

**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 PowerStream Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2009

**ENERGY PROBE INTERROGATORIES: POWERSTREAM INC.**

## Energy Probe Interrogatory #1

**Ref: Exhibit A2, Tab 1, Schedule 1, Table 1 (Updated)**

**Question:**

**Are the figures shown in the 2008 Bridge Year column all actual figures? If not, please update this table to show actual 2008 figures.**

**Response:**

The figures shown for the 2008 Bridge Year are 2008 estimated figures. 2008 actual figures, are presented in the table below.

Please note that the following table is based on unaudited 2008 financial statements.

**Table EP 1-1: PowerStream Revenue Requirement (\$ Millions)**

	<b>2006 OEB Approved</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 As Filed</b>	<b>2008 Actual</b>	<b>2009 Test Year</b>
OM&A Expenses <sup>a, d</sup>	38.3	38.8	42.7	39.7	44.6	45.1
Depreciation <sup>d</sup>	26.6	28.2	29.8	33.1	31.8	36.6
Target Net Income <sup>c</sup>	15.9	16.0	16.7	16.9	16.9	17.9
Interest <sup>c</sup>	16.3	16.4	17.1	17.4	17.4	18.4
Taxes <sup>b</sup>	11.3	9.9	10.9	7.6	9.0	8.9
<b>Service Revenue Requirement</b>	<b>108.4</b>	<b>109.3</b>	<b>117.2</b>	<b>114.7</b>	<b>119.8</b>	<b>126.9</b>
Revenue Offsets	6.1	7.0	7.4	7.4	7.7	6.6
<b>Base Revenue Requirement</b>	<b>102.3</b>	<b>102.3</b>	<b>109.8</b>	<b>107.3</b>	<b>112.2</b>	<b>120.3</b>

<sup>a</sup> OM&A expenses are adjusted to remove non-distribution items.

<sup>b</sup> Taxes include tax amount from draft 2008 financial statements and Ontario Capital Tax, to make the numbers comparable with those calculated by EDR model and PILS model.

<sup>c</sup> Target Net Income and interest for 2008 are estimated based on 2008 cost of capital parameters, as per PowerStream's 2009 EDR model.

<sup>d</sup> As described in A2-1-3, Table 1, the main reasons for the increased base revenue requirement in 2009 are increased in depreciation due to rate base additions since 2004 and an increase in OM&A.

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**Energy Probe Interrogatory # 2**

**Ref: Exhibit B1, Tab 1, Schedule 1, Table 1 (Updated)**

**Question:**

**Please update Table 1 to reflect actual figures for 2008.**

**Response:**

Please note that the following table is based on unaudited 2008 financial statements.

**Table EP 1-2: Rate Base (\$000)**

	<b>2006 OEB Approved</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 As Filed</b>	<b>2008 Actual</b>	<b>2009 Forecast</b>
Net Fixed Assets (a)	370,270	367,978	382,885	415,790	415,218	459,051
Working Capital Allowance (b)	70,365	77,168	79,866	78,785	79,477	74,781
Rate Base (a) + (b)	440,635	445,147	462,751	494,575	494,695	533,832
\$ Change YOY	--	4,512	17,604	31,824	31,944	39,257
% Change YOY	--	1%	4%	7%	7%	8%
\$ Change 2009 to 2006 EDR Approved	--	--	--		--	93,197
% Change 2009 to 2006 EDR Approved	--	--	--		--	21%

**Energy Probe Interrogatory # 3**

**Ref: Exhibit B1, Tab 2, Schedule 1, page 1**

**Question:**

- a) Please provide, when available, a copy of the 2009-2013 Five Year Capital Plan.**
- b) Given the change in economic circumstances since April 30, 2008 when the 2008-2012 Five Year Capital Plan was done, have any adjustments to the 2009 capital expenditure forecast been made? Please explain the rationale for any changes. If no changes have been made, please explain why.**

**Response:**

- a) The next plan will need to reflect the merged entity and will, accordingly, be available at a later date.
- b) Please see Staff-2b.

**Energy Probe Interrogatory # 4**

**Ref: Exhibit B1, Tab 4, Schedule 2, Table 2**

**Question:**

**Please update Table 2 to reflect actual 2008 capital additions.**

**Response:**

PowerStream's capital program is characterized by a few very large projects. 2008 actuals were predominately influenced by a large delayed expenditure from 2007 (Head Office at \$6.2 M), and a large postponed expenditure into 2009 (Markham TS at \$8.8 M). This represents a net under spending in 2008 of \$2.6 M.

Additionally, the following projects have been added in 2008:

- Unplanned Equipment Failures \$1.4 M
- New Overhead Feeders \$1.9 M

Refer to Staff-10 for a description of the postponed, cancelled and deferred projects.

**Energy Probe Interrogatory # 5**

**Ref: Exhibit B1, Tab 7, Schedule 1, page 16 – 23**

**Question:**

- a) Please update the variance analysis for 2008 Bridge Year to 2007 Actual and the 2009 Test Year to 2008 Bridge Year to reflect actual 2008 figures.
- b) Are any changes contemplated for 2009 capital additions based on different levels of additions in 2008 as compared to forecast? If so, please explain.

**Response:**

a)

**Table EP 5-1: Fixed Assets at Cost - Year over Year Change**  
*(Amounts in thousands of dollars)*

<b>Asset Group</b>	<b>2006 Actual vs. Board Approved</b>	<b>2007 Actual vs. 2006 Actual</b>	<b>Actual 2008 vs. Actual 2007</b>	<b>Test Year vs. 2008 Actual Year</b>
Land and Buildings	\$ 6,156	\$ 275	\$ 3	\$ 3,500
Capital Lease - Operations Centre	\$ -	\$ -	\$ -	\$ -
TS Primary Above 50	\$ 9,570	\$ 5,670	\$ 7,713	\$ 6,998
DS	\$ 1,932	\$ 1,295	\$ 891	\$ 34
Poles, Wires	\$ 57,446	\$ 28,038	\$ 16,680	\$ 57,427
Line Transformers	\$ 22,366	\$ 9,215	\$ 10,580	\$ 10,543
Services and Meters	\$ 15,360	\$ 16,385	\$ 5,884	\$ 3,764
General Plant	\$ 1,809	\$ (334)	\$ 25,878	\$ -
Equipment	\$ 303	\$ 1,350	\$ 3,839	\$ 1,603
IT Assets	\$ 5,811	\$ 4,291	\$ 3,935	\$ 4,133
CDM Assets	\$ (1,620)	\$ -	\$ -	\$ -
Other Distribution Assets	\$ 748	\$ 526	\$ 1,286	\$ 288
Contributions and Grants	\$ (55,301)	\$ (9,527)	\$ (19,614)	\$ (18,486)
<b>TOTAL</b>	<b>\$ 64,579</b>	<b>\$ 57,182</b>	<b>\$ 57,075</b>	<b>\$ 69,805</b>

- b) There are no changes to the quantum of 2009 capital additions as a result of 2008 actual additions.

**Energy Probe Interrogatory # 6**

**Ref: Exhibit B1, Tab 7, Schedule 2**

**Question:**

- a) Please updates each of the three continuity schedules to reflect 2008 actual figures.
- b) Please explain the difference in gross asset retirements for Equipment (\$947,000) and the accumulated depreciation retirements for this category (\$410,000).
- c) Please reconcile the gross asset additions shown on page 2 for 2007, 2008 and 2009 with the capital additions shown in Exhibit B1, Tab 4, Schedule 2, Table 1 and indicate the change in construction-work-progress for each year.

**Response:**

- a) Please see Schedule EP 6-1.
- b)
  - The retirements were for vehicles that are expected to be disposed of.
  - Original 2007 data indicated that occasional units could be disposed of without being fully depreciated. Hence, the accumulative deprecation was estimated at 43% of cost. However, discussions with accounting and fleet management staff indicated that the accumulative depreciation should have been much closer to the asset cost.
- c) The table below compares the additions to fixed assets on an accounting basis to the additions on a capital spending basis.

**Table EP 6-1 Gross Asset Additions vs. Capital Spending Comparison**

<b><u>2007</u></b>	<b><u>(\$000)</u></b>	
<b>Gross Fixed Assets - Additions</b>	61,863	B1-7-2, page 2
<b>Capital Additions (spending)</b>	<u>67,389</u>	B1-4-2 Table 2
Difference	<u>(5,526)</u>	
Reconciling differences:		
WIP change	(21,071)	
Smart metering difference	(865)	
Contributed capital difference	16,262	
Other	<u>148</u>	
	<u>(5,526)</u>	

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<b><u>2008</u></b>	<b><u>(\$000)</u></b>	
<b>Gross Fixed Assets - Additions</b>	73,474	B1-7-2, page 2
<b>Capital Additions (spending)</b>	<u>66,446</u>	B1-4-2 Table 2
Difference	<u>7,028</u>	
Reconciling differences:		
WIP change	13,915	
Smart meters in 1555 not fixed assets	(6,994)	
Other	<u>107</u>	
	<u>7,028</u>	

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<b><u>2009</u></b>	<b><u>(\$000)</u></b>	
<b>Gross Fixed Assets - Additions</b>	86,464	B1-7-2, page 2
<b>Capital Additions (spending)</b>	<u>85,241</u>	B1-4-2 Table 2
Difference	<u>1,223</u>	
Reconciling differences:		
WIP change	14,217	
Smart meters in 1555 not fixed assets	(12,975)	
Other	<u>(19)</u>	
	<u>1,223</u>	

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**The Gross Fixed Asset Continuity schedule additions includes capital spending in the year plus opening work in process (WIP) less closing WIP. Capital assets are transferred from WIP to the fixed assets when the asset is put into service.**



**Energy Probe Interrogatory # 7**

**Ref: Exhibit B2, Tab 1, Schedule 2, page 2 (Updated)**

**Question:**

**If available, please update the commodity component of the cost of power to reflect the April, 2009 Navigant forecast of HOEP.**

**Response:**

The commodity component of cost of power is revised according to the Navigant Ontario Wholesale Electricity Price Forecast report from April 15, 2009. The commodity price estimate is reduced to \$0.046/kWh.

**Table EP 7-1 Working Capital Calculation:**

	<b>2006 OEB Approved</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Bridge Year</b>	<b>2009 Test Year</b>
Cost of Power	\$430,820	\$475,661	\$489,777	\$485,582	\$420,250
Operating Expenses	38,283	38,795	42,665	39,649	45,098
Total for Working Capital calculation	469,103	514,456	532,442	525,231	465,348
Working Capital Allowance (at 15%)	\$70,365	\$77,168	\$79,866	\$78,785	\$69,802
<b>% change to 2006 EDR</b>					<b>-0.80%</b>
<b>\$ change (YOY)</b>		<b>\$6,803</b>	<b>\$2,698</b>	<b>(\$1,081)</b>	<b>(\$8,983)</b>
<b>% change (YOY)</b>		<b>9.70%</b>	<b>3.50%</b>	<b>-1.40%</b>	<b>-11.40%</b>

**Energy Probe Interrogatory # 8**

**Ref: Exhibit B2, Tab 1, Schedule 3 (Updated)**

**Question:**

**Do any of the OM&A expenses shown include any re-allocation of depreciation & amortization expenses? If yes, please indicate the amount of depreciation & amortization that has been re-allocated to OM&A in 2009.**

**Response:**

Please see the response to SEC-17.

**Energy Probe Interrogatory # 9**

**Ref: Exhibit C1, Tab 1, Schedule 1**

**Question:**

**Please provide copies of the forecasts from the six major Canadian banks as of January 8, 2009 referred to in the evidence.**

**Response:**

January 8, 2009 refers to the date of the retrieval of our source document data from the Internet.

See Schedule EP 9 for the requested information.

**Energy Probe Interrogatory # 10**

**Ref: Exhibit C1, Tab 1, Schedule 2**

**Question:**

- a) **On what basis did PowerStream select Model 4 as the most accurate as indicated on page 4?**
- b) **The graph in Table 5 appears to show clear trends in both HDD and CDD.**
  - i) **Please provide the forecasted HDD and CDD for 2009 based on the trend lines shown in the graph in Table 5.**
  - ii) **Please provide the consumption, demand and revenue forecasts (shown in Tables 1 and 2 of Exhibit C1, Tab 1, Schedule 1) if the HDD and CDD forecasts provided in (i) above were used in the forecast.**
- c) **Please provide the consumption, demand and revenue forecasts (shown in Tables 1 and 2 of Exhibit C1, Tab 1, Schedule 1) for each of Models 3, 5 and 6 shown in Table 3.**
- d) **Please provide the consumption, demand and revenue forecasts ( shown in Tables 1 and 2 of Exhibit C1, Tab 1, Schedule 1) for each of Models 3, 5 and 6 and the HDD and CDD forecasts from part (i) of (b) above.**
- e) **Why did PowerStream use an equation to forecast total energy purchases rather than using individual equations to forecast total energy billed by rate class?**
- f) **Please provide all the data used in estimating the various models shown in Table 3, including HDD, CDD, GDP index, peak hours, number of customers, personal disposable income, York population, energy price and total energy purchased in a live Excel spreadsheet.**
- g) **Please recalculate the normalized actuals shown in Table 1 based a definition of normalized weather conditions being the ten year average of HDD and CDD ending the year before the year being normalized. For example, calculate the normalized actual figure for 1998 based on the average HDD and CDD for the 1988 through 1997 period.**
- h) **Why has the proration of the OPA forecast of CDM for the Greater Toronto Area been based on population rather than actual energy consumption in the GTA?**

- i) Please recalculate the reductions in MWH and MW found in Table 14 if actual energy consumption by PowerStream customers relative the actual consumption in the GTA is used to prorate the CDM forecasts.**
- j) Please provide the estimated distribution and specific supply factor (SPP) losses referred to on page 18 and provide all assumptions and data used to generate these estimates.**
- k) Please provide a version of Table 16 that shows the historic kWh allocation by rate class for each class for each year 1998 through 2008.**
- l) Please provide a version of Table 17 that shows the historic relationship between billed kWh and kW demand by rate class for each rate class for each year 1998 through 2008.**

**Response:**

- a) Please refer to Staff-23.
- b)(i) Trend lines for HDD and CDD in Exhibit C1/Tab 1/Schedule 2, Table 5, page 7 are based on the actual annual HDD and CDD values from 1990 to 2008. In order to develop monthly energy purchases, weather inputs for the 2009 load projection are based on monthly normal HDD and CDD data, which represents an average of actual results over a 10-year period.  
  
The HDD forecast for 2009 using a trend line model is 3,674 versus the total monthly HDD of 3,692 used in the load forecast model. The CDD forecast for 2009 using a trend line model is 417 versus the 2009 total of 380 monthly CDD used in the load forecast model.
- (ii) PowerStream's load forecast methodology calculates purchases on a monthly basis using monthly HDD and CDD. The trend line model used to derive total annual HDD and CDD values for IR 10(b) (i) is based on the yearly data. PowerStream's load forecast methodology cannot generate the requested information from the annual forecasted HDD and CDD values obtained from the trend lines in b)(i) above.
- c) Models 5 & 6 were rejected after the detailed statistical analysis. Two explanatory variables - Customer Count and Personal Disposable Income - even though suggested by the models, were rejected based on the detailed analysis of the statistical output. PowerStream concluded that these models provided data that is less reliable. This is discussed in Staff-23. Accordingly this information was not used to generate consumption, demand or revenue numbers.

