

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

BOARD STAFF INTERROGATORIES: POWERSTREAM INC.

Board Staff Interrogatory #1

ADMINISTRATION (Exhibit A)

Question:

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

- a) Tie each line item of the application to the amount reported to the Board, by account, in PowerStream's 2007 annual filing pursuant to RRR 2.1.7. Please ensure that the amounts reported to the Board, by account, pursuant to RRR 2.1.7, are stated. Where account numbers are grouped together, state which Uniform System of Accounts (USoA) account numbers are grouped together, and the basis for the grouping.**
- b) Identify the components of any difference between the amount filed pursuant to RRR 2.1.7 and the amount reported in each line item of the application.**
- c) Explain each component of any difference identified in b). Please include an explanation of which other accounts now contain any such difference by component.**
- d) State which amount (the amount filed pursuant to RRR 2.1.7 or the amount in each line item of the application) has been reflected in PowerStream's 2007 audited financial statements and identify the line item in the audited financial statements.**
- e) State which value should be relied upon in this proceeding, and, if different from the value reported in the 2007 audited financial statements, explain why the Board should rely on such different value.**

Response(s):

- (a-c)** Schedule Staff-1-1, will be filed in confidence in accordance with the Board's Rules of Practice and Procedure and its Practice Directions on Confidential Filings. This Schedule contains the requested comparison. Generally, the differences between the amounts reported in PowerStream's 2007 RRR filing and the amounts in the 2009 PowerStream's EDR model are due to:
 - 1. an adjustment to reflect Aurora's assets being shown at fair market value but adjusted to book value for rate making purposes;
 - 2. adjustments for "unclassified" or "non-distribution" items; and

3. adjustments for items not recoverable in rates.

- d) The amounts filed pursuant to RRR 2.1.7 are reflected in PowerStream's 2007 audited financial statements. The groupings in the financial statements are different from the groupings used for the regulatory purposes. The reconciliation between the 2007 Audited Financial Statements and the 2007 data used in rates model is explained in detail, in PowerStream's Application, Appendix 1, Schedule 20, pp.9-15.
- e) For rate calculation purposes, the Board should rely on the values as presented in PowerStream's Application, since all adjustments to RRR amounts were done to reflect regulatory requirements.

Board Staff Interrogatory #2

RATE BASE (Exhibit B1/Tab2/Sch1)

Question:

- a) **Please provide a list of criteria and the rationale that PowerStream has used in the prioritization and selection of 2009 maintenance and capital projects in its application.**
- b) **Please identify, individually, maintenance and capital programs, if any, that PowerStream may consider as a candidate for a deferral, cut, or partial adjustment, given the current economic situation. Please identify these programs, if any, in a ranking order that PowerStream would consider, using a ranking of “1” as the first suitable candidate, ranking of “2” as the second suitable candidate, ranking of “3” as the third suitable candidate, etc.**
- c) **Please identify the rationale for the selection of these maintenance and capital programs and projects.**
- d) **Please describe the expected impacts on PowerStream’s revenue requirement, operations and service quality and reliability to customers if the identified programs are reduced, deferred or cut during the economic downturn.**

Response(s):

- (a) The criteria and rationale that PowerStream has used in the prioritization and selection of all 2009 capital projects is described PowerStream’s Application in Exhibit B1-2-1 at pp. 27-31.

The criteria and rationale that PowerStream has used in the prioritization and selection of all 2009 maintenance programs is described PowerStream’s Application in Exhibit D1-1-2 at pp. 1-4.

- b) With reference to Exhibit B1-4-1, Table 2, none of the projects listed on that table are expected to be deferred, cut or adjusted as a result of the current economic situation, with the exception of item “2b Residential Subdivisions”, which we estimate could be reduced by as much as \$1M as a result of possible decline in new customer connections. PowerStream, however, expects to incur incremental and unplanned capital expenditures related to federal, provincial and municipal government infrastructure spending which may offset that potential \$1M reduction. In the result, PowerStream continues to have confidence in the level of capital spending that is set out in the Application.

PowerStream considers that any decrease in maintenance activity would have an eventual detrimental impact on system reliability and customer service.

- c) Not applicable.
- d) Not applicable.

Board Staff Interrogatory #3

RATE BASE (Exhibit B1/Tab2/Sch1/p11)

Question:

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

Response:

PowerStream is constructing one new 28kV transformer station, the Markham transformer station, which is planned to be in service in the 2009 test year.

Board Staff Interrogatory #4

RATE BASE (Exhibit B1/Tab2/Sch1/p25)

Question:

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

Response:

All 2009 capital projects categorized as Discretionary fall into the Urgency One category.

Based on the timeline for capital project selection, the determination of Urgency One vs. Urgency Two for 2010 projects will not occur until the fall of 2009 as part of the budget process. Based on PowerStream's experience, it would be a rare occurrence to see any Urgency Two projects be undertaken in a budget year, including 2010.

Board Staff Interrogatory #5

RATE BASE (Exhibit A2/Tab3/Sch1/p2) (Updated January 30, 2009)

Question:

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

Response:

The \$4.7M in capital savings related to the merged entity are not included in the Application. As itemized in Table Staff 5-1 below, the savings are not included because they are all avoided costs for Barrie.

Table Staff 5-1: Capital Savings for Barrie Rate Zone

Description	Amount
Financial Software (ERP) system	\$ 3,305,000
Computer software	90,000
Computer hardware	241,000
IVR Phone System	85,000
ArcFM designer	250,000
Bar Coding system	50,000
GPS system for trucks	10,000
Vehicles - 1 bucket truck, 1 digger, 2 pickups	285,000
Office expenditures	12,000
Smart Meters	300,000
SCADA system	50,000
Total	\$ 4,678,000

Board Staff Interrogatory #6

RATE BASE (Exhibit B1/Tab2/Sch1/p20)

Question:

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

- a) When did PowerStream last contact property developers to assess and review their plans?**
- b) Given the economic downturn, has PowerStream recently contacted developers with respect to their plans? Please provide a detailed response.**
- c) Have any of the developers curtailed, postponed, cancelled or amended their development plans? If "Yes", please provide details and the number of developers that have altered their plans. How has this affected PowerStream's capital investment plans?**
- d) Have the road authorities or municipal planning and economic development bodies altered their plans? Please provide details including the impact on PowerStream's own capital investment plans.**

Response(s):

- (a)** PowerStream is in regular communication with its external stakeholders including property developers. The latest communication occurred at the end of March 2009.
- (b-d)** We have chosen to expand the answer (b-d) to include a discussion of what PowerStream foresees to be the impact of the economic downturn on the capital program.

In evaluating the impact of the recent economic downturn, PowerStream has applied its knowledge of its customers and franchise area, augmented with input from various stakeholders including the Region of York, the municipalities and five of the largest developers in its service territory. Some of the line items in the category of Development capital could be impacted by this downturn, and if so, then only to the extent that PowerStream may experience a lower rate of growth than anticipated.

The Industrial & Commercial customer sector is experiencing the growth anticipated by PowerStream based on the number of services designed and

additional kW load connected over the past six months. Plant closures, plant relocations, and shift reductions have not been a detriment to growth in peak demand. Typically plants relocate from higher tax base areas into the PowerStream service territory. Also, plants operating with multiple shifts may reduce the number of shifts as opposed to completely shutting down, which affects PowerStream's revenue but not its electrical demand. PowerStream is not forecasting any changes to its five-year development growth plan in the commercial & industrial sector.

In the case of the residential customer class, developers are indicating a slowdown in both residential lot development and new home construction. Based on the anecdotal information from developers, PowerStream foresees a potential reduction of \$1 million in capital spending related to Residential Subdivisions and a potential reduction of system peak growth from 56 MW to 51.5 MW, on a base of 1,600 MW peak demand.

Road Authorities have plans for new road construction, road widenings, road realignments and water and sewer initiatives, most of which require relocation and/or new construction of PowerStream's distribution system. The stakeholders forecast no reduction to their original plans for 2009 as a result of the economic downturn. They also indicate that new projects may be added as governments roll out infrastructure funding to offset a slowing economy. As a result there may be additional road authority capital projects undertaken in 2009 which will increase capital activity in that area.

PowerStream also experiences organic growth which is the small amount of system growth (usually less than 1%) for existing customers as additional electrical loads are added to businesses or homes. PowerStream does not expect any material change to the capital plan based on the impact of the economic downturn on organic growth.

In summary, PowerStream's expects no change to its capital investment plan as a result of the slowdown of the economy. The reduction in capital spending related to residential housing is expected to be offset by greater spending related to road authority projects as a result of infrastructure spending. The expected change in system growth from 56 MW to 51.5 MW will have no effect on the timing of any PowerStream's proposed capital development projects.

Board Staff Interrogatory #7

RATE BASE (Exhibit B1/Tab4/Sch2)

Question:

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

- a) The expenditure for pole/line replacements and/or upgrades was \$2.5 million in 2007, rising to \$5.3 million in 2008 and \$4.4 million in 2009. Please provide the number of poles replaced/to be replaced for each of the years 2006 through to 2009 and their average cost.**
- b) Expenditures related to transformer station enhancements/upgrades have increased in 2008 (\$4.5 million) and in 2009 (\$3.2 million) as compared to the 2007 expenditure of \$253,000. The evidence indicates that some of the expenditure is earmarked to purchase spare units for a number of critical components in various stations.**
 - i) Please provide detailed information about spare purchases including number of items, units and cost.**
 - ii) Why is it necessary to purchase a large number of spare units in the Bridge and Test year? Why can't some of these purchases be postponed to subsequent years?**
- c) What are the reasons for the significant increase (from \$0 in 2007 to \$5.3 million in 2009) in expenditures related to Asset Condition Assessment Program? Please provide a detailed response.**
- d) Can some of the expenditures related to the Asset Condition Assessment Program be deferred to subsequent years? If "No", please provide reasons.**

Response(s):

- a) PowerStream records the capital and related costs of pole installations, line replacements and associated items on a consolidated basis. Accordingly, it does not have the information requested. It would take a significant number of person-hours to interrogate the historical consolidated data and calculate the discrete cost of pole replacement for each year.**
- b) Table Staff 7-2, below, shows the spare transformer portion of line item 1b of Exhibit B1-4-2, Table 2.**

As a point of clarification, PowerStream has procured only two spare transformers in this category. These represent spare units for critical transformers at large transformation stations that may not otherwise be available in a time of need.

(i) **Table Staff 7-2 Spare Transformer Purchases (\$000)**

Description	2007	2008	2009
Quantity 1 - 50/83 MVA	nil	*\$250	\$2,250
Quantity 1 - 75/100/125 MVA	nil	\$2,700	**\$274

*Note: This represents the first progress payment

**Note: This represents 10% holdback only payment due to be paid 2Q2009

- b)(ii) As a result of an engineering assessment done in 2006, it was recommended that there was a need for the two spare power transformers. Purchase commitments were made in 2008. The need for these spares is not influenced by economic circumstances or the timing of regulatory applications, but rather system reliability considerations and it would be imprudent to alter these decisions. Furthermore, the agreement to purchase the units are in place and cannot be terminated without an associated cost.
- c) The implementation of a new Asset Condition Assessment (ACA) model and process, over the period 2007 to 2009, highlighted that PowerStream was under-spending in the area of targeted, proactive asset replacement. The pattern of spending seen since 2007 represents the prudent phasing in of the recommendations from the ACA. Refer to VECC-10 for additional details.
- d) PowerStream considers that it would be imprudent to postpone the planned replacement or refurbishment of key assets. Spending in the ACA program is based on asset condition and deferral of spending in this category could have an adverse impact on system reliability and customer service.

Board Staff Interrogatory #8

RATE BASE (Exhibit B1/Tab4/Sch2)

Question:

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

- a) Considering that load has not increased substantially from 2007 to 2009 and customer numbers are expected to increase by 6.5%, from 2007 to 2009, what are the reasons for the substantial increase in this category?**
- b) The largest increase in this category is related to adding a new transformer station and feeder expansion. The expenditure is projected to increase from \$1.6 million in 2007 to \$22.8 million in 2009. Where do these projects fall in terms of PowerStream's classification of non-discretionary and discretionary (urgency one/urgency two) projects? Please provide a detailed response.**
- c) Over the past three years, PowerStream has experienced strong growth in home construction, particularly in Markham and Vaughan. Expenditures related to residential subdivisions are projected to increase from \$4.4 million to slightly over \$5 million in 2008 and 2009. Considering the recent downturn in the housing market, does PowerStream expect the same level of housing activity to continue within its service territory?**
- d) One of the expenditures under Development Capital includes new overhead and underground circuit extensions. Please provide details of projects related to underground circuit extensions including costs.**

Response(s):

- a) The increase is \$28.6M (\$41,019K - \$12,448K) over the period 2007-2009. A substantial portion of the 230% increase relates to the installation of increased capacity and distribution facilities associated with the capacity in this case Markham TS#4, built and owned by PowerStream, Armitage and Markham TS #4 feeder expansion, and the Vaughan TS #1 expansion to the feeder distribution system. The distribution system is generally expanded through additions of large blocks of capacity; for example, the construction of a new TS, whereas demand, on the other hand, typically grows steadily over time. This pattern of spending is somewhat unusual as we were forced to build both Markham TS #4 and Armitage feeders in the same period.**

- b) During the budget process, these projects are considered Special Projects. Special Projects are not taken through the same classification as base capital (refer to VECC 11). However, if the projects were subject to the classification system these types of projects would fall into a category called Discretionary Urgency One.
- c) Please see PowerStream's response to Staff 6 (b-d) .
- d) PowerStream's policy is to install overhead wires unless a third party agrees to pay for the incremental difference between overhead and underground costs. Specific projects could require sections of underground due to technical reasons (for example crossovers at rail and major traffic routes). All of the dollars included in the line item 2F Exhibit B1-4 represent overhead wires with the exception of one project (Warden Avenue from Hwy 407 to Enterprise Drive) in 2007 at a value of \$200,000.00. This line section was installed underground due to a railway crossing.

Board Staff Interrogatory #9

RATE BASE (Exhibit B1/Tab4/Sch2)

Question:

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

Response:

The budgeted amount for a given year for both unplanned equipment replacement and unforeseen capital projects is based on a review of historic spending patterns and adjusted to account for anomalies, using good utility practice. It is not as simple as applying a single factor to previous year's spending. Historical information is only available from 2006 onward.

Table Staff-9-1: Unforeseen & Unplanned Expenditures (\$000)

		2006	2007	2008 (As filed)	2008 (Actual)	2009 (As filed)
3b UNPLANNED (equipment failures)	NET	1,258	1,835	1,609	2,803	1,678
1k + 2g UNFORSEEN (projects not identified at budget time)	NET	995	927	750	1,487	828

Board Staff Interrogatory #10

RATE BASE (Exhibit B1/Tab4/Sch2)

Question:

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

Response:

Table Staff 10-1: 2008 Capital Projects

PROJECT DESCRIPTION	Amount \$(000)	Amount \$(000)	Actual Amount \$(000)	Amount \$(000)
	2007	2008	2008	2009
1. Sustainment Capital				
1a. Pole or Line Replacements / Upgrades	2,830	4,910	4,400	4,400
1b. Transformer Station Enhancements / Upgrades	703	4,090	3,400	3,300
1c. Asset Condition Assessment Program	0	2,002	401	5,300
1d. Distribution System Voltage Converters	2,331	2,330	117	3,400
1e. Substation Replacements / Upgrades / Enhancements	1,200	1,210	700	1,200
1f. Cable Replacement	170	1,053	523	300
1g. Load Transfers From Other LDC's	200	531	400	0
1h. Distribution System Replacements / Upgrades / Enhancements	532	761	340	301
1i. Load Interrupter Switch Replacement	300	300	201	400
1j. Distributor Station Enhancements / Upgrades	40	83	100	472
1k. Unforeseen Capital Projects	400	370	1,200	400
Total Sustainment Capital	8,373	19,401	13,552	19,618
2. Development Capital				
2a. Transformer Station - Additional Capacity	1,530	14,217	5,214	22,771
2b. Residential Subdivisions	4,400	3,213	4,000	5,000
2c. Distribution System Plant Re-Location	1,000	2,000	1,000	0,000
2d. New Commercial Services	30	100	000	101
2e. Distribution Systems - Additional Capacity	370	127	200	0
2f. New Overhead or Underground Lines	0,000	1,000	0,000	0,000
2g. Unforeseen Capital Projects	400	370	201	400
Total Development Capital	12,448	23,728	15,554	41,019
3. Operations Capital				
3a. System Operation Automation	2,000	2,000	1,000	1,000
3b. Unplanned Equipment Replacement	1,000	1,000	0,000	1,000
3c. Sub-Metering Costs	1,700	1,072	1,713	1,000
3d. Fleet	2,277	1,213	2,712	000
3e. Warehouse Moves	000	000	000	000
3f. Tools	300	312	200	310
3g. Smart Grid Program	0	273	4	000
3h. Meter Re-Installation and Replacement Program	500	200	200	200
3i. Asset Condition Assessment Model Development	100	100	200	25
3j. Geographic Information System	30	137	201	101
3k. Conservation & Demand Management - Smart Meter Pilot	700	0	0	0
3l. System Control Room	1,270	0	0	0
3m. Storm Damage To Distribution System	1,000	1,000	300	017
3n. Conservation & Demand Management - Load Control Devices	000	0	0	0
Total Operations Capital	13,587	10,080	10,647	7,674
4. Other Miscellaneous Capital				
4a. Information Technology Enhancements	2,210	1,222	441	623
4b. Customer Information Systems Enhancements	072	1,000	400	1,201
4c. Financial System Enhancements	1,000	1,370	333	300
4d. New Computer Equipment / Replacement	400	300	000	000
4e. New Head Office	17,000	700	0,077	301
4f. Software Purchases	301	400	217	300
Total Other Miscellaneous Capital	22,756	6,243	9,686	3,955
5. Total Smart Meters Program	10,225	6,994	6,667	12,975
Total Capital Expenditures	67,389	66,446	56,106	85,241

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 major projects from 2008 have been postponed, shelved or are incomplete:

- Asset Condition Assessment \$1.6 M – spending postponed
- Voltage Conversion \$2.7 M – spending postponed
- Scada Upgrades \$1.0 M – spending postponed
- CIS Enhancements \$1.2 M – spending postponed

Refer to EP 4 for a description of additions to 2008.

Board Staff Interrogatory #11

RATE BASE (Exhibit B1/Tab5/Sch3)

Question:

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

- a) What savings has PowerStream achieved as a result of constructing the new head office? Are any of the savings reflected in the current Application? If “Yes”, please provide details and if “No”, please provide reasons for not achieving any savings during the Test Year.**
- b) What operational savings is PowerStream likely to achieve on an on-going basis as a result of the move?**
- c) Are any costs related to the move included in the Test Year? If “Yes”, please provide details.**

Response(s):

- a) The savings that PowerStream has achieved as a result of constructing the new head office fall into one of two categories: (i) the savings attributable to the geographic consolidation of PowerStream’s head office operations; and (ii) the savings attributable to the head office building’s LEEDs certification. The savings and benefits that flow from each of these categories can be further sub-divided into “qualitative” benefits and “quantitative” savings.**

Exhibit B1-5-3 describes the adverse operational and cultural consequences associated with the geographical separation of staff across the City of Vaughan and the Towns of Markham and Richmond Hill. Although these adverse consequences include costs incurred as a result of duplication (i.e., maintaining three separate IT infrastructures and inter-office travel), the level of these costs was never qualified. It would have been difficult to do so. Moreover, as the evidence states, the problems and issues associated with geographical separation were more qualitative than quantitative: impaired access to managers by the Executive Management Team (“EMT”); lack of visibility and accessibility of the EMT vis a vis PowerStream’s employees and impairment of the development of a cohesive, efficient workforce and merged corporate culture. The organizational costs associated with these factors are

incapable of cost quantification. The principal focus of the head office initiative was to achieve qualitative improvements and efficiencies. Having said this, there is some hard data to confirm that the consolidation did result in decreased costs. For example, there was a 16% reduction in staff mileage costs in 2008 relative to 2007.

Although PowerStream did not track savings related to the consolidation of the head office facilities, operational savings are being realized pursuant to our commitment to construct a LEED facility. PowerStream has been working with Enermodal Engineering to ensure the best possible use of the building's LEED design features. After the move in February 2008, Enermodal provided PowerStream with a quarterly Energy Performance Report, beginning March 2008. The final report will be available in April 2009. The report compares actual consumption data for energy (electricity and gas) and water beginning in March 2008 to baseline results in order to determine savings achieved related to LEED design. The baseline results are determined by using a building model that is the same size as the PowerStream head office but does not include any energy conservation measures. Also, actual data is compared to a calibrated building model in order to determine actual performance to ideal LEED building performance measures.

PowerStream's head office includes significant energy conservation design features such as an energy efficient envelope, high performance windows, energy recovery systems, efficient condensing boilers for central heating and an efficient lighting design. As a result of this design, from September to November 2008 PowerStream has consumed 12% less energy than the baseline building. The PowerStream head office consumes 44% less energy than comparable office buildings in Ontario (using nine months of PowerStream actual data). Recommendations for improvement are included in the quarterly reports to assist PowerStream in maximizing the conservation savings that can be achieved from the design features of the building on a on-going basis.

PowerStream did not have the annualized data on operational savings from energy conservation to be able to trend lower energy savings resulting for the LEED design of the building in its test year costs.

- b) PowerStream will continue to maximize efficiencies gained from the design features of the building to control energy costs on an ongoing basis.
- c) PowerStream employees occupied the Cityview location in February 2008. All moving costs were incurred in 2008. No costs related to the move are included in the Test Year.

Board Staff Interrogatory #12

RATE BASE (Exhibit B1/Tab6/Sch1)

Question:

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

- a) What are the reasons for the significant drop in 2010 and 2011?**
- b) Considering the recent economic downturn, has PowerStream considered any modifications to the overall plan including development capital? If "No", please indicate why. If "Yes", please provide details.**

Response(s):

Exhibit B1-6-1, Lines 188-191 indicate that forecasted expenditures from 2010 to 2012 are less known and are largely based on assumptions from prior years. Future refinement of the capital requirement in future budget years occurs on a rolling basis.

- (a) For the explanation of the assumptions that lead to those numbers please refer to Exhibit B1-6-1, Lines 256-290. The significant drop in 2010 and 2011 is largely attributable to the completion of large capacity related projects in 2009. The increase in 2012 is due to installation of the next Transformer Station, in Vaughan.
- b) No, we are not considering changing our five year plan based on current economic conditions. The lack of certainty about the intensity, length and impact of the economic downturn would make it imprudent to change long term capital plans at this time.

Board Staff Interrogatory #13

RATE BASE: (Exhibit B1/Tab6/Sch1)

Question:

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

Response:

Table Staff 13-1: 2007 - 2009 Vehicle Replacements

Year	Number of Replacements			Repl. Cost (\$M)	Number of New Additions			New Cost (\$M)	Other Cost (\$M)	Total Cost (\$M)
	Heavy Duty	Light Duty	Trailers		Heavy Duty	Light Duty	Trailers			
2007	2	22	1	1.13	3	3	0	.92	.13	2.255
2008	6	18	6	1.8	0	4	0	.13	0	1.93
2009	3	21	5	2.13	0	6	0	.26	0	2.36

Notes:

- Other Cost: GPS System pilot program installed in 2007
- \$2.9 M figure mentioned in Staff-13 includes items other than fleet capital acquisitions (i.e. tools and warehouse costs (see B1-6-1, Table 4))

Board Staff Interrogatory #14

RATE BASE (Exhibit B1/Tab7/Sch1/p23)

Question:

IT Assets show an increase of 17% or \$3.9 million from 2008 to 2009. Please provide a detailed breakdown of the components of this expenditure item over this period.

Response:

Refer to Table Staff 14-1, below.

Table Staff 14-1: IT Spending: 2009	
Title	Budget (\$000)
CIS Enhancement	1,116
CIS Modification	235
Phone System Enhancement	389
Technology Driven Productivity Improvements	333
Disaster Recovery	101
J.D. Edwards	303
Client Computing	396
Infrastructure Hardware	404
Packaged Software	297
Head Office	351
TOTAL	3,925

Board Staff Interrogatory #15

RATE BASE (Exhibit B1/Tab7/Sch2/p4)

Question:

Please reconcile the depreciation amounts provided in Exhibit B1/Tab7/Schedule2/page 4 and the line item “Depreciation and Amortization” in Exhibit G/Tab1/Schedule2/page 1.

Response:

The depreciation amounts per Exhibit B1/Tab 7/Schedule 2, page 4 are higher than Exhibit G/Tab 7/Schedule 2, page 1 because they contain the depreciation on assets that are actually reallocated to capital and OM &A through a burden overhead allocation process. Refer to exhibit D1/tab 1/Schedule 5, Table 1 which shows the burden allocated depreciation amounts for the period 2006 to 2009.

For example, the depreciation on vehicle assets are allocated first to the rolling stock burden pool account and then redistributed to capital and OM&A accounts through an application of a vehicle burden rate based on vehicle hourly usage.

Therefore, Exhibit B1/Tab 7/Schedule 2 was developed for the purpose of displaying depreciation on all fixed assets whereas Exhibit G/Tab 1/Schedule 2 only shows the eligible rate base depreciation requested for recovery in the revenue requirement calculation.

Board Staff Interrogatory #16

RATE BASE (Exhibit I/Tab3/Sch2)

Question:

Please provide details with respect to the line item “Carrying Costs to Dec 31, 2007.

Response:

The information filed were the actual carrying costs to December 31, 2007 on the principal balances in account 1555, excluding stranded meter costs, as shown in the Table Staff-16-1, below.

Table Staff 16-1: Account 1555 Smart Meter Capital and Offset Account – Principal						
Month	Opening Balance	SM Adder	Costs excluding Stranded meters	Closing Balance (excluding Stranded)	Stranded Meters	Closing Balance (including Stranded)
May 2006	-	(53,082)		(53,082)		
Jun 2006	(53,082)	(55,204)		(108,286)		
Jul 2006	(108,286)	(58,518)		(166,804)		
Aug 2006	(166,804)	(61,423)		(228,227)		
Sep 2006	(228,227)	(59,434)		(287,661)		
Oct 2006	(287,661)	(60,877)		(348,538)		
Nov 2006	(348,538)	(62,646)		(411,184)		
Dec 2006	(411,184)	(61,058)	64,018	(408,224)		
Jan 2007	(408,224)	(62,549)	-	(470,773)		
Feb 2007	(470,773)	(57,342)	-	(528,115)		
Mar 2007	(528,115)	(63,206)	-	(591,321)		
Apr 2007	(591,321)	(59,797)	9,139	(641,978)		
May 2007	(641,978)	(152,613)	1,426,238	631,646		
Jun 2007	631,646	(161,831)	1,279,030	1,748,846		
Jul 2007	1,748,846	(173,477)	1,363,150	2,938,519		
Aug 2007	2,938,519	(167,808)	1,996,394	4,767,105		
Sep 2007	4,767,105	(156,656)	2,085,794	6,696,242		
Oct 2007	6,696,242	(188,831)	938,868	7,446,279		
Nov 2007	7,446,279	(119,756)	571,377	7,897,900		
Dec 2007	7,897,900	(166,758)	47,875	7,779,017	4,466,225	12,245,242

Table Staff-16-2 below, shows the calculation of interest on these balances.

Table Staff 16-2: Account 1555 – Interest					
Month	Opening Balance (excluding Stranded)	Days	Rate	Interest	To Date
May 2006	-	31	4.14%	-	-
Jun 2006	(53,082)	30	4.14%	(181)	(181)
Jul 2006	(108,286)	31	4.59%	(422)	(603)
Aug 2006	(166,804)	31	4.59%	(650)	(1,253)
Sep 2006	(228,227)	30	4.59%	(861)	(2,114)
Oct 2006	(287,661)	31	4.59%	(1,121)	(3,235)
Nov 2006	(348,538)	30	4.59%	(1,315)	(4,550)
Dec 2006	(411,184)	31	4.59%	(1,603)	(6,153)
Jan 2007	(408,224)	31	4.59%	(1,591)	(7,745)
Feb 2007	(470,773)	28	4.59%	(1,658)	(9,402)
Mar 2007	(528,115)	31	4.59%	(2,059)	(11,461)
Apr 2007	(591,321)	30	4.59%	(2,231)	(13,692)
May 2007	(641,978)	31	4.59%	(2,503)	(16,195)
Jun 2007	631,646	30	4.59%	2,383	(13,812)
Jul 2007	1,748,846	31	4.59%	6,818	(6,994)
Aug 2007	2,938,519	31	4.59%	11,455	4,461
Sep 2007	4,767,105	30	4.59%	17,984	22,446
Oct 2007	6,696,242	31	5.14%	29,232	51,678
Nov 2007	7,446,279	30	5.14%	31,458	83,136
Dec 2007	7,897,900	31	5.14%	34,478	117,614
2007 Interest adjustments				4,224	121,838

Interest adjustments are made to reflect interest on smart meter costs that were initially booked to 1860 Meters in error and then corrected and moved to account 1555. The interest adjustment is a calculation of interest on these amounts from the time the costs were incurred until they were transferred to 1555.

Having reviewed this information, PowerStream believes that the carrying charge amount should include interest up to the effective date of the 2009 rates (May 1, 2009 used for purposes of calculation). This amount would be \$490,967, as calculated in Table Staff 16-3 below.

Table Staff 16-3: Account 1555 - Interest Jan 1/08 to Apr 30/09					
Month	Opening Balance (excluding Stranded)	Days	Rate	Interest	To Date
Jan 2008	7,897,900	31	5.14%	34,478	156,316
Feb 2008	7,897,900	29	5.14%	32,254	188,570
Mar 2008	7,897,900	31	5.14%	34,478	223,048
Apr 2008	7,897,900	30	4.08%	26,485	249,533
May 2008	7,897,900	31	4.08%	27,368	276,901
Jun 2008	7,897,900	30	4.08%	26,485	303,386
Jul 2008	7,897,900	31	3.35%	22,471	325,857
Aug 2008	7,897,900	31	3.35%	22,471	348,328
Sep 2008	7,897,900	30	3.35%	21,746	370,075
Oct 2008	7,897,900	31	3.35%	22,471	392,546
Nov 2008	7,897,900	30	3.35%	21,746	414,292
Dec 2008	7,897,900	31	3.35%	22,471	436,763
Jan 2009	7,897,900	31	2.45%	16,434	453,197
Feb 2009	7,897,900	28	2.45%	14,844	468,041
Mar 2009	7,897,900	31	2.45%	16,434	484,475
Apr 2009	7,897,900	30	1.00%	6,491	490,967
Total / check				369,128	490,967

This reduces the amount to return to customers to \$213,051 and the rate rider to a credit of \$0.07 per month to each metered customer for a period of one year, as per revised Schedule Staff 16-1 entitled “Clearing of Actual Smart Meter Costs to December 31, 2007”.

Schedule Staff 16-1

PowerStream Inc.
2009 EDR
Clearing of Actual Smart Meter Costs to Dec 31/07

Summary of Actual Costs claimed in this application	2006 Actual	2007 Actual	Total Actual
Capital Costs			
Smart meters	62,702	9,569,003	9,631,705
Computer Hardware			
Computer Software		490,200	490,200
Tools & Equipment			
Other Equipment			
Total Capital Costs	<u>62,702</u>	<u>10,059,203</u>	<u>10,121,905</u>

O M & A

2.1 Advanced metering communication device			
2.2 Advanced metering regional collector			
2.2 Advanced metering control computer			
2.4 Wide area network		80,519	80,519
2.5 Other AMI OM&A costs related to minimum functionality		110,000	110,000
Total OM&A Costs	<u>-</u>	<u>190,519</u>	<u>190,519</u>

Revenue Requirement Calculation	2006 Actual	2007 Actual	Total Actual
Net Fixed Assets			
Beginning of year	-	62,702	
End of year	62,702	9,809,889	
Average net fixed assets	<u>31,351</u>	<u>4,967,647</u>	
Working Capital Allowance			
Operation expense	-	190,519	
Working capital allowance 15%	<u>-</u>	<u>28,578</u>	
Smart Meter Rate Base	<u>31,351</u>	<u>4,996,224</u>	
1) Return on Rate Base			
Deemed Debt times Weighted Debt ra	60%	6.16%	
Deemed Equity times ROE	40%	9.00%	
Return on Rate Base	<u>2,287</u>	<u>364,525</u>	<u>366,812</u>
2) Operating Expenses:			
Incremental Operating expenses	-	190,519	190,519
Amortization expenses	-	312,016	312,016
Total Operating Expenses	<u>-</u>	<u>502,535</u>	<u>502,535</u>
Revenue Requirement before PILS (1+2)	<u>2,287</u>	<u>867,060</u>	<u>869,347</u>
Grossed up PILS 33%	<u>1,127</u>	<u>427,059</u>	<u>428,186</u>
Revenue Requirement for Smart Meters Installed	<u>3,414</u>	<u>1,294,119</u>	<u>1,297,533</u>

Working capital allowance, debt equity ratio, weighted debt rate and allowed return on rate base from 2006 EDR

Rate Rider to Clear Actual Expenses to Dec 31/07:

	2006 Actual	2007 Actual	Interest Jan 1/08 to Apr 30/09	Total
Revenue Requirement (see above)	3,414	1,294,119		1,297,533
Carrying Costs - to Jul 31, 2009	(6,153)	127,991	369,128	490,966
	(2,739)	1,422,110		1,788,499
Less Smart Meter Adder Recovery: May 1/06 to Dec 31/07	(470,927)	(1,530,623)		(2,001,550)
Net to recover from (return to) customers	<u>(473,666)</u>	<u>(108,513)</u>		<u>(213,051)</u>

Rate Adder to Clear Actual Expenses to Dec 2007

Rate Adder	Metered Customers	Months	Amount Recovered (returned)
\$ (0.07)	249,335	12	\$ (209,441)

Based on December 31, 2009 metered customer numbers and returning net amount over one year.

Board Staff Interrogatory #17

RATE BASE (Exhibit I/Tab3/Sch2)

Question:

Please provide the number and proportion of smart meters that will be installed as of March 31, 2009.

Response:

Table Staff 17-1: Smart Meters Installed

	Residential	GS<50 kW	Total
Number of Smart Meters installed as of March 31, 2009	135,789	0	135,789
Total number of Smart Meters to be installed to complete the program	223,000	23,800	246,800
Percent Complete	61%	0%	55%

Board Staff Interrogatory #18

RATE BASE (Exhibit I/Tab3/Sch2)

Question:

Please provide reasons as to why depreciation costs have been included for calculating working capital allowance for 2007.

Response:

This was an error. The corrected calculation increases the amount to be returned to customers by \$5,096. See corrected Schedule Staff 18-1 below.

Schedule Staff 18-1

**PowerStream Inc.
2009 EDR
Clearing of Actual Smart Meter Costs to Dec 31/07 (Revised March 31, 2009)**

Summary of Actual Costs claimed in this application	2006 Actual	2007 Actual	Total Actual
Capital Costs			
Smart meters	62,702	9,569,003	9,631,705
Computer Hardware			
Computer Software		490,200	490,200
Tools & Equipment			
Other Equipment			
Total Capital Costs	<u>62,702</u>	<u>10,059,203</u>	<u>10,121,905</u>

O M & A

2.1 Advanced metering communication device			
2.2 Advanced metering regional collector			
2.2 Advanced metering control computer			
2.4 Wide area network		80,519	80,519
2.5 Other AMI OM&A costs related to minimum functionality		110,000	110,000
Total OM&A Costs	<u>-</u>	<u>190,519</u>	<u>190,519</u>

Revenue Requirement Calculation	2006 Actual	2007 Actual	Total Actual
Net Fixed Assets			
Beginning of year	-	62,702	
End of year	62,702	9,809,889	
Average net fixed assets	<u>31,351</u>	<u>4,967,647</u>	
Working Capital Allowance			
Operation expense	-	190,519	
Working capital allowance 15%	<u>-</u>	<u>28,578</u>	
Smart Meter Rate Base	<u>31,351</u>	<u>4,996,224</u>	
1) Return on Rate Base			
Deemed Debt times Weighted Debt ra	60% 6.16%	1,159	184,660
Deemed Equity times ROE	40% 8.00%	1,129	179,864
Return on Rate Base		<u>2,287</u>	<u>364,525</u>
2) Operating Expenses:			
Incremental Operating expenses	-	190,519	190,519
Amortization expenses	-	312,016	312,016
Total Operating Expenses	<u>-</u>	<u>502,535</u>	<u>502,535</u>
Revenue Requirement before PILS (1+2)	<u>2,287</u>	<u>867,060</u>	<u>869,347</u>
Grossed up PILS 33%	<u>1,127</u>	<u>427,059</u>	<u>428,186</u>
Revenue Requirement for Smart Meters Installed	<u>3,414</u>	<u>1,294,119</u>	<u>1,297,533</u>

Working capital allowance, debt equity ratio, weighted debt rate and allowed return on rate base from 2006 EDR

Rate Rider to Clear Actual Expenses to Dec 31/07:

	2006 Actual	2007 Actual	Total
Revenue Requirement (see above)	3,414	1,294,119	1,297,533
Carrying Costs - to Jul 31, 2009	(6,153)	127,991	121,838
	<u>(2,739)</u>	<u>1,422,110</u>	<u>1,419,371</u>
Less Smart Meter Adder Recovery: May 1/06 to Dec 31/07	(470,927)	(1,530,623)	(2,001,550)
Net to recover from (return to) customers	<u>(473,666)</u>	<u>(108,513)</u>	<u>(582,179)</u>

Rate Adder to Clear Actual Expenses to Dec 2007

Rate Adder	Metered Customers	Months	Amount Recovered (returned)
\$ (0.19)	249,335	12	\$ (568,484)

Based on December 31, 2009 metered customer numbers and returning net amount over one year.

Board Staff Interrogatory #19

RATE BASE (Exhibit I/Tab3/Sch2)

Question:

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

Response:

PowerStream has not undertaken a lead-lag study. This issue is addressed in SEC-18. Rather, PowerStream has applied for rates using the 15% of specific O&M accounts formula as provided for in the *OEB Filing Requirements for Transmission and Distribution Applications, November 14, 2006* (EB-2006-0170). Section 2.3, Item 3, Allowance for Working Capital addresses this issue:

3. Allowance for Working Capital

Historic, Bridge Year & Test Year (except as otherwise noted) on a single schedule

If the utility is applying using the 15% of specific O&M accounts formula approach, the calculation by account must be shown for each of the years required.

If the utility is applying for a working capital based on a detailed analysis, the following is a minimum requirement:

- A. Supplies and Materials
 - Calculation of average of the opening and closing year balances (\$)
- B. Prepaid Expenses
 - Calculation of average of the opening and closing year balances (\$)
- C. Miscellaneous Accounts Receivable
 - Calculation of average of the opening and closing year balances (\$)
- D. Working Cash Allowance (Test Year)
 - Particulars of calculation
- E. Security Deposits
 - Calculation of average of the opening and closing year balances (\$)

Other Items of Working Capital (itemized individually)

- Calculation of average of the opening and closing year balances (\$) if applicable

Board Staff Interrogatory #20

REVENUE REQUIREMENT (Exhibit C2/Tab1/Sch1/p 1 and Exhibit C2/Tab1/Sch2/p 3)

Question:

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

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

Response:

The reduction of \$929,000 is mainly due to the reduction of \$938,650 in account 4405 “interest income”, partially offset by a slight increase in account 4390 “Miscellaneous Non-operating Income”.

The interest on bank balances for PowerStream is calculated as “prime minus 1.7%”.

The details of the 2008 bridge year and 2009 forecast are presented in the Table Staff 20-1, below:

Table Staff 20-1: Interest on Bank Balances

#	Account		2008 Bridge	2009	variance
4405	Interest on bank balance	A=D*E	2,173,650	1,220,000	(953,650)
	Less Customer deposits	B	(400,000)	(350,000)	15,000
		C=A-B	1,773,650	835,000	(938,650)
	Forecasted Prime		4.7%	3.9%	
	Prime less 1.7%	D	3.0%	2.2%	
	Average cash balance forecasted	E	72,455,000	55,000,000	

Board Staff Interrogatory #21

REVENUE REQUIREMENT (Exhibit C2/Tab1/Sch1/p1 and Exhibit C2/Tab1/Sch2/p1 and Exhibit C1/Tab1/Sch4/p1)

Question:

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

- a) In consideration of the merger with Barrie Hydro, and the comments above, please explain why PowerStream is forecasting a 4% increase to Late Payment Charges.**
- b) Does PowerStream foresee any significant increase to late payment charges in its next cost-of-service application?**
- c) PowerStream’s January 30, 2009 application update included, among other things, the impact of revised economic and business planning estimates, including the reflection of expected negative GDP growth. Why has PowerStream not considered a corresponding update to its estimates for Late Payment Charges, and revenue offset forecasts? Please explain.**

Response(s):

- a) When PowerStream was created in 2004, the initial focus was to merge to one Customer Information System (CIS) platform. The billing aspects of that migration took precedence because PowerStream needed to ensure that customers received correct bills. Once the CIS was stabilized, the normal application of Late Payment Charges resumed. With the Aurora acquisition in 2005, the normal application of Late Payment Charges continued. The Barrie Hydro customer billing data will be migrated to the PowerStream CIS platform and there should be no issues with assessing Late Payment Charges. Given the current economic weakness in Ontario, it is expected that some customers will continue to struggle with their bills and the projected 4% increase is a reasonable expectation of the result.**
- b) As a result of the merger with Barrie Hydro, PowerStream received Board approval, on December 15, 2008, to delay the next rebasing for five years in order to allow time to recoup the merger transaction and transition costs. It is not possible to predict what Late Payment Charges that far in the future.**

- c) PowerStream did not adjust the Late Payment Charges and revenue offset forecast due to materiality.

Board Staff Interrogatory #22

REVENUE REQUIREMENT (Exhibit C1/Tab1/Sch2/p 5)

Question:

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

- a) Provide any information that supports using a 10-year period as the definition of normal weather and the rationale for using this specific period instead of a longer period, and
- b) Recalculate the resulting 2009 total billed kWh load forecast successively using
 - i) the 20-year average and
 - ii) the 30-year average to define normal weather.

Response(s):

- a) PowerStream determined that the 10-year data more accurately predicted consumption. Averages over a longer period (i.e. 20-30 year) tend to overestimate the weather-impact. Total annual heating and cooling degree-days significantly deviate from the actual number of degree days.

Table Staff 22-1: Assumption Error: Annual Basis – Heating Degree-Days

	Actual HDD	10-year average	Variance (Actual minus 10-year Average)	Variance %	30-year average	Variance (Actual minus 30-year Average)	Variance %	20-year average	Variance (Actual minus 20-year Average)	Variance %
1997	4,034	3,692	342	8.5%	4,066	-32	-0.8%	3,777	257	6.4%
1998	3,220	3,692	-472	-14.6%	4,066	-846	-26.3%	3,777	-557	-17.3%
1999	3,539	3,692	-153	-4.3%	4,066	-527	-14.9%	3,777	-238	-6.7%
2000	3,826	3,692	134	3.5%	4,066	-240	-6.3%	3,777	49	1.3%
2001	3,420	3,692	-272	-7.9%	4,066	-646	-18.9%	3,777	-357	-10.4%
2002	3,630	3,692	-62	-1.7%	4,066	-436	-12.0%	3,777	-148	-4.1%
2003	3,982	3,692	290	7.3%	4,066	-85	-2.1%	3,777	204	5.1%
2004	3,787	3,692	95	2.5%	4,066	-279	-7.4%	3,777	9	0.2%
2005	3,797	3,692	105	2.8%	4,066	-269	-7.1%	3,777	20	0.5%
2006	3,379	3,692	-314	-9.3%	4,066	-688	-20.3%	3,777	-399	-11.8%
2007	3,721	3,692	29	0.8%	4,066	-345	-9.3%	3,777	-56	-1.5%
2008	3,839	3,692	147	3.8%	4,066	-227	-5.9%	3,777	62	1.6%
Average			-11	-0.7%		-385	-10.9%		-96	-3.1%

Table Staff 22-2: Assumption Error: Annual Basis – Cooling Degree-Days

	Actual CDD	10-year average	Variance (Actual minus 10-year Average)	Variance %	30-year average	Variance (Actual minus 30-year Average)	Variance %	20-year average	Variance (Actual minus 20-year Average)	Variance %
1997	238	380	-143	-60.0%	270	-33	-13.7%	325	-87	-36.8%
1998	375	380	-5	-1.3%	270	105	28.0%	325	50	13.4%
1999	440	380	60	13.6%	270	170	38.6%	325	115	26.2%
2000	266	380	-115	-43.1%	270	-5	-1.7%	325	-59	-22.3%
2001	392	380	12	3.0%	270	122	31.1%	325	67	17.1%
2002	519	380	139	26.8%	270	249	48.0%	325	194	37.4%
2003	326	380	-54	-16.7%	270	56	17.1%	325	1	0.2%
2004	229	380	-151	-66.0%	270	-41	-18.0%	325	-96	-41.9%
2005	536	380	156	29.1%	270	266	49.6%	325	211	39.4%
2006	383	380	3	0.7%	270	113	29.4%	325	58	15.1%
2007	436	380	56	12.8%	270	166	38.1%	325	111	25.5%
2008	276	380	-104	-37.8%	270	6	2.1%	325	-49	-17.8%
Average			-12	-11.6%		98	20.7%		43	4.6%

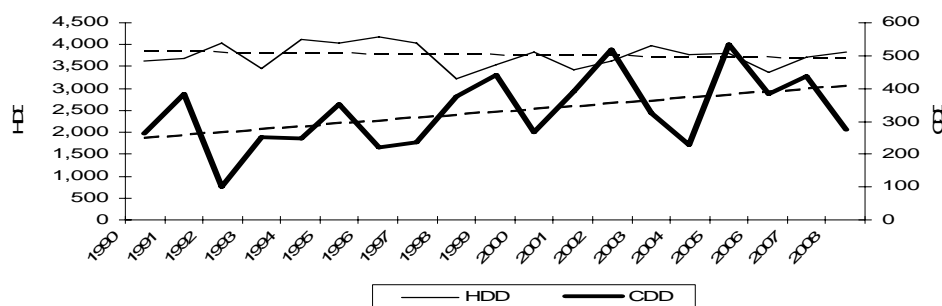
The data findings above were reinforced by the analysis of the model predicted values during the forecast validation when forecasts were generated using 10 and 30-year averages for comparison purposes. The generated predicted values based on 10-year weather averages showed a better fit compared to actual. Predicted loads based on a 10-year average deviated less from the actual load experiences than predicted loads based on a 30-year average.

Table Staff 22-3: Historic Annual Energy Purchases (GWH) Weather Impact 10 vs. 30 year

Year	Actual Purchases (GWH)	Fitted (10-year Average)	Variance (GWH)	Variance (%)	Predicted (30-year average)	Variance (GWH)	Variance (%)
2002	6,480	6,301	179	2.8%	6,227	253	3.9%
2003	6,506	6,464	43	0.7%	6,390	117	1.8%
2004	6,653	6,626	27	0.4%	6,552	101	1.5%
2005	7,072	6,810	262	3.7%	6,736	336	4.7%
2006	6,951	6,975	-24	-0.3%	6,901	50	0.7%
2007	7,124	7,118	6	0.1%	7,044	80	1.1%
2008	6,992	7,185	-193	-2.8%	7,111	-119	-1.7%
Average			43	0.6%		117	1.7%

The figures below shows a clear trend in the weather patterns: fewer HDDs and more CDDs going from 1990 forward.

Figure Staff 22-1: Trend in Weather Patterns



b)(i)

Table Staff 22-4: 2009 Billed kWh Load Forecast (20-year average)

Month	HDD(20)	CDD(20)	kWh Purchases	kWh Billed
Jan-09	700.7	0.0	605,055,785	579,520,475
Feb-09	633.1	0.0	591,476,716	566,514,486
Mar-09	552.1	0.0	595,648,542	570,510,248
Apr-09	330.7	1.7	562,497,934	538,758,702
May-09	163.3	12.0	555,829,200	532,371,411
Jun-09	31.6	65.6	608,352,430	582,677,990
Jul-09	4.6	114.5	653,655,558	626,069,180
Aug-09	8.6	95.8	622,084,374	595,830,402
Sep-09	73.3	32.4	571,025,992	546,926,849
Oct-09	247.4	2.8	557,813,841	534,272,293
Nov-09	420.6	0.0	571,147,828	547,043,543
Dec-09	611.4	0.0	588,970,734	564,114,264
Total	3,777	325	7,083,558,933	6,784,609,842

(ii)

Table Staff-22-5: 2009 Billed kWh Load Forecast (30-year average)

Month	HDD(30)	CDD(30)	kWh Purchases	kWh Billed
Jan-09	752.9	0.0	610,116,592	584,367,699
Feb-09	662.1	0.0	594,288,275	569,207,389
Mar-09	571.6	0.0	597,539,073	572,320,992
Apr-09	353.3	1.1	564,092,741	540,286,204
May-09	171.8	12.2	556,852,034	533,351,078
Jun-09	49.4	46.4	590,997,506	566,055,500
Jul-09	8.9	106.2	645,824,043	618,568,180
Aug-09	17.8	79.5	606,777,650	581,169,671
Sep-09	102.5	23.1	564,614,757	540,786,188
Oct-09	282.6	1.0	559,437,683	535,827,604
Nov-09	445.5	0.0	573,561,891	549,355,725
Dec-09	647.4	0.0	592,460,945	567,457,178
Total	4,066	270	7,056,563,191	6,758,753,408

Board Staff Interrogatory #23

REVENUE REQUIREMENT (Exhibit C1/Tab1/Sch2/pp 4 & 5)

Question:

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

- a) Identify the statistical measures that are used to determine the accuracy of the model.**
- b) Explain the decision process used and the trade-offs used in selecting/rejecting the variables that improve the accuracy of the model.**
- c) Clarify if the decision to add/delete a variable is based solely on the expected improvement to the model’s accuracy or if there are other considerations.**
- d) Apply the process described above to the seven models in Table 3 and show how model 4 was selected.**
- e) Identify and explain the criterion/criteria used to decide if a model is sufficiently accurate to be used to develop the forecast.**

Response(s):

- a) Several methods were used to evaluate the model’s validity (i.e. assess the model’s fit) and accuracy.

The following procedures were performed to evaluate the model’s suitability/validity:

- 1. Analysis of the model outputs (i.e. statistical measures, coefficients)
- 2. Residual diagnostics (i.e. to make sure that the required conditions of the regression are met)
- 3. Graphical measures of forecast accuracy in the estimation period

The following main statistical results relating to Model #4 collectively supported the use of this particular methodology for PowerStream’s load forecasting purposes:

- 1. Standard error of regression (SE) – 14,409,491
- 2. Coefficient of determination (R-squared value) – 96%
- 3. F-test of the analysis of variance – 745 with a p-value of 0.
- 4. Regression coefficients

The smallest value of SE is assumed to be 0, which occurs when all the points fall in the regression line. Thus, when the SE is small, the fit is excellent, and the model is likely to be an effective forecasting and analytical tool. In general, the SE cannot be used as an absolute measure of the model's utility, but it is useful in comparing tested models using different combinations of independent variables. Consequently, Model 4 was chosen with the best SE of 14,409,491 over the other four valid models (1, 2, 3, and 7).

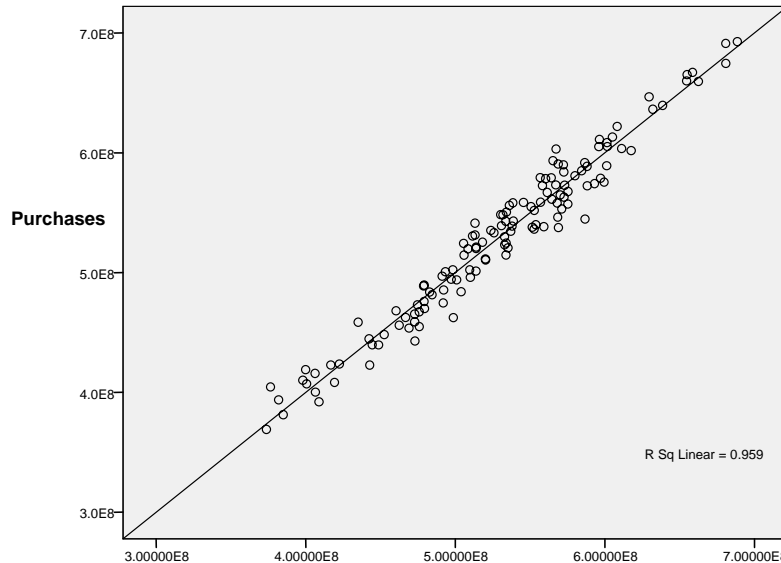
The R-squared value, the coefficient of determination, is an indicator of how well the model fits the data (e.g. the higher the value of R-squared, the better the model fits the data; an R-squared close to 1.0 indicates that we have accounted for almost all of the variability with the variables specified in the model). For Model #4 the R-squared is 95.91% therefore, approximately 96% of the variation in energy purchases is explained by the model.

F-statistics indicates the statistical significance of the overall regression model. It provides a test of significance of all the independent variables taken together. The F-statistics is the result of comparing the amount of explained variance to the unexplained variance. The larger the F-ratio, the more variance in the dependent variable is associated with the independent variables. In Model 4, the F-statistics = 745 (sign. of 0.000) which means that the variation explained by our model is not due to chance.

Regression coefficients are indicators of the importance of an independent variable in predicting a dependent variable. The coefficients of the model are used to predict the future loads. Large coefficients are good predictors and small coefficients are weak predictors. Non-standardized coefficients describe the average amount of change to be expected in Y (energy purchases) given a unit change in the value of the particular independent variable holding other variables constant. The t-statistics examines the question of whether the regression coefficient is different enough from zero to be statistically significant (to belong to the model). All of the significance values are less than 0.05, so each of the selected independent variable plays a role in explaining the movements in Y. Consequently, all predictors would be adequate to be included in the model. These results suggest that energy purchases should be based on GDP growth rate, HDD, CDD, as well as the monthly peak hours.

By examining a plot of actual energy purchases vs. forecasted energy purchases we can measure the model performance. The figure below demonstrates the correct form of a plot with data points evenly distributed along the 45 degree fit line through origin for Model #4.

Figure Staff 23-1: Unstandardized Predicted Value



- b) In developing its load forecast PowerStream needed to identify the variables which best suited the service area in terms of forecasting energy purchases. Stepwise regression is an automatic procedure for statistical model selection in cases where there are a large number of potential explanatory variables. The main approach that is carried out by an automatic procedure which involves starting with no variables in the model, and then trying out the variables one by one and including them if they are 'statistically significant' (i.e. improvement to the model's accuracy). When a variable is determined to be the best (as judged by F-tests), it is added to the model as long as its p-value is less than a specified α -level (0.05). At each stage in the process, after a new variable is added, a test is made to check if some variables can be deleted (again according to F-tests). This process continues until no more variables meet the criteria for adding or removing.

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 explain peaks in the underlying data set (i.e. the load profiles during holidays and weekend days deviate from the typical behaviour). PowerStream considered this to be an important indicator to derive load and would not lend to inaccuracy in forecast results given the closeness in F-Test scores to Model 3.

- c) The decision to add/delete a variable was based on the stepwise regression model output. Please refer to response to part (b).
- d) The decision to add/delete a variable was based on the stepwise regression model output. Once the stepwise regression was requested, the program first tested a model

with the most correlated independent (GDP Index) variable – Model 1. Then it tested a model with GDP index plus the variable with the highest partial correlation with the dependent (CDD) controlling for GDP Index – Model 2. The third and fourth variables selected were HDD and Monthly Peak Hours – Models 3 & 4. The addition of each of the above variables significantly increased the model’s F-test statistics and R-square value. Energy Price and York Population variables were rejected by the program, because it found no evidence to infer that Energy price and York Population are linearly related to Energy purchases.

Table Staff-23-1: Energy Price and York Population

Model			Collinearity Statistics		
	t	Sig.	Tolerance	VIF	
6	Energy_Price	0.666	0.507	1.428	0.014
	York_Population	-1.596	0.113	494.697	0.001

Customer count and Personal Disposable Income, even though suggested by the model, were rejected based on the detailed analysis of the statistical output. 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 .20, a problem with multicollinearity is indicated.

Table Staff 23-2: Customer Count and Personal Disposable Income

Model	Collinearity Statistics	
	Tolerance	VIF
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

After the elimination of Customer count and Personal Disposable Income the collinearity statistics for the remaining variables were acceptable.

Table Staff 23-3: Acceptable Variables

Model		Collinearity Statistics	
		Tolerance	VIF
4	(Constant)		
	GDP	0.999	1.001
	CDD	0.498	2.008
	HDD	0.495	2.021
	Peak Hours	0.982	1.018

The end result, Model 4 was selected for the purpose of forecasting load. Four explanatory variables are incorporated into the forecasting model as the underlying factors that explain the load behaviour. HDD and CDD variables explain the seasonality effect on the load behaviour. GDP was chosen to quantify the growth/trend component. Monthly Peak Hours were selected to capture the effect of time related to purchase habits and patterns. Once the initial set of explanatory variables has been identified, more detailed analysis of the selected regression model was performed including residual diagnostics and error measures in the estimation period. All the performed procedures confirmed that the selected model can serve as an accurate and simple load predictor.

- e) PowerStream performed the following analysis which compares the forecast outcomes to a reasonable expectation for outcomes of load forecasts generally to determine if the model selected was sufficiently accurate. Forecasts will normally vary from actual (error), either higher or lower, and it is reasonable to expect that the load forecasting methodology is unbiased, if the average error of many forecasts (Mean Percentage Error) is close to zero. Table below provides a summary of the outcomes of forecasted energy purchases compared to actual energy purchases for the period 1998 to 2008.

Column 1 (“Actual”) is the actual electricity that PowerStream and/or its predecessor utilities purchased in each year. Column 2 (“Forecast”) is the forecasted annual energy purchased. Column 3 (Error %) is the percentage difference between the actual outcome and the forecast. This percentage error is expressed as a fraction of the actual load. The mean percentage error of all past forecasts on an annual basis is - 0.02%.

Table Staff 23-4: Actual Annual Energy Purchase vs. Predicted

Year	Actual Energy	Predicted Value	Error (%)
1998	4,981,372,142	4,916,487,835	-1.30%
1999	5,400,971,323	5,442,862,156	0.78%
2000	5,674,268,252	5,789,848,262	2.04%
2001	5,998,430,370	6,135,340,268	2.28%
2002	6,479,933,001	6,432,791,276	-0.73%
2003	6,506,478,497	6,437,461,940	-1.06%
2004	6,653,174,916	6,485,068,730	-2.53%
2005	7,072,097,351	6,975,305,091	-1.37%
2006	6,951,225,280	6,947,091,519	-0.06%
2007	7,124,043,584	7,176,308,140	0.73%
2008	6,991,604,141	7,095,033,641	1.48%
Mean Percentage Error			-0.02%
Mean Absolute Percentage Error			1.30%

The monthly forecasts of total electricity purchases were aggregated to obtain the annual forecast. Aggregation of the monthly forecasts is not expected to increase the forecast error since the expected errors in the monthly models are close to zero. The table below provides separate in-sample forecast error estimates for the last three years (2006 to 2008). Errors (variance between Fitted and Actual values) are random and they don't follow any particular pattern. A total of 132 forecast error estimates were evaluated; 63 (48%) of which were negative and 69 (52%) of which were positive. The average error of all past forecasts was close to zero (-0.1%). These outcomes suggest that the load forecast is not biased in favour of under- or overestimating the load.

Table Staff 23-5: Actual Monthly Energy Purchase vs. Predicted

Month	Actual Energy	Predicted	Variance from Actual	Variance from Actual
	kWhs	kWh	kWhs	%
Jan-06	590,573,211	568,815,312	21,757,899	3.68%
Feb-06	546,189,560	568,493,911	-22,304,351	-4.08%
Mar-06	580,804,467	579,980,113	824,354	0.14%
Apr-06	514,682,678	533,869,782	-19,187,104	-3.73%
May-06	561,278,323	564,533,862	-3,255,539	-0.58%
Jun-06	608,461,587	601,394,695	7,066,892	1.16%
Jul-06	691,243,629	680,860,357	10,383,272	1.50%
Aug-06	646,746,810	629,614,721	17,132,089	2.65%
Sep-06	534,435,954	537,140,928	-2,704,974	-0.51%
Oct-06	551,908,486	552,810,509	-902,023	-0.16%
Nov-06	558,035,541	568,109,710	-10,074,169	-1.81%
Dec-06	566,865,034	561,467,620	5,397,414	0.95%
Jan-07	605,117,993	596,010,472	9,107,521	1.51%
Feb-07	574,212,693	593,121,986	-18,909,293	-3.29%
Mar-07	588,678,067	588,109,341	568,726	0.10%
Apr-07	537,906,272	551,521,157	-13,614,885	-2.53%
May-07	562,993,757	572,666,424	-9,672,667	-1.72%
Jun-07	636,364,393	632,052,157	4,312,236	0.68%
Jul-07	639,545,887	638,657,351	888,536	0.14%
Aug-07	674,533,886	680,921,827	-6,387,941	-0.95%
Sep-07	572,889,996	573,063,912	-173,916	-0.03%
Oct-07	567,671,987	575,396,266	-7,724,279	-1.36%
Nov-07	572,425,593	588,246,352	-15,820,759	-2.76%
Dec-07	591,703,059	586,540,896	5,162,163	0.87%
Jan-08	613,079,919	605,110,556	7,969,363	1.30%
Feb-08	578,709,137	597,107,314	-18,398,177	-3.18%
Mar-08	584,978,696	584,479,305	499,391	0.09%
Apr-08	537,567,927	568,961,229	-31,393,302	-5.84%
May-08	538,287,185	559,215,175	-20,927,989	-3.89%
Jun-08	603,529,617	611,202,404	-7,672,787	-1.27%
Jul-08	659,960,652	654,678,329	5,282,323	0.80%
Aug-08	611,079,797	596,380,110	14,699,687	2.41%
Sep-08	564,809,531	570,174,575	-5,365,043	-0.95%
Oct-08	553,115,532	571,207,684	-18,092,152	-3.27%
Nov-08	557,278,844	575,255,368	-17,976,524	-3.23%
Dec-08	589,207,303	601,261,592	-12,054,289	-2.05%

In addition, PowerStream has performed due diligence testing of its load forecast methodology using both internal and external resources. The evaluation and validation process included analytical assessment of the forecast results, one-step-ahead forecasts to actual, statistical measures, residual analysis and external review. We have determined that our current methodology produces reasonably accurate results.

