



EB-2012-0161

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B) (the “Act”);

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
January 1, 2013.

**ISSUES LIST DECISION
and
PROCEDURAL ORDER No. 2
July 25, 2012**

PowerStream Inc. (“PowerStream”) filed an application with the Ontario Energy Board on May 28, 2012, under section 78 of the Act seeking approval for changes to the rates that PowerStream charges for electricity distribution, to be effective January 1, 2013.

The Board issued a Notice of Application and Hearing dated June 7, 2012. In Procedural Order No. 1, issued on July 6, 2012, the Board approved four intervention requests.

Issues List Decision

Procedural Order No. 1 contained a draft issues list submitted by PowerStream. Submissions on the draft issues list were received from Board staff, Energy Probe Research Foundation (“Energy Probe”), the School Energy Coalition (“SEC”), which stated that it supported the submissions of Energy Probe, and the Vulnerable Energy Consumers Coalition (“VECC”). PowerStream filed a reply submission.

The Board has considered all submissions in establishing a final issues list. This is attached as Appendix A.

The Board finds that, with the exceptions subsequently noted, PowerStream's proposed issues list included in its reply submission of July 17, 2012 appropriately incorporates the comments received from Board staff and intervenors, while also providing acceptable rationales in instances where PowerStream believes that certain issues suggested as additions by other parties are already subsumed in its proposed issues list.

The exceptions are as follows:

The Board finds that, as suggested by Energy Probe, issue 5.2 should read "Are the proposed new *and existing* deferral and variance accounts for the test year appropriate?" in order to clarify that all deferral and variance accounts, not just new ones, are issues in this proceeding.

The Board also finds that three other issues proposed by Energy Probe and not included on PowerStream's proposed issues list should be added to it. These are:

Issue 4.5 : "Are the 2013 compensation costs and employee levels appropriate?"

Issue 4.6: "Have the savings due to the merger with Barrie Hydro been properly reflected in the test year?"

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

The Board has added these issues to the approved final issues list as it finds that these are important enough matters to be treated as separate issues in this proceeding.

Procedural Order No. 2

The Board is making provision for written interrogatories. The Board notes that interrogatories must reference the pre-filed evidence and must be filed by issue. The Board also requires that PowerStream file the responses to these interrogatories by issue and within each issue by intervenor.

The Board considers it necessary to make provision for the following matters related to this proceeding. Please be aware that this Procedural Order may be amended, and further procedural orders may be issued from time to time.

THE BOARD ORDERS THAT:

1. Board staff and intervenors who wish information and material from PowerStream that is in addition to PowerStream's pre-filed evidence and that is relevant to the hearing, shall request it by written interrogatories filed with the Board and delivered to PowerStream and all intervenors on or before **August 10, 2012**.
2. Responses by the Applicant to interrogatories shall be filed with the Board and delivered to the intervenors on or before **August 31, 2012**.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

All filings to the Board must quote the file number, EB-2012-0161, be made through the Board's web portal at <https://www.errr.ontarioenergyboard.ca>, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Martin Davies at martin.davies@ontarioenergyboard.ca and Board Counsel, Kristi Sebalj at kristi.sebalj@ontarioenergyboard.ca.

ADDRESS

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DATED at Toronto, July 25, 2012

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX A
TO PROCEDURAL ORDER No.2
POWERSTREAM INC.
EB-2012- 0161
APPROVED FINAL ISSUES LIST
DATED: July 25, 2012

Appendix "A"
PowerStream Inc.
EB-2012-0161

Approved Final Issues List

1. General

- 1.1 Are PowerStream's economic and business planning assumptions appropriate?
- 1.2 Is service quality, based on the Board specified performance indicators acceptable?
- 1.3 Are the proposals to align the rate year with PowerStream's fiscal year, and for rates effective January 1, 2013 appropriate?
- 1.4 Is the proposed Green Energy Act Plan appropriate?
- 1.5 Has PowerStream responded appropriately to all relevant Board directions from previous proceedings?

2. Rate Base (Exhibit B)

- 2.1 Is the proposed Rate Base for Test Year 2013 appropriate? (B1)
- 2.2 Is the Working Capital Allowance for Test Year 2013 appropriate? (B3)
- 2.3 Is the proposed Capital Expenditures forecast for Test Year 2013 appropriate? (B1)

3. Operating Revenue (Exhibit C)

- 3.1 Is the proposed forecast of 2013 Test Year Throughput Revenue appropriate? (C1)
- 3.2 Are the proposed customers/connections and class-specific load forecasts (both kWh and kW) for Test Year 2013 appropriate, including the impact of CDM and weather normalization? (C1)
- 3.3 Is the proposed Test Year forecast of other revenues appropriate? (C2)

4. Operating Costs (Exhibit D)

- 4.1 Is the overall Test Year 2013 OM&A forecast appropriate? (D1)
- 4.2 Is the proposed level of the Depreciation/Amortization expense for 2013 appropriate? (D1)
- 4.3 Is the Test Year 2013 forecast of PILs appropriate? (D2)
- 4.4 Is the proposed allocation of shared services and corporate costs appropriate? (A4)
- 4.5 Are the 2013 compensation costs and employee levels appropriate? (D1)
- 4.6 Have the savings due to the merger with Barrie Hydro been properly reflected in the test year? (D1)

5. Deferral and Variance Accounts (Exhibit I)

- 5.1 Is the proposed clearance of deferral and variance account balances appropriate?
- 5.2 Are the proposed new and existing deferral and variance accounts for the test year appropriate?
- 5.3 Is the proposal related to the recovery of stranded meter costs appropriate?

6. Cost of Capital (Exhibit E)

- 6.1 Are the proposed Test Year cost of capital parameters appropriate?

7. Cost Allocation (Exhibit G)

- 7.1 Is PowerStream's proposed cost allocation methodology for 2013 appropriate?
- 7.2 Are the revenue to cost ratios in the cost allocation for Test Year 2013 appropriate?

8. Modified International Financial Reporting System (Exhibits A and F)

- 8.1 Is the proposed service revenue requirement calculated using modified IFRS appropriate?
- 8.2 Is the treatment of property, plant and equipment due to the transition to the new accounting standard appropriate?

9. Rate Design (Exhibit H)

- 9.1 Is the full Tariff of Rates and Charges as proposed appropriate?
- 9.2 Is the derivation of the proposed base distribution rates appropriate?
- 9.3 Are the proposed changes to LV rates appropriate?
- 9.4 Are the proposed Total Loss Factors appropriate?
- 9.5 Is PowerStream's proposed rate harmonization appropriate?