

October 13, 2010

**Delivered by Courier and Filed Electronically via RESS**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
26th Floor, Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Walli

**Re: PowerStream Inc. (OEB Electricity Distributor Licence ED-2004-0420)  
2010 Smart Meter Cost Recovery Application – Board File No. EB-2010-0209  
Reply Submission**

Accompanying this letter, please find two copies of PowerStream Inc.'s ("PowerStream's") Reply Submission filed in accordance with Procedural Order No. 2.

The Reply Submission has been filed electronically via RESS and delivered by e-mail to the intervenor and observer of record in this matter.

If you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

*Original Signed by Tom Barrett*

Tom Barrett  
Manager, Rate Applications

Encls.

cc: Mr. Colin A. Macdonald, PowerStream Inc.  
Mr. James C. Sidlofsky, Borden Ladner Gervais LLP

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, being Schedule B to the *Energy Competition Act, 1998*, S.O. 1998, c.15;

**AND IN THE MATTER OF** an Application by PowerStream Inc. to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates with respect to smart meters as of November 1, 2010.

**REPLY SUBMISSIONS  
OF POWERSTREAM INC.**

**FILED: October 13, 2010**

**Applicant:**

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1 **Introduction**

2 PowerStream Inc. (“PowerStream”) is filing these reply submissions in  
3 connection with its application for just and reasonable rates with respect to smart  
4 meters as of November 1, 2010 (the “Application”).

5 PowerStream has organized its reply submission by addressing the following  
6 issues which were raised by Board Staff and the Vulnerable Energy Consumers  
7 Coalition (“VECC”) in their submissions.

- 8 • Prudence Review of Smart Meters Installed in 2008 and 2009
- 9 • Smart Meter Incremental Revenue Requirement Rate Rider
- 10 • Smart Meter Disposition Rate Rider (Recovery of Actual Costs for Installed  
11 Smart Meters)
- 12 • Smart Meter Funding Adders
- 13 • Framework for Recovery – Tracking of Smart Meter Costs by Customer Class

14 PowerStream has provided a summary of its submission at the end of this  
15 document.

1 **Prudence Review of Smart Meters Installed in 2008 and 2009**

2 PowerStream is pleased to note that Board Staff has no issues with  
3 PowerStream's documented costs for smart meters installed in 2008 and 2009.

4 VECC states that it has reviewed the confidential information on PowerStream's  
5 smart meter costs and has no submissions on the prudence of these costs and  
6 will rely on Board Staff and its benchmarking analysis.

7 PowerStream therefore respectfully requests that the Board confirm the  
8 prudence of PowerStream's documented and audited costs for smart meters  
9 installed in 2008 and in 2009, as set out in the Application.

1 **Smart Meter Incremental Revenue Requirement Rate Rider**

2 Board Staff have submitted that PowerStream's cost allocation methodology is  
3 reflective of cost causality and provides a reasonable proxy for how the revenue  
4 requirement would be determined in a cost of service application.

5 VECC submits that the Smart Meter Incremental Revenue Requirement should  
6 be determined on a class specific basis. VECC proposes that this be done by  
7 completing separate class specific Smart Meter Actual Cost Recovery models as  
8 was done in response to VECC IR # 3.

9 PowerStream submits that the approaches in the Application and the VECC  
10 submission are similar – both represent attempts to allocate revenue requirement  
11 to the classes based on allocated assets and costs. PowerStream has reviewed  
12 the results of both approaches. While the results are similar, the method used in  
13 the Application allocates approximately \$146,000 more to the Residential class  
14 and allocates the same amount less to the GS<50 kW class compared to using  
15 the separate models as proposed by VECC.

16 PowerStream submits that while both approaches are reasonable, the calculation  
17 by separate models by rate class, as provided in the response to VECC IR# 3,  
18 results in a more accurate allocation of the incremental revenue requirement to  
19 the rate classes receiving the smart meters. PowerStream proposes that the  
20 revenue requirement allocation and rate riders calculated in response to VECC  
21 IR#11(d) of \$3,689,997 or \$1.40 per residential customer per month and  
22 \$441,548 or \$1.54 per GS<50 kW customer per month be used.

