

**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'Énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

January 17, 2013

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: PowerStream Inc.
Board Staff Comments on Draft Rate Order
Board File Number EB-2012-0161**

In accordance with the Board's Decision and Order dated December 21, 2012, please find attached Board staff's comments on the draft Rate Order filed by PowerStream Inc. on January 11, 2013.

Original Signed By

Martin Davies
Project Advisor, Applications & Regulatory Audit

Attachment

cc: Parties to EB-2012-0161 proceeding



ONTARIO ENERGY BOARD

BOARD STAFF COMMENTS

-DRAFT RATE ORDER-

PowerStream Inc.

EB-2012-0161

January 17, 2013

Introduction

On January 11, 2013, PowerStream Inc. ("PowerStream") filed a draft Rate Order ("DRO") pursuant to the Ontario Energy Board's EB-2012-0161 Decision and Order ("Decision") dated December 21, 2012.

Board staff's comments on the DRO follow.

Revenue Requirement Work Form and MIFRS

Board staff notes that PowerStream used Version 2.20 of the Revenue Requirement Work Form and not the updated Version 3.0. For consistency and clarity of information, Board staff requests that PowerStream update the Revenue Requirement Work Form to Version 3.0. This will allow the return on rate base and adjustment to return on rate base associated with the deferred PP&E balance as a result of the transition from CGAAP to MIFRS to be captured accordingly.

Update for 2013 Uniform Electricity Transmission Rates

Board staff notes that on December 20, 2012, the Board issued its EB-2012-0031 *Uniform Electricity Transmission Rates Rate Order* which approved Hydro One's 2013 transmission revenue requirements and charge determinants for use in setting the 2013 Ontario Uniform Electricity Transmission Rates. Board staff submits that PowerStream should update its proposed Retail Transmission Rates to reflect the aforementioned Board Rate Order.

Board staff notes that the Decision did not specifically preclude such an update. Board staff submits that in the interests of mitigating the variances in accounts 1584 and 1586, the update should be implemented as it is a mechanistic exercise.

Rate Rider for Tax Change – Effective until April 30, 2013

PowerStream's current approved Tariff of Rates and Charges shows a "Rate Rider for Tax Change – Effective until April 30, 2013". PowerStream's proposed Tariff of Rates and Charges does not show this rate rider. Board staff submits that the removal of this rate rider is the correct treatment as the tax change for which the rate rider was established has now been incorporated into base rates and therefore the rider is no longer necessary.

However, Board staff is concerned with the treatment of this rider as it is assumed in PowerStream's foregone revenue calculation for the month of January 2013. Since the new rates which will include the tax adjustment which this rider was adjusting for were effective on January 1, 2013, Board staff submits that this rider should not have been in force in January 2013. However, due to the implementation date of February 1, 2013, it was in effect in that month.

Board staff accordingly submits that PowerStream should clarify in its reply submission whether or not it made an adjustment to take into account the impact of this rider being in effect in January 2013 and if so, how. If not, Board staff submits, PowerStream should revise its DRO to make this adjustment.

Tariff of Rates and Charges

Board staff submits that PowerStream did not file a Proposed Tariff of Rates and Charges in the prescribed Board format and should do so.

Board staff notes that PowerStream's proposed tariff does not include the "Application" section of the tariff, nor retail service charges. Furthermore, Board staff submits that the "Rate Zone Specific Rate Riders" should not be shown separately, but should be shown under the rate classes to which they belong.

Schedule K Draft Accounting Orders

Regarding account 1508, Other Regulatory Assets, Sub-account P&OPEB Deferral Account, this deferral account is described as related to Pension and Other Post Retirement Benefits, Board staff submits that this account is related only to Other Post-Employment Benefits (OPEB) and not pension costs and, as such, all references to pensions should be removed from the description and naming convention of the account. In addition, it should be specified that the account is to be established effective January 1, 2013. Finally, Board staff notes that the description of the account states that "This account will capture the difference between the current period charge under CGAAP and the lower charge under IFRS of \$0.3 million for each of 2011 and 2012". Board staff submits that the referenced amount of \$0.3 million is incorrect and that the correct amount is \$0.13 million per annum. This amount was provided by PowerStream in response to a Board staff interrogatory.^[1] Finally, Board staff

^[1] EB-2012-0161 *PowerStream Inc.* Exh J1/T5/Sch 5.2/p.9.

submits that the DRO is silent on the carrying charges to this deferral account, and should clearly state that no carrying charges are to be applied to this account.

Regarding account 1508, Other Regulatory Assets, Sub-account CGAAP-CWIP Differential, the DRO is silent on the carrying charges. Board staff submits that the DRO should clearly state that carrying charges are provided for on this deferral account as this is required by the Board's Decision.

- All of which is respectfully submitted-