Both independent variables displayed “too much multicollinearity” (i.e. the independents are highly inter-correlated): the more the multicollinearity, the lower the tolerance, the more the standard error of the regression coefficients. When tolerance is close to 0 there is high multicollinearity of that variable with other independents. As a rule of thumb, if tolerance is less than 0.20, a problem with multicollinearity is indicated. To assess multivariate multicollinearity, one uses tolerance or VIF, which build in the regression of each independent on all the others.

**Table EP 10-1: Collinearity Statistics**

Model	Collinearity Statistics	
	Tolerance	VIF
5 (Constant)		
GDP	0.044	22.899
CDD	0.492	2.032
HDD	0.488	2.049
Hours	0.981	1.019
Customer_Count	0.044	22.929
6 (Constant)		
GDP	0.039	25.518
CDD	0.492	2.033
HDD	0.487	2.052
Hours	0.976	1.024
Customer_Count	0.016	61.358
PDI	0.016	61.765

The highest F-test value suggested was for Model 3, however, a decision was made to use Model 4, even though the F-test statistics is slightly lower (745 vs. 782). Model 4 includes the time factor - Monthly Peak Hours variable - that helps explaining peaks in the underlying data set (i.e. the load profiles during holidays and weekend days deviate from the typical behaviour). Below is the consumption, demand and revenue forecast based on the output of Model 3.

**Table EP 10-2: Consumption, Demand and Revenue Forecast**

	2009 Test Year Model 3	2009 Test Year Model 4
Consumption, KWH	6,830,540,736	6,829,307,310
Demand, KW	10,402,840	10,400,971
Customer Count	251,638	251,638
Total Distribution Revenue	\$111,357,038	\$111,346,434
Variance Analysis (units)	Model 3 vs. Model 4	
Consumption, KWH	-1,233,426	
Demand, KW	-1,869	
Customer Count	0	
Total Distribution Revenue	-\$10,604	
Variance Analysis (%)	Model 3 vs. Model 4	
Consumption, KWH	-0.018%	
Demand, KW	-0.018%	
Customer Count	0.000%	
Total Distribution Revenue	-0.010%	

- d) See responses to 10(b)(ii) and 10(c).
- e) PowerStream did not develop a forecast of sales by rate class based on the unavailability of accurate, reliable and consistent consumption and demand time series data by rate class prior to 2006 due to the PowerStream merger and Aurora acquisition.
- f) See Exhibit EP 10-1.

- g) **Table EP 10-3: Historic Annual Energy Purchases (GWH)**  
**- Revised 10 Year Average HDD and CCD Basis:**

Year	Actuals	Normalized Actuals	Change	% Change	Cumm. AVG Growth
1998	4,981	4,947			
1999	5,401	5,263	316	6.4%	6.4%
2000	5,674	5,693	430	8.2%	4.7%
2001	5,998	5,933	240	4.2%	4.5%
2002	6,480	6,266	333	5.6%	4.7%
2003	6,506	6,488	222	3.5%	4.5%
2004	6,653	6,762	274	4.2%	4.4%
2005	7,072	6,870	108	1.6%	4.0%
2006	6,951	6,958	88	1.3%	3.6%
2007	7,124	7,053	95	1.4%	3.4%
2008	6,992	7,085	32	0.5%	3.1%
Average 1998 - 2005			302	5.4%	
Average 2005 - 2008			81	1.2%	

- h) PowerStream considered the use of population statistics as a mean of prorating the OPA forecast of CDM for the Greater Toronto Area as appropriate for the following reason: given that the OPA's Regional Reference Forecast is prepared on the regional level, using Ontario Electric Zones and Corresponding Census Divisions, PowerStream considered the use of population statistics appropriate as a means of pro-ration. This statistic by region is publicly available in a single source on the Statistics Canada website, which ensures the reliability and accuracy of the data. As such, PowerStream was able to quantify the effect of CDM initiatives that apply to the PS service territory. It would be difficult to ensure that the actual energy consumption for the GTA could be supportable based on the availability of the data from multiple sources.
- i) Please refer to EP-10(h), above.
- j) The estimated loss adjustment factor used to determine the distribution sales forecast for 2009 is 1.0330. Please refer to Exhibit D1/Tab1/Schedule 10, pages 1 to 5 for more details.
- k) Accurate and reliable historical customer consumption, demand and customer count data by rate class is not available in a consistent manner for all classes prior to 2006 as a result of the PowerStream merger and Aurora acquisition. Data for 2006 onwards is presented in the tables below.



**Table EP 10-4: Proportion of Consumption by Class**

Year	Residential	GS <50 kW	USL	GS>50 kW	TOU	Large User	Street Lighting	Sentinel
2006	29.46%	11.63%	0.11%	56.98%	0.74%	0.47%	0.61%	0.01%
2007	29.59%	11.68%	0.12%	56.63%	0.87%	0.47%	0.63%	0.01%
2008	30.31%	11.97%	0.13%	55.63%	0.88%	0.44%	0.63%	0.01%

**Table EP 10-5: 3-Year Average Proportion of Consumption by Class**

Year	2006	2007	2008	3-year average
Residential	29.46%	29.59%	30.31%	29.79%
GS <50 kW	11.63%	11.68%	11.97%	11.76%
USL	0.11%	0.12%	0.13%	0.12%
GS>50 kW	56.98%	56.63%	55.63%	56.41%
TOU	0.74%	0.87%	0.88%	0.83%
Large User	0.47%	0.47%	0.44%	0.46%
Street Lighting	0.61%	0.63%	0.63%	0.62%
Sentinel	0.01%	0.01%	0.01%	0.01%
	100.00%	100.00%	100.00%	100.00%

- l) Accurate and reliable historical customer consumption/ and demand data by rate class is not available in a consistent manner for all classes prior to 2006 as a result of the PowerStream merger and Aurora acquisition. Updates of Table 17 based on the consumption and demand data available is found below.

**Table EP 10-6: Updated Consumption and Demand Information**

	GS>50 kW	TOU	Large User	Street-Lighting	Sentinel	Total
<b>2006</b>						
Energy Sales kWh	3,864,103,052	49,798,370	32,062,159	41,183,165	449,672	3,987,596,418
Billed Demand kW	9,795,059	78,934	87,328	112,325	1,145	10,074,791
Demand as % of Energy Sales	0.25%	0.16%	0.27%	0.27%	0.25%	1.21%
<b>2007</b>						
Energy Sales kWh	3,854,553,131	58,792,355	31,986,565	42,585,750	469,111	3,988,386,912
Billed Demand kW	10,102,296	95,040	86,879	118,262	1,243	10,403,720
Demand as % of Energy Sales	0.26%	0.16%	0.27%	0.28%	0.26%	1.24%
<b>2008</b>						
Energy Sales kWh	3,794,823,425	60,456,799	30,339,590	44,133,043	530,185	3,930,283,042
Billed Demand kW	10,125,964	95,946	80,893	139,797	1,356	10,443,956
Demand as % of Energy Sales	0.27%	0.16%	0.27%	0.32%	0.26%	1.26%
<b>Average 2006-2008</b>						
Energy Sales kWh	3,837,826,536	56,349,175	31,462,771	42,633,986	482,989	3,968,755,457
Billed Demand kW	10,007,773	89,973	85,033	123,462	1,248	10,307,489
Demand as % of Energy Sales	0.26%	0.16%	0.27%	0.29%	0.26%	1.24%

**Energy Probe Interrogatory # 11**

**Ref: Exhibit C1, Tab 1, Schedule 3**

**Question:**

- a) **Did PowerStream review whether or not housing starts were a good predictor of customer growth? If not, why not?**
- b) **Please provide the historical number of customers for each of the commercial classes over the period 2002 through 2008. Please also provide the forecast of customers for each class in 2009.**
- c) **Table 1 shows net residential additions for 2008 of 6,046. If this is not the actual net residential additions for 2008, please provide the net additions for 2008.**
- d) **Please provide the net commercial additions for 2008 for each rate class and compare these figures to the forecast net commercial additions by class for 2008.**
- e) **Please update Table 2 to reflect actual figures for 2008.**

**Response:**

- a) Housing starts were considered as a predictor of future customer growth, however were rejected as a viable and defensible option, because of issues with the availability of forecast data from the respective Municipalities.
- b) Accurate and reliable historical customer class data by rate class is not available in a consistent manner for all classes prior to 2006 as a result of the PowerStream merger and Aurora acquisition.

**Table EP 11-1: Historical Customer Class Data by Rate Class**

Rate Class	2006	2007	2008F	2009F	Growth rate comm. classes
Residential	200,794	207,783	214,353	221,376	
GS < 50	22,021	22,698	23,348	23,998	650
USL	2,006	2,028	2,088	2,148	60
GS > 50	3,644	3,708	3,833	3,960	125
GS TOU	2	2	2	0	0
Large User	4	1	1	1	0
Sentinel Lights	148	144	142	142	0
Street Light Customers	47	13	13	13	0
<b>Total Customers</b>	<b>228,666</b>	<b>236,377</b>	<b>243,780</b>	<b>251,638</b>	<b>835</b>

- c) The projected net additions of 6,046 for 2008 represent baseline additions (i.e. growth/expansion impact) to the 2007 customer base. This number was further adjusted by 524 to incorporate an effect of PowerStream's forecast of individually

meter (suite meter) multi-residential units. Consequently, the total projected residential growth incorporated into the model for 2008 is 6,570. Total residential additions in 2008 were 7,540; 2,400 of this growth are attributable to the effect of PowerStream's forecast of individually meter (suite meter) multi-residential units. Consequently, actual net residential additions, excluding the effect of suite metering are 5,140.

d) **Table EP 11-2: Net Commercial Additions**

Rate Class	2007 Actual	2008 Actual	2008 Net Commercial Additions	Projected Commercial Additions	Variance
GS < 50	22,698	23,268	570	650	-80
USL	2,028	2,072	44	60	-16
GS > 50	3,708	3,907	199	125	74
GS TOU	2	2	0	0	0
Large User	1	1	0	0	0
Sentinel Lights	144	141	-3	0	-3
Street Light Customers	13	15	2	0	2
<b>Total Customers</b>	<b>28,594</b>	<b>29,406</b>	<b>812</b>	<b>835</b>	<b>-23</b>

e) **Table EP 11-3: Customer Count and Growth-Updated with 2008 Actuals**

Year	Customer Count	Growth Volume	Growth Rate (%)
1998	154,444	7437	
1999	163,739	9,295	6.00%
2000	175,293	11,554	7.10%
2001	185,558	10,265	5.90%
2002	196,160	10,602	5.70%
2003	205,196	9,036	4.60%
2004	213,147	7,951	3.90%
2005	219,970	6,823	3.20%
2006	228,666	8,696	4.00%
2007	236,377	7,711	3.40%
2008	244,729	8,352	3.53%
<b>2009 Projected</b>	<b>251,638</b>	<b>6,909</b>	<b>2.82%</b>

**Energy Probe Interrogatory # 12**

**Ref: Exhibit C1, Tab 1, Schedule 4**

**Question:**

- a) Please update Table 1 to reflect actual and normalized actual revenues for 2008.
- b) The evidence states that distribution revenue in 2008 and 2009 is lower than historical levels as a result of decreased variable distribution revenue related to CDM initiatives. However, Table 1 shows that 2008 total distribution revenue is significantly higher than 2006 or 2007. Please reconcile.
- c) Please update Table 2 to reflect actual figures for 2008.
- d) Please provide all the data and assumptions used to calculate the normalized consumption (kWh/customer) shown for 2006 through 2009 for both the residential and GS < 50 kW classes shown in Table 7. If the 2008 figure is not based on actual and normalized actual information, please update Table 7 and provide the assumptions and data used to generate the actual figures for 2008.
- e) What is driving the significant reductions in average use in 2009 as compared to 2008?
- f) Does PowerStream have normalized average use figures for the residential and GS < 50 kW classes prior to 2006? If yes, please provide them in a table similar to Table 7.
- g) If the 2008 figures provided in Table 6 (customer count by class) is not based on actuals, please update this table to reflect 2008 actual figures.

**Response:**

a) **Table EP 12-1: Actual and Normalized Actual Revenue for 2008**

	2006 OEB Approved	2006 Actual Normalized	2007 Actual Normalized	2008 Actual*	2008 Actual Normalized	2009 Test Year
Fixed and Variable Charge	102,837,941	107,164,024	109,795,890	112,708,076	113,710,398	113,897,531
Transformer Credit	(2,079,674)	(1,938,668)	(1,903,317)	(2,218,399)	(2,218,091)	(2,551,097)
Total Distrib. Revenue	100,758,267	105,225,356	107,892,573	110,489,677	111,492,307	111,346,434
% growth Year over Year		4.4%	2.5%			

NOTE: 2008 actuals represent calculated amount from the rate model.

- b) The statement “Distribution revenue in 2008 and 2009 is lower than historical levels as a result of decreased variable distribution revenue related to CDM initiatives” was made in error. Although PowerStream’s service area has been experiencing growth at a rate of approximately 3% and distribution revenues have been adjusted formulaically based on the 2GIRM adjustment, year over year growth in distribution revenue has not increased at the same rate. The evidence shows that the trend in year over year growth in distribution revenue is below the growth trends. In 2009, this is attributable to the impact of CDM initiative on variable distribution revenue.

c) **Table EP 12-2: Consumption, Demand and Customer Count Actuals for 2008**

	2006 OEB Approved	2006 Actual	2007 Actual	2008 Actual	2009 Test Year
Consumption, KWH	6,425,946,366	6,710,324,626	6,832,453,515	6,814,690,452	6,829,307,310
Demand, KW	9,415,073	10,111,363	10,403,720	10,443,956	10,400,971
Customer Count		228,666	236,377	244,729	251,638

- d) The calculations are based on 2008 actual normalized consumption (Exhibit C1/Tab 1/Schedule 4, Page 5) divided by customer count as provided in Exhibit C1/Tab 1/Schedule 4, Table 6.
- e) The reduction in average use is mainly related to changes in consumption identified in the residential and small commercial/industrial customers. PowerStream has noted this decline which has been occurring over time. Some of the reason for this decline can be attributable to conservation awareness by customers who may implement energy efficiency improvements or use higher efficiency appliances. The increased energy prices over the years may also be a factor causing customer to change consumption patterns.

Changes in customer consumption patterns within individual rate classes as a result of CDM initiatives and the economic slowdown has contributed to the reductions in average use in 2009.

