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BY E-MAIL

August 23, 2016

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: PowerStream Inc.
Application for Rates
Board File Number EB-2015-0003**

Please find attached OEB staff's submission on the Draft Rate Order.

Original Signed By

Martin Davies
Project Advisor, Rates
Major Applications

2016-2020 ELECTRICITY DISTRIBUTION RATES

PowerStream Inc.

EB-2015-0003

ONTARIO ENERGY BOARD

STAFF SUBMISSION ON DRAFT RATE ORDER

August 23, 2016

INTRODUCTION

On August 15, 2016, PowerStream Inc. (PowerStream) filed a draft Rate Order (DRO) pursuant to the Ontario Energy Board's EB-2015-0003 Decision and Order (Decision) dated August 4, 2016.

The DRO noted that the OEB had declared PowerStream's rates interim as of January 1, 2016 and that the Decision had stated that PowerStream's new 2016 rates would be effective January 1, 2016 and implemented October 1, 2016. In addition, 2017 rates were to be effective and implemented January 1, 2017.¹

OEB staff makes its submissions on the basis of its understanding that the rate changes proposed by PowerStream in the DRO encompass both the 2016 and 2017 final rate adjustments arising from the Custom Incentive Rate-Setting Application as approved by the OEB in the Decision. OEB staff notes that the Decision did not approve any rate changes for the 2018 to 2020 period.

OEB staff's comments on the DRO follow.

2016 Impacts

Background

The Decision stated regarding 2016 that "PowerStream will calculate these rates on the basis of a 1.8% increase to the 2015 revenue requirement, with no new Incremental Capital Module."

In the DRO, PowerStream states that "Rates for 2016 are calculated from the approved 2015 rates adjusted for the approved price cap adjustment of 1.8% increase."²

Discussion and Submission

PowerStream calculated in the DRO the 2016 Adjustment mandated in the Decision of 1.8% using the 2016 IRM Workform as shown in Schedule G. OEB

¹ P. 3

² P. 4

staff notes that PowerStream did not discuss why it took this approach in the DRO.

OEB staff submits that in its reply submission PowerStream should state why it used this approach rather than applying the 1.8% rate adjustment to the revenue requirement as specified by the Decision. OEB staff further submits that PowerStream should discuss whether or not its use of the IRM Workform, rather than applying the adjustment to the revenue requirement could be expected to make a significant difference to the impacts. If the difference is not expected to be significant, PowerStream should explain why not and, if it is, PowerStream should provide a revised version of the DRO based on applying the increase to the revenue requirement with all necessary explanations, or explain why this cannot be done.

Renewable Generation Connection Rate Protection (RGCRP)

Background

PowerStream noted in the DRO³ that while the Decision specifically referenced approval of RGCRP amounts for 2016 and 2017 of \$272,792 and \$271,060, there were additional amounts to be recovered in 2016 related to eligible investments made in 2014 and 2015 for which the RGCRP claim is being made for the first time in 2016 based on actual amounts.

PowerStream further noted that due to the timing of the Decision RGCRP funding was continued at the approved 2015 amount of \$261,290 resulting in a shortfall of \$165,980 in 2016. PowerStream stated that this shortfall needs to be added to the amount to be paid in 2017 of \$271,060 bringing the total amount for 2017 to \$437,040.

³ PP. 9-10

Discussion and Submission

OEB staff notes that in the OEB's most recent Decision and Order⁴ establishing RGCRP funding a monthly recovery level of \$21,774 for PowerStream was established which equates to the 2016 recovery amount referenced by PowerStream of \$261,290.

OEB staff does not have any concerns with PowerStream's recovery claims in the DRO but submits that it would be helpful if in its reply submission, PowerStream clarified whether or not it would view any of the claimed 2016 recovery amount as one-time in nature and if so what the amount would be.

- All of which is respectfully submitted-

⁴ EB-2016-0170 *Decision and Order 2016 Green Energy Plan Electricity Rate Protection Benefit and Charge Effective May 1, 2016, May 19, 2016.*