Board Staff Interrogatories
2009 Electricity Distribution Rates
PowerStream Inc. ("PowerStream")
EB-2008-0244

Issues List Preamble:

It is understood that the cost and benefits attributable to PowerStream Inc. (for PowerStream ED-2004-0420 Rate Zone) related to the merger with Barrie Hydro Distribution Inc. are included in the scope of the specific issues listed below to the extent that they relate to the 2009 test year. This includes allocation of shared costs between PowerStream ED-2004-0420 and Barrie Hydro Distribution Inc. for the test year.

ADMINISTRATION (Exhibit A)

1.1 Has PowerStream responded appropriately to all relevant Board directions and settlement agreements from previous proceedings?

1.2 Has PowerStream complied with the Board's Filing Requirements in filing all relevant information pertaining to this application?

1. Ref: Exhibit A

Board staff notes that PowerStream reported different amounts in PowerStream's 2007 annual filing, pursuant to RRR 2.1.7, than that submitted in most line items of this rate application. For each reported line item in the application please provide the following:

a) Tie each line item of the application to the amount reported to the Board, by account, in PowerStream's 2007 annual filing pursuant to RRR 2.1.7. Please ensure that the amounts reported to the Board, by account, pursuant to RRR 2.1.7, are stated. Where account numbers are grouped together, state which Uniform System of Accounts (USoA) account numbers are grouped together, and the basis for the grouping.

b) Identify the components of any difference between the amount filed pursuant to RRR 2.1.7 and the amount reported in each line item of the application.

c) Explain each component of any difference identified in b). Please include an explanation of which other accounts now contain any such difference by component.

d) State which amount (the amount filed pursuant to RRR 2.1.7 or the amount in each line item of the application) has been reflected in PowerStream's 2007 audited financial statements and identify the line item in the audited financial statements.

e) State which value should be relied upon in this proceeding, and, if different from the value reported in the 2007 audited financial statements, explain why the Board should rely on such different value.

RATE BASE (Exhibit B)

2.1 Are the amounts proposed for Rate Base appropriate?

2.2 Are the amounts proposed for 2009 Capital Expenditures appropriate?

2. Ref: Exhibit B1/Tab2/Sch1

a) Please provide a list of criteria and the rationale that PowerStream has used in the prioritization and selection of 2009 maintenance and capital projects in its application.

b) Please identify, individually, maintenance and capital programs, if any, that PowerStream may consider as a candidate for a deferral, cut, or partial adjustment, given the current economic situation. Please identify these programs, if any, in a ranking order that PowerStream would consider, using a ranking of "1" as the first suitable candidate, ranking of "2" as the second suitable candidate, ranking of "3" as the third suitable candidate, etc.

c) Please identify the rationale for the selection of these maintenance and capital programs and projects.

d) Please describe the expected impacts on PowerStream's revenue requirement, operations and service quality and reliability to customers if the identified programs are reduced, deferred or cut during the economic downturn.

3. Ref: Exhibit B1/Tab2/Sch1/p11

According to the Capital Investment Planning Cycle, PowerStream is forecasting the need for one new 28kV Transformer Station every three years commencing in 2009. Please provide the number of 28kV Transformer Stations that PowerStream proposes to build in the Test Year.

4. Ref: Exhibit B1/Tab2/Sch1/p25

PowerStream classifies capital projects into two broad categories: Non-discretionary and Discretionary. Discretionary projects are further sub-divided into two groups: Urgency One (discretionary investments must be done in the budget year) and Urgency Two (investments that could be delayed past the budget year with no adverse impacts). Please categorize all 2009 and 2010 projects on the basis of Urgency One and Urgency Two.

5. Ref: Exhibit A2/Tab3/Sch1/p2 (Updated January 30, 2009)

In the update on Merger Related Costs and Savings, PowerStream indicates that in the MAADs application it was estimated that the amalgamated entity (PowerStream and Barrie Hydro) would achieve savings on capital spending of $4.7 million in 2009. Are these savings reflected in this Application? If "Yes", please provide details. If "No", please provide reasons for not reflecting the savings.

6. Ref: Exhibit B1/Tab2/Sch1/p20

PowerStream has indicated that it meets with external agencies such as road authorities, municipal planning and economic development departments, and property developers to ascertain their respective five-year requirements and any plans they may have that would impact PowerStream's capital investment plan.

a) When did PowerStream last contact property developers to assess and review their plans?

b) Given the economic downturn, has PowerStream recently contacted developers with respect to their plans? Please provide a detailed response.

c) Have any of the developers curtailed, postponed, cancelled or amended their development plans? If "Yes", please provide details and the number of developers that have altered their plans. How has this affected PowerStream's capital investment plans?

d) Have the road authorities or municipal planning and economic development bodies altered their plans? Please provide details including the impact on PowerStream's own capital investment plans.

7. Ref: Exhibit B1/Tab4/Sch2

PowerStream's proposed capital additions are divided into five categories. The first category, "Sustainment" shows an increase of 134% over 2007 Actual expenditures, rising from $8.3 million in 2007 to $19.6 million in 2009.

a) The expenditure for pole/line replacements and/or upgrades was $2.5 million in 2007, rising to $5.3 million in 2008 and $4.4 million in 2009. Please provide the number of poles replaced/to be replaced for each of the years 2006 through to 2009 and their average cost.

b) Expenditures related to transformer station enhancements/upgrades have increased in 2008 ($4.5 million) and in 2009 ($3.2 million) as compared to the 2007 expenditure of $253,000. The evidence indicates that some of the expenditure is earmarked to purchase spare units for a number of critical components in various stations.

   i) Please provide detailed information about spare purchases including number of items, units and cost.

   ii) Why is it necessary to purchase a large number of spare units in the Bridge and Test year? Why can't some of these purchases be postponed to subsequent years?

c) What are the reasons for the significant increase (from $0 in 2007 to $5.3 million in 2009) in expenditures related to Asset Condition Assessment Program? Please provide a detailed response.

d) Can some of the expenditures related to the Asset Condition Assessment Program be deferred to subsequent years? If "No", please provide reasons.

8. Ref: Exhibit B1/Tab4/Sch2

Development related expenditures have increased from $12.5 million in 2007 to $41 million in 2009, an increase of approximately 230%.

a) Considering that load has not increased substantially from 2007 to 2009 and customer numbers are expected to increase by 6.5%, from 2007 to 2009, what are the reasons for the substantial increase in this category?

b) The largest increase in this category is related to adding a new transformer station and feeder expansion. The expenditure is projected to increase from $1.6 million in 2007 to $22.8 million in 2009. Where do these projects fall in terms of PowerStream's classification of non-discretionary and discretionary (urgency one/urgency two) projects? Please provide a detailed response.

c) Over the past three years, PowerStream has experienced strong growth in home construction, particularly in Markham and Vaughan. Expenditures related to residential subdivisions are projected to increase from $4.4 million to slightly over $5 million in 2008 and 2009. Considering the recent downturn in the housing market, does PowerStream expect the same level of housing activity to continue within its service territory?

d) One of the expenditures under Development Capital includes new overhead and underground circuit extensions. Please provide details of projects related to underground circuit extensions including costs.