- f) Accurate and reliable historical customer consumption and demand data by rate class is not available in a consistent manner for all classes prior to 2006 as a result of the PowerStream merger and Aurora acquisition.

g)

**Table EP 12-3: Customer Connections - Updated Actual for 2008**

Number of Customers (Connections)					
	Board Approved	Actual Normalized	Actual Normalized	Actual Normalized	Test Year
	2006 #	2006 #	2007 #	2008 #	2009 #
Residential	187,044	197,091	204,330	211,459	218,157
GS Less Than 50 kW	20,678	21,557	22,472	23,032	23,700
GS 50 to 4,999 kW	3,333	3,628	3,647	3,809	3,902
GS 50 to 4,999 kW Legacy	2	2	2	2	1
Large Use	5	4	1	1	1
Unmetered Scattered Load	2,167	2,154	2,030	2,060	2,121
Sentinel Lighting	259	153	145	141	142
Street Lighting	51,845	55,588	58,447	60,621	63,805
<b>TOTAL</b>	<b>265,333</b>	<b>280,177</b>	<b>291,074</b>	<b>301,125</b>	<b>311,828</b>

Variance Analysis				
Number of Customers (Connections)				
	2006 Actual vs Board Approved	Actual 2007 vs. Actual 2006	Bridge Year vs. Actual 2007	Test Year vs. Actual 2008
	#	#	#	#
Residential	10,047	7,239	7,129	6,698
GS Less Than 50 kW	879	915	559	669
GS 50 to 4,999 kW	295	19	162	93
GS 50 to 4,999 kW Legacy	0	0	0	-1
Large Use	-1	-3	0	0
Unmetered Scattered Load	-13	-123	29	48
Sentinel Lighting	-106	-8	-4	1
Street Lighting	3,743	2,859	2,174	3,183
<b>TOTAL</b>	<b>14,844</b>	<b>10,898</b>	<b>10,050</b>	<b>10,691</b>
<b>% Change</b>	<b>5.59%</b>	<b>3.89%</b>	<b>3.45%</b>	<b>3.55%</b>

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**Energy Probe Interrogatory # 13**

**Ref: Exhibit C2, Tab 1, Schedule 1**

**Question:**

**Please update Table 1 to reflect actual figures for 2008.**

**Response:**

Please note that the table below is based on unaudited 2008 financial statements.

2008 Actual Revenue offsets are higher than 2009 projected, due to the higher interest income that is a significant portion of “other income and deductions”. The 2009 forecast interest rate (prime minus 1.7%) is significantly lower than average actual 2008 interest rate.

**Table EP 13-1 Revenue offsets 2006-2009 (\$000)**

	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 As filed</b>	<b>2008 Actual</b>	<b>2009 Forecast</b>
Specific Service Charges	2,428,383	2,612,980	2,593,600	2,619,334	2,677,114	2,621,919
Late Payment Charges	1,030,530	1,665,845	1,700,463	1,756,000	1,845,745	1,834,000
Other Distribution Revenue	1,012,033	981,696	915,435	935,250	938,968	954,255
Other Income and Deductions	1,625,403	1,761,431	2,186,779	2,087,119	2,879,870	1,157,873
<b>Total Revenue Offsets</b>	<b>6,096,348</b>	<b>7,021,952</b>	<b>7,396,277</b>	<b>7,397,703</b>	<b>7,648,606</b>	<b>6,568,047</b>

**Energy Probe Interrogatory # 14**

**Ref: Exhibit C2, Tab 1, Schedule 2**

**Question:**

- a) Please update Table 1 to reflect actual figures for 2008.
- b) Are there any interest revenues or costs associated deferral or variance or regulatory asset accounts included in the interest and dividend income for 2009 or for previous years? If so, please provide a break out of the interest associated with these accounts for each year and for the 2009 forecast.
- c) Please update Table 3 to reflect actual revenues and transaction volumes for 2008.

**Response:**

- a) **Table EP 14-1: Revenue Offsets with 2008 Actual (\$)**

	Board Approved 2006 Approved	Historic Actual		Actual 2008	Test Year 2009
		2006 Actual	2007 Actual		
Specific Service Charges	2,428,383	2,612,980	2,593,600	2,677,114	2,621,919
Late Payment Charges	1,030,530	1,665,845	1,700,463	1,845,745	1,834,000
Other Distribution Revenue	1,012,033	981,696	915,435	938,968	954,255
Other Income & Deductions :					
Interest and Dividend Income	688,706	1,271,611	1,761,568	2,716,266	835,000
Gain/Loss on Disposition of Utility and Other Property	20,039	77,061	60,198	(305,530)	-
Miscellaneous Non-Operating Income	1,558,262	412,759	365,012	469,134	322,873
	<b>2,267,007</b>	<b>1,761,431</b>	<b>2,186,779</b>	<b>2,879,870</b>	<b>1,157,873</b>
<b>Total Revenue offsets</b>	<b>6,096,348</b>	<b>7,021,952</b>	<b>7,396,277</b>	<b>7,648,606</b>	<b>6,568,047</b>

- b) The Interest and Dividend Income in PowerStream's 2009 EDR Application does not include interest revenues /costs associated with Regulatory Assets and Liabilities. These amounts were excluded from the calculation in 2009 Test Year, as well as in the previous years.
- c) Reliable, detailed information to update Table 3 is not currently available. Please refer to the total amount of Specific Service charges, as shown in the table above.



**Energy Probe Interrogatory # 15**

**Ref: Exhibit D1, Tab 1, Schedule 1**

**Question:**

- a) Please update Tables 1 & 2 to reflect actual expenditures in 2008.**
- b) Please provide the basis for the 3% annual increase in wages that has been applied for each of 2005 through 2009.**
- c) What has been the increase in the Canadian and Ontario Consumer Price Indices in each of the years 2005 through 2008?**
- d) What is the expected rate of inflation using the Ontario or Canadian CPI based on the forecasts from the six banks referred to in Exhibit C1, Tab 1, Schedule 1?**
- e) Has PowerStream applied for a variance account for the \$3.0 million forecast associated with IFRS? If not, why not?**
- f) Please update the 2009 vs. 2008 variance shown on pages 9 & 10 based on actual 2008 expenditures.**
- g) What is the impact on the 2009 revenue requirement of a reduction in the annual wage increase of 3.0% to 2.0%?**
- h) Does the OM&A expense forecast of \$45,098 for 2009 shown in Table 1 include any amount re-allocated from amortization expenses? If so, please identify the amount that has been re-allocated from amortization expense to OM&A expense in 2009.**

**Response:**

- a) Please note that the following tables are based on unaudited financial statements.**

The table below shows the total 2008 OM&A, as per PowerStream's draft financial statements, adjusted for non-distribution expenses.

**Table EP 15-1: 2006-2009 OM&A (\$000)**

	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 As Filed</b>	<b>2008 Actual</b>	<b>2009 Test Year</b>
operation	5,587	7,057	8,861	8,237	8,557	9,418
maintenance	6,739	6,319	6,819	5,508	7,678	6,471
O&M	12,326	13,376	15,680	13,745	16,345	15,889
administration expenses	25,957	25,419	26,986	25,904	28,302	29,210
OM&A expenses	38,283	38,795	42,666	39,649	44,647	45,098
\$ change		512	3,871	-3,017	1,981	451
% Change		1.3%	10.0%	-7.1%	4.6%	(1.0%)
% Change 2009 to 2006 EDR approved						17.8%

**Table EP 15-2: OM&A per Customer**

	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 As Filed</b>	<b>2008 Actual</b>	<b>2009 Test Year</b>
OM&A, \$000's	38,283	38,795	42,666	39,649	44,647	45,098
Customers	213,535	228,666	236,377	243,780	244,729	251,638
OM&A/customer,\$	\$179.3	\$169.7	\$180.5	\$162.6	\$182.4	\$179.2
OM&A/customer,% change		-5.5%	6.4%	-9.9%	1.1%	-4.5%
OM&A/customer, % change – 2009 v.s 2006 Board Approved						0.0%

- b) A 3% cost of living adjustment was negotiated as part of the Collective Agreement with the IBEW that was in effect from April 1, 2005 to March 31, 2008. In November, 2005, this Agreement was extended to include AHCL. A new Collective Agreement covering a period April 1, 2008 to March 31, 2011 includes a similar cost of living adjustment. PowerStream's normal business practice is to adjust the wages of its non-union employers by a similar amount.

c) **Table EP 15-3: Consumer Price Indices 2005-2008**

		<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
CPI Canada	<a href="http://www40.statcan.gc.ca/l01/cst01/econ09a-eng.htm">http://www40.statcan.gc.ca/l01/cst01/econ09a-eng.htm</a>	2.2%	2.0%	2.2%	2.3%
CPI Ontario	<a href="http://www40.statcan.gc.ca/l01/cst01/econ09g-eng.htm">http://www40.statcan.gc.ca/l01/cst01/econ09g-eng.htm</a>	2.2%	1.8%	1.8%	2.3%

d) **Table EP 15-4: CPI 2009 Forecast <sup>a</sup>**

	<b>CPI Canada</b>	<b>CPI Ontario</b>
BMO Canada	0.8%	0.7%
CIBC	2.0%	1.8%
Scotia Bank	n/a	n/a
RBC	n/a	n/a
TD bank	0.5%	0.5%
National Bank	n/a	n/a
<b>Average</b>	<b>1.1%</b>	<b>1.0%</b>

<sup>a</sup> The source of data is the forecast of six major banks, as was available at the time of PowerStream's 2009 Application update in January 2009. (See Exhibit EP-9).

- e) No, PowerStream did not apply for a variance account for the costs associated with IFRS. PowerStream anticipated that the Board will issue guidance on this issue for all distributors.

IFRS costs are further discussed in the PowerStream response to Staff – 46.

- f) Please note that the following tables are based on unaudited financial statements.

The major factors contributing to the variance between 2008 Actual (adjusted for non-distribution expenses) and 2009 Test Year are shown in the table below:

**Table EP 15-5 Summary of OM&A increases from 2008 to 2009 (\$M)**

	<b>Impact on OM&amp;A</b>
<b>2008 Actual</b>	<b>44.6</b>
Salary and wage increase / headcount increase	2.2
IFRS	1.0
Bad debt expense	(1.4)
CDM	(0.3)
Maintenance expense	(1.3)
Other not identified	0.3
<b>Total</b>	
<b>2009 OM&amp;A expenses</b>	<b>45.1</b>

- g) This would reduce revenue requirement by \$200,000. Please note that a significant portion of PowerStream's labour costs are fixed under the terms of its Collective Agreement and cannot be changed within the term of the agreement.
- h) Please refer to PowerStream's response to EP - 8.

**Energy Probe Interrogatory # 16**

**Ref: Exhibit D1, Tab 1, Schedule 3**

**Question:**

- a) Please update Tables 1 through 4 to reflect 2008 actual figures.
- b) Please indicate where the costs associated with the 2009 rates rebasing application appear in Table 4.
- c) Please provide the total forecasted costs associated with the 2009 rates rebasing application as well as a breakdown of the costs into their major components such as legal, consulting, intervenors, etc.
- d) What proportion of the total forecasted costs identified in part (c) above has been included in the 2009 revenue requirement?
- e) When does PowerStream expect to file its next cost of service rebasing application (i.e. for what year)?
- f) Where are the property taxes included in Table 4?
- g) Please provide the actual 2006, actual 2007, actual 2008 and forecasted 2009 property taxes, along with an explanation of the changes between 2007 and 2008, and between 2008 and 2009.

**Response:**

- a) Please note that the following tables are based on unaudited financial statements.

Tables 1 and 4, updated to 2008 actual, are presented below.

Currently, the detailed information to update Tables 2 and 3 for 2008 actuals is not available. Please refer to the O&M analysis on the total level, as presented in Table 1.

**Table EP 16-1: OM&A Expense 2006-2009 (\$000's)**

	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Test Year</b>
<b>Operation</b>	5,587	7,058	8,861	8,577	9,418
\$ increase		1,471	1,803	(284)	841
% increase		26%	26%	-3.2%	10%
<b>Maintenance</b>	6,739	6,319	6,819	7,767	6,471
\$ increase		(420)	501	948	(1,296)
% increase		-6%	8%	3.9%	-16.7%
<b>Operation and Maintenance</b>	12,326	13,377	15,680	16,345	15,889

	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Test Year
\$ increase		1,051	2,303	665	(456)
% increase		9%	17%	4.2%	-2.8%
<b>Administration</b>	25,957	25,418	26,986	28,302	29,210
\$ increase		(539)	1,568	1,316	(393)
% increase		-2%	6%	4.9%	-1.3%
<b>Total</b>	<b>38,283</b>	<b>38,795</b>	<b>42,666</b>	<b>46,647</b>	<b>45,098</b>
<b>\$ increase</b>		<b>512</b>	<b>3,871</b>	<b>1,981</b>	<b>451</b>
<b>% increase</b>		<b>1%</b>	<b>10%</b>	<b>4.6%</b>	<b>-1%</b>

Table EP 16-2: Administration Expenses 2006–2009 (\$000's)

	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Test Year
<b>Billing and Collection<sup>a</sup></b>	<b>5,641</b>	<b>5,145</b>	<b>5,984</b>	<b>5,722</b>	<b>5,551</b>
\$ Increase		(496)	839	(262)	(171)
% Increase		-9%	16%	-4.4%	-3.0%
<b>Community Relations / Advertising<sup>a</sup></b>	<b>415</b>	<b>706</b>	<b>516</b>	<b>449</b>	<b>634</b>
\$ Increase		291	(190)	(67)	185
% Increase		70%	-27%	-13%	41%
<b>Community Relations – CDM</b>	<b>0</b>	<b>1,834</b>	<b>2,103</b>	<b>384</b>	<b>64</b>
\$ Increase		1,834	268	(1,718)	(320)
% Increase		100%	15%	-82%	-83.3%
<b>Administrative and General Expenses</b>	<b>17,685</b>	<b>15,128</b>	<b>14,859</b>	<b>17,445</b>	<b>19,582</b>
\$ Increase		(2,556)	(269)	2,586	2,137
% Increase		-14%	-2%	17.4%	12.3%
<b>Insurance Expense</b>	<b>671</b>	<b>642</b>	<b>773</b>	<b>947</b>	<b>982</b>
\$ Increase		(29)	131	174	35
% Increase		-4%	20%	22%	4%
<b>Bad Debt Expense</b>	<b>668</b>	<b>1,295</b>	<b>2,040</b>	<b>2,628</b>	<b>1,236</b>
\$ Increase		627	745	588	(1,392)
% Increase		94%	57%	29%	52.9%
<b>Charitable Contributions</b>	<b>(80)</b>	<b>15</b>	<b>30</b>	<b>46</b>	<b>41</b>
\$ Increase		95	15	16	(4)
% Increase		-119%	100%	53%	-9%
<b>Other Distribution Expenses</b>	<b>956</b>	<b>653</b>	<b>681</b>	<b>678</b>	<b>1,119</b>
\$ Increase		(304)	28	(3)	441

	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>200 Actual</b>	<b>2008 Actual</b>	<b>2009 Test Year</b>
% Increase		-32%	4%	0%	65%
<b>TOTAL</b>	<b>25,957</b>	<b>25,418</b>	<b>26,986</b>	<b>28,302</b>	<b>29,210</b>
\$ Increase		(539)	1,567	1,316	908
% Increase		-2%	6%	4.9%	3.2%

- b) The external costs associated with the 2009 rates rebasing application are included as part of “Administrative and General” costs. The external consulting and legal costs are recorded in USoA accounts 5630 and 5655.

The internal costs associated with the 2009 EDR application, are mainly labour costs and are part of the normal budget.

