



February 20, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
26th Floor, Box 2319
Toronto, ON M4P 1E4

**Re: PowerStream Inc. (Licence ED-2004- 0420)
2013 Electricity Distribution Rates Application EB-2012-0161
Submission for Compensation under Ontario Regulation 330/09 for 2013**

Dear Ms. Walli,

Please find enclosed PowerStream's submission for compensation under Ontario Regulation 330/09 for 2013 in respect of PowerStream's investments to enable renewable generation connections. Details of PowerStream's investments to enable renewable generation connections and the calculation of benefits to its customers were contained in PowerStream's 2013 Cost of Service rate application (EB-2012-0161).

Yours truly,

Original signed by

Tom Barrett,
Manager, Rate Applications

Submission for Compensation under Ontario Regulation 330/09 for 2013

Ontario Regulation 330/09, regarding cost recovery for eligible investments for the purpose of connecting or enabling the connection of a qualifying generation facility to a distribution system (made under the Ontario Energy Board Act, 1998), requires the Board to calculate the amount to be charged by the Independent Electricity System Operator ("IESO") with respect to Renewable Generation Connection Rate Protection ("RGCRP") for electricity that is withdrawn from the IESO-controlled grid. The Board approves the amounts that the IESO collects for the RGCRP and remits to the qualifying distributor(s).

In this submission PowerStream has calculated the RGCRP amounts to be collected under Ontario regulation 330/09 on its behalf by the Independent Electricity System Operator ("IESO"), for the Board's approval.

In PowerStream's 2013 cost of service application (EB-2012-0161), PowerStream submitted a Basic Green Energy Act ("GEA") Plan for the 2012 – 2016 years. PowerStream did not request approval of its GEA plan and withdrew its request for a funding rate adder for forecasted GEA spending.

PowerStream requested and received approval for disposition of capital amounts in account 1531 up to December 31, 2011. The total amount claimed was \$524,818 of which \$31,489 was determined to be a direct benefit to PowerStream customers leaving a balance of \$493,329 to be funded through Ont. Reg. 330/09.

The direct benefits were calculated to be 6% as per the provisional percentage for Expansion and Renewable Enabling Improvements (REI) investments based on Hydro One Distribution's detailed direct benefit assessment (EB-2009-0096).

PowerStream has only included the portion of actual capital costs to December 31, 2011 of \$493,329 eligible for funding through the RGCRP in calculating the compensation amounts under Ont. Reg. 330/09.

PowerStream understands that the RGCRP compensation amounts are to be calculated on a revenue requirement basis. PowerStream has used the attached model (Appendix A) to calculate the revenue requirement on the net capital cost of \$493,329 to be funded through the RGCRP mechanism. This model is based on the Board's smart meter revenue requirement calculation models and uses the same methodology to calculate the revenue requirement on the expenditures eligible for the RGCRP. As there were no funding adders and small OM&A amounts, PowerStream has not included interest in the revenue requirement amounts for recovery.

PowerStream has calculated the revenue requirement for each of the years 2010 through 2013, as summarized in Table 1 below, for recovery in 2013.

Table 1: Summary of Revenue Requirement

Year	Revenue Requirement
2010	\$ 4,455
2011	\$ 28,013
2012	\$ 60,626
2013	\$ 69,590
Total	\$ 162,684

PowerStream requests that the Board approve recovery of the total revenue requirement of \$162,684 as compensation amounts under Ontario Regulation 330/09 in 2013.

PowerStream Inc
Renewable Generation Connection Rate Protection
Compensation Amounts under Ontario Regulation 330/09

Summary of Revenue Requirement

Year	Revenue Requirement
2010	\$ 4,455
2011	\$ 28,013
2012	\$ 60,626
2013	\$ 69,590
Total	\$ 162,684

PowerStream Inc
Renewable Generation Connection Rate Protection
Compensation Amounts under Ontario Regulation 330/09

