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October 26, 2012

**Delivered by Email and Courier**

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. (Licence ED-2004-0420)  
2013 Electricity Distribution Rates Application EB-2012-0161**

We are counsel to PowerStream Inc. ("PowerStream"), the Applicant in the above-captioned matter. The parties' proposed Settlement Agreement was filed with the Board on Wednesday, October 24, 2012, in accordance with Procedural Order No.3.

In keeping with the e-mail communication from Board staff on October 26, 2012, PowerStream intends to provide very brief comments with respect to the Settlement Agreement at the commencement of proceedings on October 29<sup>th</sup>, and will have representatives available to answer questions the Board may have on the Settlement Agreement.

Should the Board accept the proposed Settlement Agreement, PowerStream will present a single witness panel to address the outstanding issues. Brief opening comments will be followed by a brief examination-in-chief of the panel on all outstanding issues. The members of the witness panel, the issues for which they will be responsible, and the order in which PowerStream will be addressing the issues in examination-in-chief are as follows:

**Panel Members:**

Colin Macdonald, Vice President, Rates and Regulatory Affairs, PowerStream Inc.  
Carolyn Young, Vice President, Finance, PowerStream Inc.  
Tom Barrett, Manager, Rate Applications, PowerStream Inc.

PowerStream intends to address the issues in the following order in examination-in-chief:

**Issue 6.1:** Are the proposed Test Year cost of capital parameters appropriate? (Exhibit E)

Ms. Young will be responsible for this issue.

**Issue 2.1:** Is the proposed Rate Base for Test Year 2013 appropriate? (Exhibit B1)

**Issue 4.2:** Is the proposed level of the Depreciation/Amortization expense for 2013 appropriate? (Exhibit D1)

These two issues are interrelated. Mr. Barrett and Mr. Macdonald will be responsible for these issues.

**Issue 8.2:** Is the treatment of property, plant and equipment due to the transition to the new accounting standard appropriate? (Exhibits A and F)

Mr. Macdonald will be responsible for this issue.

CVs for all witnesses accompany this letter. PowerStream has also prepared the enclosed table that will be referred to by Mr. Macdonald during examination-in-chief on Issues 2.1 and 4.2.

With respect to the next steps in this proceeding, PowerStream has proposed that all submissions be written, and that the following timetable be established for those submissions:

Argument-in-Chief: Due Wednesday, November 7, 2012

Board Staff and Intervenor submissions: Due Wednesday, November 21, 2012

Reply Argument: Due Wednesday, November 28, 2012

PowerStream has discussed this timeline with Board Staff but would defer to the Board's preferred direction for the steps that follow the hearing.

Yours very truly,

**BORDEN LADNER GERVAIS LLP**

Per:

*Original signed by James C. Sidlofsky*

James C. Sidlofsky

cc: Kristi Sebalj, Ontario Energy Board  
Martin Davies, Ontario Energy Board  
Intervenors of Record (electronic copies only)

TOR01: 5038412: v3

## **Colin Macdonald**

VP, Rates & Regulatory Affairs  
PowerStream Inc.

Colin Macdonald is the VP, Rates & Regulatory Affairs for PowerStream Inc., a local distribution company owned by the Cities of Vaughan, Markham and Barrie and serving the Simcoe County and York Region areas. He has been with PowerStream for six years.

As Vice President, Colin is responsible for rate applications, regulatory & government affairs, regulatory accounting and participating in the development of corporate strategies. In over thirty years of utility experience, he has held varied positions of increased responsibility in asset management, customer connections, fleet, facilities, finance and corporate planning. Colin has specialized in the areas of corporate strategy, business planning, project management, business case development and performance benchmarking. He has been active in Electricity Distributors Association and the Ontario Energy Association.

Colin graduated from McMaster University with a Bachelor of Electrical Engineering and Management, is a Registered Professional Engineer in the Province of Ontario and has completed the Queen's Executive Program.

## **Carolyn Young**

VP, Finance  
PowerStream Inc.

Carolyn Young is the VP, Finance for PowerStream Inc., a local distribution company owned by the Cities of Vaughan, Markham and Barrie and serving the Simcoe County and York Region areas. She has been with PowerStream for four years.

Carolyn Young's area of responsibility is accounting/finance. This includes general accounting, corporate financial reporting, treasury, strategic decision support and managing insurance. She has over twenty years experience in the Utility industry beginning with external audit, followed by various positions in finance at the former Barrie Hydro, and in the area of enterprise risk and internal audit at PowerStream.

Carolyn has a degree in Business Management and holds a Chartered Accountancy Designation as well as a Certified Internal Audit Designation.

**Tom Barrett**

Manager, Rate Applications  
PowerStream Inc.

Tom Barrett is Manager, Rate Applications for PowerStream Inc., a local distribution company owned by the Cities of Vaughan, Markham and Barrie and serving the Simcoe County and York Region areas. He has been with PowerStream for seven years.

In his current role, Tom is responsible for rate applications and regulatory accounting. Prior to his current role, Tom was Chief Financial Officer of Aurora Hydro Distribution Limited, which amalgamated with PowerStream in 2005. Tom has over thirty years of experience in accounting, financial statement preparation and audit, and implementation of financial systems. Tom has been involved in the EDA and a number of stakeholder working groups at the OEB, including participating in the working group on the transition to International Financial Reporting Standards ("IFRS").

Tom graduated from the University of Toronto with a Bachelor of Commerce degree and is a Chartered Accountant in the Province of Ontario.

### ILLUSTRATION

Asset cost:	\$100	
Asset life	10 years	10%

#### Half-year rule

	Rebasing	IRM Period			Rebasing
	2013	2014	2015	2016	2017
Depreciation in rates	5	5	5	5	10
Accounting depreciation	5	10	10	10	10
<b>Difference</b>	-	(5)	(5)	(5)	-
<b>Full-Year</b>					
	Rebasing	IRM Period			Rebasing
	2013	2014	2015	2016	2017
Depreciation in rates	10	10	10	10	10
Accounting depreciation	5	10	10	10	10
<b>Difference</b>	5	-	-	-	-