1 **Smart Meter Disposition Rate Rider (Recovery of Actual Costs for Installed**  
2 **Smart Meters)**

3 **i.) Revenue Requirement**

4 In its Application, PowerStream proposed to calculate costs related to smart  
5 meters installed through the period of January 1, 2008 through October 31, 2010  
6 in determining the amount necessary to be recovered through the Smart Meter  
7 Disposition Rate Rider.

8 Board Staff have submitted that the calculations of costs and the corresponding  
9 smart meter true-up amount, should be based solely on costs incurred and smart  
10 meter adder amounts collected up to December 31, 2009. These values have  
11 been audited. This approach results in a true-up amount of \$566,957 as set out  
12 in Table 4 of the Staff submission under "Per Board Staff IRR #2(b)".

13 VECC agrees with the Board Staff submission on this issue.

14 PowerStream is prepared to accept the use of December 31, 2009 audited  
15 amounts for the purpose of calculating the Smart Meter Disposition Rate Rider in  
16 this Application, as audited amounts for 2010 will not be available until after the  
17 Board has completed its deliberations on the Application. The model reflecting  
18 the use of these audited amounts was provided as Appendix 1 in the Response  
19 to Board Staff Interrogatories filed August 31, 2010.

20 The implications of this revised approach are as follows:

- 21 • First, PowerStream notes that under the Board Staff's proposal, incremental  
22 operating costs related to the 2008 and 2009 installed meters for the period  
23 January 1, 2010 to October 31, 2010 are not included in the smart meter  
24 disposition rate rider; accordingly, these costs must continue to be deferred in  
25 account 1556, along with the incremental operating costs for meters installed  
26 in 2010, for later disposition.

- 1 • Second, the incremental revenue rate rider contains estimated 2010  
2 incremental operating costs relating to the 2008 and 2009 installed smart  
3 meters but that rider only goes into effect November 1, 2010; accordingly,  
4 these incremental costs for the period November 1, 2010 to December 31,  
5 2010 and onwards will no longer be deferred in account 1556.

6 There is one additional matter that PowerStream wishes to address with the  
7 Board at this time. PowerStream is concerned that there remains considerable  
8 uncertainty regarding the Provincial Meter Data Management Repository  
9 (“MDM/R”) charges. Despite putting customers onto the MDM/R in 2009,  
10 PowerStream has not yet been charged for services related to the MDM/R, and  
11 as such no amounts have been included in the actual costs for 2008 and 2009.  
12 PowerStream anticipates that once the monthly MDM/R cost is set, it will be  
13 billed in respect of MDM/R use in prior years and that these costs will be  
14 recorded in account 1556 for later disposition. PowerStream has included an  
15 estimated cost of \$0.45 per metered customer per month, based on the  
16 estimated number of customers set up on the MDM/R in each month, in its 2010  
17 estimated incremental operating costs.

18 Although PowerStream is requesting the recovery of its 2008 and 2009 SM-  
19 related costs in this Application, PowerStream respectfully requests the Board’s  
20 confirmation that when the MDM/R costs are known, the Board will permit it to  
21 recover those costs incurred in relation to the 2008-2009 period notwithstanding  
22 its recovery of 2008-2009 SM-related costs in this Application. PowerStream  
23 anticipates that the Board will be issuing further guidance in this regard at an  
24 appropriate time.

1 **ii.) Cost Allocation**

2 Board Staff have submitted that recovery of the “smart meter true-up” amount of  
3 \$566,957 be allocated to rate classes in the same proportion as the smart meter  
4 incremental revenue requirement.

5 VECC has submitted that the actual cost recovery true-up should be done on a  
6 class specific basis by running separate models for the Residential and GS<50  
7 kW classes to calculate the rate riders.