9. Ref: Exhibit B1/Tab4/Sch2

PowerStream's proposed capital additions show amounts reserved for unforeseen capital projects and unplanned equipment replacement. Please provide details on the basis of which these amounts are reserved. Also, provide historical information of actual expenditures incurred that were not foreseen or planned for the years 2002 through to 2007.

10. Ref: Exhibit B1/Tab4/Sch2

Please provide an update on all 2008 capital projects. Please provide details of projects that are postponed, shelved or incomplete.

11. Ref: Exhibit B1/Tab5/Sch3

In February 2008, PowerStream moved into its new head office. In the application, PowerStream indicated that in May 2004, it had approximately 377 administrative employees, working in 14 different departments spread across three office locations. PowerStream also indicated that the decentralized organizational structure was costly and ineffective in running day-to-day activities. Examples provided in the Application include travel time for meetings and maintaining separate IT infrastructures.

a) What savings has PowerStream achieved as a result of constructing the new head office? Are any of the savings reflected in the current Application? If "Yes", please provide details and if "No", please provide reasons for not achieving any savings during the Test Year.

b) What operational savings is PowerStream likely to achieve on an on-going basis as a result of the move?

c) Are any costs related to the move included in the Test Year? If "Yes", please provide details.

12. Ref: Exhibit B1/Tab6/Sch1
In PowerStream's Five Year Capital Plan, Development related expenditures are forecast to rise from $23.7 million in 2008 to $41.0 million in 2009 and then drop to $32.6 million and $24.1 million in 2010 and 2011 respectively, then rise again to $59.2 million in 2012.

a) What are the reasons for the significant drop in 2010 and 2011?

b) Considering the recent economic downturn, has PowerStream considered any modifications to the overall plan including development capital? If "No", please indicate why. If "Yes", please provide details.

13. Ref: Exhibit B1/Tab6/Sch1
In PowerStream's Five Year Capital Plan, $2.9 million has been earmarked for vehicle replacement in 2008. Please provide further detail on vehicle replacement including number of vehicles and costs for each of the years 2007 through to 2009.

14. Ref: Exhibit B1/Tab7/Sch1/p23
IT Assets show an increase of 17% or $3.9 million from 2008 to 2009. Please provide a detailed breakdown of the components of this expenditure item over this period.

15. Ref: Exhibit B1/Tab7/Sch2/p4
Please reconcile the depreciation amounts provided in Exhibit B1/Tab7/Schedule2/page 4 and the line item "Depreciation and Amortization" in Exhibit G/Tab1/Schedule2/page 1.

16. Ref: Exhibit I/Tab3/Sch2
Please provide details with respect to the line item "Carrying Costs to Dec 31, 2007.

17. Ref: Exhibit I/Tab3/Sch2
Please provide the number and proportion of smart meters that will be installed as of March 31, 2009.

2.3 Has the Working Capital Allowance been determined appropriately?

18. Ref: Exhibit I/Tab3/Sch2
Please provide reasons as to why depreciation costs have been included for calculating working capital allowance for 2007.

19. Ref: Exhibit I/Tab3/Sch2
PowerStream still uses 15% of Cost of Power + controllable expenses as an estimate of Working Capital. Has PowerStream undertaken a lead-lag study to understand its cash working capital requirements? If so, please file the results, or indicate the status of such a project. If not, why has PowerStream not undertaken such a study?

2.4 Does the asset condition information and the Distribution System Planning Report adequately address the condition of the distribution system assets and support the planning and budgeting for OMA and Capital expenditures for 2009?

2.5 Is PowerStream's Overhead Capitalization Policy appropriate?

REVENUE REQUIREMENT (Exhibit C)

3.1 Is the calculation of the proposed revenue requirement for 2009 appropriate?

3.2 Is the proposed amount for 2009 Other Revenues, including revenues from affiliates and related parties appropriate? Is the methodology used to cost and price these services appropriate?

20. Ref: Exhibit C2/Tab1/Sch1/p 1 and Exhibit C2/Tab1/Sch2/p 3

In Schedule 1, page 1, Table 1, the Applicant shows various other incomes and, in particular, shows Other Income and Deductions to decrease from $2,087,119 in 2008 to $1,157,873 in 2009. In Schedule 2, page 3, the Applicant notes: "The decrease of $929,000 in the 2009 forecast compared to the 2008 estimate is mainly due to lower forecasted interest rate and lower cash balances."

Please provide a more detailed rationale and calculations that demonstrate the $929,000 reduction.

21. Ref: Exhibit C2/Tab1/Sch1/p1 and Exhibit C2/Tab1/Sch2/p1 and Exhibit C1/Tab1/Sch4/p1

PowerStream indicates that Late Payment Charges from 2008 estimate to 2009 forecast increase by approximately 4.5%, to $1,834,000. At Exhibit C2/Tab1/Sch2/p1, PowerStream notes that, "during the PowerStream amalgamation [of 2004/2005] more attention was spent on harmonizing billing system and getting bills issued, as opposed to assessing late payment charges."

a) In consideration of the merger with Barrie Hydro, and the comments above, please explain why PowerStream is forecasting a 4% increase to Late Payment Charges.

b) Does PowerStream foresee any significant increase to late payment charges in its next cost-of-service application?

c) PowerStream's January 30, 2009 application update included, among other things, the impact of revised economic and business planning estimates, including the reflection of expected negative GDP growth. Why has PowerStream not considered a corresponding update to its estimates for Late Payment Charges, and revenue offset forecasts? Please explain.

3.3 Are the proposed Specific Service Charges for 2009 appropriate?

3.4 Are PowerStream's economic and business planning assumptions for 2009 appropriate?

3.5 Is the load forecast and methodology appropriate including the weather normalization methodology?

22. Ref: Exhibit C1/Tab1/Sch2/p 5

On page 5, when discussing the period used to define normal weather, the Applicant states: "In analyzing the outputs…PowerStream determined that the 10-year data more accurately predicted consumption." Please:

a) Provide any information that supports using a 10-year period as the definition of normal weather and the rationale for using this specific period instead of a longer period, and

b) Recalculate the resulting 2009 total billed kWh load forecast successively using
   i. the 20-year average and
   ii. the 30-year average to define normal weather.

23. Ref: Exhibit C1/Tab1/Sch2/pp 4 & 5

On page 4, in describing its stepwise regression technique, the Applicant notes: "The decision to add/delete a variable is made on the basis of whether that variable improves the accuracy of the model." In Table 3, page 5, the Applicant sets out the characteristics of the seven models it developed. Please:

a) Identify the statistical measures that are used to determine the *accuracy* of the model.

b) Explain the decision process used and the trade-offs used in selecting/rejecting the variables that improve the accuracy of the model.

c) Clarify if the decision to add/delete a variable is based solely on the expected improvement to the model's accuracy or if there are other considerations.

d) Apply the process described above to the seven models in Table 3 and show how model 4 was selected.

e) Identify and explain the criterion/criteria used to decide if a model is sufficiently accurate to be used to develop the forecast.