- c) PowerStream submitted the 2009 EDR Application on October 10, 2008. Therefore, most of the costs associated with the preparation of this application, are actual costs incurred in 2008. Below is the breakdown of the total costs associated with 2009 EDR application, as included in PowerStream’s 2009 EDR application

**Table EP 16-3: EDR Application: Total Costs in 2009**

<b>\$000’s</b>	<b>2008 Actual</b>	<b>2009 Forecast</b>
Legal	355	100
Consulting	45	100
Intervenors	0	100
<b>Total</b>	<b>400</b>	<b>300</b>

- d) Only the 2009 costs are included in the 2009 revenue requirement; that represents approximately 43% of total costs associated with this application.
- e) In the MAADs hearing on December 15, 2008, Ontario Energy Board approved the merger between PowerStream Inc and Barrie Hydro Distribution Inc. In this decision the Board also approved the rate rebasing proposal included in MAADs application. According to this proposal, PowerStream intends to rebase MergeCo within 5 years of the date of transaction closing, i.e., within 5 years of January 1, 2009.
- f) The property taxes for the facilities are recorded in USoA account 6105 and included on the line “Other Distribution Expenses”

g) The property taxes recorded in account 6105 are shown in the table below:

**Table EP 16-4: Property Taxes**

<b>\$000's</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009F</b>
<b>Property taxes</b>	744.8	684.6	867.3	1,385.3
<b>YOY variance,\$000's</b>		(60.2)	182.7	517.9

The property taxes in 2008 are \$182.7K higher than in 2007. The variance is mainly due to the difference between the 2008 property taxes for the new head office building and 2007 property taxes paid for the Markham service centre. In 2008, PowerStream moved from the Markham service centre to the Cochrane service centre. Since the Cochrane facility is leased, PowerStream pays rent, but not property taxes for this location.

The 2009 forecast for property taxes is higher than 2008 actual, since the property tax for the new head office building was based on a preliminary estimate. The 2008 amount shown in the table includes actual amounts, based on a December 2008 tax assessment.

**Energy Probe Interrogatory # 17**

**Ref: Exhibit D1, Tab 1, Schedule 5**

**Question:**

- a) For each asset group shown, please provide the calculations that result in the 2009 depreciation expense shown. Please tie in the calculations to the opening balances, additions and retirements shown in Exhibit B1, Tab 7, Schedule 2. Please include the depreciation rate used for each asset group.**
- b) How much of the burden allocation amortization for 2009 of \$1,428,238 is allocated to OM&A expenses and how much is allocated to capital expenditures?**

**Response:**

- a) Please see Schedule EP 17-1.

PowerStream uses straight line depreciation over the useful life of the asset, in accordance with the OEB Accounting Procedures Handbook. In the year of acquisition and the final year, only half a year's depreciation is taken ("half year rule"). For purposes of PowerStream's Application, depreciation expense for the 2009 Test Year was calculated by taking 2008 depreciation expense ("2008 Base Depreciation"), adding the half year depreciation on 2008 additions to bring it to a full year's depreciation, removing the amount of 2008 depreciation on assets that were fully depreciated or disposed in 2008, and adding a half year's depreciation on 2009 additions.

- b) PowerStream's financial systems are not designed to provide this information. The depreciation allocated to the burden pools is for vehicles, warehouse (material storage and handling) and other general construction equipment. This is applied to material issues and vehicle charges; approximately 60% to 80% of this burden would go to capital.



**Energy Probe Interrogatory # 18**

**Ref: Exhibit D1, Tab 1, Schedule 6**

**Question:**

- a) Please provide any and all studies used to determine the fully-allocated costs referred to in the evidence.**
- b) Do the fully allocated costs include any costs related to capital equipment such as computers, software, vehicles, etc. used in the provision of the services listed? If no, please explain why not. If yes, please explain how these assets have been reflected or removed from the distribution rate base.**
- c) If any assets are used to provide the services listed, how has the amortization associated with these assets been removed from the cost of service for distribution customers?**
- d) Lease payments associated with the premises leased from the Town of Markham are forecast to decline from \$120,000 in 2009 to \$0 in 2010 when PowerStream expects to relocate to a new operations centre. What incremental costs does PowerStream expect to incur in 2010 in place of the \$120,000 lease payment in 2009?**

**Response:**

- a) Please refer to response to Staff-49(b).
- b) Yes, there are costs related to capital equipment. These amounts have not been excluded from the distribution rate base. The costs represent an insignificant amount of the applied-for increase in rate base and are considered immaterial.
- c) Yes, there are assets used to provide the services. The related depreciation amounts have not been excluded from the calculation of service revenue requirement. The costs represent an insignificant amount of the applied-for distribution revenue and are considered immaterial.
- d) In Exhibit B1, Tab 5, Schedule 1, page 3 of 3, it is indicated that PowerStream plans to consolidate two existing service centres into a new single location in 2010. The \$10,000 monthly lease payment for storage at the Town of Markham will continue until the new facility is occupied. The new facility will have space for all of PowerStream's storage needs.

**Energy Probe Interrogatory # 19**

**Ref: Exhibit D1, Tab 1, Schedule 9, page 9 & 11**

**Question:**

- a) What is the impact on the revenue requirement in 2009 if the management/non-union salary increases were reduced from 3.0% to 0.0%?**
- b) What is the impact on the revenue requirement in 2009 if the average yearly incentive values were reduced by 50%?**

**Response:**

- a) This would reduce revenue requirement by \$0.5 million.
- b) This would reduce revenue requirement by \$0.6 million.

**Energy Probe Interrogatory # 20**

**Ref: Exhibit D2, Tab 1, Schedule 1 (Updated)**

**Question:**

**Please confirm that the Ontario Capital Tax for 2007 and 2008 should be 0.225%, not 0.285%.**

**Response:**

Yes this is correct. The data shown was taken from the return as filed, which was correct at the time of filing. The Ontario Ministry of Revenue retroactively adjusted this rate at a later date and automatically re-assessed 2007 returns to reflect the new rate.

**Energy Probe Interrogatory # 21**

**Ref: Exhibit D2, Tab 1, Schedule 2 (Updated), Table 4**

**Question:**

- a) Please provide the calculation of the 2009 taxable capital figure of \$602,520 and the 2008 figure of \$548,095.**
- b) Do these figures include any balances in deferral/variance/regulatory asset accounts? If yes, please identify the amount related to these accounts included in the 2008 and 2009 figures.**

**Response:**

- a) Please refer to Schedule EP 21-1 and EP 21-2 for the calculation of 2009 capital taxes and the 2008 capital taxes.
- b) Yes the taxable capital includes net regulatory liabilities of \$35.900.000 for 2009 and \$20,000,000 for 2008.

**Energy Probe Interrogatory # 22**

**Ref: Exhibit D2, Tab 1, Schedule 2 (Updated), Table 3 & Exhibit D2, Tab 1, Schedule 3, page 14 of 18**

**Question:**

- a) Is the amount of \$112,000 shown in Table 3 of Exhibit D2, Tab 1, Schedule 2 as tax credits and adjustments for 2009 the grossed up value related to the \$75,000 shown as investment & miscellaneous tax credits in page 14 of Exhibit D2, Tab 1, Schedule 3?
- b) Please show the calculation of the \$75,000 investment & miscellaneous tax credits shown including any components related to the apprenticeship training tax credit and the co-operative education tax credit. For each of these items, please provide the number of employee positions associated with these credits and the credits associated with these positions included in the forecast.
- c) The 2007 tax return found in Exhibit A, Appendix 1, Schedule 22 shows tax credits for apprenticeship training in the amount of \$52,960 and for the co-operative education in the amount of \$34,956, for a total of \$87,916.
  - i) Please explain why the 2009 forecast is lower than the 2007 figures.
  - ii) Please provide the actual 2008 figures for both of these tax credits.
- d) The March 26, 2009 provincial budget increased the co-operative education tax credit from 10% on salaries and wages paid to a maximum credit of \$1,000 per work placement, to 25% and a maximum credit per placement of \$3,000. The apprenticeship training tax credit was increased from 25% on salaries and wages paid and a maximum credit of \$5,000, to a 35% rate and a maximum credit of \$10,000.

**Please update both of these tax credits to reflect the new rates and maximums. Please provide a calculation similar to that provided in the 2007 tax filing (excluding names).**

**Response:**

- a) Yes.

b) **Table EP 22-1: Investment and Miscellaneous Tax Credits Estimation**

<b>Tax Credits</b>	<b>2007 Actual</b>	<b>2008 Estimate</b>	<b>2009 Estimate</b>
Apprentice Training Tax Credit	52,960	54,549	56,185
Co-operative Education Tax Credit	34,956	19,525	20,110
<b>Total</b>	87,916	74,073	76,296
<b>Rounded to</b>		74,000	76,000

These were calculated as follows:

**Table EP 22-2: Apprentice Training Credit**

	<b>2007 Actual</b>	<b>2008 Estimate</b>	<b>2009 Estimate</b>
Number of placements	12	12	12
Total Eligible Costs	603,900	622,017	640,678
Credit Claimed	52,960	54,549	56,185
Average per placement	4,413.33	4,545.73	4,682.11
Average Wages	50,325	51,835	53,390

25% of wages to a maximum of \$5,000 per year

**Table EP 22-3: Co-operative Education Tax Credit**

	<b>2007 Actual</b>	<b>2007 Adjusted</b>	<b>2008 Estimate</b>	<b>2009 Estimate</b>
Number of placements	25	24	24	24
Total Eligible Costs	243,408	243,408		
Credit Claimed	34,956	18,956	19,525	20,110
Average per placement	1,398.24	790	814	838

10% of wages to a maximum of \$1,000 per placement

An average annual increase of 3% in wages was assumed.

- c)(i) The 2007 actual figure for the Co-operative Education contained an anomaly, related to one particular student with a result that the claim exceeded the maximum of \$1,000 per placement. This was corrected and the resulting number was used to estimate the claim going forward.

- ii) Based on the information prepared for the 2008 tax return, currently being prepared by Deloitte:

**Table EP 22-4: 2008 Tax Return: Deloitte**

<b>2008 Tax Return (draft)</b>	<b>Number</b>	<b>Amount</b>
Apprentice Training Tax Credit	13	\$ 59,279
Co-operative Education Tax Credit	31	\$ 28,651
<b>Total</b>		<b>\$ 87,930</b>

- d) **Table EP 22-5: Revised Estimate of Tax Credits based on the March 26, 2009 Ontario Budget**

<b>Tax Credits</b>	<b>2007 Actual</b>	<b>2008 Estimate</b>	<b>2009 Estimate</b>
Apprentice Training Tax Credit	52,960	54,549	104,758
Co-operative Education Tax Credit	34,956	19,525	47,153
<b>Total</b>	<b>87,916</b>	<b>74,073</b>	<b>151,911</b>
<b>Rounded to</b>		<b>74,000</b>	<b>152,000</b>

Based on:

**Table EP 22-6: Apprentice Training Credit based on March 26, 2009 Ontario Budget**

	<b>2007 Actual</b>	<b>2008 Estimate</b>	<b>2009 Estimate</b>	<b>2009 Estimate Pro-rated</b>
Number of placements	12	12	12	
Total Eligible Costs	603,900	622,017	640,678	
Credit Claimed	52,960	54,549	120,000	104,758
Average per placement	4,413.33	4,545.73	10,000.00	
Average Wages	50,325	51,835	53,390	
35% of wages to a maximum of \$10,000 per year, after March 26, 2009				

**Table EP 22-7: Co-operative Education Tax Credit based on March 26, 2009 Ontario Budget**

	<b>2007 Actual</b>	<b>2007 Adjusted</b>	<b>2008 Estimate</b>	<b>2009 Estimate</b>	<b>2009 Estimate Pro-rated</b>
Number of placements	25	24	24	24	
Total Eligible Costs	243,408	209,408	215,690	222,161	
Credit Claimed	34,956	18,956	19,525	55,540	47,153
Average per placement	1,398.24	790	814	2314	
Average Wages	9,736	8,725	8,987	9,257	
25% of wages to a maximum of \$3,000 per placement after March 26, 2009					



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**Energy Probe Interrogatory # 23**

**Ref: Exhibit D2, Tab 1, Schedule 3, page 4 of 18**

**Question:**

- a) **The January 27, 2009 Federal Budget increased the CCA rate for computers and system software from 55%, with the half year applicable to the year of acquisition, to 100% with no half year rule applied. Based on the additions shown in class 45.1 of \$2,607,540, please calculate the impact of this change in CCA on the total CCA deduction available for tax purposes. Please show all calculations and assumptions.**
- b) **Please reconcile the 2009 projected additions of \$82,028,099 shown in the UCC schedule with the total capital additions of \$85,241,000 shown in Table 1 in Exhibit B1, Tab 4, Schedule 2.**
- c) **Exhibit B1, Tab 4, Schedule 2, Table 1 shows the inclusion of \$12,975,000 in 2009 capital expenditures related to smart meters. However, no additions are shown in the 2009 UCC schedule on the lines identified as smart meter related. Please explain.**
- d) **Please explain why there is no change in the WIP from the 2007 closing balance in either 2008 or 2009.**

**Response:**

- a) Please see the response to Staff-52.
- b) The table below reconciles additions per the 2009 capital budget to additions shown on the CCA schedule.

**Table EP 23-1: 2009 Capital Additions**

	<b>Amount (\$000)</b>
Capital Additions (per Ex. B1, Tab 4, Sch. 1)	\$ 85,241
Plus Opening WIP	\$ 39,144
Less Closing WIP	\$ (24,892)
Less Capitalized Interest	\$ (959)
Less Non-distribution	\$ (31)
Less Land	\$ (3,500)
Less Smart Meters	\$ (12,975)
<b>Total</b>	<b>\$ 82,028</b>

- c) For calculation of PILS, PowerStream has treated variance and deferral changes the same for both accounting and tax purposes. Accordingly PowerStream has not included the Smart Meter costs going into the 1555 Smart Meter Capital deferral account.
- d) The amount of WIP was not used in calculating CCA so it was not updated.