8 In its submission, VECC is raising matters of policy with respect to how smart  
9 meter adders should be collected and costs allocated. VECC is proposing an  
10 approach that is inconsistent with the Board’s past practice of collecting SM  
11 funding adders from all metered customers. PowerStream submits that if there is  
12 to be a change from the Board’s established approach in this regard, it should be  
13 done on the basis of a generic proceeding rather than on an application-by-  
14 application basis.

15 The Board’s *“Guideline G-2008-0002: Smart Meter Funding and Cost Recovery”*  
16 dated October 22, 2008 (“Guideline”) is the only guidance that PowerStream has  
17 found that mentions allocation of costs between rate classes. The Guideline  
18 does not specify how this is to be done and not differentiate between the two  
19 different disposition rate riders.

20 PowerStream submits that Board Staff’s interpretation and proposed application  
21 of the Guideline with respect to the calculation of the Smart Meter Disposition  
22 Rate Rider are reasonable. PowerStream submits that Board Staff’s proposal to  
23 use the same allocation to rate classes for the smart meter actual cost recovery  
24 true-up amount as the allocation of the incremental revenue requirement should  
25 be adopted. PowerStream proposes to use the Incremental Revenue  
26 Requirement allocation discussed above under the heading “Smart Meter  
27 Incremental Revenue Requirement Rate Rider”.



1 The following table shows the allocation of the true-up amount in the same  
 2 proportion as the revenue requirement for the Smart Meter Incremental Revenue  
 3 Requirement Rate Rider.

4 **Table 1: Allocation of True-Up Amount based on Incremental Revenue**  
 5 **Requirement Allocation**

Customer Class	Revenue Requirement Allocation	%	True-up Amount Allocation	%
Residential	\$ 3,689,997	89.31%	\$ 506,365	89.31%
GS<50 kW	\$ 441,548	10.69%	\$ 60,592	10.69%
Total	\$ 4,131,545	100.00%	\$ 566,957	100.00%

6 The following table calculates the Smart Meter Disposition Rate Riders resulting  
 7 from the allocation shown in Table 1 above and compares these with the rate  
 8 riders calculated on a per metered customer basis. These fixed monthly rate rider  
 9 amounts are calculated based on a six month recovery period, November 1,  
 10 2010 to April 30, 2011.

11 **Table 2: Smart Meter Disposition Rate Riders**

Customer Class	Number of Customers	True-up Amount Allocation	Allocated Rate Rider	Per Metered Customer Basis
Residential	219,943	\$ 506,365	\$ 0.38	\$ 0.38
GS<50 kW	23,818	\$ 60,592	\$ 0.42	\$ 0.38
Total	243,761	\$ 566,957		

12 PowerStream proposes to use the "Allocated Rate Rider" in Table 2.

13 PowerStream notes the following additional concern regarding VECC's proposed  
 14 approach. Deployment of smart meters was primarily to Residential customers in  
 15 2007 to 2009 and is primarily to GS<50 kW customers in 2010. As noted in  
 16 PowerStream's response to VECC IR #11 and Table VECC 11-2 in that  
 17 response, this could lead to some directional "swings" in the smart meter rate

1 riders, depending on the methodology used. Table VECC 11-2 is reproduced  
 2 below for the Board’s reference.

3 **Table VECC 11-2: Comparison of Alternative 2010 and Projected Final SM**  
 4 **Actual Cost Recovery Riders**

Columns:	A	B	C	D
Class	2010 per Staff IR 2(b)	2010 per Staff IR 9(b)	2011 per VECC 11(d)	2011 All Metered Customers
Residential	\$ 0.38	\$ 0.69	\$ (1.73)	\$(0.28)
GS <50 kW	\$ 0.38	\$ (1.72)	\$ 13.45	\$(0.28)
GS >50 kW	\$ 0.38	\$ -	\$ -	\$(0.28)
Large Use	\$ 0.38	\$ -	\$ -	\$(0.28)

5 Based on the proposal by VECC, the SM Actual Cost Recovery rate riders shown  
 6 in column B of Table VECC 11-2 would be followed in turn by the estimated rate  
 7 riders in column C and lead to directional “swings” that are unnecessary and may  
 8 be confusing to customers.

