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July 13, 2012

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2012-0161
PowerStream Inc. – 2013 Cost of Service Application
Energy Probe – Submissions on Draft Issues List

Pursuant to Procedural Order No. 1 by the Board on July 6, 2012, attached please find the Submissions of Energy Probe Research Foundation (Energy Probe) on the Draft Issues List in respect of PowerStream Inc. in the EB-2012-0161 proceeding for the Board's consideration.

Wording for revised Issue 4.2 was put forward by Mr. Shepherd, counsel for the School Energy Coalition, and forms part of the changes and additions supported by Energy Probe.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Tom Barrett, PowerStream Inc. (By email)
Colin Macdonald, PowerStream Inc. (By email)
James Sidlofsky, Border Ladner Gervais LLP (By email)
Jay Shepherd, Counsel to School Energy Coalition (By email)
Randy Aiken, Consultant to Energy Probe (By email)

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**PowerStream Inc. 2013 Rates Cost of Service
Energy Probe Draft Issues List Comments
July 13, 2012**

Additions

1. General

- 1.1 Has PowerStream responded appropriately to all relevant Board directions from previous proceedings?
- 1.2 Is service quality acceptable?

3. Operating Costs

- 3.4 Is the Test Year forecast of property taxes appropriate?
- 3.5 Are the 2013 compensation costs and employee levels appropriate?
- 3.6 Have the savings due to the merger with Barrie Hydro been properly reflected in the test year?

4. Deferral and Variance Accounts

- 4.1 Are the account balances, cost allocation methodology and disposition period appropriate?
- 4.2 Are the proposed new and existing deferral and variance accounts for the test year appropriate?

Addition:

- 4.3 Is the proposal related to the recovery of stranded meter costs appropriate?
- 4.4 Is the proposal related to additional smart meters appropriate?

5. Cost of Capital (Exhibit E)

- 5.1 Is the proposed Test Year short term and long term Cost of Debt appropriate?
- 5.2 Is the proposed capital structure appropriate?
- 5.3 Is the proposed rate of return on equity appropriate?

7. Cost Allocation

7.2 Is the proposed cost allocation appropriate?

8. MIFRS

8.2 Is the treatment of property, plant and equipment due to the transition to the new accounting standard appropriate?

9. Rate Design

9.5 Are the fixed to variable splits for each rate class appropriate?

9.6 Are the proposed retail transmission service rates appropriate?

9.7 Is the proposal related to the Transformer Ownership Allowance appropriate?

9.8 Is the proposed rate harmonization between the two zones appropriate?

10. Green Energy Act (not included in draft issues list)

10.1 Is the proposed Green Energy Act Plan appropriate?

10.2 Is the proposed Green Energy Act funding rate adder for spending over the years 2012 to 2016 appropriate?

Changes

2.3 (Operating Revenue) should be changed to "Is the test year forecast of other revenues appropriate"?

The current wording limits other revenues to those related to regulated rates and charges. Not all of the other revenue is related to regulated rates and charges.