	2010		2011		2012		2013		2014		2015	
Net Fixed Assets		\$ 40,060		\$ 275,566		\$ 452,657		\$ 415,945		\$ 379,234		\$ 347,083
OM&A	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
WCA	13.0%	\$ -	13.0%	\$ -	13.0%	\$ -	13.0%	\$ -	13.0%	\$ -	13.0%	\$ -
Rate Base		\$ 40,060		\$ 275,566		\$ 452,657		\$ 415,945		\$ 379,234		\$ 347,083
Deemed ST Debt	4%	\$ 1,602	4%	\$ 11,023	4%	\$ 18,106	4%	\$ 16,638	4%	\$ 15,169	4%	\$ 13,883
Deemed LT Debt	56%	\$ 22,433	56%	\$ 154,317	56%	\$ 253,488	56%	\$ 232,929	56%	\$ 212,371	56%	\$ 194,366
Deemed Equity	40%	\$ 16,024	40%	\$ 110,226	40%	\$ 181,063	40%	\$ 166,378	40%	\$ 151,694	40%	\$ 138,833
ST Interest	1.33%	\$ 21	1.33%	\$ 147	1.33%	\$ 241	2.08%	\$ 346	2.08%	\$ 316	2.08%	\$ 289
LT Interest	5.89%	\$ 1,321	5.89%	\$ 9,089	5.89%	\$ 14,930	4.15%	\$ 9,667	4.15%	\$ 8,813	4.15%	\$ 8,066
ROE	8.01%	\$ 1,284	8.01%	\$ 8,829	8.01%	\$ 14,503	8.93%	\$ 14,858	8.93%	\$ 13,546	8.93%	\$ 12,398
		<u>\$ 2,626</u>		<u>\$ 18,065</u>		<u>\$ 29,674</u>		<u>\$ 24,870</u>		<u>\$ 22,675</u>		<u>\$ 20,753</u>
OM&A		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
Amortization		\$ 1,981		\$ 20,336		\$ 36,711		\$ 36,711		\$ 36,711		\$ 27,593
Grossed-up PILs		-\$ 152		-\$ 10,388		-\$ 5,760		\$ 8,009		\$ 8,383		\$ 5,460
Provincial Rate Protection - Revenue Requirement		<u>\$ 4,455</u>		<u>\$ 28,013</u>		<u>\$ 60,626</u>		<u>\$ 69,590</u>		<u>\$ 67,769</u>		<u>\$ 53,805</u>
Revenue requirement 2010-2013								\$ 162,684				

PowerStream Inc
Renewable Generation Connection Rate Protection
Compensation Amounts under Ontario Regulation 330/09
PILs Calculation

	2010	2011	2012	2013	2014	2015
INCOME TAX						
Net Income	\$ 1,284	\$ 8,829	\$ 14,503	\$ 14,858	\$ 13,546	\$ 12,398
Amortization	\$ 1,981	\$ 20,336	\$ 36,711	\$ 36,711	\$ 36,711	\$ 27,593
CCA	-\$ 3,650	-\$ 55,550	-\$ 67,189	-\$ 29,355	-\$ 27,007	-\$ 24,846
Change in taxable income	-\$ 386	-\$ 26,385	-\$ 15,975	\$ 22,213	\$ 23,251	\$ 15,144
Tax Rate	28.25%	28.25%	26.50%	26.50%	26.50%	26.50%
Income Taxes Payable	-\$ 109	-\$ 7,454	-\$ 4,233	\$ 5,887	\$ 6,161	\$ 4,013

ONTARIO CAPITAL TAX						
Closing Net Fixed Assets	\$ 30,937	\$ 224,622	\$ 202,652	\$ 180,682	\$ 158,712	\$ 145,861
Less: Exemption	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deemed Taxable Capital	\$ 30,937	\$ 224,622	\$ 202,652	\$ 180,682	\$ 158,712	\$ 145,861
Ontario Capital Tax Rate						
Net Amount (Taxable Capital x Rate)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Gross Up						
	2010	2011	2012	2013	2014	2015
	PILs Payable	PILs Payable	PILs Payable	PILs Payable	PILs Payable	PILs Payable
Change in Income Taxes Payable	-\$ 109	-\$ 7,454	-\$ 4,233	\$ 5,887	\$ 6,161	\$ 4,013
Change in OCT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PIL's	-\$ 109	-\$ 7,454	-\$ 4,233	\$ 5,887	\$ 6,161	\$ 4,013

	2010	2011	2012	2013	2014	2015
	Grossed Up PILs	Grossed Up PILs	Grossed Up PILs	Grossed Up PILs	Grossed Up PILs	Grossed Up PILs
Change in Income Taxes Payable	-\$ 152	-\$ 10,388	-\$ 5,760	\$ 8,009	\$ 8,383	\$ 5,460
Change in OCT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PIL's	-\$ 152	-\$ 10,388	-\$ 5,760	\$ 8,009	\$ 8,383	\$ 5,460

PowerStream Inc.
Renewable Generation Connection Rate Protection
Compensation Amounts under Ontario Regulation 330/09
Average Net Fixed Assets