**Energy Probe Interrogatory # 24**

**Ref: Exhibit E, Tab 1, Schedule 1**

**Question:**

- a) **Has the interest through to the end of April, 2009 been calculated using Board prescribed interest rates in Table 4?**
- b) **If the answer to (a) is no, please recalculate the schedule in Table 4 using Board prescribed interest rates for the periods and indicate the impact on the total amount to be refunded to customers and provide updated Tables 1 through 3 based on the new totals. Please also provide any schedules/sheets in Exhibit E, Tab 1, Schedule 2 that need to be updated to reflect the prescribed interest rates.**
- c) **What is the projected balance in the accounts shown in Table 3 at the end of 2008?**

**Response:**

- a) Please see the response to Staff-54.
- b) See response to part (a).
- c) Balances of the accounts shown in Table 3 as at December 31, 2008:

**Table EP 24-1: Deferral and Variance Accounts - Projected Balance**

<b>Account Description</b>	<b>Account Number</b>	<b>Asset (Liabilities)</b>
RSVA - Low voltage	1550	\$ (334,981)
RSVA - Wholesale Market Service Charge	1580	\$ (15,833,653)
RSVA - One-time Wholesale Market Service	1582	\$ 404,078
RSVA - Retail Transmission Network Charge	1584	\$ (4,683,673)
RSVA - Retail Transmission Connection Charge	1586	\$ (11,496,481)
RSVA - Power (excluding Global Adjustment)	1588	\$ (7,049,971)
Other Regulatory Assets	1508	\$ 3,479,067
Retail Cost Variance Account - Retail	1518	\$ 122,716
Other Deferred Credits	2425	\$ 108,748
Subtotal		\$ (35,284,150)
Recoveries	1590	\$ 4,138,951
Net amount to be collected or (refunded)		\$ (31,145,199)

**Energy Probe Interrogatory # 25**

**Ref: Exhibit E, Tab 1, Schedule 1, page 2**

**Question:**

**Is PowerStream concerned about the potential confusion associated with rebating more than \$27 million to customers now and then recovering more than \$10 million at some future time related to PILS and smart meters? Did PowerStream consider any alternatives to balance the current proposed rebate with the future recovery of costs?**

**Response:**

PowerStream has spread the rebate over two years to minimize the rate impacts of the rebates. Based on the impact of putting 2007 installed Smart Meters into rate base and the credit to customers resulting from clearing actual Smart Meter costs, PowerStream did not see this as an issue.

**Energy Probe Interrogatory # 26**

**Ref: Exhibit E, Tab 1, Schedule 2, page 2**

**Question:**

- a) Please explain how the total recoveries of \$4,324,919 have been calculated.**
- b) What is the impact of updating the total recoveries to reflect actual 2008 consumption?**

**Response:**

- a) Please see the response to Staff-57.
- b) The recovery rate riders ended April 30, 2008. Actual consumption and refunds were used in preparing the filing.

**Energy Probe Interrogatory # 27**

**Ref: Exhibit F, Tab 1, Schedules 1 & 2**

**Question:**

- a) Please reconcile the statement on page 3 that the interest rate associated with the \$100 million EDFIN debenture is at a rate of 6.45% with the 7.01% shown in the tables on pages 3 & 4 of Exhibit F, Tab 1, Schedule 2.**
- b) Has the new \$25 million debt forecast to be issued for 2009 been placed? If yes, please confirm the principal amount, the interest rate payable and the term of the loan. If no, please provide the estimated amount, interest rate and issuance date now associated with this debt issue.**
- c) Will the deemed long term debt rate as established by the Board be applied to any of the debt held or forecast to be held by PowerStream? If yes, please explain and indicate where this is shown in the evidence.**
- d) What is the impact on the revenue requirement of the cost of capital parameters as determined by the Board in its February 24, 2009 letter?**
- e) Are the principal amounts shown on page 4 of Exhibit F, Tab 1, Schedule 2 for the weighted debt cost for the 2009 test year the opening principal, closing principal or average principal for the year?**

**Response:**

- a) Please refer to PowerStream's response to Staff-59(a).**
- b) No, at this time the \$25 million debt which is forecast in the schedules has not been issued for 2009. We currently do not have an estimate of the timing of the issuance of this debt. At this time, the estimated amount we are forecasting for new debt is \$25 million and we are forecasting an interest rate of 5.08% as noted in the schedules.**
- c) The deemed long term debt rate has not be applied to any of PowerStream's debt. External debt is all at actual rate. All related and affiliated debt bears interest at a rate below the deemed long term debt rate.**

- d) The lower ROE and decreased short-term debt rate cause a decrease of \$1.7M in Base Revenue Requirement (“BRR”), as compared to the BRR in PowerStream’s Application.

**Table EP 27-1: Impact of Changes in Debt and Equity Rates**

	As per Jan. Application	As per OEB 2009 Letter	Note
Deemed Structure:			
Short-term debt 4%	3.67%	1.33%	Not relevant, the calculated rate is used
Long term debt 56%	6.16%	7.62%	
ROE 40%	8.40%	8.01%	
Long-term debt rate calculated	5.89%	5.89%	The actual debt rates are lower than deemed
Weighted Cost of Capital	6.81%	6.56%	
Base Revenue requirement, \$000's	120,304	118,562	
<b>Impact on BRR, \$000's</b>		<b>(1,743)</b>	

- e) All the amounts used for the weighted cost of debt calculation are principal amounts that are constant during the year. The EDFIN amount, used in the calculation on page 4, is the principal amount, as shown on EDFIN debentures agreement.

### Energy Probe Interrogatory # 28

**Ref: Exhibit F, Tab 1, Schedule 2 & Exhibit D2, Tab 1, Schedule 3**

**Question:**

- a) Please show the calculation of the deemed interest expense associated with the updated rate base figure, the long term debt rate of 5.89% applied to 56% of the rate base and the short term debt rate of 3.67% applied to 4.0% of the rate base.
- b) If this figure is different from the figure of \$18,399,339 shown in Exhibit D2, Tab 1, Schedule 3 please provide an explanation for the difference.

**Response:**

- a) The calculation of deemed interest is part of the Exhibit G, Tab1, Schedule 2, Table 2 “Target Income Calculation”. For the ease of reference, a copy of the table is shown below:

**Table EP 28-1: Target Net Income Calculation**

Target Net Income

	Board Approved	Historic Actual		Bridge Year	Test Year
	2006	2006	2007	2008	2009
Revenue Requirement	96,997,154	99,428,617	106,250,787	107,033,655	117,973,966
Distribution Expenses other than PILS and interest	64,845,566	66,961,026	72,550,304	72,695,088	81,637,858
Net income before Interest	32,151,589	32,467,590	33,700,483	34,338,567	36,336,108
Calculated Interest (as below)	16,288,699	16,442,315	17,041,427	17,384,557	18,399,339
Target Net Income before consideration of PILS	<b>15,862,890</b>	<b>16,025,275</b>	<b>16,659,055</b>	<b>16,954,009</b>	<b>17,936,770</b>

<u>Interest calculation</u>					
Rate base	440,635,822	445,146,537	462,751,532	494,574,363	533,832,432
x Long-term debt component	60.00%	60.00%	60.00%	56.00%	56.00%
x Long-term Debt Rate reflected in Revenue Requirement	6.16%	6.16%	6.14%	5.96%	5.89%
	16,288,699	16,442,315	17,041,427	16,500,259	17,615,673
x Short-term debt component	0.00%	0.00%	0.00%	4.00%	4.00%
x Short-term Debt Rate reflected in Revenue Requirement	5.00%	5.00%	4.59%	4.47%	3.67%
	-	-	-	884,299	783,666
Total calculated interest	16,288,699	16,442,315	17,041,427	17,384,557	18,399,339

- b) The calculated deemed interest expense is equal to \$18,399,339.



**Energy Probe Interrogatory # 29**

**Ref: Exhibit B1, Tab 4, Schedule 2**

**Question:**

**Capital expenditures of \$1,086,000 are shown in Table 2 for 2009 as suite-metering costs. On page 19 these costs are described as being related to condominium and apartment type complexes covering the installation of individual unit metering equipment to replace bulk metering systems.**

**What is the impact, if any, on the capital expenditures forecast for 2009 and any other component of the revenue requirement from Compliance Bulletin 200901 dated March 24, 2009 related to the installation of sub-metering systems in residential complexes? Please explain fully.**

**Response:**

PowerStream is in receipt of OEB Compliance Bulletin # 200901. There is no impact as PowerStream does not install individual suite metering in rental properties.



**POWERSTREAM - Future Test Year Rate model**

**Table 1**

**Gross Fixed Assets - continuity schedule - (000's) - (Modified table for IR )**

Asset Group	2006 Board Approved (1)	2005 & 2006(Actual)		2007 (Actual)			2008 (Actual)			2009 Test Year			
		Additions	Retirements / FMV Removal (2)	Ending Balance	Additions	Retirements	Ending Balance	Additions	Retirements	Ending Balance	Additions	Retirements	Ending Balance
Land and Buildings	4,232	6,644	(488)	10,388	275	-	10,663	3	-	10,666	3,500	-	14,166
TS Primary Above 50	72,815	9,570	-	82,384	5,670	-	88,055	7,713	-	95,767	6,998	-	102,766
DS	6,722	2,073	(141)	8,654	1,295	-	9,948	891	-	10,840	34	-	10,874
Poles, Wires	438,641	57,083	363	496,087	31,449	(3,412)	524,125	27,555	(10,875)	540,805	68,955	(11,528)	598,232
Line Transformers	168,067	22,441	(75)	190,433	9,215	-	199,648	16,995	(6,416)	210,227	14,915	(4,373)	220,770
Services and Meters	71,730	15,601	(241)	87,090	16,385	-	103,475	5,884	-	109,359	3,764	-	113,122
General Plant	1,362	1,809	-	3,171	(334)	-	2,837	25,878	-	28,715	-	-	28,715
Equipment	19,495	1,751	(1,448)	19,799	2,619	(1,269)	21,149	6,409	(2,571)	24,988	1,603	-	26,591
IT Assets	6,577	5,795	16	12,388	4,291	-	16,679	3,935	-	20,615	4,133	-	24,747
CDM Assets	1,620	(1,620)	-	-	-	-	-	-	-	-	-	-	-
Other Distribution Assets	12,259	618	129	13,007	526	-	13,533	1,286	-	14,819	288	-	15,107
Contributions and Grants	(100,394)	(48,639)	(6,663)	(155,695)	(9,527)	-	(165,222)	(22,164)	2,550	(164,836)	(21,189)	2,703	(203,323)
TOTAL	703,127	73,127	(8,547)	767,706	61,863	(4,681)	824,889	74,386	(17,312)	881,963	83,002	(13,197)	951,768

(1) Harmonized rate application (EB-2007-0074), EDR 2006 Model, Sheet 2-4 Adjusted Accounting Data

(2) Fair market value("FMV") increment recorded on purchase of Aurora Hydro has been removed for rate filing



**Net Fixed Assets - Continuity Schedule - (000's) - (Modified table for IR)**

Asset Group	2006 Board Approved (1)	2005 & 2006(Actual)			2007 (Actual)			2008 (Actual)			2009 Test Year		
		Additions	Retirements / FMV Removal (2)	Ending Balance	Additions	Retirements	Ending Balance	Additions	Retirements	Ending Balance	Additions	Retirements	Ending Balance
Land and Buildings	3,798	6,559	(488)	9,869	199	(18)	10,049	(73)	9,976	3,424	-	13,400	
ITS Primary Above 50	55,298	5,043	-	60,342	3,425	-	63,767	5,300	69,067	4,402	-	73,468	
DS	3,321	1,590	(141)	4,770	1,061	-	5,831	621	6,452	(251)	-	6,201	
Poles, Wires	242,717	17,508	363	260,588	12,512	(3,003)	270,096	7,943	278,039	47,873	-	325,913	
Line Transformers	90,854	7,670	(75)	98,449	1,927	-	100,376	9,225	107,627	6,580	-	114,206	
Services and Meters	37,888	9,289	(241)	46,936	12,877	-	59,813	1,695	61,508	(728)	-	60,780	
General Plant	817	1,394	(135)	2,076	(510)	154	1,720	25,560	27,280	(488)	-	26,792	
Equipment	5,580	713	(127)	6,166	1,164	(716)	6,614	4,413	10,319	(927)	410	9,802	
IT Assets	1,682	3,614	16	5,312	1,548	-	6,860	37	6,897	(895)	-	6,002	
CDM Assets	1,620	(1,620)	-	-	-	-	-	-	-	-	-	-	
Other Distribution Assets	5,803	16	129	5,948	(203)	-	5,745	497	6,241	(554)	-	5,688	
Contributions and Grants	(79,108)	(45,432)	(6,663)	(131,202)	(3,134)	(15)	(134,352)	(15,138)	(149,490)	(13,296)	-	(162,785)	
TOTAL	370,270	6,343	(7,362)	369,252	30,865	(3,598)	396,519	40,080	(2,681)	45,139	410	479,467	

(1) Harmonized rate application (EB-2007-0074), EDR 2006 Model, Sheet 2-4 Adjusted Accounting Data  
(2) Fair market value("FMV") increment recorded on purchase of Aurora Hydro has been removed for rate filing

## Provincial Economic Outlook

BMO Capital Markets Economics

December 19, 2008

	Cda	BC	Alta	Sask	Man	Ont	Que	NB	NS	PEI	Nfld
<b>Real GDP Growth</b> (% change, chain-weighted)											
2006	3.1	4.4	6.1	-0.3	4.0	2.6	1.7	2.4	0.9	2.4	3.0
2007	2.7	3.0	3.1	2.5	3.3	2.3	2.6	1.7	1.7	2.4	9.1
2008 f	0.7	1.4	1.9	3.0	1.7	0.2	0.2	1.0	1.1	0.8	1.3
2009 f	-1.3	0.0	-0.7	1.0	-0.4	-2.3	-1.0	0.3	-0.1	0.2	0.7
2010 f	2.0	2.0	2.1	1.6	1.8	2.2	1.9	1.9	1.6	1.2	2.0
<b>Employment Growth</b> (% change)											
2006	1.9	3.0	4.8	1.7	1.2	1.5	1.3	1.4	-0.3	0.5	0.7
2007	2.3	3.2	4.7	2.1	1.6	1.5	2.3	2.1	1.3	1.2	0.7
2008 f	1.6	2.4	2.7	1.7	1.8	1.5	0.7	0.9	1.2	1.5	1.7
2009 f	-0.8	0.2	0.6	1.0	0.3	-1.9	-1.0	0.5	0.4	0.6	1.0
2010 f	0.5	0.5	0.8	1.0	0.4	0.5	0.3	0.5	0.4	0.7	2.1
<b>Unemployment Rate</b> (percent)											
2006	6.3	4.8	3.4	4.6	4.3	6.3	8.0	8.7	7.9	11.1	14.8
2007	6.0	4.2	3.5	4.2	4.4	6.4	7.2	7.6	8.1	10.3	13.6
2008 f	6.1	4.3	3.6	4.2	4.1	6.4	7.4	8.5	7.7	10.7	13.0
2009 f	7.4	6.0	4.7	4.5	4.9	8.2	8.0	9.6	8.4	11.0	12.6
2010 f	7.8	7.3	5.6	5.0	5.6	8.5	8.2	10.5	9.1	11.2	11.9
<b>Housing Starts</b> (thousands)											
2006	229.1	36.6	49.1	3.7	5.0	74.4	48.0	4.0	5.2	0.8	2.3
2007	227.6	39.2	48.1	5.9	5.8	68.0	48.5	4.1	4.7	0.7	2.6
2008 f	213.8	35.5	30.3	7.0	5.6	75.7	47.1	4.4	4.5	0.7	3.0
2009 f	175.0	29.0	26.0	6.3	4.8	60.0	38.5	3.4	3.3	0.6	3.2
2010 f	170.0	26.8	30.0	5.0	4.5	57.0	37.0	3.5	3.0	0.6	2.7
<b>Consumer Price Index</b> (% change)											
2006	2.0	1.7	3.9	2.0	1.9	1.8	1.7	1.7	2.1	2.2	1.8
2007	2.1	1.8	4.9	2.9	2.1	1.8	1.7	1.9	1.9	1.8	1.6
2008 f	2.6	2.2	3.6	3.4	2.3	2.3	2.4	2.2	3.5	3.6	3.1
2009 f	0.8	0.9	1.2	2.1	1.0	0.7	0.8	0.7	0.6	0.7	1.6
2010 f	1.8	1.9	2.0	1.7	1.5	1.8	1.7	1.8	1.7	1.8	2.0

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Table 2

**Federal Transfers by Province (2008/09)**

Billion C\$	Transfers	% of Revenue
<b>BC</b>	5.8	15
<b>Alta</b>	3.8	10
<b>Sask</b>	1.4	15
<b>Man</b>	3.9	32
<b>Ont</b>	16.5	17
<b>Qué</b>	14.1	22
<b>NB</b>	2.4	33
<b>NS</b>	2.9	36
<b>PEI</b>	0.6	41
<b>N&amp;L</b>	1.6	25

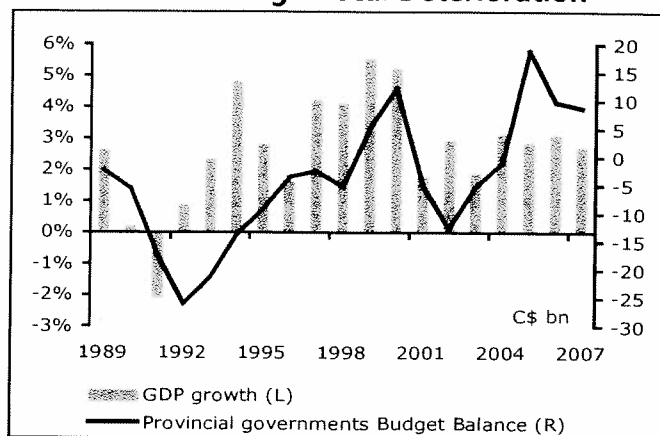
policy effectiveness hampered by the worldwide strains on credit availability and wide spreads, fiscal policy might well be the only effective tool to boost growth during the current shock to Canada's export prospects.

