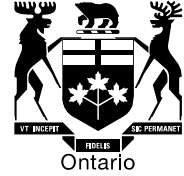


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**BY EMAIL**

January 24, 2010

Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: PowerStream Inc. – Barrie (“PowerStream – Barrie”)  
2011 IRM3 Distribution Rate Application  
Board Staff Submission  
Board File No. EB-2010-0110 / EB-2010-0365**

In accordance with the Notice of Application and Written Hearing, please find attached the Board Staff Submission in the above proceeding. Please forward the following to PowerStream – Barrie and to all other registered parties to this proceeding.

In addition please remind PowerStream – Barrie that its Reply Submission is due by February 15, 2011.

Yours truly,

*Original Signed By*

Daniel Kim  
Analyst, Applications & Regulatory Audit

Encl.



# **ONTARIO ENERGY BOARD**

## **STAFF SUBMISSION**

2011 ELECTRICITY DISTRIBUTION RATES

PowerStream Inc. – Barrie

EB-2010-0110 / EB-2010-0365

**January 24, 2011**

**Board Staff Submission  
PowerStream Inc. – Barrie  
2011 IRM3 Rate Application  
EB-2010-0110 / EB-2010-0365**

**Introduction**

PowerStream Inc. – Barrie (“PowerStream – Barrie”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”), received on October 15, 2010, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that PowerStream – Barrie charges for electricity distribution, to be effective May 1, 2011. The Application is based on the 2011 3<sup>rd</sup> Generation Incentive Regulation Mechanism.

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by PowerStream – Barrie.

Board staff makes submissions on the following matters:

- Adjustments to the Revenue-to-Cost Ratios;
- Disposition of Deferral and Variance Accounts as per the *Electricity Distributors’ Deferral and Variance Account Review Report* (the “EDDVAR Report”);
- Lost Revenue Adjustment Mechanism (“LRAM”) and Shared Savings Mechanism (“SSM”) Claim;
- 2011 Retail Transmission Service Rates (“RTSR”) Adjustment Workform; and
- Smart Meter Funding Adder.

**ADJUSTMENTS TO THE REVENUE-TO-COST RATIOS**

**Background**

In its EB-2007-0746 Decision, the Board directed PowerStream – Barrie to adjust the revenue-to-cost ratio for the Street Lighting rate class by 25% and to increase this by 15% increments each year to achieve a 70% minimum target range by 2011. The increased revenue was applied to reduce the revenue-to-cost ratio of the Residential class.

## **Submission**

Board staff submits that the proposed revenue-to-cost ratio adjustments are in accordance with the Board's finding in its EB-2007-0746 Decision.

## **DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS AS PER THE EDDVAR REPORT**

### **Background**

The EDDVAR Report provides that during the IRM plan term, the distributor's Group 1 audited account balances will be reviewed and disposed if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded.

PowerStream – Barrie has completed the 2011 IRM Deferral and Variance Account Workform and has determined that the preset disposition threshold has not been exceeded. The 2009 actual year end amount for Group 1 accounts with interest projected to April 30, 2011 is a debit of \$1,142,703. Debits balances are amounts recoverable from customers. This amount results in a total claim per kWh of \$0.000762. As a result, PowerStream – Barrie is not seeking disposition of this amount in this application.

### **Submission**

Board staff has reviewed PowerStream – Barrie's 2011 IRM Deferral and Variance Account Workform and has no issue with PowerStream – Barrie's request to not dispose of its 2009 Deferral and Variance Account balances at this time.

## **LRAM AND SSM CLAIM**

### **Background**

PowerStream – Barrie requested the recovery of an LRAM claim of \$209,821 and an SSM claim of \$6,995.

## **Submission**

The Board's *Guidelines for Electricity Distributor Conservation and Demand Management* (the "Guidelines") issued on March 28, 2008, outlines the information that is required when filing an application for an LRAM and SSM claim.

Board Staff submits that PowerStream - Barrie's application for LRAM and SSM recovery is generally consistent with the Guidelines and the Board's Decision on Horizon's application (EB-2009-0192) for LRAM recovery.

PowerStream – Barrie noted in its response to Board staff interrogatory #5, that it used the most recent OPA Input Assumption list when calculating its SSM amount. Board staff notes that this is inconsistent with the Guidelines which state, at Section 7.3 with regards to SSM claims that "assumptions used from the beginning of any year will be those assumptions in existence in the immediately prior year." PowerStream – Barrie stated in its response that it used the most current OPA assumptions for both the LRAM and SSM calculations. The reason PowerStream – Barrie provided for using these assumptions is that they resulted in more conservative amounts than the assumptions that were in existence in the prior year (i.e. the OEB Measures and Assumptions List). PowerStream – Barrie also noted that since the amount of the SSM claim is relatively small, the use of a single set of input assumptions was also done out of simplicity.

Board Staff submits that this approach, although inconsistent with the Guidelines, is acceptable. Since the impact on ratepayers is being mitigated by the use of these input assumptions, Board Staff supports this approach and the recovery of the LRAM and SSM amounts, \$209,821 and \$6,995 respectively, as proposed by PowerStream – Barrie.

## **2011 RTSR ADJUSTMENT WORKFORM ("RTSR workform")**

### **Background**

PowerStream – Barrie requested an adjustment to its RTSRs, using the RTSR workform provided by the Board to assist distributors in calculating their specific RTSR adjustments.

The Board's instructions for filing Sheet "B1.2 2009 Distributor Billing Determinants" of the RTSR workform are to enter the most recently reported RRR billing determinants (2009 Audited RRR billed kWhs or billed kW's).

In response to Board staff interrogatory #2a, PowerStream – Barrie stated that the RRR filing reported in April 2010 combined the total 2009 billing determinants for the South and North (former Barrie Hydro) rate zones and that the amounts entered in the RTSR workform are actual 2009 billing determinants for PowerStream – Barrie customers before any losses are applied. PowerStream – Barrie has subsequently corrected the RTSR workform to include the applicable loss factors and re-filed this workform.

### **Submission**

Board staff has reviewed the updated RTSR workform and has no issue with PowerStream – Barrie's adjustments.

## **SMART METER FUNDING ADDER**

### **Background**

PowerStream – Barrie currently has a smart meter funding adder of \$1.61 per metered customer per month which was approved in PowerStream – Barrie's 2010 IRM application (EB-2009-0245). PowerStream – Barrie is requesting to discontinue the smart meter funding adder of \$1.61 per metered customer per month since PowerStream's smart meter installation program is expected to be completed by the end of 2010.

### **Submission**

Board staff submits that it would be useful if PowerStream – Barrie were to provide in its reply submission, the revenue requirement of the smart meters installed to date and the revenues collected from the smart meter funding adder as of December 31, 2010. If the information for December 31, 2010 is not yet available, please use the most recent information.

All of which is respectfully submitted