24. Ref: Exhibit C1/Tab1/Sch2/pp 2 & 6

On page 2, the Applicant notes: "The load forecast model was populated with the available energy purchase data from January 1998 through December 2008." On page 6, Table 4 the Applicant compares actual with fitted/predicted data for the 2002-2008 period. Please:

a) Clarify the difference in meaning between "fitted" and "predicted" as it is used in Table 4,

b) Recalculate Table 4 for the full January 1998 to December 2008 period,

c) For b), calculate the adjusted R-squared and Mean Average Percentage Error each for the Actual vs. Fitted (10-year Average) data comparison and the Actual vs. Predicted (30-year Average) data comparison.

25. Ref: Exhibit C1/Tab1/Sch2/pp 11 & 12

On page 11, Table 9, the Applicant shows a comparison of the purchased actual and weather-normalized actual GWh for the years 1998 to 2008. On page 12, Table 10, the Applicant shows a comparison of the Actual Energy kWh and Predicted Value kWh for the years 1998 to 2008. Please:

a) Compare for each year from 1998 to 2008, the weather normalization factors inherent in Table 9 (e.g. for 1998, the increase of 51 GWh produces a positive 1.02% weather-normalization factor) with the relevant annual weather-normalization factors from the IESO web site,

b) Clarify if in Table 10, any of the Predicted Values were subject to "manual adjustment"; that is, if any of the model-produced predicted values were modified by human intervention and, if so, reproduce Table 10 without any manual adjustments, and

c) Calculate the adjusted R-squared value for the original Table 10 and in the recalculated Table 10 noted in b) above.

26. Ref: Exhibit C1/Tab1/Sch3/p 1

On page 1, the Applicant notes: "PowerStream determined that the use of an energy purchases related variable, i.e. GDP was not a good predictor of growth levels for customers…[and not as accurate]…as population related statistics." Please elaborate on and support these findings.

27. Ref: Exhibit C1/Tab1/Sch1/p 3

On page 3 the Applicant states: "PowerStream considers the best method to forecast future commercial growth to be a 3-year historical average." Please:

a) Verify that this is the method the Applicant used for forecasting the customer count for all commercial customer classes (except Large User),

b) Provide the historical data and the analysis that support the Applicant's conclusion in this matter, and

c) Provide a live Excel spreadsheet (i.e. one where the formulae are visible) that shows the calculation of the 2009 customer count by customer class including the effect of the suite metering initiative.

28. Ref: Exhibit C1/Tab1/Sch1/p 2 and Exhibit C1/Tab1/Sch4/p 7

On Schedule 1, page 2, the Applicant shows the 2009 Test Year Customer Count to be 251,638 while on Schedule 4, page 7, the value is shown to be 311,828. Please:

a) Verify that the bulk of the difference in the Customer Counts results from including the number of Street Lighting *customers* in the first case and Street Lighting *connections* in the second case, and

b) Reconcile fully the two values for any other differences.

29. Ref: Exhibit C1/Tab1/Sch1/p 2

In Table 2, page 2, the Applicant provides a summary of the kWh consumption, kW demand and the customer count for a number of years. With the breakdown by customer class missing, it is difficult to perform an independent review of the forecast.

Please provide a table by customer class (and for the total of all classes) showing customer count, kWh consumption, kW demand and identifying the corresponding charge determinants for:

a) each of the historical years 2002 to 2008,
b) the 2008 *bridge* year and
c) the 2009 test year.

30. Ref: Exhibit C1/Tab1/Sch2/pp 1 & 18

On page 1, the Applicant notes: "In order to forecast energy sales to customers an adjustment is made for estimated distribution losses." On page 18, the Applicant notes: "The 2009 energy purchases forecasts are composites of monthly kWh forecasted volumes for all rate classes. Estimated distribution and specific supply factor (SSP) losses are subtracted from these forecasts to determine the distribution sales forecast." Please:

a) Provide full details of the distribution and SSP adjustment process,
b) Show the historical data upon which the adjustment factors were based,
c) Show the values of the adjustment factors determined,
d) Show the development of the adjustment factors in sufficient detail that an independent assessment can be made of the method utilized and the values chosen, and
e) Provide a **live/open** Excel spreadsheet (i.e. one where the formulae are visible) that shows the conversion of the purchased energy to billed energy for 2009 by customer class.

31. Ref: Exhibit C1/Tab1/Sch2/pp 18 & 19

On page 18, the Applicant states: "The historical relationship between kWh and kW for each rate class is used to translate forecasted kWh to kW for these [the kW determinant] accounts. Tables 16 and 17 show the historic (3-year average) billed energy (kWh) allocation, by rate class, and a ratio of historic kWs to historic kWh, by rate class, as an average for the period 2006 through 2008." Please:

a) Show the historical data upon which the translation factors were based,

b) Show the development of the translation factors in sufficient detail that an independent assessment can be made of the method utilized and the values chosen, and

c) Provide a live Excel spreadsheet (i.e. one where the formulae are visible) that shows the translation of the kWh consumption to kW demand for 2009 by applicable customer classes.

32. Ref: Exhibit C

Some of the Applicant's evidence may require to be adjusted in light of responses to the preceding customer count, load and revenue forecasting interrogatories.

Please re-file any Exhibit C tables that require updating as a result of changes in the Applicant's evidence.

3.6 Has the impact of Conservation and Demand Management initiatives been suitably reflected in the load forecast?

33. Ref: Exhibit C1/Tab1/Sch2/pp 9 to 17

On page 9, the Applicant presents the formula for calculating the monthly purchased kWh load which, Board staff notes, does not contain the effect of any incremental CDM. The Applicant then utilizes the formula and presents each of the twelve 2009 monthly "kWh Purchases" in Table 8; for 2009 these monthly values total 7,040,674,371 kWh. This value is confirmed in Table 9 where the Applicant shows the 2009 Forecast in GWh units as 7,041 GWh.

On pages 14 to 17, the Applicant calculates the 2009 CDM effect as 89.6 GWh. On page 17 the Applicant notes: "In absolute terms, this is a reduction in 2009 from 7,130 GWH to 7,041 GWH as shown in Table 15." and, in Table 15, the stated reduction is shown.

Please rationalize how the before-CDM-effect 2009 load forecast of 7,041 GWh as shown in Table 9, etc., is not reduced by the application of 89.6 GWh of CDM but, as shown in Table 15, remains at 7,041 GWh.

3.7 Is the Revenue Deficiency calculation for the test year appropriate? (Exhibit G)

COST OF SERVICE (Exhibit D)

4.1 Are the overall levels of the 2009 Operation, Maintenance and Administration budgets appropriate?

34. Ref: Exhibit D1

The figures in the table below are taken directly from the public information filing in the Reporting and Record-keeping Requirements ("RRR") initiative of the OEB. The figures are available on the OEB's public website. Please confirm the utility's agreement with the numbers for OM&A, which are summarized in the table below.