Board Staff Interrogatory #24

REVENUE REQUIREMENT (Exhibit C1/Tab1/Sch2/pp 2 & 6)

Question:

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

- a) Clarify the difference in meaning between “fitted” and “predicted” as it is used in Table 4,**
- b) Recalculate Table 4 for the full January 1998 to December 2008 period,**
- c) For b), calculate the adjusted R-squared and Mean Average Percentage Error each for the Actual vs. Fitted (10-year Average) data comparison and the Actual vs. Predicted (30-year Average) data comparison.**

Response(s):

- a) In this context there is no difference between “fitted” and “predicted” values. A fitted value is the Y output value (energy purchases) that is predicted by a regression equation. Both terms can be used interchangeably.**
- b) See Table Staff 24-1 below.**

Table Staff 24-1: January 1998 to December 2008

Month	Actual Purchases (KWH)	Fitted (10-year Average)	Variance (KWH)	Variance (%)	Fitted (30-year average)	Variance (KWH)	Variance (%)
Jan-98	418,935,969	407,266,608	11,669,361	2.8%	412,327,415	6,608,554	1.6%
Feb-98	381,352,433	395,821,986	-14,469,553	-3.8%	399,496,403	-18,143,970	-4.8%
Mar-98	410,117,572	402,991,116	7,126,455	1.7%	405,744,506	4,373,066	1.1%
Apr-98	369,132,995	378,361,300	-9,228,305	-2.5%	381,645,488	-12,512,493	-3.4%
May-98	404,574,116	369,668,115	34,906,001	8.6%	371,052,076	33,522,039	8.3%
Jun-98	439,796,058	435,783,333	4,012,725	0.9%	408,194,853	31,601,205	7.2%
Jul-98	468,109,410	492,518,801	-24,409,392	-5.2%	466,018,694	2,090,716	0.4%
Aug-98	465,372,190	466,748,826	-1,376,636	-0.3%	436,319,616	29,052,574	6.2%
Sep-98	400,227,947	404,062,747	-3,834,801	-1.0%	390,804,018	9,423,929	2.4%
Oct-98	393,748,310	388,025,720	5,722,590	1.5%	388,624,248	5,124,062	1.3%
Nov-98	407,138,646	401,586,592	5,552,054	1.4%	405,745,761	1,392,885	0.3%
Dec-98	422,866,497	424,442,760	-1,576,263	-0.4%	427,642,121	-4,775,623	-1.1%
Jan-99	458,580,758	430,263,835	28,316,923	6.2%	435,324,642	23,256,116	5.1%
Feb-99	408,362,048	426,651,406	-18,289,358	-4.5%	430,325,823	-21,963,775	-5.4%
Mar-99	444,686,441	441,652,730	3,033,711	0.7%	444,406,120	280,321	0.1%
Apr-99	392,082,792	412,155,088	-20,072,296	-5.1%	415,439,276	-23,356,484	-6.0%
May-99	415,882,511	404,944,086	10,938,425	2.6%	406,328,048	9,554,463	2.3%
Jun-99	489,557,307	459,841,469	29,715,838	6.1%	432,252,988	57,304,319	11.7%
Jul-99	544,672,066	524,409,130	20,262,936	3.7%	497,909,023	46,763,043	8.6%
Aug-99	473,060,481	506,471,348	-33,410,868	-7.1%	476,042,138	-2,981,657	-0.6%
Sep-99	448,259,616	445,267,454	2,992,162	0.7%	432,008,724	16,250,892	3.6%
Oct-99	423,695,963	424,362,600	-666,637	-0.2%	424,961,128	-1,265,165	-0.3%
Nov-99	439,601,674	452,105,676	-12,504,002	-2.8%	456,264,845	-16,663,171	-3.8%
Dec-99	462,529,667	470,094,017	-7,564,350	-1.6%	473,293,378	-10,763,711	-2.3%
Jan-00	488,775,090	475,124,594	13,650,496	2.8%	480,185,401	8,589,689	1.8%
Feb-00	454,824,245	477,071,677	-22,247,432	-4.9%	480,746,095	-25,921,849	-5.7%
Mar-00	458,841,171	484,932,494	-26,091,323	-5.7%	487,685,883	-28,844,712	-6.3%
Apr-00	422,780,432	441,944,334	-19,163,901	-4.5%	445,228,522	-22,448,090	-5.3%
May-00	453,669,444	459,342,873	-5,673,430	-1.3%	460,726,835	-7,057,391	-1.6%
Jun-00	475,931,950	513,449,758	-37,517,808	-7.9%	485,861,277	-9,929,327	-2.1%
Jul-00	494,458,263	558,176,892	-63,718,629	-12.9%	531,676,785	-37,218,522	-7.5%
Aug-00	524,679,286	552,148,632	-27,469,346	-5.2%	521,719,421	2,959,865	0.6%
Sep-00	467,309,719	477,454,219	-10,144,500	-2.2%	464,195,489	3,114,230	0.7%
Oct-00	456,027,427	468,458,888	-12,431,461	-2.7%	469,057,416	-13,029,989	-2.9%
Nov-00	474,678,955	489,061,455	-14,382,500	-3.0%	493,220,624	-18,541,669	-3.9%
Dec-00	502,292,269	493,559,279	8,732,990	1.7%	496,758,640	5,533,629	1.1%
Jan-01	511,405,451	521,667,808	-10,262,357	-2.0%	526,728,615	-15,323,164	-3.0%
Feb-01	462,387,247	502,242,773	-39,855,526	-8.6%	505,917,191	-43,529,944	-9.4%
Mar-01	496,033,390	507,781,502	-11,748,112	-2.4%	510,534,892	-14,501,502	-2.9%
Apr-01	442,885,414	475,171,274	-32,285,861	-7.3%	478,455,462	-35,570,049	-8.0%
May-01	470,012,463	483,897,716	-13,885,253	-3.0%	485,281,678	-15,269,215	-3.2%
Jun-01	529,885,226	529,332,503	552,722	0.1%	501,744,023	28,141,203	5.3%
Jul-01	536,281,052	584,437,569	-48,156,517	-9.0%	557,937,462	-21,656,410	-4.0%
Aug-01	601,823,794	569,737,211	32,086,582	5.3%	539,308,001	62,515,793	10.4%
Sep-01	483,723,459	486,370,701	-2,647,243	-0.5%	473,111,971	10,611,487	2.2%
Oct-01	481,523,073	487,753,302	-6,230,229	-1.3%	488,351,830	-6,828,757	-1.4%
Nov-01	485,474,852	499,683,772	-14,208,920	-2.9%	503,842,941	-18,368,089	-3.8%
Dec-01	496,994,950	501,859,508	-4,864,558	-1.0%	505,058,868	-8,063,918	-1.6%
Jan-02	525,408,258	530,709,128	-5,300,870	-1.0%	535,769,935	-10,361,678	-2.0%
Feb-02	484,046,872	512,025,186	-27,978,313	-5.8%	515,699,603	-31,652,731	-6.5%
Mar-02	514,575,644	505,604,987	8,970,657	1.7%	508,358,376	6,217,268	1.2%
Apr-02	493,935,983	492,785,880	1,150,103	0.2%	496,070,068	-2,134,085	-0.4%
May-02	502,381,478	495,903,404	6,478,074	1.3%	497,287,366	5,094,112	1.0%
Jun-02	548,327,501	535,729,273	12,598,228	2.3%	508,140,792	40,186,708	7.3%
Jul-02	659,561,155	604,275,450	55,285,704	8.4%	577,775,343	81,785,812	12.4%
Aug-02	621,976,911	577,616,165	44,360,746	7.1%	547,186,955	74,789,957	12.0%
Sep-02	554,974,095	507,690,766	47,283,329	8.5%	494,432,036	60,542,059	10.9%
Oct-02	521,322,709	503,464,449	17,858,260	3.4%	504,062,977	17,259,732	3.3%
Nov-02	520,146,186	509,786,001	10,360,185	2.0%	513,945,170	6,201,016	1.2%
Dec-02	533,276,209	525,402,848	7,873,361	1.5%	528,602,209	4,674,000	0.9%
Jan-03	572,573,777	547,260,179	25,313,598	4.4%	552,320,986	20,252,791	3.5%
Feb-03	520,618,711	527,933,957	-7,315,246	-1.4%	531,608,375	-10,989,664	-2.1%
Mar-03	539,104,373	527,221,488	11,882,885	2.2%	529,974,878	9,129,496	1.7%
Apr-03	501,269,075	507,410,092	-6,141,017	-1.2%	510,694,280	-9,425,206	-1.9%
May-03	500,731,250	503,535,327	-2,804,077	-0.6%	504,919,288	-4,188,039	-0.8%
Jun-03	542,828,114	555,418,936	-12,590,822	-2.3%	527,830,455	14,997,659	2.8%
Jul-03	605,262,792	616,972,824	-11,710,032	-1.9%	590,472,717	14,790,075	2.4%
Aug-03	575,510,283	583,321,249	-7,810,965	-1.4%	552,892,039	22,618,245	3.9%
Sep-03	519,886,465	525,453,590	-5,567,126	-1.1%	512,194,861	7,691,604	1.5%
Oct-03	531,330,057	514,234,983	17,095,074	3.2%	514,833,511	16,496,546	3.1%
Nov-03	541,297,751	513,564,246	27,733,505	5.1%	517,723,415	23,574,336	4.4%

Month	Actual Purchases (KWH)	Fitted (10-year Average)	Variance (KWH)	Variance (%)	Fitted (30-year average)	Variance (KWH)	Variance (%)
Dec-03	556,065,849	541,238,833	14,827,016	2.7%	544,438,194	11,627,655	2.1%
Jan-04	593,396,954	550,939,612	42,457,341	7.2%	556,000,419	37,396,534	6.3%
Feb-04	538,748,764	538,506,867	241,897	0.0%	542,181,285	-3,432,521	-0.6%
Mar-04	558,570,913	551,037,886	7,533,027	1.3%	553,791,275	4,779,638	0.9%
Apr-04	510,555,701	519,069,937	-8,514,236	-1.7%	522,354,125	-11,798,424	-2.3%
May-04	524,355,169	509,388,629	14,966,539	2.9%	510,772,591	13,582,578	2.6%
Jun-04	548,234,332	574,515,726	-26,281,394	-4.8%	546,927,245	1,307,087	0.2%
Jul-04	589,964,975	623,913,061	-33,948,086	-5.8%	597,412,954	-7,447,979	-1.3%
Aug-04	579,274,629	603,504,973	-24,230,344	-4.2%	573,075,763	6,198,866	1.1%
Sep-04	558,190,189	539,830,772	18,359,417	3.3%	526,572,042	31,618,147	5.7%
Oct-04	530,538,061	516,455,613	14,082,448	2.7%	517,054,141	13,483,920	2.5%
Nov-04	543,001,213	541,728,382	1,272,831	0.2%	545,887,551	-2,886,338	-0.5%
Dec-04	578,344,017	557,246,417	21,097,600	3.6%	560,445,778	17,898,239	3.1%
Jan-05	603,104,728	560,654,826	42,449,902	7.0%	565,715,634	37,389,094	6.2%
Feb-05	539,958,139	554,629,732	-14,671,593	-2.7%	558,304,150	-18,346,011	-3.4%
Mar-05	573,163,831	560,868,381	12,295,450	2.1%	563,621,770	9,542,061	1.7%
Apr-05	523,195,648	535,308,083	-12,112,434	-2.3%	538,592,271	-15,396,623	-2.9%
May-05	535,216,502	532,034,425	3,182,077	0.6%	533,418,387	1,798,115	0.3%
Jun-05	667,073,555	590,869,152	76,204,403	11.4%	563,280,671	103,792,884	15.6%
Jul-05	692,826,547	633,974,118	58,852,429	8.5%	607,474,011	85,352,536	12.3%
Aug-05	665,203,815	626,323,690	38,880,125	5.8%	595,894,480	69,309,335	10.4%
Sep-05	579,130,353	556,357,120	22,773,233	3.9%	543,098,390	36,031,963	6.2%
Oct-05	550,482,277	533,039,601	17,442,676	3.2%	533,638,129	16,844,147	3.1%
Nov-05	558,735,947	558,370,011	365,936	0.1%	562,529,180	-3,793,233	-0.7%
Dec-05	584,006,009	567,595,677	16,410,332	2.8%	570,795,038	13,210,972	2.3%
Jan-06	590,573,211	583,251,216	7,321,995	1.2%	588,312,023	2,261,188	0.4%
Feb-06	546,189,560	570,423,223	-24,233,663	-4.4%	574,097,640	-27,908,080	-5.1%
Mar-06	580,804,467	582,558,992	-1,754,525	-0.3%	585,312,381	-4,507,914	-0.8%
Apr-06	514,682,678	537,495,775	-22,813,097	-4.4%	540,779,963	-26,097,285	-5.1%
May-06	561,278,323	552,819,257	8,459,066	1.5%	554,203,219	7,075,105	1.3%
Jun-06	608,461,587	604,851,085	3,610,502	0.6%	577,262,604	31,198,983	5.1%
Jul-06	691,243,629	647,503,161	43,740,468	6.3%	621,003,054	70,240,575	10.2%
Aug-06	646,746,810	639,399,844	7,346,966	1.1%	608,970,634	37,776,176	5.8%
Sep-06	534,435,954	562,630,375	-28,194,421	-5.3%	549,371,645	-14,935,691	-2.8%
Oct-06	551,908,486	551,559,986	348,500	0.1%	552,158,514	-250,028	0.0%
Nov-06	558,035,541	570,087,496	-12,051,955	-2.2%	574,246,665	-16,211,124	-2.9%
Dec-06	566,865,034	572,510,263	-5,645,229	-1.0%	575,709,624	-8,844,590	-1.6%
Jan-07	605,117,993	600,964,634	4,153,359	0.7%	606,025,441	-907,448	-0.1%
Feb-07	574,212,693	581,885,443	-7,672,750	-1.3%	585,559,860	-11,347,167	-2.0%
Mar-07	588,678,067	587,770,015	908,053	0.2%	590,523,404	-1,845,336	-0.3%
Apr-07	537,906,272	549,155,620	-11,249,348	-2.1%	552,439,808	-14,533,536	-2.7%
May-07	562,993,757	564,577,914	-1,584,157	-0.3%	565,961,876	-2,968,119	-0.5%
Jun-07	636,364,393	610,358,544	26,005,849	4.1%	582,770,064	53,594,330	8.4%
Jul-07	639,545,887	665,809,453	-26,263,566	-4.1%	639,309,346	236,541	0.0%
Aug-07	674,533,886	651,454,938	23,078,948	3.4%	621,025,728	53,508,158	7.9%
Sep-07	572,889,996	568,434,271	4,455,725	0.8%	555,175,541	17,714,455	3.1%
Oct-07	567,671,987	570,162,714	-2,490,727	-0.4%	570,761,242	-3,089,256	-0.5%
Nov-07	572,425,593	582,439,027	-10,013,434	-1.7%	586,598,196	-14,172,603	-2.5%
Dec-07	591,703,059	584,960,606	6,742,453	1.1%	588,159,966	3,543,092	0.6%
Jan-08	613,079,919	612,352,746	727,174	0.1%	617,413,553	-4,333,633	-0.7%
Feb-08	578,709,137	592,211,323	-13,502,185	-2.3%	595,885,740	-17,176,603	-3.0%
Mar-08	584,978,696	577,983,633	6,995,063	1.2%	580,737,022	4,241,673	0.7%
Apr-08	537,567,927	576,407,066	-38,839,138	-7.2%	579,691,254	-42,123,326	-7.8%
May-08	538,287,185	565,367,089	-27,079,904	-5.0%	566,751,051	-28,463,865	-5.3%
Jun-08	603,529,617	616,435,497	-12,905,880	-2.1%	588,847,017	14,682,600	2.4%
Jul-08	659,960,652	677,174,184	-17,213,532	-2.6%	650,674,077	9,286,575	1.4%
Aug-08	611,079,797	642,707,408	-31,627,611	-5.2%	612,278,198	-1,198,401	-0.2%
Sep-08	564,809,531	584,024,549	-19,215,017	-3.4%	570,765,819	-5,956,288	-1.1%
Oct-08	553,115,532	571,990,740	-18,875,209	-3.4%	572,589,269	-19,473,737	-3.5%
Nov-08	557,278,844	570,504,802	-13,225,958	-2.4%	574,663,971	-17,385,127	-3.1%
Dec-08	589,207,303	597,364,189	-8,156,885	-1.4%	600,563,549	-11,356,246	-1.9%

- c) Mean Average Percentage Error for the Actual vs. Fitted (10-year Average) data comparison is 3.13%. Mean Average Percentage Error for the Actual vs. Fitted (30-year Average) data comparison is 3.52%.

Adjusted R-squared calculations are not applicable. Actual vs. Fitted data comparisons based on 10 and 30-year averages are prepared based on the same regression model output and represent a simple substitution of the corresponding values in the regression equation which do not change the R-squared outcome.

Board Staff Interrogatory #25

REVENUE REQUIREMENT (Exhibit C1/Tab1/Sch2/pp 11 & 12)

Question:

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

- a) Compare for each year from 1998 to 2008, the weather normalization factors inherent in Table 9 (e.g. for 1998, the increase of 51 GWh produces a positive 1.02% weather-normalization factor) with the relevant annual weather-normalization factors from the IESO web site,
- b) Clarify if in Table 10, any of the Predicted Values were subject to “manual adjustment”; that is, if any of the model-produced predicted values were modified by human intervention and, if so, reproduce Table 10 without any manual adjustments, and
- c) Calculate the adjusted R-squared value for the original Table 10 and in the recalculated Table 10 noted in b) above.

Response(s):

- a) The table below compares PowerStream’s annual weather-normalization factors to weather-normalization factors from the IESO’s 10 year Demand Forecast.

Table Staff 25-1: Weather Normalization

Year	Actuals	Normalized Actuals	Variance	PS Weather-normalization factor	IESO Weather Correction Impact
1998	4,981	5,032	51	1.02%	1.00%
1999	5,401	5,356	-45	-0.83%	0.00%
2000	5,674	5,775	101	1.78%	0.40%
2001	5,998	6,013	15	0.24%	0.50%
2002	6,480	6,348	-132	-2.03%	-0.90%
2003	6,506	6,533	26	0.40%	0.00%
2004	6,653	6,794	141	2.12%	0.20%
2005	7,072	6,907	-165	-2.34%	-1.48%
2006	6,951	6,979	28	0.40%	0.75%
2007	7,124	7,066	-58	-0.82%	-0.52%
2008	6,992	7,081	89	1.27%	N/A

Source: IESO 10-Year Demand Forecast

- b) All predicted values used in this report are taken straight from the model. There were no “manual adjustments” applied.
- c) Adjusted R-squared value for the original Table 10 is 95.8%.

Board Staff Interrogatory #26

REVENUE REQUIREMENT (Exhibit C1/Tab1/Sch3/p 1)

Question:

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

Response:

PowerStream has determined that the use of an energy purchases-related variable, i.e. GDP, was not a good predictor of growth levels for customers. The GDP indicator is too broad and does not define growth in customer numbers as accurately as population related statistics. The use of GDP would understate the customer growth forecast and produce understated residential customer additions for the 2008 bridge year and 2009 test year.

Table Staff 26-1: Weakness of GDP as Predictor of Customer Growth

Year	Customer Count	Growth Volume	Growth Rate (%)	GDP Index	Variance
1998	154,444	7,437	5.06%	4.70%	0.36%
1999	163,739	9,295	6.00%	7.70%	-1.70%
2000	175,293	11,554	7.10%	6.10%	1.00%
2001	185,558	10,265	5.90%	1.40%	4.50%
2002	196,160	10,602	5.70%	2.90%	2.80%
2003	205,196	9,036	4.60%	1.60%	3.00%
2004	213,147	7,951	3.90%	2.70%	1.20%
2005	219,970	6,823	3.20%	2.82%	0.38%
2006	228,666	8,696	4.00%	1.90%	2.10%
2007	236,377	7,711	3.40%	2.10%	1.30%
2008	244,729	8,352	3.53%	-0.05%	3.58%

NOTE: 2008 Actual customer count is used.

Board Staff Interrogatory #27

REVENUE REQUIREMENT (Exhibit C1/Tab1/Sch1/p 3)

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

- a) **Verify that this is the method the Applicant used for forecasting the customer count for all commercial customer classes (except Large User),**
- b) **Provide the historical data and the analysis that support the Applicant’s conclusion in this matter, and**
- c) **Provide a live Excel spreadsheet (i.e. one where the formulae are visible) that shows the calculation of the 2009 customer count by customer class including the effect of the suite metering initiative.**

Response(s):

- a) Yes, PowerStream used a 3-year historical average to forecast the bridge and test year commercial growth excluding Large User.
- b) Accurate and reliable historical consumption/demand data by the 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. Short time series data limited our ability to perform trending for the purpose of the forecast. At the time, 3-year average was considered the best estimate to estimate future customer additions for commercial classes.

Table Staff 27-1: Commercial Customer Growth

	2005 vs.	2006 vs.	2007 vs.		Customer	
Variance Analysis	2004	2005	2006	Calculated AVG	Addition Forecast	Variance
GS < 50	1,044	350	677	690	650	-40
USL	20	16	22	19	60	41
GS > 50	81	230	64	125	125	0
GS TOU	0	0	0	0	0	0
Large User	0	-1	-3	-1	0	1
Street Lighting Connections	1,799	3,166	2,935	2,633	2,633	0
Sentinel Lights	17	-6	-4	2	0	-2
Street Light Customers	-1	19	-34	-5	0	5

- c) Please see Schedule Staff-27-1

Board Staff Interrogatory #28

REVENUE REQUIREMENT (Exhibit C1/Tab1/Sch1/p 2 and Exhibit C1/Tab1/Sch4/p 7)

Question:

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

- a) Verify that the bulk of the difference in the Customer Counts results from including the number of Street Lighting customers in the first case and Street Lighting connections in the second case, and**
- b) Reconcile fully the two values for any other differences.**

Response(s):

- a) The total customer count of 311,828 as per Schedule 4, page 7 is the 2009 forecast monthly average. This count includes Street Lighting connections and does not include Street Lighting customers, whereas the total customer count of 251,638 as per Schedule 1, page 2 is prepared based solely on the customer count including Street Lighting customers, not connections.
- b) Please see Schedule Staff 28-1.

Board Staff Interrogatory #29

REVENUE REQUIREMENT (Exhibit C1/Tab1/Sch1/p 2)

Question:

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

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

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

Response(s):

Accurate and reliable historical customer consumption, demand and customer count data by rate class are not available in a consistent manner for all classes prior to 2006 as a result of the PowerStream merger and Aurora acquisition. The detailed consumption, demand and customer count information by rate class, is identified below.

Table Staff 28-1: Consumption, Demand and Customer Count Information

Rate Class	2006			2007			2008 Actuals		
	kWh	kW	Customer Count	kWh	kW	Customer Count	kWh	kW	Customer Count
Residential	1,988,486,894		0	2,039,498,572		0	2,065,819,367		0
GS<50	776,973,164		22,021	796,189,248		0	809,934,026		0
GS>50	3,561,122,920	9,379,753	0	3,854,553,131	10,102,296	0	3,794,823,425	10,125,964	0
Time of use	49,136,466	77,885	2	58,792,355	95,040	2	60,456,799	95,946	2
Large Use	283,255,705	539,544	4	31,986,565	86,879	1	30,339,590	80,893	1
USL	10,270,011	0	0	8,378,782	0	0	8,654,016	0	0
Sentinel Lighting	443,695	1,196	0	469,111	1,243	144	530,185	1,356	141
Street Lighting	40,635,772	112,985	47	42,585,750	118,262	13	44,133,043	139,797	15
Total	6,710,324,626	10,111,363	22,074	6,832,453,515	10,403,720	160	6,814,690,452	10,443,956	159
2007 vs. 2006									
Residential	51,011,678		0	26,320,795		0			
GS<50	19,216,084		-22,021	13,744,778		0			
GS>50	293,430,211	722,544	0	-59,729,706	23,668	0			
Time of use	9,655,889	17,155	0	1,664,444	906	0			
Large Use	-251,269,140	-452,665	-3	-1,646,975	-5,985	0			
USL	-1,891,229	0	0	275,234	0	0			
Sentinel Lighting	25,416	47	144	61,074	113	-3			
Street Lighting	1,949,979	5,277	-34	1,547,292	21,535	2			
Total	122,128,889	292,358	-21,914	-17,763,063	40,236	-1			

Rate Class	2008 Bridge			2009 Test		
	kWh	kW	Customer Count	kWh	kW	Customer Count
Residential	2,065,819,367		214,353	2,034,450,648		221,376
GS<50	809,934,026		23,348	803,126,540		23,998
GS>50	3,794,823,425	10,125,964	3,833	3,890,403,631	10,160,712	3,960
Time of use	60,456,799	95,946	2	18,691,873	29,018	0
Large Use	30,339,590	80,893	1	31,414,814	82,809	1
USL	8,654,016	0	2,088	8,195,169	0	2,148
Sentinel Lighting	530,185	1,356	142	682,931	1,750	142
Street Lighting	44,133,043	139,797	13	42,341,705	126,683	13
Total	6,814,690,452	10,443,956	243,780	6,829,307,310	10,400,971	251,638
2009 vs. 2008						
Residential	-31,368,720		7,022			
GS<50	-6,807,487		650			
GS>50	95,580,206	34,748	127			
Time of use	-41,764,926	-66,928	-2			
Large Use	1,075,224	1,915	0			
USL	-458,848	0	60			
Sentinel Lighting	152,746	394	0			
Street Lighting	-1,791,337	-13,114	0			
Total	14,616,858	-42,985	7,857			

Board Staff Interrogatory #30

REVENUE REQUIREMENT (Exhibit C1/Tab1/Sch2/pp 1 & 18)

Question:

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

Please:

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

Response(s):

- a) Estimated distribution losses are based on a 3-year historic average. Total loss factor is an average of 1.0310.

Table Staff 30-1: Loss Factor by Class

Residential	1.0333
GS<50	1.0333
GS>50	1.0333
Time of use	1.0333
Large Use	1.0145
USL	1.0333
Sentinel Lighting	1.0333
Street Lighting	1.0333
Total loss factor (avg)	1.0310

To derive kWh sales, forecasted kWh energy purchases were divided by the line loss factor of 1.0310.

Table Staff 30-2: Forecasted Energy Purchases and Sales

Month	Purchased kWh Forecast	kWh Sales= Purchased kWh / LLF
January	597,456,633	579,520,475
February	583,196,088	565,688,044
March	587,315,519	569,683,805
April	553,765,121	537,140,619
May	548,491,714	532,025,524
June	610,816,904	592,479,658
July	663,880,146	643,949,897
August	629,203,909	610,314,670
September	570,615,729	553,485,357
October	551,820,457	535,254,335
November	562,251,352	545,372,086
December	581,860,799	564,392,840
Total	7,040,674,371	6,829,307,310

- b) Please refer to Exhibit D1/Tab1/Schedule 10, pages 1-5.
- c) Please refer to Exhibit D1/Tab1/Schedule 10, pages 1-5.
- d) Please refer to Exhibit D1/Tab1/Schedule 10, pages 1-5.
- e) Please see Schedule Staff 30-1.

Board Staff Interrogatory #31

REVENUE REQUIREMENT (Exhibit C1/Tab1/Sch2/pp 18 & 19)

Question:

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

- a) Show the historical data upon which the translation factors were based,**
- b) Show the development of the translation factors in sufficient detail that an independent assessment can be made of the method utilized and the values chosen, and**
- c) Provide a live Excel spreadsheet (i.e. one where the formulae are visible) that shows the translation of the kWh consumption to kW demand for 2009 by applicable customer classes.**

Response(s):

- a) Please see Schedule Staff 31-1.**
- b) Please see Schedule Staff 31-2.**
- c) Please see Schedule Staff 31-3.**

Board Staff Interrogatory #32

REVENUE REQUIREMENT (Exhibit C)

Question:

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

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

Response:

No adjustments are required in light of previous responses regarding customer count, load and revenue forecasting.

Board Staff Interrogatory #33

REVENUE REQUIREMENT (Exhibit C1/Tab1/Sch2/pp 9 to 17)

Question:

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

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

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

Response:

Data in Exhibit C1/Tab 1/Schedule 2/Table 8 on Page 10 include the impact of the CDM adjustment and should not. This is a presentation error only and has no impact on the actual calculations that were performed to derive the monthly energy purchases. The correct table is provided below.

Table Staff 33-1: Monthly Energy Purchases Forecast

Month	kWh Purchases	HDD	CDD	GDP	Monthly Peak Hours
Jan-09	605,055,785	700.7	0.0	133.8	336
Feb-09	590,613,858	624.2	0.0	133.6	320
Mar-09	594,785,684	543.2	0.0	133.5	352
Apr-09	560,808,553	318.4	1.2	133.4	320
May-09	555,468,073	156.5	12.3	133.3	320
Jun-09	618,585,987	28.5	76.2	133.2	352
Jul-09	672,324,150	2.4	133.5	133.1	352
Aug-09	637,206,860	5.7	111.3	133.0	320
Sep-09	577,873,486	52.7	41.3	132.8	336
Oct-09	558,839,154	242.6	4.3	132.7	336
Nov-09	569,402,722	402.6	0.0	132.6	336
Dec-09	589,261,585	614.4	0.0	132.5	336
Total	7,130,225,897	3,691.9	380.1		4016

Board Staff Interrogatory #34

COST OF SERVICE (Exhibit D1)

Question:

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

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

Response:

PowerStream confirms its agreement with the figures for 2005 only. For 2003 and 2004, RRR filings were done by the predecessor utilities, Markham, Vaughan, Richmond Hill and Aurora. We believe that OEB staff added the four filings to create the figures for 2003 and 2004 above, but we are not able to confirm that this was the case.

Board Staff Interrogatory #35

COST OF SERVICE (Exhibit A2/Tab3/Sch1)

Question:

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

- a) Please elaborate, with dollar amounts, on the merger related costs PowerStream has incurred and or forecasts to incur in 2008, 2000 and 2010.**
- b) Will PowerStream be expensing these costs in the year incurred? Will any of these costs be capitalized?**
- c) Please provide the calculations, with explanations, for each of the savings amounts shown using Table 1 in Exhibit A2/Tab3/Schedule1/p 3. If PowerStream is updating the numbers found in table, please provide the calculations and explanations for the updated numbers.**
- d) Please expand Table 1 in Exhibit A2/Tab3/Schedule1/p 3 by adding the merger savings forecast for 2010, 2011 and 2012.**
- e) PowerStream indicates that it has agreements with two Unions that guarantee no layoffs, no involuntary terminations, and no involuntary relocation of staff for a period of a year or more from the merge date. Please provide the end-dates of these guarantees.**

Response(s):

- a) In 2007 and 2008, PowerStream incurred \$1.1M in transaction costs ("Transaction Costs"), comprising legal, consulting and other costs, in connection with activities that ultimately resulted in an agreement to merge with Barrie Hydro that resulted in the merged entity ("MergeCo"). In addition, Barrie Hydro incurred \$0.6 million in transaction costs, bringing the total transaction costs to \$1.7 million.**

In 2009 and 2010, MergerCo expects to spend approximately \$4.7 million (2009: \$4.3 million, 2010: \$0.4 million) to integrate the two companies into one ("Transition

Costs”). There were no Transition Costs incurred in 2008. This breaks down as follows (in thousands of dollars):

Table Staff-35-1: Approximate MergeCo Transition Costs (\$000)

	2009	2010
process and change consulting	350	350
legal and tax	500	0
other reorganization costs	300	0
additional cost for transition	750	0
new work stations	225	0
voluntary packages	1,447	0
sub-total	3,572	0
CIS conversion costs	350	0
Regulatory	265	0
consolidate GIS system	10	0
combine SCADA, radio system etc.	105	0
Total	4,302	350

- b) Yes, these costs will be expenses when incurred with the exception of \$225,000 associated with the purchase of new workstations. This will be capitalized and amortized.
- c) See table below.

Table Staff 35-2: MergeCo OM&A Savings (2009)

Department	\$000	Explanation
Human Resources	102	Avoided cost for Barrie HR manager
Corporate	469	Savings on Board of Director and other overhead costs
Finance	110	Savings on IFRS work by Barrie
Information Technology	296	Avoided cost for Barrie IT manager and programmers, maintenance cost on Barrie ERP and CIS systems
Regulatory - Rates	222	Avoided cost for Barrie Rates manager and outside consulting and legal.
Engineering Planning	220	Avoided cost for Barrie for Engineering manager and GIS supervisor
Purchasing	14	Reduced maintenance cost on Barrie vehicles
Metering	206	Avoided cost for Barrie Smart Meter programs
Operations	242	Barrie avoided control room costs
Total Savings	1,882	

The total savings of \$1,882,000 consists mainly of labour savings of \$1,184,000.

The remaining savings consists mainly of consulting, legal, Board of Director and software maintenance costs, as the result of the synergies from being one company compared to two separate ones. PowerStream is still working with these same estimates.

PowerStream and Barrie Hydro have identified the merger savings and costs on a total basis for the merged entity. In doing so it did not attempt to allocate the savings and costs between the two rate zones. Based on the discussions on this topic arising during the MAADs proceeding and on Issues Day, it is clear that there may be many differing views on how to allocate merger savings and costs.

PowerStream's position is that for 2009 there has been no incremental reduction in the costs that will be experienced to run the PowerStream rate zone as a result of the merger, even before consideration of the additional transition costs. The fact that the Barrie rate zone may be able to "piggyback" onto the PowerStream rate zone operation should be considered a savings for the Barrie rate zone.

d) Revised Table 1:

Table 1: Merger OM&A Savings and Transition Costs (\$000)

Department	2009	2010	2011	2012
Human Resources	102	171	171	172
Corporate	469	1,097	1,143	1,161
Finance	110	559	459	460
Information Technology	296	761	861	863
Regulatory - Rates	222	388	323	323
Customer Service	-	374	339	340
Eng. Planning	220	346	346	408
Design	-	294	294	295
Purchasing	14	189	190	190
Metering	206	576	577	578
Operational Effectiveness	-	134	187	187
Operations	242	473	533	534
Total Savings	1,881	5,362	5,423	5,511
Transition Costs	(4,302)	(350)	-	-
Net Savings (Cost)	(2,421)	5,012	5,423	5,511

e) PowerStream's agreement with the two unions guarantees no layoffs or involuntary terminations, as a direct result of the merger, until March 31, 2011.

The agreement with the union representing the PowerStream Division union staff guarantees no forced relocation until March 31, 2011. The agreement with the union representing the Barrie Division union staff guarantees no forced relocation until

December 31, 2009 for Control Room and inside staff and March 31, 2011 for all outside workers.

Board Staff Interrogatory #36

COST OF SERVICE (Exhibit D1)

Question:

Please provide (in a table format) the individual amounts at the 4 digit account level (OEB account numbers) that total to the OM&A amounts presented in the evidence for 2006 EDR, 2006 actual, 2007 actual, 2008 Bridge and 2009 Test Year. The table should include a sub-total line for OPERATIONS, MAINTENANCE, BILLING & COLLECTION, COMMUNITY RELATIONS and ADMINISTRATIVE & GENERAL EXPENSES.

Response:

Please see Table Staff 36-1 below.

Table Staff 36-1: Detailed OM&A Information

Acct #	Acct	2006 Approved	2006 Actual	2007 Actual	2008	2009
Operation expenses						
5005	Operation Supervision and Engineering	278,457	-	-	-	-
5010	Load Dispatching	1,219,500	1,979,383	2,224,133	2,242,932	2,495,564
5012	Station Buildings and Fixtures Expense	89,181	103,041	145,010	173,746	292,238
5014	Transformer Station Equipment - Operation Labour	66,156	341,727	463,944	471,272	527,297
5015	Transformer Station Equipment - Operation Supplies and Expense	915,508	122,993	370,223	338,226	94,735
5016	Distribution Station Equipment - Operation Labour	23,038	85,341	213,225	243,973	237,540
5017	Distribution Station Equipment - Operation Supplies and Expenses	69,690	51,688	90,475	140,005	111,428
5020	Overhead Distribution Lines and Feeders - Operation Labour	161,888	238,971	497,962	558,060	496,263
5025	Overhead Distribution Lines & Feeders - Operation Supplies and E	67,486	37,340	(13,014)	84,132	688,772
5030	Overhead Subtransmission Feeders - Operation	-	4,488	134	-	-
5035	Overhead Distribution Transformers- Operation	88,696	117,007	74,354	117,961	46,919
5040	Underground Distribution Lines and Feeders - Operation Labour	131,365	363,833	500,313	138,427	153,787
5045	Underground Distribution Lines & Feeders - Operation Supplies & E	40,435	32,061	47,939	266,055	437,979
5050	Underground Subtransmission Feeders - Operation	-	-	-	-	-
5055	Underground Distribution Transformers - Operation	32,848	83,572	78,309	230,106	182,749
5065	Meter Expense	827,541	1,454,178	1,521,255	1,234,996	1,305,362
5070	Customer Premises - Operation Labour	920,391	1,420,058	1,445,410	1,253,533	1,449,087
5075	Customer Premises - Materials and Expenses	564,375	595,143	1,083,603	701,404	855,798
5085	Miscellaneous Distribution Expense	63,556	413	(329)	-	-
5090	Underground Distribution Lines and Feeders - Rental Paid	-	-	-	-	-
5095	Overhead Distribution Lines and Feeders - Rental Paid	26,925	-	-	-	-
5096	Other Rent	-	26,135	117,536	42,500	42,500
Operation expenses		5,587,039	7,057,372	8,860,483	8,237,328	9,418,016
Maintenance						
5105	Maintenance Supervision and Engineering	190,048	-	-	-	-
5110	Maintenance of Buildings and Fixtures - Distribution Stations	478,037	-	-	-	-
5112	Maintenance of Transformer Station Equipment	333,016	359,496	123,641	341,822	602,195
5114	Maintenance of Distribution Station Equipment	105,317	149,395	34,893	76,834	501,294
5120	Maintenance of Poles, Towers and Fixtures	276,996	336,023	390,737	224,069	211,559
5125	Maintenance of Overhead Conductors and Devices	1,416,710	1,424,327	1,908,366	1,434,796	1,667,824
5130	Maintenance of Overhead Services	124,256	307,132	277,432	208,763	109,956
5135	Overhead Distribution Lines and Feeders - Right of Way	474,692	335,712	385,315	350,000	350,000
5145	Maintenance of Underground Conduit	20,674	11,526	6,668	18,883	24,284
5150	Maintenance of Underground Conductors and Devices	1,435,255	1,746,005	2,337,814	1,545,057	1,483,260
5155	Maintenance of Underground Services	725,952	1,076,992	846,644	992,735	1,222,913
5160	Maintenance of Line Transformers	637,491	561,442	507,741	315,147	297,277
5175	Maintenance of Meters	520,002	10,606	-	-	-
Maintenance Expenses		6,738,446	6,318,656	6,819,250	5,508,106	6,470,562
Operation and Maintenance		12,325,485	13,376,028	15,679,733	13,745,434	15,888,579

	2006 Approved	2006 Actual	2007 Actual	2008	2009
Billing and Collections					
5305 Supervision	789,385	711,367	735,788	902,960	1,006,652
5310 Meter Reading Expense	954,632	1,204,390	1,114,648	1,848,041	2,821,326
5315 Customer Billing	2,853,111	2,239,317	2,852,567	1,130,979	870,031
5320 Collecting	1,160,301	988,747	1,288,716	1,953,071	1,857,982
5325 Collecting- Cash Over and Short	106	(295)	3,963	-	-
5330 Collection Charges	(116,987)	1,248	12,376	-	-
5340 Miscellaneous Customer Accounts Expenses	-	-	-	-	-
5695 OM&A contra account	-	-	(23,812)	(585,000)	(1,004,750)
Total Billing and Collections	5,640,547	5,144,774	5,984,246	5,250,051	5,551,242
Community Relations					
5405 Supervision	137,226	387,833	276,957	257,326	305,375
5410 Community Relations - Sundry	388,533	318,368	239,193	367,750	329,000
5415 Energy Conservation	0	1,834,362	2,102,537	650,000	64,100
5420 Community Safety Program	11	-	-	-	-
5425 Miscellaneous Customer Service and Informational Expenses	449	-	-	-	-
5515 Advertising Expense	(119,100)	-	-	-	-
5660 General Advertising Expenses	8,139	-	-	-	-
Total Community Relations and Advertising	415,257	2,540,563	2,618,687	1,275,076	698,475
Administrative and general					
5335 Bad Debt Expense	668,444	1,295,141	2,039,806	862,500	1,236,000
5605 Executive Salaries and Expenses	2,427,630	3,238,388	3,236,547	2,978,607	3,705,126
5610 Management Salaries and Expenses	2,446,351	2,099,780	2,551,087	3,076,087	3,935,182
5615 General Administrative Salaries and Expenses	2,311,588	1,093,846	1,285,487	960,076	967,129
5620 Office Supplies and Expenses	837,702	836,639	894,772	1,266,525	1,126,848
5625 Administrative Expense Transferred Credit	(108)	-	-	-	-
5630 Outside Services Employed	1,080,523	1,252,924	614,297	903,850	1,943,205
5645 Employee Pensions and Benefits	1,264,049	-	-	-	-
5655 Regulatory Expenses	1,265,100	857,679	990,915	1,555,420	1,512,800
5665 Miscellaneous General Expenses	2,864,087	4,795,735	4,903,893	5,045,619	5,406,803
5670 Rent	1,932,595	(168,892)	417,867	130,000	274,728
5675 Maintenance of General Plant	1,252,950	1,122,318	(35,711)	734,997	710,159
5680 Electrical Safety Authority Fees	2,379	-	-	-	-
5635 Property Insurance	438,064	39,304	14,735	46,332	58,416
5640 Injuries and Damages	233,408	602,722	758,549	787,695	924,000
6205 Donations	(79,514)	15,000	30,000	15,000	41,000
6105 Taxes Other Than Income Taxes	929,817	569,385	504,962	986,112	1,088,609
6215 Penalties	26,531	83,171	175,357	30,000	30,000
Total Administrative and General	19,901,598	17,733,139	18,382,561	19,378,820	22,960,005
Distribution Expenses	25,957,402	25,418,475	26,985,494	25,903,947	29,209,722
Total OM&A	38,282,888	38,794,503	42,665,227	39,649,381	45,098,300

Board Staff Interrogatory #37

COST OF SERVICE (Exhibit B1/Tab3/Sch1/pp 8 – 9)

Question:

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

Response:

The increase in the general payroll burden rate from 30% to 40% and the increase in outside labour “A” rate from 60% to 80% both represent an increase of 33.3% in the burden rate. There was no increase for other groups (contract, temporary and Board of Directors). We are unable to find any increase of 50%.

At inception on June 1, 2004, PowerStream adopted burden rates chosen from the existing burden rates from the predecessor utilities. It was noted that over the period 2004 to 2006 that the burden rates adopted were leading to significant over and under recoveries.

In 2007 PowerStream undertook a review to determine what adjustments were necessary to burden rates to more closely recover actual costs. The resulting document with the new burden rates, *“Payroll Burden and Overhead Rates Review”* (“Review”), has been included as Schedule Staff 37-1.

These new burden rates have been used for the 2009 Capital and OM&A budgets which form the basis for the 2009 test year data filed. PowerStream’s 2008 Capital and OM&A budgets were prepared and approved based on the old burden rates and prior to the approval of the new burden rates. The new burden rates were applied to actual costs in 2008 in the financial and work order systems.

Table Staff 36-1 Benefit Costs 2007-2008 used in Burden Calculations

Description	2007 (\$)	2008 (\$)
EI Employer	344,286	342,989
C.P.P. Employer	789,474	817,099
O.M.E.R.S. Employer	2,194,221	2,382,063
Employer Health Tax	621,185	702,257
Workers Compensation Board	183,838	173,682
Health, Dental, Life insurance	4,244,642	4,570,559
Employee Future Benefits	1,049,401	1,395,081
Safety, Training and other meetings	1,179,854	1,216,019
Expendable Tools & Protective Equipment	716,460	635,957
Total	11,323,360	12,235,705

Board Staff Interrogatory #38

COST OF SERVICE (Exhibit B1/Tab6/Sch1/lines 400-434 and Exhibit D1/Tab1/Sch1/p5)

Question:

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

Response:

There are no amounts in the 2008 OM&A costs for meter re-verification, seal extensions and maintenance.

Board Staff Interrogatory #39

COST OF SERVICE (Exhibit D1)

Question:

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

Response:

PowerStream's equipment in its distribution system or inventory is in compliance with current PCB related legislation. There are no future OM&A, capital or other operating costs associated with this issue to meet current regulations.

Board Staff Interrogatory #40

COST OF SERVICE (Exhibit D1)

Question:

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

Response:

The 2009 OM&A forecast, consistent with budget, is based on 3% per annum inflationary increase, less 1% productivity factor, plus 50% of the anticipated growth in customer base. The Collective Agreement provides a 3% wage increase for Union employees. Management employees typically receive a similar increase. Salaries and wages account for about 60% of the OM&A costs. The productivity factor by PowerStream was introduced as an inducement to control costs. There is also an assumption that overall OM&A costs are related to the size of the customer base.

Board Staff Interrogatory #41

COST OF SERVICE (Exhibit D1/Tab1/Sch1/pp 8 – 9)

Question:

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

Response:

The summary of changes in OM&A between 2007 actual and 2008 Bridge year is presented in the Table Staff 41-1 below.

Table Staff 41-1: 2008 vs. 2007 OM&A Costs (As Filed)

Item	Reference	Impact on OM&A (\$M)
2007 OM&A Expenses		\$42.7
Decrease in planned maintenance	D1-1-3, p. 11	(1.3)
Reduced costs of cable locates	D1-1-3, p.8	(0.7)
Bad debt	D1-1-3, p. 18	(1.2)
Billing and Collection Expenses – impact of updated shared service costs	D1-1-3, p.16	(0.7)
CDM expenditures – end of 3 rd tranche spending	D1-1-3, p. 17	(1.5)
Increased Regulatory expenses	D1-1-3, p. 17	0.6
Internal and external labour costs	D1-1-3, p. 17	0.6
Increase in building maintenance (understated 2007 amount)	D1-1-3, p. 17	0.6
Other changes		0.6
2008 OM&A expenses		\$39.7

Board Staff Interrogatory #42

COST OF SERVICE (Exhibit D1/Tab1/Sch1/pp 2 & 5)

Question:

PowerStream indicates that between 2006 EDR and the 2009 Test Year OM&A, there is a decrease of \$3.473 million attributable to PowerStream's decision in 2006 to start capitalizing the portion of management time spent on capital projects. Please indicate the impact that this change in capitalization had on 2006 actual, 2007 actual and 2008 Bridge OM&A i.e how much would OM&A in each of these three years been higher, had there been no change.

Response:

The following amounts of management salary were capitalized (in thousands of dollars):

2006	\$2,349
2007	\$2,064
2008	\$2,122
2009	\$3,473

The increase in 2009 is due to a larger amount of capital work involving internal staff time.

Board Staff Interrogatory #43

COST OF SERVICE (Exhibit D1/Tab1/Sch3/pp 13, 17 & 19)

Question:

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

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

- a) **Please provide the bad debt expense actuals for 2003, 2004 and 2005.**
- b) **Bad Debt expense decreases by about \$1.2 million from 2007 to 2008 and then increases by about \$0.4 million from 2008 to 2009. While noting that the 2008 Bad debt was prepared assuming a more typical year, PowerStream indicates that the 2009 forecast is (i) based on the last three years of bad debt history and includes provision for bad debt write-offs, net of estimated recoveries and (ii) includes the cost of bad debt insurance.**
 - i) **Please confirm whether or not the 2008 bad debt budget was prepared using the same method or calculations as was used for 2009.**
 - ii) **What is the cost (premium) of the bad debt insurance provided by Mearie? If PowerStream's actual bad debt experience improves, does the insurance allow for a credit or discount back to PowerStream?**

Response(s):

- (a) **Actual bad debt expenses for 2003 to 2005 are:**

2003: \$1,046,910
2004: \$606,633
2005: \$923,155

- (b)(i) **The 2008 bad debt budget was a forecast once some legacy bad debt was written off in 2007. There are two components to Bad Debt – skipped accounts and bankruptcies. Annual forecasts of skipped accounts are fairly predictable while forecasts of bankruptcies are highly unpredictable. The goal is to use a three year history for forecasting Bad Debt going forward, net of estimated Bad Debt**

recovery. Large bankruptcies, may distort the approach of using three years of history. For 2008, there was an optimistic assumption for bankruptcy losses.

- (b)(ii) The policy premium for the bad debt insurance provided by MEARIE for the year commencing July 1, 2008 and ending June 30, 2009 is \$154,000.00. If PowerStream's bad debt experience improves, the insurance provider will not provide a credit or discount back to PowerStream. The rate established at the policy inception multiplied by the sales forecast is the minimum premium for that year. At the time of renewal, should PowerStream's past experience be very good, with none or very little in the way of claims, a rate reduction is possible. This is not a discount but simply a means by which the insurance provider recognizes a favourable experience and seeks to maintain the relationship with the client. Any rate reduction is applied only going forward.

Board Staff Interrogatory #44

COST OF SERVICE (Exhibit D1/Tab1/Sch3/p13 Table 4 & p17)

Question:

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

Response:

In 2009, Powerstream budgeted \$64,000 for CDM-related activities, not related to existing OPA programs and therefore not recovered by OPA funds. This amount mainly represents PowerStream’s part of shared consulting costs incurred by the Coalition of Large Distributors (CLD) for development of new CDM programs.

Board Staff Interrogatory #45

COST OF SERVICE (Exhibit D1)

Question:

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

Response:

There are no non-recurring item above \$100,000.

Board Staff Interrogatory #46

COST OF SERVICE (Exhibit D1/Tab1/Sch1/p3)

Question:

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

- a) Please prepare a table which sets out by year starting with 2008, and by OM&A and Capital, the main components of the \$3 million in costs PowerStream expects to incur.
- b) PowerStream also indicates that 2009 Test year provides for an increase of \$200,000 for audit fees, due to the increased volume of required audit work, related to the anticipated accounting policy changes as per IFRS requirements. Please confirm whether this amount is in addition to the \$3 million.

Response:

- a) Table Staff 46-1 below summarizes the actual expected IFRS expenditures for the period 2008 to 2012.

Table Staff 46-1: Actual IFRS Expenditures

	2008 Actual \$'000		2009 Estimates \$'000	2010 Estimates \$'000	2011 Estimates \$'000	2012 Estimates \$'000	2009 to 2012 Total	Grand Total
OM&A:								
Planning	67							67
Assessment	205							205
Processes			415	100	100	50	665	665
System Changes			849	638	438	50	1,975	1,975
Training				50	50	50	150	150
Support				50	50	50	150	150
Total	272		1,264	838	638	200	2,940	3,212
Averaged over 4 years (rebasing plus 3 years of IRM)							735	803
Totals used in rate application			1,300	840	640	200	2,980	
Averaged over 4 years (rebasing plus 3 years of IRM)							745	

Note that PowerStream selected KPMG to assist with IFRS implementation through a competitive bidding process. PowerStream has not treated any of the IFRS expenditures as being capitalized although some may ultimately be through IFRS.

The total of \$2.98 million was based on the annual totals, for 2009 through 2012, as shown under “totals used in the rate application”. These amounts had been rounded; the detailed estimates total to \$2.94 million as shown above.

The amount in the 2009 rate application did not include IFRS expenses incurred in 2008. These have been included in the table above and bring the total to \$3.212 million.

We have not included any internal staff time or similar costs.

- b) The increase of \$200,000 in 2009 audit fees related to IFRS are not included in the totals shown in (a) above.

Board Staff Interrogatory #47

COST OF SERVICE (Exhibit D1/Tab1/Sch3/p17)

Question:

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

Response:

The breakdown of regulatory expenses is provided in the Table Staff 47-1 below:

Table Staff 47-1: Regulatory Expenses (USoA 5630, 5655, 5665)

	2006	2007	2008 Bridge	2009 Test Year
Consulting	223,649	23,764	80,000	100,000
Legal	59,353	63,439	80,000	100,000
OEB Intervenor Costs'	23,460	27,145	80,000	100,000
OEB Cost Assessment	703,360	824,061	1,200,000	1,260,000
Membership fees	122,400	119,697	165,000	160,000
Other Internal costs	-	20,001	10,420	12,800
Total	1,132,222	1,078,109	1,615,420	1,732,800

Year-over-Year Variance. \$

The membership fees above include mainly EDA and OEA membership fees.

Board Staff Interrogatory #48

COST OF SERVICE (Exhibit D1/Tab1/Sch4/p1)

Question:

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

- a) Please provide the actual dollar amounts for 2007 and 2008 for those Vendors who are sole sourced or directed source.
- b) With respect to 2009. Please provide a best estimate of the amount requested in a), to the extent that PowerStream's budget preparation process details or estimates the amount.

Response(s):

The required information is presented in the table below. For the completeness, we have included 2006 Actual data for these vendors. The 2009 information is the best estimate that was available during the budget process.

Table Staff 48-1: Purchased Services

Company	Service	Timeline	Procurement method	2006	2007	2008	2009 Estimate
Operations and Maintenance							
MULTIVIEW LOCATES INC.	contract cable locates	Ongoing	Sole /directed source	321,364	339,930	123,085	Not used anymore
Wickens Industrial Ltd.	dry Ice cleaning	ongoing	sole / directed source	168,964	183,816	179,712	200,000
Mackin Gibson Consulting	outage report program	ongoing	sole / directed Source		14,284	35,000	n/a
Rodan Energy and Metering Solution	cross phase analysis for large GS customers	ongoing	sole / directed source	60,250	328,662	125,000	n/a
Corporate Services							
Gowlings Lafleur Henderson	litigation, corporate advice	ongoing	sole / directed source	131,024	324,646	110,346	150,000
Borden Ladner Gervais LLP	OPA-CDM 2007 Agreements, corporate advice	ongoing	sole / shared with CLD	89,179	28,452	427,468	100,000
Fraser Milner Casgrain LLP	regulatory advice and applications	ongoing	sole source, based on RFP for 2006 EDR	112,308	96,067	354,651	100,000
Deloitte and Touche LLP	audit / tax advice	ongoing	sole source	273,000	319,094	301,000	290,000
Lannick Associates	recruitment fees	2007 only	sole / directed source		58,685		
BDR Consulting	financing plan advice	2007 only	sole / directed source		115,519		
IT Services							
Rondinone Management Service Inc.	PeopleSoft support	ongoing	sole source	399,938	311,063	113,469	250,000
T&W Info-Systems Ltd*	IT support for CIS	ongoing	sole source	1,114,984	1,037,560	909,660	1,110,000
Savage Data Systems**	EBT (Electronic Billing Transactions)	ongoing	Sole Source	145,375	150,191	95,732	65,000

Notes:

* Including capital work

** in 2008 Powerstream changed service provider for Settlement Services from Savage Data Systems to Enerconnect

Board Staff Interrogatory #49

COST OF SERVICE (Exhibit D1/Tab1/Sch6/pp1 – 6)

Question:

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

- a) Please provide a copy of the signed Shared Service Agreements between PowerStream and the City of Vaughan and the Town of Markham pertaining to these services.**
- b) Please confirm whether or not the amounts shown in Tables 2 and 4 represent the costs PowerStream incurs to provide the services or represent the revenues the service provision generates. Please provide the calculations used to derive the 2009 Test Year amounts of \$1.2 and \$1.9 million presented in Tables 2 and 4.**
- c) If applicable, given the answer to b) please add a row to Tables 2 and 4 to identify the revenues generated by the service activity**
- d) For the amounts indicated in Tables 2 and 4 please identify which OEB account (i.e a revenue item or an offset in an OM&A account) PowerStream uses to record the proceeds received from the town of Markham and the City of Vaughan.**

Response(s):

- a) Copies of the executed Shared Services Agreements between PowerStream and the City of Vaughan and the Town of Markham are attached as Schedule Staff 49-1 and Schedule Staff 49-2, respectively.
- b) (Note that amount for the Town of Markham in the interrogatory should be \$2.2M.)

The amounts shown in Tables 2 and 4 represent the revenues the provision of the services generates for PowerStream. The underlying calculations are provided in Schedules to this response, as follows (Note that the \$800,000 amount for Town of Markham street lighting is based on the actual experience for 2006 and 2007; this information is included):

Services Provided to the Town of Markham:

- Water and Sewer – Schedule Staff 49-3
- Street Lighting – Schedule Staff 49-4

Services Provided to the City of Vaughan:

- Payroll – Schedule Staff 49-5
- Cashier – Schedule Staff 49-6
- Water and Sewer – Staff 49-7

- c) Not applicable, Tables 2 and 4 show the revenues generated by the service activity.
- d) The amounts are booked to OEB account 4380. These amounts have been excluded from the application since they are non-distribution revenue.

Board Staff Interrogatory #50

COST OF SERVICE (Exhibit D1/Tab1/Sch9/p6 Table 4)

Question:

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

Response:

Yes, the amounts in Table 4 are the gross amounts paid to employees. Depending on the employee, a portion of their compensation cost may be charged to capital projects. The amount charged to capital varies from year to year depending on the amount of capital work performed by our staff. Approximately 60% of labour cost ends up in OM&A.

Board Staff Interrogatory #51

COST OF SERVICE (Exhibit D1/Tab1/Sch9/Table 9)

Question:

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

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

Response(s):

- a) Yes, these numbers are net of vacancies.
- b) PowerStream does not track the vacancy rate. Management notes that it is very low and would estimate that it is typically 1% annually, or lower.

Board Staff Interrogatory #52

COST OF SERVICE (Exhibit D2/Tab1)

Question:

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

- a) Updated ROE and deemed short-term debt rates of 8.01% and 1.33%, respectively, as documented in the Board's letter of February 24, 2009; and**
- b) Changes to Federal tax rates and accelerated CCA for eligible capital asset classes as enacted in the Federal Government's Budget of January 27, 2009.**

Response(s):

- a) Based on the updated ROE, as provided by the Board PowerStream has calculated a new target net income of \$17.1 million as shown below.

Table Staff 52-1: Target Net Income

Target Net Income	2009 Test Year
Rate base	533,832,432
Equity ratio	40%
Return on equity	8.01%
Target after tax net income	17,103,991

This has been entered into the ERA tax model output attached as Schedule Staff 52-1.

- b) The model has been updated to reflect the tax changes from the 2009 Federal budget.

For PowerStream the rate of 19% remains unchanged; changes related to Canadian Controlled Private Companies and the Small Business Limit do not apply in PowerStream's circumstances. Similarly, changes related to accelerated capital cost allowance (CCA) on manufacturing and processing equipment do not apply to PowerStream.

Accelerated CCA on class 50, computer equipment and system software do apply to PowerStream and this is responsible for much of the reduction in the tax expense shown below. It should be noted that the accelerated CCA on class 50 is limited to assets acquired between January 27, 2009 and before February 2011. This may require adjustments to the resulting PILS proxy for 2011.

(Amounts are in thousands of dollars)

	2006 OEB Approved	2006 Actual	2007 Actual	2008 Bridge Year	2009 Test Year
Net income before taxes	\$ 27,213	\$ 30,947	\$ 35,248	\$ 28,061	\$ 24,726
Taxable Income	\$ 27,797	\$ 31,384	\$ 35,294	\$ 22,220	\$ 20,648
Taxes	\$ 11,350	\$ 12,796	\$ 14,111	\$ 8,569	\$ 7,622
Effective Tax rate	40.8%	40.8%	40.0%	38.6%	36.9%

Note: 2006 OEB Approved, 2008 BY and 2009 TY are distribution only; 2006 Actual and 2007 Actual include all revenues and expenses. Taxes include Ontario Capital Tax (and Large Corporations Tax in the 2006 OEB Approved).

Tax model output is provided as Schedule Staff 52-1.

Board Staff Interrogatory #53

REGULATORY ASSETS (Exhibit E/Tab1/Sch1/p 6 and Exhibit E/Tab1/Sch2/pp 3 - 10)

Question:

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

- a) The continuity schedule is not readable. Please provide the continuity schedule at Exhibit E/Tab1/Schedule1/p6 in Excel format.
- b) In November 2006, utilities were advised by the OEB to reallocate the 2006 EDR approved regulatory asset balances from their account of origin to the 1590 recovery account effective May 1, 2006. The numbers included in the column "Transfer of Board-approved amounts to 1590 as per 2006 EDR" (principal and interest) may be erroneous in the continuity schedule filed by PowerStream. Please update the continuity schedule to reflect, and reconcile with, the amounts that were approved by the Board as part of PowerStream's 2006 EDR Decision (RP-2005-0020/EB-2005-0409). [PowerStream may wish to refer to cell Tab 2, cell C29 of the regulatory assets worksheets in Aurora (EB-2008-0337), and Markham, Richmond Hill, and Vaughn (EB-2005-0409).]
- c) Please provide a schedule reconciling the continuity schedule at Exhibit E/Tab1/Schedule1/p6 in part a) with Exhibit E/Tab1/Schedule2/pp3 & 5 of the application.

Response(s):

- a) Please see Schedule Staff 53-1 for the Continuity Schedule in Excel format.
- b) The following table compares the amounts approved in the 2006 EDR and the amounts shown in the Continuity Schedule.