**Sharing the Pain**

Virtually no corner of the country will fully escape the impact of the US recession and the accompanying slowdown in global economic performance. Reflecting the darkening picture for economies beyond Canada's shores, and new fragilities in financial markets, our current forecasts for GDP, employment and CPI (Table 3) all represent significant markdowns from our June outlook, when the national picture looked destined for growth of more than 2% in 2009. What once looked like a painful outcome for regions linked to manufacturing will now, to some extent, be shared by a broader geographic and industrial mix across the country.

For Ontario, a challenging economic climate will be nothing new at this point. Canada's largest province has been struggling to deal with multiple disadvantages

Chart 2

**Recessions See Huge Fiscal Deterioration**

relating to some other regions of the country. Its heavy weight in manufacturing that is sensitive to a strong Canadian dollar and global competition, its status of an importer of oil, and the absence of equalization increases that other provinces enjoyed, were all reasons to expect the worst for the province as the year began.

It's remarkable, then, that the province's economy has managed to see only a modest decline since the start of Q4 2007, rather than falling into a deeper abyss. Indeed, year to date, Ontario has actually outperformed the national average in terms of growth in retail sales and housing starts (Table 4). Provincial tax cuts, alongside Ottawa's GST cut, helped consumers weather the storm and continue to shop, while construction and government provided an important offset for job creation.

But with all three of the province's economic engines—manufacturing, financial services, and housing—now sputtering, output declines are expected in both Q4 of

Table 3

Provincial Forecast	Real GDP			CPI			Unemployment Rate		
	(year-over-year change, %)			(year-over-year change, %)			(annual average, %)		
	07A	08F	09F	07A	08F	09F	07A	08F	09F
British Columbia	3.0	1.5	1.5	1.7	2.1	2.3	4.2	4.3	5.2
Alberta	3.1	1.3	1.9	4.9	3.7	2.2	3.5	3.6	4.0
Saskatchewan	2.5	3.0	2.4	2.9	3.4	2.5	4.2	4.3	4.4
Manitoba	3.3	2.0	1.4	2.1	2.3	1.7	4.4	4.1	4.5
Ontario	2.3	-0.1	0.1	1.8	2.0	1.8	6.4	6.4	7.2
Québec	2.6	0.4	0.4	1.6	2.2	1.9	7.2	7.5	8.0
New Brunswick	1.7	1.2	0.7	1.9	2.2	1.8	7.6	8.6	8.9
Nova Scotia	1.7	1.2	1.2	1.9	3.3	2.3	8.1	7.7	8.0
Prince Edward Island	2.4	0.7	0.7	1.8	3.5	2.0	10.3	10.5	11.1
Newfoundland & Labrador	9.1	0.7	0.7	1.4	2.9	2.1	13.6	13.1	13.5
<b>Canada</b>	<b>2.7</b>	<b>0.6</b>	<b>0.8</b>	<b>2.1</b>	<b>2.4</b>	<b>2.0</b>	<b>6.0</b>	<b>6.1</b>	<b>6.7</b>

# Provincial Forecast Update



	2000-07	2008f	2009f	2010f	2000-07	2008f	2009f	2010f
	<u>Real GDP</u> (annual % change)				<u>Budget Balance, FY March 31*</u> (\$millions)			
Canada	3.0	0.7	-1.2	1.9	10,799	9,597	-2,000	-13,500
Newfoundland and Labrador	4.8	1.4	0.4	2.5	-347	1,377	1,266	n.a.
Prince Edward Island	2.1	0.6	-0.5	1.2	-28	-11	-49	n.a.
Nova Scotia	2.2	1.0	-0.2	1.9	15	419	355	n.a.
New Brunswick	2.2	1.0	-0.1	2.0	77	87	-285	n.a.
Quebec	2.2	0.5	-1.1	1.8	-144	0	0	n.a.
Ontario	2.7	-0.2	-2.0	1.6	-176	600	-500	n.a.
Manitoba	2.5	1.8	-0.2	1.8	n.a.	576	96	n.a.
Saskatchewan	1.9	3.0	0.6	2.4	153	641	2,318	n.a.
Alberta	4.2	1.7	-0.3	2.2	4,869	4,581	2,003	n.a.
British Columbia	3.2	1.5	-0.4	2.6	769	2,886	450	n.a.

\* FY09 forecasts: provincial governments.

	<u>Employment</u> (annual % change)				<u>Unemployment Rate</u> (annual average, %)			
Canada	2.0	1.6	-1.0	0.8	6.9	6.1	7.6	7.7
Newfoundland and Labrador	1.0	1.7	0.2	1.3	15.7	13.1	13.7	13.6
Prince Edward Island	1.8	1.4	-0.3	0.5	11.3	10.7	11.4	11.4
Nova Scotia	1.3	1.3	-0.1	0.8	8.8	7.7	8.5	8.5
New Brunswick	1.4	1.0	-0.1	1.0	9.7	8.6	9.5	9.4
Quebec	1.8	0.8	-1.0	0.7	8.4	7.3	8.8	9.0
Ontario	2.0	1.5	-1.8	0.5	6.5	6.5	8.5	8.6
Manitoba	1.2	1.7	0.1	0.9	4.9	4.2	5.2	5.3
Saskatchewan	0.8	1.9	0.8	1.5	5.2	4.2	5.0	4.8
Alberta	3.0	2.8	-0.2	1.2	4.4	3.4	4.6	4.5
British Columbia	2.3	2.3	-0.3	1.5	6.7	4.5	5.6	5.4

	<u>Housing Starts</u> (annual, thousands of units)				<u>Motor Vehicle Sales</u> (annual, thousands of units)			
Canada	207	214	170	175	1,600	1,660	1,475	1,530
Atlantic	12	12	10	10	111	129	116	120
Quebec	44	48	41	41	402	428	375	390
Ontario	77	75	60	61	619	581	506	524
Manitoba	4	6	5	5	44	47	42	43
Saskatchewan	4	7	5	5	39	48	47	49
Alberta	38	30	22	25	204	245	220	228
British Columbia	28	36	27	28	181	182	169	176

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Provincial Forecast Update is available on: [www.scotiabank.com](http://www.scotiabank.com) and Bloomberg at SCOE



# PROVINCIAL OUTLOOK

December 19, 2008

## Forecast detail

Average annual % change unless otherwise indicated

	Real GDP				Employment				Unemployment rate				Housing starts				Retail sales			
									%				Thousands							
	07	08	09	10	07	08	09	10	07	08	09	10	07	08	09	10	07	08	09	10
N. & L.	9.1	0.0	-0.5	3.0	0.7	1.6	-0.2	1.2	13.6	13.2	13.2	13.1	2.6	3.0	2.9	3.0	9.0	8.6	3.5	3.9
P.E.I.	2.4	1.5	0.5	2.0	1.1	1.4	-0.4	1.3	10.3	10.6	10.7	10.8	0.8	0.7	0.6	0.7	7.7	5.9	3.0	3.7
N.S.	1.7	1.2	0.8	2.5	1.3	1.3	0.1	1.4	8.0	7.7	8.5	8.5	4.8	4.4	3.2	3.5	4.2	6.0	3.5	3.9
N.B.	1.7	1.6	1.2	2.7	2.1	0.9	0.3	1.4	7.5	8.6	9.4	9.5	4.2	4.5	3.3	3.5	5.7	5.8	3.3	4.0
QUE.	2.6	0.6	0.0	2.3	2.3	0.8	-0.1	1.2	7.2	7.3	8.1	8.2	48.6	47.3	35.0	37.0	4.6	6.0	3.1	4.5
ONT.	2.3	-0.2	-1.4	2.5	1.6	1.5	-0.9	1.1	6.4	6.5	8.3	8.4	68.1	75.5	64.3	67.0	3.9	5.1	2.3	4.3
MAN.	3.3	2.5	1.9	2.8	1.6	1.7	0.8	1.7	4.4	4.1	4.8	5.1	5.7	5.7	5.2	5.3	8.8	7.7	3.4	5.1
SASK.	2.5	3.5	2.8	2.4	2.1	2.1	1.5	1.4	4.2	4.1	4.6	4.9	6.0	6.9	4.6	3.7	13.0	11.1	5.4	4.9
ALTA.	3.1	1.5	2.1	2.9	4.7	2.8	1.0	1.7	3.5	3.5	4.6	5.0	48.3	29.9	24.0	28.5	9.3	1.1	2.8	5.6
B.C.	3.0	0.8	0.6	3.5	3.2	2.2	0.2	2.5	4.2	4.5	5.6	5.4	39.2	35.0	23.5	26.0	6.7	2.2	3.0	6.8
CANADA	2.7	0.6	0.0	2.7	2.3	1.6	-0.1	1.4	6.0	6.1	7.3	7.4	228	213	166	178	5.8	4.7	2.9	4.9

## Key provincial comparisons

2007 unless otherwise indicated

	NFLD	P.E.I.	N.S.	N.B.	QUE	ONT	MAN	SASK	ALTA	B.C.
Population (000s)	507	139	935	751	7,720	12,851	1,190	1,003	3,487	4,403
Gross domestic product (\$ billions)	29.5	4.5	33.0	26.9	296.7	585.0	48.5	51.6	258.9	192.5
Real GDP (\$2002 billions)	19.7	4.1	28.8	23.7	265.9	536.3	41.7	39.8	187.5	164.6
Share of Canada real GDP (%)	1.5	0.3	2.2	1.8	20.1	40.6	3.2	3.0	14.2	12.5
Real GDP growth (CAR, last five years 02-07, %)	3.7	2.3	1.2	2.3	1.9	2.3	2.6	3.0	4.5	3.6
Real GDP per capita (\$)	38,825	29,943	30,827	31,579	34,553	41,934	35,151	40,008	54,187	37,629
Real GDP growth rate per capita (CAR, last five years 02-07, %)	4.2	2.1	1.2	2.3	1.3	1.2	2.1	3.0	2.3	2.3
Personal disposable income per capita (\$)	24,924	22,466	24,365	23,690	24,473	27,743	25,157	25,378	35,349	26,833
Employment growth (CAR, last five years 02-07, %)	0.9	1.4	1.1	1.1	1.5	1.8	1.0	1.4	3.2	2.9
Employment rate (November 2008, %)	51.2	60.3	59.0	59.3	60.9	63.1	66.7	67.3	72.2	63.0
Discomfort index (inflation + unemp. Rates, latest)	17.3	14.3	11.4	10.2	10.0	8.8	6.9	8.0	6.0	6.9
Manufacturing industry output (% of real GDP)	4.6	11.8	9.8	12.7	18.9	18.3	12.9	7.2	9.3	10.6
Personal expenditures goods & services (% of real GDP)	54.0	70.4	70.3	67.5	63.3	58.8	63.3	58.4	50.3	68.6
International exports (% of real GDP)	39.6	31.5	25.3	43.8	36.3	45.8	31.9	40.1	35.9	28.6

Source: Statistics Canada, RBC Economics Research



REAL GROSS DOMESTIC PRODUCT (GDP)						
Annual average per cent change						
	82/91	2006	2007	2008E	2009F	2010F
CANADA	-2.5	2.8	2.7	0.7	-1.4	2.4
N. & L.	0.7	3.3	9.1	0.0	-1.0	1.2
P.E.I.	0.3	2.6	2.0	0.8	-0.7	1.3
N.S.	1.4	0.9	1.6	0.9	-0.5	1.7
N.B.	0.9	3.0	1.6	1.0	-0.6	1.9
Québec	-3.2	1.7	2.4	0.6	-1.0	2.3
Ontario	-3.3	2.1	2.1	0.3	-1.8	2.5
Manitoba	-3.0	3.2	3.3	2.0	-0.5	1.9
Sask.	-0.4	-0.4	2.8	3.4	0.6	1.1
Alberta	-1.3	6.6	3.3	0.6	-1.8	1.8
B.C.	-3.0	3.3	3.1	1.4	-1.0	3.6

E: Estimate. F: Forecast by TD Economics as at Dec. 2008  
Source: Statistics Canada / Haver Analytics

NOMINAL GROSS DOMESTIC PRODUCT (GDP)						
Annual average per cent change						
	82/91	2006	2007	2008E	2009F	2010F
CANADA	3.1	5.7	5.9	4.3	-3.2	5.1
N. & L.	6.4	18.5	13.6	8.0	-2.1	5.2
P.E.I.	6.0	4.1	5.3	4.0	-2.2	3.5
N.S.	9.6	1.5	4.0	2.5	-0.8	3.7
N.B.	6.3	4.4	4.3	3.0	-2.1	3.6
Québec	3.5	3.9	5.4	2.5	-0.8	4.3
Ontario	3.0	4.3	4.5	2.0	-2.0	4.9
Manitoba	1.2	8.2	8.1	9.0	-2.5	4.5
Sask.	1.2	5.5	11.0	9.5	-5.0	4.8
Alberta	2.9	8.7	8.1	9.7	-9.8	5.8
B.C.	1.7	7.9	5.4	4.3	-2.0	6.5

E: Estimate. F: Forecast by TD Economics as at Dec. 2008  
Source: Statistics Canada / Haver Analytics