9 PowerStream has projected the future SM disposition rate riders under the  
 10 method proposed by Board Staff.

11 Using the data presented in the response to VECC IR# 11(d) for the all meter  
 12 customers calculation (adjusted for the changes proposed in this submission  
 13 including stopping the SM funding adder), the following tables set out the  
 14 projected true up amount for cost recovery of 2010 installed meters, its allocation  
 15 on the basis of the projected incremental revenue requirement and the resulting  
 16 rate riders.

1

**Table 3: Projected 2011 True-Up Amount**

<b>Class</b>	<b>Incremental Revenue</b>	<b>True Up Amount</b>
Residential	\$ 509,420	\$ 44,382
GS<50 kW	\$ 1,644,839	\$ 143,301
Total	\$ 2,154,259	\$ 187,683

2

**Table 4: Projected 2011 SM Disposition Rate Riders**

<b>Class</b>	<b>Customers</b>	<b>True Up Amount</b>	<b>Monthly Rate Rider</b>
Residential	219,943	\$ 44,382	\$ 0.03
GS<50 kW	23,818	\$ 143,301	\$ 1.00
Total	243,761	\$ 187,683	

3 Under the Board Staff approach, the directional swings in the VECC proposal are  
 4 significantly reduced. This can be seen by comparing the proposed SM  
 5 disposition rate riders in Table 2 for the 2010 recovery with the projected SM  
 6 disposition rate riders in Table 4.

1 **Smart Meter Funding Adders**

2 VECC has submitted that that the uniform SM funding adder proposed by  
3 PowerStream and supported by Board Staff is inappropriate. VECC submits that  
4 the GS>50 kW and Large Use classes should be excluded from the SM funding  
5 adder and that a class-specific SM funding adder be calculated for the  
6 Residential and GS<50 kW classes, for the balance of the 2010 rate year.

7 In considering the matter of the SM funding adder, PowerStream has determined  
8 that it would be most appropriate to terminate the current SM funding adder  
9 effective October 31, 2010 and to not seek an updated adder. PowerStream  
10 does not intend to request the continuation of its SM funding adder.  
11 PowerStream's SM installation program is scheduled to be complete by the end  
12 of 2010.

13 PowerStream proposes therefore to discontinue the current SM funding adder on  
14 October 31, 2010 and to withdraw its request for approval of the proposed SM  
15 funding adder in this Application.

16 PowerStream requests that the SM funding adder for the PowerStream Barrie  
17 rate zone also be terminated as of October 31, 2010.

1 **Framework for Recovery – tracking of smart meter costs by customer class**

2 VECC submits that PowerStream should be directed to record Smart Meter  
3 Capital and Operating costs on a class-specific basis and use this data to  
4 calculate revenue requirement and related funding and cost recovery rate riders.

5 PowerStream notes that Board Staff has not raised this matter as an issue.

6 VECC states that it is unaware that Guideline G-2008-0002 has superseded the  
7 Filing Requirements for the Smart Meter Implementation Program plans.  
8 PowerStream submits that these are two separate guidelines for two different  
9 purposes. The Filing Requirements for the Smart Meter Implementation Program  
10 plans provided guidance on the plans to be filed at that time. The Accounting  
11 Procedures Handbook and its Frequently Asked Questions provided the Board's  
12 guidance on accounting for smart meter costs. Guideline G-2008-0002  
13 consolidated the accounting guidance and provided guidance on filing for SM  
14 funding adders and for filing for SM cost recovery.

15 PowerStream has followed the Board's guidelines regarding accounting for smart  
16 meter costs and recovery as set out in Guideline G-2008-0002, the Accounting  
17 Procedures Handbook and its Frequently Asked Questions.