	2003	2004	2005
Operation	$5,939,709	$5,587,039	$6,838,060
Maintenance	$6,812,650	$6,738,446	$8,310,878
Billing and Collection	$7,038,200	$6,206,063	$6,946,443
Community Relations	$455,158	$534,357	$1,549,124
Administrative and General Expenses	$14,777,647	$18,673,727	$17,106,081
Total OM&A Expenses	**$ 35,023,364**	**$ 37,739,632**	**$ 40,750,587**

35. Ref: Exhibit A2/Tab3/Sch1

PowerStream indicates that its proposed 2009 OM&A does not reflect the impact of the merger between PowerStream and Barrie Hydro, approved by the Board on December 15, 2008 (effective January 1, 2009). PowerStream notes that in its MAAD application (EB-2208-0335), it forecast that in 2009 it would incur $4.2 million in transition costs while saving $1.8 million for a net increase in OM&A costs of $2.4 million. PowerStream is not proposing to recover this net cost in its 2009 OM&A.

a) Please elaborate, with dollar amounts, on the merger related costs PowerStream has incurred and or forecasts to incur in 2008, 2000 and 2010.

b) Will PowerStream be expensing these costs in the year incurred? Will any of these costs be capitalized?

c) Please provide the calculations, with explanations, for each of the savings amounts shown using Table 1 in Exhibit A2/Tab3/Schedule1/p 3. If PowerStream is updating the numbers found in table, please provide the calculations and explanations for the updated numbers.

d) Please expand Table 1 in Exhibit A2/Tab3/Schedule1/p 3 by adding the merger savings forecast for 2010, 2011 and 2012.

e) PowerStream indicates that it has agreements with two Unions that guarantee no layoffs, no involuntary terminations, and no involuntary relocation of staff for a period of a year or more from the merge date. Please provide the end-dates of these guarantees.

36. Ref: Exhibit D1

Please provide (in a table format) the individual amounts at the 4 digit account level (OEB account numbers) that total to the OM&A amounts presented in the evidence for 2006 EDR, 2006 actual, 2007 actual, 2008 Bridge and 2009 Test Year. The table

should include a sub-total line for OPERATIONS, MAINTENANCE, BILLING & COLLECTION, COMMUNITY RELATIONS and ADMINISTRATIVE & GENERAL EXPENSES.

37. Ref: Exhibit B1/Tab3/Sch1/pp 8 – 9

PowerStream indicates that it has updated its payroll burden rates. The updated rates for full time employees show an increase of between 33% to 50%. PowerStream states that "increased benefit costs" and the change from applying burden against all hours to only regular hours are the reasons for the increase in the payroll burden rates. Please provide the dollar amounts of the 2007 and 2008 benefits costs that were used in the calculation of the 2007 and 2008 payroll burden rates.

38. Ref: Exhibit B1/Tab6/Sch1/lines 400-434 and Exhibit D1/Tab1/Sch1/p5

PowerStream indicates that its entire customer base will be converted to smart meters by 2010 and that as a result of the Smart Meter Program, PowerStream does not expect any expenditure on meter re-verification, seal extensions and maintenance in 2009. Please confirm the amount, if any, reflected in the 2008 OM&A for meter re-verification, seal extensions and maintenance.

39. Ref: Exhibit D1

If applicable, please provide a table which lays out PowerStream's planned OM&A, Capital and other operating costs by year commencing with 2008, related to PowerStream's program to comply with current PCB related legislation (*Chlorobiphenyl Regulations and the Storage of PCB Material Regulations of the Canadian Environmental Protection Act 1999*).

40. Ref: Exhibit D1

Please identify the inflation rate used for the 2009 OM&A forecast and the source document for the inflation assumptions.

41. Ref: Exhibit D1/Tab1/Sch1/pp 8 - 9

PowerStream indicates that its 2008 Bridge Year OM&A is about $3.0 million less than its 2007 OM&A actual of $42.7million. PowerStream notes that 2007 actual reflects a $2 million adjustment in under-applied burden, while, because of timing, the 2008 Bridge was calculated using the old burden rates. The new burden rates will increase the Bridge Year 2008 OM&A cost by $2.0 million. On this basis and reflecting PowerStream's effort to efficiently manage costs, PowerStream now projects its 2008 OM&A to total $41.7 million. Please prepare and complete a table, similar to the tables 4 and 5 in Exhibit D1/Tab1/Schedule1, that summarizes the change between 2007 actual and 2008 Bridge.

42. Ref: Exhibit D1/Tab1/Sch1/pp 2 & 5

PowerStream indicates that between 2006 EDR and the 2009 Test Year OM&A, there is a decrease of $3.473 million attributable to PowerStream's decision in 2006 to start

capitalizing the portion of management time spent on capital projects. Please indicate the impact that this change in capitalization had on 2006 actual, 2007 actual and 2008 Bridge OM&A i.e how much would OM&A in each of these three years been higher, had there been no change.

43. Ref: Exhibit D1/Tab1/Sch3/pp 13, 17 & 19

The evidence indicates the following expenditure patterns for Bad Debt Expense:

2006 EDR Approved	$ 668,000
2006 Actual	$1,295,000
2007 Actual	$2,040,000
2008 Bridge	$ 863,000
2009 Test	$1,236,000

a) Please provide the bad debt expense actuals for 2003, 2004 and 2005.

b) Bad Debt expense decreases by about $1.2 million from 2007 to 2008 and then increases by about $0.4 million from 2008 to 2009. While noting that the 2008 Bad debt was prepared assuming a more typical year, PowerStream indicates that the 2009 forecast is (i) based on the last three years of bad debt history and includes provision for bad debt write-offs, net of estimated recoveries and (ii) includes the cost of bad debt insurance.

(i) Please confirm whether or not the 2008 bad debt budget was prepared using the same method or calculations as was used for 2009.

(ii) What is the cost (premium) of the bad debt insurance provided by Mearie? If PowerStream's actual bad debt experience improves, does the insurance allow for a credit or discount back to PowerStream?

44. Ref: Exhibit D1/Tab1/Sch3/p13 Table 4 & p17

Table 4 indicates $64,000 budgeted in 2009 for "Community Relations-CDM. Please explain what this amount is for and its relationship to OPA CDM funded programs.

45. Ref: Exhibit D1

Regarding Non-Recurring Items: Please identify any expenditures ($100,000 or more) that are included on the 2009 OM&A forecast and are not expected to recur or continue in 2010, 2011 or 2012.