EMPLOYMENT						
Annual average per cent change						
	82/91	2006	2007	2008E	2009F	2010F
CANADA	-2.4	1.9	2.3	1.6	-1.0	0.3
N. & L.	-1.9	0.7	0.7	1.8	0.3	0.5
P.E.I.	-2.0	0.5	1.2	1.5	-0.7	-0.2
N.S.	-1.7	-0.3	1.3	1.3	-0.4	0.0
N.B.	-2.6	1.4	2.1	0.9	-0.6	0.2
Québec	-3.6	1.3	2.3	0.8	-1.4	0.1
Ontario	-2.8	1.5	1.5	1.5	-1.7	0.5
Manitoba	-1.6	1.2	1.6	1.6	0.3	0.0
Sask.	-0.2	1.7	2.1	1.8	0.4	-0.2
Alberta	-0.5	4.8	4.7	2.7	-0.4	0.3
B.C.	-1.9	3.0	3.2	2.3	0.1	0.8

E: Estimate. F: Forecast by TD Economics as at Dec. 2008  
Source: Statistics Canada / Haver Analytics

UNEMPLOYMENT RATE						
Annual average, per cent						
	82/91	2006	2007	2008E	2009F	2010F
CANADA	10.7	6.3	6.0	6.1	7.7	8.2
N. & L.	17.1	14.8	13.6	13.1	13.5	14.1
P.E.I.	14.6	11.1	10.3	10.6	11.6	12.4
N.S.	12.5	7.9	8.1	7.7	8.4	8.9
N.B.	13.4	8.7	7.6	8.6	9.4	10.1
Québec	13.1	8.0	7.2	7.3	8.8	9.2
Ontario	9.7	6.3	6.4	6.4	8.8	9.1
Manitoba	8.6	4.3	4.4	4.2	4.6	5.4
Sask.	6.8	4.6	4.2	4.2	4.8	6.1
Alberta	8.0	3.4	3.5	3.6	5.0	6.0
B.C.	11.1	4.8	4.2	4.5	5.3	6.0

E: Estimate. F: Forecast by TD Economics as at Dec. 2008  
Source: Statistics Canada / Haver Analytics

TOTAL CONSUMER PRICE INDEX (CPI)						
Annual average per cent change						
	98-07	2006	2007	2008E	2009F	2010F
CANADA	2.1	2.0	2.1	2.5	0.5	1.6
N. & L.	1.9	1.8	1.4	3.0	1.1	2.0
P.E.I.	2.3	2.2	1.8	3.7	0.8	1.9
N.S.	2.3	2.1	1.9	3.4	0.8	1.5
N.B.	2.1	1.7	1.9	2.0	0.2	2.1
Québec	2.0	1.7	1.6	2.3	0.5	1.2
Ontario	2.1	1.8	1.8	2.3	0.5	1.4
Manitoba	2.0	1.9	2.1	2.2	0.7	1.7
Sask.	2.3	2.0	2.9	3.3	1.4	1.8
Alberta	3.0	3.9	4.9	3.4	0.2	1.9
B.C.	1.7	1.7	1.7	2.2	0.4	2.8

E: Estimate. F: Forecast by TD Economics as at Dec. 2008.  
Source: Statistics Canada / Haver Analytics

RETAIL TRADE						
Annual average per cent change						
	1992	2006	2007	2008E	2009F	2010F
CANADA	2.5	6.4	5.8	4.3	2.5	3.5
N. & L.	-0.9	3.4	9.0	8.3	2.2	5.1
P.E.I.	6.2	6.2	7.7	5.3	1.8	3.1
N.S.	5.4	6.0	4.2	5.3	3.1	3.7
N.B.	4.0	5.9	5.7	5.4	3.0	3.9
Quebec	0.3	5.1	4.6	5.3	3.0	3.6
Ontario	2.7	4.1	3.9	4.6	2.7	3.6
Manitoba	2.0	3.9	8.8	8.1	3.8	3.0
Sask.	1.2	6.5	13.0	12.3	5.9	4.8
Alberta	3.1	15.4	9.3	1.0	1.5	2.5
B.C.	4.7	7.2	6.7	1.5	0.5	4.0

E: Estimate. F: Forecast by TD Economics as at Dec. 2008  
Source: Statistics Canada / Haver Analytics

## Main economic indicators

## PROVINCES

% growth	2005	2006	2007	2008f	2009f
<b>REAL GDP</b>					
Newfoundland & Labrador	3.0	3.0	9.1	<b>0.6</b>	<b>-1.3</b>
Prince Edward Island	2.4	2.4	2.4	<b>0.5</b>	<b>0.4</b>
Nova Scotia	0.9	0.9	1.7	<b>1.5</b>	<b>0.4</b>
New Brunswick	2.4	2.4	1.7	<b>1.0</b>	<b>0.2</b>
Quebec	1.7	1.7	2.6	<b>0.7</b>	<b>0.2</b>
Ontario	2.6	2.6	2.3	<b>0.1</b>	<b>-0.8</b>
Manitoba	4.0	4.0	3.3	<b>2.5</b>	<b>1.4</b>
Saskatchewan	-0.3	-0.3	2.5	<b>4.4</b>	<b>2.6</b>
Alberta	6.1	6.1	3.1	<b>1.0</b>	<b>0.9</b>
British Columbia	4.4	4.4	3.0	<b>1.0</b>	<b>0.9</b>

% growth	2005	2006	2007	2008f	2009f
<b>EMPLOYMENT</b>					
Newfoundland & Labrador	-0.1	0.7	0.7	<b>1.3</b>	<b>0.5</b>
Prince Edward Island	2.0	0.5	1.2	<b>1.3</b>	<b>-0.3</b>
Nova Scotia	0.2	-0.3	1.3	<b>1.2</b>	<b>-0.2</b>
New Brunswick	0.1	1.4	2.1	<b>0.9</b>	<b>-0.3</b>
Quebec	1.0	1.3	2.3	<b>0.8</b>	<b>0.1</b>
Ontario	1.3	1.5	1.5	<b>1.5</b>	<b>-0.5</b>
Manitoba	0.6	1.2	1.6	<b>1.7</b>	<b>0.5</b>
Saskatchewan	0.8	1.7	2.1	<b>2.0</b>	<b>1.8</b>
Alberta	1.5	4.8	4.7	<b>2.8</b>	<b>0.9</b>
British Columbia	3.3	3.0	3.2	<b>2.2</b>	<b>0.4</b>

Thousands	2005	2006	2007	2008f	2009f
<b>HOUSING STARTS</b>					
Newfoundland & Labrador	2.5	2.2	2.6	<b>3.0</b>	<b>2.7</b>
Prince Edward Island	0.9	0.7	0.7	<b>0.7</b>	<b>0.6</b>
Nova Scotia	4.8	4.9	4.8	<b>4.5</b>	<b>3.5</b>
New Brunswick	4.0	4.1	4.2	<b>4.4</b>	<b>3.3</b>
Quebec	50.9	47.9	48.6	<b>48.0</b>	<b>40.0</b>
Ontario	78.8	73.4	68.1	<b>75.0</b>	<b>60.0</b>
Manitoba	4.7	5.0	5.7	<b>5.7</b>	<b>5.0</b>
Saskatchewan	3.4	3.7	6.0	<b>7.0</b>	<b>4.6</b>
Alberta	40.8	49.0	48.3	<b>29.9</b>	<b>24.0</b>
British Columbia	34.7	36.4	39.2	<b>35.0</b>	<b>29.0</b>

f: forecast NBFG Economic Research

# Schedule EP 10-1

PowerStream Inc.

EB-2008-0244

EP-10-1 Data used in Load Forecast Modeling

Year	Energy_Purchases	GDP	HDD	CDD	Hours	PDI	Customer_Count	Energy_Price	York_Population
January-98	418,935,969	100.4	624.8	-	336	19,594	147,007	43.00	484,248
February-98	381,352,433	100.8	512.2	-	320	19,661	147,503	43.00	486,342
March-98	410,117,572	101.2	492.3	-	352	19,727	147,939	43.00	488,437
April-98	369,132,995	101.6	282.0	-	336	19,794	148,469	43.00	490,531
May-98	404,574,116	102.0	59.1	28.6	320	19,861	149,030	43.00	492,626
June-98	439,796,058	102.4	54.7	82.4	352	19,927	149,910	43.00	494,720
July-98	468,109,410	102.7	1.0	101.3	352	19,994	150,509	43.00	496,815
August-98	465,372,190	103.1	3.4	117.7	336	20,060	151,221	43.00	498,909
September-98	400,227,947	103.5	39.7	45.0	336	20,127	152,058	43.00	501,004
October-98	393,748,310	103.9	223.4	-	336	20,194	153,063	43.00	503,098
November-98	407,138,646	104.3	392.6	-	336	20,260	153,450	43.00	505,193
December-98	422,866,497	104.7	535.1	-	336	20,327	154,442	43.00	507,287
January-99	458,580,758	105.3	749.8	-	320	20,401	154,931	43.00	508,801
February-99	408,362,048	106.0	548.1	-	320	20,476	155,519	43.00	510,316
March-99	444,686,441	106.6	550.6	-	368	20,550	156,035	43.00	511,830
April-99	392,082,792	107.3	296.7	-	336	20,624	156,663	43.00	513,344
May-99	415,882,511	107.9	97.1	19.4	320	20,698	157,326	43.00	514,859
June-99	489,557,307	108.6	25.0	96.0	320	20,773	158,370	43.00	516,373
July-99	544,672,066	109.2	-	196.5	336	20,847	159,078	43.00	517,887
August-99	473,060,481	109.8	8.4	79.1	336	20,921	159,922	43.00	519,401
September-99	448,259,616	110.5	49.3	48.9	336	20,995	160,913	43.00	520,916
October-99	423,695,963	111.1	267.6	-	320	21,070	162,105	43.00	522,430
November-99	439,601,674	111.8	367.5	-	352	21,144	162,562	43.00	523,944
December-99	462,529,667	112.4	579.3	-	336	21,218	163,737	43.00	525,458
January-00	488,775,090	112.9	738.9	-	320	21,340	164,345	43.00	528,552
February-00	454,824,245	113.4	612.7	-	336	21,463	165,075	43.00	531,646
March-00	458,841,171	113.9	418.6	-	368	21,585	165,717	43.00	534,740
April-00	422,780,432	114.4	339.2	-	304	21,707	166,498	43.00	537,834
May-00	453,669,444	114.9	139.6	23.7	352	21,829	167,322	43.00	540,928
June-00	475,931,950	115.5	34.5	41.1	352	21,952	168,619	43.00	544,022
July-00	494,458,263	116.0	6.6	71.8	320	22,074	169,499	43.00	547,116
August-00	524,679,286	116.5	11.5	92.5	352	22,196	170,549	43.00	550,210
September-00	467,309,719	117.0	99.5	35.2	320	22,318	171,780	43.00	553,304
October-00	456,027,427	117.5	212.7	1.2	336	22,441	173,262	43.00	556,398
November-00	474,678,955	118.0	432.0	-	352	22,563	173,830	43.00	559,492
December-00	502,292,269	118.5	780.3	-	304	22,685	175,291	43.00	562,586
January-01	511,405,451	118.6	684.9	-	352	22,709	175,832	43.00	564,635
February-01	462,387,247	118.7	587.6	-	320	22,734	176,480	43.00	566,685
March-01	496,033,390	118.9	566.6	-	352	22,758	177,051	43.00	568,734
April-01	442,885,414	119.0	293.8	1.4	320	22,782	177,744	43.00	570,783
May-01	470,012,463	119.1	111.5	12.2	352	22,807	178,477	43.00	572,832
June-01	529,885,226	119.2	29.8	79.7	336	22,831	179,629	43.00	574,881
July-01	536,281,052	119.3	9.3	100.9	336	22,855	180,412	43.00	576,930
August-01	601,823,794	119.4	-	160.0	352	22,880	181,344	43.00	578,979
September-01	483,723,459	119.6	73.6	35.7	304	22,904	182,438	43.00	581,028
October-01	481,523,073	119.7	232.5	2.0	352	22,928	183,755	43.00	583,077
November-01	485,474,852	119.8	325.8	-	352	22,953	184,260	43.00	585,126
December-01	496,994,950	119.9	505.0	-	304	22,977	185,558	43.00	587,175
January-02	525,408,258	120.1	572.2	-	352	23,037	186,116	43.00	590,146
February-02	484,046,872	120.4	540.2	-	320	23,096	186,786	43.00	593,116
March-02	514,575,644	120.6	545.6	-	320	23,156	187,375	43.00	596,087
April-02	493,935,983	120.9	329.5	8.3	336	23,215	188,091	43.00	599,057
May-02	502,381,478	121.1	227.5	7.8	352	23,275	188,847	29.19	602,028
June-02	548,327,501	121.4	36.2	70.0	320	23,335	190,038	35.13	604,998
July-02	659,561,155	121.6	-	192.4	352	23,394	190,846	58.10	607,969
August-02	621,976,911	121.8	-	142.7	336	23,454	191,809	64.18	610,939
September-02	554,974,095	122.1	21.8	87.6	320	23,513	192,939	75.19	613,910
October-02	521,322,709	122.3	292.2	10.0	352	23,573	194,298	48.66	616,880
November-02	520,146,186	122.6	445.0	-	336	23,632	194,820	49.38	619,851
December-02	533,276,209	122.8	619.4	-	320	23,692	196,160	56.27	622,821
January-03	572,573,777	122.9	814.5	-	352	23,735	196,687	59.62	625,711
February-03	520,618,711	123.1	699.0	-	320	23,778	197,319	86.46	628,600
March-03	539,104,373	123.2	581.1	-	336	23,820	197,876	81.49	631,490
April-03	501,269,075	123.3	372.5	2.4	336	23,863	198,552	58.88	634,380
May-03	500,731,250	123.5	177.9	-	336	23,906	199,266	43.17	637,269
June-03	542,828,114	123.6	43.4	52.9	336	23,949	200,390	41.64	640,159
July-03	605,262,792	123.7	-	118.3	352	23,991	201,152	40.08	643,049

# Schedule EP 10-1

PowerStream Inc.

