

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

November 12, 2010

Dear Ms. Walli

**Re: EB-2010-0110 - PowerStream Inc.
2011 Electricity Distribution Rate Adjustment Application**

PowerStream is in receipt of the Board's November 11, 2010 letter regarding our response to a customer's letter about our 2011 rate application. PowerStream has taken the corrective action as directed by the Board. A copy of that communication will be forwarded by email; see text below.

PowerStream was under the impression that the incentive regulation mechanism (IRM) filings were not only expected but required and thanks the Board for bringing it to our attention that this is not the case. All future correspondence with our customers will reflect the change. It was never the intent of PowerStream to be misleading. We work very hard to ensure that our customers are informed in the best way possible about potential rate changes or other matters that impact them.

PowerStream understands the IRM filing for the former Barrie Hydro rate zone to be mandatory as a result of the Board's Decision on Barrie Hydro's 2008 Cost of Service rate filing (EB-2007-0746). In that Decision, Barrie was ordered to make annual adjustments to the cost allocation between rate classes in 2009 through 2011 inclusive. It appears an IRM application is required to make these adjustments.

Yours truly,

(Original signed by Tom Barrett)

Tom Barrett
Manager, Rate Applications

PowerStream's Clarification to Mr. and Mrs. Smith

Further to my e-mail of November 9, 2010, I would like to clarify one matter.

The filing for annual rate adjustments by Ontario distributors is permitted by the OEB, but is not mandatory.

For the Barrie and Simcoe County area, however, PowerStream is required to file for an annual rate adjustment as directed by the OEB in its Decision on Barrie Hydro's 2008 rate application. That decision required that certain rate adjustments be made over the course of several consecutive years.

Please note also the proposed amounts to be charged to customers by PowerStream for the distribution of electricity are lower than if this rate application had not been filed. This is because customers benefit from declining corporate tax rates.