46. Ref: Exhibit D1/Tab1/Sch1/p3

PowerStream indicates that it will need to spend $3 million over 2009-2012 to transition to International Financial Reporting Standards (IFRS) and in this regard has included an average annual amount of $0.750 million in 2009 OM&A.

a) Please prepare a table which sets out by year starting with 2008, and by OM&A and Capital, the main components of the $3 million in costs PowerStream expects to incur.

b) PowerStream also indicates that 2009 Test year provides for an increase of $200,000 for audit fees, due to the increased volume of required audit work, related to the anticipated accounting policy changes as per IFRS requirements. Please confirm whether this amount is in addition to the $3 million.

47. Ref: Exhibit D1/Tab1/Sch3/p17

PowerStream indicates that its 2008 OM&A includes a $600,000 increase in regulatory expenses (legal costs, consulting and OEB intervenor costs) associated with various regulatory initiatives, including 3rd generation IRM and the Comparison of Distributor Costs Project. Please provide the amount, and a break-out of the components or activities that comprise the amount, of the regulatory related expenses recorded in 2006 actual, 2007 actual and 2008 Bridge and 2009 Test Year OM&A.

4.2 Are the proposed Purchased Services and Shared Services amounts appropriate?

48. Ref: Exhibit D1/Tab1/Sch4/p1

The Board's filing requirements for Transmission and Distribution Applications dated November 14, 2006 include identifying annual dollar value of the aggregate transactions with service providers. In the evidence on Purchased Services and Products, PowerStream notes that no dollar values are included for the listed vendors for two reasons; disclosure of actuals would not protect the completive procurement process and PowerStream does not does not forecast the value of service or product purchases at the vendor level and so it is not possible the estimate the 2008 dollar values, at the vendor level, or forecast the value of individual contracts in 2009.

a) Please provide the actual dollar amounts for 2007 and 2008 for those Vendors who are sole sourced or directed source.

b) With respect to 2009. Please provide a best estimate of the amount requested in a), to the extent that PowerStream's budget preparation process details or estimates the amount.

4.3 Are the methodologies used to cost and price services from affiliates and related parties appropriate? Are the Shared Service Agreements appropriate?

49. Ref: Exhibit D1/Tab1/Sch6/pp1 - 6

The evidence indicates that the PowerStream provides services to the City of Vaughan and the Town of Markham. Tables 2 and 4 indicate that about $1.2 million and $1.9 million in services are provided to the Town of Markham and the City of Vaughan respectively.

a) Please provide a copy of the signed Shared Service Agreements between PowerStream and the City of Vaughan and the Town of Markham pertaining to these services.

b) Please confirm whether or not the amounts shown in Tables 2 and 4 represent the costs PowerStream incurs to provide the services or represent the revenues the service provision generates. Please provide the calculations used to derive the 2009 Test Year amounts of $1.2 and $1.9 million presented in Tables 2 and 4.

c) If applicable, given the answer to b) please add a row to Tables 2 and 4 to identify the revenues generated by the service activity

d) For the amounts indicated in Tables 2 and 4 please identify which OEB account (i.e a revenue item or an offset in an OM&A account) PowerStream uses to record the proceeds received from the town of Markham and the City of Vaughan.

4.4 Are the 2009 Human Resources related costs (wages, salaries, benefits, incentive payments, labour productivity and pension costs) including employee levels, appropriate?

50. Ref: Exhibit D1/Tab1/Sch9/p6 Table 4

Do the Compensation Totals provided in Table 4 represent gross amounts, i.e. do they also include costs not ultimately reported in OM&A. If so, please provide the approximate amount that is ultimately reflected in OM&A.

51. Ref: Exhibit D1/Tab1/Sch9/Table 9

The table indicates that headcount (FTE basis) totalled 381 and 400 in 2006 and 2007, respectively.

a) Please confirm whether the indicated totals are net of vacancies.
b) What is PowerStream's average vacancy rate?

4.5 Is PowerStream's depreciation expense appropriate?

4.6 Are the amounts proposed for 2009 capital and property taxes appropriate?

4.7 Is the amount proposed for 2009 Payments in Lieu of Taxes, including the methodology, appropriate?

52. Ref: Exhibit D2/Tab1

Please provide a summary update of PowerStream's estimated PILs, and a copy of the Elenchus model output contained in Exhibit D2/Tab1/Schedule 3 reflecting the following:

a) Updated ROE and deemed short-term debt rates of 8.01% and 1.33%, respectively, as documented in the Board's letter of February 24, 2009; and

b) Changes to Federal tax rates and accelerated CCA for eligible capital asset classes as enacted in the Federal Government's Budget of January 27, 2009.

REGULATORY ASSETS (Exhibit E)

5.1 Is the proposal for the amounts, disposition and continuance of PowerStream's existing Deferral and Variance Accounts (Regulatory Assets) appropriate?

53. Ref: Exhibit E/Tab1/Sch1/p 6 and Exhibit E/Tab1/Sch2/pp 3 -10; [regulatory assets worksheet]

PowerStream is requesting disposition of regulatory variance accounts. PowerStream has provided a continuity schedule of regulatory assets at Exhibit E/Tab1/Schedule1/p6. Board staff has noted in other 2009 cases that forecasting principal transactions beyond 2007 and the accrued interest on these forecasted balances and including them in the attached continuity schedule is optional.

a) The continuity schedule is not readable. Please provide the continuity schedule at Exhibit E/Tab1/Schedule1/p6 in Excel format.

b) In November 2006, utilities were advised by the OEB to reallocate the 2006 EDR approved regulatory asset balances from their account of origin to the 1590 recovery account effective May 1, 2006. The numbers included in the column "Transfer of Board-approved amounts to 1590 as per 2006 EDR" (principal and interest) may be erroneous in the continuity schedule filed by PowerStream. Please update the continuity schedule to reflect, and reconcile with, the amounts that were approved by the Board as part of PowerStream's 2006 EDR Decision (RP-2005-0020/EB-2005-0409). [PowerStream may wish to refer to cell Tab 2, cell C29 of the regulatory assets worksheets in Aurora (EB-2008-0337), and Markham, Richmond Hill, and Vaughn (EB-2005-0409).]

c) Please provide a schedule reconciling the continuity schedule at Exhibit E/Tab1/Schedule1/p6 in part a) with Exhibit E/Tab1/Schedule2/pp3 & 5 of the application.

54. Ref: Exhibit E/Tab1/Sch1

From January 1, 2005 to April 30, 2009, has PowerStream used Board prescribed interest rates for deferral and variance accounts, as per the Board's letters of direction, Accounting Procedures Handbook, and Frequently Asked Questions? Please confirm that the prescribed rates were used. If not, please update the necessary schedules using the correct interest rates.

Specifically, on November 28, 2006, the Board introduced a revised prescribed interest rate methodology for deferral and variance accounts which was effective May 1, 2006. Has PowerStream followed this prescribed interest rate methodology and used the correct quarterly interest rates, as published on the Board's website? If not, please update the necessary schedules using the correct interest rates.

