

1 **Section VI**

2 **VI-Staff-96**

3  
4 **Ref: T7/S1/p. 2**

5  
6 At the above reference, PowerStream's Conditions of Service are discussed.

- 7 a) Please identify any rates and charges that are included in the Applicant's Conditions of  
8 Service, but do not appear on the Board-approved tariff sheet, and provide an  
9 explanation for the nature of the costs being recovered through these rates and charges.  
10  
11 b) Please provide a schedule outlining the revenues recovered from these rates and  
12 charges from 2012 to 2014 inclusive, and the revenues forecasted for the 2015 bridge  
13 and 2016 test years.  
14  
15 c) Please explain whether, in the Applicant's view, these rates and charges should be  
16 included on the Applicant's tariff sheet of approved rates and charges.  
17

18 **RESPONSE:**

- 19 a) PowerStream confirms that there are no explicit rates or charges mentioned in the  
20 Conditions of Service that do not appear on the Board-approved tariff sheet (Rate  
21 Order).  
22  
23 b) As mentioned in VI-Staff-96(a) above, PowerStream does not have explicit rates or  
24 charges mentioned in its Conditions of Service document, and as such, the requested  
25 revenue recovery schedule cannot be provided.  
26  
27 c) As mentioned in VI-Staff-96(a) above, PowerStream does not have explicit rates or  
28 charges mentioned in its Conditions of Service document, and as such, this is not  
29 applicable.

1 **VI-Staff-97**

2

3 **Ref: T25/S1/p. 1**

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6 Upon completing all interrogatories from OEB staff and intervenors, please provide an updated  
7 RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant  
8 wishes to make to the amounts in the populated version of the RRWF filed in the initial  
9 applications. Entries for changes and adjustments should be included in the middle column on  
10 sheet 3 Data\_Input\_Sheet. Please include documentation of the corrections and adjustments,  
11 such as a reference to an interrogatory response or an explanatory note. Such notes should be  
12 documented on Sheet 10 Tracking Sheet, and may also be included on other sheets in the  
13 RRWF to assist understanding of changes.

14

15 **RESPONSE:**

16 Please see Section A, Application Update Summary, for the changes adopted as a result of  
17 these interrogatories. The updated RRWFs are presented in Section A, Tab 2, Schedule 1.

1 **VI-Staff-98**

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3 **Ref: T26/S1/p.2**

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5 At the above reference PowerStream discusses its proposals in the application for annual  
6 adjustments, adjustments outside the normal course of business and termination of the rate  
7 plan.

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9 PowerStream states that it:

10

11 ...proposes to file a draft rate order containing evidence supporting the changes from the  
12 original revenue requirement and interim rates approved in this Application. PowerStream  
13 believes that the time and resources required would be similar to an IRM application of  
14 average or medium complexity.

15

16

17 a) Please confirm that in the Application PowerStream is proposing final rates for 2016 and  
18 interim rates for the 2017 to 2020 years of the Application. If not, please explain.

19

20 b) Assuming part a is confirmed, please state why PowerStream is proposing interim rates  
21 for the 2017 to 2020 period and whether there are any precedents for setting rates  
22 interim for a four year period.

23

24 c) Please discuss the request for interim rates in the context of the RRFE expectation that  
25 "a distributor's application under Custom IR to demonstrate its ability to manage within  
26 the rates set, given the actual costs and revenues will vary from forecast." (RRFE report,  
27 p.19).

28

29 **RESPONSE:**

30 a) PowerStream confirms that it is requesting final rates for 2016 and interim rates for the  
31 2017 to 2020 years.

32 b) PowerStream's proposal is to set the revenue requirement for each year of the Custom  
33 IR plan (2016 through 2020). Subsequent years would start with the revenue  
34 requirement approved by the Board in this proceeding and would be subject to the  
35 annual adjustments accepted by the Board in this proceeding. It is in this context that  
36 PowerStream has asked that the rates for 2017 to 2020 be labelled and approved as  
37 interim rates. The Rate Order flowing from this proceeding may not need to include the  
38 rates beyond the first year, as the Board has done in the case of Horizon Utilities'  
39 Custom IR proceeding.

1 c) There are items that are difficult to forecast accurately over a five year term and that  
2 could have significant impacts on the revenue requirement to be collected through rates.  
3 This would include the cost of power, inflation, taxes, interest rates/cost of capital,  
4 changes in third party costs passed through to customers and accumulation of deferral  
5 and variance account balances. The annual adjustments proposed are needed to  
6 support the Board's RRFE policy as stated on page 4 of the RRFE report:

7 *"The first two objectives, the protection of consumer interests and the promotion of economic*  
8 *efficiency and cost effectiveness within a financially viable industry, are the foundation of the*  
9 *renewed regulatory framework."*

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1 **VI-Staff-99**

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3 **Ref: SVI/T26/S1/p. 2**

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5 At the above reference, PowerStream discusses its proposed "Adjustments Outside of the  
6 Normal Course of Business" and states that:

7

8 PowerStream proposes to file a more robust annual update that addresses the "outside of  
9 the normal course of business" issue. This filing would involve adjustments beyond the  
10 largely mechanical adjustments in a normal annual update and the evidence required to  
11 support the adjustments.

12

13 a) Please elaborate on what PowerStream means by "a more robust annual update."

14

15 b) Please provide examples of the types of adjustments that would be encompassed by  
16 "adjustments beyond the largely mechanical adjustments in a normal annual update."

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18 **RESPONSE:**

19 a) By "robust" PowerStream means that these type of adjustments would require the filing  
20 of more evidence than in the case of a typical annual adjustment and that this evidence  
21 by its nature would require a more extensive review.

22 b) In the same reference noted by Board Staff, PowerStream stated the following:  
23 "Examples of adjustments could be the result of regulatory changes, changes in  
24 government policy or storm damage".

1 **VI-Staff-100**

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3 **Ref: SVI/T26/S1/p. 2**

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5 At the above reference, PowerStream proposes when discussing adjustments outside of the  
6 normal course of business “that a Materiality Threshold of \$1,000,000 would be applied on a net  
7 basis.”

8

9 Please clarify what is meant by a “net basis.”

10

11

12 **RESPONSE:**

13 “Net basis” means the net of cost increases and cost savings.