		2010	2011	2012	2013	2014	2015
Net Fixed Assets							
Opening Capital Investment		\$ -	\$ 30,624	\$ 165,213	\$ 165,213	\$ 165,213	\$ 165,213
Capital Investment		\$ 30,624	\$ 134,589				
Closing Capital Investment		\$ 30,624	\$ 165,213	\$ 165,213	\$ 165,213	\$ 165,213	\$ 165,213
Opening Accumulated Amortization		\$ -	\$ 383	\$ 2,831	\$ 6,961	\$ 11,091	\$ 15,222
Amortization Year One	40	\$ 383	\$ 1,682	\$ -	\$ -	\$ -	\$ -
Amortization Thereafter	40	\$ -	\$ 766	\$ 4,130	\$ 4,130	\$ 4,130	\$ 4,130
Closing Accumulated Amortization		\$ 383	\$ 2,831	\$ 6,961	\$ 11,091	\$ 15,222	\$ 19,352
Opening Net Fixed Assets		\$ -	\$ 30,241	\$ 162,382	\$ 158,252	\$ 154,122	\$ 149,991
Closing Net Fixed Assets		\$ 30,241	\$ 162,382	\$ 158,252	\$ 154,122	\$ 149,991	\$ 145,861
Average Net Fixed Assets		\$ 15,121	\$ 96,312	\$ 160,317	\$ 156,187	\$ 152,056	\$ 147,926

		2010	2011	2012	2013	2014	2015
Net Fixed Assets/Software							
Opening Capital Investment		\$ -	\$ 795	\$ 71,358	\$ 71,358	\$ 71,358	\$ 71,358
Capital Investment		\$ 795	\$ 70,563				
Closing Capital Investment		\$ 795	\$ 71,358	\$ 71,358	\$ 71,358	\$ 71,358	\$ 71,358
Opening Accumulated Amortization		\$ -	\$ 99	\$ 9,119	\$ 26,958	\$ 44,798	\$ 62,637
Amortization Year One	4	\$ 99	\$ 8,820	\$ -	\$ -	\$ -	\$ -
Amortization Thereafter	4	\$ -	\$ 199	\$ 17,840	\$ 17,840	\$ 17,840	\$ 8,721
Closing Accumulated Amortization		\$ 99	\$ 9,119	\$ 26,958	\$ 44,798	\$ 62,637	\$ 71,358
Opening Net Fixed Assets		\$ -	\$ 696	\$ 62,240	\$ 44,400	\$ 26,561	\$ 8,721
Closing Net Fixed Assets		\$ 696	\$ 62,240	\$ 44,400	\$ 26,561	\$ 8,721	\$ -
Average Net Fixed Assets		\$ 348	\$ 31,468	\$ 53,320	\$ 35,480	\$ 17,641	\$ 4,361

		2010	2011	2012	2013	2014	2015
Net Fixed Assets /1981							
Opening Capital Investment		\$ -	\$ 27,778	\$ 134,226	\$ 134,226	\$ 134,226	\$ 134,226
Capital Investment		\$ 27,778	\$ 106,448				
Closing Capital Investment		\$ 27,778	\$ 134,226	\$ 134,226	\$ 134,226	\$ 134,226	\$ 134,226
Opening Accumulated Amortization		\$ -	\$ 926	\$ 6,326	\$ 15,274	\$ 24,223	\$ 33,171
Amortization Year One	15	\$ 926	\$ 3,548	\$ -	\$ -	\$ -	\$ -
Amortization Thereafter	15	\$ -	\$ 1,852	\$ 8,948	\$ 8,948	\$ 8,948	\$ 8,948
Closing Accumulated Amortization		\$ 926	\$ 6,326	\$ 15,274	\$ 24,223	\$ 33,171	\$ 42,120
Opening Net Fixed Assets		\$ -	\$ 26,852	\$ 127,900	\$ 118,952	\$ 110,003	\$ 101,055
Closing Net Fixed Assets		\$ 26,852	\$ 127,900	\$ 118,952	\$ 110,003	\$ 101,055	\$ 92,106
Average Net Fixed Assets		\$ 13,426	\$ 77,376	\$ 123,426	\$ 114,477	\$ 105,529	\$ 96,581

