer stations. PS is forecasting the need for one new 28kV transformer station every three years commencing in 2009. Please provide a complete list of all existing TS's and the expected life of each. Please indicate where, within the franchise area PS expects to build or replace transformer stations over the next 10 years and the proposed budget related to those expenditures.

(B1/T2/S1, p. 27)

9. The evidence states that in order to enhance the budget process PS has developed a prioritization methodology to assist in ranking discretionary projects. Given the merger with Barrie, how has the 2009 prioritization of projects within the PS Division changed?

(B1/T4/S2, p. 2)

10. Please update Table 2 to include 2006 Board approved and actual numbers and 2008 actual numbers.

(B1/T4/S2/p. 2)

11. The overall capital budget for 2009 is \$85.2 million. Please indicate the estimated impact on the revenue requirement if the budget is reduced by \$20 million.

(B/T4/S2/p. 13)

12. PS annually establishes a capital allowance budget for sustainment and development capital to ensure funds are available for unforeseen projects. In addition, PS has a category of “unplanned equipment replacement” as part of its operations budget. Please provide any OEB precedents PS is aware of regarding approval of such contingency allowances. In addition, if the funds go unspent, why should they not be returned to ratepayers?

(B/T4/S2/p. 14)

13. The budget for residential subdivisions development capital is approximately \$5 million in 2008 and 2009. Please provide an actual number for 2008 and an updated budget for 2009 taking into account the slowing of new home construction. Please explain how the 2008 and 2009 budgets were initially developed and include all assumptions.

(B/T4/S2/p. 15)

14. What is the current status of the project related to relocation of the distribution system to accommodate the bus rapid transit corridor (\$5.5 million).

(B/T4/S2/p. 19)

15. PS has a budget of over \$1 million in each year (2007-2009) related to Suite-Metering Costs. Please provide a detailed budget for each of those years and identify the types of activities that PS undertakes with respect to suite metering.

(B/T4/S2/p. 24)

16. PS has begun a process to replace its CIS system over the next three years and plans to spend \$1.35 million in 2009. Please provide a full business case to justify PS’s CIS replacement. Please provide a detailed breakdown of the 2008 and 2009 budgets and include all assumptions.

(B1/T5/S1/p. 2)

17. Please provide all materials provided to PS's Board of Directors in December 2004 to assist it in its decision-making process regarding the options related to its head office and service centres.

(B1/T5/S1/p. 3)

18. The evidence indicates that the budgeted cost of the Markham TS #4 is \$47 million. One-half of the cost to the end of 2009 has been included in rate base for 2009. Please provide evidence to support the in-service date of December 2009.

(B1/T6/S1/p. 4)

19. The evidence states that PS continues to explore opportunities to improve operational and service efficiencies, maximize use of assets, and to expand its service area and customer base. To that end PS is in merger discussions with a number of LDCs. Please provide a list of all costs included in the 2009 revenue requirement related to those activities. Does PS have a "merger strategy" or a strategic plan specifically related to merger activities? If so, please provide. What are the goals and objectives of PS's merger strategy?

(B1/T6/S1/p. 4)

20. The evidence states that h strategic plan sets out measurable achievable goals and is reviewed regularly and subject to an annual formal review and revision by PS's Board of Directors an EMT. Please provide all documents provided to the Board of Directors and EMT in the most recent annual review.

(B2/T1/S1)

21. PS has a working capital allowance that represents 15% of the forecast cost of power and controllable distribution expenses. Would PS be willing to undertake a lead-lag study to assess a more accurate assessment of what would be an appropriate working capital allowance? If not, why not?

REVENUE REQUIREMENT:

(C2/T1/S1)

22. Please provide a detailed explanation as to why each of the elements of the Revenue Offsets exceeded the Board approved amounts in 2006. Please provide actual numbers for 2008.

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