55. Ref: Exhibit E/Tab1/Sch2/p 2

PowerStream provides details and calculations of the proposed deferral and variance account rate rider by classification at Exhibit E/Tab1/Schedule 2/p 2 and has proposed a recovery period of two years.

a) Please provide a table similar to Table 1, at Exhibit E/Tab1/Schedule1/p1, as if the Board were to authorize the recovery of the requested accounts over a period of:
   i) one year;
   ii) three years.

56. Ref: Exhibit E/Tab1/Sch1/p3

PowerStream has requested disposition of the credit balance in Account 1588, excluding the global adjustment sub account.

a) PowerStream indicates one reason for the exclusion of the global adjustment is that, "there is some evidence that [self-correcting of this balance] is occurring." Please provide a summary of the evidence or underlying data upon which PowerStream bases these comments.

b) Please provide a continuity schedule of the ending balances in the account 1588 sub-account global adjustment on a monthly basis for the last two years. Does this data demonstrate that the balances are self-correcting? Please explain.

57. Ref: Exhibit E/Tab1/Sch1/pp 1 & 3

PowerStream proposes to dispose of Account 1590 with the April 30, 2008 balance and interest forecast to April 30, 2009, as per Continuity Schedule, Exhibit E/Tab1/Schedule1/p1.

a) What is the April 30, 2008 final balance? What is this balance with interest forecast to April 30, 2009? Please provide these balances, as the numbers in Table 4 on Exhibit E/Tab1/Schedule1/p1 are difficult to read.

b) Has there been a proper "true-up" as envisaged by the Board in its Phase 2 Decision in the Review and Recovery of Regulatory Assets? [RP-2004-0117, RP-2004-0118, RP-2004-0100, RP-2004-0069, RP-2004-0064 December 9, 2004 *Decision With Reasons, Recovery of Regulatory Assets - Phase 2*, Section 9.019] The Phase 2 Decision specifies that the rate rider associated with account 1590 be removed as of May 1, 2008. The Phase 2 decision clearly contemplates final disposal of account 1590 once the actual final residual balance is verified after April 30, 2008.

c) Has the actual final residual balance been verified after April 30, 2008? Has this balance been included and supported by the 2008 audited financial statements?

d) Has PowerStream followed the Board's accounting guidance with respect to the final balance in 1590 as at April 30, 2008, in particular August 2008 Frequently Asked Questions #6?

e) Was a review of the final balance in account 1590 undertaken in the preparation of the 2008 audited financial statements? If yes, please provide the regulatory asset or liability line item under which the balance was included and provide a copy of the 2008 audited financial statements.

58. Ref: Exhibit E/Tab1/Sch1/pp 3 - 5

PowerStream has applied for disposition of account 2425 – Other Deferred Credits with a total credit to customers of $148,224. PowerStream stated that, "[the balance in account 2425] is, for the most part, the difference between the interest accrued and the approved balance from the 2006 EDR, on load aggregation savings prior to market opening."

a) Please provide a more detailed description to explain the nature of the components of account 2425.

b) Does the "approved balance from the 2006 EDR" mean the approved carrying charges balance from the 2006 EDR, or does it include approved principal balances as well? If it means the approved carrying charges balance, why is there a discrepancy between the interest accrued and the approved carrying charges balance from the 2006 EDR, as the prescribed interest rate was fixed up to April 30, 2006?

c) Does the reference at Exhibit E/Tab1/Schedule1/p5 which refers to "load aggregation savings prior to market opening" mean that the balance in 2425 should have been part of account 1571, Pre-market Opening Energy Variance, which was cleared on a final basis in 2006 EDR?

d) If most of the balance in 2425 should have been part of account 1571, why is PowerStream seeking disposition of this balance now if the amount relates to an account (account 1571) that has been closed and was cleared on a final basis in 2006 EDR?

COST OF CAPITAL/DEBT (Exhibit F)

6.1 Is the proposed Capital Structure and Rate of Return on Equity for PowerStream's distribution business appropriate?

6.2 Are PowerStream's proposed costs and mix for its short and long-term debt for the 2009 test year appropriate?

59. Ref: Exhibit F/Tab1/Sch1 and Exhibit F/Tab1/Sch2 and Appendix1/Sch17 – Long-term Debt

a) In Exhibit F/Tab1/Schedule1/page 3/lines 27-39, PowerStream states that the senior unsecured debentures of $100 Million issued to the Electricity Distributors Finance Corporation ("EDFIN") have an interest rate of 6.45%. However, in Exhibit F/Tab1/Schedule 2 the Cost of Debt Continuity Schedules show an actual rate of 7.01% for the EDFIN debentures. Please reconcile the numbers, with explanation.

b) In Exhibit F/Tab1/Schedule1, Footnote 1 on page 3 states: "The two promissory notes are repayable 90 days following demand by the City [of Vaughan] or the Town [of Markham]. PowerStream classifies these promissory notes as long-term debt because neither the City or the Town intends to demand repayment within the next year. The interest on these promissory notes was deferred for eight quarters commencing October 1, 2006 for five years." In the Cost of Debt Continuity Schedules shown in Exhibit F/Tab1/Schedule2, PowerStream shows the deferred interest as new "debt" attracting further interest. Further, the tables shown in this latter Exhibit show the deferred interest as having terms ranging from 5 years to 7 years.
   i) Please explain the reasons for negotiating the deferment of interest expense payments.
   ii) Please provide further explanation of the treatment of the deferred interest as "debt", including the period over which interest is deferred and when repayment will start.
   iii) Given that PowerStream's approved distribution rates incorporate recovery of debt expense or interest, please explain the benefits to PowerStream's ratepayers of the deferment of interest payment.
   iv) The Continuity Schedules in Exhibit F/Tab1/Schedule2 document the deferred interest on the City of Vaughan Promissory Note as issued June 26, 2006, and the deferred interest on the Town of Markham Promissory Note with an issuance date of November 15, 2006. These dates appear to conflict with the October 1, 2006 date. Please provide further explanation and reconciliation.

c) Please provide the Cost of Debt Continuity Schedules and Cost of Capital calculation shown in Exhibit F/Tab1/Schedule2 in Microsoft Excel format, showing all inputs and calculations.

COST ALLOCATION AND RATE DESIGN (Exhibit H)

7.1 Is PowerStream's cost allocation appropriate?

60. Ref: Exhibit H/Tab1/Sch2/p1

Please file for the record an electronic copy of the 2009 Cost Allocation Study update referred to in evidence.

7.2 Are the proposed revenue to cost ratios appropriate? (Exhibit I)

61. Ref: Exhibit H/Tab1/Sch2/p1

Board staff notes that there are only two classes, Sentinel Lights and Streetlighing that are proposed to undergo significant changes in cost allocation so that the revenue to cost ratios achieve the minimum of the range for the class (ie, 70). In a number of previous Board Decisions, the Board has ruled that the LDC is to phase-in the revenue to cost ratio over a period of 2 or 3 years, so as to mitigate the rate impacts on these classes.

a) Please provide the bill impacts of this change for both classes. Please provide the impacts on:
   i) distribution only (excluding the Regulatory Assets credit),
   ii) total bill (excluding the Regulatory Assets credit), and
   iii) total bill (including the Regulatory Assets credit).

b) If the bill impact on the total bill is over 10% please explain why mitigation was not employed to address this issue.