18 VECC states that the Board's Decision in the Combined Proceeding (EB-2007-  
19 0063) dealt with smart meter capital and operating costs on a class-specific  
20 basis. PowerStream notes that this Decision contains "Appendix "E", Smart  
21 Meter Revenue Requirement – Summary", which is designed to calculate the  
22 cost recovery rate rider and "Permanent Capital Rate Adjustment", is not  
23 prepared on a class-specific basis and results in rate riders that are the same  
24 amount for all metered customers. A copy of Appendix E of the Decision  
25 accompanies this submission as Appendix A. The entire document can be found  
26 on the Board's web site, at:

1 [http://www.oeb.gov.on.ca/documents/cases/EB-2007-0063/Dec\\_Reasons\\_Smart%20Meters\\_non-](http://www.oeb.gov.on.ca/documents/cases/EB-2007-0063/Dec_Reasons_Smart%20Meters_non-)  
2 [confidential\\_20070808.pdf](http://www.oeb.gov.on.ca/documents/cases/EB-2007-0063/Dec_Reasons_Smart%20Meters_non-confidential_20070808.pdf)

3 PowerStream notes that the smart meter capital costs, when incorporated into an  
4 approved Cost of Service rate application, are recorded in the fixed asset  
5 accounts in a manner similar to most fixed assets – that is, without further  
6 division into class-specific amounts. In general most capital and operating costs  
7 are not segregated into class-specific balances.

8 Many assets and costs cannot be identified specifically with customer classes.  
9 The Board has addressed this through its cost allocation methodology.  
10 Distributors were required to use the Board’s cost allocation model and submit a  
11 cost allocation study based on its 2006 rates. The Board reviewed these results  
12 and issued its report, *Application of Cost Allocation for Electricity Distributors (the*  
13 *“Report”*) on November 28, 2007 (EB-2007-0667). This cost allocation  
14 methodology and the guidance in the Report are used by the Board in setting  
15 rates.

16 As indicated in its response to VECC supplemental interrogatory #11,  
17 PowerStream was able to segregate capital costs for installed meters between  
18 Residential and GS<50 kW classes. PowerStream allocated other capital costs  
19 and incremental operating costs **based on the number of meters for each**  
20 **class** as there is no discernible difference in these costs based on the meter or  
21 customer type.

22 PowerStream submits that its has provided capital and operating costs  
23 segregated by rate class in sufficient detail for the allocation of the incremental  
24 revenue requirement and cost recovery rate riders. PowerStream notes that  
25 Board Staff agrees, stating on page 8 of the Staff submission:

26 “Board staff submits that PowerStream’s cost allocation methodology is  
27 reflective of cost causality and provides a reasonable proxy for how the  
28 revenue requirement would be determined in a cost of service  
29 application.”

1 **Summary**

2 Based on PowerStream’s submissions on the issues above, PowerStream has  
3 made changes to the proposed smart meter rate riders and adders as follows:

- 4 • allocation of the SM Incremental Revenue Requirement to rate classes using  
5 the method proposed by VECC;
- 6 • calculation of the SM disposition rate rider based on audited amounts to  
7 December 31, 2009, excluding 2010 amounts;
- 8 • allocation of the SM disposition true up amount to rate classes on the same  
9 basis as the SM Incremental Revenue Requirement; and
- 10 • discontinuance of the SM funding adder.

11 Table 5 below shows the original SM rate riders as filed and the proposed SM  
12 rate riders as proposed in this reply submission.