Table Staff 53-1 Transfer of Approved Amounts to Account 1590

	Principal	Interest to Apr 30/08	Total
Approved amounts	(1,260,019)	2,228,052	968,033
Transfer per Continuity Schedule	(1,260,021)	2,151,678	891,657
Difference	2	76,374	76,376

As identified in the table above, can be the only difference is the interest amount transferred. PowerStream did not make this entry until August 2007. The interest was accrued in these accounts until that time and not in account 1590 and so had to be transferred to 1590. The amount of interest calculated for May 1, 2006 to August 31, 2007 is shown in the table below.

Table Staff 53-2 Interest on Approved Amounts May 1, 2006 to Date of Transfer

Month	Principal	Interest	Rate	Days
May 2006	(1,260,019)	(4,430)	4.14%	31
Jun 2006	(1,260,019)	(4,288)	4.14%	30
Jul 2006	(1,260,019)	(4,912)	4.59%	31
Aug 2006	(1,260,019)	(4,912)	4.59%	31
Sep 2006	(1,260,019)	(4,754)	4.59%	30
Oct 2006	(1,260,019)	(4,912)	4.59%	31
Nov 2006	(1,260,019)	(4,754)	4.59%	30
Dec 2006	(1,260,019)	(4,912)	4.59%	31
Jan 2007	(1,260,019)	(4,912)	4.59%	31
Feb 2007	(1,260,019)	(4,437)	4.59%	28
Mar 2007	(1,260,019)	(4,912)	4.59%	31
Apr 2007	(1,260,019)	(4,754)	4.59%	30
May 2007	(1,260,019)	(4,912)	4.59%	31
Jun 2007	(1,260,019)	(4,754)	4.59%	30
Jul 2007	(1,260,019)	(4,912)	4.59%	31
Aug 2007	(1,260,019)	(4,912)	4.59%	31
Total		(76,377)		

- c) Please refer to the file submitted in response to part (a). A sub-total before recoveries line has been added to the Continuity Schedule to assist in reconciling to the Deferral and Variance Account Rate Rider Model. There are only very minor rounding differences which are illustrated in the table below.

Table Staff 53-3: Continuity Schedule

Continuity Schedule:	Principal Amounts as of Dec 31-07	Interest to Dec 31-07	Balance at Dec 31-07	Interest Jan1-08 to Apr30-09	Total Claim
Subtotal before recoveries	\$(29,275,442)	\$(1,280,765)	\$(30,556,207)	\$ (1,667,766)	\$(32,223,973)
Regulatory Asset Recovery Model:					
Sheet 2 - Dec 31, 2007 Regulatory Assets	Principal Amounts as of Dec-31 2007	Interest to Dec31-07		Interest Jan1-08 to Apr30-09	Total Claim
Sheet 2 - Total	\$(29,275,439)	\$(1,280,763)		\$ (1,667,766)	\$(32,223,968)
Difference from Continuity schedule	\$ (3)	\$ (2)		\$ -	\$ (5)
Sheet 3 - interest on Regulatory Assets as of Dec 31, 2007	Balance as of Dec. 31, 2007			Interest Jan 2008 to Apr 2009	
Sheet 3 - Totals	\$(29,275,439)			\$ (1,667,766)	
Difference from Continuity schedule	\$ (3)			\$ -	

Board Staff Interrogatory #54

REGULATORY ASSETS (Exhibit E/Tab1/Sch1)

Question:

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

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

Response:

PowerStream has used the Board prescribed interest rates as directed in the Board's letters of direction, Accounting Procedures Handbook, and Frequently Asked Questions. From May 1, 2006 onwards, PowerStream has calculated interest on variance and deferral accounts in accordance with the Board's letter of November 28, 2006, "Approval of Accounting Interest Rates Methodology for Regulatory Accounts Board File No. EB-2006-0117", using the quarterly interest rates as published on the Board's website.

Please see response to Staff-58.

In preparing the rate application filing, PowerStream used the available prescribed interest rate at the time to estimate interest rates for the period to April 30, 2009. PowerStream proposes to update the projected interest in the variance and deferral accounts model to reflect the actual prescribed interest rates as these are now available.

Please see Schedule Staff 54-1 for the updated model which uses the actual prescribed rates up to April 30, 2009. Previously the period July 1, 2008 to April 30, 2009 had been estimated using the prescribed rate for 2nd quarter of 2008.

Changes were made to the amount for recovery in account 2425 Other Deferred Credits, with corresponding entries to account 1590 Recoveries. See Staff-57 and Staff-58 for more details about these changes.

Board Staff Interrogatory #55

REGULATORY ASSETS (Exhibit E/Tab1/Sch2/p 2)

Question:

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

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

Response(s):

- a) The table below calculates and compares the variance and deferral account rate riders based on a recovery period of one, two and three years.

Table Staff 55-1: Regulatory Asset Recovery Rate Rider

Variance and Deferral Account Rate Riders				Recovery Period		
Class	Unit	Quantity	Amount	1 year	2 Years	3 years
Residential	kWh	2,039,498,572	\$ (7,737,865)	\$(0.0038)	\$(0.0019)	\$(0.0013)
GS < 50 KW	kWh	796,189,248	\$ (3,102,454)	\$(0.0039)	\$(0.0019)	\$(0.0013)
GS > 50 kW	kW	10,197,336	\$ (16,375,874)	\$(1.6059)	\$(0.8029)	\$(0.5353)
Large Users	kW	86,879	\$ (194,215)	\$(2.2355)	\$(1.1177)	\$(0.7452)
Scattered Load	kWh	8,378,782	\$ 17,732	\$ 0.0021	\$ 0.0011	\$ 0.0007
Sentinel Lighting	kW	1,243	\$ (8,114)	\$(6.5286)	\$(3.2643)	\$(2.1762)
Street Lighting	kW	118,262	\$ (172,984)	\$(1.4627)	\$(0.7314)	\$(0.4876)

Board Staff Interrogatory #56

REGULATORY ASSETS (Exhibit E/Tab1/Sch1/p3)

Question:

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

- a) **PowerStream indicates one reason for the exclusion of the global adjustment is that, “there is some evidence that [self-correcting of this balance] is occurring.” Please provide a summary of the evidence or underlying data upon which PowerStream bases these comments.**
- b) **Please provide a continuity schedule of the ending balances in the account 1588 sub-account global adjustment on a monthly basis for the last two years. Does this data demonstrate that the balances are self-correcting? Please explain.**

Response(s):

- (a) It is PowerStream’s understanding that the IESO, in setting the monthly rates for the Global Adjustment, takes into account differences between the actual charges at the end of the prior month and the estimated rate provided for billing at the beginning of the previous month. As can be seen in the table below, since the inception of the Global Adjustment on January 1, 2005, the balance has moved from a liability of \$1.4 million to an asset of \$6.0 million and then was reduced to an asset of \$3.6 million at December 31, 2008.

Table Staff 56-1: Global Adjustment Balances (excluding Carrying Charges)

Year	Opening Balance	Period Change	Ending Balance
2005	0	\$(1,374,922)	\$(1,374,922)
2006	\$(1,374,922)	\$7,368,907	\$5,993,985
2007	\$5,993,985	\$(5,441,951)	\$552,034
2008	\$552,034	\$3,074,035	\$3,626,069

- (b) The following table shows the movement in the Global Adjustment sub account for 2007 and 2008:

Table Staff 56-2: Monthly Global Adjustment (GA) Amounts (principal excluding interest)

Period	Opening Balance	Billed (Charged) to Customers	IESO Charge/(Credit)	1588 GA Adjustment	Closing Balance
2006	(1,374,922)	8,894,525	16,263,432	7,368,907	5,993,985
Jan 2007	5,993,985	1,544,024	2,105,983	561,958	6,555,943
Feb 2007	6,555,943	2,926,907	(1,697,531)	(4,624,438)	1,931,505
Mar 2007	1,931,505	1,967,062	(115,629)	(2,082,691)	(151,186)
Apr 2007	(151,186)	(1,298,464)	1,482,739	2,781,203	2,630,017
May 2007	2,630,017	(203,111)	984,948	1,188,059	3,818,076
Jun 2007	3,818,076	1,511,682	4,424,475	2,912,793	6,730,869
Jul 2007	6,730,869	3,034,257	2,134,763	(899,494)	5,831,375
Aug 2007	5,831,375	2,249,726	103,679	(2,146,047)	3,685,328
Sep 2007	3,685,328	1,943,617	1,575,301	(368,316)	3,317,012
Oct 2007	3,317,012	455,424	1,214,799	759,375	4,076,387
Nov 2007	4,076,387	1,416,080	2,040,874	624,795	4,701,182
Dec 2007	4,701,182	5,654,960	1,505,811	(4,149,148)	552,034
Jan 2008	552,034	1,016,722	2,023,242	1,006,520	1,558,553
Feb 2008	1,558,553	3,312,494	1,646,495	(1,665,999)	(107,445)
Mar 2008	(107,445)	1,242,990	310,950	(932,040)	(1,039,486)
Apr 2008	(1,039,486)	470,741	2,048,162	1,577,421	537,936
May 2008	537,936	1,719,635	5,006,249	3,286,614	3,824,550
Jun 2008	3,824,550	4,781,145	(34,854)	(4,815,999)	(991,449)
Jul 2008	(991,449)	242,431	1,168,299	925,868	(65,581)
Aug 2008	(65,581)	1,020,236	2,588,806	1,568,570	1,502,989
Sep 2008	1,502,989	2,578,830	1,005,189	(1,573,641)	(70,652)
Oct 2008	(70,652)	1,058,894	2,603,156	1,544,262	1,473,610
Nov 2008	1,473,610	2,273,781	1,521,391	(752,390)	721,219
Dec 2008	721,219	1,381,558	4,286,408	2,904,850	3,626,069

Note: Amounts billed are for the non-RPP portion of consumption only

As seen in the table above, the Global Adjustment balance has changed from an asset and a liability several times. The movement back and forth between an asset and liability indicates that some degree of self correction is happening.

Board Staff Interrogatory #57

REGULATORY ASSETS (Exhibit E/Tab1/Sch1/pp 1 & 3)

Question:

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

- a) What is the April 30, 2008 final balance? What is this balance with interest forecast to April 30, 2009? Please provide these balances, as the numbers in Table 4 on Exhibit E/Tab1/Schedule1/p1 are difficult to read.**
- b) Has there been a proper “true-up” as envisaged by the Board in its Phase 2 Decision in the Review and Recovery of Regulatory Assets? [RP-2004-0117, RP-2004-0118, RP-2004-0100, RP-2004-0069, RP-2004-0064 December 9, 2004 Decision With Reasons, Recovery of Regulatory Assets - Phase 2, Section 9.019] The Phase 2 Decision specifies that the rate rider associated with account 1590 be removed as of May 1, 2008. The Phase 2 decision clearly contemplates final disposal of account 1590 once the actual final residual balance is verified after April 30, 2008.**
- c) Has the actual final residual balance been verified after April 30, 2008? Has this balance been included and supported by the 2008 audited financial statements?**
- d) Has PowerStream followed the Board’s accounting guidance with respect to the final balance in 1590 as at April 30, 2008, in particular August 2008 Frequently Asked Questions #6?**
- e) Was a review of the final balance in account 1590 undertaken in the preparation of the 2008 audited financial statements? If yes, please provide the regulatory asset or liability line item under which the balance was included and provide a copy of the 2008 audited financial statements.**

Response(s):

- a) Table Staff 57-1 below summarizes the balance in 1590 Recoveries.**

Table Staff 57-1: 1590 Recoveries Balance

Per Continuity Schedule	Principal	Interest	Total
Balance at Dec 31/07	\$ 712,435	\$1,730,590	\$ 2,443,025
Interest on Dec 31/07: Jan 1/08 - Apr 30/09		\$ 40,586	\$ 40,586
Sub-total recoveries to Dec 31/07	\$ 712,435	\$1,771,176	\$ 2,483,611
Actual Recoveries in 2008	\$1,760,644		\$ 1,760,644
Interest on 2008 recoveries: Jan 1/08 - Apr 30/09		\$ 80,663	\$ 80,663
Sub-total 2008 Recoveries (B)	\$1,760,644	\$ 80,663	\$ 1,841,307
Total as per Deferral and Variance Account Rate Rider Model - Sheet 1 (A) + (B)	\$2,473,079	\$1,851,839	\$ 4,324,918

PowerStream's regulatory asset rate riders ended effective April 30, 2008. The final balance in account 1590 is a positive (debit) balance. PowerStream has returned more than the phase 2 approved amounts to customers. This is due to the fact that the 2006 approved regulatory asset rate riders were based on 2004 billing quantities but applied to actual billing quantities from May 1, 2006 to April 30, 2008.

- b) The Board, in its Phase 2 Decision in the Review and Recovery of Regulatory Assets [RP-2004-0117, RP-2004-0118, RP-2004-0100, RP-2004-0069, RP-2004-0064 December 9, 2004 Decision With Reasons, Recovery of Regulatory Assets - Phase 2, Section 9.019], states that "a residual (positive or negative) balance in the Regulatory Asset Recovery Account (1590), this balance shall be disposed of to rate classes in proportion to the recovery share as established when rate riders were implemented.

PowerStream has done this by matching the actual recoveries by rate class against the approved amounts by rate class to determine the residual balance by rate class.

- c) A review of the recoveries and actual residual balance was undertaken as part of the task of determining the residual balance by rate class. The amount of recoveries shown in Exhibit E, Tab 1, Schedule 2, page 1 is \$4,324,919 as discussed in part a) above.

PowerStream's draft 2008 financial statements include recoveries at December 31, 2008 in the amount of \$4,138,951. The table below compares the amount in the filing to the December 31, 2008 amounts and explains the differences.

The principal amounts are mainly the same. The differences relate to the interest portion. The filing amount is higher because it includes interest at estimated rates for July 2008 to April 30, 2009. The amount in PowerStream's 2008 financial statements includes actual interest up to December 31, 2008 only.

There was also an adjustment to transfer the amount of \$145,427 in interest on account 2425 up to December 31, 2007 to account 1590 that was not done until 2008.

In the filing this credit amount is shown under account 2425. See OEB-58 for more details.

Table Staff 57-2: Comparison 1590 Balances filed vs Audit

	Principal	Interest	Total
Total as per Deferral and Variance Account Rate Rider Model - Sheet 1			
Actual to December 31, 2007	\$ 712,435	\$1,730,591	\$2,443,026
Interest Jan 1/08 to Apr 30/09		\$ 40,586	\$ 40,586
Recoveries in 2008	\$ 1,760,644		\$1,760,644
Interest Jan 1/08 to Apr 30/09		\$ 80,663	
Total Recoveries balance	\$ 2,473,079	\$1,851,840	\$4,324,919
Recoveries 1590 Amounts in 2008 Draft audited financial statements	\$ 2,473,845	\$1,665,106	\$4,138,951
Differences	\$ (766)	\$ 186,734	\$ 185,968
Consists of:			
Minor billing adjustment in 2008 after rate application prepared	\$ (766)		\$ (766)
Interest for Jan 1/09 - Apr 30/09 on Dec 31/07 balance		\$ 9,556	\$ 9,556
Interest for Jan 1/09 - Apr 30/09 on 2008 recoveries		\$ 22,793	\$ 22,793
Difference due to estimated versus actual interest rates for July 2008 to April 2009		\$ 8,106	\$ 8,106
Adjustment re interest on account 2425		\$ 145,427	\$ 145,427
Other		\$ 852	\$ 852
Total Differences	\$ (766)	\$ 186,734	\$ 185,968

- d) Yes. PowerStream's billing system is able to prorate consumption during a billing cycle to reflect changes in rates. For the billing period that spanned May 1, 2006, the billing system calculated the consumption for the period of May 1, 2006 to the last day of the bill and applied the approved 2006 regulatory asset rate rider. Similarly, for the billing period that spanned April 30, 2008, the billing system calculated the consumption for the period up to and including April 30, 2008 and applied the 2006 regulatory asset rate rider to this consumption.
- e) Account 1590 is included in the regulatory liabilities, net line on the balance sheet. This account was subject to regular audit procedures, no special work was performed by our auditors. A breakdown of the balances making up this balance sheet line is found in Note 6 of the financial statements. The final approved audited financial statements are not yet available. These are expected to be available by the end of

April 2009 and will be forwarded at that time. No changes are anticipated from the current draft 2008 financial statement amount for account 1590.

Board Staff Interrogatory #58

REGULATORY ASSETS (Exhibit E/Tab1/Sch1/pp 3 – 5)

Question:

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

- a) **Please provide a more detailed description to explain the nature of the components of account 2425.**
- b) **Does the “approved balance from the 2006 EDR” mean the approved carrying charges balance from the 2006 EDR, or does it include approved principal balances as well? If it means the approved carrying charges balance, why is there a discrepancy between the interest accrued and the approved carrying charges balance from the 2006 EDR, as the prescribed interest rate was fixed up to April 30, 2006?**
- c) **Does the reference at Exhibit E/Tab1/Schedule1/p5 which refers to “load aggregation savings prior to market opening” mean that the balance in 2425 should have been part of account 1571, Pre-market Opening Energy Variance, which was cleared on a final basis in 2006 EDR?**
- d) **If most of the balance in 2425 should have been part of account 1571, why is PowerStream seeking disposition of this balance now if the amount relates to an account (account 1571) that has been closed and was cleared on a final basis in 2006 EDR?**

Response(s):

- a) **The Total Claim amount for 2425 consists of the following:**

Table Staff 58-1 Breakdown of Account 2425 Balance

Balances as at Dec 31, 2007	Principal	Interest	Total
Misc. Revenue Overcharge	97,353	(1,828)	95,525
Aggregated Savings		(175,129)	(175,129)
2405 Other Regulatory Liabilities	(63,482)	(7,067)	(70,549)
Subtotal	33,871	(184,024)	(150,153)
Interest Jan 1/08 to Apr 30/09	-	1,929	1,929
Amount claimed	33,871	(182,095)	(148,224)

Misc. Revenue Overcharge relates to repayment of amounts over billed to Vaughan customers. The amount over billed was set up as a liability to be returned to customers and a rate rider to return this was approved. The amounts returned to customers by the rate rider has exceeded the initial amount over billed by \$97,000 as a result of paying this out on more customers and consumption than used in the calculating the rate rider.

Aggregated Savings represents the difference between amounts that would have been billed by Hydro One prior to Market Opening (May 1, 2002) and the amounts payable as part of the aggregation group. This amount was approved for return to customers in the 2006 EDR and has been transferred to account 1590. See (b) below for further discussion.

The balance for account 2405 Other Regulatory Liabilities was also grouped here. This balance represents an accrual of the amounts due to Hydro One as part of their regulatory asset recovery and were included for recovery in PowerStream's 2006 EDR. This amount was eliminated as the remaining amounts were billed by Hydro One in 2008 and should not have been included for disposition.

See part b) for proposed changes to correct interest, remove account 2405 balance and transfer interest on approved amounts to account 1590

- b) In its 2006 rate application, PowerStream applied for and was approved to refund the aggregated savings amount in 2004 consisting of \$2,399,174 in aggregated savings plus accrued interest of \$568,447 for a total of \$2,967,621.

In August 2007, an entry was made to transfer the amounts approved in the 2006 EDR FROM this account to account 1590. Up to this point, PowerStream had not booked any interest on this account as it had not been subject to interest in the past. Based on the Board's letter of November 28, 2006, "*Approval of Accounting Interest Rates Methodology for Regulatory Accounts Board File No. EB-2006-0117*", it was concluded that no interest applied prior to May 1, 2006.

An entry was made to reverse the interest to August 2007 that was transferred to account 1590. An entry was made to record interest from May 1, 2006 to October 2007. Interest was then accrued on a monthly basis.

This interest amount should have been transferred to account 1590 but this was not done until 2008.

Based on the current Accounting Procedures Handbook, it will be necessary to record the 2006 approved interest amount of \$568,447, for interest up to April 30, 2006 and adjust account 1590 accordingly.

The following changes are proposed and have been reflected in the updated model runs in Staff-54 and Staff-69.

Table Staff 58-2 Proposed Changes to Account 2425 Balance

As at December 31, 2007	Principal	Interest	Total
As filed	33,871	(184,024)	(150,153)
Remove account 2405 amounts	(63,482)	(7,067)	(70,549)
Remove interest on 2006 approved amounts	-	(175,129)	(175,129)
Revised balance Dec 31/07	97,353	(1,828)	95,525

See part a) for discussion of account 2405 adjustment.

Table Staff 58-3 Proposed Changes to Account 1590 Balance

	Principal	Interest	Total
As filed	712,435	1,730,591	2,443,026
Record interest to April 30, 2006		(568,448)	(568,448)
Transfer interest on 2006 approved amounts		(145,427)	(145,427)
Revised balance Dec 31/07	712,435	1,016,716	1,729,151

These adjustments are necessary to reflect the interest recorded in account 2425 that should be transferred to account 1590 plus the interest to April 30, 2006 that was not recorded.

- c) The amount recorded in account 1571, Pre-market Opening Energy Variance, was recorded based on the amounts billable by Hydro One before the aggregation savings.
- d) These amounts were calculated and reported as separate amounts, as explained in (c) above. These amounts were both approved for final clearing in PowerStream's 2006 EDR. The remaining balance is explained in (b) above.

Board Staff Interrogatory #59

COST OF CAPITAL/DEBT (Exhibit F/Tab1/Sch1 and Exhibit F/Tab1/Sch2 and Appendix1/Sch17)

Question:

- a) **In Exhibit F/Tab1/Schedule1/page 3/lines 27-39, PowerStream states that the senior unsecured debentures of \$100 Million issued to the Electricity Distributors Finance Corporation (“EDFIN”) have an interest rate of 6.45%. However, in Exhibit F/Tab1/Schedule 2 the Cost of Debt Continuity Schedules show an actual rate of 7.01% for the EDFIN debentures. Please reconcile the numbers, with explanation.**
- b) **In Exhibit F/Tab1/Schedule1, Footnote 1 on page 3 states: “The two promissory notes are repayable 90 days following demand by the City [of Vaughan] or the Town [of Markham]. PowerStream classifies these promissory notes as long-term debt because neither the City or the Town intends to demand repayment within the next year. The interest on these promissory notes was deferred for eight quarters commencing October 1, 2006 for five years.” In the Cost of Debt Continuity Schedules shown in Exhibit F/Tab1/Schedule2, PowerStream shows the deferred interest as new “debt” attracting further interest. Further, the tables shown in this latter Exhibit show the deferred interest as having terms ranging from 5 years to 7 years.**
 - i) **Please explain the reasons for negotiating the deferment of interest expense payments.**
 - ii) **Please provide further explanation of the treatment of the deferred interest as “debt”, including the period over which interest is deferred and when repayment will start.**
 - iii) **Given that PowerStream’s approved distribution rates incorporate recovery of debt expense or interest, please explain the benefits to PowerStream’s ratepayers of the deferment of interest payment.**
 - iv) **The Continuity Schedules in Exhibit F/Tab1/Schedule2 document the deferred interest on the City of Vaughan Promissory Note as issued June 26, 2006, and the deferred interest on the Town of Markham Promissory Note with an issuance date of November 15, 2006. These dates appear to conflict with the October 1, 2006 date. Please provide further explanation and reconciliation.**

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

Response(s):

- (a) The interest rate of 6.45% stated in Exhibit F / Tab 1 / Schedule 1 is the fixed coupon rate of the EDFIN debenture, while 7.01% is the effective interest rate.

The original cost of the debenture was \$100,000,000; the transaction costs and discount had a total of \$4,000,000. The fair value or net proceeds received by PowerStream Inc. was 96,000,000, which became the present value then, together with the semi-annual payment and fixed coupon rate of 6.45%, the effective interest rate was calculated at 3.51% semi-annually or 7.01% yearly. This is consistent with PowerStream's 2006 EDR approved filing.

- (b)(i) PowerStream established deferred interest expense payments so that the deferred interest would provide PowerStream with \$16M to fund its new head office. At their September 27, 2006 meeting, PowerStream's Board of Directors approved the recommendation to defer interest payments for eight quarters.
- (ii) The deferred interest is treated as debt as the interest payments are owed to our Shareholders. The interest was deferred starting in the fourth quarter of 2006 and was deferred for 8 payments with the last deferral in the third quarter of 2008. The repayment is a one-time repayment scheduled for October 31, 2013.
- (iii) PowerStream's deferral of its interest payments provided the company with the cash flow to proceed with building its new head office. IT replaced the need for additional external borrowing.
- (iv) The date for the deferred interest that should appear on the Continuity Schedules is October 1, 2006.
- (c) The electronic copy of the required schedules is attached (Staff-59 Cost of Capital.xls) Schedule staff 59-1.

Board Staff Interrogatory #60

COST ALLOCATION AND RATE DESIGN (Exhibit H/Tab1/Sch2/p1)

Question:

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

Response:

An electronic copy of the 2009 Cost Allocation Study is attached as Schedule Staff 60-1.

Board Staff Interrogatory #61

COST ALLOCATION AND RATE DESIGN (Exhibit H/Tab1/Sch2/p1)

Question:

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

- a) Please provide the bill impacts of this change for both classes. Please provide the impacts on:
 - i) distribution only (excluding the Regulatory Assets credit),
 - ii) total bill (excluding the Regulatory Assets credit), and
 - iii) total bill (including the Regulatory Assets credit).
- b) If the bill impact on the total bill is over 10% please explain why mitigation was not employed to address this issue.

Response(s):

- (a) Monthly bill impacts, as per PowerStream's proposal, are summarized in the table below:

Table Staff 61-1: Monthly Bill Impacts

Customer Class	Distribution Only, excluding Reg. Assets credit		Total Bill excluding the Reg. Assets credit		Total Bill, including the Reg. Assets credit	
	\$	%	\$	%	\$	%
Sentinel	\$1.51	8.1%	\$1.41	27.9%	\$(0.2)	-1.1%
Street Lights	\$4,586.6	7.3%	\$4,972.9	3.5%	\$2,946.1	2.1%

- (b) In its 2009 EDR Application, PowerStream was consistent with OEB guidelines stated in Chapter 13 of the *Report of the Board, the 2006 Electricity Distribution Rate Handbook (PR-2004-0188)*:

“The Board considers that the appropriate action level should be based on the total amount of electricity bill (comprising commodity, distribution and regulatory charges) and that the threshold should be set at a 10% increase over the previous total bill”

As per PowerStream's proposal, the bill impact on total bill is less than 10%. Therefore no rate mitigation was employed.

Board Staff Interrogatory #62

RATE DESIGN (Exhibit I/Tab6/Sch3)

Question:

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

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

Response:

As discussed in Exhibit E, Tab 1, Schedule 1 (page 2), the monthly fixed charge for each customer class was defined based on the floor and ceiling values, net of Smart Meter adder, as calculated in the 2009 Cost Allocation Study. The monthly fixed charges were calculated in accordance with the *Report of the Board "Application of Cost Allocation for Electricity Distributors"* (EB-2007-0667):

"the Board does not expect distributors to make changes to the MSC that result in a charge that is greater than the ceiling as defined in the Methodology for the MSC. Distributors that are currently above this value are not required to make changes to their current MSC to bring it to or below this level at this time."

Based on the results of 2009 Cost Allocation Study, for most customer classes, the calculated MSC ceiling was lower than the current fixed charges. Therefore PowerStream did not increase the fixed rates, but used the current fixed rates as an effective "ceiling". This was illustrated in Exhibit H, Tab 1, Schedule 2, Table 2. For the ease of reference, this table is copied below. The customer classes, with current charges higher than the calculated ceiling, are highlighted.

Table Staff 62-1: PowerStream Monthly Fixed Service Charges

Customer Class	2009 CAS		2008 Charge	2009 Calculated	2009 Proposed
	Floor	Ceiling			
Residential	2.84	15.85	12.02	12.43	12.43
GS<50	6.54	20.38	28.70	29.68	28.70
GS>50	22.32	83.82	301.73	312.07	301.73
Large User	113.75	148.62	8,978.09	9,285.86	3,978.09

Customer Class	2009 CAS		2008 Charge	2009 Calculated	2009 Proposed
USL	2.78	12.39	14.35	14.84	14.35
Sentinel Lighting	0.67	12.10	2.01	2.08	2.08
Street Lighting	0.56	7.80	0.84	0.87	0.87

As a result, for highlighted classes (GS>50, GS<50, Large User and USL) volumetric charges are increasing at the higher rate than fixed monthly charge.

The additional decrease in fixed charge for metered customers is due to the fact that PowerStream applied for the SMART meter adder of \$0.85, which is lower than the current SMART meter adder of \$1.21.

Board Staff Interrogatory #63

RATE DESIGN (Exhibit/Tab6/Sch3/Tables 2 and 3)

Question:

PowerStream provides typical bill impacts in this exhibit.

- a) **Please recreate “Table 2: Summary of Monthly Bill Impacts” to reflect the removal of PowerStream’s proposed recovery of approximately \$27.9M in regulatory assets over 2 years.**
- b) **Board staff has created the table below from the “%” column in the “IMPACT” section of Table 3 for each class:**

PowerStream’s proposed changes to Volumetric Charges

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

- i) **Please explain the significant increases to the distribution volumetric rates across all rate classes which PowerStream has proposed (with the noted exception of the large use class).**
- ii) **Please explain why both the Monthly Service Charge and the volumetric charge for the Large Use class are decreasing by 63%.**

Response(s)

- (a) The table below excludes the impacts of the proposed refund attributable to net regulatory liabilities.

Table Staff 63-1: Summary of Monthly Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Typical Bill - Distribution charge	
			\$ Change	% Change
Residential	1,000	-	\$ 1.45	5.5%
GS<50	2,000	-	\$ 2.24	4.2%
GS>50	80,000	250	\$ 114.19	12.8%
Large Use	2,800,000	7,350	\$ (11,046.47)	-59.5%
USL	500	-	\$ 1.50	7.5%
Sentinel Lighting	180	1	\$ 1.41	27.9%
Street Lighting	882,119	2,639	\$ 4,586.62	7.3%

- (b)(i) There are various reasons contributing to the significant increase to distribution volumetric charges:

As explained in our response to Staff-62, one of the reasons for significant increase in volumetric rates is that the fixed monthly charges were kept at current levels, therefore, the increased revenue requirement for each customer class had to be recovered through variable charge.

A change in the allocation of transformer allowance also contributes to the increase in volumetric charges. In 2006 the cost of transformer allowance and the associated revenue requirement was allocated across all customer classes and treated similarly in the Cost Allocation Study. For a fairer treatment, in the 2009 EDR Application, the transformer allowance was excluded from revenue requirement calculations. Rates were calculated before any transformer allowance.

In 2009, PowerStream updated the Cost Allocation Study and transformer allowance was excluded in cost allocation of distribution revenue. Each class was allocated the cost of PowerStream owned transformers only. Since only actual transformer costs were allocated to this class, distribution rates do not include the cost of transformation for customer owned transformers.

For the transformer allowance to be applicable there has to be the full amount of transformation cost in the rate at the outset. The transformer allowance amount was used as an estimate of the amount that should be included in rates. This amount was allocated to all GS>50 and Large Use customers and added to these class rates.

The Sentinel and Street Lighting classes are also affected by the cost allocation adjustments (increase in revenue). These adjustments were made so that the revenue cost ratios resulting from the cost allocation model fall within the allowed ranges per the Board report on cost allocation.

- (ii) At the time of the 2006 cost allocation study, PowerStream had five Large User customers connected to various parts of its system. In 2009 PowerStream has a single Large User customer. This customer is connected to a PowerStream owned transformer station by dedicated feeders. These are the only assets used by this customer/class and costs have been allocated on this basis. The fact that this class uses very little of our distribution system explains the decrease in rates.

Board Staff Interrogatory #64

RATE DESIGN (Exhibit I/Tab5/Sch1) (“Electricity Distribution Retail Transmission Service Rates”, Guideline G-2008-0001, October 22, 2008)

Question:

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

- a) Please file a table showing 2 years of PowerStream’s wholesale Network and Connection costs charged by the host distributor, and its retail billings for Network and Connection service to its retail customers.
- b) Please provide an analysis of the variances between costs and the corresponding revenues, and any trends in these amounts.
- c) Please provide an analysis of what the variances would have been if the requested Total Loss Factor of 1.0330 had been in place instead of the current factor of 1.0368.
- d) Please file proposed RTSR rates for each customer class that would adjust to the currently approved RTSRs to recover the wholesale cost of transmission service, based on the assumption that the Interim rates charged by Hydro One to embedded distributors effective May 1, 2008 had been in effect during the 2-year period in part a). Please provide the calculations used to derive the adjustment factors for the Network and Connection RTSR rates.

Response(s):

a) **Table Staff 64-1: Transmission Cost vs. Retail Billings (2007 – 2008):**

Description	2007	2008	Total Deferral
Transmission Network Revenue (4066)	(40,378,718)	(35,087,212)	(75,465,929)
Transmission Network Service Cost (4714)	39,506,589	31,263,212	70,769,801
Variance, \$\$\$ (Negative - Overrecovery)	(872,128)	(3,823,999)	(4,696,128)
Variance, % of Cost	-2.2%	-12.2%	-6.6%
Transmission Connection Revenue (4068)	(19,368,253)	(16,656,533)	(36,024,786)
Transmission Connection Service Cost (4716)	17,747,472	14,094,037	31,841,509
Variance, \$\$\$ (Negative - Overrecovery)	(1,620,781)	(2,562,496)	(4,183,277)
Variance, % of Cost	-9.1%	-18.2%	-13.1%

- b) The period of over-recovery from November 2007 to May 2008 relates to a reduction in Uniform Transmission rates (13.3%) that has not been passed along through PowerStream rates charged to customers (new transmission rates were in effect from May 1, 2008).

Figure Staff 64-1: Variance, RTSR – Network (2007 – 2008)

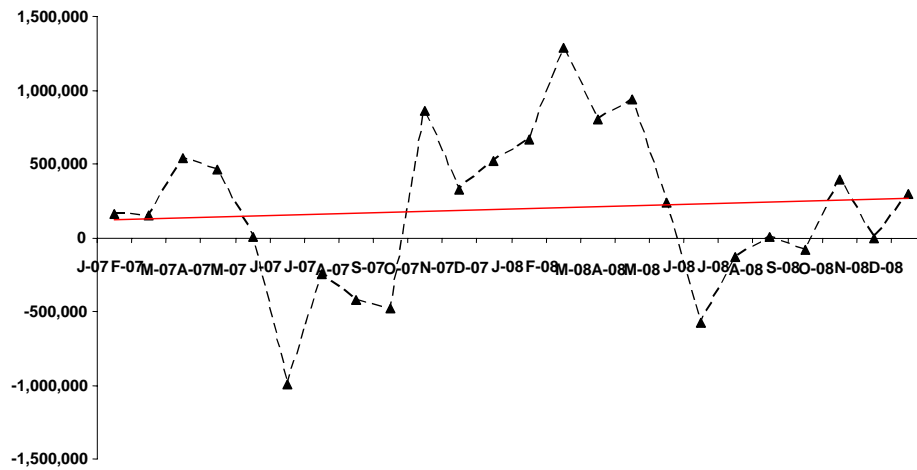
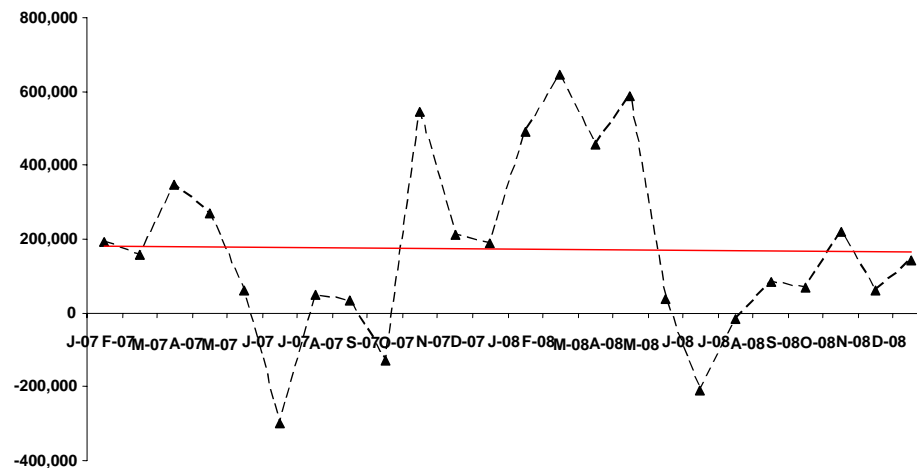


Figure Staff 64-2: Variance, RTSR – Connection, Transformation (2007 – 2008)



c) **Table Staff 64-2: Transmission Cost vs Retail Billings (2007 – 2008)**

Description	2007	2008	Total Deferral
Transmission Network Revenue (4066)	(40,315,001)	(35,031,845)	(75,346,845)
Transmission Network Service Cost (4714)	39,506,589	31,263,212	70,769,801
Variance, \$\$\$ (Negative - Overrecovery)	(872,128)	(3,823,999)	(4,577,044)
Variance, % of Cost	-2.2%	-12.2%	-6.5%
Transmission Connection Revenue (4068)	(19,337,424)	(16,630,021)	(35,967,445)
Transmission Connection Service Cost (4716)	17,747,472	14,094,037	31,841,509
Variance, \$\$\$ (Negative - Overrecovery)	(1,589,952)	(2,535,984)	(4,125,936)
Variance, % of Cost	-9.0%	-18.0%	-13.0%

Calculation includes TLF of 1,0330 instead of current factor 1,0368

- d) Exhibit 1/Tab5/Schedule 1 describes PowerStream's methodology to derive proposed RTS rates. The current approved RTS rates are adjusted by comparing PowerStream costs at the new Uniform Transmission Rates (EB-2008-0113) and Hydro One Sub-Transmission rates charged to embedded distributors effective May 1, 2008 (Interim Rate Order EB-2007-0681).

In comparing costs and revenue, actual kWh and kW quantities were selected, to reflect the most current load data. The cost component was derived by multiplying current load data by the corresponding rates specified above. Then, costs at new transmission rates were compared to revenues at existing approved RTS rates to derive the cost/revenue ratio (i.e. adjustment factors).

Table Staff 64-3: Total Projected Cost based on May 1/08 & Jan 1/09 Uniform Transmission Rates

IESO Billings				
	Coincident Peak	Effct. Jan 1/2009	Amount	%
Network	12,387,714	2.57	31,836,425	
Line Connection	12,992,589	0.70	9,094,813	
Trans. Connection	2,028,764	1.62	3,286,597	
Total			\$44,217,835	84.9%
Hydro One Billings				
	Coincident Peak	Effct. May 1/2008	Amount	%
Network	2,011,952	2.01	4,044,024	
Line Connection	2,044,369	0.50	1,022,185	
Trans. Connection	2,044,369	1.38	2,821,229	
Total			\$7,887,437	15.1%
TOTAL IESO and Hydro One Billings				
			Amount	%
Network			35,880,449	
Line Connection			10,116,997	
Trans. Connection			6,107,827	
Total			\$52,105,273	100.0%

Table Staff 64-4: Cost to Revenue Ratios

Charge Type	Cost at New Transmission Rates	Revenue at Current RTS Rates	Cost/Revenue Ratio	Under (Over) Recovered
Total Network	35,880,449	33,155,846	1.0822	\$2,724,603
Connection				
<i>Line Connection</i>	<i>10,116,997</i>	<i>15,532,447</i>	1.0446	\$692,377
<i>Transformation Connection</i>	<i>6,107,827</i>			
Total Connection	16,224,824			
Totals	52,105,273	48,688,293	1.0702	\$3,416,980

Board Staff Interrogatory #65

RATE DESIGN (Exhibit I/Tab4/Sch1) (Hydro One IRM Application for 2009 Rates (EB-2008-0187))

Question:

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

- a) Please update PowerStream's LV cost forecast assuming that the May 1, 2009 sub-transmission rates requested by Hydro One in its IRM application are approved.
- b) Is PowerStream willing to adopt this proposed update to LV costs as set out in part a) of this question?

Response(s):

- a) **Table Staff 65-1: Updated LV Cost**

	EB-2007-0681 \$0.580	EB-2008-0187 \$0.345	Variance
JAN	\$ 113,989	\$ 67,804	\$ 46,185
FEB	111,268	66,185	45,083
MAR	112,054	66,653	45,401
APR	105,653	62,845	42,808
MAY	104,647	62,247	42,400
JUN	116,538	69,320	47,218
JUL	126,662	75,342	51,320
AUG	120,046	71,406	48,639
SEP	108,868	64,757	44,110
OCT	105,282	62,624	42,657
NOV	107,272	63,808	43,464
DEC	172,813	127,834	44,979
Total	\$ 1,405,088	\$ 860,825	\$ 544,263

- b) Yes, PowerStream would be willing to adopt the proposed update, however, this had not been reflected in the revenue requirement as filed.

Board Staff Interrogatory #66

**RATE DESIGN (Exhibit G/Tab1/Sch2/p1 and Exhibit I/Tab4/Sch1/p3)
(PowerStream Conditions of Service p40)**

Question:

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

- a) Please provide a copy of material that would be provided to an applicant applying for wheeling services. If no standard package of information is available, please provide a description of what a customer would be told in this situation.**
- b) Please describe the revenue obtained from the rates and charges for Wheeling in 2006 (actual), 2007 (actual), 2008, and forecast for 2009 (which is presumably \$1,405,088). If the LV wheeling rates are affected by the results of the interrogatory directly above, please provide an update. If PowerStream cannot provide this data, please explain why.**
- c) Is revenue from LV Wheeling, \$1,405,088 included in "Other Revenue" listed at Exhibit G/Tab1/Sch2/p1? If not, where is it included and recorded?**

Response(s):

- a) PowerStream does not currently offer LV wheeling and no standard package of information is available. This would need to be addressed on a case by case basis.
- b) The only source of LV revenue for PowerStream is from the approved portion of LV charges in its rates that represent a "pass through" of LV charges from Hydro One for use of their low voltage lines.

Actual revenues have been:

2008 - \$1,520,016.54
2007 - \$1,625,699.77
2006 - \$1,092,265.47

As noted in the response to Staff-65, 2009 projected LV costs have decreased to \$888,766 (from \$1,405,088) as a result of the final Hydro One approved LV rates that PowerStream is charged.

- c) Amounts billed to customers for LV costs, as described in (b) above, are recorded, in account 4075 Billed- LV. Actual costs are recorded in 4750 Charges-LV. Monthly any difference between the amount billed to customers (4075) and costs

(4750) is adjusted to 1550 LV Variance Account consistent with guidance issued on June 13, 2006 regarding Smart Meters and Low Voltage Account Matters arising from the Board's 2006 EDR Decision on Common or Generic Issues, Board File No. EB-2006-0136.

Board Staff Interrogatory #67

RATE DESIGN (Exhibit E/Tab1/Sch1/p3)

Question:

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

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

Response:

The purchase of Hydro One Low Voltage lines has added approximately \$60,700 or 0.05% to PowerStream's requested base revenue requirement of \$120,304,162. Annual LV charges paid to Hydro One on these LV lines before the purchase were approximately \$100,000 per year. Therefore, customers are not adversely affected as a result of the purchase of LV lines from Hydro One.

Board Staff Interrogatory #68

RATE DESIGN (Exhibit D1/Tab1/Sch10/p1 Table 1)

Question:

- a) **Please provide Total Loss Factor for PowerStream for 2005, and an average of 2003-2005. If PowerStream cannot provide this data, please explain why.**
- b) **Please complete Board staff's Modified version of Schedule 10-5 (originally found in the 2006 EDR Handbook), below.**

Modified Schedule 10-5: Determination of Loss Factors

rev 2009/mar/13

		Year1	Year2	Year3	3-yr Average
	Losses in Distributor's System				
A ₁	"Wholesale" kWh delivered to distributor (higher value)				
A ₂	"Wholesale" kWh delivered to distributor (lower value)				
B	Portion of "Wholesale" kWh delivered to distributor for Large Use Customer(s)				
C	Net "Wholesale" kWh delivered to distributor (A ₂)-(B)				
D	"Retail" kWh delivered by distributor				
E	Portion of "Retail" kWh delivered by distributor for Large Use Customer(s)				
F	Net "Retail" kWh delivered by distributor (D)-(E)				
G	Loss Factor in distributor's system [(C)/(F)]				
	Losses Upstream of Distributor's System				
H	Supply Facility Loss Factor				
	Total Losses				
I	Total Loss Factor [(G)x(H)]				

Notes:

A₁

- **If directly connected to IESO controlled grid, kWh pertain to metering installation on the primary or high voltage side of the transformer at the interface with the transmission grid. This corresponds to the "Without Losses" kWh value provided by the IESO's MV-WEB. This corresponds to the higher of the two kWh values provided by MV-WEB.**

- If fully embedded within a host distributor, kWh pertains to virtual meter at the interface between the embedded distributor and the host distributor. For example, if the host distributor is Hydro One, kWh from the Hydro One invoice corresponding to “Total kWh w Losses” should be reported. This corresponds to the higher of the two kWh values provided by the Hydro One invoice.
- If partially embedded, kWh pertains to sum of above.

A₂

- If directly connected to IESO controlled grid, kWh pertain to metering installation on the secondary or low voltage side of the transformer at the interface with the transmission grid. This corresponds to the “With Losses” kWh value provided by the IESO’s MV-WEB. This corresponds to the lower of the two kWh values provided by MV-WEB.
- If fully embedded within a host distributor, kWh pertains to virtual meter at the interface between the embedded distributor and the host distributor. For example, if the host distributor is Hydro One, kWh from the Hydro One invoice corresponding to “Total kWh” should be reported. This corresponds to the lower of the two kWh values provided by the Hydro One invoice.
- If partially embedded, kWh pertains to sum of above.
- Additionally, kWh pertaining to distributed generation should be included in A2.

B

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

D

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

G & I

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

H

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

Response(s):

a)

Table Staff 68-1: PowerStream Total Loss Factor

2003 Actual	2004 Actual	2005 Actual	Average 2003-2005
1.0376	1.0333	1.0281	1.0330

b) **Table Staff 68-2: Determination of Loss Factor**

		2006	2007	2008	3-yr Average
	Losses in Distributor's System				
A ₁	"Wholesale" kWh delivered to distributor (higher value)	Not available	Not available	Not available	
A ₂	"Wholesale" kWh delivered to distributor (lower value)	6,942,097,673	7,114,990,000	6,979,985,643	7,012,357,772
B	Portion of "Wholesale" kWh delivered to distributor for Large Use Customer(s)	273,918,904	41,455,576	30,642,986	115,339,155
C	Net "Wholesale" kWh delivered to distributor (A ₂)-(B)	6,668,178,768	7,073,534,424	6,949,342,657	6,897,018,616
D	"Retail" kWh delivered by distributor	6,744,270,701	6,832,453,515	6,828,654,920	6,801,793,045
E	Portion of "Retail" kWh delivered by distributor for Large Use Customer(s)	271,206,836	41,045,125	30,339,590	114,197,184
F	Net "Retail" kWh delivered by distributor (D)-(E)	6,473,063,865	6,791,408,390	6,798,315,330	6,687,595,861
G	Loss Factor in distributor's system [(C)/(F)]	1.0301	1.0415	1.0222	1.0313
	Losses Upstream of Distributor's System				
H	Supply Facility Loss Factor	1.0045	1.0045	1.0045	1.0045
	Total Losses				
I	Total Loss Factor [(G)x(H)]	1.0348	1.0462	1.0268	1.0359

Board Staff Interrogatory #69

RATE DESIGN (Exhibit E/Tab1/Sch1/p1 and Exhibit E/Tab1/Sch2/p1)

Question:

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

- a) **For the existing Rider model, please indicate if PowerStream has deviated from allocators that were used for the respective accounts in the 2006 model for regulatory asset recovery rate riders. (e.g. change to allocators on the basis of kWh, #customers, distribution revenue).**
- b) **Please prepare a hypothetical new Rider model which assumes the Board authorizes clearance of only the following account numbers: 1508, 1518, 1550, 1580, 1582, 1584, 1586, 1588 (including global adjustment), and 2425. Please clearly indicate the balance to be collected or refunded based on both a two (2) and a three (3) year rider clearance. Comment on how this would affect PowerStream’s distribution bill impacts.**
- c) **Prepare a similar table, disposition, and commentary as in part (b) of this question assuming the Board authorizes clearance of only the following account numbers: 1508, 1518, 1550, and 2425.**

Response(s):

- a) PowerStream has used the same basis of allocation as in the Board’s 2006 regulatory asset recovery rate rider model using 2007 data by class.
- b) The table below summarizes the results of updating the “Deferral and Variance Account Rate Rider” model as requested. See Schedule Staff 69-1 for the updated model.

Table Staff 69-1 Variance and Deferral Account Rate Riders – Part b

Class	Unit	Quantity	Amount	Recovery Period	
				2 Years	3 years
Residential	kWh	2,039,498,572	\$ (4,652,810)	\$(0.0011)	\$(0.0008)
GS < 50 KW	kWh	796,189,248	\$ (1,910,067)	\$(0.0012)	\$(0.0008)
GS > 50 kW	kW	10,197,336	\$(10,772,786)	\$(0.5282)	\$(0.3521)
Large Users	kW	86,879	\$ (187,128)	\$(1.0769)	\$(0.7180)

Class	Unit	Quantity	Amount	Recovery Period	
				2 Years	3 years
Scattered Load	kWh	8,378,782	\$ 29,656	\$ 0.0018	\$ 0.0012
Sentinel Lighting	kW	1,243	\$ (7,374)	\$(2.9666)	\$(1.9778)
Street Lighting	kW	118,262	\$ (108,706)	\$(0.4596)	\$(0.3064)
Total			\$(17,609,215)		

The following tables show the updated bill impacts from making the changes reflected in Table Staff 69-1.

Table Staff 69-2 Two Year Recovery Period – Total Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Total Bill	
			\$ Change	% Change
Residential	1,000	-	\$ 0.62	0.6%
GS<50	2,000	-	\$ 0.34	0.2%
GS>50	80,000	250	\$ 9.86	0.1%
Large Use	2,800,000	7,350	\$ (18,228.90)	-7.4%
USL	500	-	\$ 2.66	4.5%
Sentinel Lighting	180	1	\$ (0.04)	-0.2%
Street Lighting	882,119	2,639	\$ 3,699.27	2.6%

Table Staff 69-3 Two Year Recovery Period – Distribution Charges Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Typical Bill - Distribution charge	
			\$ Change	% Change
Residential	1,000	-	\$ 0.35	1.3%
GS<50	2,000	-	\$ (0.16)	-0.3%
GS>50	80,000	250	\$ (17.86)	-2.0%
Large Use	2,800,000	7,350	\$ (18,961.69)	-102.2%
USL	500	-	\$ 2.40	12.0%
Sentinel Lighting	180	1	\$ (0.07)	-1.4%
Street Lighting	882,119	2,639	\$ 3,373.63	5.4%

Table Staff 69-4 Two Year Recovery Period – Delivery Charges Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Typical Bill - Delivery charge	
			\$ Change	% Change
Residential	1,000	-	\$ 0.84	2.5%
GS<50	2,000	-	\$ 0.83	1.3%
GS>50	80,000	250	\$ 28.49	1.8%
Large Use	2,800,000	7,350	\$ (17,360.86)	-42.0%
USL	500	-	\$ 2.65	11.3%
Sentinel Lighting	180	1	\$ (0.00)	0.0%
Street Lighting	882,119	2,639	\$ 3,746.03	5.5%

The two year recovery period total bill impacts are all under 5% but less favourable than PowerStream's proposed recovery plan.

Table Staff 69-5 Three Year Recovery Period – Total Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Total Bill	
			\$ Change	% Change
Residential	1,000	-	\$ 0.93	0.9%
GS<50	2,000	-	\$ 1.18	0.5%
GS>50	80,000	250	\$ 56.09	0.7%
Large Use	2,800,000	7,350	\$ (15,459.09)	-6.3%
USL	500	-	\$ 2.35	4.0%
Sentinel Lighting	180	1	\$ 0.48	2.5%
Street Lighting	882,119	2,639	\$ 4,123.82	2.9%

Table Staff 69-6 Three Year Recovery Period – Distribution Charges Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Distribution Charge	
			\$ Change	% Change
Residential	1,000	-	\$ 0.65	2.5%
GS<50	2,000	-	\$ 0.64	1.2%
GS>50	80,000	250	\$ 26.17	2.9%
Large Use	2,800,000	7,350	\$ (16,323.77)	-87.9%
USL	500	-	\$ 2.10	10.5%
Sentinel Lighting	180	1	\$ 0.42	8.3%
Street Lighting	882,119	2,639	\$ 3,777.96	6.0%

Table Staff 69-7 Three Year Recovery Period – Delivery Charges Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Distribution Charge	
			\$ Change	% Change
Residential	1,000	-	\$ 1.14	3.4%
GS<50	2,000	-	\$ 1.63	2.5%
GS>50	80,000	250	\$ 72.52	4.7%
Large Use	2,800,000	7,350	\$ (14,722.94)	-35.6%
USL	500	-	\$ 2.35	10.0%
Sentinel Lighting	180	1	\$ 0.49	8.1%
Street Lighting	882,119	2,639	\$ 4,150.36	6.1%

The three year recovery period total bill impacts are all under 5%. This is less favourable to customers than PowerStream's proposed recovery plan.

- c) The table below summarizes the results of updating the "Deferral and Variance Account Rate Rider model as requested. See Schedule Staff 69-2 for the updated model.

Table Staff 69-8 Variance and Deferral Account Rate Riders

Class	Unit	Quantity	Amount	Recovery Period	
				2 Years	3 years
Residential	kWh	2,039,498,572	\$ 2,669,779	\$ 0.0007	\$ 0.0004
GS < 50 KW	kWh	796,189,248	\$ 948,560	\$ 0.0006	\$ 0.0004
GS > 50 kW	kW	10,197,336	\$ 3,277,640	\$ 0.1607	\$ 0.1071
Large Users	kW	86,879	\$ (72,284)	\$ (0.4160)	\$ (0.2773)
Scattered Load	kWh	8,378,782	\$ 59,739	\$ 0.0036	\$ 0.0024
Sentinel Lighting	kW	1,243	\$ (5,689)	\$ (2.2890)	\$ (1.5260)
Street Lighting	kW	118,262	\$ 44,193	\$ 0.1868	\$ 0.1246
Total			\$ 6,921,938		

Table Staff 69-9 Two Year Recovery Period – Total Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Total Bill	
			\$ Change	% Change
Residential	1,000	-	\$ 2.51	2.4%
GS<50	2,000	-	\$ 4.12	1.9%
GS>50	80,000	250	\$ 190.70	2.5%
Large Use	2,800,000	7,350	\$ (13,128.40)	-5.3%
USL	500	-	\$ 3.61	6.1%
Sentinel Lighting	180	1	\$ 0.31	1.7%
Street Lighting	882,119	2,639	\$ 5,490.56	3.9%

Table Staff 69-10 Two Year Recovery Period – Distribution Charges Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Distribution Charge	
			\$ Change	% Change
Residential	1,000	-	\$ 2.15	8.2%
GS<50	2,000	-	\$ 3.44	6.5%
GS>50	80,000	250	\$ 154.37	17.3%
Large Use	2,800,000	7,350	\$ (14,104.07)	-76.0%
USL	500	-	\$ 3.30	16.5%
Sentinel Lighting	180	1	\$ 0.27	5.3%
Street Lighting	882,119	2,639	\$ 5,079.63	8.1%

Table Staff 69-11 Two Year Recovery Period – Delivery Charges Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Distribution Charge	
			\$ Change	% Change
Residential	1,000	-	\$ 2.64	7.8%
GS<50	2,000	-	\$ 4.43	6.7%
GS>50	80,000	250	\$ 200.72	12.9%
Large Use	2,800,000	7,350	\$ (12,503.24)	-30.2%
USL	500	-	\$ 3.55	15.1%
Sentinel Lighting	180	1	\$ 0.34	5.5%
Street Lighting	882,119	2,639	\$ 5,452.02	8.0%

Table Staff 69-12 Three Year Recovery Period – Total Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Total Bill	
			\$ Change	% Change
Residential	1,000	-	\$ 2.19	2.1%
GS<50	2,000	-	\$ 3.70	1.7%
GS>50	80,000	250	\$ 176.63	2.3%
Large Use	2,800,000	7,350	\$ (12,057.98)	-4.9%
USL	500	-	\$ 2.98	5.0%
Sentinel Lighting	180	1	\$ 0.71	3.8%
Street Lighting	882,119	2,639	\$ 5,318.20	3.8%

Table Staff 69-13 Three Year Recovery Period – Distribution Charges Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Distribution Charge	
			\$ Change	% Change
Residential	1,000	-	\$ 1.85	7.0%
GS<50	2,000	-	\$ 3.04	5.8%
GS>50	80,000	250	\$ 140.97	15.8%
Large Use	2,800,000	7,350	\$ (13,084.63)	-70.5%
USL	500	-	\$ 2.70	13.5%
Sentinel Lighting	180	1	\$ 0.65	12.8%
Street Lighting	882,119	2,639	\$ 4,915.47	7.8%

Table Staff 69-14 Three Year Recovery Period – Delivery Charges Bill Impacts

Class	Consumption per customer, kwh	Demand per customer, kw	Distribution Charge	
			\$ Change	% Change
Residential	1,000	-	\$ 2.34	6.9%
GS<50	2,000	-	\$ 4.03	6.1%
GS>50	80,000	250	\$ 187.32	12.1%
Large Use	2,800,000	7,350	\$ (11,483.80)	-27.8%
USL	500	-	\$ 2.95	12.5%
Sentinel Lighting	180	1	\$ 0.72	11.8%
Street Lighting	882,119	2,639	\$ 5,287.86	7.8%

Under the three year recovery period, total bill impacts are 5% or less. Under the two year recovery period, total bill impacts climb to 6.1% for one class. This is less favourable to customers than PowerStream's proposed recovery plan.

Board Staff Interrogatory #70

RATE DESIGN (Exhibit I/Tab3/Sch2)

Question:

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

Response:

This amount is included in the Actual Costs to December 31, 2007 per Exhibit 1/Tab 3/Schedule 2, Table 1.

Board Staff Interrogatory #71

RATE DESIGN (Exhibit I/Tab2/Sch1)

Question:

Re: Input and Avoided Cost Assumptions: Has PowerStream deviated from the list of input assumptions or avoided cost assumptions posted on the Board's website?

If so, please provide detailed evidence to support the alternative data. This evidence should include (at a minimum): a completed "Input Assumptions Template," which can be found in Appendix C of EB-2008-0037, Guidelines for Electricity Distributor Conservation and Demand Management ("the Guidelines").

Response:

PowerStream did not deviate from the list of input or avoided cost assumptions posted on the Board's website. However, in the case of custom measures where there was not an existing OEB measure input assumption, PowerStream relied on third party reporting. Please see the following TRC verification tables 9A, 9B, and 9C for data assumptions details for 2005, 2006 and 2007.