RATE DESIGN (Exhibit I)

8.1 Are customer charges and the fixed-variable splits for each class appropriate?

62. Ref: Exhibit I/Tab6/Sch3

Preamble: PowerStream has proposed non-uniform increases and decreases to the fixed and (variable) volumetric charges across all rate classes. In the majority of classes the (variable) volumetric rate of the bill is increasing by well over 10%, while the fixed charge is relatively stable.

Please explain why the proposed Monthly Service Charges across the majority of classes are not changing at the same rate as the volumetric charges.

8.2 Are PowerStream's proposed rates appropriate?

8.3 Are the customer bill impacts appropriate?

63. Ref: Exhibiti/Tab6/Sch3/Tables 2 and 3

PowerStream provides typical bill impacts in this exhibit.

a) Please recreate "Table 2: Summary of Monthly Bill Impacts" to reflect the removal of PowerStream's proposed recovery of approximately $27.9M in regulatory assets over 2 years.

b) Board staff has created the table below from the "%" column in the "IMPACT" section of Table 3 for each class:

PowerStream's proposed changes to Volumetric Charges

Rate Class	Current Rate (in $/kW or $/kWh)	Proposed Rate	Increase/(Decrease) to Volumetric Rate
Residential	0.0131	0.0143	9.16%
GS<50kW	0.0114	0.0126	10.53%
GS>50kW	2.3627	2.7921	18.17%
Large Use	1.3036	0.4810	(63.10%)
USL	0.0114	0.0144	26.32%
Sentinel Lighting	6.0842	8.7643	44.05%
Street Lighting	3.4686	4.4812	29.19%

i) Please explain the significant increases to the distribution volumetric rates across all rate classes which PowerStream has proposed (with the noted exception of the large use class).

ii) Please explain why both the Monthly Service Charge and the volumetric charge for the Large Use class are decreasing by 63%.

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

64. Ref: Exhibit I/Tab5/Sch1 and "Electricity Distribution Retail Transmission Service Rates", Guideline G-2008-0001, October 22, 2008

Under the above referenced OEB Guideline, PowerStream is expected to file an update to its Cost of Service application with evidence to support a change in its Retail Transmission Service (RTS) rates. The adjustment to RTS rates is intended to eliminate future growth in variance accounts that are related to the pass-through of transmission costs.

a) Please file a table showing 2 years of PowerStream's wholesale Network and Connection costs charged by the host distributor, and its retail billings for Network and Connection service to its retail customers.

b) Please provide an analysis of the variances between costs and the corresponding revenues, and any trends in these amounts.

c) Please provide an analysis of what the variances would have been if the requested Total Loss Factor of 1.0330 had been in place instead of the current factor of 1.0368.

d) Please file proposed RTSR rates for each customer class that would adjust to the currently approved RTSRs to recover the wholesale cost of transmission service, based on the assumption that the Interim rates charged by Hydro One to embedded distributors effective May 1, 2008 had been in effect during the 2-year period in part a). Please provide the calculations used to derive the adjustment factors for the Network and Connection RTSR rates.

65. Ref: Exhibit I/Tab4/Sch1 and Hydro One IRM Application for 2009 Rates (EB-2008-0187)

Two events have occurred since the time when PowerStream was preparing to file its January 30, 2009 update. The final Hydro One LV rates were approved on January 28, 2009 and are lower than the interim rates effective May 1, 2008 (EB-2007-0681). In addition, Hydro One has applied for new rates, including sub-transmission rates proposed to take effect May 1, 2009 (EB-2008-0187).

a) Please update PowerStream's LV cost forecast assuming that the May 1, 2009 sub-transmission rates requested by Hydro One in its IRM application are approved.

b) Is PowerStream willing to adopt this proposed update to LV costs as set out in part a) of this question?

66. Ref: Exhibit G/Tab1/Sch2/p1 and Exhibit I/Tab4/Sch1/p3 and PowerStream Conditions of Service p40

Section 2.4.2.3 of PowerStream's Conditions of Service briefly discusses LV wheeling.

a) Please provide a copy of material that would be provided to an applicant applying for wheeling services. If no standard package of information is available, please provide a description of what a customer would be told in this situation.

b) Please describe the revenue obtained from the rates and charges for Wheeling in 2006 (actual), 2007 (actual), 2008, and forecast for 2009 (which is presumably $1,405,088). If the LV wheeling rates are affected by the results of the interrogatory directly above, please provide an update. If PowerStream cannot provide this data, please explain why.

c) Is revenue from LV Wheeling, $1,405,088 included in "Other Revenue" listed at Exhibit G/Tab1/Sch2/p1? If not, where is it included and recorded?

67. Ref: Exhibit E/Tab1/Sch1/p3

PowerStream indicates that current rates are over-collecting costs due to PowerStream's purchase of some of Hydro One's LV lines in its service area.

Please indicate any instances where customer bills will change considerably (in excess of a 10% increase or decrease to the distribution portion of the bill) as a direct result of the purchase of LV lines from Hydro One.

8.5 Are the proposed Loss Factors appropriate?

68. Ref: Exhibit D1/Tab1/Sch10/p1 Table 1

a) Please provide Total Loss Factor for PowerStream for 2005, and an average of 2003-2005. If PowerStream cannot provide this data, please explain why.

b) Please complete Board staff's Modified version of Schedule 10-5 (originally found in the 2006 EDR Handbook), below.

Modified Schedule 10-5: Determination of Loss Factors

rev 2009/mar/13

		Year1	Year2	Year3	3-yr Average
	Losses in Distributor's System				
A_1	"Wholesale" kWh delivered to distributor (higher value)				
A_2	"Wholesale" kWh delivered to distributor (lower value)				
B	Portion of "Wholesale" kWh delivered to distributor for Large Use Customer(s)				
C	Net "Wholesale" kWh delivered to distributor (A_2)-(B)				
D	"Retail" kWh delivered by distributor				
E	Portion of "Retail" kWh delivered by distributor for Large Use Customer(s)				
F	Net "Retail" kWh delivered by distributor (D)-(E)				
G	Loss Factor in distributor's system [(C)/(F)]				
	Losses Upstream of Distributor's System				
H	Supply Facility Loss Factor				
	Total Losses				
I	Total Loss Factor [(G)x(H)]				

Notes:

A_1

- If directly connected to IESO controlled grid, kWh pertain to metering installation on the primary or high voltage side of the transformer at the interface with the transmission grid. This corresponds to the "Without Losses" kWh value provided by the IESO's MV-WEB. This corresponds to the higher of the two kWh values provided by MV-WEB.
- If fully embedded within a host distributor, kWh pertains to virtual meter at the interface between the embedded distributor and the host distributor. For example, if the host distributor is Hydro One, kWh from the Hydro One invoice corresponding to "Total kWh w Losses" should be reported. This corresponds to the higher of the two kWh values provided by the Hydro One invoice.
- If partially embedded, kWh pertains to sum of above.