13 **Table 5: Proposed Smart Meter Rate Riders vs. As Filed**

<b>Monthly Rate Riders</b>	<b>As filed</b>	<b>Proposed - Reply Submission</b>	<b>Change</b>
SM Funding Adder -Residential	\$ 0.50	\$ -	\$ (0.50)
SM Funding Adder - GS < 50 kW	\$ 0.50	\$ -	\$ (0.50)
SM Funding Adder - GS > 50 kW	\$ 0.50	\$ -	\$ (0.50)
SM Funding Adder - Large Use	\$ 0.50	\$ -	\$ (0.50)
SM Actual Cost Recovery-Residential	\$ 0.37	\$ 0.38	\$ 0.01
SM Actual Cost Recovery- GS<50 kW	\$ 0.37	\$ 0.42	\$ 0.05
SM Actual Cost Recovery- GS>50 kW	\$ 0.37	\$ -	\$ (0.37)
SM Actual Cost Recovery- Large Use	\$ 0.37	\$ -	\$ (0.37)
SM Incremental Revenue - Residential	\$ 1.45	\$ 1.40	\$ (0.05)
SM Incremental Revenue - GS<50kW	\$ 1.03	\$ 1.54	\$ 0.51
<b>Total of SM Rate Riders</b>			
Residential	\$ 2.32	\$ 1.78	\$ (0.54)
GS<50 kW	\$ 1.90	\$ 1.96	\$ 0.06
Other metered customers	\$ 0.87	\$ -	\$ (0.87)

1 Table 6 below compares the current smart meter rate riders to those proposed in  
2 this submission.

3 **Table 6: Comparison of Current and Proposed Smart Meter Rate Riders**

<b>SM Monthly Rate Adders &amp; Riders</b>	<b>Current</b>	<b>Proposed - Reply Submission</b>	<b>Change</b>
SM Funding Adder -Residential	\$ 1.81	\$ -	\$ (1.81)
SM Funding Adder - GS < 50 kW	\$ 1.81	\$ -	\$ (1.81)
SM Funding Adder - GS > 50 kW	\$ 1.81	\$ -	\$ (1.81)
SM Funding Adder - Large Use	\$ 1.81	\$ -	\$ (1.81)
SM Actual Cost Recovery-Residential		\$ 0.38	\$ 0.38
SM Actual Cost Recovery- GS<50 kW		\$ 0.42	\$ 0.42
SM Actual Cost Recovery- GS>50 kW		\$ -	\$ -
SM Actual Cost Recovery- Large Use	\$ -	\$ -	\$ -
Smart Meter Disposition - Residential	\$ -	\$ 1.40	\$ 1.40
Smart Meter Disposition - GS<50kW	\$ -	\$ 1.54	\$ 1.54
<b>Total SM Rate Adders &amp; Riders</b>			
Residential	\$ 1.81	\$ 1.78	\$ (0.03)
GS<50kW	\$ 1.81	\$ 1.96	\$ 0.15
Other metered customers	\$ 1.81	\$ -	\$ (1.81)

4 As can be seen from the above table, the proposed SM rate adders and riders  
5 will result in decreases for the Residential, GS>50 kW and Large Use Classes,  
6 with a modest increase for the GS<50 kW class.

7 Based on the smart meter adders proposed in this reply submission, a typical  
8 residential customer using 800 kWh per month will see a decrease of \$0.03 or  
9 0.03% on their monthly bill and a typical GS<50 kW customer using 2000 kWh  
10 per month will see an increase of \$0.17 or 0.06% on their monthly bill. GS>50 kW  
11 and Large Use customers will see a decrease of \$2.05 per month with HST.  
12 Please see Appendix B for the Bill Impact calculations for the Residential and  
13 GS<50 kW customer classes.