Powerstream Inc. - 2005 CDM Reported Results (Data Verification)

New table 9A
(OEB IR# 71)

Program	TRC Inputs									
	Participants/Projects		kWh (net)		Mthly kW (net)		Freeridership		Customer Equipment Costs (net)	
	Value	Data Source	Value	Data Source	Value	Data Source	Value	Data Source	Value	Data Source
Co-Branded Mass Markets	13,603	3rd Party Report	1,447,816	3rd Party Report	77.66	3rd Party Report	5 to 10%	3rd Party Report	\$ 66,201	3rd Party Report
Design Advisory Audit Program	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential Load Control	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social Housing	350	Internal sources	433,125	Party Assumptions	69.30	Party Assumptions	1%	Toronto Hydro Decision	\$ 17,500	hird Party Assumptions
Energy Audit Retrofit and Partnerships	737	Internal sources	132,105	Internal assumptions using OEB Measure List	26.20	Internal assumptions using OEB Measure List	10%	Internal assumptions using OEB Measure List	\$ 3,200	Internal assumptions using OEB Measure List
Leveraging Energy Conservation & Load Manag	79		642,391		362.00		30%		\$ 70,110	
Mayor's MW Challenge	69	Internal sources	558,391	Party Assumptions	343.00	Party Assumptions	30%	Toronto Hydro Decision	\$ 35,055	hird Party Assumptions
Sustainable Schools	10	Internal sources	84,000	Party Assumptions	19.00	Party Assumptions	30%	Toronto Hydro Decision	\$ 35,055	hird Party Assumptions
CI&I Load Control Initiative	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Design Advisory > 50 kV	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Distributed Energy	1	Internal sources	138,920	Internal sources	694.60	Internal sources	30%	Toronto Hydro Decision	\$ -	Internal sources

Powerstream Inc. - 2006 CDM Reported Results (Data Verification)

(TABLE 9B)
(OEB IR#71)

Program	TRC Inputs									
	Participants/Projects		kWh (net)		kW (net)		Freeridership		Customer Equipment Costs (net)	
	Value	Data Source	Value	Data Source	Value	Data Source	Value	Data Source	Value	Data Source
Co-Branded Mass Markets	136,974		12,605,185		124.26		5 to 10%		\$ 339,718	
CFL Distribution	17,845	Internal sources	1,676,716	OEB Measure List	-	OEB Measure List	10%	OEB Measure List	\$ -	OEB Measure List
Keep Cool - RAC Energy Star	68	Keep Cool Final Report	5,386	Keep Cool Final Report	5.52	Keep Cool Final Report	10%	Keep Cool Final Report	\$ -	Keep Cool Final Report
Keep Cool - RAC Retirement	120	Keep Cool Final Report	67,068	Keep Cool Final Report	97.38	Keep Cool Final Report	10%	Keep Cool Final Report	\$ -	Keep Cool Final Report
EKC Spring CFLs	45,677	EKC Final Report	4,298,210	EKC Final Report	-	EKC Final Report	10%	EKC Final Report	\$ -	EKC Final Report
EKC Spring Timers	2,149	EKC Final Report	352,973	EKC Final Report	-	EKC Final Report	10%	EKC Final Report	\$ -	EKC Final Report
EKC Spring P Stats	696	EKC Final Report	136,559	EKC Final Report	28.19	EKC Final Report	10%	EKC Final Report	\$ -	EKC Final Report
EKC Spring Fans	821	EKC Final Report	103,889	EKC Final Report	9.49	EKC Final Report	10%	EKC Final Report	\$ -	EKC Final Report
EKC Fall CFLs	47,745	EKC Final Report	4,486,105	EKC Final Report	-	EKC Final Report	10%	EKC Final Report	\$ -	EKC Final Report
EKC Fall SLED (replacing 5W incandescent)	6,413	EKC Final Report	256,820	EKC Final Report	-	EKC Final Report	5%	EKC Final Report	\$ -	EKC Final Report
EKC Fall SLED (replacing mini lights)	6,413	EKC Final Report	98,111	EKC Final Report	-	EKC Final Report	5%	EKC Final Report	\$ -	EKC Final Report
EKC Fall P Stats (space heating)	427	EKC Final Report	564,136	EKC Final Report	-	EKC Final Report	10%	EKC Final Report	\$ -	EKC Final Report
EKC Fall P Stats (space cooling)	1,112	EKC Final Report	159,220	EKC Final Report	16.31	EKC Final Report	10%	EKC Final Report	\$ -	EKC Final Report
EKC P Stats - Baseboard	86	EKC Final Report	113,491	EKC Final Report	-	EKC Final Report	10%	EKC Final Report	\$ -	EKC Final Report
EKC Timer	1,398	EKC Final Report	174,889	EKC Final Report	-	EKC Final Report	10%	EKC Final Report	\$ -	EKC Final Report
EKC Motion Sensor	604	EKC Final Report	113,612	EKC Final Report	-	EKC Final Report	10%	EKC Final Report	\$ -	EKC Final Report
SLED Exchange	5,200	Internal sources	-	Derived from OEB Measure List assumptions.	-	Derived from OEB Measure List assumptions.	5%	OEB Measure List	\$ -	Derived from OEB Measure List assumptions.
Design Advisory <50 kW	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Load Control <50 kW	250	Internal sources	-	OEB Measure List	-	OEB Measure List	0%	OEB Measure List	\$ 12,500	OEB Measure List
Social Housing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CI&I > 50kW	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Energy AR&P	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Leveraging Energy Conservation & Load Management	1,176		1,087,681		296.99		0%		\$ 101,981	
MECO - Fridge Bounty Fridges	699	Internal sources	754,920	OEB Measure List	171.28	OEB Measure List	10%	OEB Measure List	\$ -	OEB Measure List
MECO - Fridge Bounty Freezers	331	Internal sources	268,110	OEB Measure List	60.83	OEB Measure List	10%	OEB Measure List	\$ -	OEB Measure List
MECO - Fridge Bounty RACs	47	Internal sources	26,268	OEB Measure List	38.14	OEB Measure List	10%	OEB Measure List	\$ -	OEB Measure List
MECO - MMCC Energy Audit	1	Internal sources	n/a	Third Party Report	n/a	Third Party Report	n/a	Third Party Report	n/a	Third Party Report
MECO - Load Shedding	1	Internal sources	1,749	Third Party Report	17.00	Third Party Report	0%	Third Party Report	\$ -	Third Party Report
MECO - Conveyor Toaster Replacement	1	Internal sources	3,266	Third Party Report	1.50	Third Party Report	0%	Third Party Report	\$ -	Third Party Report
MECO - Garage Lighting Retrofit	96	Internal sources	33,869	Third Party Report	7.24	Third Party Report	10%	Third Party Report	\$ -	OEB Measure List
Load Control >50 kW	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Design Advisory >50 kW	13		2,298,238		604.76		0%		\$ 868,543	
PBIP Chiller Replacement	1	Project Application	491,018	Project Application	72.98	Project Application	10%	Project Application	\$ 4,950	Project Application
PBIP Lighting Retrofits	12	Project Application	1,807,221	Project Application	431.78	Project Application	30%	Project Application	\$ 863,593	Project Application
Distributed Energy	1	Project Application	2,286,816	Project Application	483.70	Project Application	30%	Project Application	\$ 800,000	Project Application

TABLE 9C
(OEB IR#71)

Powerstream Inc. - 2007 CDM Reported Results (Data Verification)

Program	TRC Inputs									
	Participants/Projects		kWh (net)		kW (net)		Freeridership		Customer Equipment Costs (net)	
	Value	Data Source	Value	Data Source	Value	Data Source	Value	Data Source	Value	Data Source
Co-Branded Mass Markets					-				\$16,283	
CFL Distribution	9,046	Internal sources	849,962	OEB Measure List	-	OEB Measure List	10%	OEB Measure List	\$ 16,283	OEB Measure List
Load Control <50kW										
Programmable Thermostats	1,700	Internal sources	-	OEB Measure List	1,224.00	OEB Measure List	0%		\$ 102,000	OEB Measure List (kWh cooling) and internal sources (kW savings)
Social Housing										
A/C Retirement	54	Internal sources	4,277	OEB Measure List	4.39	OEB Measure List	1%	Toronto Hydro EB 2007-0098 OEB Decision	\$ -	OEB Measure List
Fridge Replacement	450	Internal sources	29,970	OEB Measure List	6.93	OEB Measure List	1%	Toronto Hydro EB 2007-0098 OEB Decision	\$ -	OEB Measure List
Low Flow Showerheads	350	Internal sources	171,818	OEB Measure List	12.28	OEB Measure List	1%	Toronto Hydro EB 2007-0098 OEB Decision	\$ -	OEB Measure List
Smart Thermostats	138	Internal sources	21,053	OEB Measure List	110.39	OEB Measure List	1%	Toronto Hydro EB 2007-0098 OEB Decision	\$ -	OEB Measure List
Design Advisory <50 kW										
No Catch to Conserve - Fluorescent Lighting	1,001	3rd Party Report	353,153	OEB Measure List (4 4ft. T12's)	75.49	OEB Measure List (4 4ft. T12's)	10%	OEB Measure List	\$ 47,297	OEB Measure List
No Catch to Conserve - Programmable Thermostats	46	3rd Party Report	7,238	OEB Measure List	36.00	OEB Measure List	0%	OEB Measure List	\$ 2,730	OEB Measure List
No Catch to Conserve - Water Heaters	46	3rd Party Report	18,564	OEB Measure List (upgrade tank insulation)	11.34	OEB Measure List (upgrade tank insulation)	10%	OEB Measure List	\$ 16,400	OEB Measure List
Energy AR&P										
TRCA - Cold Water Washing	240	3rd Party Report	112,140	OEB Measure List	3.98	OEB Measure List	25%	OEB Measure List	\$ -	OEB Measure List
TRCA - Full Dryer	280	3rd Party Report	57,708	OEB Measure List	7.38	OEB Measure List	10%	OEB Measure List	\$ -	OEB Measure List
Leveraging Energy Conservation & Load Management										
MECO - Building Automation	1	Third Party Report	105,026	Third Party Report	41.35	Third Party Report	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ 83,000	Third Party Report
MECO - Gas Fired Dehumidifier	1	Third Party Report	210,084	Third Party Report	86.00	Third Party Report	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ 83,000	Third Party Report
MECO - Lighting Retrofits	-	Third Party Report	40,320	Third Party Report	9.00	Third Party Report	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ 71,000	Third Party Report
MECO - Retirement Program	-	Third Party Report	1,033,844	Third Party Report	235.00	Third Party Report	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ 43,000	Third Party Report
Home Depot	144	Third Party Report	19,178	Third Party Report	1.00	Third Party Report	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ 350,000	Third Party Report
Load Control (DR) >50 kW										
Enershift	1	Internal sources	-	3rd Party Report	5,000.00	3rd Party Report	0%	Internal Assumption	\$ 425,000	Internal sources
Design Advisory >50 kW										
FBIP - Blue Power Distribution Energy Corp.	1	Project application	150,278	Project application	32.12	Project application	10%	OEB Measure List	\$ 31,000	Internal sources
FBIP - Central Canadian Glass	1	Project application	138,107	Project application	32.90	Project application	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ 61,000	Internal sources
FBIP - Gracious Living Corp.	1	Project application	122,456	Project application	14.00	Project application	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ 12,000	Internal sources
FBIP - Hanlan Automotive Parts Distribution Limited	1	Project application	14,907	Project application	4.90	Project application	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ 7,000	Internal sources
FBIP - Norampac - Leaside Division	1	Project application	886,117	Project application	101.60	Project application	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ 226,000	Internal sources
FBIP - Powerstream Inc.	1	Project application	268,540	Project application	103.60	Project application	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ 88,000	Internal sources
FBIP - Prospec MFG Inc.	1	Project application	60,486	Project application	16.80	Project application	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ 31,000	Internal sources
FBIP - TYCOS Tool & Die	1	Project application	296,421	Project application	55.30	Project application	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ 86,000	Internal sources
ERIP - Crown Metal Packaging (1)	1	Project application	-	Project application	-	Project application	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ -	Internal sources
ERIP - Sears Canada (1)	1	Project application	-	Project application	-	Project application	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ -	Internal sources
ERIP - The Toronto Star (1)	1	Project application	-	Project application	-	Project application	30%	Toronto Hydro EB 2007-0098 OEB Decision	\$ -	Internal sources

Board Staff Interrogatory #72

RATE DESIGN (Exhibit 1/Tab2/Sch1/pp 7 - 9 (Tables 7A, 7B, 7C))

Question:

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

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

- b) It is also unclear to Board staff why a partially effective factor of 1.00 was used for Keep Cool – RAC Energy Star (in 2006), Keep Cool – RAC Retirement (in 2006), A/C Retirement (in 2007), given that Tables 7B, and 7C, respectively, indicate that these programs started mid-year.
- c) Table 7B provides a breakdown of the Co-Branded Mass Market program into separate initiatives, and lists differing start dates for the initiatives. Table 7A shows only aggregate results for the Co-Branded Mass Market program, and indicates that it began on October 1, 2005.
- i) Please list the individual initiatives that comprised the Co-Branded Mass Market program in 2005 that are included in the LRAM calculation.
 - ii) Please confirm whether all of these initiatives started on October 1, 2005.

Response(s):

- a) PowerStream did not have harmonized rates prior to November 1, 2007 as a result of the 2004 merger of M, RH, V a subsequent acquisition of Aurora in November 2005.

In the absence of harmonized Board approved rates prior to 2007, PS calculated weighted average distribution rates using Board approved rates for the predecessor LDCs. The variable distribution rates used were adjusted to exclude any approved regulatory asset rate riders. In deriving the annualized rate PowerStream also considered the calendar impacts of rate implementation. This is illustrated by the following example.

For the calendar year 2006 PS used a calculated weighted average rate for the period January 1, 2006 up to April 30, 2006 using 2005 approved rates of the predecessor

LDCs. Then for the period May 1, 2006 to December 1, 2006 the distribution rates developed the 2006 EDR Harmonized model were used. The resulting rates for each rate class were then averaged to arrive at a single averaged annual rate for 2006.

- b) The partially effective factor attempts to account for the timing of when first year program savings are most likely to occur. It considers both the nature of the program measures and the length of the program operation. In the case of the Keep Cool Program, room unit air-conditioners were de-commissioned during the summer months. Air conditioning savings are attributed to the summer months only and therefore cannot be applied to the entire calendar year. As a result, PowerStream believes that a full factor of 1.00 should be applied.
- c)(i) The 2005 Co-Branded Mass Market Program included: Fall Retail Campaign “Lighten Your Electricity Bill”; LED Christmas Light Exchange Program and the CFL Distribution Campaign.
- (ii) Yes, all three initiatives started October 1, 2005.

Board Staff Interrogatory #73

RATE DESIGN (Exhibit 1/Tab /Sch1/pp10 - 12 (Tables 8A, 8B, 8C))

Question:

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

- a) **Please list the individual initiatives that comprised the Co-Branded Mass Market program in 2005 that are included in the SSM calculation.**
- b) **Please provide the free rider rate applied to each of the individual initiatives that comprised the Co-Branded Mass Market program in 2005.**
- c) **The Board’s “Guidelines for Electricity Distributor Conservation and Demand Management”, issued March 28, 2008, state, in part:**

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

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

Response(s):

- a) The 2005 Co-Branded Mass Market Program included: Fall Retail Campaign “Lighten Your Electricity Bill”; LED Christmas Light Exchange Program and the CFL Distribution Campaign.
- b) The table below identifies the free rider rate applied to each of the individual initiatives that comprised the Co-Branded mass Market Program in 2005.

Table Staff 73-1: Free Ridership Rate

Program	Measure	Free Ridership Rate
Fall Retail Campaign	Compact Fluorescent Bulbs	10.0%
	LED Christmas Lights (indoor or outdoor)	5.0%
	Replacing 5w Christmas Lights C-7 (25 Lights)	
	LED Christmas Lights (indoor or outdoor)	5.0%
	Replacing Incandescent Mini Lights	
	Programmable Thermostat – Space Heating, Existing Single Family Detached	10.0%
	Programmable Thermostat – Space Cooling, Existing Single Family Detached	10.0%
	Timer – Outdoor Light	10.0%
	Timer – Indoor Light	10.0%
	Timer – Indoor – Air Conditioners	10.0%
	Ceiling Fan	10.0%
	EnerGuide for Existing Homes – Space Heating	10.0%
LED Light Exchange	LED Christmas Lights	5%
CFL Distribution	Compact Fluorescent Lighting	10%

- c) For clarity, PowerStream has requested SSM incentive recovery for the OPA Every Kilowatt Counts (‘EKC’) that took place in the year 2006 only. PowerStream has not applied for an SSM incentive relating to 2007 OPA EKC activity.

PowerStream confirms that both the spring and fall 2006 EKC retail coupon campaigns were funded by the OPA. However, PowerStream also made significant contributions to both campaigns and played a central role in the success of both initiatives.

It is PowerStream’s position that it is eligible for SSM incentive recovery for these 2006 campaigns. Further, PowerStream holds the view that the pertinent Board guidelines for assessing PowerStream’s eligibility are other than those cited in Board Staff’s questions.

In the preamble to its questions, Board staff provides an excerpt attributed to Board guidelines issued on March 28, 2008. Those guidelines were contained in a Board report dated March 2, 2007, entitled “Report of the Board on the Regulatory Framework for Conservation and Demand Management by Ontario Electricity Distributors *in 2007 and Beyond*.” (Italics added). PowerStream understands that these guidelines were intended to take effect on a prospective basis. This is appropriate, as the framework for CDM program delivery changed in 2007. At that time local distributors transitioned to delivery of CDM programs through commercial contracts with the OPA; contracts that provide an economic incentive for distributor participation in program delivery. This framework and the accompanying financial

incentives were not in place in 2006 when PowerStream supported the OPA EKC retail coupon campaigns.

PowerStream submits that the pertinent guidelines for assessing its SSM eligibility for 2006 programs are contained in the Board's Decision with Reasons dated March 3, 2006 in the matter of a proceeding initiated by the Ontario Energy Board to make certain determinations respecting conservation and demand management activities by Local Distribution Companies (RP-2005-0020 / EB-2005-0523). In that decision the Board considered, in part, how to attribute or apportion the benefits of a CDM program for the purposes of calculating an LDC incentive amount, when the program in question is jointly undertaken by an LDC and a non rate-regulated entity. The Board found:

"...that attribution of TRC benefits must be made on a case by case basis, determined by the centrality of the role played by the LDC in the program. If the utility plays a central role in a program, 100% of net benefits may be attributed to the utility. For simplicity in the case of electricity LDCs, a greater-than-50% funding of a program within the LDC's service territory establishes a central role. The LDC's role may be central at a lesser financial contribution if other factors such as initiation of the partnership, initiation of the program, or implementation of the program are present."

PowerStream further submits that it did play a central role in both the spring and fall 2006 EKC retail coupon programs. Following are details regarding some of the financial and non-financial contributions made by PowerStream to support these programs:

Spring 2006 Campaign

- PowerStream worked with the program coordinator to ensure that all potential retail partners within its service areas were identified and invited to participate.
- Coupon booklets were co-branded by PowerStream and the OPA's Conservation Bureau. The prominent inclusion of PowerStream's logo provided increased the credibility of the offer.
- Addressed direct mail of the coupon booklets was a central design feature of the campaign, and was made possible by the participation of PowerStream and the use of its customer database. PowerStream prepared and provided separate coupon distribution lists for individual and bulk-metered customers.
- PowerStream staff conducted field audits of participating retail stores to ensure point of sale material was being deployed.

Fall 2006 Campaign

- As was done in the spring, all coupon booklets issued by direct mail in PowerStream's service area included the prominent inclusion of PowerStream's logo on the front cover, to lend credibility to the offer.

- Using '3rd tranche market adjustment revenue requirement' funding, PowerStream augmented and supported the EKC campaign with its 'Great Exchange' retail campaign.

Finally, PowerStream submits that precedents for awards of SSM amounts related to 2006 spring and fall EKC retail coupon programs may have been established. PowerStream retained SeeLine Group Ltd. to assist in the calculation of the LRAM and SSM amounts for PowerStream's 2009 IRM application. SeeLine Group Ltd. has confirmed that its calculations of these amounts for PowerStream are consistent with those prepared for other clients.

Board Staff Interrogatory #74

RATE DESIGN (Exhibit 1/Tab2/Sch1/pp10 - 12 (Table 8B))

Question:

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

Response:

The free rider rate of 10% was used for the EKC Fall P. Stats (space cooling) program. The net kW savings in Table 8B were disclosed incorrectly and should be 146.81. This error does not impact any other data presented in the table.

SCHEDULE STAFF 27-1

Historic Number of Customers/Connections by Rate Class

Class	Actual 2004	Actual 2005	Actual 2006	Actual 2007
Residential	187,044	192,706	200,794	207,783
GS < 50	20,627	21,671	22,021	22,698
USL	1,970	1,990	2,006	2,028
GS > 50	3,333	3,414	3,644	3,708
GS TOU	2	2	2	2
Large User	5	5	4	1
Street Lighting Connections	51,845	53,644	56,810	59,745
Sentinel Lights	137	154	148	144
Street Light Customers	29	28	47	13
Total Customers	213,147	219,970	228,666	236,377
Total # of Connections	51,845	53,644	56,810	59,745
	2005 vs. 2004	2006 vs. 2005	2007 vs. 2006	AVERAGE
Residential	5,662	8,088	6,989	6,913
GS < 50	1,044	350	677	690
USL	20	16	22	19
GS > 50	81	230	64	125
GS TOU	0	0	0	0
Large User	0	-1	-3	-1
Street Lighting Connections	1,799	3,166	2,935	2,633
Sentinel Lights	17	-6	-4	2
Street Light Customers	-1	19	-34	-5
Total Customers	6,823	8,696	7,711	7,743
Total # of Connections	1,799	3,166	2,935	2,633

Historic Average Growth Volume by Rate Class

Rate Class	2005	2006	2007	Average
Residential	5,662	8,088	6,989	6,913
GS < 50	1,044	350	677	690
USL	20	16	22	19
GS > 50	81	230	64	125
GS TOU	0	0	0	0
Large User	0	-1	-3	-1
Street Lighting Connections	1,799	3,166	2,935	2,633
Sentinel Lights	17	-6	-4	2
Street Light Customers	-1	19	-34	-5
Total Customers	6,823	8,696	7,711	7,743
Total # of Connections	1,799	3,166	2,935	2,633

SCHEDULE STAFF 27-1

Customer Count Forecast by Rate Class - 2009 FTYF

Residential - Base Growth - Suite metering Impact is NOT INCLUDED

Year	Population A	Dwelling Units B	Net Residential Additions NRA
2002	35,646	8,165	9,845
2003	34,676	8,165	9,312
2004	32,110	8,165	7,337
2005	25,705	8,165	5,662
2006	25,287	8,165	8,088
2007	26,638	6,021	6,989
Total 2002 - 2007	180,062	46,846	47,233
Customer Addition Ratio	0.2623	1.0083	
2008	22,958	6,021	6,046
2009	22,958	6,021	6,046

NOTES:

Historical ratios between dwelling additions and population increases to customer increases were calculated. These ratios were used to project customer increases based on York Region planning forecasts for dwelling unit and population increase.

Historic and Projected Base Growth Volume by Rate Class (2005 - 2009)

Class	Actual 2005	Actual 2006	Actual 2007	Bridge 2008	Yest 2009
Residential	192,706	200,794	207,783	213,829	219,876
GS < 50	21,671	22,021	22,698	23,348	23,998
USL	1,990	2,006	2,028	2,088	2,148
GS > 50	3,414	3,644	3,708	3,833	3,958
GS TOU	2	2	2	2	2
Large User	5	4	1	1	1
Street Lighting Connections	53,644	56,810	59,745	62,378	65,012
Sentinel Lights	154	148	144	144	144
Street Light Customers	28	47	13	13	13
Total Customers	219,970	228,666	236,377	243,258	250,140
Total # of Connections	53,644	56,810	59,745	62,378	65,012
Variance Analysis	2006 vs. 2005	2007 vs. 2006	2008 vs. 2007	2009 vs. 2008	
Residential	8,088	6,989	6,046	6,046	
GS < 50	350	677	650	650	
USL	16	22	60	60	
GS > 50	230	64	125	125	
GS TOU	0	0	0	0	
Large User	-1	-3	0	0	
Street Lighting Connections	3,166	2,935	2,633	2,633	
Sentinel Lights	-6	-4	0	0	
Street Light Customers	19	-34	0	0	
Total Customers	8,696	7,711	6,881	6,881	
Total # of Connections	3,166	2,935	2,633	2,633	

SCHEDULE STAFF 27-1

Based on Historic Average Growth by Rate Class - Adjusted for Suite Metering

Residential Class	2007	2008	2009	2010	2011	2012	2013	Total
2007 Sales	0	524	524	524	524	524		2,620
2008 Sales	0	0	452	452	452	452	452	2,262
Total	0	524	976	976	976	976	452	4,882

Residential Class	2008 E	2009 E
Original Projected	213,829	220,400
Adjustment due to Suite Metering	524	976
Adjusted Forecast	214,353	221,376

NOTE: Base Residential growth is adjusted for Suite metering

Historic and Projected Growth Volume by Rate Class (2005 - 2009)

Class	Actual 2005	Actual 2006	Actual 2007	Bridge 2008	Test 2009
Residential	192,706	200,794	207,783	214,353	221,376
GS < 50	21,671	22,021	22,698	23,348	23,998
USL	1,990	2,006	2,028	2,088	2,148
GS > 50	3,414	3,644	3,708	3,833	3,958
GS TOU	2	2	2	2	2
Large User	5	4	1	1	1
Street Lighting Connections	53,644	56,810	59,745	62,378	65,012
Sentinel Lights	154	148	144	142	142
Street Light Customers	28	47	13	13	13
Total Customers	219,970	228,666	236,377	243,780	251,638
Total # of Connections	53,644	56,810	59,745	62,378	65,012
	2006 vs. 2005	2007 vs. 2006	2008 vs. 2007	2009 vs. 2008	
Variance Analysis					
Residential	8,088	6,989	6,570	7,022	
GS < 50	350	677	650	650	
USL	16	22	60	60	
GS > 50	230	64	125	125	
GS TOU	0	0	0	0	
Large User	-1	-3	0	0	
Street Lighting Connections	3,166	2,935	2,633	2,633	
Sentinel Lights	-6	-4	-2	0	
Street Light Customers	19	-34	0	0	
Total Customers	8,696	7,711	7,403	7,857	
Total # of Connections	3,166	2,935	2,633	2,633	

2008				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Growth to Mar 31/08	Growth forward	Monthly
Class	Growth Rate	Growth Volume	2007															
Residential		3.16%	6,570	207,783	208,843	208,974	209,572	210,169	210,767	211,365	211,963	212,560	213,158	213,756	214,353	1,191	5,379	597.718566
GS < 50		2.86%	650	22,698	22,748	22,781	22,868	22,921	22,975	23,028	23,081	23,135	23,188	23,241	23,295	23,348	170	480 53.33333333
USL		2.96%	60	2,028	2,028	2,051	2,070	2,072	2,074	2,076	2,078	2,080	2,082	2,084	2,086	2,088	42	18 2
GS > 50		3.37%	125	3,708	3,725	3,777	3,735	3,746	3,757	3,768	3,779	3,789	3,800	3,811	3,822	3,833	27	98 10.88888889
GS TOU		0.00%	0	2	2	2	2	2	2	2	2	2	2	2	2	2	0	0 0
Large User		0.00%	0	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0 0
SL Connections		4.41%	2,633	59,745	59,925	60,006	60,293	60,525	60,756	60,988	61,220	61,452	61,683	61,915	62,147	62,378	548	2,085 231.7037037
Sentinel Lights		-1.39%	-2	144	142	142	142	142	142	142	142	142	142	142	142	142	-2	0 0
SL customers		0.00%	0	13	13	13	13	13	13	13	13	13	13	13	13	13	0	0 0
Total Customers		3.13%	7,403	236,377	237,175	237,610	237,805	238,411	239,016	239,622	240,228	240,834	241,439	242,045	243,117	243,780		

SCHEDULE STAFF 27-1

2009				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Class	Growth Rate	Growth Volume	Projected 2008												
Residential	3.28%	7,022	214,353	214,939	215,524	216,109	216,694	217,279	217,865	218,450	219,035	219,620	220,205	220,791	221,376
GS < 50	2.78%	650	23,348	23,402	23,456	23,511	23,565	23,619	23,673	23,727	23,781	23,836	23,890	23,944	23,998
USL	2.87%	60	2,088	2,093	2,098	2,103	2,108	2,113	2,118	2,123	2,128	2,133	2,138	2,143	2,148
GS > 50	3.26%	125	3,833	3,843	3,854	3,864	3,875	3,887	3,898	3,908	3,918	3,929	3,939	3,950	3,960
GS TOU	0.00%	0	2	2	2	2	2	0	0	0	0	0	0	0	0
Large User	0.00%	0	1	1	1	1	1	1	1	1	1	1	1	1	1
SL Connections	4.22%	2,633	62,378	62,598	62,817	63,037	63,256	63,476	63,695	63,914	64,134	64,353	64,573	64,792	65,012
Sentinel Lights	0.00%	0	142	142	142	142	142	142	142	142	142	142	142	142	142
SL customers	0.00%	0	13	13	13	13	13	13	13	13	13	13	13	13	13
Total Customers	3.22%	7,857	243,780	244,435	245,090	245,745	246,400	247,054	247,709	248,364	249,019	249,674	250,328	250,983	251,638

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 Projected	243,780	7,403	3.13%
2009 Projected	251,638	7,857	3.22%

Schedule Staff 28-1

2009													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2009 FY
Residential	214,939	215,524	216,109	216,694	217,279	217,865	218,450	219,035	219,620	220,205	220,791	221,376	218,157
GS<50	23,402	23,456	23,511	23,565	23,619	23,673	23,727	23,781	23,836	23,890	23,944	23,998	23,700
GS>50	3,843	3,854	3,864	3,875	3,887	3,898	3,908	3,918	3,929	3,939	3,950	3,960	3,902
Time of use	2	2	2	2	-	-	-	-	-	-	-	-	1
Large Use	1	1	1	1	1	1	1	1	1	1	1	1	1
USL	2,093	2,098	2,103	2,108	2,113	2,118	2,123	2,128	2,133	2,138	2,143	2,148	2,121
Sentinel Light	142	142	142	142	142	142	142	142	142	142	142	142	142
Street Light	62,598	62,817	63,037	63,256	63,476	63,695	63,914	64,134	64,353	64,573	64,792	65,012	63,805
Total	307,020	307,894	308,768	309,643	310,517	311,391	312,265	313,140	314,014	314,888	315,762	316,637	311,828

As per Schedule 4, page 7

Less Street light connections

65,012

Add SL customers

13

as per Schedule 1, page 2

251,638

Schedule Staff 30-1(e)

(1) Forecast Year: 2009

(2) Distribution loss Factor (DLF)

System	Residential	GS <50 kW	USL	GS> 50 kW	TOU	Large User	Street-Lighting	Sentinel
1.0310	1.0333	1.0333	1.0333	1.0333	1.0333	1.0145	1.0333	1.0333

NOTE: DLF includes Supply Facilities Loss factor

(3) Forecast kWh

Month	Purchased kWh	kWh Sales= Purchased kWh / (DLF*SSLF)	Residential	GS <50 kW	USL	GS>50 kW	TOU	Large Users	Street-Lighting	Sentinel	Total kWh sold
January	597,456,633	579,520,475	172,639,149	68,151,608	695,425	326,907,500	4,810,020	2,665,794	3,593,027	57,952	579,520,475
February	583,196,088	565,688,044	168,518,468	66,524,914	678,826	319,104,625	4,695,211	2,602,165	3,507,266	56,569	565,688,044
March	587,315,519	569,683,805	169,708,806	66,994,815	683,621	321,358,634	4,728,376	2,620,546	3,532,040	56,968	569,683,805
April	553,765,121	537,140,619	160,014,190	63,167,737	644,569	303,001,023	4,458,267	2,470,847	3,330,272	53,714	537,140,619
May	548,491,714	532,025,524	158,490,404	62,566,202	638,431	304,531,410	-	2,447,317	3,298,558	53,203	532,025,524
June	610,816,904	592,479,658	176,499,690	69,675,608	710,976	339,135,356	-	2,725,406	3,673,374	59,248	592,479,658
July	663,880,146	643,949,897	191,832,674	75,728,508	772,740	368,596,921	-	2,962,170	3,992,489	64,395	643,949,897
August	629,203,909	610,314,670	181,812,740	71,773,005	732,378	349,344,117	-	2,807,447	3,783,951	61,031	610,314,670
September	570,615,729	553,485,357	164,883,288	65,089,878	664,182	316,815,018	-	2,546,033	3,431,609	55,349	553,485,357
October	551,820,457	535,254,335	159,452,266	62,945,910	642,305	306,379,581	-	2,462,170	3,318,577	53,525	535,254,335
November	562,251,352	545,372,086	162,466,344	64,135,757	654,447	312,170,982	-	2,508,712	3,381,307	54,537	545,372,086
December	581,860,799	564,392,840	168,132,627	66,372,598	677,271	323,058,462	-	2,596,207	3,499,236	56,439	564,392,840
Total	7,040,674,371	6,829,307,310	2,034,450,648	803,126,540	8,195,169	3,890,403,631	18,691,873	31,414,814	42,341,705	682,931	6,829,307,310

(4) Forecast kW

Month	Purchased kWh	kWh Sales= Purchased kWh / (DLF*SSLF)	kW as % of kWh	GS>50 kW	TOU	Large Users	Street-Lighting	Sentinel
January	597,456,633	579,520,475	879,189	853,797	7,467	7,027	10,750	148
February	583,196,088	565,688,044	858,204	833,417	7,289	6,859	10,493	145
March	587,315,519	569,683,805	864,266	839,304	7,340	6,908	10,568	146
April	553,765,121	537,140,619	814,895	791,359	6,921	6,513	9,964	138
May	548,491,714	532,025,524	811,812	795,356	-	6,451	9,869	136
June	610,816,904	592,479,658	904,059	885,732	-	7,184	10,990	152
July	663,880,146	643,949,897	982,597	962,678	-	7,808	11,945	165
August	629,203,909	610,314,670	931,273	912,395	-	7,400	11,321	156
September	570,615,729	553,485,357	844,558	827,438	-	6,711	10,267	142
October	551,820,457	535,254,335	816,739	800,183	-	6,490	9,929	137
November	562,251,352	545,372,086	832,178	815,309	-	6,613	10,117	140
December	581,860,799	564,392,840	861,201	843,744	-	6,844	10,469	145
Total	7,040,674,371	6,829,307,310	10,400,971	10,160,712	29,018	82,809	126,683	1,750

Schedule Staff 30-1(e)

(5) Class Allocation %

Based on 2006 - 2008 average

	Residential	GS <50 kW	USL	GS>50 kW	TOU	Large Users	Street-Lighting	Sentinel	Total
January	29.79%	11.76%	0.12%	56.41%	0.83%	0.46%	0.62%	0.01%	100.00%
February	29.79%	11.76%	0.12%	56.41%	0.83%	0.46%	0.62%	0.01%	100.00%
March	29.79%	11.76%	0.12%	56.41%	0.83%	0.46%	0.62%	0.01%	100.00%
April	29.79%	11.76%	0.12%	56.41%	0.83%	0.46%	0.62%	0.01%	100.00%
May	29.79%	11.76%	0.12%	57.24%	0.00%	0.46%	0.62%	0.01%	100.00%
June	29.79%	11.76%	0.12%	57.24%	0.00%	0.46%	0.62%	0.01%	100.00%
July	29.79%	11.76%	0.12%	57.24%	0.00%	0.46%	0.62%	0.01%	100.00%
August	29.79%	11.76%	0.12%	57.24%	0.00%	0.46%	0.62%	0.01%	100.00%
September	29.79%	11.76%	0.12%	57.24%	0.00%	0.46%	0.62%	0.01%	100.00%
October	29.79%	11.76%	0.12%	57.24%	0.00%	0.46%	0.62%	0.01%	100.00%
November	29.79%	11.76%	0.12%	57.24%	0.00%	0.46%	0.62%	0.01%	100.00%
December	29.79%	11.76%	0.12%	57.24%	0.00%	0.46%	0.62%	0.01%	100.00%

3-year Average kW as percentage of kWh - 2006-2008

January	0.27%	0.10%	0.18%	0.14%	0.34%
February	0.23%	0.16%	0.27%	0.22%	0.27%
March	0.24%	0.15%	0.27%	0.30%	0.16%
April	0.26%	0.16%	0.27%	0.19%	0.23%
May	0.26%	0.16%	0.26%	0.48%	0.35%
June	0.27%	0.16%	0.27%	0.40%	0.17%
July	0.26%	0.16%	0.26%	0.42%	0.31%
August	0.26%	0.16%	0.25%	0.33%	0.26%
September	0.27%	0.16%	0.28%	0.32%	0.18%
October	0.27%	0.16%	0.28%	0.27%	0.26%
November	0.27%	0.16%	0.27%	0.23%	0.27%
December	0.26%	0.16%	0.30%	0.29%	0.28%
	0.26%	0.16%	0.26%	0.30%	0.26%

Scehdule Staff 31-1, 31-2, 31-3

(2) Base Year: 2006

Actual kW						
Month	GS>50 kW	TOU	Large Users	Street-Lighting	Sentinel	Total
January	829,810	6,219	6,542	8,607	94	851,272
February	715,296	6,492	7,141	5,466	96	734,490
March	755,160	5,726	7,041	(19,378)	89	748,639
April	688,426	6,200	6,819	10,461	93	711,999
May	791,393	6,061	6,830	19,253	85	823,621
June	934,892	6,954	7,573	15,348	6	964,773
July	842,437	6,609	7,617	9,303	148	866,114
August	885,901	7,135	7,451	21,664	108	922,259
September	888,788	7,339	8,360	6,851	0	911,338
October	833,374	6,698	7,706	6,035	108	853,922
November	883,400	6,861	7,074	19,417	112	916,865
December	746,182	6,641	7,174	9,297	205	769,499
Total	9,795,059	78,934	87,328	112,325	1,145	10,074,791

kW as percentage of kWh - 2006

January	0.25%	0.16%	0.25%	0.20%	0.24%
February	0.23%	0.16%	0.28%	0.21%	0.24%
March	0.23%	0.16%	0.30%	0.30%	0.23%
April	0.23%	0.15%	0.26%	0.24%	0.23%
May	0.26%	0.16%	0.27%	0.30%	0.22%
June	0.27%	0.17%	0.28%	0.29%	0.03%
July	0.26%	0.16%	0.27%	0.31%	0.33%
August	0.26%	0.17%	0.25%	0.31%	0.26%
September	0.26%	0.16%	0.28%	0.33%	0.00%
October	0.27%	0.16%	0.28%	0.29%	0.28%
November	0.26%	0.16%	0.28%	0.29%	0.27%
December	0.25%	0.16%	0.28%	0.23%	0.33%

(3) Base Year: 2007

Actual kW						
Month	GS>50 kW	TOU	Large Users	Street-Lighting	Sentinel	Total
January	904,336	6,957	7,174	9,788	219	928,473
February	764,891	7,580	6,792	9,775	110	789,147
March	759,433	6,795	6,430	8,900	0	781,559
April	794,391	7,367	6,984	9,890	96	818,727
May	838,966	7,356	6,802	9,592	249	862,965
June	883,361	8,027	7,334	10,024	110	908,857
July	877,500	8,065	7,349	9,753	106	902,773
August	940,095	8,537	7,481	10,083	110	966,306
September	837,263	8,631	8,419	10,097	109	864,520
October	919,187	8,226	7,054	9,800	105	944,371
November	826,449	8,438	7,323	10,171	108	852,489
December	756,426	9,061	7,738	10,389	(79)	783,534
Total	10,102,296	95,040	86,879	118,262	1,243	10,403,720

Scehdule Staff 31-1, 31-2, 31-3

kW as percentage of kWh - 2007

January	0.30%	0.15%	0.28%	0.21%	0.57%
February	0.23%	0.17%	0.28%	0.24%	0.24%
March	0.22%	0.15%	0.24%	0.25%	0.00%
April	0.26%	0.16%	0.29%	0.25%	0.20%
May	0.26%	0.15%	0.26%	0.37%	0.59%
June	0.27%	0.17%	0.26%	0.46%	0.29%
July	0.26%	0.16%	0.25%	0.47%	0.24%
August	0.27%	0.17%	0.26%	0.37%	0.27%
September	0.26%	0.16%	0.28%	0.33%	0.27%
October	0.28%	0.16%	0.28%	0.23%	0.25%
November	0.27%	0.17%	0.28%	0.26%	0.26%
December	0.26%	0.18%	0.32%	0.19%	0.28%

(3) Base Year:

2008

Actual kW

Month	GS>50 kW	100	Large Users	Street-Lighting	Sentinel	Total
January	565,259	-	-	-	180	565,440
February	1,101,304	15,602	12,709	19,620	133	1,149,367
March	756,447	7,960	6,694	5,144	109	776,354
April	913,762	7,733	6,524	4,292	103	932,414
May	820,009	8,032	6,311	21,745	109	856,206
June	876,200	8,019	6,936	4,480	74	895,709
July	927,915	8,353	7,533	16,082	137	960,021
August	851,993	8,222	7,010	10,147	105	877,476
September	887,752	7,936	6,893	10,162	104	912,847
October	812,412	8,170	7,022	10,797	108	838,509
November	804,207	7,892	6,536	3,147	102	821,885
December	808,704	8,028	6,725	34,181	92	857,729
Total	10,125,964	95,946	80,893	139,797	1,356	10,443,956

kW as percentage of kWh - 2008

January	0.27%	0.00%	0.00%	0.00%	0.21%
February	0.24%	0.16%	0.26%	0.21%	0.34%
March	0.26%	0.16%	0.26%	0.35%	0.24%
April	0.27%	0.16%	0.27%	0.07%	0.26%
May	0.27%	0.16%	0.26%	0.76%	0.25%
June	0.27%	0.16%	0.26%	0.45%	0.19%
July	0.28%	0.16%	0.26%	0.47%	0.34%
August	0.26%	0.16%	0.25%	0.31%	0.26%
September	0.29%	0.16%	0.27%	0.30%	0.27%
October	0.27%	0.16%	0.29%	0.29%	0.26%
November	0.28%	0.16%	0.27%	0.16%	0.26%
December	0.27%	0.16%	0.28%	0.45%	0.22%

3-year Average kW as percentage of kWh - 2006-2008

January	0.27%	0.10%	0.18%	0.14%	0.34%
February	0.23%	0.16%	0.27%	0.22%	0.27%
March	0.24%	0.15%	0.27%	0.30%	0.16%
April	0.26%	0.16%	0.27%	0.19%	0.23%
May	0.26%	0.16%	0.26%	0.48%	0.35%
June	0.27%	0.16%	0.27%	0.40%	0.17%
July	0.26%	0.16%	0.26%	0.42%	0.31%
August	0.26%	0.16%	0.25%	0.33%	0.26%
September	0.27%	0.16%	0.28%	0.32%	0.18%
October	0.27%	0.16%	0.28%	0.27%	0.26%
November	0.27%	0.16%	0.27%	0.23%	0.27%
December	0.26%	0.16%	0.30%	0.29%	0.27%
	0.26%	0.16%	0.26%	0.30%	0.26%
	0.26%	0.16%	0.26%	0.30%	0.26%

Payroll Burden and Overhead Rates Review

PowerStream Inc

**Corporate Accounting & Taxation
December 11, 2007**

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Payroll Burden and Overhead Rates Study

1.0 Executive Summary

1.1 Burden Application

Payroll Burden and Overhead rates had not been formally reviewed for some time. Accordingly, this study was undertaken with the terms of reference as may be viewed in Appendix A6.

The cost model, as it is currently structured, uses rates to allocate overheads to object accounts and work orders where sub ledger detail exists. The balance in overhead pool accounts (over/under absorption) is proportionally reallocated to object account activity of the period but not the specific work orders. This process essentially uses a variable recovery rate to fully absorb period costs into the proper accounting classification (OM&A/capital). Year end accounting distributes overhead capital object account balances to open work orders at essentially the average cost for the year. However, during the year, the true cost of the activity is not reflected in the business unit which incurred the costs. Therefore, it is important to have correct rates.

1.1.1 Payroll Groups

Payroll Burden rates are applied based on employee assignment to payroll groups. Separate burden rates are required to facilitate the proper costing of capital and OM&A work. Upon review of the burden pool accounts, new proposed rates have been calculated to ensure that internal and external work orders are appropriately charged.

<u>Payroll Group</u>	<u>Current</u>	<u>Proposed</u>
Outside A	60 %	80 %
Outside B	30 %	40 %
Inside	30 %	40 %
Management	30 %	40 %
Temporary	10 %	10 %
Students	10 %	10 %
Board of Directors	10 %	10 %

During this review , burden variance, that is to say differences between incurred and applied costs were examined. This analysis high lighted the extent to which rates are in need of revision. The under recovery to September 2007 month end is \$2.5 M.



Payroll burden rates need to be increased to reflect the new basis for calculation which is consistent with the OEB Accounting Handbook. Previously, payroll burden was inappropriately applied to overtime labour costs, bonuses and severance pay. The new basis applies payroll burden only to the appropriate PDBA Codes (Payroll Pay Codes).

1.2 Vehicle Rates/ Burden

Vehicle rates need to be increased. The rates have not been formally reviewed for some time. Characteristics specific to fleet e.g. age, organization (number of operation centers) and inflationary pressures such as increased gasoline prices are not currently reflected in the rates. The proposed new rates are the result of calculating current year costs and discussion with the Fleet Manager. Appendix A4 displays the proposed rates.

1.3 Engineering Overhead Basis Change

The Engineering Overhead application has been recalculated so that it would only be based on labour charges (Outside A and contract) to work orders. Material issues currently attract Stores Burden and also Engineering –Stores Burden. This is viewed as a duplication of charges and the change would simplify burden application. Engineering Overhead is over recovered by \$1.6 M at September month end. The proposed rates, when implemented in 2008, will recover all Engineering Burden costs including the portion previously captured by the Engineering-Stores rate.

	<u>Current</u>	<u>Proposed</u>
Eng Payroll(Outside A)	50%	60%
Engineering Contract	50%	60%
Engineering Stores:		
On Warehouse Issues	20%	0%
On Direct Shipment	20%	0%

1.4 Smart Meter Program

The Smart Meter Program utilizes a defined set of engineering resources. A separate Engineering Overhead rate has been developed to appropriately reflect costs incurred. By 2007 year end over recoveries of approximately \$900k are estimated. Current rates will be used to the end of 2007 while awaiting the approval of the report.

	<u>Current</u>	<u>Proposed</u>
Eng Payroll(Outside A)	50%	0
Engineering Contract	50%	35%
Engineering Stores:		
On Warehouse Issues	20%	0%
On Direct Shipment	20%	0%



1.5 Unchanged Rates

There are no proposed change to Stores Burden (15% Warehouse Issue and 5% Direct Shipment) or Direct Labour Capitalization (6%) rates.

2.0 Reviewing Current Processes

Examination of existing processes began with identifying the cost model ie. the flow of costs from one cost object to another. The costs are collected in business unit “cost centers” and then allocated to work orders or other business unit “cost centers”.

Next, the organization mapping to burden accounts were reviewed to ensure consistency with desired result. Employees are mapped in Table P069043 to Business Units . The Business Units in turn are mapped to Object Accounts and Element based on Pay Type in table P0801. This is of relevance because it determines which employees are assigned to burden pool accounts. The rate of burden application is dependent on the employee classification eg. Outside A, B etc. The charge to business units and work orders is accomplished by the application on the following bases:

Burden

Payroll Burden
Vehicle Rate
Stores
Engineering
Direct Labour

Basis of Application

Labour dollars by rate group
Vehicle group to which vehicle belongs
Direct shipment and Warehouse Issues
Outside A and Contract Labour dollars
% of capital budget expenditure dollars

Keeping in mind the employee mapping, the Business Unit organization chart was reviewed to ensure consistency visa vie the Payroll Burden and Overhead Cost Allocations in PowerStream Inc documentation.

An in depth review was undertaken of the assignment of individuals to union codes. It was noted that it is not possible to identify Outside A employees from Outside B employees in the employee database. They are all identified as outside workers. The delineation can only be accomplished by job title.

The most compelling argument in favor of retaining a separate rate for Outside A is that it is the mechanism used to charge or allocate costs to work orders. Therefore, costs which they incur should be applied to work orders. The variable costs consumed primarily by this group include non productive time and expendable tools.



An alternative approach which was not pursued would entail the implementation of job costing.

Monthly computer program criteria were reviewed for consistency with desired results. The criteria include applicable business units, object accounts and subsidiary accounts in the selection, application and redistribution of overheads.

The discovery process also involved looking at the inter relationship of burden pool accounts and a discussion of the sources of burden pool costs and the allocation among recipients. This resulted in an improved understanding of subsidiary account use and the methods of cost allocation from the burden pool accounts.

3.0 Burden Recovery Gaps

Burden recovery was compared to cost incurred for two purposes. The first reason was to determine the magnitude of any variance. Secondly, by comparing the 2007 monthly trend and comparing it with that experienced in 2006 ; so as to forecast if there is a pattern whereby it would be expected that the variance would dissipate by year end.

Tables were prepared for the 2007 (APPENDIX A1) and 2006 (APPENDIX A2) years summarizing the burden pool costs incurred and recovered. The over and under recovery position of the various burden pools is discussed in the following sections.

4.0 Payroll Burden

Payroll burden application was changed in 2007 and a new program used for calculation. Prior to this change payroll burden was applied on all employee earnings. This change was precipitated by a study of Payroll Burden and Overhead Cost Allocations in PowerStream Inc. Included in the documentation on page 7 is the foundation for this change. "OEB Guidelines indicate in OEB Accounting Procedures Handbook, Article 340- Allocation of Costs and Transfer Pricing (Page 8 to 10) that the burden rate shall be applied to regular time only...the following items should not be payroll burdened:

- a) On overtime labour costs;
- b) Other payments not related pay/direct labour; and
- c) Burden costs that are already in the burden cost pool accounts."

Given time constraints; the program logic was changed but, the rates were left in place. The impact of this amendment has been a short fall in payroll burden recoveries. The following table illustrates the impact of the changes on a company wide basis.



Payroll Burden Basis Comparison

\$000s

	<u>2006 Year</u>	<u>2007 YTD September</u>
(A) Payroll Burden	10,466	8,432
(B) Regular Pay	21,218	16,880
Overtime Pay	2,261	2,044
(C) Total Payroll	23,479	18,924
Old Basis (A)/(C)	45 %	45 %
New Basis (A)/(B)	49 %	50 %

As displayed above, the new basis (ie. excluding overtime) requires that the payroll burden rate needs to be increased. The Payroll Burden under recovery at September 2007 is \$2.5 M. This is a marked increase ie. 20% higher than at September of the previous year. The following analysis displays the reason for the change.

Payroll Burden Under Recovery Year Over Year Comparison

\$M Over (under)

Expected variance with no change in base	(1.2)
PDBA code change to exclude overtime	(1.4)
Increase in temp and student labour	<u>0.1</u>
Under allocated @ Sept 2007	<u>(2.5)</u>

To determine the appropriate rates; an analysis of the payroll burden pool was undertaken. Each of the Payroll Burden object accounts was examined and a rationale was developed for allocating the costs to the respective Employee Classifications eg. Outside A, management etc. An analysis detailing the segregation of Payroll Burden Pool costs can be viewed in APPENDIX A3. The following table compares the current and proposed burden rates.



Payroll Burden Rates

<u>Payroll Group</u>	<u>Current</u>	<u>Proposed</u>
Outside A	60 %	80 %
Outside B	30 %	40 %
Inside	30 %	40 %
Management	30 %	40 %
Temporary	10 %	10 %
Students	10 %	10 %
Board of Directors	10 %	10 %

During the analysis, the prospect of combining payroll groups, where appropriate, was entertained. The most compelling argument in favor of retaining a separate rate for Outside A is that specifically incurred costs should be priced to work orders. A unique characteristic of the group is that it consumed an additional \$600k in non productive time and expendable tools to September 2007 (see APPENDIX A3). Outside A employees are at times unable to carry out planned work program due to inclement weather. They also require expendable tools which should be charged to work orders as overhead. For these reasons a separate rate is required.

Utilizing the proposed rates should successfully recover the payroll burden costs in 2008. However, to recover the expected under recovery in 2007, an adjustment for year to date activity would be required.

5.0 Vehicle Rate/ Burden

There are currently over 200 vehicles in the PowerStream fleet. These vehicles are pooled into Groups with the reported hours of use for individual vehicles priced at the Group rate. Any under recovered costs are allocated to Business Unit 995.

Vehicle Rate recoveries pattern to September 2007 is better than that experienced in 2006. However, September 2007 year to date under recoveries are \$0.8 M or approximately 30% and are expected to grow to approximately \$1.1 M by year end.

Of the charges to the Vehicle Burden Pool, 66% of the costs are not vehicle specific. The unassigned costs include depreciation, facilities cost, fleet staff, fuel, ETR charges, license, insurance etc. To calculate Vehicle Group rates, these shared costs need to be allocated to the Vehicle Groups. An additional encumbrance to calculating vehicle rates is the current practice of not requiring vehicle hours to be reported for leased cars and other vehicles assigned to business units. An alternate approach to recover a fair cost is the use of external benchmark rates. The proposed



rates were arrived at through discussions with the Fleet Manager. See analysis APPENDIX A4.

In addition to adapting the proposed rates; changes to the reporting of vehicle hours was investigated to recover Vehicle Burden Pool costs. The vehicle recoveries are dependent on time entry. Currently, there is no accounting system check and balance. Employees note the vehicle hours used on a section of the timesheet but business units do not issue reports to verify the use of vehicles which they may have failed to report on timesheets. Of the fleet of vehicles, eight are pool vehicles while the rest are assigned to various departments. A change in practice was rejected due to the increased administrative effort that would be required.

6.0 Engineering/Operations Overhead

There are three program criteria used to apply Engineering Burden. Engineering Payroll burden is applied on Outside A labour costs at a rate of 50%. Engineering Contract labour doing Outside work are burdened at a rate of 50%. In addition, an Engineering Stores burden on material issues from the warehouse and direct shipment is applied at a rate of 20%. The following table summarizes rates which have been used to recover Engineering Overhead:

	<u>2006</u>	<u>2007</u>	<u>Proposed</u>
Eng Payroll(Outside A)	50%	50%	60%
Engineering Contract	50%	50%	60%
Engineering Stores:			
On Warehouse Issues	20%	20%	0%
On Direct Shipment	0%	20%	0%

The Engineering Stores burden is thought to be an excessive charge. Material issues to a work order already attract a *Stores Burden* of 20% for warehouse issue and 5% for direct shipment. It does not seem appropriate to levy an additional charge for Engineering Stores burden based on the same material issue dollars. For this reason and, to simplify the application process; it is recommended that the Engineering Stores charges be discontinued. These rates will capture all burden including the portion previously captured by the Engineering-Stores rate. See analysis



APPENDIX A5 which recalculates the rates required to recover Engineering Burden Pool costs.

Engineering/Operations Overhead have been historically over recovered (see Appendix A2). At September 2007 month end over recoveries are \$1.6M (see Appendix A1) and expected to continue growing. The adoption of the proposed rates will better match overhead incurred.

The year over year change in Engineering Recoveries can be summarized as follows:

Engineering Overhead Recoveries

Year Over Year Comparison

	M\$ Over (under)
Expected variance	1.1
Engineering Payroll decrease	(0.3)
Contract Labour increase	0.5
Engineering Stores increase	<u>0.3</u>
September 2007 Over recovery	1.6

During the discovery process, it was noted that design technicians fill out time sheets that charge work orders. Their job classification is Inside workers and as such does not attract Engineering Burden. However, these individuals are working on the same jobs as the Outside A workers. The Engineering Overhead Burden which could be applied to the Inside workers will be applied through the Outside A application process. No change to the existing process is proposed.

7.0 Stores Burden

Stores Burden for 2007 is calculated by applying 15% to warehouse issues and 5% to direct shipments. In prior years the calculation was based solely on 15% of warehouse issues. The effect of this change in conjunction with increased warehouse issues is an over recovered position in 2007. Stores Burden recoveries in the third quarter have out paced those of the 2006 year. The result of this activity increase is over recoveries of \$0.2M year to date compared to under recoveries of \$-0.4 M in 2006. Material inventory levels in 2007 exceed those of 2006 indicating a higher level of activity. Estimating the level of work order activity is the largest factor in determining an appropriate rate. This is particularly the case with material issues to capital; due to the uncertainty of approval, timing of expenditure and the none repetitive nature. No change is proposed in these rates.



8.0 Direct Labour Capitalization

Apart from staff directly involved in capital work, certain staff indirectly provide support and services to the capital function. A portion of their labour costs including payroll burden and estimated bonus is charged directly to capital work. Direct Labour Capitalization for 2007 was set at 6% of budgeted capital expenditure. Direct Labour Capitalization Recoveries year to date September 2007 exceed cost incurred by \$276,000. The capitalization rate of 6% was based on budget capital expenditures of \$35.1M. The variance at year end will depend on the level of activity in the fourth quarter. No change in the capitalization rate is suggested.

9.0 Smart Meter and CDM Programs

Conceptually, there is no difference between Smart Meter, CDM Programs or work programs currently being undertaken at PowerStream. They all consume similar resources. The pricing of these resources should be consistent.

9.1 Smart Meter

The Smart Meter program is expected to span a period of four years, ending in 2010. Therefore, a short term solution is required to facilitate the costing of this program. The program is administered by identifiable individuals and therefore, the full Engineering Overhead rates should not apply. Rather, the estimated effort (40%) of these individuals should be recovered by a specific Smart Meter overhead rate applied to contract labour. The balance of their time will be recovered by the regular Engineering Overhead process.

As proposed in the Engineering Overhead portion of this report (Section 6.0), the Engineering Stores burden based on material issues would no longer be applied.

The Smart Meter program does utilize warehouse and purchasing resources. 80,000 units are expected to be issued in 2007 and 50,000 in each of 2008, 2009 and 2010. The proposal is that warehouse issues will continue to attract the normal 15% Stores Burden Overhead. Since, it is short term in nature and, there are a number of external influences to Warehouse and Purchasing, no effort will be made to change the stores burden rate. The calculation of the Stores Burden rate depends on estimates of issue activity, most notably capital material which can fluctuate considerably from year to year.



9.2 CDM Programs

The CDM programs have no capital component. There are also no materials issued. The programs are funded by OPA. Therefore, the only charges to the programs should be for actual labour dollars and payroll burden for individuals associated with the programs. The application treatment is considered to be the same as other distribution activities.

10.0 Comparative Burden Rates

A survey was taken of other similar sized LDC's in regards to various burden rates. However, due to varying approaches and methodologies, it would be irrelevant to show these rates against PowerStream's burden rates. Some utilities combined various burden pools and others included different cost base components in their pools. Still others applied different cost drivers to determine rates.

11.0 Summary of All Burden Rates

<u>Pavroll Burden</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Outside A(eg linesmen,metermen)	60 %	80 %
Outside B (eg mechanic, storesmen)	30 %	40 %
Inside (eg eng'g admin, accounting)	30 %	40 %
Management (eg executive,director)	30 %	40 %
Temporary	10 %	10 %
Students	10 %	10 %
Board of Directors	10 %	10 %

<u>Engineering Overhead</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Eng Payroll(Outside A)	50%	60%
Engineering Contract	50%	60%
Engineering Stores:		
On Warehouse Issues	20%	0%
On Direct Shipment	20%	0%

<u>Stores Burden</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Warehouse Issue	15%	15%
Direct Shipment	5%	5%

<u>Direct Labour Capitalization</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Direct Labour Capitalization	6%	6%

<u>Smart Meter Program</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Eng Payroll(OutsideA)	50%	0
Engineering Contract	50%	35%
Engineering Stores:		
On Warehouse Issues	20%	0%
On Direct Shipment	20%	0%
Stores Burden:		
Warehouse Issue	15%	15%
Direct Shipment	5%	5%

<u>Vehicle Rates/Burden(per hour)</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
H01 Car	6.40	13.09
H02 Trailers	10.60	21.62
H03 ½ Ton Pick Up	12.20	15.93
H04 1 Ton Pickup	15.60	18.21
H05 ½ Ton Van	13.30	15.14
H06 ¾ Ton Pickup	13.30	15.14
H07 1 Ton Van	20.80	23.67
H08 Dump Truck	16.70	44.38
H09 Fork Truck	16.70	31.86
H10 1.5 Ton Pick Up	17.30	36.42
H11 Tension Machine	26.50	30.16
H12 Single Bucket Truck	37.30	46.94
H13 Flat Bed Truck	31.80	42.77
H14 Digger	33.40	61.93
H15 Double Bucket Truck	37.10	52.76



12.0 Approval

Approved for Implementation January 2008

Lucy Lombardi
Director-Corporate Finance

Date:

Colin Macdonald
Director-Rates & Accounting

Date:



APPENDIX

APPENDIX A1 Burden Recovery 2007



APPENDIX A2 Burden Recovery 2006



APPENDIX A3 Payroll Burden Rate Group Analysis



APPENDIX A4 Vehicle Group Analysis



APPENDIX A5 Engineering Overhead Analysis

APPENDIX A6 Terms of Reference

1.0 Background

PowerStream Inc. is an amalgamation of four entities with varying practices on payroll burden and overhead allocation. Payroll burden and Overhead allocation rates were different amongst these entities. Over the past two years, significant efforts have gone towards integrating most of these allocation practices. The payroll burden and overhead application processes were reviewed, automated and documented in the Fall of 2006. The rates being used, however, have not been reviewed and updated. It's recommended that further study on the burden rates is necessary to ensure the burden/overhead costs are recovered accurately and completely.

2.0 Objective

The Study is to achieve the following objectives:

- Ensure the burden/overhead cost pools are properly designed to capture all relevant costs in a complete and structurally efficient manner;
- Review the design of all existing burden and overhead allocation rates and propose rates changes, where applicable, ensuring the burden and overhead costs are fully recovered;
- Review overhead costs related to Smart Meter and CDM Programs and propose new overhead rate/payroll burden rates respectively as necessary to cover the Smart Meter costs per the OEB guidelines and recover costs from OPA respectively;

It's expected that the results of this Study will be implemented in 2008.

3.0 Scope of the Project

3.1 Expectations

Where appropriate, the current allocation processes should be simplified, reduced and clarified. The burden and overhead rates to be reviewed are as follows:

- Payroll Burden Rates applied to various groups of employees
 - Group A
 - Group B
 - Temp
- Operations (Engineering) Overhead Rates
 - On Payroll
 - On Contract
 - On Materials
- Direct Labour Costs Allocations Rates
- Stores Burden Costs Allocation Rates
 - Stores Materials
 - Direct Shipments
- Vehicles Rates



3.2 Approach/Methodology

The 2007 actual burden data and annual Budget will be used for this Study. The general approach/methodology can be summarized as follows:

- Review the classification and structure of all burden/overhead cost pools to ensure all overhead costs are classified and captured properly. This will include the review the appropriateness of all GL accounts currently used to account for various overhead costs.
- Analyze 2007 (and 2006 as necessary) actual burden recovery gaps for each burden cost pool in order to identify burden rates deficiency.
- Review the design, assumption, and calculation of all burden rates; propose rates changes if necessary to allow full recovery of burden/overhead costs
- Obtain and understand other LDC's overhead/burden allocation practices as reference and knowledge base for the rates study.

4.0 Documentation and Recommendations

The analysis, findings and recommendations are to be documented in a report.

5.0 Timeline

Duration of the project is estimated about 1.5-2 month. The updated Rates will be implemented for 2008.