EB-2008-0244

EP-10-1 Data used in Load Forecast Modeling

Year	Energy_Purchases	GDP	HDD	CDD	Hours	PDI	Customer_Count	Energy_Price	York_Population
August-03	575,510,283	123.9	2.0	128.0	320	24,034	202,062	48.97	645,938
September-03	519,886,465	124.0	54.9	24.0	336	24,077	203,129	48.56	648,828
October-03	531,330,057	124.1	276.0	-	352	24,120	204,412	57.09	651,718
November-03	541,297,751	124.3	398.5	-	320	24,162	204,905	40.45	654,607
December-03	556,065,849	124.4	561.5	-	336	24,205	206,170	44.42	657,497
January-04	593,396,954	124.6	849.1	-	336	24,262	205,853	66.22	660,173
February-04	538,748,764	124.9	618.8	-	320	24,319	206,414	52.74	662,849
March-04	558,570,913	125.1	487.4	-	368	24,377	206,833	48.90	665,525
April-04	510,555,701	125.3	343.4	-	336	24,434	207,401	45.92	668,200
May-04	524,355,169	125.5	155.2	8.6	320	24,491	208,069	48.06	670,876
June-04	548,234,332	125.8	48.8	31.3	352	24,548	208,816	46.69	673,552
July-04	589,964,975	126.0	3.6	81.5	336	24,605	209,180	45.58	676,228
August-04	579,274,629	126.2	12.8	63.6	336	24,662	210,152	43.51	678,904
September-04	558,190,189	126.4	28.2	42.4	336	24,720	210,887	49.57	681,580
October-04	530,538,061	126.7	220.0	1.5	320	24,777	211,620	49.11	684,255
November-04	543,001,213	126.9	372.5	-	352	24,834	212,137	52.28	686,931
December-04	578,344,017	127.1	646.9	-	336	24,891	213,009	50.82	689,607
January-05	603,104,728	127.3	770.0	-	320	24,946	213,563	57.90	691,749
February-05	539,958,139	127.6	616.4	-	320	25,000	213,972	49.58	693,891
March-05	573,163,831	127.8	608.6	-	352	25,055	214,249	59.87	696,033
April-05	523,195,648	128.0	306.8	-	336	25,110	214,669	61.93	698,175
May-05	535,216,502	128.3	189.4	0.8	336	25,164	215,042	53.05	700,317
June-05	667,073,555	128.5	8.9	146.3	352	25,219	215,924	65.99	702,460
July-05	692,826,547	128.7	-	188.7	320	25,274	217,010	76.05	704,602
August-05	665,203,815	129.0	-	140.7	352	25,328	216,999	88.24	706,744
September-05	579,130,353	129.2	22.6	52.1	336	25,383	217,807	93.70	708,886
October-05	550,482,277	129.4	220.2	7.6	320	25,438	218,929	75.92	711,028
November-05	558,735,947	129.7	388.4	-	352	25,492	219,118	58.25	713,170
December-05	584,006,009	129.9	665.3	-	320	25,547	219,970	79.77	715,312
January-06	590,573,211	130.1	551.8	-	336	25,624	221,094	55.54	717,419
February-06	546,189,560	130.2	604.3	-	320	25,700	221,399	48.12	719,527
March-06	580,804,467	130.4	516.6	-	368	25,777	222,577	49.01	721,634
April-06	514,682,678	130.6	293.3	-	304	25,854	223,215	43.52	723,741
May-06	561,278,323	130.7	136.9	26.0	352	25,930	223,558	46.32	725,848
June-06	608,461,587	130.9	19.5	73.6	352	26,007	224,235	46.08	727,956
July-06	691,243,629	131.0	-	167.3	320	26,083	224,729	50.52	730,063
August-06	646,746,810	131.2	4.2	101.6	352	26,160	225,278	52.72	732,170
September-06	534,435,954	131.4	80.9	12.9	320	26,237	225,702	35.42	734,277
October-06	551,908,486	131.5	288.3	1.1	336	26,313	226,928	40.20	736,385
November-06	558,035,541	131.7	382.2	-	352	26,390	228,140	49.71	738,492
December-06	566,865,034	131.9	500.5	-	304	26,467	228,666	39.25	740,599
January-07	605,117,993	132.0	649.6	-	352	26,581	229,507	44.48	742,819
February-07	574,212,693	132.2	740.1	-	320	26,696	229,880	59.12	745,039
March-07	588,678,067	132.3	546.7	-	352	26,811	230,154	54.85	747,259
April-07	537,906,272	132.5	355.1	-	304	26,925	230,785	46.05	749,478
May-07	562,993,757	132.7	136.4	22.4	352	27,040	231,539	38.50	751,698
June-07	636,364,393	132.8	16.5	99.2	336	27,155	232,230	44.38	753,918
July-07	639,545,887	133.0	3.2	106.1	336	27,270	233,032	43.90	756,138
August-07	674,533,886	133.1	5.2	141.0	352	27,384	233,780	53.62	758,358
September-07	572,889,996	133.3	36.9	47.5	304	27,499	234,102	44.63	760,578
October-07	567,671,987	133.5	137.7	19.8	352	27,614	234,858	48.91	762,797
November-07	572,425,593	133.6	462.5	-	352	27,728	235,726	46.95	765,017
December-07	591,703,059	133.8	630.7	-	304	27,843	236,377	49.08	767,237
January-08	613,079,919	133.9	626.0	-	352	27,958	237,175	40.74	769,150
February-08	578,709,137	134.0	674.7	-	320	28,072	237,610	52.38	771,063
March-08	584,978,696	134.1	610.2	-	304	28,187	237,805	56.84	772,977

## Data sources:

York Population - York Region Planning and Development Services Department

PDI - Statistics Canada

HDD, CDD - Environment Canada

Energy Price - IESO

## Schedule EP 17-1

				(1)	(2)	(3)	(4)	
Asset Class		Useful Life	2009 Net Capital Additions	Depreciation 2009 Additions (half year rule)	2008 Base Depreciation	Add Half year Depreciation on 2008 additions	Remove 2008 Depreciation on 2008 fully depreciated assets	2009 Test Year Depreciation ( sum 1 to 4)
1805	Land	0	3,500,000	0	-	0		-
1806	Land Rights	0	-	0	-	0		
1808	Building & Fixtures	50	-	-	76,091	-		76,091
1908	Building & Fixtures	50	-	-	254,946	231,187		486,132
1815	Transformer Stations	40	14,451,697	180,646	2,339,263	22,966		2,542,875
1820	Distribution Stations	30	34,167	569	269,896	14,727		285,193
1830	Poles, Towers & Fixtures	25	16,527,454	330,549	1,598,340	179,283	(38,735)	2,069,437
1835	O/H Cond & Devices	25	16,010,978	320,220	5,757,998	203,895	(132,715)	6,149,398
1836	Contract Services	25	-	-	(1,334)	-		(1,334)
1840	U/G Conduit	25	4,456,469	89,129	1,772,577	67,680	(41,910)	1,887,476
1845	U/G Cond & Devices	25	28,320,581	566,412	10,773,559	390,857	(247,015)	11,483,813
1849	O/H transformers	25	4,487,219	89,744	752,362	50,063	(20,320)	871,849
1850	U/G transformers	25	9,877,331	197,547	6,749,958	146,276	(154,305)	6,939,475
1855	O/H Services	25	816,214	16,324	198,425	11,265		226,015
1856	U/G Services	25	1,514,794	30,296	1,471,614	31,794		1,533,704
1860	Meters	25	47,315	946	1,614,508	8,047		1,623,501
1861	Interval Meters	25	1,352,685	27,054	137,776	33,813		198,643
1875	Street Lighting <sup>a</sup>	25	33,435	669	10,050	217		10,936
1910	Leasehold Improvements	15	-	-	148,443	-		148,443
1915	Office Furniture & Equip.	10	-	-	318,081	126,488		444,568
1920	Computer hardware	5	858,000	85,800	1,081,191	150,800		1,317,791
1925	Computer Software	3	2,542,000	423,667	2,993,921	672,450		4,090,038
1930/1931	Transportation	5	147,500	14,750	1,063,985	29,400		1,108,135
1935	Stores Equipment	10	-	-	21,706	1,000		22,706
1940	Tools, Shop & Garage	10	265,180	13,259	265,165	18,973		297,397
1955	Communication Equipment	10	703,560	35,178	130,446	49,615		215,239
1960	Miscellaneous equipment	10	-	-	1,418	1,418		2,835
1980	System Supervisory Equip	15	288,421	9,614	783,023	36,419		829,056
1985	Sentinel Light <sup>a</sup>	25	-	-	689	-		689
1990	Other Tangible property	25	-	-	-	-		-
1555	Smart Meters	15	-	-	624,032	-		624,032
1565	CDM	25	-	-	-	-		-
1961	Process Re-engineering	3	525,000	68,598	198,509	68,598		335,705
1995	Contributed Capital <sup>b</sup>	varies	(21,189,101)	(423,782)	(7,000,536)	(417,302)		(7,841,620)
	Subtotal		85,570,899	2,077,189	34,406,103	2,129,928	(635,000)	37,978,220
	Plus intangible assets				1,200			1,200
	Remove Non-distribution assets <sup>a</sup>				(10,739)			(11,625)
	Depreciation transferred to burden cost pools				(1,350,858)			(1,428,238)
Depreciation Expense per D1-5-1				2,077,189	33,045,707	2,129,928	(635,000)	36,539,557
	Depreciation transferred to burden cost pools							1,428,238
	Less intangible assets not in B1-7-2							(1,200)
Addition to Accumulated Depreciation per B1-7-2								37,966,595

Notes:

a. These items are non-distribution assets and have been removed from the totals.

b. Contributed capital is amortized on the same basis as the underlying assets for which it was received.



## POWERSTREAM - Future Test Year Tax model

## Ontario Capital Tax

2009 - Test Year

**ONTARIO CAPITAL TAX**

(From Ontario CT23)

**PAID-UP CAPITAL**

Paid-up capital stock  
Retained earnings (if deficit, use negative sign)  
Capital and other surplus excluding appraisal surplus  
Loans and advances  
Bank loans  
Bankers acceptances  
Bonds and debentures payable  
Mortgages payable  
Lien notes payable  
Deferred credits  
Contingent, investment, inventory and similar reserves  
Other reserves not allowed as deductions  
Share of partnership(s), joint venture(s) paid-up capital  
**Sub-total**

2009 Estimated	Non-Distribution Elimination	Wires Only
149,433,000	164,376	149,268,624
66,300,000	72,930	66,227,070
14,324,000	15,756	14,308,244
		0
310,700,000	341,770	310,358,230
70,000,000	77,000	69,923,000
		0
		0
		0
		0
		0
11,405,000	12,546	11,392,455
53,500	53,500	0
622,215,500	737,878	621,477,622

**Subtract:**

Amounts deducted for income tax purposes in excess of amounts booked  
Deductible R&D expenditures and ONTTI costs deferred for income tax

**Total (Net) Paid-up Capital**

18,978,433	20,876	18,957,557
		0
603,237,067	717,002	602,520,065

**ELIGIBLE INVESTMENTS**

Bonds, lien notes, interest coupons  
Mortgages due from other corporations  
Shares in other corporations  
Loans and advances to unrelated corporations  
Eligible loans and advances to related corporations  
Share of partnership(s) or joint venture(s) eligible investments

**Total Eligible Investments**

		0
		0
		0
		0
		0
41,300	41,300	0
		0
41,300	41,300	0

**TOTAL ASSETS**

Total assets per balance sheet  
Mortgages or other liabilities deducted from assets  
Share of partnership(s)/ joint venture(s) total assets

2009 Estimated	Non-Distribution Elimination	Wires Only
729,900,000		729,900,000
		0
55,400	55,400	0

Deduct

Investment in partnership(s)/joint venture(s)

		0
--	--	---

**Total assets as adjusted**

729,955,400	55,400	729,900,000
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Add: (if deducted from assets)

Contingent, investment, inventory and similar reserves  
Other reserves not allowed as deductions

		0
		0

# SCHEDULE EP 21-1

Filed: October 10, 2008  
PowerStream Inc.  
EB-2008-0244  
Exhibit D2 , Tab 1, Schedule 3

## Deduct

Amounts deducted for  
income tax purposes in  
excess of amounts  
booked

Deductible R&D  
expenditures and ONTTI  
costs deferred for income  
tax

18,978,433		18,978,433
		0

## Deduct

Appraisal surplus if booked

		0
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Other adjustments (if deducting, use negative sign)

		0
--	--	---

## Total Assets

710,976,967	55,400	710,921,567
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## Investment Allowance

35,041	41,300	0
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## Taxable Capital

Net paid-up capital  
Investment Allowance

603,237,067	717,002	602,520,065
35,041	41,300	0

## Taxable Capital

603,202,025	675,702	602,520,065
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## Capital Tax Calculation

Deduction from taxable capital

15,000,000		15,000,000
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Net Taxable Capital

587,520,065
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Rate

0.225%
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Ontario Capital Tax (Deductible, not grossed-up)

1,321,920
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## POWERSTREAM - Future Test Year Tax model

## Ontario Capital Tax

2008 - Bridge Year

**ONTARIO CAPITAL TAX**

(From Ontario CT23)

**PAID-UP CAPITAL**

Paid-up capital stock  
Retained earnings (if deficit, use negative sign)  
Capital and other surplus excluding appraisal surplus  
Loans and advances  
Bank loans  
Bankers acceptances  
Bonds and debentures payable  
Mortgages payable  
Lien notes payable  
Deferred credits  
Contingent, investment, inventory and similar reserves  
Other reserves not allowed as deductions  
Share of partnership(s), joint venture(s) paid-up capital  
**Sub-total**

2008 Estimated	Non-Distribution Elimination	Wires Only
149,433,000		149,433,000
61,200,000		61,200,000
14,324,000		14,324,000
		0
260,000,000		260,000,000
70,000,000		70,000,000
		0
		0
		0
		0
		0
10,325,165		10,325,165
		0
565,282,165	0	565,282,165

**Subtract:**

Amounts deducted for income tax purposes in excess of amounts booked  
Deductible R&D expenditures and ONTTI costs deferred for income tax

17,153,632		17,153,632
		0
548,128,533	0	548,128,533

**Total (Net) Paid-up Capital****ELIGIBLE INVESTMENTS**

Bonds, lien notes, interest coupons  
Mortgages due from other corporations  
Shares in other corporations  
Loans and advances to unrelated corporations  
Eligible loans and advances to related corporations  
Share of partnership(s) or joint venture(s) eligible investments

		0
		0
		0
		0
		0
41,200		41,200
		0
41,200	0	41,200

**Total Eligible Investments****TOTAL ASSETS**

Total assets per balance sheet  
Mortgages or other liabilities deducted from assets  
Share of partnership(s)/ joint venture(s) total assets

2008 Estimated	Non-Distribution Elimination	Wires Only
695,100,000		695,100,000
		0
55,300		55,300

Deduct

Investment in partnership(s)/joint venture(s)

		0
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# SCHEDULE EP 21-2

Filed: October 10, 2008  
PowerStream Inc.  
EB-2008-0244  
Exhibit D2 , Tab 1, Schedule 3

## Total assets as adjusted

695,155,300	0	695,155,300
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Add: (if deducted from assets)

Contingent, investment, inventory and similar reserves  
Other reserves not allowed as deductions

		0
		0

Deduct

Amounts deducted for  
income tax purposes in  
excess of amounts  
booked

17,153,632		17,153,632
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Deductible R&D  
expenditures and ONTTI  
costs deferred for income  
tax

		0
--	--	---

Deduct

Appraisal surplus if booked

		0
--	--	---

Other adjustments (if deducting, use negative sign)

		0
--	--	---

## Total Assets

678,001,668	0	678,001,668
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## Investment Allowance

33,308	0	33,308
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## Taxable Capital

Net paid-up capital

548,128,533	0	548,128,533
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Investment Allowance

33,308	0	33,308
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## Taxable Capital

548,095,225	0	548,095,225
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## Capital Tax Calculation

Deduction from taxable capital

15,000,000		15,000,000
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Net Taxable Capital

533,095,225
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Rate

0.225%
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Ontario Capital Tax (Deductible, not grossed-up)

1,199,464
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