1 All of which is respectfully submitted this 13<sup>th</sup> day of October, 2010.

2 Original Signed by Colin Macdonald

3 Colin Macdonald

4 Original Signed by Tom Barrett

5 Tom Barrett

## Appendix "E"

### Smart Meter Revenue Requirement - Summary

*Name of Applicant*

Summary of Actual Costs claimed in this application	2006 Actual	2006 Plus	2007 Actual	Total Actual	Perm Adjust
<b>Capital Costs</b> <i>(must be installed, and used and useful)</i>					
Smart Meters					
Computer Hardware					
Computer Software					
Tools & Equipment					
Other Equipment <i>(please specify)</i>					
<b>Total Capital Costs</b>					
<b>O M &amp; A</b>					
2.1 Advanced metering communication device (AMCD)					
2.2 Advanced metering regional collector (AMRC) (includes LAN)					
2.3 Advanced metering control computer (AMCC)					
2.4 Wide area network (WAN)					
2.5 Other AMI OM&A costs related to minimum functionality					
<b>Total O M &amp; A Costs</b>					
<b>Summary of Revenue Requirement Calculation</b>					
<b>Net Fixed Assets</b>					
Net Fixed Assets Beginning of Year					
Net Fixed Assets End of Year					
<b>Average Net Fixed Asset Values</b>					
Working Capital Allowance					
Operation Expense					
Working Capital Allowance XX % <i>(from approved 2006 EDR application)</i>					
<b>Smart Meters Rate Base</b>					
<b>Return on Rate Base</b> <i>(from approved 2006 EDR application)</i>					
Deemed Debt XX% Times Weighted Debt Rate X.XX%					
Deemed Equity XX% Times ROE X.XX%					
<b>Return on Rate Base</b>					
<b>Operating Expenses</b>					
Incremental Operating Expenses					
Amortization Expenses <i>(please provide details)</i>					
<b>Total Operating Expenses</b>					
	<b>2006 Actual</b>	<b>2006 Plus</b>	<b>2007 Actual</b>	<b>Total Actual</b>	<b>Perm Adjust</b>
Revenue Requirement Before PILs					
Grossed up PILs					
<b>Revenue Requirement for Smart Meters Installed</b>					

<b>Rate Rider to Clear Actual Expenses to MMM 200X</b> <sup>(1)</sup>	Rate Adder	Metered Customers per 2006 EDR	No. of Mths	Amount Recovered
Revenue Requirement for Smart Meters Installed				
Carrying costs <span style="border: 1px solid black; padding: 2px; font-size: small;">The last available Board prescribed interest rate for approved accounts to be applied against deferral accounts is assumed to continue without change for the completion of recovery of actual costs.</span>				
Less Smart Meter Adder Recovery				
May 2006 to April 2007				
May 2007 to October 2007				
November 2007 to April 2008 (proposed to clear actual balance)				
<b>Rate Adder for Capital and Operating Exp April 2007 to December 2007</b> <sup>(2)</sup>	Rate Adder	Metered Customers per 2006 EDR	No. of Mths	Amount Recovered
November 2007 to April 2008 (new deferral account)				
<b>Permanent Capital Rate Adjustment</b> <sup>(3)</sup>	Rate Adder	Metered Customers per 2006 EDR	No. of Mths	Amount Recovered
May 2008				

**1) Actual Cost Recovery Rate Rider**  
 Calculate the revenue requirement for approved reporting period actual costs incurred including the revenue requirement for prior period capital assets to be recovered in current reporting period (2006 Plus) and the related carrying costs. For this calculation it is assumed that all monies recovered through the applicants' rate adder to date of adjustment will be used to offset the revenue requirement. Upon completion of collection this rate rider will expire and the applicant will close the related deferral account.

**2) Future Cost Offset Rate Adder**  
 Calculate a rate adder for offsetting future costs from the first month after actual cost recovery to the end of 2007. This is similar in nature to the rate adder calculation approved in the April 12, 2007 EDR decision.

**3) Permanent Capital Rate Adjustment**  
 Calculate the revenue requirement for actual capital cost that would be normally added to rate base in a cost of service application. This will be the prior and current reporting period assets to date of approval. This rate adjustment will be a permanent addition to rates and will not expire. This allows the utility to collect the ongoing revenue requirement for the capital assets employed. *(Note this amount does not include any incremental operating costs)*