6.0 Team and Resources

<u>Project Sponsor:</u>	Lucy Lombardi- Director, Corporate Finance
<u>Project Lead:</u>	Seumas So – Manager, Financial Operations
<u>Project Process Consultant:</u>	Geri Yin – Manager, Financial Services
<u>Project Resources:</u>	Roger Bullock – Financial Analyst
	Larry Iwamoto –Senior Rates Analyst
	George Litavsky – Assistant Payroll Supervisor
	Jack Barber – Contractor



Appendix A1
Burden Gap Analysis- 2007

		Cumulative Expenditures								
		<u>1/31/2007</u>	<u>2/28/2007</u>	<u>3/31/2007</u>	<u>4/30/2007</u>	<u>5/31/2007</u>	<u>6/30/2007</u>	<u>7/31/2007</u>	<u>8/31/2007</u>	<u>9/30/2007</u>
Operations Overhead										
Applied		9089	(455,216)	(1,105,572)	(1,904,320)	(2,596,383)	(3,552,926)	(4,639,771)	(5,632,502)	(6,835,521)
over/(under)	Redistribution	9088	<u>124,417</u>	<u>(25,714)</u>	<u>252,161</u>	<u>(16,937)</u>	<u>(264,045)</u>	<u>150,610</u>	<u>503,156</u>	<u>994,498</u>
			(330,799)	(1,131,286)	(1,652,159)	(2,613,320)	(3,816,971)	(4,489,161)	(5,129,346)	(5,841,023)
Incurred:	Engineering - System Planning	9081	54,678	186,765	299,388	425,752	519,388	605,781	688,536	761,416
	Engineering - Records	9082	12,548	40,522	129,858	175,747	226,571	257,341	281,759	319,637
	Engineering - Design & Standards	9083	39,198	354,963	617,242	961,950	1,352,392	1,600,260	1,832,541	2,116,324
	Engineering - Operations	9084	55,479	131,500	48,262	155,542	390,818	458,147	516,553	581,439
	Construction	9085	106,453	284,509	349,911	615,795	980,016	1,149,881	1,323,033	1,505,708
	Allocated Cost	9086	<u>69,166</u>	<u>138,332</u>	<u>207,498</u>	<u>276,664</u>	<u>345,830</u>	<u>414,996</u>	<u>484,163</u>	<u>553,329</u>
			337,522	1,136,591	1,652,159	2,611,450	3,815,015	4,486,406	5,126,585	5,837,853
	Over (under) applied overhead before redistrib'n		35%	-3%	15%	-1%	-7%	3%	10%	17%
									25%	
Stores Burden										
Applied		9049	(133,959)	(235,483)	(405,280)	(430,696)	(718,802)	(1,075,979)	(1,395,213)	(1,849,014)
over/(under)	Redistribution	9048	<u>(14,677)</u>	<u>(86,601)</u>	<u>(75,040)</u>	<u>(269,458)</u>	<u>(283,675)</u>	<u>(130,796)</u>	<u>(186,530)</u>	<u>61,490</u>
			(148,636)	(322,084)	(480,320)	(700,154)	(1,002,477)	(1,206,775)	(1,581,743)	(1,787,524)
Incurred:	Stores Operation	9041	130,612	272,718	401,082	576,456	831,624	998,664	1,340,639	1,506,741
	Purchasing Operating	9042	21,683	49,367	79,240	123,661	170,852	208,111	241,811	281,489
	Stores Inventory Adjustment	9043	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(707)</u>	<u>(707)</u>	<u>(707)</u>
			152,295	322,085	480,322	700,117	1,002,476	1,206,775	1,581,743	1,787,523
	Over (under) applied overhead before redistrib'n		-12%	-27%	-16%	-38%	-28%	-11%	-12%	3%
									10%	
Vehicle Rates										
Applied		9079	(187,017)	(388,011)	(647,689)	(862,026)	(1,057,382)	(1,333,405)	(1,543,284)	(1,792,094)
over/(under)	Redistribution	9078	<u>5,015</u>	<u>(95,027)</u>	<u>(229,367)</u>	<u>(239,830)</u>	<u>(429,122)</u>	<u>(432,323)</u>	<u>(655,228)</u>	<u>(648,366)</u>
			(182,002)	(483,038)	(877,056)	(1,101,856)	(1,486,504)	(1,765,728)	(2,198,512)	(2,440,460)
Incurred:	Vehicle & Associated eqpt	9071	183,791	483,039	877,056	1,101,855	1,486,505	1,765,727	2,198,512	2,440,460
	Over (under) applied overhead before redistrib'n		2%	-20%	-26%	-22%	-29%	-24%	-30%	-27%
									-27%	
Direct Labour Capitalization										
Applied	SAC 9159 @ 6% Capital \$			258,100	435,692	662,129	839,947	1,045,744	1,228,802	1,426,033
Incurred:	SAC 9141 Cost Incurred		(100,956)	(203,325)	(311,035)	(549,613)	(688,806)	(796,303)	(898,751)	(1,008,741)
	SAC 9142 Cost Incurred		<u>(24,167)</u>	<u>(47,773)</u>	<u>(73,867)</u>	<u>(98,483)</u>	<u>(131,176)</u>	<u>(158,715)</u>	<u>(181,529)</u>	<u>(202,153)</u>
			(125,123)	(251,098)	(384,902)	(648,096)	(819,982)	(955,018)	(1,080,281)	(1,210,894)
	Over (under) applied overhead before redistrib'n		(125,123)	7,002	50,790	14,033	19,965	90,725	148,522	215,139
										276,125
Payroll Burden										
Applied	Credits	9099	(606,059)	(1,211,223)	(1,687,799)	(2,299,230)	(3,269,143)	(4,028,832)	(4,630,599)	(5,286,858)
	Redistribution	9098	<u>4,178</u>	<u>(257,018)</u>	<u>(953,082)</u>	<u>(1,338,329)</u>	<u>(1,644,863)</u>	<u>(2,066,551)</u>	<u>(2,144,661)</u>	<u>(2,581,767)</u>
			(601,881)	(1,468,241)	(2,640,881)	(3,637,559)	(4,914,006)	(6,095,383)	(6,775,260)	(7,868,625)
Incurred:	Safety Meetings/Training	9025	17,536	66,330	100,450	136,163	176,882	222,117	246,706	272,912
	Training & Development	9026	187	6,813	48,723	102,576	256,241	298,175	315,493	320,881
	Non Productive Time	9035	11,789	33,436	58,630	102,576	120,846	153,707	172,368	186,375
	Employee Future Benefits	9090	89,720	179,440	269,160	358,881	448,601	538,321	628,042	717,762
	Pay Benefits- Management	9091	60,065	138,876	264,855	264,226	410,587	569,753	577,269	724,646
	Pay Benefits- Office	9092	49,124	214,525	461,721	622,242	875,789	1,123,865	1,276,415	1,583,884
	Opening balance	9093	52,695	107,044	207,698	209,242	302,273	446,648	452,866	587,605
	Expendable Tools & Equip	9096	9,294	45,466	125,773	187,520	252,708	303,711	372,250	424,633
	EI	9241	46,983	94,272	149,333	208,086	248,462	277,883	296,039	312,392
	CPP	9242	103,362	207,615	328,732	460,844	555,593	624,610	669,311	707,761
	OMERS	9243	154,534	314,395	488,275	745,560	946,159	1,135,241	1,298,380	1,482,287
	EHT	9244	42,723	85,834	136,934	204,734	261,232	316,433	363,626	417,597
	WSIB	9245	<u>(36,133)</u>	<u>(25,807)</u>	<u>595</u>	<u>32,159</u>	<u>58,634</u>	<u>84,917</u>	<u>106,494</u>	<u>129,889</u>
			601,879	1,468,239	2,640,879	3,634,809	4,914,007	6,095,381	6,775,259	7,868,624
	Over (under) applied overhead before redistrib'n		1%	-18%	-36%	-37%	-33%	-34%	-32%	-33%
									-30%	

Appendix A2 Burden Gap Analysis- 2006

		Cumulative Expenditures											
		<u>1/31/2006</u>	<u>2/28/2006</u>	<u>3/31/2006</u>	<u>4/30/2006</u>	<u>5/31/2006</u>	<u>6/30/2006</u>	<u>7/31/2006</u>	<u>8/31/2006</u>	<u>9/30/2006</u>	<u>10/31/2006</u>	<u>11/30/2006</u>	<u>12/31/2006</u>
Operations Overhead													
Applied		0	(809,313)	(1,789,367)	(2,529,733)	(2,952,101)	(4,701,476)	(5,354,023)	(6,376,699)	(7,332,396)	(8,514,979)	(9,633,270)	(10,807,320)
over/(under)	Redistribution	0	0	(106,942)	19,686	0	269,916	0	652,518	1,046,948	1,646,859	1,964,817	1,879,809
		0	(809,313)	(1,896,309)	(2,510,047)	(2,952,101)	(4,431,560)	(5,354,023)	(5,724,181)	(6,285,448)	(6,868,120)	(7,668,453)	(8,927,511)
Incurred:	Engineering - System Planning	9081	66,354	126,286	219,750	248,963	387,022	502,833	564,111	631,170	704,883	768,436	857,904
	Engineering - Records	9082	46,268	111,340	153,063	249,953	303,627	429,444	487,383	544,855	592,533	640,158	723,792
	Engineering - Design & Standards	9083	195,971	476,869	734,363	975,378	1,262,934	1,689,063	1,908,685	2,134,821	2,378,439	2,619,943	3,352,292
	Engineering - Operations	9084	45,953	88,576	135,964	180,145	249,793	348,003	404,012	451,885	500,220	538,119	600,019
	Construction	9085	163,674	331,599	484,437	634,022	818,105	1,125,005	1,288,823	1,511,833	1,603,554	1,739,443	1,941,949
	Allocated Cost	9086	0	112,404	168,606	224,808	281,010	337,212	393,415	449,617	505,819	562,021	618,222
			518,220	1,247,074	1,896,183	2,513,269	3,302,491	4,431,560	5,046,429	5,724,181	6,285,448	6,868,120	7,668,452
	Over (under) applied overhead before redistrib'n		-100%	-35%	-6%	1%	-11%	6%	6%	11%	17%	24%	21%
Stores Burden													
Applied		9049	(7,090)	(224,741)	(344,268)	(485,639)	(444,909)	(976,990)	(1,092,124)	(1,251,889)	(1,341,031)	(1,501,838)	(1,538,436)
over/(under)	Redistribution	9048	0	0	(335,061)	(416,118)	0	86,539	0	(263,995)	(392,187)	(381,942)	(496,190)
			(7,090)	(224,741)	(679,329)	(901,757)	(444,909)	(890,451)	(1,092,124)	(1,515,884)	(1,733,218)	(1,883,780)	(2,034,626)
Incurred:	Stores Operation	9041	140,990	422,861	617,169	813,281	1,059,405	940,964	1,127,839	1,337,184	1,526,242	1,650,425	1,785,206
	Purchasing Operating	9042	27,845	53,552	79,782	104,026	129,135	172,259	195,800	219,341	247,616	273,995	304,499
	Stores Inventory Adjustment	9043	(8,858)	(6,455)	(17,568)	(15,160)	0	(49,749)	(40,640)	(40,640)	(40,640)	(55,080)	(55,080)
			159,977	469,958	679,383	902,147	1,188,540	1,063,474	1,282,999	1,515,885	1,733,218	1,883,780	2,034,625
	Over (under) applied overhead before redistrib'n		-96%	-52%	-49%	-46%	-63%	-8%	-15%	-17%	-23%	-20%	-24%
Vehicle Rates													
Applied		9079	(127,658)	(340,812)	(571,088)	(761,248)	(971,137)	(1,234,050)	(1,424,018)	(1,604,049)	(1,843,588)	(2,010,870)	(2,219,606)
over/(under)	Redistribution	9078	0	0	(69,902)	(142,620)	0	(714,982)	0	(874,496)	(1,030,540)	(1,007,585)	(1,127,670)
			(127,658)	(340,812)	(640,990)	(903,868)	(971,137)	(1,949,032)	(1,424,018)	(2,478,545)	(2,874,128)	(3,018,455)	(3,347,276)
Incurred:	Vehicle & Associated eqpt	9071	93,433	404,050	725,018	991,627	1,358,085	2,033,061	2,361,530	2,562,573	2,958,156	3,018,455	3,354,435
	Over (under) applied overhead before redistrib'n		37%	-16%	-21%	-23%	-28%	-39%	-40%	-37%	-38%	-33%	-34%
Direct Labour Capitalization													
		9095	0	0	0	0	0	0	0	0	1,290,672	1,434,080	1,577,488
	Journal entries (start Sept)												2,348,572
Payroll Burden													
Applied	Credits	9099	(718,854)	(1,441,606)	(2,322,441)	(3,148,414)	(4,211,920)	(5,366,716)	(6,230,181)	(7,060,042)	(8,041,914)	(8,876,292)	(9,833,260)
	Redistribution	9098	0	0	(702,544)	(758,523)	2,863	(967,756)	2,863	(1,293,771)	(1,239,439)	(153,142)	(52,317)
			(718,854)	(1,441,606)	(3,024,985)	(3,906,937)	(4,209,057)	(6,334,472)	(6,227,318)	(8,353,813)	(9,281,353)	(9,029,434)	(9,885,577)
Incurred:	Safety Meetings/Training	9025	21,973	56,310	107,347	147,820	180,480	267,762	294,390	315,932	353,365	393,487	431,312
	Training & Development	9026	35,730	107,200	178,248	282,953	342,644	439,028	441,279	454,552	459,548	514,729	524,820
	Non Productive Time	9030/90	32,436	84,809	126,576	162,840	235,888	343,009	392,726	422,755	470,890	547,912	597,752
	Employee Future Benefits	9090	0	192,947	289,420	385,894	482,367	578,840	675,314	771,878	868,261	964,734	1,061,208
	Pay Benefits- Management	9091	55,550	141,426	258,938	265,683	487,063	543,141	838,046	847,522	912,640	359,403	425,065
	Pay Benefits- Office	9092	179,519	409,014	693,663	884,579	1,078,397	1,265,250	1,551,389	1,815,833	2,062,144	1,982,041	2,167,641
	Opening balance	9093	48,857	106,927	205,807	258,486	305,362	519,365	519,633	624,473	485,415	536,646	589,849
	Expendable Tools & Equip	9096	38,785	110,047	186,949	229,977	301,271	373,033	407,677	451,525	500,409	524,739	623,738
	EI	9241	44,540	89,203	140,304	187,200	232,903	274,412	291,483	303,521	313,002	316,391	320,052
	CPP	9242	92,749	185,760	291,617	388,853	484,234	576,984	616,558	643,517	666,796	678,813	687,344
	OMERS	9243	135,258	275,003	436,950	588,696	745,007	1,012,462	1,168,264	1,321,591	1,495,217	1,643,717	1,829,050
	EHT	9244	38,675	77,676	123,141	167,015	211,816	285,800	331,346	375,033	425,144	468,544	520,942
	WSIB	9245	(58,346)	(38,532)	(14,931)	7,815	30,442	63,382	84,667	104,603	124,077	143,500	154,478
			665,726	1,797,790	3,024,029	3,906,783	5,070,998	6,328,465	7,612,504	8,347,895	9,275,966	9,023,425	9,880,048
	Over (under) applied overhead before redistrib'n		8%	-20%	-23%	-19%	-17%	-15%	-18%	-15%	-13%	-2%	5%

Schedule Staff 37-1

APPENDIX A 3
Payroll Burden Analysis-2007

				2007 September YTD Weight 297,202	0.04	Direct \$	Headcount	BU 415 Prorata	Other Costs Prorata	Outside A	Outside B	Inside	Management	Temp	Student	Board	TOTAL	
Safety Meetings/Training(HR)	9025					Outside A Outside B Inside Management(415) Student Temporary Board	72,905 525 140 143,003 0 0 10	114 33 106 120 17 18 10	41,694 12,069 38,768 43,888 6,583 80,629	23,508 6,805 21,859 24,745 3,712 -	138,107	19,399	60,767	68,634	10,295			297,202
Training & Development	9026	328,117	0.04			Outside A Outside B Inside Management Student Temporary Board	273,198 1,801 0 53,118 0 0 0			273,198	1,801		53,118					328,117
Non Productive Time	9030/9035	200,005	0.02			Outside A Outside B Inside Management Student Temporary Board	199,800 205 200,005			199,800	205							200,005
Employee Future Benefits	9090	807,482	0.10	Annual accrual									807,482					807,482
Pay Benefits- Management	9091	730,554	0.09	mgmt Great West Life									730,554					730,554
Pay Benefits- Outside	9092	1,698,108	0.20	union Great West Life	147 heads			O/S A= 114	O/S B=33	1,316,900	381,208							1,698,108
Pay Benefits- Office	9093	589,588	0.07	office Great West Life								589,588						589,588
Expendable Tools & Equip	9096	472,076	0.06			depreciation 245 435 445 475 485 495 535 555 565 575 735 755	164,222 2,716 151,242 112,777 9,475 2,850 2,162 4,282 177 4,548 16,466 31 1,127	307,853	472,076	depreciation Business Solutions Lines-West Lines-East Station Mtce P&C Fleet Inspect & Locate Eng-Design System Control Metering Corp- Communication Stores	231,922 172,938 14,529 4,370 3,315 6,566 272 6,974 25,250 47 1,728	4,165					472,076	
EI	9241	321,710	0.04	1.8% all wages up to maxm \$720						71,622	24,606	64,113	149,479	4,599	7,290			321,710
CPP	9242	731,661	0.09	4.95% to maximum \$1,989.90						208,703	60,414	194,057	219,687	32,953	7,323	8,525		731,661
OMERS	9243	1,644,589	0.20	6.5% up to YMPE of \$40,200 9.6% above. Exclusions:contract,students,parttim						380,185	130,615	340,325	793,463					1,644,589
EHT	9244	464,585	0.06	Payroll \$ (1.95%-employer health tax)						102,748	35,300	91,975	214,439	6,597	10,459	3,068		464,585
WSIB	9245	146,251	0.02	Payroll \$ exclusions: exec and board						32,560	11,186	29,146	67,954	2,091	3,314			146,251
(A) Burden Amount		8,431,928	1.00							3,179,397	681,189	1,369,972	3,104,857	56,534	28,386	11,593		8,431,928
(B) Wages -Gross Regular Pay excluding burden (provide BU, Object Account and Element) by Payroll Burden Code										3,733,101	1,282,536	3,341,716	7,791,154	239,684	379,991	111,459		16,879,641
PAYROLL BURDEN % (A/B)										85%	53%	41%	40%	24%	7%	10%		50%
OUTSIDE WORKERS										77%								
UNION										63%								
PROPOSED RATE GROUPING										85%	42%					13%		

APPENDIX A 4**Summary Of Vehicle Costs & Hours September 2007 YTD**

	<u>Group</u>	<u>Sept 2007YTD Work Order \$</u>	<u>Sept 2007YTD Reallocated</u>	<u>Sept 2007YTD Hours</u>	<u>Calculated Rate</u>	<u>Current Rate</u>	<u># Vehicles</u>	<u>Proposed Rates</u>	<u>Desired Recoveries</u>
Car	H01	72,575	218,438	18 (2)	12,135.44	6.40	12	13.09	236
Trailers	H02	13,327	40,111	1,645 (3)	24.38	10.60	32	21.62	35,569
1/2 Ton Pick Up	H03	79,055	237,941	16,669	14.27	12.20	29	15.93	265,571
1 Ton Pick Up	H04	47,547	143,107	10,643	13.45	15.60	12	18.21	193,794
1/2 Ton Van	H05	83,278	250,653	20,055	12.50	13.30	24	15.14	303,550
3/4 Ton Pick Up	H06	74,497	224,224	2,993 (4)	74.92	13.30	19	15.14	45,302
1 Ton Van	H07	86,151	259,301	15,183	17.08	20.80	23	23.67	359,399
Dump Truck	H08	4,168	12,544	320	39.20	16.70	3	44.38	14,203
Fork Truck	H09	12,609	37,952	37 (5)	1,025.74	16.70	8	31.86	1,179
1.5 Ton Pick Up	H10	3,622	10,900	833 (6)	13.09	17.30	2	36.42	30,335
Tension Machine	H11	3,195	9,616	381	25.27	26.50	6	30.16	11,475
Single Bucket Truck	H12	140,431	422,674	10,247	41.25	37.30	7	46.94	481,035
Flat Bed Truck	H13	20,783	62,554	1,667 (7)	37.54	31.80	2	42.77	71,272
Digger	H14	77,466	233,158	4,285	54.42	33.40	9	61.93	265,347
Double Bucket Truck	H15	204,194	614,589	13,258	46.36	37.10	14	52.76	699,499
	(1) Unassigned	1,854,866		-					-
	Grand Total	2,777,764	2,777,764	98,232			202		2,777,764
Recoveries		(2,017,263)							
Redistribution		760,501							

Note:

Proposed rates are based on discussion with Fleet Manager and incorporate calculated costs YTD / expected cost increases and external reference costs which are considered administratively difficult to recover have been allocated across all vehicle groups

- (1) Reallocated costs include depreciation (\$575k), facilities (\$491k), salaries (\$285k), fuel/insurance/ETR/license (\$287k) and other unassigned costs
- (2) Hours for 12 cars only 18 hrs reported
- (3) Under reported hours
- (4) Older vehicles. Expect to replace 8-10 vehicles in 2007-8.
- (5) Hours per Paula Simmons email as compared to 37 hrs reported. Expect to reduce number when there is only one operating centre.
- (6) Currently vehicle is new but eight maintenance periods per year are required.
- (7) Unreported hours for vehicle PS 362 which is used 2 day/wk

APPENDIX A 5

Engineering Overhead Burden Analysis

	Object Account	Element	2007 YTD September	2006 YTD September	2006 Jan-Dec
Basis					
Lab \$ - Outside A			3,290,724	3,897,436	5,340,212
Lab \$ - Contract			6,741,584	5,789,370	9,016,736
Material \$ Direct Shipment	1395	note (1)	996,058	4,149,119	5,394,173
Material \$ Warehouse Issue	2120		13,771,523	9,467,927	12,674,461
			<u>14,767,581</u>		
Current Process					
Applied - Outside A @ 50%	9089	9160	(1,645,362)	(1,948,718)	(3,823,810)
Applied - Contract @ 50%	9089	9161	(3,370,792)	(2,894,685)	(4,543,502)
Applied - Material @ 20%	9089	9162	(2,953,516)	(2,723,409)	(3,613,727)
			<u>(7,969,670)</u>	<u>(7,566,812)</u>	<u>(11,981,039)</u>
9089 Trial Balance			<u>(8,044,878)</u>	<u>(7,332,396)</u>	<u>(10,807,320)</u>
Incurred					
Engineering - System Planning	9081		841,416	704,883	980,357
Engineering - Records	9082		346,658	592,533	805,250
Engineering - Design & Standards	9083		2,346,564	2,378,439	3,352,292
Engineering - Operations	9084		622,383	500,220	834,330
Construction	9085		1,667,531	1,603,554	2,280,857
Allocated Cost	9086		622,495	505,819	674,425
Total			<u>6,447,047</u>	<u>6,285,448</u>	<u>8,927,511</u>
Over(under) Applied			<u>1,597,831</u>	<u>1,046,948</u>	<u>1,879,809</u>
Revised Rate:					
Current Process			Rate	Rate	Rate
Applied - Outside A		(1,145,922)	35%	(1,433,168)	37%
Applied - Contract		(2,347,608)	35%	(2,128,871)	37%
Applied - Material		(2,953,516)	20%	(2,723,409)	20%
		<u>(6,447,047)</u>		<u>(6,285,448)</u>	<u>(8,927,511)</u>
Proposed Rate:					
Labour Basis Only					
Applied - Outside A		(2,114,713)	64%	(2,528,917)	62%
Applied - Contract		(4,332,334)	64%	(3,756,531)	62%
Applied - Material			0%	0%	0%
		<u>(6,447,047)</u>		<u>(6,285,448)</u>	<u>(8,927,511)</u>

note:

(1) Direct shipments were not included in 2006 calculation

SHARED SERVICES AGREEMENT made in duplicate this 1st day of January, 2008

B E T W E E N:

POWERSTREAM INC.,
(hereinafter called "**PowerStream**")

- and -

THE CITY OF VAUGHAN,
(hereinafter called the "**City**")

WHEREAS on June 1, 2004, Hydro Vaughan Distribution Inc. ("**Vaughan Hydro**"), Markham Hydro Distribution Inc. and Richmond Hill Hydro Inc. amalgamated to become PowerStream (the "**Amalgamation**") in accordance with a merger agreement dated March 11, 2004, between The Corporation of the Town of Markham, the City, Hydro Vaughan Distribution Inc., Markham Energy Corporation, Markham Hydro Distribution Inc. and Richmond Hill Hydro Inc. (the "**Merger Agreement**");

AND WHEREAS prior to the Amalgamation, the City and Vaughan Hydro entered into an agreement providing for Vaughan Hydro to implement and co-ordinate the billing and collection of water rates on behalf of the City (the "**Services Agreement**");

AND WHEREAS pursuant to subsection 5.2(6)(b) of the Merger Agreement, all contracts listed on Schedule 4.2(34) of the Merger Agreement, which includes the Services Agreement, are to satisfy the requirements of the Affiliate Relationships Code for Electricity Distributors and Transmitters issued by the OEB and revised November 24, 2003 (the "**Affiliate Relationships Code**");

AND WHEREAS PowerStream and the City wish to enter into an agreement to replace the Services Agreement in order for PowerStream to continue to provide certain services to the City and the City to provide certain facilities to PowerStream consistent with the Affiliate Relationships Code and for the consideration and on the terms and conditions hereinafter set forth;

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements herein contained (the receipt and sufficiency of which is hereby acknowledged by each of the Parties hereto), the Parties hereto hereby covenant and agree as follows:

1. INTERPRETATION

1.1 **Definitions.** In this Agreement, including the recitals and Schedules hereto, the following words shall have the following meanings:

1.1.1 "**Affiliate**" means a body corporate which is deemed to be affiliated with another body corporate, by virtue of one of them being the subsidiary of

the other or both being subsidiaries of the same body or each of them being controlled by the same person

- 1.1.2 “**Affiliate Relationships Code**” means that as described in the third recital of this Agreement;
- 1.1.3 “**Agreement**” means this agreement and all recitals and all Schedules attached hereto as the same may be amended, modified, supplemented, restated, or replaced from time to time;
- 1.1.4 “**Applicable Law**” means collectively, all applicable federal, provincial, territorial, municipal and foreign laws, statutes, ordinances, decrees, rules, regulations, by-laws, legally enforceable policies, codes, or guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives, rulings or awards, and conditions of any grant of approval, permission, certification, consent, registration, authority or licence by any court, statutory body, self-regulatory authority, stock exchange or other Governmental Authority;
- 1.1.5 “**Binding Arbitration**” has the meaning ascribed thereto in Section 8.12;
- 1.1.6 “**Business Day**” means any day other than a day which is a Saturday, a Sunday or a statutory holiday or a civic holiday in Ontario;
- 1.1.7 “**Claims**” has the meaning ascribed thereto in Section 7.2;
- 1.1.8 “**Confidential Information**” means the confidential, secret or proprietary information of one Party (the “**Disclosing Party**”), including any of such information or data which (a) the Disclosing Party is obligated, under contract or law, to keep confidential and (b) is technical, financial or business in nature, and which has been or may hereafter be disclosed, directly or indirectly, to the other Party (the “**Recipient**”), either orally, in writing or in any other material form, or delivered to the Recipient;
- 1.1.9 “**Disclosing Party**” has the meaning ascribed thereto in Section 3.2;
- 1.1.10 “**Effective Date**” means the date of this Agreement – January 1, 2008;
- 1.1.11 “**Extension Notice**” has the meaning ascribed thereto in Section 4.2;
- 1.1.12 “**Facilities**” means the facilities provided by the City to PowerStream as set out on Schedule A attached hereto;
- 1.1.13 “**Fees for the Facilities**” means collectively, the charges set out in the Lease, for the provision of the facilities by the City to PowerStream as set out on Schedule A attached hereto, plus all applicable taxes if any in respect thereof;

- 1.1.14 “**Fee Review Date**” has the meaning ascribed thereto in subsection 2.5.2;
 - 1.1.15 “**Fees**” means collectively the Fees for the Facilities and the PowerStream Fees;
 - 1.1.16 “**Governmental Authority**” means any court, arbitrator, administrative agency, commission, or governmental or regulatory official, department, agency, body, authority or instrumentality, whether foreign, federal, state, provincial, municipal, or local, having jurisdiction over the Parties;
 - 1.1.17 “**In Writing**” or “**Written**” means a posted letter, a facsimile transmittal or an e-mail message;
 - 1.1.18 “**Internal Dispute Resolution**” has the meaning ascribed thereto in subsection 8.12.1;
 - 1.1.19 “**Lease**” means the commercial terms related to the facilities leased by PowerStream from the City, which are set out in Schedule A.
 - 1.1.20 “**MFIPPA**” means the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. M. 56.
 - 1.1.21 “**Notice**” has the meaning ascribed thereto in Section 8.4;
 - 1.1.22 “**Parties**” means the parties to this Agreement and “**Party**” shall mean any one of them.
 - 1.1.23 “**PowerStream Fees**” means collectively, the charges for the provision of the Services as set out in Schedules D, E and F attached hereto, plus all applicable sales or service taxes in respect thereof,
 - 1.1.24 “**Receiving Party**” has the meaning ascribed thereto in Section 3.2;
 - 1.1.25 “**Requested Party**” has the meaning ascribed thereto in Section 8.1;
 - 1.1.26 “**Services**” means the services purchased by the City from PowerStream as set out on Schedules B and C attached hereto, or those services agreed to in writing between the Parties from time to time;
 - 1.1.27 “**Term**” means the term of this Agreement commencing on the Effective Date to and including the Termination Date;
 - 1.1.28 “**Termination Date**” has the meaning ascribed thereto in Section 4.1; and
 - 1.1.29 “**Unsatisfied Party**” has the meaning ascribed thereto in Section 8.1.
- 1.2 **Headings.** The division of this Agreement into Sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “**this Agreement**”,

“hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to “Sections” are to sections and “subsections” are to subsections of this Agreement.

- 1.3 **Extended Meanings.** In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organisations, companies and corporations.
- 1.4 **Currency.** All references to currency herein are to lawful money of Canada unless otherwise specified.
- 1.5 **Schedules.** The following Schedules which are attached to this Agreement are incorporated by reference into this Agreement and are deemed to be a part of it:

Facilities provided by the City to PowerStream:

Schedule A	-	Facilities
Schedule B	-	Information Technology
Schedule C	-	Fuel Service Charge

Services Purchased from PowerStream by the City:

Schedule D	-	Payroll Services
Schedule E	-	Cashier Services
Schedule F	-	Water Meter Reading and Water Billing and Remittance
Schedule G	-	Pricing Summary

2. SERVICES

- 2.1 **Provision of Services.**
- 2.2 In accordance with the terms hereof, from and after the Effective Date to the Termination Date:
- 2.2.1 PowerStream agrees to provide and perform, at the request of the City, the Services for the benefit of the City or the City’s Affiliates, as the case may be; and

2.2.2 the City agrees to provide the Facilities for the benefit of PowerStream or PowerStream's Affiliates, as the case may be, as the successor in title to Markham Hydro Distribution Inc., the named Tenant in the Lease, in accordance with the provisions of the Lease, as amended in writing from time to time. PowerStream covenants and agrees to comply with the provisions of the Lease, as amended from time to time.

2.3 **Standard of Services.** Notwithstanding the provisions of section 7.1 herein, PowerStream shall provide the Services in a prudent business manner in accordance with the policies and service levels applicable to such Services and the practices, policies and service levels as set out in Schedules B and C inclusively or such practices, policies and service levels as may be amended from time to time pursuant to Section 2.4 hereof. PowerStream shall provide the Services in accordance with all Applicable Laws. Notwithstanding the foregoing, "**Applicable Laws**" shall not include any by-laws, guidelines, directions, rules or standards of the City introduced, proclaimed or implemented after the date hereof that affects the provision of the Services by PowerStream hereunder or the terms hereof.

2.4 **Amendments.** At any time during the term of this Agreement the City may request changes in the Services that the City receives or the practices, policies or performance levels applicable to the Services received by the City by submitting such requests in writing to PowerStream. Within a reasonable time, but in any event not more than thirty (30) Business Days after receiving written notice of a request, PowerStream shall advise the City whether the change requested will have an impact on the delivery of the Services, acting reasonably, and whether or not the request will have an impact on the associated Fees and whether PowerStream authorizes the implementation of the change under the revised terms specified by the City or rejects the change proposed. Minor adjustments to existing reports shall not trigger fee increases or the imposition of one-time fees. Pending PowerStream's response, the City shall continue to receive the applicable Services in accordance with the latest approved terms for the provision of such Services.

2.5 **Fees.**

2.5.1 PowerStream Fees rendered by PowerStream shall be those as set out on Schedules D, E and F, or as mutually agreed upon by the Parties in writing from time to time.

2.5.2 Fees for the services provided by the City shall be those as set out on Schedules A, B and C, or as mutually agreed upon by the Parties in writing from time to time.

2.5.3 The Parties shall review the PowerStream Fees on an annual basis, prior to or on November 1st (the "**Fee Review Date**"). PowerStream shall base the PowerStream Fees for the following year on reasonable estimates. If the

Parties are unable to agree on the adjustments to the PowerStream Fees within thirty (30) days of the Fee Review Date then the dispute shall be settled by the dispute resolution procedure in accordance with Section 8.12 herein.

- 2.5.4 Unless otherwise specified herein, PowerStream Fees shall be invoiced to the City on a quarterly basis.
- 2.5.5 Fees for the Facilities shall be invoiced to PowerStream in accordance with the Lease.
- 2.5.6 The Parties agree that payment of PowerStream Fees and other charges provided for hereunder will be due and payable in arrears not later than thirty (30) days after the date of invoice.
- 2.5.7 All PowerStream Fees and the Facilities shall comply with the requirements of the Affiliate Relationships Code.

2.6 **Co-operation by City.** The City shall co-operate with PowerStream to assist it in the provision of the Services. Without limiting the generality of the foregoing, the City will:

- 2.6.1 assign a minimum of two (2) representatives of the City to co-ordinate with PowerStream the provision of the Services to the City to deal with financial and operational issues respectively;
- 2.6.2 prepare and provide to PowerStream, in a mutually acceptable format, all information reasonably required by PowerStream to permit proper delivery of the Services;
- 2.6.3 establish, incorporate and maintain as part of the practices, policies and service levels applicable to such Services, in consultation with PowerStream, operating procedures to satisfy the City's requirements for accuracy and auditing;
- 2.6.4 train, if necessary, personnel to assist in the provision of the required information to PowerStream to permit PowerStream to provide the Services; and
- 2.6.5 provide PowerStream assistance in collecting amounts owed to the City. The City may place any of such unpaid amounts on the collector's roll and enforce any other rights or remedies of the City pursuant to section 398(2) of the *Municipal Act*, S. O. 2001, c. 25.

2.7 **Customer Information.**

- 2.7.1 PowerStream acknowledges that the ownership of all data in respect of water and sewer customers of the City as such data relates to: water and

sewer information, water and sewer consumption history and charges, fire protection information, customer information including name, billing address, legal description, service address, the final twelve (12) months of meter readings for each customer, outstanding water and sewer invoices, customer credit and collection information, and information with regard to work orders and asset management systems is and shall remain the property of the City. PowerStream shall ensure that all of the data contemplated by this Section 2.7.1 is backed up in accordance with current PowerStream procedures and can be restored in 1-2 Business Days. The City acknowledges that PowerStream can only back up data collected over a maximum period of 7 years.

- 2.7.2 The City acknowledges that the ownership of data in respect of electricity customers of PowerStream or any of its Affiliates is and shall remain the property of PowerStream
- 2.7.3 Requests for data by the City under Section 2.7.1 shall be made in writing, which may include electronic mail, by an individual designated by the City to the attention of Bill Schmidt, Director of Information and Technology at PowerStream or such other individual designated by PowerStream. PowerStream shall within 1 Business Day advise the City of the effort required to provide such data and such data shall be provided by PowerStream to the City no later than 2 Business Days from the date the request is made by the City or within such other, longer period of time as set out in the response from PowerStream.
- 2.7.4 Each Party, its employees and agents shall abide by all Applicable Laws, including the requirements of the Affiliate Relationships Code to the extent that it applies, related to the collection, use, retention, destruction and disclosure of any personal data which has been collected, used, retained, destroyed and disclosed in connection with the Services and the Facilities provided by such Party hereunder.

3. CONFIDENTIAL INFORMATION

- 3.1 **Confidentiality Obligation.** Commencing upon the Effective Date and continuing thereafter, each Party:
 - 3.1.1 shall treat as confidential, keep in safe custody and not disclose to any third party any Confidential Information provided to it by the other Party; and
 - 3.1.2 use such Confidential Information only to the extent necessary to comply with this Agreement.
- 3.2 Each of the Parties shall establish and enforce procedures to protect Confidential Information disclosed to it by the other Party and shall restrict disclosure of such Confidential Information to only those employees, officers, agents and

professional advisors of it and its Affiliates who need to know such information in connection with such Party's performance of this Agreement and in accordance with MFIPPA or any other applicable legislation. If a Party or its Affiliate is required by order of any Governmental Authority or Applicable Law or the rules of a stock exchange to disclose Confidential Information disclosed to it by the other Party, it shall promptly notify the other Party of the request for disclosure and shall cooperate with the other Party if that other Party opposes the request for disclosure and wishes to seek confidential treatment for such Confidential Information that is required to be disclosed. Each of the Parties acknowledges that no adequate remedy at law exists for a material breach or threatened material breach of this Section 3.2 the continuation of which unremedied will cause the other Party to suffer irreparable harm, and agrees that the other Party is entitled, in addition to other remedies which may be available at law or in equity, to immediate injunctive relief from any breach of this Section 3.2 and to specific performance of its rights. Promptly following the Termination Date, each Party agrees to use commercially reasonable efforts to deliver to the other Party (the "**Disclosing Party**") the Confidential Information (including all electronic and other copies thereof) disclosed to it (the "**Receiving Party**") by the Disclosing Party that the Receiving Party possesses or, upon request by a Disclosing Party, the Receiving Party shall confirm to the Disclosing Party that such Confidential Information has been destroyed in accordance with the Disclosing Party's instructions but, in no event if such Confidential Information is not returned to the Disclosing Party or destroyed in accordance with its instructions, such Confidential Information shall not be disclosed by the Receiving Party to any other person. Notwithstanding the forgoing, (i) PowerStream acknowledges that the City and its Affiliates are subject to MFIPPA and PowerStream agrees to act in accordance with applicable provincial laws relating to privacy as they apply to the provision of the Services by PowerStream; and (ii) the City acknowledges that PowerStream and its Affiliates are subject to the *Personal Information Protection and Electronic Documents Act* (Canada) and the City agrees to act in accordance with applicable federal laws relating to privacy as they apply to the provision of the Facilities by the City.

4. **TERM.**

- 4.1 **Term.** This Agreement will be effective as at the Effective Date and shall terminate three (3) years after the Effective Date, unless terminated earlier pursuant to Section 5.1 or extended by renewal of the term pursuant to Section 4.2 (the "**Termination Date**").
- 4.2 **Extension of Term.** If either Party gives notice in writing to the other Party by not later than sixty (60) days prior to the Termination Date, requesting the continuation of Services or the provision of the Facilities, as the case may be (an "**Extension Notice**") for an additional one year period, the Parties agree to negotiate, in good faith, in order to determine the terms and conditions on which such Services or the provision of the Facilities will be provided for a renewal term of one year or such longer period as is mutually agreed to. Notwithstanding

anything in this Section 4.2 to the contrary, there shall be no obligation upon any Party having been provided with an Extension Notice to extend the term of this Agreement.

5. TERMINATION.

5.1 **Termination.** This Agreement, except for subsections 2.5.1, 2.5.2, 2.5.4 to 2.5.7 inclusive, and Sections 3.1, 3.2 and 7.1 to 7.5 inclusive, which shall survive the termination of this Agreement, shall terminate on the Termination Date and may be terminated prior thereto as follows:

5.1.1 by the mutual written consent of the Parties hereto;

5.1.2 by either Party effective upon not less than twelve (12) months written notice to the other Party in respect of the Facilities or the Services, save and except for water services provided by PowerStream to the City as set out on Schedule B hereto, which shall require PowerStream to provide the City with eighteen (18) months written notice for termination of such service;

5.1.3 by either Party effective upon not less than thirty (30) days written notice of any material breach or default of any provision or obligation of this Agreement by a Party, provided that such notice will not be effective to terminate this Agreement in the event the other Party cures the default during such notice period; and

5.1.4 immediately, by either Party if the other Party becomes insolvent or is a party to any bankruptcy or receivership proceeding or any similar action affecting the affairs, property or solvency of such Party.

5.1.5 **Termination Without Prejudice.** Any such termination of this Agreement shall be without prejudice to any other remedies which any Party may have against the other arising out of such breach of default and shall not affect any rights or obligations of any Party arising under this Agreement prior to such termination.

6. FORCE MAJEURE.

6.1 **Force Majeure.** Performance of any obligation under this Agreement, other than the payment of Fees pursuant to Section 2.5.6, may be suspended by either Party without liability to the extent that an act of God, war, fire, earthquake, explosion, governmental expropriation, governmental law or regulation or any other occurrence beyond the reasonable control of such Party or labour disruption, strike or injunction (if such labour event is not caused by the bad faith or unreasonable conduct of such Party) delays, prevents, restricts, limits or renders commercially unfeasible the performance of any such obligation. The affected Party may invoke this provision by promptly notifying the other Party of the nature and estimated duration of the suspension. No Party hereto invoking this

provision shall be liable for any failure to perform or any delay in the performance of its obligations in this Section 6.1.

7. DISCLAIMER, LIMIT OF LIABILITY AND INDEMNITY

7.1 **Disclaimer.** The Services provided by PowerStream are provided without any warranty whatsoever, other than as is set forth in Section 2.3 hereof. In particular, PowerStream makes no warranty as to the suitability of any of the Services for the specific purposes or needs of the City. The warranty contained in this Agreement is the only warranty made by PowerStream with respect to the Services. PowerStream specifically excludes any other warranties or conditions express or implied, including, but not limited to, implied warranties or conditions of merchantability, merchantable or satisfactory quality or fitness for a particular purpose, and those arising from a course of dealing or usage of trade.

7.2 **Indemnity by the City.** The City agrees to indemnify, defend and hold harmless PowerStream from any and all claims, litigation, damages, losses, causes of action or expenses (including legal fees and disbursements) (“**Claims**”) suffered or incurred by PowerStream from third parties or otherwise in connection with:

7.2.1.1 a breach of the City’s obligations under this Agreement insofar as PowerStream has complied with its obligations under this Agreement; and

7.2.1.2 any negligence on the part of the City, its employees, contractors or agents in its provision of the Facilities.

7.3 Notwithstanding the provisions of Section 7.2, the City shall be under no obligation to indemnify and save harmless PowerStream from any Claims resulting from the negligence or wilful misconduct of PowerStream in its provision of the Services hereunder.

7.4 **Indemnity by PowerStream.** PowerStream agrees to indemnify, defend and hold harmless the City from any and all Claims suffered or incurred by the City from third parties or otherwise in connection with:

7.4.1 a breach of PowerStream’s obligations under this Agreement insofar as the City has complied with its obligations under this Agreement; and

7.4.2 any negligence on the part of PowerStream, its employees, contractors or agents in its provision of the Services hereunder.

7.5 Notwithstanding the provisions of Section 7.4, PowerStream shall be under no obligation to indemnify and save harmless the City from any Claims resulting from the negligence or wilful misconduct of the City in its provision of the Facilities hereunder.

- 7.6 **Insurance.** PowerStream shall provide and keep in force a comprehensive liability insurance policy with coverage equal to or greater than Five Million Dollars (\$5,000,000) (Canadian) of sufficient coverage in respect of the Services performed by it under the terms of this Agreement. The City shall provide and keep in force insurance in respect of the Facilities as required under the terms of this Agreement.

8. MISCELLANEOUS

- 8.1 **Audit.** PowerStream shall maintain accurate and complete books and records with respect to (i) the Services provided hereunder, (ii) the PowerStream Fees, and (iii) any information provided by the City to PowerStream for the provision of the Services. The City shall maintain accurate and complete books and records in respect to (i) the Facilities provided hereunder, (ii) the Fees for the Facilities, and (iii) any information provided by PowerStream for the provision of the Facilities. Each Party shall keep its accounts and records in accordance with Canadian generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants (or a successor institute) with respect to the computation of Fees and other charges payable pursuant to this Agreement. Each Party shall be entitled to audit such books and records in order to confirm compliance with the terms of this Agreement. Each Party shall make such books and records available to individuals designated by the other Party and provide any assistance it may reasonably require in order to conduct audits and inspections, provided that:

- 8.1.1 audits and inspections shall be made at reasonable times and on at least ten (10) Business Days prior notice; and
- 8.1.2 audits of Fees shall be made not later than twenty four (24) months after such Fees have been paid by a Party to the other Party.

Each Party agrees to provide the other Party with reasonable facilities for such audits and inspections and copies of documents, where necessary, appropriate and permitted by law. If a Party is not satisfied with the information provided (the “**Unsatisfied Party**”), the Unsatisfied Party may retain, at its own expense, an independent auditor, to review the books and records referred to above. The Party requested to provide additional information (the “**Requested Party**”) may refuse to disclose to the Unsatisfied Party or its agents any information that the Requested Party is prevented from disclosing as a result of a confidentiality obligation to another person provided that the Requested Party shall use commercially reasonable efforts to obtain consents to permit disclosure of such information if such information is reasonably required in order to conduct an audit and inspection by the Requesting Party under this Section 8.1 and the Requesting Party or its agents has requested access to such information. Each of the Parties agree that any third party conducting an audit or inspection shall be subject to the confidentiality provisions of Sections 3.1 and 3.2 and may be required by the Requested Party to enter into a confidentiality and non-disclosure agreement in

form and substance reasonably acceptable to the Requested Party and each of the Parties agree that should an independent auditor be deemed by the Requested Party to be a competitor of the Requested Party, the Parties shall mutually agree to the review and audit procedures prior to such review and audit.

- 8.2 **Governing Law.** This Agreement shall be governed by and construed in accordance with the law of the Province of Ontario and the laws of Canada applicable therein.
- 8.3 **Successors.** This Agreement will enure to the benefit of and be binding on the respective successors and assigns of each of the Parties.
- 8.4 **Time of Essence.** Time shall be of the essence of this Agreement
- 8.5 **Notices.** Unless otherwise expressly provided herein, any notice, consent or other communication (a "Notice") given pursuant to or in connection with this Agreement shall be in writing and shall be sufficiently given to the person to whom it is addressed if transmitted by facsimile, delivered in person to or for such person at the address of such person indicated below or at such other address as such person shall have provided in writing to the other Party in accordance with this provision. Any Notice provided in accordance with this provision shall be deemed to have been sufficiently given or made on the date on which it was so transmitted by facsimile or delivered provided that if such day is not a Business Day or delivery occurs after normal business hours of the recipient, the Notice shall be deemed given or made on the Business Day following transmission or delivery, as the case may be.

To PowerStream:

PowerStream Inc.
161 Cityview Boulevard
Vaughan, Ontario
L4H 0A9

Attention: Dennis Nolan
Executive Vice President, Corporate Services and
Secretary

Fax: (905) 532-4616

E-Mail: dennis.nolan@powerstream.ca

To the City:

City of Vaughan
2141 Major Mackenzie Drive
Vaughan, Ontario
L6A 1T1

Primary contact:

Attention: Clayton Harris
Deputy City Manager/Commissioner of Finance &
Corporate Services

Fax: (905) 832-8591

E-Mail: clayton.harris@vaughan.ca

For agreement invoicing/payment or matters related to water & sewer services:

Attention: Barry Jackson
Director of City Financial Services/Deputy
Treasurer

Fax: (905) 303-2036

E-Mail: barry.jackson@vaughan.ca

For building & facility and fleet services issues:

Attention: Marlon Kallideen
Commissioner of Community Services

Fax: (905) 303-2033

E-Mail: marlon.kallideen@vaughan.ca

or:

Attention: Jeff Peyton
Director of Buildings & Facilities

Fax: (905) 303-2007

E-Mail: jeff.peyton@vaughan.ca

For matters relating to the information technology services:

Attention: Dimitri Yampolsky
Chief Information Officer

Fax: (905) 832-8568

E-Mail: dimitri.yampolsky@vaughan.ca

or to such other address as such Party shall have notified to the other Party hereto. Any communication so addressed and delivered shall be deemed to have been sufficiently given or made on the date on which it was received.

- 8.6 **Entire Agreement.** This Agreement, together with the recitals and the Schedules attached hereto, constitutes the entire agreement between the Parties hereto with regard to the subject matter hereof and supersedes and cancels all previous negotiations, agreements, commitments and writings in respect of the subject matter hereof. This Agreement may not be modified or amended in any respect except by written instrument signed by the Parties hereto.
- 8.7 **Waiver.** The failure of any Party to this Agreement at any time to require performance by the other Party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter of any other provision hereof and no waiver by any Party hereof of any breach of condition, covenant or agreement shall constitute a waiver except in respect of the particular breach giving rise to such waiver. Any such waiver shall be effective only if made in writing by the Party entitled to waive the provision.
- 8.8 **Independent Contractor.** By virtue of this Agreement, no Party hereto constitutes any other Party hereto as its agent, partner, joint venturer, franchisee or legal representative and no Party has express or implied authority to bind any other Party hereto in any manner whatsoever. Unless otherwise contemplated in the Services or the Facilities or approved in writing by the other Party, no Party hereto will assume or create any obligation or responsibility whatsoever, express or implied, on behalf of or in the name of that other Party.
- 8.9 **Assignment.** This Agreement and the privileges herein granted shall not be assigned by either Party except with the prior written consent of the other, such consent not to be unreasonably withheld. Notwithstanding the foregoing, either party or its permitted assignee may, as security only, assign, transfer, pledge, grant a security interest in or otherwise dispose of its rights and interests under this Agreement to a trustee or lending institution, including such an assignment, transfer or other disposition upon or pursuant to the exercise of remedies by such trustee or lending institution.

- 8.10 **Further Assurances.** Each of the Parties hereto from time to time at the request and expense of the other Party hereto and without further consideration, will execute and deliver such other instruments of transfer, conveyance and assignment and take such further action as such other Party may require to more effectively complete any matter provided for herein.
- 8.11 **Severability.** Any covenant or provision hereof determined to be void or unenforceable in whole or in part will be deemed not to affect or impair the validity or enforceability of any other covenant or provision hereof and the covenants and provisions hereof are declared to be separate and distinct.
- 8.12 **Arbitration.**
- 8.12.1 In the event of any dispute or claim between the Parties, arising out of, or relating to, in any way connected with this Agreement or its interpretation or the fulfilment of the obligations of the Parties hereunder (a “**Dispute**”), such Dispute shall be referred internally by either Party by written notification to Dennis Nolan, Executive Vice President, Corporate Services and Secretary at PowerStream and Clayton Harris, Deputy City Manager and Commissioner of Finance and Corporate Services at the City for resolution (the “**Internal Dispute Resolution**”). If the Dispute is not resolved within 60 Business Days of a Dispute being referred to the Internal Dispute Resolution then such Dispute shall be settled by binding arbitration (“**Binding Arbitration**”). Binding Arbitration shall be conducted in accordance with the *Arbitration Act, 1991* (Ontario), as amended from time to time.
- 8.12.2 It shall be a condition precedent to the right of a Party to this Agreement to submit a Dispute to Binding Arbitration that such Party shall have given written notice of its intention to do so to the other Party to this Agreement and such written notice shall state the particulars of such Dispute. Within ten (10) Business Days of such notice being provided, the Parties to this Agreement shall mutually appoint a single arbitrator to determine the Dispute. The arbitrator shall fix a time, which shall not be later than ten (10) Business Days following his or her appointment, and a place in Vaughan, Ontario, for the purpose of hearing the evidence and representations of the Parties. Each of the Parties shall co-operate with the arbitrator and shall provide him or her with all information in their possession or under their control necessary or relevant to the matter being determined. Within ten (10) Business Days after the conclusion of the arbitration hearing, or such longer period as may be required by the arbitrator appointed under this subsection 8.12.2, the arbitrator shall make an award and reduce the same to writing and deliver one copy of his or her decision to each Party.
- 8.12.3 If the Parties fail to agree on an arbitrator within the time period specified in subsection 8.12.2 above, then, unless the parties otherwise agree, the

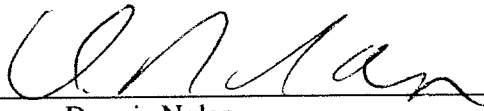
Dispute shall be submitted to ADR Chambers for final resolution, which submission shall be by written notice which may be provided by either Party to ADR Chambers and to the other Party to this Agreement. Within five (5) Business Days following the date of any notice given by either Party pursuant to this subsection 8.12.3, an arbitrator shall be selected by random draw made by ADR Chambers. The arbitrator so selected shall perform both the settlement conference and the trial in the matter. The Parties further agree to be bound by the rules of the ADR Chambers in force from time to time.

8.12.4 There shall be no right of appeal from the arbitrator's award except in accordance with the *Arbitration Act, 1991* (Ontario). The Parties agree that a judgment upon the arbitration award may be entered in any court in Canada or any court having jurisdiction, or that an application may be made to such court for judicial recognition of the award and/or an order of enforcement thereof. The Parties agree that the arbitrator selected pursuant to subsections 8.12.2 and 8.12.3 shall determine costs (legal fees and disbursements) as part of the arbitrator's award.

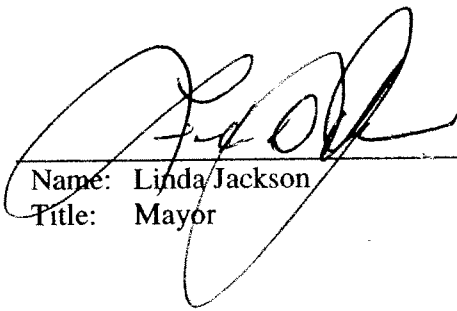
8.13 **Counterparts.** This Agreement may be executed by the Parties hereto in several counterparts, each of which when so executed and delivered shall be an original and all such counterparts shall together constitute one and the same instrument.

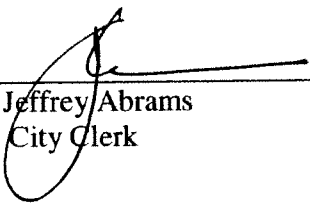
IN WITNESS WHEREOF, this Agreement has been executed by the Parties hereto on the date first above written.

POWERSTREAM INC.

Per: 
Name: Dennis Nolan
Title: EVP Corporate Services & Secretary

CITY OF VAUGHAN

Per: 
Name: Linda Jackson
Title: Mayor

Per: 
Name: Jeffrey Abrams
Title: City Clerk

CITY OF VAUGHAN	
APPROVED BY COUNCIL	
DATE	December 8/08
BY-LAW	-
ITEM	3, CW Rpt. 61
INITIAL	PA

SCHEDULE A FACILITIES TERMS

***Shared Service Agreement
Power Stream & The City of Vaughan
Facility Rental – Schedule A***

SERVICE PROVIDED

The City of Vaughan agrees to provide Power Stream facility space at the following locations for the term of the agreement:

- Joint Operations Centre – Designated office/warehouse space
- Joint Operations Centre – Designated outdoor space
- Civic Centre – Designated counter space

As part of the rental fee, Power Stream will receive occupancy services consistent to the City's current operational standards. This would include services which are normally the responsibility of the tenant such as parking, access to common areas, custodial, insurance, cleaning, garbage collection, security, telephone system and long distance charges, etc. For reference purposes, a more specific list of services provided is illustrated later in the schedule.

Additional service requests related to enhanced service levels, renovations, alterations, or additional space, will require mutual agreement and may result in a fee adjustment or separate billing. Requests of this nature should be submitted by way of a work order or written request to the City's Building and Facilities Department.

PRICING

In consideration of the above, Power Stream shall pay the following annual rental rates inclusive of Maintenance, and Insurance over the term of the agreement, termed TMI. Property taxes are bill directly to PowerStream and are not included in this pricing. Payments shall be due at the end of each quarter commencing January 2008.

2008 Annual Rent & TMI	Civic	JOC - Industrial	JOC Outdoor	Total
Area Rented	361	24,455	240,808	265,623
Market Rental Rate/Ft2	\$ 9.18	\$ 7.14	8%	
Estimated TMI/Ft2	\$ 17.30	\$ 8.37	Incl	
Estimated Investment			\$ 4,107,235	
Rent & TMI	9,549	379,404	328,579	717,532
Note - As agreed and additional \$34,053/month for every month the 2007 footprint is occupied.				

2009 Annual Rent & TMI	Civic	JOC - Industrial	JOC Outdoor	Total
Area Rented	361	24,455	240,808	265,623
Market Rental Rate/Ft2	\$ 9.36	\$ 7.28	8%	
Estimated TMI/Ft2	\$ 17.65	\$ 8.54	Incl	
Estimated Investment			\$ 4,189,379	
Rent & TMI	9,740	386,992	335,150	731,882

2010 Annual Rent & TMI	Civic	JOC - Industrial	JOC Outdoor	Total
Area Rented	361	24,455	240,808	265,623
Market Rental Rate/Ft2	\$ 9.55	\$ 7.43	8%	
Estimated TMI/Ft2	\$ 18.00	\$ 8.71	Incl	
Estimated Investment			\$ 4,273,167	
Rent & TMI	9,935	394,731	341,853	746,520

Note: Annual rent is increased in relation to inflation.

***Shared Service Agreement
Power Stream & The City of Vaughan
Facility Rental – Schedule A***

PRICING METHODOLOGY

Indoor Rent

Based on an estimated market rate per square foot obtained from Bosley Farr Associates LTD, external real-estate analysts/consultants.

2007 Office Space – approx. \$9 (2008 rate adjusted for inflation)

2007 Industrial Space - approx. \$7 (2008 rate adjusted for inflation)

Space occupied is based on actual occupancy plus a proportionate share of common space (i.e. entrances, corridors, cafeteria, washrooms, etc.). Area to be occupied was provided by Power Stream and validated through the City's Building & Facility department.

The above indoor rent methodology includes outdoor area access for parking and open space, an area equivalent to the indoor space rented. This is termed a double density factor and is frequently applied in the industry.

Outdoor Rent

Per Bosley Farr Associates LTD, annual rental rates are typically defined by an expected return on property investment. Not to be construed as appraised values, listed below are guidelines provided for rent valuation purposes.

Industry Annual Rate of Return (property)	8%
Estimated excess land value/acre	\$500,000

Cost of Land Improvements	
General paving/lighted	\$3.50/Ft ²
General Fencing	\$2.50/Ft ²
Truck Port Construction	\$50/Ft ²

TMI – Taxes, Maintenance, Insurance

95% of direct occupancy services provided are performed by external parties through either a tender, contract, or required service call. Based on this information the majority of the budget approximately represents market value. For the purposes of the shared service agreement a square foot rate was determined for each facility type. Per Bosely Farr and Associates our calculated rate is relatively consistent with local industry trends.

Property taxes are bill directly to PowerStream and are not included in the above mentioned calculation.

***Shared Service Agreement
Power Stream & The City of Vaughan
Facility Rental – Schedule A***

Leasehold Improvements

Power Stream may install its usual trade fixtures in the usual manner, provided such installations do not damage the structure of the leased premises or the building, and provided further that Power Stream shall have submitted detailed plans and specifications for such trade fixtures to the City and shall have obtained the City's prior written consent thereto, which consent may not be unreasonably withheld.

At the termination of this lease, whether due to expiry of same or for any other cause whatsoever, and at the option of the City, any or all installations, improvements, alterations, additions, partitions and fixtures, other than trade or tenant fixtures, in or upon the leased premises, whether placed there by Power Stream or the City, shall become the property of the City without compensation therefore to Power stream. Notwithstanding anything herein contained, the City shall be under no obligation to repair or maintain the tenants installations, alterations, additions, partitions and fixtures or anything in the nature of a leasehold improvement made or installed by Power Stream except for those as detailed in this schedule of the agreement. The City may at its sole option, elect that anything in the nature of a leasehold improvement made or installed by or on behalf of Power Stream be removed and it shall be Power Stream's obligation to restore the leased premises to the condition they were in previous to said alteration, installation, addition, partition etc. The removal and restoration shall be at the sole expense of Power Stream.

Reporting/Communication

Space occupied should be confirmed annually before the final billing. Any additional space requirements will be billed retroactively to the date of occupancy.