A_2

- If directly connected to IESO controlled grid, kWh pertain to metering installation on the secondary or low voltage side of the transformer at the interface with the transmission grid. This corresponds to the "With Losses" kWh value provided by the IESO's MV-WEB. This corresponds to the lower of the two kWh values provided by MV-WEB.
- If fully embedded within a host distributor, kWh pertains to virtual meter at the interface between the embedded distributor and the host distributor. For example, if the host distributor is Hydro One, kWh from the Hydro One invoice corresponding to "Total kWh" should be reported. This corresponds to the lower of the two kWh values provided by the Hydro One invoice.
- If partially embedded, kWh pertains to sum of above.
- Additionally, kWh pertaining to distributed generation should be included in A_2.

B

- If Large Customer is metered on the secondary or low voltage side of the transformer, the default loss is 1%, i.e. B = 1.01 x E.

D

- kWh corresponding to D should equal total of "total billed energy sales in kWhs for each rate class" in item 1 of Section 2.1.3 in Electricity Reporting and Record Keeping Requirements dated April 4, 2008.

G & I

- This loss factor pertains to secondary metered customers less than 5,000 kW.

H

- If directly connected to IESO controlled grid, SFLF = 1.0045.
- If fully embedded within a host distributor, SFLF = loss factor re losses in transformer at grid interface x loss factor re losses in host distributor's system. If host distributor is Hydro One, SFLF = 1.0060 x 1.0278 = 1.0340.
- If partially embedded, SFLF is weighted average of above.

8.6 Are the proposed Regulatory Asset (Deferral and Variance Account) rate riders appropriate?

69. Ref: Exhibit E/Tab1/Sch1/p1 and Exhibit E/Tab1/Sch2/p1

PowerStream has proposed the recovery of accounts 1508, 1518, 1550, 1580, 1582, 1584, 1586, 1588 (excluding global adjustment), 1590, and 2425. At Exhibit E/Tab1/Schedule2/p1, PowerStream provides a Deferral and Variance Account Rate Rider Model ("Rider Model").

a) For the existing Rider model, please indicate if PowerStream has deviated from allocators that were used for the respective accounts in the 2006 model for regulatory asset recovery rate riders. (e.g. change to allocators on the basis of kWh, #customers, distribution revenue).

b) Please prepare a hypothetical new Rider model which assumes the Board authorizes clearance of only the following account numbers: 1508, 1518, 1550, 1580, 1582, 1584, 1586, 1588 (including global adjustment), and 2425. Please clearly indicate the balance to be collected or refunded based on both a two (2) and a three (3) year rider clearance. Comment on how this would affect PowerStream's distribution bill impacts.

c) Prepare a similar table, disposition, and commentary as in part (b) of this question assuming the Board authorizes clearance of only the following account numbers: 1508, 1518, 1550, and 2425.

8.7 Is the Smart Meter rate adder change appropriate?

70. Ref: Exhibit I/Tab3/Sch2

In the Combined Smart Meter Proceeding (EB-2007-0063), PowerStream was allowed recovery of $74,000 for smart meter related expenditures. Please explain how this amount was treated and if required, please reflect this expenditure in the summary of actual costs.

RATE IMPLEMENTATION

9.1 Is it appropriate to declare rates interim as of May 1, 2009?

9.2 What is the appropriate effective date of the proposed rates? What mechanism (if any) should be used to recover any shortfall, or refund any over-collection, after May 1, 2009?

OTHER ISSUES

10.1 Is the LRAM and SSM proposal appropriate? (Exhibit I)

71. Ref: Exhibit I/Tab2/Sch1

Re: Input and Avoided Cost Assumptions: Has PowerStream deviated from the list of input assumptions or avoided cost assumptions posted on the Board's website? If so, please provide detailed evidence to support the alternative data. This evidence should include (at a minimum): a completed "Input Assumptions Template," which can be found in Appendix C of EB-2008-0037, Guidelines for Electricity Distributor Conservation and Demand Management ("the Guidelines").

72. Ref: Exhibit 1/Tab2/Sch1/pp 7 - 9 (Tables 7A, 7B, 7C)

a) It is unclear to Board staff how PowerStream determined the distribution rates used to calculate LRAM, as they do not appear consistent with PowerStream's Board-approved Tariff of Rates and Charges for any of PowerStream's rate zones.

   Please explain how the rates used to calculate LRAM were determined. If the rates used are different than those listed in PowerStream's Board-approved Tariff of Rates and Charges, please explain why PowerStream believes the rates used are appropriate.

b) It is also unclear to Board staff why a partially effective factor of 1.00 was used for Keep Cool – RAC Energy Star (in 2006), Keep Cool – RAC Retirement (in 2006), A/C Retirement (in 2007), given that Tables 7B, and 7C, respectively, indicate that these programs started mid-year.

c) Table 7B provides a breakdown of the Co-Branded Mass Market program into separate initiatives, and lists differing start dates for the initiatives. Table 7A shows only aggregate results for the Co-Branded Mass Market program, and indicates that it began on October 1, 2005.

i) Please list the individual initiatives that comprised the Co-Branded Mass Market program in 2005 that are included in the LRAM calculation.

ii) Please confirm whether all of these initiatives started on October 1, 2005.

73. Ref: Exhibit 1/Tab /Sch1/pp10 - 12 (Tables 8A, 8B, 8C)

Re: SSM Calculations: Table 8B provides a breakdown of the Co-Branded Mass Market program into separate initiatives, and lists the free rider rate for each of the initiatives. Table 8A shows only aggregate results for the Co-Branded Mass Market program, and indicates that the free rider rate applied was "5 to 10%".

a) Please list the individual initiatives that comprised the Co-Branded Mass Market program in 2005 that are included in the SSM calculation.

b) Please provide the free rider rate applied to each of the individual initiatives that comprised the Co-Branded Mass Market program in 2005.

c) The Board's "Guidelines for Electricity Distributor Conservation and Demand Management", issued March 28, 2008, state, in part:

> "The SSM is not available for utility-side expenditures or programs that are not funded through distribution rates, such as those funded by the OPA."

For 2006 and 2007, the OPA's Every Kilowatt Counts Spring and Fall Campaigns were included in PowerStream's request for SSM incentive recovery. Please confirm whether these programs are funded by the OPA. If yes, please explain why these OPA-funded programs should be eligible for SSM recovery.

74. Ref: Exhibit 1/Tab2/Sch1/pp10 - 12 (Table 8B)

The "Free Ridership" column in Table 8B indicates that a free rider rate of 10% was used for the EKC Fall P Stats (space cooling) program. However, the value listed as the Net kW Savings is not consistent with a 10% free rider rate. Please clarify the free rider rate used for the EKC Fall P Stats (space cooling) program.

10.2 Is service quality in relation to the OEB specified performance indicators acceptable?

-end-