**POWERSTREAM INC - BILL IMPACTS**

**MONTHLY CHARGES FOR TYPICAL RESIDENTIAL CUSTOMERS  
(800 KWH CONSUMPTION)**

**Residential**

kWh	800	Loss Factor	1.0299	1.0299
kW	0	Tier 1 threshold	1,000	1,000

	Nov.1, 2010 - at current rates			Nov.1, 2010 - at proposed rates			Bill Impact	
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%
Monthly Service Charge	1	\$ 13.68	\$ 13.68	1	\$ 13.65	\$ 13.65	(0.03)	-0.03%
Distribution (kWh)	800	\$ 0.0133	\$ 10.64	800	\$ 0.0133	\$ 10.64	-	0.00%
Distribution (kW)		\$ -	\$ -		\$ -	\$ -	-	0.00%
LRAM / SSM adder	800	\$ -	\$ -	800	\$ -	\$ -	-	0.00%
Regulatory Assets (kWh)	800	\$ (0.0023)	-\$ 1.84	800	\$ (0.0023)	-\$ 1.84	-	0.00%
Regulatory Assets (kW)	-	\$ -	\$ -	-	\$ -	\$ -	-	0.00%
<b>Sub-Total</b>			<b>\$ 22.48</b>			<b>\$ 22.45</b>	<b>(0.03)</b>	<b>-0.03%</b>
Other Charges**	824	\$ 0.0139	\$ 11.51	824	\$ 0.0139	\$ 11.51	-	0.00%
Transmission charges	824	\$ 0.0084	\$ 6.92	824	\$ 0.0084	\$ 6.92	-	0.00%
Cost of Power Commodity (kWh)	824	\$ 0.065	\$ 53.55	824	\$ 0.065	\$ 53.55	-	0.00%
Cost of Power Commodity (kW)	-	\$ 0.075	\$ -	-	\$ 0.075	\$ -	-	0.00%
Total Bill before Taxes			\$ 94.47			\$ 94.44	(0.03)	-0.03%
<b>Total Bill Including Taxes</b>	13%		<b>\$ 106.75</b>			<b>\$ 106.72</b>	<b>(0.03)</b>	<b>-0.03%</b>

**MONTHLY CHARGES FOR TYPICAL GS<50 kW CUSTOMERS  
(2,000 KWH CONSUMPTION)**

**GS<50**

kWh	2000	Loss Factor	1.0299	1.0299
kW	0	Tier 1 threshold	750	750

	Nov.1, 2010 - at current rates			Nov.1, 2010 - at proposed rates			Bill Impact	
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%
Monthly Service Charge	1	\$ 30.15	\$ 30.15	1	\$ 30.30	\$ 30.30	0.15	0.00
Distribution (kWh)	2,000	\$ 0.0115	\$ 23.00	2,000	\$ 0.0115	\$ 23.00	-	0.0%
Distribution (kW)		\$ -	\$ -		\$ -	\$ -	-	0.0%
LRAM / SSM adder	2,000	\$ -	\$ -	2,000	\$ -	\$ -	-	0.0%
Regulatory Assets (kWh)	2,000	\$ (0.0024)	-\$ 4.80	2,000	\$ (0.0024)	-\$ 4.80	-	0.0%
Regulatory Assets (kW)	-	\$ -	\$ -	-	\$ -	\$ -	-	0.0%
<b>Sub-Total</b>			<b>\$ 48.35</b>			<b>\$ 48.50</b>	<b>0.15</b>	<b>0.1%</b>
Other Charges	2,060	\$ 0.0139	\$ 28.41	2,060	\$ 0.0139	\$ 28.41	-	0.0%
Transmission charges	2,060	\$ 0.0076	\$ 15.65	2,060	\$ 0.0076	\$ 15.65	-	0.0%
Cost of Power Commodity (kWh)	750	\$ 0.065	\$ 48.75	750	\$ 0.065	\$ 48.75	-	0.0%
Cost of Power Commodity (kW)	1,310	\$ 0.075	\$ 98.24	1,310	\$ 0.075	\$ 98.24	-	0.0%
Total Bill before Taxes			\$ 239.40			\$ 239.55	0.15	0.06%
<b>Total Bill Including Taxes</b>	13%		<b>\$ 270.52</b>			<b>\$ 270.69</b>	<b>0.17</b>	<b>0.06%</b>