Schedule Staff49-1
Joint Service Agreement between the City Power Stream
Facility Services Provided

Occupancy Services Provided	J.O.C.	Civic Centre
Security 24/7		
Security Guard - (Patrol & Open Facilities)	24 hrs 7 days a week	Business Hours Upstairs
Designated Security Cameras	6 of 18 designated	3 of 16 designated
Security Camera Monitoring (Guard @ J.O.C.)	Yes	Yes
Security Camera Maintenance	Yes	Yes
Categorize and Inventory Security Tapes	Daily	Daily
Swipe Card Access (Installation, Monitoring, Card Creation)	2004 Budget	Yes
Burglar Alarm	No	No
Safety		
Fire Alarm Monitoring	Yes	Yes
Fire Alarm System Maintenance (Panel Lights/Detectors)	Monthly	Monthly
Fire Code Inspection/Testing	Annually	Annually
Fire Extinguisher & Safety Equipment Replacement	Min every 5 yrs	Min every 5 yrs
Emergency Power Testing & Maintenance	Quarterly	Quarterly
Environment Testing (Air Quality, Lighting, Temperature)	As requested	As requested
Temperature Control - EMS	Daily	Daily
Major Air Filter Maintenance & Changes	Quarterly	Semi-annual
Outdoor Lighting Program (Timers, Decorations, Maintenance)	Semi-annual	Semi-annual
Pest Control	Monthly	Monthly
General Maintenance		
Cleaning Services General Areas (Dusting, Mopping, Garbage Pick-Up, etc.)	Daily	Daily
Cleaning Services Hydro Specific Areas (Dusting, Mopping, Garbage Pick-Up, etc.)	Daily	Daily
Office Garbage Disposal & Bin Rental	Weekly	Weekly
Janitorial Supplies (Soap, Tissue, Paper Towels, Garbage Bags, etc.)	Daily	Daily
Emergency Clean-Up (Flooding, Spills, Frayed Rugs, etc.)	As requested	As requested
Bio-Chem. Napkin Removal	Monthly	Monthly
Carpel Replacement (Entrances, Office and Warehouse)	Weekly	Weekly
Carpel Steam Cleaning	Quarterly	Semi-Annual
Window Cleaning (1x per year - industry standard is 1x)	Annual	Annual
Relamping/Lighting	Weekly	Weekly
General Florescent Lens Cleaning	Annual	Annual
Plant/Vegetation Maintenance (Water, Feed, Clean, Trim)	Weekly	Weekly
Plant Replacement	As required	Quarterly
Auto & Handicap Door Maintenance	As required	As required
Lock & Key Maintenance & Replacement	As required	As required
Repair Work Areas (Adjust Workstations, Computer Trays, etc.)	Weekly	Weekly
General Maintenance, Repair & Installation (Electrical/HVAC/Paint/Labour etc.)	As requested	As requested
Signage (Purchase, Installation, Replacement, Maintenance)	As requested	As requested
Plumbing Program	Monthly	Monthly
Material & Supplies (Lights, Ballasts, Taps, Gaskets, Baskets, etc.)	Daily	Daily
Machine Time, Small Tools, Rental Equipment	Daily	Daily
Elevator Maintenance	None	Monthly
Rooftop Maintenance - Roof/Drainage Inspection & Debris Removal	Quarterly	Quarterly
Warehouse Maintenance		
Overhead Door Maintenance Program (6 of 20)	Monthly	NA
Power Loading Dock Maintenance Program	Quarterly	NA
Power Crane Maintenance & Inspection (1 of 3)	Annual	NA
Pump-Out Shop Catch Basins	Quarterly	Quarterly
Outdoor Maintenance		
Parking Lot Sweeping	Semi-Annual	Semi-annual
Walkway and Entrance Sweeping	As required	As required
Parking Lot - Repairs, Line Painting, etc.	As required	As required
Pump-Out Catch Basins	As required	As required
Fire Hydrant Maintenance	As required	As required
Eves Trough and Gutter Cleaning	Annual	Annual
Tree & Shrub Maintenance including Spring Mulching	Semi-Annual	Semi- Annual
Tree & Shrub Pruning	Every 3 years	Every 3 years
Tree & Shrub Replacement	As required	As required
Flower Planting	Spring	Spring
Cultivation	Weekly	Weekly
Watering & Fertilizing	Monthly	Monthly
Turf (Grass) Cutting & Trimming	Weekly	Weekly
Fertilization and Aeration	Yearly	Yearly
Debris Pick-Up	Weekly	Weekly
Empty Outside Garbage Cans	Daily	Daily
Snow Removal Parking - Plow, Material Application, & Removal	20 Visits/Winter	20 Visits/Winter
Snow Removal Walkways - Shovel, Blower, & Material Application	As required	As required
Additional Services		
Telephone Line Charges	Max. \$17,000	Monthly
Long Distance	Max. \$5,000	Monthly
Wash Bay Service Including Materials and Equipment	Unlimited	None
Designated TV Cable Outlet	Monthly	Monthly
Hydro	Monthly	Monthly
Water	Monthly	Monthly
Gas	Monthly	Monthly
General Administration (Management, Coordination, Invoice Processing & Payment)	Daily	Daily
Moving Furniture, Hanging Pictures, & Delivering Boxes	Weekly/As requested	Weekly/As requested
Direct Charge Backs		
Transformer Station (Maintenance, Locks, Signage, etc.)	As billed	As billed
Cafeteria (Food & Post-Meeting Clean-Up)	As billed	As billed
Garbage Disposal (Wood/Metal Recycling)	As billed	As billed

Rental Services

Items included in the TMI rate that are strategically provided services to ensure a minimum standard of service. It is in the City's best interest to control these services to ensure a consistent image, protect the City's investment, and avoid potential litigation. Service requirements above the standard are the tenant's responsibility and can be provided by the City for a negotiated fee

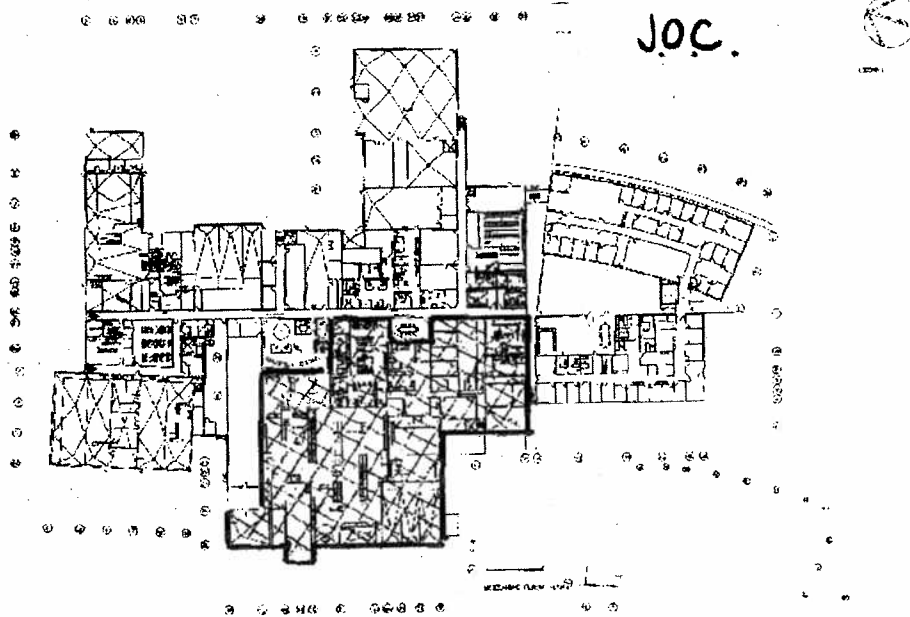
General Notes

- A) Transformer locations are excluded from this schedule as these sites are maintained by Hydro Vaughan Distribution Inc
B) General building structural maintenance repairs are assumed to be included in the rental rate
C) Currently Hydro is not charged for outdoor service or administration costs

***Shared Service Agreement
Power Stream & The City of Vaughan
Facility Rental – Schedule A***

Joint Operations Center (J.O.C) – designated indoor space rented (Bold Perimeter)

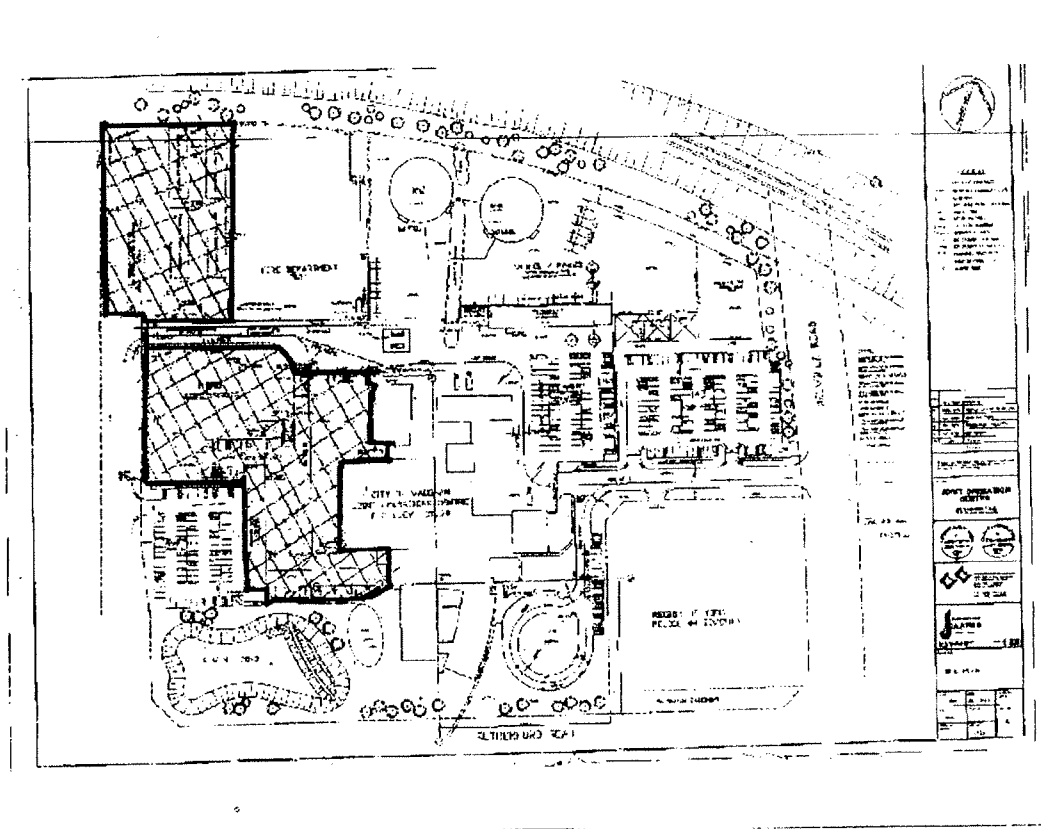
Note: Area illustrated does not include common or shared areas i.e. parking, entrances, pathways, grass areas. These items are allocated on a proportional basis.



***Shared Service Agreement
Power Stream & The City of Vaughan
Facility Rental – Schedule A***

Joint Operations Center (J.O.C) – designated outdoor space rented (Bold Perimeter)

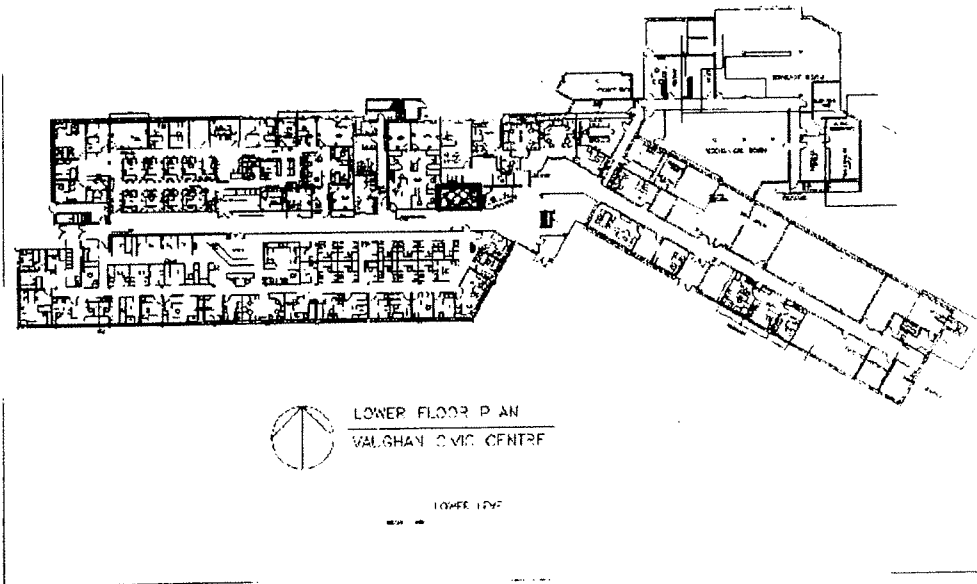
Note: Area illustrated does not include common or shared areas i.e. parking, entrances, corridor, cafeteria, Washrooms. These items are allocated on a proportional basis.



***Shared Service Agreement
Power Stream & The City of Vaughan
Facility Rental – Schedule A***

Civic Centre – designated indoor space rented (Bold Perimeter)

Note: Area illustrated does not include common or shared areas i.e. parking, entrances, corridor, cafeteria, washrooms. These items are allocated on a proportional basis.



SCHEDULE B INFORMATION TECHNOLOGY

Schedule Staff 49-1
Shared Service Agreement
Power Stream & The City of Vaughan
Information Technology Service – Schedule B

SERVICE PROVIDED

JDE Enterprise Software License Maintenance

Currently the City of Vaughan pays for JDE software annual maintenance fees, which provides continuous access to JDE software bug fixes, news releases, etc. PowerStream currently holds an identical set of applications and equally benefits from this service. Therefore it is reasonable to share in this cost.

Network Link (WAN Services)

There is a mutual need to establish a network link between the Civic Centre and the PowerStream's head office. This link is necessary for the City to provide payroll information to PowerStream for administration and processing purposes. PowerStream requires a link to access billing information in order to perform the cashiering function located at the Civic Centre.

PRICING

In consideration of the above, PowerStream shall pay the following annual amounts

Service	2008	2009	2010
JDE Enterprise Software License Maintenance	32,500	33,150	33,813
Network Link (WAN Services)	4,500	4,590	4,682
Total Information Technology Services	37,000	37,740	38,495

Note: Annual amount increased in relation to inflation.

PRICING METHODOLOGY

Services are provided by external parties and should therefore be considered market value. Both parties benefit equally from the services mentioned above and costs are shared evenly (50/50).

OTHER INTERESTS

Additional service requests will require mutual agreement and may result in a fee adjustment or separate billing. Requests of this nature should be submitted by way of a work order or written request to the City's Information Technology Management Department.

SCHEDULE C

FUEL SERVICE CHARGES

• •

Schedule Staff49-1
Shared Service Agreement
Power Stream & The City of Vaughan
Fuel & Administration Surcharge – Schedule C

SERVICE PROVIDED

Fuel

The City currently provides PowerStream with access to vehicle fuel, which is purchased for Vaughan through the York Region coop program.

Fuel Administration

An administration surcharge is applied to cover the costs of managing the fuel service and associated infrastructure. This would include, but is not limited to the following:

- Purchasing & tracking fuel
- Maintaining pumps
- Administering the service (card issue, polling, reporting, invoicing)
- Associated amortization of the pumps, tanks, etc.

PRICING

In consideration of the above, PowerStream shall pay the following annual amounts:

Service	2008	2009	2010
Fuel	Co-op Rate	Co-op Rate	Co-op Rate
Administration Fee	5.44%	5.55%	5.68%
(Applied to the amount of fuel purchased)			

Note: Administration fee is increased annually in relation to inflation.

PRICING METHODOLOGY

Fuel prices are set at the York Region coop program rates as PowerStream can obtain these rates independently in the open market.

The administration surcharge is based on the City's cost of providing the service increased by the agreements established 7.3% rate of return. The cost of the service is based on a labour effort analysis, applied operating costs, and capital cost amortization. The administration surcharge is calculated by dividing the cost by total consumption.

OTHER INTERESTS

Fuel will be billed directly on a quarterly basis incorporating the fuel administration surcharge. Additional service requests will require mutual agreement and may result in a fee adjustments or separate billing. Requests of this nature should be submitted by way of a written request to the City's Fleet Department.

SCHEDULE D PAYROLL SERVICES

Schedule D – Payroll Services

Payroll Services Provided by PowerStream to the City of Vaughan

Service Summary

PowerStream agrees to provide the following payroll services to the City of Vaughan for the years 2008 to 2010.

- **Payroll administration**
 - Payroll service for the COV employees.
 - Payroll to City Council for Region of York, Hydro Vaughan Holdings, Inc., Hydro Vaughan Energy Corp and Vaughan Holdings.
 - Retroactive payment processing for collective agreement ratified.
 - Payment of retiring allowances and severance packages including RRSP transfers.
 - Distribution of labour costs to the City's general ledger.
 - Special payments for cleaning allowances, long service pay, reclass pay, shift premiums, statutory holiday pay, etc.
 - Preparation of Record of Employment forms.
 - Processing of bank deposit changes and tax changes.
- **Tax, benefits, and deductions administration**
 - Weekly deductions and remittances for income tax, CPP, EI (4 CRA business numbers), support payments and garnishments, employee credit union, group RRSP, recreation memberships, Canada Savings Bonds, union dues (6 unions), group home and auto insurance, optional and spousal life insurance, United Way, employee computer purchase plan, clothing and uniform deductions.
 - Monthly remittances for Employer Health Tax (4 accounts), WSIB, OMERS (2 accounts).
 - Monthly and annual reporting for OMERS (2 accounts).
- **Reporting**
 - Monthly reporting to Statistics Canada, OMERS, Employer Health Tax, and WSIB.
 - Annual reporting for CRA (T4 and T4A's), OMERS, Employer Health Tax, WSIB, Public Sector Salary Disclosure Information, EI Premium Reduction Application.
 - Responding to HRDC requests for information regarding employment insurance claims.
 - Ad hoc reporting to department managers for budget monitoring.
 - Assist with City Financial Information Return.
- **Other**
 - Coordinate payroll audits by City auditors, CRA, Ministry of Finance, and WSIB.
 - Perform all acceptance testing and implement payroll computer systems changes including integration with other finance and HR systems.
 - Legislative interpretation and ensuring compliance with legislation.
 - Ensure compliance with City by-laws and six collective agreements.
 - OMERS administration (leave of absence buy-backs, termination reporting, etc.).

- o Liaise with external government organizations, banks, lawyers, etc.

Costing Methodology

PowerStream will charge the following prices for providing the payroll services listed above to the City of Vaughan:

- 2008: \$260,075
- 2009: \$266,091
- 2010: \$272,253

The prices listed above are cost based and are marked up by PowerStream's weighted average cost of capital of 7.3%. The following process was used to arrive at the costs.

1. Determined the direct costs associated with providing the service.
2. Determined the indirect costs associated with providing the service.
3. Determined what percentage of each budgetary account of the Payroll Department is attributable to providing the services.
4. Determined what costs are related only to providing the service and PowerStream wouldn't incur if it didn't provide the service
5. Adjusted all costs for 2% inflation for years 2009 and 2010
6. Summed all the costs related to providing the cashier services.
7. Adjusted the total cost for 7.3% in order to ensure a ROI of 7.3% as required by the ARC.
8. The adjusted amount is the price charged to the COV.

SCHEDULE E CASHIER SERVICES

Schedule E - Cashier Services

Cashier Services Provided by PowerStream to the City of Vaughan

Service Summary

PowerStream agrees to provide the following cashier services to the City of Vaughan for the years 2008 to 2010.

- Opening and sorting night box for payments
- Processing payments for:
 - Taxes
 - Parking permits
 - Permits
 - Licensing
 - Dog Tags
- Delivery of items to the COV Mail Room
- Encoding all cheques in preparation for daily bank deposits
- Preparing Debit Machine, Visa/MasterCard
- Cash petty cash cheques
- Change/create float for events (Canada Day, Winder Fest, etc.)
- Prepare courier pick-up for Symcor payments
- Prepare for Brinks pick-up of daily cash deposits
- Prepare daily COV blotter
- Issue COV receipts
- Deliver completed/processed receipts to appropriate departments:
 - Building
 - Taxes
 - Bylaws
 - Licensing
 - Finance
- Process and accept ticket purchases for COV events/offers
 - Wonderland
 - Ontario Place
 - Golf tournaments
 - Other special events
- Respond to counter inquiries (location of departments, tax due dates, etc.)

Costing Methodology

PowerStream will charge the following prices for providing the cashier services listed above to the City of Vaughan:

- 2008: \$231,672
- 2009: \$235,965
- 2010: \$240,972

The prices listed above are cost based and are marked up by PowerStream's weighted average cost of capital of 7.3%. The following process was used to arrive at the costs.

1. Determined the direct costs associated with providing the service.
2. Determined the indirect costs associated with providing the service.
3. Determined what percentage of each budgetary account of the Payroll Department is attributable to providing the services.
4. Determined what costs are related only to providing the service and PowerStream wouldn't incur if it didn't provide the service
5. Adjusted all costs for 2% inflation for years 2009 and 2010
6. Summed all the costs related to providing the cashier services.
7. Adjusted the total cost for 7.3% in order to ensure a ROI of 7.3% as required by the ARC.
8. The adjusted amount is the price charged to the COV.

SCHEDULE F WATER METER READING AND BILLING

SCHEDULE F

SERVICE DESCRIPTION FOR WATER METER READING AND WATER BILLING AND REMITTANCE

GENERAL SERVICES PROVIDED

- **Billing of all water/sewer services.**
 - As required, PowerStream to explain the methodology used to produce estimated readings and the adjustment/correction once regular reads are collected.
 - PowerStream shall be responsible for the work quality of their meter readers.
 - PowerStream shall be responsible for submitting any work orders relating to water meters to the City and/or the City's contractor in a timely manner.

Revenue Management & Collections

- Payment by customers of water accounts are in conjunction with electricity accounts and the amounts owing are treated as one (unless prevented by the Ontario Energy Board from doing so).
- Upon request, PowerStream shall investigate & provide account details to the City for specific customers where consumption varies from historic consumption levels.
- PowerStream shall provide billing & collection for Waterworks customer services as per the Town's approved user fee schedule for the following services:
 - Frozen meter replacement
 - Water turn on and/or turn off
 - Water meter removal, replacement and/or reinstallation
 - Water meter testing
- PowerStream shall provide written notices to the customer to have the ARB installed or repaired
- Coordination of appointments for repairs to water meter remote readout devices.

CUSTOMER ACCOUNT MANAGEMENT

- Resolution of Returned Mail
- Management of outgoing mail.

SERVICE LEVELS

- PowerStream will include with its regular bill mailings one (1) bill insert per mailing (containing Waterworks information supplied by the municipality) at no cost. Availability is at the discretion of PowerStream. There may be third party costs associated with bill inserts.

Telephone and Written Inquiry Handling

Response to telephone and written inquiries regarding water/sewer and electric will meet or exceed the mandated requirements as set out by the Ontario Energy Board:

- Telephone Response – 65% of calls answered within 30 seconds.
- Written Response to Inquiry – Within 10 business days, 80% of the time.

Annual statistics are reported to the Ontario Energy Board.

REPORTING STATISTICS

- Monthly Billing Summary - best efforts by the fifth working day and no later than the 10th calendar day.
- Monthly Active Account Count List of Water Accounts best efforts by the fifth working day (broken down between residential and commercial) and no later than the 10th calendar day.

Water Meter Serial Number Corrections

PowerStream shall update the water meter serial numbers in their database as provided by the City from time to time. These corrections should be merged into PowerStream's database within 20 business days of receipt.

Work Orders Statistics

- PowerStream shall provide the City monthly reports of outstanding work orders.

Customer Billing Data

PowerStream should provide customer billing data to the City in electronic format at the end of each billing month. The billing data should include the customers billed in the current month, separated into residential, general and industrial customers. Data is used in various Waterworks analyses.

PRICING

PowerStream will charge the following prices for providing the water meter reading, billing and payment & collection services listed above. An adjustment based on actual accounts will be made at the end of Q1 2009 and at the end of Q1 2010. Remittance is on the 10th day after month end.

- 2008: \$1,376,148
- 2009: \$1,414,367
- 2010: \$1,439,592
-

The prices listed above are cost based and are marked up by PowerStream's weighted average cost of capital of 7.3%. The following process was used to arrive at the costs. The meter reading service is obtained from a competitive bidding process.

1. Determined the direct costs associated with providing the service.
2. Determined the indirect costs associated with providing the service.
3. Determined what percentage of each budgetary account of the various Customer Services Departments are attributable to providing the services.
4. Determined what costs are related only to providing the service and PowerStream wouldn't incur if it didn't provide the service
5. Adjusted all costs for 2% inflation for years 2009 and 2010
6. Summed all the costs related to providing the water services.
7. Adjusted the total cost for 7.3% in order to ensure a ROI of 7.3% as required by the ARC.
8. The adjusted amount is the price charged to the City of Vaughan.

SCHEDULE G PRICING SUMMARY

PRICING SUMMARY

City of Vaughan/PowerStream
Joint Services Pricing Summary
2008 to 2010

Services Provided by the City of Vaughan to PowerStream
(In Dollars)

Schedule - Service	2008	2009	2010
A - Facilities	717,532	731,882	746,520
B - Information Technology	37,000	37,740	38,495
C - Fuel Service Charge	10,919	11,158	11,404

Services Provided by PowerStream to the City of Vaughan

Service	2008	2009	2010
D - Payroll	260,075	266,081	272,253
E - Cashier	231,671	235,965	240,972
F - Water Services	1,376,148	1,414,367	1,439,592

COPY

SHARED SERVICES AGREEMENT made in duplicate this 1st day of January, 2008

B E T W E E N:

POWERSTREAM INC.,
(hereinafter called "**PowerStream**")

- and -

THE CORPORATION OF THE TOWN OF MARKHAM,
(hereinafter called the "**Town**")

WHEREAS on June 1, 2004, Hydro Vaughan Distribution Inc., Markham Hydro Distribution Inc. ("**Markham Hydro**") and Richmond Hill Hydro Inc. amalgamated to become PowerStream (the "**Amalgamation**") in accordance with a merger agreement dated March 11, 2004, between The Corporation of the City of Vaughan, the Town, Hydro Vaughan Distribution Inc., Markham Energy Corporation, Markham Hydro Distribution Inc. and Richmond Hill Hydro Inc. (the "**Merger Agreement**");

AND WHEREAS prior to the Amalgamation, the Town and Markham Hydro entered into an agreement dated April 17, 1996, providing for Markham Hydro to implement and co-ordinate the billing and collection of water rates on behalf of the Town (the "**Services Agreement**");

AND WHEREAS pursuant to subsection 5.2(6)(b) of the Merger Agreement, all contracts listed on Schedule 4.2(34) of the Merger Agreement, which includes the Services Agreement, are to satisfy the requirements of the Affiliate Relationships Code for Electricity Distributors and Transmitters issued by the OEB and revised November 24, 2003 (the "**Affiliate Relationships Code**");

AND WHEREAS PowerStream and the Town wish to enter into an agreement to replace the Services Agreement in order for PowerStream to continue to provide certain services to the Town and the Town to provide certain facilities to PowerStream consistent with the Affiliate Relationships Code and for the consideration and on the terms and conditions hereinafter set forth;

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements herein contained (the receipt and sufficiency of which is hereby acknowledged by each of the Parties hereto), the Parties hereto hereby covenant and agree as follows:

1. INTERPRETATION

- 1.1 **Definitions.** In this Agreement, including the recitals and Schedules hereto, the following words shall have the following meanings:

- 1.1.1 “**Affiliate**” means a body corporate which is deemed to be affiliated with another body corporate, by virtue of one of them being the subsidiary of the other or both being subsidiaries of the same body or each of them being controlled by the same person
- 1.1.2 “**Affiliate Relationships Code**” means that as described in the third recital of this Agreement;
- 1.1.3 “**Agreement**” means this agreement and all recitals and all Schedules attached hereto as the same may be amended, modified, supplemented, restated, or replaced from time to time;
- 1.1.4 “**Applicable Law**” means collectively, all applicable federal, provincial, territorial, municipal and foreign laws, statutes, ordinances, decrees, rules, regulations, by-laws, legally enforceable policies, codes, or guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives, rulings or awards, and conditions of any grant of approval, permission, certification, consent, registration, authority or licence by any court, statutory body, self-regulatory authority, stock exchange or other Governmental Authority;
- 1.1.5 “**Binding Arbitration**” has the meaning ascribed thereto in Section 8.12;
- 1.1.6 “**Business Day**” means any day other than a day which is a Saturday, a Sunday or a statutory holiday or a civic holiday in Ontario;
- 1.1.7 “**Claims**” has the meaning ascribed thereto in Section 7.2;
- 1.1.8 “**Confidential Information**” means the confidential, secret or proprietary information of one Party (the “**Disclosing Party**”), including any of such information or data which (a) the Disclosing Party is obligated, under contract or law, to keep confidential and (b) is technical, financial or business in nature, and which has been or may hereafter be disclosed, directly or indirectly, to the other Party (the “**Recipient**”), either orally, in writing or in any other material form, or delivered to the Recipient;
- 1.1.9 “**Disclosing Party**” has the meaning ascribed thereto in Section 3.2;
- 1.1.10 “**Effective Date**” means the date of this Agreement – January 1, 2008;
- 1.1.11 “**Extension Notice**” has the meaning ascribed thereto in Section 4.2;
- 1.1.12 “**Facilities**” means the services and facilities provided by the Town to PowerStream as set out on Schedules A and B attached hereto;
- 1.1.13 “**Fee Review Date**” has the meaning ascribed thereto in subsection 2.5.3;
- 1.1.14 “**Fees**” means collectively the Town Fees and the PowerStream Fees;

- 1.1.15 **“Governmental Authority”** means any court, arbitrator, administrative agency, commission, or governmental or regulatory official, department, agency, body, authority or instrumentality, whether foreign, federal, state, provincial, municipal, or local, having jurisdiction over the Parties;
- 1.1.16 **“In Writing”** or **“Written”** means a posted letter, a facsimile transmittal or an e-mail message;
- 1.1.17 **“Internal Dispute Resolution”** has the meaning ascribed thereto in subsection 8.12.1;
- 1.1.18 **“Lease”** means the lease dated the 5th day of May, 2003, between the Town and Markham Hydro Distribution Inc., as amended by the Memorandum of Understanding (“MOU”) dated February 6, 2008, between PowerStream and the Town of Markham, copies of which are attached hereto as Schedule “A”, as amended in writing from time to time.
- 1.1.19 **“MFIPPA”** means the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. M. 56.
- 1.1.20 **“Notice”** has the meaning ascribed thereto in Section 8.45;
- 1.1.21 **“Parties”** means the parties to this Agreement and **“Party”** shall mean any one of them.
- 1.1.22 **“Town Fees”** means collectively, the charges payable by PowerStream for the provision of the Services as set out in Schedules A and B attached hereto, plus all applicable sales or service taxes in respect thereof,
- 1.1.23 **“Receiving Party”** has the meaning ascribed thereto in Section 3.2;
- 1.1.24 **“Requested Party”** has the meaning ascribed thereto in Section 8.1;
- 1.1.25 **“Services”** means the services purchased by the Town from PowerStream as set out on Schedules C and D attached hereto, or those services agreed to in writing between the Parties from time to time;
- 1.1.26 **“Term”** means the term of this Agreement commencing on the Effective Date to and including the Termination Date;
- 1.1.27 **“Termination Date”** has the meaning ascribed thereto in Section 4.1;
- 1.1.28 **“PowerStream Fees”** means collectively, the charges payable by the Town to PowerStream for the provision of the services set out on Schedules C and D attached hereto, plus all applicable taxes, if any, in respect thereof; and
- 1.1.29 **“Unsatisfied Party”** has the meaning ascribed thereto in Section 8.1.

- 1.2 **Headings.** The division of this Agreement into Sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “**this Agreement**”, “**hereof**”, “**hereunder**” and similar expressions refer to this Agreement and not to any particular Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to “**Sections**” are to sections and “**subsections**” are to subsections of this Agreement.
- 1.3 **Extended Meanings.** In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organisations, companies and corporations.
- 1.4 **Currency.** All references to currency herein are to lawful money of Canada unless otherwise specified.
- 1.5 **Schedules.** The following Schedules which are attached to this Agreement are incorporated by reference into this Agreement and are deemed to be a part of it:

Facilities provided by the Town to PowerStream:

Schedule A	-	Facilities Terms
Schedule B	-	Cashier Services at Markham Town Hall

Services Purchased from PowerStream by the Town:

Schedule C	-	Water Meter Reading and Billing
Schedule D	-	Street Lighting Services
Schedule E	-	Pricing Summary

2. SERVICES

- 2.1 **Provision of Services.**
- 2.2 In accordance with the terms hereof, from and after the Effective Date to the Termination Date:
- 2.2.1 PowerStream agrees to provide and perform, at the request of the Town, the Services for the benefit of the Town or the Town’s Affiliates, as the case may be; and

2.2.2 the Town agrees to provide the Facilities for the benefit of PowerStream or PowerStream's Affiliates, as the case may be, as the successor in title to Markham Hydro Distribution Inc., the named Tenant in the Lease, in accordance with the provisions of the Lease, as amended in writing from time to time. PowerStream covenants and agrees to comply with the provisions of the Lease, as amended from time to time.

2.3 **Standard of Services.** Notwithstanding the provisions of section 7.1 herein, PowerStream shall provide the Services in a prudent, businesslike manner in accordance with the policies and service levels applicable to such Services as set out in Schedules C and D inclusively or such practices, policies and service levels as may be amended from time to time pursuant to Section 2.4 hereof. PowerStream shall provide the Services in accordance with all Applicable Laws. Notwithstanding the foregoing, "**Applicable Laws**" shall not include any by-laws, guidelines, directions, rules or standards of the Town introduced, proclaimed or implemented after the date hereof that affects the provision of the Services by PowerStream hereunder or the terms hereof.

2.4 **Amendments.** At any time during the term of this Agreement the Town may request changes in the Services that the Town receives or the practices, policies or performance levels applicable to the Services received by the Town by submitting such requests in writing to PowerStream. Within a reasonable time, but in any event not more than thirty (30) Business Days after receiving written notice of a request, PowerStream shall advise the Town whether the change requested will have an impact on the delivery of the Services, acting reasonably, and whether or not the request will have an impact on the associated Fees and whether PowerStream authorizes the implementation of the change under the revised terms specified by the Town or rejects the change proposed. Minor adjustments to existing reports shall not trigger fee increases or the imposition of one-time fees. Pending PowerStream's response, the Town shall continue to receive the applicable Services in accordance with the latest approved terms for the provision of such Services.

2.5 **Fees.**

2.5.1 Town Fees paid by PowerStream shall be those as set out on Schedules A and B, or as mutually agreed upon by the Parties in writing from time to time. For clarity purposes, the Town Fees set out on Schedule A, for the years 2008 and 2009 and on Schedule B for the years 2008 to 2010 both inclusive have been agreed upon by the Parties.

2.5.2 PowerStream Fees paid by the Town shall be those as set out on Schedules C and D, or as mutually agreed upon by the Parties in writing from time to time. For clarity purposes, the PowerStream Fees set out on Schedule C for the years 2008 to 2010 both inclusive have been agreed upon by the Parties.

- 2.5.3 The Parties shall review the PowerStream Fees in respect of Schedule D only on an annual basis, prior to or on November 1st (the “**Fee Review Date**”) for the following calendar year. If the Parties are unable to agree on the adjustments to the PowerStream Fees within thirty (30) days of the Fee Review Date then the dispute shall be settled by the dispute resolution procedure in accordance with Section 8.12 herein.
- 2.5.4 Unless otherwise specified herein, PowerStream Fees shall be invoiced to the Town on a monthly basis. The final invoice sent by PowerStream to the Town for Streetlight Maintenance Services only, shall adjust the annual Fees to reflect actual rather than budgeted costs.
- 2.5.5 Town Fees shall be invoiced to and shall be payable by PowerStream in accordance with the Lease and the provisions of Schedule B .
- 2.5.6 The Parties agree that payment of Town Fees and other charges provided for hereunder will be due and payable in arrears not later than thirty (30) days after the date of invoice.
- 2.5.7 All PowerStream Fees and Town Fees shall comply with the requirements of the Affiliate Relationships Code.
- 2.6 **Co-operation by Town.** The Town shall co-operate with PowerStream to assist it in the provision of the Services. Without limiting the generality of the foregoing, the Town shall:
- 2.6.1 assign a minimum of two (2) representatives of the Town to co-ordinate with PowerStream the provision of the Services to the Town to deal with financial and operational issues respectively;
- 2.6.2 prepare and provide to PowerStream, in a mutually acceptable format, all information reasonably required by PowerStream to permit proper delivery of the Services;
- 2.6.3 establish, incorporate and maintain as part of the practices, policies and service levels applicable to such Services, in consultation with PowerStream, operating procedures to satisfy the Town’s requirements for accuracy and auditing;
- 2.6.4 provide training, if necessary, to personnel to assist in the provision of the required information to PowerStream to permit PowerStream to provide the Services; and
- 2.6.5 provide PowerStream with assistance in collecting amounts owed to the Town. The Town may place any of such unpaid amounts on the collector’s roll and enforce any other rights or remedies of the Town pursuant to section 398(2) of the *Municipal Act*, S. O. 2001, c. 25.

2.7 **Customer Information.**

- 2.7.1 PowerStream acknowledges that the ownership of all data in respect of water and sewer customers of the Town as such data relates to: water and sewer information, water and sewer consumption history and charges, fire protection information, customer information including name, billing address, legal description, service address, the final twelve (12) months of meter readings for each customer, outstanding water and sewer invoices, customer credit and collection information, and information with regard to work orders and asset management systems is and shall remain the property of the Town. PowerStream shall ensure that all of the data contemplated by this Section 2.7.1 is backed up in accordance with current PowerStream procedures and can be restored in 1-2 Business Days. The Town acknowledges that PowerStream can only back up data collected over a maximum period of 7 years.
- 2.7.2 The Town acknowledges that the ownership of data in respect of electricity customers of PowerStream or any of its Affiliates is and shall remain the property of PowerStream
- 2.7.3 Requests for data by the Town under Section 2.7.1 shall be made in writing, which may include electronic mail, by an individual designated by the Town to the attention of Bill Schmidt, Director of Information and Technology at PowerStream or such other individual designated by PowerStream. PowerStream shall within 1 Business Day advise the Town of the effort required to provide such data and such data shall be provided by PowerStream to the Town no later than 2 Business Days from the date the request is made by the Town or within such other, longer period of time as set out in the response from PowerStream.
- 2.7.4 Each Party, its employees and agents shall abide by all Applicable Laws, including the requirements of the Affiliate Relationships Code to the extent that it applies, related to the collection, use, retention, destruction and disclosure of any personal data which has been collected, used, retained, destroyed and disclosed in connection with the Services and the Facilities provided by such Party hereunder.

3. **CONFIDENTIAL INFORMATION**

- 3.1 **Confidentiality Obligation.** Commencing upon the Effective Date and continuing thereafter, each Party:
 - 3.1.1 shall treat as confidential, keep in safe custody and not disclose to any third party any Confidential Information provided to it by the other Party; and
 - 3.1.2 use such Confidential Information only to the extent necessary to comply with this Agreement.

- 3.2 Each of the Parties shall establish and enforce procedures to protect Confidential Information disclosed to it by the other Party and shall restrict disclosure of such Confidential Information to only those employees, officers, agents and professional advisors of it and its Affiliates who need to know such information in connection with such Party's performance of this Agreement and in accordance with MFIPPA or any other applicable legislation. If a Party or its Affiliate is required by order of any Governmental Authority or Applicable Law or the rules of a stock exchange to disclose Confidential Information disclosed to it by the other Party, it shall promptly notify the other Party of the request for disclosure and shall cooperate with the other Party if that other Party opposes the request for disclosure and wishes to seek confidential treatment for such Confidential Information that is required to be disclosed. Each of the Parties acknowledges that no adequate remedy at law exists for a material breach or threatened material breach of this Section 3.2 the continuation of which unremedied will cause the other Party to suffer irreparable harm, and agrees that the other Party is entitled, in addition to other remedies which may be available at law or in equity, to immediate injunctive relief from any breach of this Section 3.2 and to specific performance of its rights. Promptly following the Termination Date, each Party agrees to use commercially reasonable efforts to deliver to the other Party (the "**Disclosing Party**") the Confidential Information (including all electronic and other copies thereof) disclosed to it (the "**Receiving Party**") by the Disclosing Party that the Receiving Party possesses or, upon request by a Disclosing Party, the Receiving Party shall confirm to the Disclosing Party that such Confidential Information has been destroyed in accordance with the Disclosing Party's instructions but, in no event if such Confidential Information is not returned to the Disclosing Party or destroyed in accordance with its instructions, such Confidential Information shall not be disclosed by the Receiving Party to any other person. Notwithstanding the forgoing, (i) PowerStream acknowledges that the Town and its Affiliates are subject to MFIPPA and PowerStream agrees to act in accordance with applicable provincial laws relating to privacy as they apply to the provision of the Services by PowerStream; and (ii) the Town acknowledges that PowerStream and its Affiliates are subject to the *Personal Information Protection and Electronic Documents Act* (Canada) and the Town agrees to act in accordance with applicable federal laws relating to privacy as they apply to the provision of the Facilities by the Town.

4. TERM.

- 4.1 **Term.** This Agreement will be effective as at the Effective Date and shall terminate three (3) years after the Effective Date, unless terminated earlier pursuant to Section 5.1 or extended by renewal of the term pursuant to Section 4.2 (the "**Termination Date**").
- 4.2 **Extension of Term.** If either Party gives notice in writing to the other Party by not later than sixty (60) days prior to the Termination Date, requesting the continuation of Services or the provision of the Facilities, as the case may be (an "**Extension Notice**") for an additional one year period, the Parties agree to

negotiate, in good faith, in order to determine the terms and conditions on which such Services or the provision of the Facilities will be provided for a renewal term of one year or such longer period as is mutually agreed to. Notwithstanding anything in this Section 4.2 to the contrary, there shall be no obligation upon any Party having been provided with an Extension Notice to extend the term of this Agreement.

5. TERMINATION.

5.1 **Termination.** This Agreement, except for subsections 2.5.1, 2.5.2, 2.5.4 to 2.5.7 inclusive, and Sections 3.1.3.2 and 7.1 to 7.5 inclusive, which shall survive the termination of this Agreement, shall terminate on the Termination Date and may be terminated prior thereto as follows:

- 5.1.1 by the mutual written consent of the Parties hereto;
- 5.1.2 by either Party effective upon not less than twelve (12) months written notice to the other Party in respect of the Facilities or the Services, save and except for water services provided by PowerStream to the Town as set out on Schedule C hereto, which shall require PowerStream to provide the Town with eighteen (18) months written notice for termination of such service;
- 5.1.3 by either Party effective upon not less than thirty (30) days written notice of any material breach or default of any provision or obligation of this Agreement by a Party, provided that such notice will not be effective to terminate this Agreement in the event the other Party cures the default during such notice period; and
- 5.1.4 immediately, by either Party if the other Party becomes insolvent or is a party to any bankruptcy or receivership proceeding or any similar action affecting the affairs, property or solvency of such Party.
- 5.1.5 **Termination Without Prejudice.** Any such termination of this Agreement shall be without prejudice to any other remedies which any Party may have against the other arising out of such breach of default and shall not affect any rights or obligations of any Party arising under this Agreement prior to such termination.

6. FORCE MAJEURE.

- 6.1 **Force Majeure.** Performance of any obligation under this Agreement, other than the payment of Fees pursuant to Section 2.5.6, may be suspended by either Party without liability to the extent that an act of God, war, fire, earthquake, explosion, governmental expropriation, governmental law or regulation or any other occurrence beyond the reasonable control of such Party or labour disruption, strike or injunction (if such labour event is not caused by the bad faith or unreasonable conduct of such Party) delays, prevents, restricts, limits or renders

commercially unfeasible the performance of any such obligation. The affected Party may invoke this provision by promptly notifying the other Party of the nature and estimated duration of the suspension. No Party hereto invoking this provision shall be liable for any failure to perform or any delay in the performance of its obligations in this Section 6.1.

7. **DISCLAIMER, LIMIT OF LIABILITY AND INDEMNITY**

- 7.1 **Disclaimer.** The Services provided by PowerStream are provided without any warranty whatsoever, other than as is set forth in Section 2.3 hereof. In particular, PowerStream makes no warranty as to the suitability of any of the Services for the specific purposes or needs of the Town. The warranty contained in this Agreement is the only warranty made by PowerStream with respect to the Services. PowerStream specifically excludes any other warranties or conditions express or implied, including, but not limited to, implied warranties or conditions of merchantability, merchantable or satisfactory quality or fitness for a particular purpose, and those arising from a course of dealing or usage of trade.
- 7.2 **Indemnity by the Town.** The Town agrees to indemnify, defend and hold harmless PowerStream from any and all claims, litigation, damages, losses, causes of action or expenses (including legal fees and disbursements) ("**Claims**") suffered or incurred by PowerStream from third parties or otherwise in connection with:
- 7.2.1.1 a breach of the Town's obligations under this Agreement insofar as PowerStream has complied with its obligations under this Agreement; and
 - 7.2.1.2 any negligence on the part of the Town, its employees, contractors or agents in its provision of the Facilities.
- 7.3 Notwithstanding the provisions of Section 7.2, the Town shall be under no obligation to indemnify and save harmless PowerStream from any Claims resulting from the negligence or wilful misconduct of PowerStream in its provision of the Services hereunder.
- 7.4 **Indemnity by PowerStream.** PowerStream agrees to indemnify, defend and hold harmless the Town from any and all Claims suffered or incurred by the Town from third parties or otherwise in connection with:
- 7.4.1 a breach of PowerStream's obligations under this Agreement insofar as the Town has complied with its obligations under this Agreement; and
 - 7.4.2 any negligence on the part of PowerStream, its employees, contractors or agents in its provision of the Services hereunder.
- 7.5 Notwithstanding the provisions of Section 7.4, PowerStream shall be under no obligation to indemnify and save harmless the Town from any Claims resulting

from the negligence or wilful misconduct of the Town in its provision of the Facilities hereunder.

- 7.6 **Insurance.** PowerStream shall provide and keep in force a comprehensive liability insurance policy with coverage equal to or greater than Five Million Dollars (\$5,000,000) (Canadian) of sufficient coverage in respect of the Services performed by it under the terms of this Agreement. The Town shall provide and keep in force insurance in respect of the Facilities as required under the terms of this Agreement.

8. MISCELLANEOUS

- 8.1 **Audit.** PowerStream shall maintain accurate and complete books and records with respect to (i) the Services provided hereunder, (ii) the PowerStream Fees, and (iii) any information provided by the Town to PowerStream for the provision of the Services. The Town shall maintain accurate and complete books and records in respect to (i) the Facilities provided hereunder, (ii) the Town Fees, and (iii) any information provided by PowerStream for the provision of the Facilities. Each Party shall keep its accounts and records in accordance with Canadian generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants (or a successor institute) with respect to the computation of Fees and other charges payable pursuant to this Agreement. Each Party shall be entitled to audit such books and records in order to confirm compliance with the terms of this Agreement. Each Party shall make such books and records available to individuals designated by the other Party and provide any assistance it may reasonably require in order to conduct audits and inspections, provided that:

- 8.1.1 audits and inspections shall be made at reasonable times and on at least ten (10) Business Days prior notice; and
- 8.1.2 audits of Fees shall be made not later than twenty four (24) months after such Fees have been paid by a Party to the other Party.

Each Party agrees to provide the other Party with reasonable facilities for such audits and inspections and copies of documents, where necessary, appropriate and permitted by law. If a Party is not satisfied with the information provided (the "**Unsatisfied Party**"), the Unsatisfied Party may retain, at its own expense, an independent auditor, to review the books and records referred to above. The Party requested to provide additional information (the "**Requested Party**") may refuse to disclose to the Unsatisfied Party or its agents any information that the Requested Party is prevented from disclosing as a result of a confidentiality obligation to another person provided that the Requested Party shall use commercially reasonable efforts to obtain consents to permit disclosure of such information if such information is reasonably required in order to conduct an audit and inspection by the Requesting Party under this Section 8.1 and the Requesting Party or its agents has requested access to such information. Each of the Parties

agree that any third party conducting an audit or inspection shall be subject to the confidentiality provisions of Sections 3.1 and 3.2 and may be required by the Requested Party to enter into a confidentiality and non-disclosure agreement in form and substance reasonably acceptable to the Requested Party and each of the Parties agree that should an independent auditor be deemed by the Requested Party to be a competitor of the Requested Party, the Parties shall mutually agree to the review and audit procedures prior to such review and audit.

- 8.2 **Governing Law.** This Agreement shall be governed by and construed in accordance with the law of the Province of Ontario and the laws of Canada applicable therein.
- 8.3 **Successors.** This Agreement will enure to the benefit of and be binding on the respective successors and assigns of each of the Parties.
- 8.4 **Time of Essence.** Time shall be of the essence of this Agreement
- 8.5 **Notices.** Unless otherwise expressly provided herein, any notice, consent or other communication (a "Notice") given pursuant to or in connection with this Agreement shall be in writing and shall be sufficiently given to the person to whom it is addressed if transmitted by facsimile, delivered in person to or for such person at the address of such person indicated below or at such other address as such person shall have provided in writing to the other Party in accordance with this provision. Any Notice provided in accordance with this provision shall be deemed to have been sufficiently given or made on the date on which it was so transmitted by facsimile or delivered provided that if such day is not a Business Day or delivery occurs after normal business hours of the recipient, the Notice shall be deemed given or made on the Business Day following transmission or delivery, as the case may be.

To PowerStream:

PowerStream Inc.
161 Cityview Boulevard
Vaughan, Ontario
L4H 0A9

Attention: Dennis Nolan
Executive Vice President, Corporate Services and Secretary
Fax: (905) 532-4616
E-Mail: dennis.nolan@powerstream.ca

To the Town:

The Corporation of the Town of Markham
Anthony Roman Centre
101 Town Centre Boulevard
Markham, Ontario

L3R 9W3

For Financial matters or matters relating to the Facilities:

Attention: Barbara Cribbett
Treasurer
Fax: (905) 479-7769
E-Mail: bcribbet@markham.ca

For Operation Issues:

Attention: Steven Andrews
Director of Asset Management
Fax: (905)-479-7766
E-Mail: sandrews@markham.ca

For Waterworks Operational issues:

Attention: Ernie Ting
Manager, Infrastructure
Fax: (905) 479-7772
E-Mail: eting@markham.ca

or to such other address as such Party shall have notified to the other Party hereto. Any communication so addressed and delivered shall be deemed to have been sufficiently given or made on the date on which it was received.

- 8.6 **Entire Agreement.** This Agreement, together with the recitals and the Schedules attached hereto, constitutes the entire agreement between the Parties hereto with regard to the subject matter hereof and supersedes and cancels all previous negotiations, agreements, commitments and writings in respect of the subject matter hereof. This Agreement may not be modified or amended in any respect except by written instrument signed by the Parties hereto.
- 8.7 **Waiver.** The failure of any Party to this Agreement at any time to require performance by the other Party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter of any other provision hereof and no waiver by any Party hereof of any breach of condition, covenant or agreement shall constitute a waiver except in respect of the particular breach giving rise to such waiver. Any such waiver shall be effective only if made in writing by the Party entitled to waive the provision.
- 8.8 **Independent Contractor.** By virtue of this Agreement, no Party hereto constitutes any other Party hereto as its agent, partner, joint venturer, franchisee or legal representative and no Party has express or implied authority to bind any other Party hereto in any manner whatsoever. Unless otherwise contemplated in the Services or the Facilities or approved in writing by the other Party, no Party hereto will assume or create any obligation or responsibility whatsoever, express or implied, on behalf of or in the name of that other Party.

- 8.9 **Assignment.** This Agreement and the privileges herein granted shall not be assigned by either Party except with the prior written consent of the other; such consent not to be unreasonably withheld. Notwithstanding the foregoing, either party or its permitted assignee may, as security only, assign, transfer, pledge, grant a security interest in or otherwise dispose of its rights and interests under this Agreement to a trustee or lending institution, including such an assignment, transfer or other disposition upon or pursuant to the exercise of remedies by such trustee or lending institution.
- 8.10 **Further Assurances.** Each of the Parties hereto from time to time at the request and expense of the other Party hereto and without further consideration, will execute and deliver such other instruments of transfer, conveyance and assignment and take such further action as such other Party may require to more effectively complete any matter provided for herein.
- 8.11 **Severability.** Any covenant or provision hereof determined to be void or unenforceable in whole or in part will be deemed not to affect or impair the validity or enforceability of any other covenant or provision hereof and the covenants and provisions hereof are declared to be separate and distinct.
- 8.12 **Arbitration.**
- 8.12.1 In the event of any dispute or claim between the Parties, arising out of, or relating to, in any way connected with this Agreement or its interpretation or the fulfilment of the obligations of the Parties hereunder (a "**Dispute**"), such Dispute shall be referred internally by either Party by written notification to Dennis Nolan, Executive Vice President, Corporate Services and Secretary at PowerStream and John Livey, Chief Administrative Officer at the Town for resolution (the "**Internal Dispute Resolution**"). If the Dispute is not resolved within 60 Business Days of a Dispute being referred to the Internal Dispute Resolution then such Dispute shall be settled by binding arbitration ("**Binding Arbitration**"). Binding Arbitration shall be conducted in accordance with the *Arbitration Act, 1991* (Ontario), as amended from time to time.
- 8.12.2 It shall be a condition precedent to the right of a Party to this Agreement to submit a Dispute to Binding Arbitration that such Party shall have given written notice of its intention to do so to the other Party to this Agreement and such written notice shall state the particulars of such Dispute. Within ten (10) Business Days of such notice being provided, the Parties to this Agreement shall mutually appoint a single arbitrator to determine the Dispute. The arbitrator shall fix a time, which shall not be later than ten (10) Business Days following his or her appointment, and a place in Vaughan, Ontario, for the purpose of hearing the evidence and representations of the Parties. Each of the Parties shall co-operate with the arbitrator and shall provide him or her with all information in their possession or under their control necessary or relevant to the matter being

determined. Within ten (10) Business Days after the conclusion of the arbitration hearing, or such longer period as may be required by the arbitrator appointed under this subsection 8.12.2, the arbitrator shall make an award and reduce the same to writing and deliver one copy of his or her decision to each Party.


8.12.3 If the Parties fail to agree on an arbitrator within the time period specified in subsection 8.12.2 above, then, unless the parties otherwise agree, the Dispute shall be submitted to ADR Chambers for final resolution, which submission shall be by written notice which may be provided by either Party to ADR Chambers and to the other Party to this Agreement. Within five (5) Business Days following the date of any notice given by either Party pursuant to this subsection 8.12.3, an arbitrator shall be selected by random draw made by ADR Chambers. The arbitrator so selected shall perform both the settlement conference and the trial in the matter. The Parties further agree to be bound by the rules of the ADR Chambers in force from time to time.

8.12.4 There shall be no right of appeal from the arbitrator's award except in accordance with the *Arbitration Act, 1991* (Ontario). The Parties agree that a judgment upon the arbitration award may be entered in any court in Canada or any court having jurisdiction, or that an application may be made to such court for judicial recognition of the award and/or an order of enforcement thereof. The Parties agree that the arbitrator selected pursuant to subsections 8.12.2 and 8.12.3 shall determine costs (legal fees and disbursements) as part of the arbitrator's award.

8.13 **Counterparts**. This Agreement may be executed by the Parties hereto in several counterparts, each of which when so executed and delivered shall be an original and all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties hereto on the date first above written.


POWERSTREAM INC.

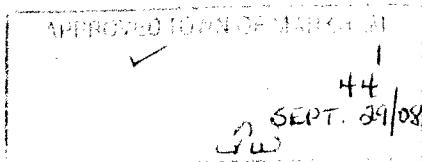
Per: 
Name: Dennis Nolan
Title: EVP Corporate Services & Secretary

**THE CORPORATION OF THE TOWN OF
MARKHAM**

Per: 
Mayor Frank Scarpitti



Per: 
~~Clerk Kimberley Kingstongham~~
Deputy Clerk Andrew Brouwer



SCHEDULE "A"
FACILITIES TERMS

Explanation of Pricing

1. As a result of PowerStream vacating the building at 8100 Warden Avenue in February 2008, the Town of Markham will charge 1/12 of the annual rent of \$605,000 or \$50,166.67 for the 2008 rental year.
2. In addition to #1 above, \$5.00 per square foot (annualized) will be charged for the month of February only for the garage/warehouse.
3. Outdoor storage space will be charged at a rate of \$10,000 per month from September 1, 2008 to December 31, 2009.
4. 2008 cost is therefore, \$110,410.84.
5. 2009 cost is therefore, \$120,000.

SCHEDULE "B"

CASHIER SERVICES AT MARKHAM TOWN HALL

Terms and Pricing

This Schedule conveys the service expectations and service deliverables for the Town of Markham in its delivery of cashiering services to PowerStream beginning on January, 24, 2008, and lasting for the three-year term of this contract. All of the service expectations listed below will be accompanied by full training and refresher training provided by PowerStream, as required including documentations.

Service Expectations

On a daily basis, Town Cashiering staff will be required to do the following:

- Open for business at 8:30am
- Log into PowerStream's Customer Information System
- Accept payments related to PowerStream by cheque, by cash, by Interac from customers and occasionally from Field Customer Service Representatives who have collected
- Input payments into PowerStream's cash management system
- Set aside any post-dated cheques and forward them to PowerStream's Head Office
- Day-End, Month-End and Year-End routines as determined by PowerStream will be broadcast to Town Cashiering staff
- Town staff or customer to advise PowerStream at the Head office location in Vaughan of payments made by customers who are at risk of disconnection or deserve to be reconnected once they have made their payments
- Prepare courier packages which could include customer related enquiries
- Prepare deposits for armoured courier pickup at a generally specified time each day during regular working hours
- Answer basic questions related to customer bills on account history and basic industry issues; any payment arrangements will be made through PowerStream's Head Office
- Close the cashier service at 4:30pm
- Balance payment batches as often as necessary throughout the day
- For any shortages, the Town of Markham will be responsible for the cost of the outage amount (Note: this section must stay for accountability reasons – same as currently in place at the City of Vaughan where PowerStream is the service provider to the City)
- Print each posted and balanced payment batch summary and copies of the matching deposit slips and send via courier to PowerStream's Head Office

- Any correspondence, PAP/EPP applications, name change information, copies of deposit slips, new service applications and the like should be couriered to PowerStream's head Office at the next opportunity
- Prepare daily separate armoured courier pickup acknowledgements for both cash and cheques

Deliverables

PowerStream will provide:

- Deposit bags
- Deposit slips
- Armoured Courier service
- Staff training and documentation
- Any customer related information or rate schedules
- Point of sale Interac Machines including ribbons, rolls plus PowerStream receipts
- 3 "Paid" Stamps
- 3 "Entered" Stamps
- One "Deposit to the Credit of PowerStream Inc." Stamp

The Town of Markham will provide:

- Staff to handle the payment and customer service expectations of customers and the Town of Markham
- Cooperation to determine the source and correction of any errors
- A telephone programmed to call toll-free to PowerStream's Head Office for priority support on issues of importance especially including issues requiring customers to be reconnected or to avoid being disconnected
- A display space for a few customer related information pieces plus water and electricity rate schedules
- A local printer to be able to print screens for enquiring customers and for batch backup

Annual Pricing

- One time 2008 set up cost of \$2,250.00
- 2008 annual cost \$79,544
- Add 3% for wage/increases/inflation for cost of \$81,930 in 2009 and \$84,388 in 2010
- Provided that if the actual costs for the Interac line and one hot line go up by more than 3%, the annual pricing shall increase by 3% plus the actual increase over 3%

SCHEDULE "C"

WATER METER READING AND BILLING

GENERAL SERVICES PROVIDED

Billing of all water/sewer services

- As required, PowerStream to explain the methodology used to produce estimated readings and the adjustment/correction once regular reads are collected.
- PowerStream shall be responsible for the work quality of their meter readers.
- PowerStream shall be responsible for submitting any work orders relating to water meters to the Town and/or Town's contractor in a timely manner.
- All water meter reading.
- Billing of all water/sewer services.
- Bill calculation usage exception review; dollar value exception review.

REVENUE MANAGEMENT & COLLECTIONS

- Payment by customers of water accounts are in conjunction with electricity accounts and the amounts owing are treated as one (unless prevented by the Ontario Energy Board from doing so).
- Upon request, PowerStream shall investigate & provide account details to the Town for specific customers where consumption varies from historic consumption levels.
- PowerStream shall provide billing & collection for Waterworks customer services as per the Town's approved user fee schedule for the following services:
 - Frozen meter replacement
 - Water turn on and/or turn off
 - Water meter removal, replacement and/or reinstallation
 - Water meter testing

- PowerStream shall provide written notices to the customer to have the ARB installed or repaired
- Coordination of appointments for repairs to water meter remote readout devices
- Collection action applies to accounts that remain unpaid beyond the due date and may result in the disconnection of electricity service.
- Failure to pay for the water/sewer service arrears does not necessarily result in water/sewer service disconnection.
- Back-billing for water/sewer services where applicable, will be actively pursued. Complex back-billing/adjustments are to be approved by the Town and responses to disputes that cannot be resolved by PowerStream are to come from the Town. A normal Town of Markham contact for such cases is required.
- PowerStream acts as the billing and collection *agent* on behalf of the Town of Markham and as such cannot accept bad debt water losses. Such losses will be charged back to the Town of Markham annually by deduction from the proceeds of water/sewer revenues collected.
- PowerStream will assist the Town of Markham to tax-roll for unpaid water and sewer arrears as provided under the *Municipal Act, 2001, S.O. 2001* by transferring the water and sewer arrears to the owner of the property at which the services are provided.
- Reporting of invalid or missing remote meter numbers and serial numbers.
- Follow-up as required with both Water Works (Town of Markham) and the customer.
- Reporting of missing or bypassed water meters.
- Bad debt write- off list.

CUSTOMER ACCOUNT MANAGEMENT

- Resolution of Returned Mail
- Management of outgoing mail
- Set up and maintenance of customer account information.
- Set up of customer moving in and out information.

SERVICE LEVELS

- PowerStream will include with its regular bill mailings one (1) bill insert per mailing, containing information supplied by the Town at no cost. Availability is at the discretion of PowerStream. There may be third party costs associated with bill inserts.
- Frequency of all water meter readings and billings will be based on PowerStream's reading and billing cycles which are currently bi-monthly for residential accounts and monthly for commercial accounts.
- PowerStream will provide one rate-change adjustment per calendar year at no cost. Rate changes will normally be applied in the month of January. Pro-rating of bills resulting from rate changes or rate increases applied at any other time of the year will be provided at an additional cost.
- A minimum of 30 calendar day's written notice is required for water/sewer rate increases to be incorporated to the CIS to commence on the first day of the month as determined by the Town. More than 30 calendar days notice is welcome.

TELEPHONE & WRITTEN INQUIRY HANDLING

Response to telephone and written inquiries regarding water/sewer and electric will meet or exceed the mandated requirements as set out by the Ontario Energy Board:

- Telephone Response – 65% of calls answered within 30 seconds.
- Written Response to Inquiry – Within 10 business days, 80% of the time.

Annual statistics are reported to the Ontario Energy Board.

REPORTING STATISTICS

- Monthly Billing Summary and Accruals - best efforts by the fifth working day and no later than the 10th calendar day.
- Monthly Active Account Count List of Water Accounts best efforts by the fifth working day (broken down between residential and commercial) and no later than the 10th calendar day
- Monthly Account and Consumption List (electronic file received by Waterworks)

Water Meter Serial Number Corrections

PowerStream shall update the water meter serial numbers in their database as provided by the Town from time to time. These corrections should be merged into PowerStream's database within 20 business days of receipt.

Work Orders Statistics

PowerStream shall provide the Town monthly reports of outstanding work orders.

Customer Billing Data

PowerStream should provide customer billing data to the Town in electronic format at the end of each billing month. The billing data should include the customers billed in the current month, separated into residential, general and industrial customers. Data is used in various Waterworks analyses.

REMITTANCE & PRICING

PowerStream will charge the following prices for providing the water meter reading, billing and payment and collection services listed above. An adjustment based on actual accounts will be made at the end of Q1 2009 for 2009 and at the end of Q1 2010 for 2010.

All amounts billed in a calendar month shall be remitted to the Town no later than the 10th day of the following month, by electronic funds transfer. PowerStream shall be entitled to deduct 1/12th the annual cost set out below from each monthly remittance of the water accounts billed in the previous month.

- 2008: \$1,363,337
- 2009: \$1,401,200
- 2010: \$1,426,190

The prices listed above are cost based and are marked up by PowerStream's weighted average cost of capital of 7.3%. The following process was used to arrive at the costs. The meter reading service is obtained from a competitive bidding process.

1. Determined the direct costs associated with providing the service.
2. Determined the indirect costs associated with providing the service.
3. Determined what percentage of each budgetary account of the various Customer Services Departments are attributable to providing the services.
4. Determined what costs are related only to providing the service and PowerStream wouldn't incur if it didn't provide the services.

5. Adjusted all costs for 2% inflation for years 2009 and 2010.
6. Summed all the costs related to providing the water services.
7. Adjusted the total cost for 7.3% in order to ensure a ROI of 7.3% as required by the ARC.
8. The adjusted amount is the price charged to the Town of Markham.

SCHEDULE "D"

Street Lighting Services Provided by PowerStream Inc. to the Town of Markham

SERVICE SUMMARY

Street lighting service for the Town of Markham is broken into five categories:

1. Street Light Maintenance
 - a. Replacement of defective fixtures
 - b. Burned out lights and ballasts
 - c. Damaged poles and hardware
2. Re-lamping Program
 - a. Replace all street light bulbs in 1 selected area out of the 5 geographic based on a 5 year area rotation cycle.
3. Accident (eg. hit by car) and Vandalism
 - a. Repair of broken street light poles.
 - b. Repair of damaged hardware.
 - c. Excludes damages where costs are recovered through insurance or by direct payment.
4. Street Light Faults
 - a. Locating cable failure.
 - b. Contracting labour to expose underground cable.
 - c. Repairing damaged or faulty cables.
5. Pole Replacement (not a service covered in the street light contract).
 - a. Replace aging poles as a part of the maintenance process.

COSTING METHODOLOGY

PowerStream will obtain pricing through a competitive bidding process in order to get the lowest cost for Town of Markham. PowerStream will manage the contract to ensure that service standards and quality are maintained. A fee of 20% will be charged.

Pricing is estimated at \$800,000 per year (including contract management fee) based on the experience in 2006 and 2007 and a Forecast for 2008. The actual costs will be charged.

Work Order	Costs		
	2006A	2007A	2008F
Maintenance	462,371	585,117	381,430
Faults/Burn Offs	115,655	173,736	210,000
Accidents/Vandalism	89,310	82,461	65,000
Relamping	118,499	22,427	143,982
<u>Total</u>	<u>785,835</u>	<u>863,742</u>	<u>800,412</u>

SCHEDULE "E" **PRICING SUMMARY**

Town of Markham/PowerStream
Joint Services Pricing Summary
2008 to 2010

***Services Provided by Town of Markham to PowerStream
(In Dollars)***

<i>Service</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
es	110,411	120,000	nil
ering	81,794	81,930.	84,388.

Services Provided by PowerStream to Town of Markham

<i>Service</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
C - Water Services	1,363,337	1,401,200	1,426,190
D - Street Lighting	800,000	800,000	800,000

PowerStream Inc. (ED-2004-0420)

PILs Calculations for 2009 EDR Application (EB 2008-0244)

October 10, 2008

Model Overview*Select a worksheet link*

Tab	ShortName	Title	Instruction	Link
P		PILS Calculations		P0 Administration
P0	Admin	Administration	Enter administrative information about the Application	P0 Administration
P1	UCC	Undepreciated Capital Costs (UCC)	Enter actual balances and projected asset additions & retirements	P1 Undepreciated Capital Costs (UCC)
P2	CEC	Cumulative Eligible Capital (CEC)	Enter actual balance, projected changes and deduction rates	P2 Cumulative Eligible Capital (CEC)
P3	Interest	Interest Expense	Enter deemed and projected actual interest amounts	P3 Interest Expense
P4	LCF	Loss Carry-Forward (LCF)	Enter details of historical losses available to offset projected taxable income	P4 Loss Carry-Forward (LCF)
P5	Reserves	Reserve Balances	Enter balance amounts and projected changes in tax and accounting reserves	P5 Reserve Balances
P6	TxbIncome	Taxable Income	Enter amounts required to calculate taxable income	P6 Taxable Income
P7	CapitalTax	Capital Taxes	Enter rate base amounts	P7 Capital Taxes
P8	TotalPILs	Total PILs Expense	Enter tax credit amounts	P8 Total PILs Expense
Y		Reference Information		Y1 Tax Rates and Exemptions
Y1	TaxRates	Tax Rates and Exemptions	Enter applicable rates and exemption amounts	Y1 Tax Rates and Exemptions
Y2	CCA	Capital Cost Allowances (CCA)	Enter asset classes and applicable rates for CCA deductions	Y2 Capital Cost Allowances (CCA)
Z		Model Parameters		Z1 Model Variables
Z1	ModelVariables	Model Variables		Z1 Model Variables
Z0	Disclaimer	Software Terms of Use		Z0 Software Terms of Use

October 10, 2008

Enter administrative information about the Application

PowerStream Inc.
ED-2004-0420
2009
EB 2008-0244
10-Oct-2008
Tom Barrett
tom.barrett@powerstream.ca
905-532-4640
31-Mar-2006

PowerStream Inc. (ED-2004-0420)
PILs Calculations for 2009 EDR Application (EB 2008-0244)
October 10, 2008

P1 Undepreciated Capital Costs (UCC)
Enter actual balances and projected asset additions & retirements

Class	Description	UCC Balance 31 Dec/07 ¹	Less: Non- Distribution Portion	Less: Disallowed FMV Increment	UCC 2008 Opening Balance	2008 Projected Additions	2008 Projected Retirements	UCC Before 1/2 Yr Adjustment	1/2 Year Reduction	Reduced UCC	Rate %	2008 CCA	UCC 31 Dec/08
1	Distribution System - post 1987	335,500,865			335,500,865			335,500,865		335,500,865	4.0%	13,420,035	322,080,830
1.1	Buildings (acq'd post Mar 19/07)					22,372,305		22,372,305	11,186,153	11,186,153	6.0%	671,169	21,701,136
2	Distribution System - pre 1988	73,841,730			73,841,730			73,841,730		73,841,730	6.0%	4,430,504	69,411,226
8	General Office/Stores Equip	25,182,249			25,182,249	5,736,009	30,000	30,888,258	2,853,005	28,035,254	20.0%	5,607,051	25,281,207
10	Computer Hardware/ Vehicles	4,334,104			4,334,104	1,218,400	537,000	5,015,504	340,700	4,674,804	30.0%	1,402,441	3,613,063
10.1	Certain Automobiles										30.0%		
12	Computer Software	1,417,340			1,417,340	1,188,391		2,605,731	594,195	2,011,535	100.0%	2,011,535	594,195
13.1	Leasehold Improvement Vaughan	159,240			159,240			159,240		159,240		105,329	53,911
13.2	Leasehold Improvement 2005	105,973			105,973			105,973		105,973		43,854	62,119
13.3	Leasehold Improvement Markham Hydro	367,163			367,163			367,163		367,163		83,187	283,976
13.4	Leasehold Improvement # 4	65,432			65,432			65,432		65,432		18,662	46,770
14	Franchise										6 years		
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	655,207			655,207			655,207		655,207	8.0%	52,417	602,790
43.1	Certain Energy-Efficient Electrical Generating Equipment										30.0%		
45	Computers & Systems Software (acq'd post Mar 22/04)	1,921,658			1,921,658			1,921,658		1,921,658	45.0%	864,746	1,056,912
45.1	Computers & Systems Software (acq'd post Mar 17/07)					4,253,511		4,253,511	2,126,756	2,126,756	55.0%	1,169,716	3,083,796
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)					985,000		985,000	492,500	492,500	30.0%	147,750	837,250
47	Distribution System post Feb 22/05	57,606,597			57,606,597	35,865,515		93,472,112	17,932,758	75,539,355	8.0%	6,043,148	87,428,964
50	Computers & Systems Software (acq'd Jan 28/09 - Jan 31/10)										100.0%		
45.1	Smart Meters - Computers & Systems Software										55.0%		
47	Smart Meters - Distribution System post Feb 22/05										8.0%		
	WIP	40,156,399			40,156,399			40,156,399		40,156,399			40,156,399
	TOTAL	541,313,957			541,313,957	71,619,131	567,000	612,366,088	35,526,066	576,840,023		36,071,543	576,294,545

¹ per Schedule 8 of 2007 corporate tax return

PowerStream Inc. (ED-2004-0420)
PILs Calculations for 2009 EDR Application (EB 2008-024
October 10, 2008

P1 Undepreciated Capital Costs (UCC)
Enter actual balances and projected asset addition:

Class	Description	2009 Projected Additions	2009 Projected Retirements	UCC Before 1/2 Yr Adjustment	1/2 Year Reduction	Reduced UCC	Rate %	2009 CCA	UCC 31 Dec/09
1	Distribution System - post 1987			322,080,830		322,080,830	4.0%	12,883,233	309,197,597
1.1	Buildings (acq'd post Mar 19/07)			21,701,136		21,701,136	6.0%	1,302,068	20,399,068
2	Distribution System - pre 1988			69,411,226		69,411,226	6.0%	4,164,674	65,246,553
8	General Office/Stores Equip	1,575,600	50,000	26,806,807	762,800	26,044,007	20.0%	5,208,801	21,598,006
10	Computer Hardware/ Vehicles	1,082,600	537,000	4,158,663	272,800	3,885,863	30.0%	1,165,759	2,992,904
10.1	Certain Automobiles						30.0%		
12	Computer Software	753,960		1,348,155	376,980	971,175	100.0%	971,175	376,980
13.1	Leasehold Improvement Vaughan			53,911		53,911		53,911	
13.2	Leasehold Improvement 2005			62,119		62,119		43,854	18,265
13.3	Leasehold Improvement Markham Hydro			283,976		283,976		83,187	200,789
13.4	Leasehold Improvement # 4			46,770		46,770		18,662	28,108
14	Franchise								
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			602,790		602,790	8.0%	48,223	554,567
43.1	Certain Energy-Efficient Electrical Generating Equipment						30.0%		
45	Computers & Systems Software (acq'd post Mar 22/04)			1,056,912		1,056,912	45.0%	475,610	581,302
45.1	Computers & Systems Software (acq'd post Mar 17/07)	192,887		3,276,682	96,443	3,180,239	55.0%	1,749,131	1,527,551
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	696,000		1,533,250	348,000	1,185,250	30.0%	355,575	1,177,675
47	Distribution System post Feb 22/05	75,312,399		162,741,363	37,656,200	125,085,163	8.0%	10,006,813	152,734,550
50	Computers & Systems Software (acq'd Jan 28/09 - Jan 31/10)	2,414,653		2,414,653		2,414,653	100.0%	2,414,653	
45.1	Smart Meters - Computers & Systems Software						55.0%		
47	Smart Meters - Distribution System post Feb 22/05						8.0%		
	WIP			40,156,399		40,156,399			40,156,399
	TOTAL	82,028,099	587,000	657,735,644	39,513,223	618,222,421		40,945,331	616,790,312

¹ per Schedule 8 of 2007 corporate tax return

PowerStream Inc. (ED-2004-0420)

PILs Calculations for 2009 EDR Application (EB 2008-0244)

October 10, 2008

P2 Cumulative Eligible Capital (CEC)*Enter actual balance, projected changes and deduction rates*

	2008		2009	
CEC Opening Balance ¹		9,227,586		8,581,655
Eligible Capital Property (ECP) Acquisitions				
Other Adjustments				
Subtotal	x 3/4 =		x 3/4 =	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after December 20, 2002	x 1/2 =		x 1/2 =	
Amount transferred on amalgamation or wind-up of subsidiary				
Subtotal before deductions		9,227,586		8,581,655
ECP Dispositions (net)				
Other Adjustments				
Subtotal	x 3/4 =		x 3/4 =	
Balance before tax deduction		9,227,586		8,581,655
Tax Deduction	Rate:	7.0% 645,931	Rate:	7.0% 600,716
CEC Ending Balance		<u>8,581,655</u>		<u>7,980,939</u>

¹ 2008 amount per ending balance on Schedule 10 of 2007 corporate tax return

PowerStream Inc. (ED-2004-0420)

PILs Calculations for 2009 EDR Application (EB 2008-0244)

October 10, 2008

P3 Interest Expense*Enter deemed and projected actual interest amounts*

	2008	2009
Deemed Interest Expense (A)	17,384,557	17,899,671
3900-Interest Expense		
Add: Capitalized Interest (USA #6040)		
Add: Capitalized Interest (USA #6042)		
Less: non-debt interest expense (USA #6035)		
Total Interest Projected (B)		
Excess Interest Expense		

*Enter credit to P&L as positive number**Enter credit to P&L as positive number**Enter other adjustments for tax purposes**This schedule only applied to 2006 EDR and is not relevant for 2009 EDR.**(B) less (A); if negative: zero*

PowerStream Inc. (ED-2004-0420)

PILs Calculations for 2009 EDR Application (EB 2008-0244)

October 10, 2008

P4 Loss Carry-Forward (LCF)*Enter details of historical losses available to offset projected taxable income*

	Balance 31 Dec/07 ¹	Less: Non- Distribution Portion	Utility Balance 31 Dec/07	2008	2009
Non-Capital LCF:					
Opening Balance					
Application of LCF to reduce taxable income					
Ending Balance					
Net Capital LCF:					
Opening Balance					
Application of LCF to reduce taxable capital gains					
Ending Balance					

¹ per Schedule 7-1 of 2007 corporate tax return

PowerStream Inc. (ED-2004-0420)

PILs Calculations for 2009 EDR Application (EB 2008-0244)

October 10, 2008

P5 Reserve Balances*Enter balance amounts and projected changes in tax and accounting reserves*

	Balance 31 Dec/07 ¹	Less: Non- Distribution Portion	Utility Balance 31 Dec/07	Changes (+ / -) in 2008	Balance 31 Dec/08	Changes (+ / -) in 2009	Balance 31 Dec/09
Capital Gains Reserves ss.40(1)							
Tax Reserves not deducted for book purposes:							
Reserve for doubtful accounts ss. 20(1)(l)							
Reserve for goods and services not delivered ss. 20(1)(m)							
Reserve for unpaid amounts ss. 20(1)(n)	2,553,849	2,553,849					
Debt & Share Issue Expenses ss. 20(1)(e)							
TOTAL	2,553,849	2,553,849					
Accounting Reserves not deducted for tax purposes:							
General Reserve for Inventory Obsolescence (non-specific)	300,000		300,000		300,000		300,000
General reserve for bad debts	850,000		850,000		850,000		850,000
Accrued Employee Future Benefits:							
- Medical and Life Insurance							
- Short & Long-term Disability							
- Accumulated Sick Leave							
- Termination Cost							
- Other Post-Employment Benefits	7,240,564		7,240,564	1,080,000	8,320,564	1,080,000	9,400,564
Provision for Environmental Costs							
Restructuring Costs							
Accrued Contingent Litigation Costs							
Accrued Self-Insurance Costs							
Other Contingent Liabilities	2,354,601		2,354,601	(1,500,000)	854,601		854,601
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)							
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)							
Accrued donation	760,000	760,000					
TOTAL	11,505,165	760,000	10,745,165	(420,000)	10,325,165	1,080,000	11,405,165

¹ per Schedule 13 of 2007 corporate tax return

PowerStream Inc. (ED-2004-0420)

PILs Calculations for 2009 EDR Application (EB 2008-0244)

October 10, 2008

P6 Taxable Income*Enter amounts required to calculate taxable income*

T2 S1 line #	2006 EDR Approved			2008 Projection	2009 @ existing rates	2009 @ new dist. rates
	Tax Return	Less: Non- Distribution Portion	Utility Only			
Income/(Loss) before PILs/Taxes (Accounting) ¹	24,995,035	372,383	24,622,652	28,810,365	18,376,952	17,103,991
Additions:						
Interest and penalties on taxes	103 45,219		45,219	5,000	5,000	5,000
Amortization of tangible assets	104 27,870,567	94,782	27,775,785	33,044,507	36,538,357	36,538,357
Amortization of intangible assets	106 86,005		86,005	1,200	1,200	1,200
Recapture of capital cost allowance from Schedule 8	107					
Gain on sale of eligible capital property from Schedule 10	108					
Income or loss for tax purposes- joint ventures or partnerships	109 2,585		2,585	8,500	8,500	8,500
Loss in equity of subsidiaries and affiliates	110					
Loss on disposal of assets	111					
Charitable donations	112 112,000		112,000	15,000	45,000	45,000
Taxable Capital Gains	113 110,978		110,978			
Political Donations	114 6,871		6,871	1,000	1,000	1,000
Deferred and prepaid expenses	116					
Scientific research expenditures deducted -financials	118					
Capitalized interest	119					
Non-deductible club dues and fees	120 578		578	40,000	40,000	40,000
Non-deductible meals and entertainment expense	121 37,680		37,680	40,000	40,000	40,000
Non-deductible automobile expenses	122 10,191		10,191	10,000	10,000	10,000
Non-deductible life insurance premiums	123					
Non-deductible company pension plans	124					
Tax reserves beginning of year	125 162,000		162,000			
Reserves from financial statements- end of year	126 5,549,863		5,549,863	10,325,165	11,405,165	11,405,165
Soft costs on construction and renovation of buildings	127					
Book loss on joint ventures or partnerships	205					
Capital items expensed	206 6,360		6,360			
Debt issue expense	208					

PowerStream Inc. (ED-2004-0420)

PILs Calculations for 2009 EDR Application (EB 2008-0244)

October 10, 2008

P6 Taxable Income*Enter amounts required to calculate taxable income*

	T2 S1 line #	2006 EDR Approved			2008 Projection	2009 @ existing rates	2009 @ new dist. rates
		Tax Return	Less: Non- Distribution Portion	Utility Only			
Income/(Loss) before PILs/Taxes (Accounting) ¹		24,995,035	372,383	24,622,652	28,810,365	18,376,952	17,103,991
Development expenses claimed in current year	212						
Financing fees deducted in books	216	107,407		107,407			
Gain on settlement of debt	220						
Non-deductible advertising	226						
Non-deductible interest	227						
Non-deductible legal and accounting fees	228						
Recapture of SR&ED expenditures	231						
Share issue expense	235						
Write down of capital property	236						
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237						
Capital tax booked (2008 & 2009 at existing rates income before PILS is before capital taxes expense)		1,282,467		1,282,467			1,318,345
Pensions		8,527		8,527			
Contributions capitalized on books		18,721,281		18,721,281	19,705,099	19,733,101	19,733,101
Dividends credited to investment account		3,482,654		3,482,654			
Other non-deductible expense		100,000		100,000			
Carrying charges booked for accounting		245,132		245,132			
Ontario Specified Tax Credits					74,000	75,000	75,000
Refund interest		55,764		55,764			
Write-off of deferred charges booked		111,695		111,695			
Amortization of debt issue costs		73,078		73,078	585,000	628,000	628,000
Bond issue cost amortization		14,877		14,877			
Organizational costs expensed		42,817		42,817			
Total Additions		58,246,596	94,782	58,151,814	63,854,471	68,530,323	69,848,669

PowerStream Inc. (ED-2004-0420)

PILs Calculations for 2009 EDR Application (EB 2008-0244)

October 10, 2008

P6 Taxable Income*Enter amounts required to calculate taxable income*

	T2 S1 line #	2006 EDR Approved			2008 Projection	2009 @ existing rates	2009 @ new dist. rates
		Tax Return	Less: Non- Distribution Portion	Utility Only			
Income/(Loss) before PILs/Taxes (Accounting) ¹		24,995,035	372,383	24,622,652	28,810,365	18,376,952	17,103,991
Deductions:							
Gain on disposal of assets per financial statements	401	320,268		320,268			
Dividends not taxable under section 83	402						
Capital cost allowance from Schedule 8	403	26,445,431	58,343	26,387,088	36,071,543	40,945,331	40,945,331
Terminal loss from Schedule 8	404						
Cumulative eligible capital deduction from Schedule 10 CEC	405	823,996		823,996	645,931	600,716	600,716
Allowable business investment loss	406						
Deferred and prepaid expenses	409						
Scientific research expenses claimed in year	411						
Tax reserves end of year	413	57,845		57,845			
Reserves from financial statements - balance at beginning of year	414	3,438,020		3,438,020	10,745,165	10,325,165	10,325,165
Contributions to deferred income plans	416						
Book income of joint venture or partnership	305						
Equity in income from subsidiary or affiliates	306	1,563,222		1,563,222			
Ontario Capital tax per CT23		1,350,011		1,350,011	1,199,464	1,318,345	1,318,345
20(1)(e) deferred financing fees		614,718		614,718			
S13(7.4) election capitalized contributions		18,721,281		18,721,281	19,705,099	19,733,101	19,733,101
Rebate cheque abd postage cost capitalized		73,390		73,390			
Interest capitalized for accounting, deducted for tax					1,314,000	958,900	958,900
Total Deductions		53,408,182	58,343	53,349,839	69,681,203	73,881,558	73,881,558

PowerStream Inc. (ED-2004-0420)

PILs Calculations for 2009 EDR Application (EB 2008-0244)

October 10, 2008

P6 Taxable Income*Enter amounts required to calculate taxable income*

	T2 S1 line #	2006 EDR Approved			2008 Projection	2009 @ existing rates	2009 @ new dist. rates
		Tax Return	Less: Non- Distribution Portion	Utility Only			
Income/(Loss) before PILs/Taxes (Accounting) ¹		24,995,035	372,383	24,622,652	28,810,365	18,376,952	17,103,991
NET INCOME (LOSS) FOR TAX PURPOSES		29,833,449	408,822	29,424,627	22,983,633	13,025,717	13,071,102
Charitable donations from Schedule 2		112,000	6,175	105,825	15,000	45,000	45,000
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)		3,482,683		3,482,683			
Non-capital losses of preceding taxation years from Schedule 4							
Net-capital losses of preceding taxation years from Schedule 4							
Limited partnership losses of preceding taxation years from Schedule 4							
TAXABLE INCOME (LOSS)		26,238,766	402,647	25,836,119	22,968,633	12,980,717	13,026,102

¹ 2008 Projection and 2009 @ existing rates = 'Distribution Net Income before Tax.'; 'Test' = Deemed Return On Equity

PowerStream Inc. (ED-2004-0420)**PILs Calculations for 2009 EDR Application (EB 2008-0244)****October 10, 2008****P7 Capital Taxes***Rates and exemptions from sheet Y1**Enter rate base amounts*

	2008	2009	
OCT (Ontario Capital Tax):			
Rate Base	494,574,363	533,832,432	<i>Average for year</i>
Less: Exemption	<u>15,000,000</u>	<u>15,000,000</u>	
Deemed Taxable Capital	479,574,363	518,832,432	
Tax Rate	0.225%	0.225%	
OCT payable	1,079,042	1,167,373	
From Detailed Calculation Model	1,199,464	1,318,345	<i>Capital tax is calculated on year end balances which is how the actual expense will be based.</i>
Federal LCT (Large Corporations Tax):			
Rate Base	494,574,363	533,832,432	
Less: Exemption	<u>50,000,000</u>	<u>50,000,000</u>	
Deemed Taxable Capital	444,574,363	483,832,432	
Tax Rate			
LCT payable			

PowerStream Inc. (ED-2004-0420)**PILs Calculations for 2009 EDR Application (EB 2008-0244)****October 10, 2008****P8 Total PILs Expense***Enter tax credit amounts*

	2008 Projection	2009 at Existing Rates	2009 at new Revenue Req.	
Regulatory Taxable Income/(Loss)	22,968,633	12,980,717	13,026,102	from sheet P6
Combined Income Tax Rate	33.50%	33.00%	33.00%	"t" (from sheet Y1)
Total Income Taxes	7,694,492	4,283,637	4,298,613	
Investment & Miscellaneous Tax Credits	74,000	75,000	75,000	Input amounts
Income Tax Payable	<u>7,620,492</u>	<u>4,208,637</u>	<u>4,223,613</u>	"j"
Large Corporations Tax (LCT)				from sheet P7
Ontario Capital Tax (OCT)	1,199,464	1,318,345	1,318,345	from sheet P7
Grossed-up Income Tax			6,303,901	$= i / (1 - t)$
Grossed-up LCT				$= LCT / (1 - t)$
Total PILs Expense	8,819,956	5,526,982	7,622,246	Enter these results on sheet E4

Taxable income grossed up for PILS

22,968,633

12,980,717

20,648,347

PowerStream Inc. (ED-2004-0420)

PILs Calculations for 2009 EDR Application (EB 2008-0244)

October 10, 2008

Y1 Tax Rates and Exemptions*Enter applicable rates and exemption amounts***2008 INCOME TAXES**

Income Range		Income Tax Rates			SBD Clawback
From	To	Federal	Ontario	Combined	
\$0	\$300,000	11.50%	5.50%	17.00%	
\$300,000	\$400,000	11.50%	5.50%	17.00%	
\$400,000	\$1,128,519	19.50%	5.50%	25.00%	4.67%
\$1,128,519		19.50%	14.00%	33.50%	

2009 INCOME TAXES

Income Range		Income Tax Rates			SBD Clawback
From	To	Federal	Ontario	Combined	
\$0	\$300,000	11.50%	5.50%	17.00%	
\$300,000	\$500,000	11.50%	5.50%	17.00%	
\$500,000	\$1,128,519	19.00%	5.50%	24.50%	4.67%
\$1,128,519		19.00%	14.00%	33.00%	

2008 CAPITAL TAXES

	LCT	OCT
Exemption	\$50,000,000	\$15,000,000
Capital Tax Rate		0.225%
Surtax Rate		

2009 CAPITAL TAXES

	LCT	OCT
Exemption	\$50,000,000	\$15,000,000
Capital Tax Rate		0.225%
Surtax Rate		

PowerStream Inc. (ED-2004-0420)**PILs Calculations for 2009 EDR Application (EB 2008-0244)****October 10, 2008****Y2 Capital Cost Allowances (CCA)***Enter asset classes and applicable rates for CCA deductions*

Class	Description	Rate	Years	½ Year Rule
1	Distribution System - post 1987	4.0%		YES
1.1	Buildings (acq'd post Mar 19/07)	6.0%		YES
2	Distribution System - pre 1988	6.0%		YES
8	General Office/Stores Equip	20.0%		YES
10	Computer Hardware/ Vehicles	30.0%		YES
10.1	Certain Automobiles	30.0%		YES
12	Computer Software	100.0%		YES
13.1	Leasehold Improvement Vaughan		25	YES
13.2	Leasehold Improvement 2005		4	YES
13.3	Leasehold Improvement Markham Hydro			YES
13.4	Leasehold Improvement # 4			YES
14	Franchise		6	NO
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	8.0%		YES
43.1	Certain Energy-Efficient Electrical Generating Equipment	30.0%		YES
45	Computers & Systems Software (acq'd post Mar 22/04)	45.0%		YES
45.1	Computers & Systems Software (acq'd post Mar 17/07)	55.0%		YES
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	30.0%		YES
47	Distribution System post Feb 22/05	8.0%		YES
50	Computers & Systems Software (acq'd Jan 28/09 - Jan 31/10)	100.0%		NO

October 10, 2008

Z1 Model Variables

[illegible]

Schedule Staff 54-1

Sheet 1 - Rate Riders Calculation

NAME OF UTILITY PowerStream Inc.
NAME OF CONTACT Tom Barrett, Manager, Rate Applications
E-mail Address Tom.Barrett@PowerStream Inc.
PHONE NUMBER 905-532-4640

LICENCE NUMBER ED-2004-0520
DOCID NUMBER
Date August 15, 2008

Regulatory Asset Accounts:	Decision Ref.#	Amount	ALLOCATOR	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting	Total
LV - Account 1550	2.0.34	\$ (374,347)	kWh	\$ (111,743)	\$ (43,623)	\$ (214,410)	\$ -		\$ (1,753)	\$ (459)	\$ (26)	\$ (2,333)	\$ (374,347)
WMSC - Account 1580	2.0.35	\$ (11,963,506)	kWh	\$ (3,571,126)	\$ (1,394,113)	\$ (6,852,199)	\$ -		\$ (56,008)	\$ (14,671)	\$ (821)	\$ (74,567)	\$ (11,963,506)
One-Time WMSC - Account 1582	2.0.35	\$ 406,499	kWh	\$ 121,341	\$ 47,370	\$ 232,826	\$ -		\$ 1,903	\$ 498	\$ 28	\$ 2,534	\$ 406,499
Network - Account 1584	2.0.35	\$ (763,506)	kWh	\$ (227,908)	\$ (88,972)	\$ (437,305)	\$ -		\$ (3,574)	\$ (936)	\$ (52)	\$ (4,759)	\$ (763,506)
Connection - Account 1586	2.0.35	\$ (8,924,229)	kWh	\$ (2,663,897)	\$ (1,039,945)	\$ (5,111,427)	\$ -		\$ (41,779)	\$ (10,944)	\$ (613)	\$ (55,623)	\$ (8,924,229)
Power - Account 1588	2.0.35	\$ (13,766,096)	kWh	\$ (4,109,202)	\$ (1,604,170)	\$ (7,884,648)	\$ -		\$ (64,447)	\$ (16,882)	\$ (945)	\$ (85,802)	\$ (13,766,096)
Subtotal - RSVA		\$ (35,385,185)		\$ (10,562,536)	\$ (4,123,453)	\$ (20,267,163)	\$ -	\$ -	\$ (165,658)	\$ (43,394)	\$ (2,430)	\$ (220,551)	\$ (35,385,185)
Other Regulatory Assets - Account 1508		\$ 3,500,224	kWh	\$ 1,044,823	\$ 407,883	\$ 2,004,783	\$ -		\$ 16,387	\$ 4,292	\$ 240	\$ 21,816	\$ 3,500,224
Retail Cost Variance Account - Acct 1518		\$ 109,069	# of Customers	\$ 95,796	\$ 10,536	\$ 1,711	\$ -		\$ 0	\$ 952	\$ 68	\$ 6	\$ 109,069
Retail Cost Variance Account (STR) Acct 1548		\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Rebate Cheques - Acct 1525	5.0.19	\$ -	# cust. w/ Rebate Cheq	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Hydro One's Environmental Costs - Acct 1525	5.0.25	\$ -	Dx Revenue	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Pre Market Opening Energy - Acct 1571	3.0.27	\$ -	kWh for Non TOU Cust.	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Extraordinary Event Losses - Acct 1572		\$ -											\$ -
Deferred Rate Impact Amounts - Acct 1574		\$ -											\$ -
Other Deferred Credits - Acct 2425		\$ 100,075	kWh	\$ 29,873	\$ 11,662	\$ 57,319	\$ -		\$ 469	\$ 123	\$ 7	\$ 624	\$ 100,075
Transition Costs - Acct 1570	7.0.67	\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal - Non RSVA		\$ 3,709,368		\$ 1,170,491	\$ 430,080	\$ 2,063,813	\$ -		\$ 16,855	\$ 5,367	\$ 315	\$ 22,446	\$ 3,709,368
Total to be Recovered		\$ (31,675,817)		\$ (9,392,044)	\$ (3,693,373)	\$ (18,203,351)	\$ -	\$ -	\$ (148,802)	\$ (38,027)	\$ (2,114)	\$ (198,105)	\$ (31,675,817)

		GS > 50 Non							Small	Sentinel	Street	
Recoveries (repayments)	Amount	Residential	GS < 50 KW	TOU	GS > 50 TOU	Intermediate	Large Users	Scattered Load	Lighting	Lighting	Total	
Actual Recoveries at December 31/07	\$ (712,435)	\$ (87,495)	\$ (123,985)	\$ (535,631)	\$ -	\$ -	\$ 86,706	\$ (40,158)	\$ 5,388	\$ (17,260)	\$ (712,435)	
Interest as of December 31, 2007	\$ (1,016,716)	\$ (999,175)	\$ (103,395)	\$ 51,052			\$ 21,512	\$ (9,032)	\$ (112)	\$ 22,433	\$ (1,016,717)	
Interest: January 2008 to April 2009	\$ (33,297)	\$ (4,089)	\$ (5,795)	\$ (25,034)	\$ -	\$ -	\$ 4,052	\$ (1,877)	\$ 252	\$ (807)	\$ (33,297)	
	\$ (1,762,448)	\$ (1,090,759)	\$ (233,175)	\$ (509,613)	\$ -		\$ 112,270	\$ (51,067)	\$ 5,528	\$ 4,366	\$ (1,762,449)	
Recoveries January 2008 to April 2009	\$ (1,760,644)	\$ (501,439)	\$ (317,437)	\$ (887,086)	\$ -		\$ (24,037)	\$ (3,627)	\$ 435	\$ (27,453)	\$ (1,760,644)	
Interest: January 2008 to April 2009	\$ (63,824)	\$ (18,833)	\$ (11,491)	\$ (31,538)	\$ -		\$ (847)	\$ (137)	\$ 16	\$ (993)	\$ (63,824)	
	\$ (1,824,468)	\$ (520,272)	\$ (328,928)	\$ (918,625)	\$ -		\$ (24,884)	\$ (3,764)	\$ 451	\$ (28,447)	\$ (1,824,468)	
Total Recoveries	\$ (3,586,916)	\$ (1,611,031)	\$ (562,103)	\$ (1,428,238)	\$ -	\$ -	\$ 87,387	\$ (54,831)	\$ 5,979	\$ (24,080)	\$ (3,586,917)	
Balance to be collected or refunded # of years:	2	\$ (28,088,900)	\$ (7,781,013)	\$ (3,131,270)	\$ (16,775,113)	\$ -	\$ -	\$ (236,189)	\$ 16,805	\$ (8,093)	\$ (174,025)	\$ (28,088,899)
Balance to be collected or refunded per year	\$ (14,044,450)	\$ (3,890,507)	\$ (1,565,635)	\$ (8,387,557)	\$ -	\$ -	\$ (118,095)	\$ 8,402	\$ (4,047)	\$ (87,012)	\$ (14,044,450)	

Class	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Large Users	Scattered Load	Sentinel Lighting	Street Lighting
Billing Determinants	kWh	kWh	kW	kW	kW	kWh	kW	kW
Billing Determinants - quantity	2,039,498,572	796,189,248	10,197,336	-	-	86,879	8,378,782	1,243
Regulatory Asset Rate Riders	\$ (0.0019)	\$ (0.0020)	\$ (0.8225)	\$ -	\$ -	\$ (1.3593)	\$ 0.0010	\$ (3.2561)
								\$ (0.7358)

Sheet 2 - December 31, 2007 Regulatory Assets

NAME OF UTILITY PowerStream Inc.
NAME OF CONTACT Tom Barrett, Manager, Rate Applications
E-mail Address Tom.Barrett@PowerStream Inc.
PHONE NUMBER 905-532-4640

LICENCE NUMBER
DOCID NUMBER
Date

ED-2004-0520
August 15, 2008

Account Description	Account Number	Principal Amounts as of Dec-31 2007	Interest to Dec31-07	Interest Jan1-08 to Apr30-09	Total Claim
RSVA - Low voltage	1550	\$ (351,929)	\$ (5,973)	\$ (16,445)	\$ (374,347)
RSVA - Wholesale Market Service Charge	1580	\$ (11,351,970)	\$ (80,971)	\$ (530,564)	\$ (11,963,506)
RSVA - One-time Wholesale Market Service	1582	\$ 347,152	\$ 43,123	\$ 16,224	\$ 406,499
RSVA - Retail Transmission Network Charge	1584	\$ (806,981)	\$ 81,190	\$ (37,716)	\$ (763,506)
RSVA - Retail Transmission Connection Charge	1586	\$ (7,654,478)	\$ (911,997)	\$ (357,753)	\$ (8,924,229)
RSVA - Power (excluding Global Adjustment)	1588	\$ (12,626,445)	\$ (549,523)	\$ (590,128)	\$ (13,766,096)
Sub-Totals		\$ (32,444,652)	\$ (1,424,150)	\$ (1,516,382)	\$ (35,385,185)
Other Regulatory Assets	1508	\$ 3,034,470	\$ 323,930	\$ 141,824	\$ 3,500,224
Retail Cost Variance Account - Retail	1518	\$ 100,872	\$ 3,482	\$ 4,715	\$ 109,069
Retail Cost Variance Account - STR	1548	\$ -	\$ -	\$ -	\$ -
Misc. Deferred Debits - incl. Rebate Cheques	1525	\$ -	\$ -	\$ -	\$ -
Qualifying Transition Costs	1570	\$ -	\$ -	\$ -	\$ -
Pre-Market Opening Energy Variances Total	1571	\$ -	\$ -	\$ -	\$ -
Extra-Ordinary Event Losses	1572	\$ -	\$ -	\$ -	\$ -
Deferred Rate Impact Amounts	1574	\$ -	\$ -	\$ -	\$ -
Other Deferred Credits	2425	\$ 97,353	\$ (1,828)	\$ 4,550	\$ 100,075
Sub-Totals		\$ 3,232,695	\$ 325,584	\$ 151,089	\$ 3,709,368
Total		\$ (29,211,957)	\$ (1,098,567)	\$ (1,365,293)	\$ (31,675,817)

Sheet 2 - December 31, 2007 Regulatory Assets

NAME OF UTILITY PowerStream Inc.
 NAME OF CONTACT Tom Barrett, Manager, Rate Applications
 E-mail Address Tom.Barrett@PowerStream Inc.
 PHONE NUMBER 905-532-4640

LICENCE NUMBER
 DOCID NUMBER
 Date

ED-2004-0520
 August 15, 2008

2007 Data By Class	kW	kWhs	Cust. Num.'s	Dx Revenue	
RESIDENTIAL CLASS	0	2,039,498,572	204,330	\$	55,336,474
GENERAL SERVICE <50 KW CLASS	0	796,189,248	22,472	\$	16,821,155
GENERAL SERVICE >50 KW NON TIME OF USE	10,197,336	3,913,345,486	3,649	\$	36,466,287
GENERAL SERVICE >50 KW TIME OF USE	0	0		\$	-
INTERMEDIATE CLASS	0	0	-	\$	-
LARGE USER CLASS	86,879	31,986,565	1		205,723
SMALL SCATTERED LOADS	0	8,378,782	2,030		446,592
SENTINEL LIGHTS	1,243	469,111	145		8,650
STREET LIGHTING	118,262	42,585,750	13		931,319
Totals	10,403,720	6,832,453,515	232,640	\$	110,216,201

Allocators	kW	kWhs	Cust. Num.'s	Dx Revenue	Cust. #'s w/ Rebate Cheques	kWhs for Non TOU Customers	
RESIDENTIAL CLASS	0.0%	29.9%	87.8%	50.2%		0.00%	1,428,000
GENERAL SERVICE <50 KW CLASS	0.0%	11.7%	9.7%	15.3%		0.00%	426,260
GENERAL SERVICE >50 KW NON TIME OF USE	98.0%	57.3%	1.6%	33.1%		100.00%	166,406
GENERAL SERVICE >50 KW TIME OF USE	0.0%	0.0%	0.0%	0.0%			817,899
INTERMEDIATE CLASS	0.0%	0.0%	0.0%	0.0%			0
LARGE USER CLASS	0.8%	0.5%	0.0%	0.2%			0
SMALL SCATTERED LOADS	0.0%	0.1%	0.9%	0.4%		0.00%	6,685
SENTINEL LIGHTS	0.0%	0.0%	0.1%	0.0%			1,751
STREET LIGHTING	1.1%	0.6%	0.0%	0.8%			98
Totals	100%	100%	100%	100%	0%	100%	8,901
							1,428,000

SHEET 3 - Interest on Reg. Assets Balance as of Dec. 31, 2007

NAME PowerStream Inc. LICENCE NUMBER ED-2004-0520
 NAME Tom Barrett, Manager, Rate Applications DOCID NUMBER
 E-mail Tom.Barrett@PowerStream Inc. Date August 15, 2008
 PHONE NUMBER 905-532-4640

	Balance as of Dec. 31, 2007	Interest Jan 2008 to Apr 2009
1550 RSVA - Low voltage	\$ (351,929)	\$ (16,445)
1580 RSVA - Wholesale Market Service Charge	(11,351,970)	(530,564)
1582 RSVA - One-time Wholesale Market Service	347,152	16,224
1584 RSVA - Retail Transmission Network Charge	(806,981)	(37,716)
1586 RSVA - Retail Transmission Connection Charge	(7,654,478)	(357,753)
1588 RSVA - Power (excluding Global Adjustment)	(12,626,445)	(590,128)
1508 Other Regulatory Assets	3,034,470	141,824
1518 Retail Cost Variance Account - Retail	100,872	4,715
1548 Retail Cost Variance Account - STR	-	-
1525 Misc. Deferred Debits - incl. Rebate Cheques	-	-
1570 Qualifying Transition Costs	-	-
1571 Pre-Market Opening Energy Variances Total	-	-
1572 Extra-Ordinary Event Losses	-	-
1574 Deferred Rate Impact Amounts	-	-
2425 Other Deferred Credits	97,353	4,550
	(29,211,957)	\$ (1,365,293)
	previously filed	\$ (1,667,766)
	change	\$ 302,473

Interest for Jan 2008 - April 2009	Days	Rate	1550	1580	1582	1584	1586	1588	1508	1518	1548	1525	1570	1571	1572	1574	2425	Total
Balance for Interest calculation			\$ (351,929)	(11,351,970)	347,152	(806,981)	(7,654,478)	(12,626,445)	3,034,470	100,872	-	-	-	-	-	-	97,353	(29,211,957)
Jan 2008	31	5.14%	(1,536)	(49,557)	1,515	(3,523)	(33,415)	(55,120)	13,247	440	-	-	-	-	-	-	425	(127,524)
Feb 2008	29	5.14%	(1,437)	(46,360)	1,418	(3,296)	(31,260)	(51,564)	12,392	412	-	-	-	-	-	-	398	(119,297)
Mar 2008	31	5.14%	(1,536)	(49,557)	1,515	(3,523)	(33,415)	(55,120)	13,247	440	-	-	-	-	-	-	425	(127,524)
Apr 2008	30	4.08%	(1,180)	(38,068)	1,164	(2,706)	(25,669)	(42,342)	10,176	338	-	-	-	-	-	-	326	(97,961)
May 2008	31	4.08%	(1,220)	(39,337)	1,203	(2,796)	(26,524)	(43,753)	10,515	350	-	-	-	-	-	-	337	(101,225)
Jun 2008	30	4.08%	(1,180)	(38,068)	1,164	(2,706)	(25,669)	(42,342)	10,176	338	-	-	-	-	-	-	326	(97,961)
Jul 2008	31	3.35%	(1,001)	(32,299)	988	(2,296)	(21,779)	(35,925)	8,634	287	-	-	-	-	-	-	277	(83,114)
Aug 2008	31	3.35%	(1,001)	(32,299)	988	(2,296)	(21,779)	(35,925)	8,634	287	-	-	-	-	-	-	277	(83,114)
Sep 2008	30	3.35%	(969)	(31,257)	956	(2,222)	(21,076)	(34,766)	8,355	278	-	-	-	-	-	-	268	(80,433)
Oct 2008	31	3.35%	(1,001)	(32,299)	988	(2,296)	(21,779)	(35,925)	8,634	287	-	-	-	-	-	-	277	(83,114)
Nov 2008	30	3.35%	(969)	(31,257)	956	(2,222)	(21,076)	(34,766)	8,355	278	-	-	-	-	-	-	268	(80,433)
Dec 2008	31	3.35%	(1,001)	(32,299)	988	(2,296)	(21,779)	(35,925)	8,634	287	-	-	-	-	-	-	277	(83,114)
Jan 2009	31	2.45%	(732)	(23,621)	722	(1,679)	(15,928)	(26,273)	6,314	210	-	-	-	-	-	-	203	(60,784)
Feb 2009	28	2.45%	(661)	(21,335)	652	(1,517)	(14,386)	(23,731)	5,703	190	-	-	-	-	-	-	183	(54,902)
Mar 2009	31	2.45%	(732)	(23,621)	722	(1,679)	(15,928)	(26,273)	6,314	210	-	-	-	-	-	-	203	(60,784)
Apr 2009	30	1.00%	(289)	(9,330)	285	(663)	(6,291)	(10,378)	2,494	83	-	-	-	-	-	-	80	(24,009)
Total			(16,445)	(530,564)	16,224	(37,716)	(357,753)	(590,128)	141,824	4,715	-	-	-	-	-	-	4,550	(1,365,293)
Average rate	486	3.51%																

Updated from estimated to actual prescribed rates

SHEET 4 - Interest on Actual Recoveries at December 31, 2007

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

			Total	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting
Actual Recoveries at Dec 31/07:			\$ (712,435)	\$ (87,495)	\$ (123,985)	\$ (535,631)			\$ 86,706	\$ (40,158)	\$ 5,388	\$ (17,260)
Month	Interest	Days										
Jan-08	5.14%	31	\$ (3,110)	\$ (382)	\$ (541)	\$ (2,338)	\$ -		\$ 379	\$ (175)	\$ 24	\$ (75)
Feb-08	5.14%	29	\$ (2,909)	\$ (357)	\$ (506)	\$ (2,187)	\$ -		\$ 354	\$ (164)	\$ 22	\$ (70)
Mar-08	5.14%	31	\$ (3,110)	\$ (382)	\$ (541)	\$ (2,338)	\$ -		\$ 379	\$ (175)	\$ 24	\$ (75)
Apr-08	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
May-08	4.08%	31	\$ (2,469)	\$ (303)	\$ (430)	\$ (1,856)	\$ -		\$ 300	\$ (139)	\$ 19	\$ (60)
Jun-08	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
Jul-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Aug-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Sep-08	3.35%	30	\$ (1,962)	\$ (241)	\$ (341)	\$ (1,475)	\$ -		\$ 239	\$ (111)	\$ 15	\$ (48)
Oct-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Nov-08	3.35%	30	\$ (1,962)	\$ (241)	\$ (341)	\$ (1,475)	\$ -		\$ 239	\$ (111)	\$ 15	\$ (48)
Dec-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Jan-09	2.45%	31	\$ (1,482)	\$ (182)	\$ (258)	\$ (1,115)	\$ -		\$ 180	\$ (84)	\$ 11	\$ (36)
Feb-09	2.45%	28	\$ (1,339)	\$ (164)	\$ (233)	\$ (1,007)	\$ -		\$ 163	\$ (75)	\$ 10	\$ (32)
Mar-09	2.45%	31	\$ (1,482)	\$ (182)	\$ (258)	\$ (1,115)	\$ -		\$ 180	\$ (84)	\$ 11	\$ (36)
Apr-09	1.00%	30	\$ (586)	\$ (72)	\$ (102)	\$ (440)	\$ -		\$ 71	\$ (33)	\$ 4	\$ (14)
Total Interest			\$ (33,297)	\$ (4,089)	\$ (5,795)	\$ (25,034)	\$ -		\$ 4,052	\$ (1,877)	\$ 252	\$ (807)

Updated from estimated to actual prescribed rates

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Residential Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (231,773)	\$ (231,773)		5.14%	31
February 2008				\$ (48,340)	\$ (280,112)	\$ (947)	5.14%	29
March 2008				\$ (118,059)	\$ (398,172)	\$ (1,223)	5.14%	31
April 2008				\$ (103,267)	\$ (501,439)	\$ (1,335)	4.08%	30
May 2008				\$ -	\$ (501,439)	\$ (1,738)	4.08%	31
June 2008				\$ -	\$ (501,439)	\$ (1,682)	4.08%	30
July 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
August 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
September 2008				\$ -	\$ (501,439)	\$ (1,381)	3.35%	30
October 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
November 2008				\$ -	\$ (501,439)	\$ (1,381)	3.35%	30
December 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
January 2009				\$ -	\$ (501,439)	\$ (1,043)	2.45%	31
February 2009				\$ -	\$ (501,439)	\$ (942)	2.45%	28
March 2009				\$ -	\$ (501,439)	\$ (1,043)	2.45%	31
April 2009				\$ -	\$ (501,439)	\$ (412)	1.00%	30
				<u>\$ (501,439)</u>		<u>\$ (18,833)</u>		

Updated from estimated to actual prescribed rates

GS < 50 kW
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (70,857)	\$ (70,857)		5.14%	31
February 2008				\$ (85,954)	\$ (156,811)	\$ (289)	5.14%	29
March 2008				\$ (85,732)	\$ (242,543)	\$ (685)	5.14%	31
April 2008				\$ (74,894)	\$ (317,437)	\$ (813)	4.08%	30
May 2008				\$ -	\$ (317,437)	\$ (1,100)	4.08%	31
June 2008				\$ -	\$ (317,437)	\$ (1,065)	4.08%	30
July 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
August 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
September 2008				\$ -	\$ (317,437)	\$ (874)	3.35%	30
October 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
November 2008				\$ -	\$ (317,437)	\$ (874)	3.35%	30
December 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
January 2009				\$ -	\$ (317,437)	\$ (661)	2.45%	31
February 2009				\$ -	\$ (317,437)	\$ (597)	2.45%	28
March 2009				\$ -	\$ (317,437)	\$ (661)	2.45%	31
April 2009				\$ -	\$ (317,437)	\$ (261)	1.00%	30
				<u>\$ (317,437)</u>		<u>\$ (11,491)</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

GS > 50 Non-TOU
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008	5,000			\$ (104,964)	\$ (104,964)		5.14%	31
February 2008	5,000			\$ (319,938)	\$ (424,902)	\$ (429)	5.14%	29
March 2008	5,000			\$ (212,409)	\$ (637,311)	\$ (1,855)	5.14%	31
April 2008	5,000			\$ (249,775)	\$ (887,086)	\$ (2,137)	4.08%	30
May 2008	5,000			\$ -	\$ (887,086)	\$ (3,074)	4.08%	31
June 2008	5,000			\$ -	\$ (887,086)	\$ (2,975)	4.08%	30
July 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
August 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
September 2008	5,000			\$ -	\$ (887,086)	\$ (2,443)	3.35%	30
October 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
November 2008	5,000			\$ -	\$ (887,086)	\$ (2,443)	3.35%	30
December 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
January 2009	5,000			\$ -	\$ (887,086)	\$ (1,846)	2.45%	31
February 2009	5,000			\$ -	\$ (887,086)	\$ (1,667)	2.45%	28
March 2009	5,000			\$ -	\$ (887,086)	\$ (1,846)	2.45%	31
April 2009	5,000			\$ -	\$ (887,086)	\$ (729)	1.00%	30
				<u>\$ (887,086)</u>		<u>\$ (31,538)</u>		

GS > 50 TOU
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008					\$ -	\$ -	5.14%	29
March 2008					\$ -	\$ -	5.14%	31
April 2008					\$ -	\$ -	4.08%	30
May 2008				\$ -	\$ -	\$ -	4.08%	31
June 2008				\$ -	\$ -	\$ -	4.08%	30
July 2008				\$ -	\$ -	\$ -	3.35%	31
August 2008				\$ -	\$ -	\$ -	3.35%	31
September 2008				\$ -	\$ -	\$ -	3.35%	30
October 2008				\$ -	\$ -	\$ -	3.35%	31
November 2008				\$ -	\$ -	\$ -	3.35%	30
December 2008				\$ -	\$ -	\$ -	3.35%	31
January 2009				\$ -	\$ -	\$ -	2.45%	31
February 2009				\$ -	\$ -	\$ -	2.45%	28
March 2009				\$ -	\$ -	\$ -	2.45%	31
April 2009				\$ -	\$ -	\$ -	1.00%	30
				<u>\$ -</u>		<u>\$ -</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Large User Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008				\$ (11,782)	\$ (11,782)	\$ -	5.14%	29
March 2008				\$ (6,206)	\$ (17,988)	\$ (51)	5.14%	31
April 2008				\$ (6,049)	\$ (24,037)	\$ (60)	4.08%	30
May 2008				\$ -	\$ (24,037)	\$ (83)	4.08%	31
June 2008				\$ -	\$ (24,037)	\$ (81)	4.08%	30
July 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
August 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
September 2008				\$ -	\$ (24,037)	\$ (66)	3.35%	30
October 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
November 2008				\$ -	\$ (24,037)	\$ (66)	3.35%	30
December 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
January 2009				\$ -	\$ (24,037)	\$ (50)	2.45%	31
February 2009				\$ -	\$ (24,037)	\$ (45)	2.45%	28
March 2009				\$ -	\$ (24,037)	\$ (50)	2.45%	31
April 2009				\$ -	\$ (24,037)	\$ (20)	1.00%	30
				<u>\$ (24,037)</u>		<u>\$ (847)</u>		

Small Scattered Load
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (1,637)	\$ (1,637)		5.14%	31
February 2008				\$ (594)	\$ (2,231)	\$ (7)	5.14%	29
March 2008				\$ (761)	\$ (2,992)	\$ (10)	5.14%	31
April 2008				\$ (635)	\$ (3,627)	\$ (10)	4.08%	30
May 2008				\$ -	\$ (3,627)	\$ (13)	4.08%	31
June 2008				\$ -	\$ (3,627)	\$ (12)	4.08%	30
July 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
August 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
September 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	30
October 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
November 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	30
December 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
January 2009				\$ -	\$ (3,627)	\$ (8)	2.45%	31
February 2009				\$ -	\$ (3,627)	\$ (7)	2.45%	28
March 2009				\$ -	\$ (3,627)	\$ (8)	2.45%	31
April 2009				\$ -	\$ (3,627)	\$ (3)	1.00%	30
				<u>\$ (3,627)</u>		<u>\$ (137)</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Sentinel Lighting Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ 152	\$ 152		5.14%	31
February 2008				\$ 106	\$ 258	\$ 1	5.14%	29
March 2008				\$ 92	\$ 350	\$ 1	5.14%	31
April 2008				\$ 85	\$ 435	\$ 1	4.08%	30
May 2008				\$ -	\$ 435	\$ 2	4.08%	31
June 2008				\$ -	\$ 435	\$ 1	4.08%	30
July 2008				\$ -	\$ 435	\$ 1	3.35%	31
August 2008				\$ -	\$ 435	\$ 1	3.35%	31
September 2008				\$ -	\$ 435	\$ 1	3.35%	30
October 2008				\$ -	\$ 435	\$ 1	3.35%	31
November 2008				\$ -	\$ 435	\$ 1	3.35%	30
December 2008				\$ -	\$ 435	\$ 1	3.35%	31
January 2009				\$ -	\$ 435	\$ 1	2.45%	31
February 2009				\$ -	\$ 435	\$ 1	2.45%	28
March 2009				\$ -	\$ 435	\$ 1	2.45%	31
April 2009				\$ -	\$ 435	\$ 0	1.00%	30
				<u>\$ 435</u>		<u>\$ 16</u>		

Street Lighting Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008				\$ (17,626)	\$ (17,626)	\$ -	5.14%	29
March 2008				\$ (5,346)	\$ (22,971)	\$ (77)	5.14%	31
April 2008				\$ (4,482)	\$ (27,453)	\$ (77)	4.08%	30
May 2008				\$ -	\$ (27,453)	\$ (95)	4.08%	31
June 2008				\$ -	\$ (27,453)	\$ (92)	4.08%	30
July 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
August 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
September 2008				\$ -	\$ (27,453)	\$ (76)	3.35%	30
October 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
November 2008				\$ -	\$ (27,453)	\$ (76)	3.35%	30
December 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
January 2009				\$ -	\$ (27,453)	\$ (57)	2.45%	31
February 2009				\$ -	\$ (27,453)	\$ (52)	2.45%	28
March 2009				\$ -	\$ (27,453)	\$ (57)	2.45%	31
April 2009				\$ -	\$ (27,453)	\$ (23)	1.00%	30
				<u>\$ (27,453)</u>		<u>\$ (993)</u>		



POWERSTREAM - Future Test Year Rate model

CAPITAL STRUCTURE

	Board Approved	Historic Actual		Bridge Year	Test Year
	2006 (\$000)	2006 (\$000)	2007 (\$000)	2008 (\$000)	2009 (\$000)
Long Term Debt	246,102	262,953	269,560	312,502	337,502
Short Term Debt	0	0	0	0	0
Net Regulatory Liabilities		14,554	11,011	10,000	10,000
Total Debt	246,102	277,507	280,571	322,502	347,502
Preferred Shares	-				
Common Equity	166,381	192,189	209,152	223,100	233,300
Total Equity	166,381	192,189	209,152	223,100	233,300
Total Debt and Equity	412,483	469,696	489,723	545,602	580,802

Note

Total Debt and Equity is based on actual amounts from financial statements for 2006 and 2007 Historic Actual and projected amounts for Board Approved, 2008 bridge Year and 2009 Test Year

	Board Approved	Historic Actual		Bridge Year	Test Year
	2006	2006	2007	2008	2009
Long Term Debt	59.7%	56.0%	55.0%	57.3%	58.1%
Short Term Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Net Regulatory Liabilities	0.0%	3.1%	2.2%	1.8%	1.7%
Total Debt	59.7%	59.1%	57.3%	59.1%	59.8%
Preferred Shares	0.0%	0.0%	0.0%	0.0%	0.0%
Common Equity	40.3%	40.9%	42.7%	40.9%	40.2%
Total Equity	40.3%	40.9%	42.7%	40.9%	40.2%
Total Rate Base	100%	100%	100%	100%	100%



COST OF DEBT

LONG -TERM DEBT

WEIGHTED DEBT COST - 2006 Board Approved

No.	Description	Debt Holder	Is the Debt Holder Affiliated with the LDC? (Y/N)	Date of Issuance of Debt (Date)	Principal (\$)	Term (Years)	Actual Rate (%)	Debt Rate Used for Weighted Debt Rate Cost
1								
2	Promissory Note	City of Vaughan	Y	1-Jun-2004	\$ 78,236,285	20	5.58%	5.58%
3	Promissory Note	Town of Markham	Y	1-Jun-2004	\$ 67,866,202	20	5.58%	5.58%
4	EDFIN Debenture	EDFIN	N	15-Aug-2002	\$ 100,000,000	10	7.01%	7.01%
Total					\$ 246,102,487			
Weighted Average Debt Cost							6.16%	6.16%

LONG -TERM DEBT

WEIGHTED DEBT COST - 2006 Actual

No.	Description	Debt Holder	Is the Debt Holder Affiliated with the LDC? (Y/N)	Date of Issuance of Debt (Date)	Principal (\$)	Term (Years)	Actual Rate (%)	Debt Rate Used for Weighted Debt Rate Cost
1								
2	Promissory Note	City of Vaughan	Y	1-Jun-2004	\$ 78,236,000	20	5.58%	5.58%
3	Promissory Note	Town of Markham	Y	1-Jun-2004	\$ 67,866,202	20	5.58%	5.58%
4	EDFIN Debenture	EDFIN	N	15-Aug-2002	\$ 100,000,000	10	7.01%	7.01%
5	Deferred interest	Markham	Y	1-Oct-2006	\$ 975,473	7	5.58%	5.58%
6	Deferred interest	Vaughan	Y	1-Oct-2006	\$ 1,124,527	7	5.58%	5.58%
Total					\$ 248,202,202			
Weighted Average Debt Cost - 2006							6.16%	6.16%

SCHEDULE B

SHORT -TERM DEBT

WEIGHTED DEBT COST - 2006 Board Approved

No.	Description	Debt Holder	Is the Debt Holder Affiliated with the LDC? (Y/N)	Date of Issuance of Debt (Date)	Principal (\$)	Term (Years)	Actual Rate (%)	Debt Rate Used for Weighted Debt Rate Cost
1								
Total					\$ 0			
Weighted Average Debt Cost							0.00%	0.00%

SHORT -TERM DEBT

WEIGHTED DEBT COST - 2006 Actual

No.	Description	Debt Holder	Is the Debt Holder Affiliated with the LDC? (Y/N)	Date of Issuance of Debt (Date)	Principal (\$)	Term (Years)	Actual Rate (%)	Debt Rate Used for Weighted Debt Rate Cost
1			y					5.00%
Total					\$ 0			
Weighted Average Debt Cost - 2006							0.00%	0.00%

5.90%
5.90%

LONG -TERM DEBT
WEIGHTED DEBT COST - 2007 Actual

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No.	Description	Debt Holder	Is the Debt Holder Affiliated with the LDC? (Y/N)	Date of Issuance of Debt (Date)	Principal (\$)	Term (Years)	Actual Rate (%)	Debt Rate Used for Weighted Debt Rate Cost
1								
2	Promissory Note	City of Vaughan	Y	1-Jun-2004	\$ 78,236,285	20	5.58%	5.58%
3	Promissory Note	Town of Markham	Y	1-Jun-2004	\$ 67,866,202	20	5.58%	5.58%
4	EDFIN Debenture	EDFIN	N	15-Aug-2002	\$ 100,000,000	10	7.01%	7.01%
5	Deferred interest	Markham	Y	1-Oct-2006	\$ 975,473	7	5.58%	5.58%
6	Deferred interest	Vaughan	Y	1-Oct-2006	\$ 1,124,527	7	5.58%	5.58%
7	Deferred interest	Markham	Y	1-Jan-2007	\$ 3,808,990	6	5.58%	5.58%
8	Deferred interest	Vaughan	Y	1-Jan-2007	\$ 4,391,010	6	5.58%	5.58%
Total					\$ 256,402,487			
Weighted Average Debt Cost - 2007							6.14%	6.14%

LONG -TERM DEBT
WEIGHTED DEBT COST - Bridge Year 2008

No.	Description	Debt Holder	Is the Debt Holder Affiliated with the LDC? (Y/N)	Date of Issuance of Debt (Date)	Principal (\$)	Term (Years)	Actual Rate (%)	Debt Rate Used for Weighted Debt Rate Cost
1								
2	Promissory Note	City of Vaughan	Y	1-Jun-2004	\$ 78,236,285	20	5.58%	5.58%
3	Promissory Note	Town of Markham	Y	1-Jun-2004	\$ 67,866,202	20	5.58%	5.58%
4	EDFIN Debenture	EDFIN	N	15-Aug-2002	\$ 100,000,000	10	7.01%	7.01%
5	Deferred interest	Markham	Y	1-Oct-2006	\$ 975,473	7	5.58%	5.58%
6	Deferred interest	Vaughan	Y	1-Oct-2006	\$ 1,124,527	7	5.58%	5.58%
7	Deferred interest	Markham	Y	1-Jan-2007	\$ 3,808,990	6	5.58%	5.58%
8	Deferred interest	Vaughan	Y	1-Jan-2007	\$ 4,391,010	6	5.58%	5.58%
9	Deferred interest	Markham	Y	1-Jan-2008	\$ 2,833,517	5	5.58%	5.58%
10	Deferred interest	Vaughan	Y	1-Jan-2008	\$ 3,266,483	5	5.58%	5.58%
11	New debt	TD	N	1-Jan-2008	\$ 50,000,000	5	5.08%	5.08%
					\$ 312,502,487			
Weighted Average Debt Cost - 2008							5.96%	5.96%

LONG -TERM DEBT
WEIGHTED DEBT COST - Test Year 2009

No.	Description	Debt Holder	Is the Debt Holder Affiliated with the LDC? (Y/N)	Date of Issuance of Debt (Date)	Principal (\$)	Term (Years)	Actual Rate (%)	Debt Rate Used for Weighted Debt Rate Cost
1	Promissory Note	City of Vaughan	Y	1-Jun-2004	\$ 78,236,285	20	5.58%	5.58%
2	Promissory Note	Town of Markham	Y	1-Jun-2004	\$ 67,866,202	20	5.58%	5.58%
3	EDFIN Debenture	EDFIN	N	15-Aug-2002	\$ 100,000,000	10	7.01%	7.01%
4	Deferred interest	Markham	Y	1-Oct-2006	\$ 975,473	7	5.58%	5.58%
5	Deferred interest	Vaughan	Y	1-Oct-2006	\$ 1,124,527	7	5.58%	5.58%
6	Deferred interest	Markham	Y	1-Jan-2007	\$ 3,808,990	6	5.58%	5.58%
7	Deferred interest	Vaughan	Y	1-Jan-2007	\$ 4,391,010	6	5.58%	5.58%
8	Deferred interest	Markham	Y	1-Jan-2008	\$ 2,833,517	5	5.58%	5.58%
9	Deferred interest	Vaughan	Y	1-Jan-2008	\$ 3,266,483	5	5.58%	5.58%
10	New debt	TD	N	1-Jan-2008	\$ 50,000,000	5	5.08%	5.08%
11	New debt	TBD	N	1-Jan-2009	\$ 25,000,000	5	5.08%	5.08%
					\$ 337,502,487			
Weighted Average Debt Cost - 2009							5.52%	5.89%

Notes:
1. For new affiliated debt, the long-term debt rate is the lower of the contracted rate and the deemed long-term debt rate
2. For the new debt held by a third party, the long-term rate is the negotiated contracted rate.
3. As per Board Report on Cost of Capital of December 20, 2006, the deemed short-term debt rate is used for the weighted Cost of Capital calculations.

SHORT -TERM DEBT
WEIGHTED DEBT COST - 2007 Actual

No.	Description	Debt Holder	Is the Debt Holder Affiliated with the LDC? (Y/N)	Date of Issuance of Debt (Date)	Principal (\$)	Term (Years)	Actual Rate (%)	Debt Rate Used for Weighted Debt Rate Cost
1			y					4.59%
Total					\$ 0			
Weighted Average Debt Cost - 2007							0.00%	0.00%

SHORT -TERM DEBT
WEIGHTED DEBT COST - Bridge Year 2008

No.	Description	Debt Holder	Is the Debt Holder Affiliated with the LDC? (Y/N)	Date of Issuance of Debt (Date)	Principal (\$)	Term (Years)	Actual Rate (%)	Debt Rate Used for Weighted Debt Rate Cost
1			y					4.47%
Total					\$ 0			
Weighted Average Debt Cost - 2008							0.00%	0.00%

SHORT -TERM DEBT
WEIGHTED DEBT COST - Test Year 2009

No.	Description	Debt Holder	Is the Debt Holder Affiliated with the LDC? (Y/N)	Date of Issuance of Debt (Date)	Principal (\$)	Term	Actual Rate (%)	Debt Rate Used for Weighted Debt Rate Cost
1			y					3.67%
Total					\$ 0			
Weighted Average Debt Cost - 2009							0.00%	0.00%



POWERSTREAM - Future Test Year Rate model

COST OF CAPITAL

Deemed Debt Rate and D/E Structures

	Board Approved	Historic Actual		Bridge Year	Test Year
	2006 Approved	2006 Actual	2007 Actual	2008	2009
Rate Base	\$440,635,822	\$445,146,537	\$462,751,532	\$494,574,363	\$533,832,432
Debt Rate - Long Term	5.90%	5.90%	5.90%	6.10%	6.16%
Debt Rate - Short Term	5.00%	5.00%	4.59%	4.47%	3.67%
Deemed Debt	60.00%	60.00%	60.00%	60.00%	60.00%
Long-Term	60.00%	60.00%	60.00%	56.00%	56.00%
Short-Term				4.00%	4.00%
Deemed Equity	40.00%	40.00%	40.00%	40.00%	40.00%

Debt Rate (DR)

	Board Approved	Historic Actual		Bridge Year	Test Year
	2006 Approved	2006 Actual	2007 Actual	2008	2009
Long-term debt rate (as calculated)	6.16%	6.16%	6.14%	5.96%	5.89%
Short-term debt rate (deemed)	5.00%	5.00%	4.59%	4.47%	3.67%

Return on Equity

Target ROE	9.00%	9.00%	9.00%	8.57%	8.40%
Allowed ROE for Revenue Requirement Calculation	9.00%	9.00%	9.00%	8.57%	8.40%

	2006 Approved	2006 Actual	2007 Actual	2008	2009
Weighted Average Cost of Capital	7.30%	7.29%	7.28%	6.94%	6.81%

Note:

The Weighted Average Cost of Capital is calculated, based on the deemed capital structure

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An excel spreadsheet with the cost allocation modes is being filed separately as a live Microsoft Excel file.

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Sheet 1 - Rate Riders Calculation

NAME OF UTILITY PowerStream Inc.
NAME OF CONTACT Tom Barrett, Manager, Rate Applications
E-mail Address Tom.Barrett@PowerStream Inc.
PHONE NUMBER 905-532-4640

LICENCE NUMBER ED-2004-0520
DOCID NUMBER
Date August 15, 2008

Regulatory Asset Accounts:	Decision Ref.#	Amount	ALLOCATOR	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting	Total
LV - Account 1550	2.0.34	\$ (374,347)	kWh	\$ (111,743)	\$ (43,623)	\$ (214,410)	\$ -		\$ (1,753)	\$ (459)	\$ (26)	\$ (2,333)	\$ (374,347)
WMSC - Account 1580	2.0.35	\$ (11,963,506)	kWh	\$ (3,571,126)	\$ (1,394,113)	\$ (6,852,199)	\$ -		\$ (56,008)	\$ (14,671)	\$ (821)	\$ (74,567)	\$ (11,963,506)
One-Time WMSC - Account 1582	2.0.35	\$ 406,499	kWh	\$ 121,341	\$ 47,370	\$ 232,826	\$ -		\$ 1,903	\$ 498	\$ 28	\$ 2,534	\$ 406,499
Network - Account 1584	2.0.35	\$ (763,506)	kWh	\$ (227,908)	\$ (88,972)	\$ (437,305)	\$ -		\$ (3,574)	\$ (936)	\$ (52)	\$ (4,759)	\$ (763,506)
Connection - Account 1586	2.0.35	\$ (8,924,229)	kWh	\$ (2,663,897)	\$ (1,039,945)	\$ (5,111,427)	\$ -		\$ (41,779)	\$ (10,944)	\$ (613)	\$ (55,623)	\$ (8,924,229)
Power - Account 1588	2.0.35	\$ (3,286,412)	kWh	\$ (980,999)	\$ (382,967)	\$ (1,882,320)	\$ -		\$ (15,386)	\$ (4,030)	\$ (226)	\$ (20,484)	\$ (3,286,412)
Subtotal - RSVA		\$ (24,905,501)		\$ (7,434,333)	\$ (2,902,251)	\$ (14,264,836)	\$ -	\$ -	\$ (116,597)	\$ (30,542)	\$ (1,710)	\$ (155,233)	\$ (24,905,501)
Other Regulatory Assets - Account 1508		\$ 3,500,224	kWh	\$ 1,044,823	\$ 407,883	\$ 2,004,783	\$ -		\$ 16,387	\$ 4,292	\$ 240	\$ 21,816	\$ 3,500,224
Retail Cost Variance Account - Acct 1518		\$ 109,069	# of Customers	\$ 95,796	\$ 10,536	\$ 1,711	\$ -		\$ 0	\$ 952	\$ 68	\$ 6	\$ 109,069
Retail Cost Variance Account (STR) Acct 1548		\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Rebate Cheques - Acct 1525	5.0.19	\$ -	# cust. w/ Rebate Cheq	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Hydro One's Environmental Costs - Acct 1525	5.0.25	\$ -	Dx Revenue	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Pre Market Opening Energy - Acct 1571	3.0.27	\$ -	kWh for Non TOU Cust.	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Extraordinary Event Losses - Acct 1572		\$ -											\$ -
Deferred Rate Impact Amounts - Acct 1574		\$ -											\$ -
Other Deferred Credits - Acct 2425		\$ 100,075	kWh	\$ 29,873	\$ 11,662	\$ 57,319	\$ -		\$ 469	\$ 123	\$ 7	\$ 624	\$ 100,075
Transition Costs - Acct 1570	7.0.67	\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal - Non RSVA		\$ 3,709,368		\$ 1,170,491	\$ 430,080	\$ 2,063,813	\$ -		\$ 16,855	\$ 5,367	\$ 315	\$ 22,446	\$ 3,709,368
Total to be Recovered		\$ (21,196,133)		\$ (6,263,842)	\$ (2,472,170)	\$ (12,201,023)	\$ -	\$ -	\$ (99,741)	\$ (25,175)	\$ (1,395)	\$ (132,786)	\$ (21,196,133)

									Small Scattered Load		Sentinel Lighting	Street Lighting	
Recoveries (repayments)	Amount	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users						Total
Actual Recoveries at December 31/07	\$ (712,435)	\$ (87,495)	\$ (123,985)	\$ (535,631)	\$ -	\$ -	\$ 86,706	\$ (40,158)	\$ 5,388	\$ (17,260)	\$ (712,435)		
Interest as of December 31, 2007	\$ (1,016,716)	\$ (999,175)	\$ (103,395)	\$ 51,052			\$ 21,512	\$ (9,032)	\$ (112)	\$ 22,433	\$ (1,016,717)		
Interest: January 2008 to April 2009	\$ (33,297)	\$ (4,089)	\$ (5,795)	\$ (25,034)	\$ -	\$ -	\$ 4,052	\$ (1,877)	\$ 252	\$ (807)	\$ (33,297)		
	\$ (1,762,448)	\$ (1,090,759)	\$ (233,175)	\$ (509,613)	\$ -		\$ 112,270	\$ (51,067)	\$ 5,528	\$ 4,366	\$ (1,762,449)		
Recoveries January 2008 to April 2009	\$ (1,760,644)	\$ (501,439)	\$ (317,437)	\$ (887,086)	\$ -		\$ (24,037)	\$ (3,627)	\$ 435	\$ (27,453)	\$ (1,760,644)		
Interest: January 2008 to April 2009	\$ (63,824)	\$ (18,833)	\$ (11,491)	\$ (31,538)	\$ -		\$ (847)	\$ (137)	\$ 16	\$ (993)	\$ (63,824)		
	\$ (1,824,468)	\$ (520,272)	\$ (328,928)	\$ (918,625)	\$ -		\$ (24,884)	\$ (3,764)	\$ 451	\$ (28,447)	\$ (1,824,468)		
Total Recoveries	\$ (3,586,916)	\$ (1,611,031)	\$ (562,103)	\$ (1,428,238)	\$ -	\$ -	\$ 87,387	\$ (54,831)	\$ 5,979	\$ (24,080)	\$ (3,586,917)		
Balance to be collected or refunded # of years:	2	\$ (17,609,216)	\$ (4,652,810)	\$ (1,910,067)	\$ (10,772,786)	\$ -	\$ -	\$ (187,128)	\$ 29,656	\$ (7,374)	\$ (108,706)	\$ (17,609,215)	
Balance to be collected or refunded per year		\$ (8,804,608)	\$ (2,326,405)	\$ (955,034)	\$ (5,386,393)	\$ -	\$ -	\$ (93,564)	\$ 14,828	\$ (3,687)	\$ (54,353)	\$ (8,804,608)	

Class	GS > 50 Non					Scattered	Sentinel	Street
	Residential	GS < 50 KW	TOU	GS > 50 TOU	Large Users	Load	Lighting	Lighting
Billing Determinants	kWh	kWh	kW	kW		kWh	kW	kW
Billing Determinants - quantity	2,039,498,572	796,189,248	10,197,336	-	-	86,879	8,378,782	1,243
Regulatory Asset Rate Riders	\$ (0.0011)	\$ (0.0012)	\$ (0.5282)	\$ -	\$ -	\$ (1.0769)	\$ 0.0018	\$ (2.9666)
								\$ (0.4596)

Sheet 2 - December 31, 2007 Regulatory Assets

NAME OF UTILITY PowerStream Inc.
NAME OF CONTACT Tom Barrett, Manager, Rate Applications
E-mail Address Tom.Barrett@PowerStream Inc.
PHONE NUMBER 905-532-4640

LICENCE NUMBER
DOCID NUMBER
Date

ED-2004-0520
August 15, 2008

Account Description	Account Number	Principal Amounts as of Dec-31 2007	Interest to Dec31-07	Interest Jan1-08 to Apr30-09	Total Claim
RSVA - Low voltage	1550	\$ (351,929)	\$ (5,973)	\$ (16,445)	\$ (374,347)
RSVA - Wholesale Market Service Charge	1580	\$ (11,351,970)	\$ (80,971)	\$ (530,564)	\$ (11,963,506)
RSVA - One-time Wholesale Market Service	1582	\$ 347,152	\$ 43,123	\$ 16,224	\$ 406,499
RSVA - Retail Transmission Network Charge	1584	\$ (806,981)	\$ 81,190	\$ (37,716)	\$ (763,506)
RSVA - Retail Transmission Connection Charge	1586	\$ (7,654,478)	\$ (911,997)	\$ (357,753)	\$ (8,924,229)
RSVA - Power (including Global Adjustment)	1588	\$ (2,813,677)	\$ (341,233)	\$ (131,502)	\$ (3,286,412)
Sub-Totals		\$ (22,631,884)	\$ (1,215,860)	\$ (1,057,756)	\$ (24,905,501)
Other Regulatory Assets	1508	\$ 3,034,470	\$ 323,930	\$ 141,824	\$ 3,500,224
Retail Cost Variance Account - Retail	1518	\$ 100,872	\$ 3,482	\$ 4,715	\$ 109,069
Retail Cost Variance Account - STR	1548	\$ -	\$ -	\$ -	\$ -
Misc. Deferred Debits - incl. Rebate Cheques	1525	\$ -	\$ -	\$ -	\$ -
Qualifying Transition Costs	1570	\$ -	\$ -	\$ -	\$ -
Pre-Market Opening Energy Variances Total	1571	\$ -	\$ -	\$ -	\$ -
Extra-Ordinary Event Losses	1572	\$ -	\$ -	\$ -	\$ -
Deferred Rate Impact Amounts	1574	\$ -	\$ -	\$ -	\$ -
Other Deferred Credits	2425	\$ 97,353	\$ (1,828)	\$ 4,550	\$ 100,075
Sub-Totals		\$ 3,232,695	\$ 325,584	\$ 151,089	\$ 3,709,368
Total		\$ (19,399,189)	\$ (890,277)	\$ (906,667)	\$ (21,196,133)

Sheet 2 - December 31, 2007 Regulatory Assets

NAME OF UTILITY PowerStream Inc.
 NAME OF CONTACT Tom Barrett, Manager, Rate Applications
 E-mail Address Tom.Barrett@PowerStream Inc.
 PHONE NUMBER 905-532-4640

LICENCE NUMBER
 DOCID NUMBER
 Date

ED-2004-0520
 August 15, 2008

2007 Data By Class	kW	kWhs	Cust. Num.'s	Dx Revenue	
RESIDENTIAL CLASS	0	2,039,498,572	204,330	\$	55,336,474
GENERAL SERVICE <50 KW CLASS	0	796,189,248	22,472	\$	16,821,155
GENERAL SERVICE >50 KW NON TIME OF USE	10,197,336	3,913,345,486	3,649	\$	36,466,287
GENERAL SERVICE >50 KW TIME OF USE	0	0		\$	-
INTERMEDIATE CLASS	0	0	-	\$	-
LARGE USER CLASS	86,879	31,986,565	1		205,723
SMALL SCATTERED LOADS	0	8,378,782	2,030		446,592
SENTINEL LIGHTS	1,243	469,111	145		8,650
STREET LIGHTING	118,262	42,585,750	13		931,319
Totals	10,403,720	6,832,453,515	232,640	\$	110,216,201

Allocators	kW	kWhs	Cust. Num.'s	Dx Revenue	Cust. #'s w/ Rebate Cheques	kWhs for Non TOU Customers	
RESIDENTIAL CLASS	0.0%	29.9%	87.8%	50.2%		0.00%	1,428,000
GENERAL SERVICE <50 KW CLASS	0.0%	11.7%	9.7%	15.3%		0.00%	426,260
GENERAL SERVICE >50 KW NON TIME OF USE	98.0%	57.3%	1.6%	33.1%		100.00%	166,406
GENERAL SERVICE >50 KW TIME OF USE	0.0%	0.0%	0.0%	0.0%			817,899
INTERMEDIATE CLASS	0.0%	0.0%	0.0%	0.0%			0
LARGE USER CLASS	0.8%	0.5%	0.0%	0.2%			0
SMALL SCATTERED LOADS	0.0%	0.1%	0.9%	0.4%		0.00%	6,685
SENTINEL LIGHTS	0.0%	0.0%	0.1%	0.0%			1,751
STREET LIGHTING	1.1%	0.6%	0.0%	0.8%			98
Totals	100%	100%	100%	100%	0%	100%	8,901
							1,428,000

SHEET 3 - Interest on Reg. Assets Balance as of Dec. 31, 2007

NAME PowerStream Inc. **LICENCE NUMBER** ED-2004-0520
NAME Tom Barrett, Manager, Rate Applications **DOCID NUMBER**
E-mail Tom.Barrett@PowerStream Inc. **Date** August 15, 2008
PHONE NUMBER 905-532-4640

	Balance as of Dec. 31, 2007	Interest Jan 2008 to Apr 2009
1550 RSVA - Low voltage	\$ (351,929)	\$ (16,445)
1580 RSVA - Wholesale Market Service Charge	(11,351,970)	(530,564)
1582 RSVA - One-time Wholesale Market Service	347,152	16,224
1584 RSVA - Retail Transmission Network Charge	(806,981)	(37,716)
1586 RSVA - Retail Transmission Connection Charge	(7,654,478)	(357,753)
1588 RSVA - Power (including Global Adjustment)	(2,813,677)	(131,502)
1508 Other Regulatory Assets	3,034,470	141,824
1518 Retail Cost Variance Account - Retail	100,872	4,715
1548 Retail Cost Variance Account - STR	-	-
1525 Misc. Deferred Debits - incl. Rebate Cheques	-	-
1570 Qualifying Transition Costs	-	-
1571 Pre-Market Opening Energy Variances Total	-	-
1572 Extra-Ordinary Event Losses	-	-
1574 Deferred Rate Impact Amounts	-	-
2425 Other Deferred Credits	97,353	4,550
	(19,399,189)	\$ (906,667)
	previously filed	\$ (1,667,766)
	change	\$ 761,099

Interest for Jan 2008 - April 2009	Days	Rate	1550	1580	1582	1584	1586	1588	1508	1518	1548	1525	1570	1571	1572	1574	2425	Total
Balance for Interest calculation			\$ (351,929)	(11,351,970)	347,152	(806,981)	(7,654,478)	(2,813,677)	3,034,470	100,872	-	-	-	-	-	-	97,353	(19,399,189)
Jan 2008	31	5.14%	(1,536)	(49,557)	1,515	(3,523)	(33,415)	(12,283)	13,247	440	-	-	-	-	-	-	425	(84,687)
Feb 2008	29	5.14%	(1,437)	(46,360)	1,418	(3,296)	(31,260)	(11,491)	12,392	412	-	-	-	-	-	-	398	(79,224)
Mar 2008	31	5.14%	(1,536)	(49,557)	1,515	(3,523)	(33,415)	(12,283)	13,247	440	-	-	-	-	-	-	425	(84,687)
Apr 2008	30	4.08%	(1,180)	(38,068)	1,164	(2,706)	(25,669)	(9,435)	10,176	338	-	-	-	-	-	-	326	(65,054)
May 2008	31	4.08%	(1,220)	(39,337)	1,203	(2,796)	(26,524)	(9,750)	10,515	350	-	-	-	-	-	-	337	(67,222)
Jun 2008	30	4.08%	(1,180)	(38,068)	1,164	(2,706)	(25,669)	(9,435)	10,176	338	-	-	-	-	-	-	326	(65,054)
Jul 2008	31	3.35%	(1,001)	(32,299)	988	(2,296)	(21,779)	(8,005)	8,634	287	-	-	-	-	-	-	277	(55,194)
Aug 2008	31	3.35%	(1,001)	(32,299)	988	(2,296)	(21,779)	(8,005)	8,634	287	-	-	-	-	-	-	277	(55,194)
Sep 2008	30	3.35%	(969)	(31,257)	956	(2,222)	(21,076)	(7,747)	8,355	278	-	-	-	-	-	-	268	(53,414)
Oct 2008	31	3.35%	(1,001)	(32,299)	988	(2,296)	(21,779)	(8,005)	8,634	287	-	-	-	-	-	-	277	(55,194)
Nov 2008	30	3.35%	(969)	(31,257)	956	(2,222)	(21,076)	(7,747)	8,355	278	-	-	-	-	-	-	268	(53,414)
Dec 2008	31	3.35%	(1,001)	(32,299)	988	(2,296)	(21,779)	(8,005)	8,634	287	-	-	-	-	-	-	277	(55,194)
Jan 2009	31	2.45%	(732)	(23,621)	722	(1,679)	(15,928)	(5,855)	6,314	210	-	-	-	-	-	-	203	(40,366)
Feb 2009	28	2.45%	(661)	(21,335)	652	(1,517)	(14,386)	(5,288)	5,703	190	-	-	-	-	-	-	183	(36,459)
Mar 2009	31	2.45%	(732)	(23,621)	722	(1,679)	(15,928)	(5,855)	6,314	210	-	-	-	-	-	-	203	(40,366)
Apr 2009	30	1.00%	(289)	(9,330)	285	(663)	(6,291)	(2,313)	2,494	83	-	-	-	-	-	-	80	(15,944)
Total			(16,445)	(530,564)	16,224	(37,716)	(357,753)	(131,502)	141,824	4,715	-	-	-	-	-	-	4,550	(906,667)
Average rate	486	3.51%																

Updated from estimated to actual prescribed rates

SHEET 4 - Interest on Actual Recoveries at December 31, 2007

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

			Total	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting
Actual Recoveries at Dec 31/07:			\$ (712,435)	\$ (87,495)	\$ (123,985)	\$ (535,631)			\$ 86,706	\$ (40,158)	\$ 5,388	\$ (17,260)

Month	Interest	Days										
Jan-08	5.14%	31	\$ (3,110)	\$ (382)	\$ (541)	\$ (2,338)	\$ -		\$ 379	\$ (175)	\$ 24	\$ (75)
Feb-08	5.14%	29	\$ (2,909)	\$ (357)	\$ (506)	\$ (2,187)	\$ -		\$ 354	\$ (164)	\$ 22	\$ (70)
Mar-08	5.14%	31	\$ (3,110)	\$ (382)	\$ (541)	\$ (2,338)	\$ -		\$ 379	\$ (175)	\$ 24	\$ (75)
Apr-08	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
May-08	4.08%	31	\$ (2,469)	\$ (303)	\$ (430)	\$ (1,856)	\$ -		\$ 300	\$ (139)	\$ 19	\$ (60)
Jun-08	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
Jul-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Aug-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Sep-08	3.35%	30	\$ (1,962)	\$ (241)	\$ (341)	\$ (1,475)	\$ -		\$ 239	\$ (111)	\$ 15	\$ (48)
Oct-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Nov-08	3.35%	30	\$ (1,962)	\$ (241)	\$ (341)	\$ (1,475)	\$ -		\$ 239	\$ (111)	\$ 15	\$ (48)
Dec-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Jan-09	2.45%	31	\$ (1,482)	\$ (182)	\$ (258)	\$ (1,115)	\$ -		\$ 180	\$ (84)	\$ 11	\$ (36)
Feb-09	2.45%	28	\$ (1,339)	\$ (164)	\$ (233)	\$ (1,007)	\$ -		\$ 163	\$ (75)	\$ 10	\$ (32)
Mar-09	2.45%	31	\$ (1,482)	\$ (182)	\$ (258)	\$ (1,115)	\$ -		\$ 180	\$ (84)	\$ 11	\$ (36)
Apr-09	1.00%	30	\$ (586)	\$ (72)	\$ (102)	\$ (440)	\$ -		\$ 71	\$ (33)	\$ 4	\$ (14)
Total Interest			\$ (33,297)	\$ (4,089)	\$ (5,795)	\$ (25,034)	\$ -		\$ 4,052	\$ (1,877)	\$ 252	\$ (807)

Updated from estimated to actual prescribed rates

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Residential Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (231,773)	\$ (231,773)		5.14%	31
February 2008				\$ (48,340)	\$ (280,112)	\$ (947)	5.14%	29
March 2008				\$ (118,059)	\$ (398,172)	\$ (1,223)	5.14%	31
April 2008				\$ (103,267)	\$ (501,439)	\$ (1,335)	4.08%	30
May 2008				\$ -	\$ (501,439)	\$ (1,738)	4.08%	31
June 2008				\$ -	\$ (501,439)	\$ (1,682)	4.08%	30
July 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
August 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
September 2008				\$ -	\$ (501,439)	\$ (1,381)	3.35%	30
October 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
November 2008				\$ -	\$ (501,439)	\$ (1,381)	3.35%	30
December 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
January 2009				\$ -	\$ (501,439)	\$ (1,043)	2.45%	31
February 2009				\$ -	\$ (501,439)	\$ (942)	2.45%	28
March 2009				\$ -	\$ (501,439)	\$ (1,043)	2.45%	31
April 2009				\$ -	\$ (501,439)	\$ (412)	1.00%	30
				<u>\$ (501,439)</u>		<u>\$ (18,833)</u>		

Updated from estimated to actual prescribed rates

GS < 50 kW
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (70,857)	\$ (70,857)		5.14%	31
February 2008				\$ (85,954)	\$ (156,811)	\$ (289)	5.14%	29
March 2008				\$ (85,732)	\$ (242,543)	\$ (685)	5.14%	31
April 2008				\$ (74,894)	\$ (317,437)	\$ (813)	4.08%	30
May 2008				\$ -	\$ (317,437)	\$ (1,100)	4.08%	31
June 2008				\$ -	\$ (317,437)	\$ (1,065)	4.08%	30
July 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
August 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
September 2008				\$ -	\$ (317,437)	\$ (874)	3.35%	30
October 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
November 2008				\$ -	\$ (317,437)	\$ (874)	3.35%	30
December 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
January 2009				\$ -	\$ (317,437)	\$ (661)	2.45%	31
February 2009				\$ -	\$ (317,437)	\$ (597)	2.45%	28
March 2009				\$ -	\$ (317,437)	\$ (661)	2.45%	31
April 2009				\$ -	\$ (317,437)	\$ (261)	1.00%	30
				<u>\$ (317,437)</u>		<u>\$ (11,491)</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

GS > 50 Non-TOU
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008	5,000			\$ (104,964)	\$ (104,964)		5.14%	31
February 2008	5,000			\$ (319,938)	\$ (424,902)	\$ (429)	5.14%	29
March 2008	5,000			\$ (212,409)	\$ (637,311)	\$ (1,855)	5.14%	31
April 2008	5,000			\$ (249,775)	\$ (887,086)	\$ (2,137)	4.08%	30
May 2008	5,000			\$ -	\$ (887,086)	\$ (3,074)	4.08%	31
June 2008	5,000			\$ -	\$ (887,086)	\$ (2,975)	4.08%	30
July 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
August 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
September 2008	5,000			\$ -	\$ (887,086)	\$ (2,443)	3.35%	30
October 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
November 2008	5,000			\$ -	\$ (887,086)	\$ (2,443)	3.35%	30
December 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
January 2009	5,000			\$ -	\$ (887,086)	\$ (1,846)	2.45%	31
February 2009	5,000			\$ -	\$ (887,086)	\$ (1,667)	2.45%	28
March 2009	5,000			\$ -	\$ (887,086)	\$ (1,846)	2.45%	31
April 2009	5,000			\$ -	\$ (887,086)	\$ (729)	1.00%	30
				<u>\$ (887,086)</u>		<u>\$ (31,538)</u>		

GS > 50 TOU
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008					\$ -	\$ -	5.14%	29
March 2008					\$ -	\$ -	5.14%	31
April 2008					\$ -	\$ -	4.08%	30
May 2008				\$ -	\$ -	\$ -	4.08%	31
June 2008				\$ -	\$ -	\$ -	4.08%	30
July 2008				\$ -	\$ -	\$ -	3.35%	31
August 2008				\$ -	\$ -	\$ -	3.35%	31
September 2008				\$ -	\$ -	\$ -	3.35%	30
October 2008				\$ -	\$ -	\$ -	3.35%	31
November 2008				\$ -	\$ -	\$ -	3.35%	30
December 2008				\$ -	\$ -	\$ -	3.35%	31
January 2009				\$ -	\$ -	\$ -	2.45%	31
February 2009				\$ -	\$ -	\$ -	2.45%	28
March 2009				\$ -	\$ -	\$ -	2.45%	31
April 2009				\$ -	\$ -	\$ -	1.00%	30
				<u>\$ -</u>		<u>\$ -</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Large User Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008				\$ (11,782)	\$ (11,782)	\$ -	5.14%	29
March 2008				\$ (6,206)	\$ (17,988)	\$ (51)	5.14%	31
April 2008				\$ (6,049)	\$ (24,037)	\$ (60)	4.08%	30
May 2008				\$ -	\$ (24,037)	\$ (83)	4.08%	31
June 2008				\$ -	\$ (24,037)	\$ (81)	4.08%	30
July 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
August 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
September 2008				\$ -	\$ (24,037)	\$ (66)	3.35%	30
October 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
November 2008				\$ -	\$ (24,037)	\$ (66)	3.35%	30
December 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
January 2009				\$ -	\$ (24,037)	\$ (50)	2.45%	31
February 2009				\$ -	\$ (24,037)	\$ (45)	2.45%	28
March 2009				\$ -	\$ (24,037)	\$ (50)	2.45%	31
April 2009				\$ -	\$ (24,037)	\$ (20)	1.00%	30
				<u>\$ (24,037)</u>		<u>\$ (847)</u>		

Small Scattered Load
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (1,637)	\$ (1,637)		5.14%	31
February 2008				\$ (594)	\$ (2,231)	\$ (7)	5.14%	29
March 2008				\$ (761)	\$ (2,992)	\$ (10)	5.14%	31
April 2008				\$ (635)	\$ (3,627)	\$ (10)	4.08%	30
May 2008				\$ -	\$ (3,627)	\$ (13)	4.08%	31
June 2008				\$ -	\$ (3,627)	\$ (12)	4.08%	30
July 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
August 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
September 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	30
October 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
November 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	30
December 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
January 2009				\$ -	\$ (3,627)	\$ (8)	2.45%	31
February 2009				\$ -	\$ (3,627)	\$ (7)	2.45%	28
March 2009				\$ -	\$ (3,627)	\$ (8)	2.45%	31
April 2009				\$ -	\$ (3,627)	\$ (3)	1.00%	30
				<u>\$ (3,627)</u>		<u>\$ (137)</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Sentinel Lighting Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ 152	\$ 152		5.14%	31
February 2008				\$ 106	\$ 258	\$ 1	5.14%	29
March 2008				\$ 92	\$ 350	\$ 1	5.14%	31
April 2008				\$ 85	\$ 435	\$ 1	4.08%	30
May 2008				\$ -	\$ 435	\$ 2	4.08%	31
June 2008				\$ -	\$ 435	\$ 1	4.08%	30
July 2008				\$ -	\$ 435	\$ 1	3.35%	31
August 2008				\$ -	\$ 435	\$ 1	3.35%	31
September 2008				\$ -	\$ 435	\$ 1	3.35%	30
October 2008				\$ -	\$ 435	\$ 1	3.35%	31
November 2008				\$ -	\$ 435	\$ 1	3.35%	30
December 2008				\$ -	\$ 435	\$ 1	3.35%	31
January 2009				\$ -	\$ 435	\$ 1	2.45%	31
February 2009				\$ -	\$ 435	\$ 1	2.45%	28
March 2009				\$ -	\$ 435	\$ 1	2.45%	31
April 2009				\$ -	\$ 435	\$ 0	1.00%	30
				<u>\$ 435</u>		<u>\$ 16</u>		

Street Lighting Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008				\$ (17,626)	\$ (17,626)	\$ -	5.14%	29
March 2008				\$ (5,346)	\$ (22,971)	\$ (77)	5.14%	31
April 2008				\$ (4,482)	\$ (27,453)	\$ (77)	4.08%	30
May 2008				\$ -	\$ (27,453)	\$ (95)	4.08%	31
June 2008				\$ -	\$ (27,453)	\$ (92)	4.08%	30
July 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
August 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
September 2008				\$ -	\$ (27,453)	\$ (76)	3.35%	30
October 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
November 2008				\$ -	\$ (27,453)	\$ (76)	3.35%	30
December 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
January 2009				\$ -	\$ (27,453)	\$ (57)	2.45%	31
February 2009				\$ -	\$ (27,453)	\$ (52)	2.45%	28
March 2009				\$ -	\$ (27,453)	\$ (57)	2.45%	31
April 2009				\$ -	\$ (27,453)	\$ (23)	1.00%	30
				<u>\$ (27,453)</u>		<u>\$ (993)</u>		

Schedule Staff 69-2

Sheet 1 - Rate Riders Calculation

NAME OF UTILITY PowerStream Inc.
NAME OF CONTACT Tom Barrett, Manager, Rate Applications
E-mail Address Tom.Barrett@PowerStream Inc.
PHONE NUMBER 905-532-4640

LICENCE NUMBER ED-2004-0520
DOCID NUMBER
Date August 15, 2008

Regulatory Asset Accounts:	Decision Ref.#	Amount	ALLOCATOR	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting	Total
LV - Account 1550	2.0.34	\$ (374,347)	kWh	\$ (111,743)	\$ (43,623)	\$ (214,410)	\$ -	\$ -	\$ (1,753)	\$ (459)	\$ (26)	\$ (2,333)	\$ (374,347)
WMSC - Account 1580	2.0.35	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
One-Time WMSC - Account 1582	2.0.35	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Network - Account 1584	2.0.35	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection - Account 1586	2.0.35	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power - Account 1588	2.0.35	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal - RSVA		\$ (374,347)		\$ (111,743)	\$ (43,623)	\$ (214,410)	\$ -	\$ -	\$ (1,753)	\$ (459)	\$ (26)	\$ (2,333)	\$ (374,347)
Other Regulatory Assets - Account 1508		\$ 3,500,224	kWh	\$ 1,044,823	\$ 407,883	\$ 2,004,783	\$ -	\$ -	\$ 16,387	\$ 4,292	\$ 240	\$ 21,816	\$ 3,500,224
Retail Cost Variance Account - Acct 1518		\$ 109,069	# of Customers	\$ 95,796	\$ 10,536	\$ 1,711	\$ -	\$ -	\$ 0	\$ 952	\$ 68	\$ 6	\$ 109,069
Retail Cost Variance Account (STR) Acct 1548		\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rebate Cheques - Acct 1525	5.0.19	\$ -	# cust. w/ Rebate Cheq	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hydro One's Environmental Costs - Acct 1525	5.0.25	\$ -	Dx Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pre Market Opening Energy - Acct 1571	3.0.27	\$ -	kWh for Non TOU Cust.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Extraordinary Event Losses - Acct 1572		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Rate Impact Amounts - Acct 1574		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Deferred Credits - Acct 2425		\$ 100,075	kWh	\$ 29,873	\$ 11,662	\$ 57,319	\$ -	\$ -	\$ 469	\$ 123	\$ 7	\$ 624	\$ 100,075
Transition Costs - Acct 1570	7.0.67	\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal - Non RSVA		\$ 3,709,368		\$ 1,170,491	\$ 430,080	\$ 2,063,813	\$ -	\$ -	\$ 16,855	\$ 5,367	\$ 315	\$ 22,446	\$ 3,709,368
Total to be Recovered		\$ 3,335,021		\$ 1,058,748	\$ 386,457	\$ 1,849,402	\$ -	\$ -	\$ 15,103	\$ 4,908	\$ 290	\$ 20,113	\$ 3,335,021

		GS > 50 Non							Small				
Recoveries (repayments)	Amount	Residential	GS < 50 KW	TOU	GS > 50 TOU	Intermediate	Large Users	Scattered Load	Sentinel Lighting	Street Lighting		Total	
Actual Recoveries at December 31/07	\$ (712,435)	\$ (87,495)	\$ (123,985)	\$ (535,631)	\$ -	\$ -	\$ 86,706	\$ (40,158)	\$ 5,388	\$ (17,260)	\$	\$ (712,435)	
Interest as of December 31, 2007	\$ (1,016,716)	\$ (999,175)	\$ (103,395)	\$ 51,052			\$ 21,512	\$ (9,032)	\$ (112)	\$ 22,433	\$	\$ (1,016,717)	
Interest: January 2008 to April 2009	\$ (33,297)	\$ (4,089)	\$ (5,795)	\$ (25,034)	\$ -	\$ -	\$ 4,052	\$ (1,877)	\$ 252	\$ (807)	\$	\$ (33,297)	
	\$ (1,762,448)	\$ (1,090,759)	\$ (233,175)	\$ (509,613)	\$ -		\$ 112,270	\$ (51,067)	\$ 5,528	\$ 4,366	\$	\$ (1,762,449)	
Recoveries January 2008 to April 2009	\$ (1,760,644)	\$ (501,439)	\$ (317,437)	\$ (887,086)	\$ -		\$ (24,037)	\$ (3,627)	\$ 435	\$ (27,453)	\$	\$ (1,760,644)	
Interest: January 2008 to April 2009	\$ (63,824)	\$ (18,833)	\$ (11,491)	\$ (31,538)	\$ -		\$ (847)	\$ (137)	\$ 16	\$ (993)	\$	\$ (63,824)	
	\$ (1,824,468)	\$ (520,272)	\$ (328,928)	\$ (918,625)	\$ -		\$ (24,884)	\$ (3,764)	\$ 451	\$ (28,447)	\$	\$ (1,824,468)	
Total Recoveries	\$ (3,586,916)	\$ (1,611,031)	\$ (562,103)	\$ (1,428,238)	\$ -	\$ -	\$ 87,387	\$ (54,831)	\$ 5,979	\$ (24,080)	\$	\$ (3,586,917)	
Balance to be collected or refunded # of years:	2	\$ 6,921,937	\$ 2,669,779	\$ 948,560	\$ 3,277,640	\$ -	\$ -	\$ (72,284)	\$ 59,739	\$ (5,689)	\$ 44,193	\$ 6,921,938	
Balance to be collected or refunded per year	\$ 3,460,969	\$ 1,334,890	\$ 474,280	\$ 1,638,820	\$ -	\$ -	\$ (36,142)	\$ 29,870	\$ (2,845)	\$ 22,097	\$	\$ 3,460,969	

Class	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Large Users	Scattered Load	Sentinel Lighting	Street Lighting
Billing Determinants	kWh	kWh	kW	kW	kW	kWh	kW	kW
Billing Determinants - quantity	2,039,498,572	796,189,248	10,197,336	-	86,879	8,378,782	1,243	118,262
Regulatory Asset Rate Riders	\$ 0.0007	\$ 0.0006	\$ 0.1607	\$ -	\$ -	\$ (0.4160)	\$ 0.0036	\$ (2.2890)

Sheet 2 - December 31, 2007 Regulatory Assets

NAME OF UTILITY PowerStream Inc.
NAME OF CONTACT Tom Barrett, Manager, Rate Applications
E-mail Address Tom.Barrett@PowerStream.Inc
PHONE NUMBER 905-532-4640

LICENCE NUMBER
DOCID NUMBER
Date

ED-2004-0520
 August 15, 2008

Account Description	Account Number	Principal Amounts as of Dec-31 2007	Interest to Dec31-07	Interest Jan1-08 to Apr30-09	Total Claim
RSVA - Low voltage	1550	\$ (351,929)	\$ (5,973)	\$ (16,445)	\$ (374,347)
RSVA - Wholesale Market Service Charge	1580			\$ -	\$ -
RSVA - One-time Wholesale Market Service	1582			\$ -	\$ -
RSVA - Retail Transmission Network Charge	1584			\$ -	\$ -
RSVA - Retail Transmission Connection Charge	1586			\$ -	\$ -
RSVA - Power (including Global Adjustment)	1588			\$ -	\$ -
Sub-Totals		\$ (351,929)	\$ (5,973)	\$ (16,445)	\$ (374,347)
Other Regulatory Assets	1508	\$ 3,034,470	\$ 323,930	\$ 141,824	\$ 3,500,224
Retail Cost Variance Account - Retail	1518	\$ 100,872	\$ 3,482	\$ 4,715	\$ 109,069
Retail Cost Variance Account - STR	1548	\$ -	\$ -	\$ -	\$ -
Misc. Deferred Debits - incl. Rebate Cheques	1525	\$ -	\$ -	\$ -	\$ -
Qualifying Transition Costs	1570	\$ -	\$ -	\$ -	\$ -
Pre-Market Opening Energy Variances Total	1571	\$ -	\$ -	\$ -	\$ -
Extra-Ordinary Event Losses	1572	\$ -	\$ -	\$ -	\$ -
Deferred Rate Impact Amounts	1574	\$ -	\$ -	\$ -	\$ -
Other Deferred Credits	2425	\$ 97,353	\$ (1,828)	\$ 4,550	\$ 100,075
Sub-Totals		\$ 3,232,695	\$ 325,584	\$ 151,089	\$ 3,709,368
Total		\$ 2,880,766	\$ 319,611	\$ 134,644	\$ 3,335,021

Sheet 2 - December 31, 2007 Regulatory Assets

NAME OF UTILITY PowerStream Inc.
 NAME OF CONTACT Tom Barrett, Manager, Rate Applications
 E-mail Address Tom.Barrett@PowerStream Inc.
 PHONE NUMBER 905-532-4640

LICENCE NUMBER
 DOCID NUMBER
 Date

ED-2004-0520
 August 15, 2008

2007 Data By Class	kW	kWhs	Cust. Num.'s	Dx Revenue	
RESIDENTIAL CLASS	0	2,039,498,572	204,330	\$	55,336,474
GENERAL SERVICE <50 KW CLASS	0	796,189,248	22,472	\$	16,821,155
GENERAL SERVICE >50 KW NON TIME OF USE	10,197,336	3,913,345,486	3,649	\$	36,466,287
GENERAL SERVICE >50 KW TIME OF USE	0	0		\$	-
INTERMEDIATE CLASS	0	0	-	\$	-
LARGE USER CLASS	86,879	31,986,565	1		205,723
SMALL SCATTERED LOADS	0	8,378,782	2,030		446,592
SENTINEL LIGHTS	1,243	469,111	145		8,650
STREET LIGHTING	118,262	42,585,750	13		931,319
Totals	10,403,720	6,832,453,515	232,640	\$	110,216,201

Allocators	kW	kWhs	Cust. Num.'s	Dx Revenue	Cust. #'s w/ Rebate Cheques	kWhs for Non TOU Customers	
RESIDENTIAL CLASS	0.0%	29.9%	87.8%	50.2%		0.00%	1,428,000
GENERAL SERVICE <50 KW CLASS	0.0%	11.7%	9.7%	15.3%		0.00%	426,260
GENERAL SERVICE >50 KW NON TIME OF USE	98.0%	57.3%	1.6%	33.1%		100.00%	166,406
GENERAL SERVICE >50 KW TIME OF USE	0.0%	0.0%	0.0%	0.0%			817,899
INTERMEDIATE CLASS	0.0%	0.0%	0.0%	0.0%			0
LARGE USER CLASS	0.8%	0.5%	0.0%	0.2%			0
SMALL SCATTERED LOADS	0.0%	0.1%	0.9%	0.4%		0.00%	6,685
SENTINEL LIGHTS	0.0%	0.0%	0.1%	0.0%			1,751
STREET LIGHTING	1.1%	0.6%	0.0%	0.8%			98
Totals	100%	100%	100%	100%	0%	100%	8,901
							1,428,000

SHEET 3 - Interest on Reg. Assets Balance as of Dec. 31, 2007

NAME PowerStream Inc. **LICENCE NUMBER** ED-2004-0520
NAME Tom Barrett, Manager, Rate Applications **DOCID NUMBER**
E-mail Tom.Barrett@PowerStream Inc. **Date** August 15, 2008
PHONE NUMBER 905-532-4640

	Balance as of Dec. 31, 2007	Interest Jan 2008 to Apr 2009
1550 RSVA - Low voltage	\$ (351,929)	\$ (16,445)
1580 RSVA - Wholesale Market Service Charge	-	-
1582 RSVA - One-time Wholesale Market Service	-	-
1584 RSVA - Retail Transmission Network Charge	-	-
1586 RSVA - Retail Transmission Connection Charge	-	-
1588 RSVA - Power (including Global Adjustment)	-	-
1508 Other Regulatory Assets	3,034,470	141,824
1518 Retail Cost Variance Account - Retail	100,872	4,715
1548 Retail Cost Variance Account - STR	-	-
1525 Misc. Deferred Debits - incl. Rebate Cheques	-	-
1570 Qualifying Transition Costs	-	-
1571 Pre-Market Opening Energy Variances Total	-	-
1572 Extra-Ordinary Event Losses	-	-
1574 Deferred Rate Impact Amounts	-	-
2425 Other Deferred Credits	97,353	4,550
	2,880,766	\$ 134,644
	previously filed	\$ (1,667,766)
	change	\$ 1,802,410

Interest for Jan 2008 - April 2009	Days	Rate	1550	1580	1582	1584	1586	1588	1508	1518	1548	1525	1570	1571	1572	1574	2425	Total
Balance for Interest calculation			\$ (351,929)	-	-	-	-	-	3,034,470	100,872	-	-	-	-	-	-	97,353	2,880,766
Jan 2008	31	5.14%	(1,536)	-	-	-	-	-	13,247	440	-	-	-	-	-	-	425	12,576
Feb 2008	29	5.14%	(1,437)	-	-	-	-	-	12,392	412	-	-	-	-	-	-	398	11,765
Mar 2008	31	5.14%	(1,536)	-	-	-	-	-	13,247	440	-	-	-	-	-	-	425	12,576
Apr 2008	30	4.08%	(1,180)	-	-	-	-	-	10,176	338	-	-	-	-	-	-	326	9,660
May 2008	31	4.08%	(1,220)	-	-	-	-	-	10,515	350	-	-	-	-	-	-	337	9,982
Jun 2008	30	4.08%	(1,180)	-	-	-	-	-	10,176	338	-	-	-	-	-	-	326	9,660
Jul 2008	31	3.35%	(1,001)	-	-	-	-	-	8,634	287	-	-	-	-	-	-	277	8,197
Aug 2008	31	3.35%	(1,001)	-	-	-	-	-	8,634	287	-	-	-	-	-	-	277	8,197
Sep 2008	30	3.35%	(969)	-	-	-	-	-	8,355	278	-	-	-	-	-	-	268	7,932
Oct 2008	31	3.35%	(1,001)	-	-	-	-	-	8,634	287	-	-	-	-	-	-	277	8,197
Nov 2008	30	3.35%	(969)	-	-	-	-	-	8,355	278	-	-	-	-	-	-	268	7,932
Dec 2008	31	3.35%	(1,001)	-	-	-	-	-	8,634	287	-	-	-	-	-	-	277	8,197
Jan 2009	31	2.45%	(732)	-	-	-	-	-	6,314	210	-	-	-	-	-	-	203	5,995
Feb 2009	28	2.45%	(661)	-	-	-	-	-	5,703	190	-	-	-	-	-	-	183	5,415
Mar 2009	31	2.45%	(732)	-	-	-	-	-	6,314	210	-	-	-	-	-	-	203	5,995
Apr 2009	30	1.00%	(289)	-	-	-	-	-	2,494	83	-	-	-	-	-	-	80	2,368
Total			(16,445)	-	-	-	-	-	141,824	4,715	-	-	-	-	-	-	4,550	134,644
Average rate	486	3.51%																

Updated from estimated to actual prescribed rates

SHEET 4 - Interest on Actual Recoveries at December 31, 2007

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

			Total	Residential	GS < 50 KW	GS > 50 Non TOU	GS > 50 TOU	Intermediate	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting
Actual Recoveries at Dec 31/07:			\$ (712,435)	\$ (87,495)	\$ (123,985)	\$ (535,631)			\$ 86,706	\$ (40,158)	\$ 5,388	\$ (17,260)

Month	Interest	Days										
Jan-08	5.14%	31	\$ (3,110)	\$ (382)	\$ (541)	\$ (2,338)	\$ -		\$ 379	\$ (175)	\$ 24	\$ (75)
Feb-08	5.14%	29	\$ (2,909)	\$ (357)	\$ (506)	\$ (2,187)	\$ -		\$ 354	\$ (164)	\$ 22	\$ (70)
Mar-08	5.14%	31	\$ (3,110)	\$ (382)	\$ (541)	\$ (2,338)	\$ -		\$ 379	\$ (175)	\$ 24	\$ (75)
Apr-08	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
May-08	4.08%	31	\$ (2,469)	\$ (303)	\$ (430)	\$ (1,856)	\$ -		\$ 300	\$ (139)	\$ 19	\$ (60)
Jun-08	4.08%	30	\$ (2,389)	\$ (293)	\$ (416)	\$ (1,796)	\$ -		\$ 291	\$ (135)	\$ 18	\$ (58)
Jul-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Aug-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Sep-08	3.35%	30	\$ (1,962)	\$ (241)	\$ (341)	\$ (1,475)	\$ -		\$ 239	\$ (111)	\$ 15	\$ (48)
Oct-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Nov-08	3.35%	30	\$ (1,962)	\$ (241)	\$ (341)	\$ (1,475)	\$ -		\$ 239	\$ (111)	\$ 15	\$ (48)
Dec-08	3.35%	31	\$ (2,027)	\$ (249)	\$ (353)	\$ (1,524)	\$ -		\$ 247	\$ (114)	\$ 15	\$ (49)
Jan-09	2.45%	31	\$ (1,482)	\$ (182)	\$ (258)	\$ (1,115)	\$ -		\$ 180	\$ (84)	\$ 11	\$ (36)
Feb-09	2.45%	28	\$ (1,339)	\$ (164)	\$ (233)	\$ (1,007)	\$ -		\$ 163	\$ (75)	\$ 10	\$ (32)
Mar-09	2.45%	31	\$ (1,482)	\$ (182)	\$ (258)	\$ (1,115)	\$ -		\$ 180	\$ (84)	\$ 11	\$ (36)
Apr-09	1.00%	30	\$ (586)	\$ (72)	\$ (102)	\$ (440)	\$ -		\$ 71	\$ (33)	\$ 4	\$ (14)
Total Interest			\$ (33,297)	\$ (4,089)	\$ (5,795)	\$ (25,034)	\$ -		\$ 4,052	\$ (1,877)	\$ 252	\$ (807)

Updated from estimated to actual prescribed rates

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Residential Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (231,773)	\$ (231,773)		5.14%	31
February 2008				\$ (48,340)	\$ (280,112)	\$ (947)	5.14%	29
March 2008				\$ (118,059)	\$ (398,172)	\$ (1,223)	5.14%	31
April 2008				\$ (103,267)	\$ (501,439)	\$ (1,335)	4.08%	30
May 2008				\$ -	\$ (501,439)	\$ (1,738)	4.08%	31
June 2008				\$ -	\$ (501,439)	\$ (1,682)	4.08%	30
July 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
August 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
September 2008				\$ -	\$ (501,439)	\$ (1,381)	3.35%	30
October 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
November 2008				\$ -	\$ (501,439)	\$ (1,381)	3.35%	30
December 2008				\$ -	\$ (501,439)	\$ (1,427)	3.35%	31
January 2009				\$ -	\$ (501,439)	\$ (1,043)	2.45%	31
February 2009				\$ -	\$ (501,439)	\$ (942)	2.45%	28
March 2009				\$ -	\$ (501,439)	\$ (1,043)	2.45%	31
April 2009				\$ -	\$ (501,439)	\$ (412)	1.00%	30
				<u>\$ (501,439)</u>		<u>\$ (18,833)</u>		

Updated from estimated to actual prescribed rates

GS < 50 kW
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (70,857)	\$ (70,857)		5.14%	31
February 2008				\$ (85,954)	\$ (156,811)	\$ (289)	5.14%	29
March 2008				\$ (85,732)	\$ (242,543)	\$ (685)	5.14%	31
April 2008				\$ (74,894)	\$ (317,437)	\$ (813)	4.08%	30
May 2008				\$ -	\$ (317,437)	\$ (1,100)	4.08%	31
June 2008				\$ -	\$ (317,437)	\$ (1,065)	4.08%	30
July 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
August 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
September 2008				\$ -	\$ (317,437)	\$ (874)	3.35%	30
October 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
November 2008				\$ -	\$ (317,437)	\$ (874)	3.35%	30
December 2008				\$ -	\$ (317,437)	\$ (903)	3.35%	31
January 2009				\$ -	\$ (317,437)	\$ (661)	2.45%	31
February 2009				\$ -	\$ (317,437)	\$ (597)	2.45%	28
March 2009				\$ -	\$ (317,437)	\$ (661)	2.45%	31
April 2009				\$ -	\$ (317,437)	\$ (261)	1.00%	30
				<u>\$ (317,437)</u>		<u>\$ (11,491)</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

GS > 50 Non-TOU
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008	5,000			\$ (104,964)	\$ (104,964)		5.14%	31
February 2008	5,000			\$ (319,938)	\$ (424,902)	\$ (429)	5.14%	29
March 2008	5,000			\$ (212,409)	\$ (637,311)	\$ (1,855)	5.14%	31
April 2008	5,000			\$ (249,775)	\$ (887,086)	\$ (2,137)	4.08%	30
May 2008	5,000			\$ -	\$ (887,086)	\$ (3,074)	4.08%	31
June 2008	5,000			\$ -	\$ (887,086)	\$ (2,975)	4.08%	30
July 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
August 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
September 2008	5,000			\$ -	\$ (887,086)	\$ (2,443)	3.35%	30
October 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
November 2008	5,000			\$ -	\$ (887,086)	\$ (2,443)	3.35%	30
December 2008	5,000			\$ -	\$ (887,086)	\$ (2,524)	3.35%	31
January 2009	5,000			\$ -	\$ (887,086)	\$ (1,846)	2.45%	31
February 2009	5,000			\$ -	\$ (887,086)	\$ (1,667)	2.45%	28
March 2009	5,000			\$ -	\$ (887,086)	\$ (1,846)	2.45%	31
April 2009	5,000			\$ -	\$ (887,086)	\$ (729)	1.00%	30
				<u>\$ (887,086)</u>		<u>\$ (31,538)</u>		

GS > 50 TOU
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008					\$ -	\$ -	5.14%	29
March 2008					\$ -	\$ -	5.14%	31
April 2008					\$ -	\$ -	4.08%	30
May 2008				\$ -	\$ -	\$ -	4.08%	31
June 2008				\$ -	\$ -	\$ -	4.08%	30
July 2008				\$ -	\$ -	\$ -	3.35%	31
August 2008				\$ -	\$ -	\$ -	3.35%	31
September 2008				\$ -	\$ -	\$ -	3.35%	30
October 2008				\$ -	\$ -	\$ -	3.35%	31
November 2008				\$ -	\$ -	\$ -	3.35%	30
December 2008				\$ -	\$ -	\$ -	3.35%	31
January 2009				\$ -	\$ -	\$ -	2.45%	31
February 2009				\$ -	\$ -	\$ -	2.45%	28
March 2009				\$ -	\$ -	\$ -	2.45%	31
April 2009				\$ -	\$ -	\$ -	1.00%	30
				<u>\$ -</u>		<u>\$ -</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Large User Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008				\$ (11,782)	\$ (11,782)	\$ -	5.14%	29
March 2008				\$ (6,206)	\$ (17,988)	\$ (51)	5.14%	31
April 2008				\$ (6,049)	\$ (24,037)	\$ (60)	4.08%	30
May 2008				\$ -	\$ (24,037)	\$ (83)	4.08%	31
June 2008				\$ -	\$ (24,037)	\$ (81)	4.08%	30
July 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
August 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
September 2008				\$ -	\$ (24,037)	\$ (66)	3.35%	30
October 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
November 2008				\$ -	\$ (24,037)	\$ (66)	3.35%	30
December 2008				\$ -	\$ (24,037)	\$ (68)	3.35%	31
January 2009				\$ -	\$ (24,037)	\$ (50)	2.45%	31
February 2009				\$ -	\$ (24,037)	\$ (45)	2.45%	28
March 2009				\$ -	\$ (24,037)	\$ (50)	2.45%	31
April 2009				\$ -	\$ (24,037)	\$ (20)	1.00%	30
				<u>\$ (24,037)</u>		<u>\$ (847)</u>		

Small Scattered Load
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kWh)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ (1,637)	\$ (1,637)		5.14%	31
February 2008				\$ (594)	\$ (2,231)	\$ (7)	5.14%	29
March 2008				\$ (761)	\$ (2,992)	\$ (10)	5.14%	31
April 2008				\$ (635)	\$ (3,627)	\$ (10)	4.08%	30
May 2008				\$ -	\$ (3,627)	\$ (13)	4.08%	31
June 2008				\$ -	\$ (3,627)	\$ (12)	4.08%	30
July 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
August 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
September 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	30
October 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
November 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	30
December 2008				\$ -	\$ (3,627)	\$ (10)	3.35%	31
January 2009				\$ -	\$ (3,627)	\$ (8)	2.45%	31
February 2009				\$ -	\$ (3,627)	\$ (7)	2.45%	28
March 2009				\$ -	\$ (3,627)	\$ (8)	2.45%	31
April 2009				\$ -	\$ (3,627)	\$ (3)	1.00%	30
				<u>\$ (3,627)</u>		<u>\$ (137)</u>		

Sheet 5 - Recoveries for the period January 1, 2008 - April 30, 2009

NAME OF UTILITY	PowerStream Inc.	LICENCE NUMBER	ED-2004-0520
NAME OF CONTACT	Tom Barrett, Manager, Rate Applications	DOCID NUMBER	
E-mail Address	Tom.Barrett@PowerStream Inc.	Date	August 15, 2008
PHONE NUMBER	905-532-4640		

Sentinel Lighting Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ 152	\$ 152		5.14%	31
February 2008				\$ 106	\$ 258	\$ 1	5.14%	29
March 2008				\$ 92	\$ 350	\$ 1	5.14%	31
April 2008				\$ 85	\$ 435	\$ 1	4.08%	30
May 2008				\$ -	\$ 435	\$ 2	4.08%	31
June 2008				\$ -	\$ 435	\$ 1	4.08%	30
July 2008				\$ -	\$ 435	\$ 1	3.35%	31
August 2008				\$ -	\$ 435	\$ 1	3.35%	31
September 2008				\$ -	\$ 435	\$ 1	3.35%	30
October 2008				\$ -	\$ 435	\$ 1	3.35%	31
November 2008				\$ -	\$ 435	\$ 1	3.35%	30
December 2008				\$ -	\$ 435	\$ 1	3.35%	31
January 2009				\$ -	\$ 435	\$ 1	2.45%	31
February 2009				\$ -	\$ 435	\$ 1	2.45%	28
March 2009				\$ -	\$ 435	\$ 1	2.45%	31
April 2009				\$ -	\$ 435	\$ 0	1.00%	30
				<u>\$ 435</u>		<u>\$ 16</u>		

Street Lighting Class
January 1, 2008 - April 30, 2009

	kW (As Applicable)	kWh	Volumetric Rate Adder (per kW)	Amount Recovered	Cumulative Balance	Interest Applied	Interest Rate	Days
January 2008				\$ -	\$ -		5.14%	31
February 2008				\$ (17,626)	\$ (17,626)	\$ -	5.14%	29
March 2008				\$ (5,346)	\$ (22,971)	\$ (77)	5.14%	31
April 2008				\$ (4,482)	\$ (27,453)	\$ (77)	4.08%	30
May 2008				\$ -	\$ (27,453)	\$ (95)	4.08%	31
June 2008				\$ -	\$ (27,453)	\$ (92)	4.08%	30
July 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
August 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
September 2008				\$ -	\$ (27,453)	\$ (76)	3.35%	30
October 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
November 2008				\$ -	\$ (27,453)	\$ (76)	3.35%	30
December 2008				\$ -	\$ (27,453)	\$ (78)	3.35%	31
January 2009				\$ -	\$ (27,453)	\$ (57)	2.45%	31
February 2009				\$ -	\$ (27,453)	\$ (52)	2.45%	28
March 2009				\$ -	\$ (27,453)	\$ (57)	2.45%	31
April 2009				\$ -	\$ (27,453)	\$ (23)	1.00%	30
				<u>\$ (27,453)</u>		<u>\$ (993)</u>		