		2010	2011	2012	2013	2014	2015
Net Fixed Assets /P&C systems							
Opening Capital Investment		\$ -	\$ 22,903	\$ 110,667	\$ 110,667	\$ 110,667	\$ 110,667
Capital Investment		\$ 22,903	\$ 87,764				
Closing Capital Investment		\$ 22,903	\$ 110,667	\$ 110,667	\$ 110,667	\$ 110,667	\$ 110,667
Opening Accumulated Amortization		\$ -	\$ 573	\$ 3,912	\$ 9,445	\$ 14,979	\$ 20,512
Amortization Year One	20	\$ 573	\$ 2,194	\$ -	\$ -	\$ -	\$ -
Amortization Thereafter	20	\$ -	\$ 1,145	\$ 5,533	\$ 5,533	\$ 5,533	\$ 5,533
Closing Accumulated Amortization		\$ 573	\$ 3,912	\$ 9,445	\$ 14,979	\$ 20,512	\$ 26,045
Opening Net Fixed Assets		\$ -	\$ 22,330	\$ 106,755	\$ 101,222	\$ 95,688	\$ 90,155
Closing Net Fixed Assets		\$ 22,330	\$ 106,755	\$ 101,222	\$ 95,688	\$ 90,155	\$ 84,622
Average Net Fixed Assets		\$ 11,165	\$ 64,543	\$ 103,989	\$ 98,455	\$ 92,922	\$ 87,388

	2010	2011	2012	2013	2014	2015
Net Fixed Assets /1912						
Opening Capital Investment	\$ -	\$ -	\$ 1,873	\$ 1,873	\$ 1,873	\$ 1,873
Capital Investment	\$ -	\$ 1,873				
Closing Capital Investment	\$ -	\$ 1,873	\$ 1,873	\$ 1,873	\$ 1,873	\$ 1,873
Opening Accumulated Amortization	\$ -	\$ -	\$ 19	\$ 56	\$ 94	\$ 131
Amortization Year One	50 \$ -	\$ 19	\$ -	\$ -	\$ -	\$ -
Amortization Thereafter	50 \$ -	\$ -	\$ 37	\$ 37	\$ 37	\$ 37
Closing Accumulated Amortization	\$ -	\$ 19	\$ 56	\$ 94	\$ 131	\$ 169
Opening Net Fixed Assets	\$ -	\$ -	\$ 1,854	\$ 1,817	\$ 1,779	\$ 1,742
Closing Net Fixed Assets	\$ -	\$ 1,854	\$ 1,817	\$ 1,779	\$ 1,742	\$ 1,704
Average Net Fixed Assets	\$ -	\$ 927	\$ 1,836	\$ 1,798	\$ 1,761	\$ 1,723

	2010	2011	2012	2013	2014	2015
Net Fixed Assets /1912						
Opening Capital Investment	\$ -	\$ -	\$ 9,992	\$ 9,992	\$ 9,992	\$ 9,992
Capital Investment	\$ -	\$ 9,992				
Closing Capital Investment	\$ -	\$ 9,992	\$ 9,992	\$ 9,992	\$ 9,992	\$ 9,992
Opening Accumulated Amortization	\$ -	\$ -	\$ 111	\$ 333	\$ 555	\$ 777
Amortization Year One	45 \$ -	\$ 111	\$ -	\$ -	\$ -	\$ -
Amortization Thereafter	45 \$ -	\$ -	\$ 222	\$ 222	\$ 222	\$ 222
Closing Accumulated Amortization	\$ -	\$ 111	\$ 333	\$ 555	\$ 777	\$ 999
Opening Net Fixed Assets	\$ -	\$ -	\$ 9,881	\$ 9,659	\$ 9,437	\$ 9,215
Closing Net Fixed Assets	\$ -	\$ 9,881	\$ 9,659	\$ 9,437	\$ 9,215	\$ 8,993
Average Net Fixed Assets	\$ -	\$ 4,940	\$ 9,770	\$ 9,548	\$ 9,326	\$ 9,104
check	\$ 82,100	\$ 411,229	\$ 493,329			
Average Net Fixed Assets	\$ 40,060	\$ 275,566	\$ 452,657	\$ 415,945	\$ 379,234	\$ 347,083
Total Amortization	\$ 1,981	\$ 20,336	\$ 36,711	\$ 36,711	\$ 36,711	\$ 27,593

For PILs Calculation

UCC / Class 47		2010	2011	2012	2013	2014	2015
Opening UCC		\$ -	\$ 78,053	\$ 398,848	\$ 366,940	\$ 337,585	\$ 310,578
Capital Additions		\$ 81,305	\$ 340,666				
UCC Before Half Year Rule		\$ 81,305	\$ 418,719	\$ 398,848	\$ 366,940	\$ 337,585	\$ 310,578
Half Year Rule (1/2 Additions - Disposals)		\$ 40,653	\$ 170,333	\$ -	\$ -	\$ -	\$ -
Reduced UCC		\$ 40,653	\$ 248,386	\$ 398,848	\$ 366,940	\$ 337,585	\$ 310,578
CCA Rate Class	47						
CCA Rate	8%	8%	8%	8%	8%	8%	8%
CCA		\$ 3,252	\$ 19,871	\$ 31,908	\$ 29,355	\$ 27,007	\$ 24,846
Closing UCC		\$ 78,053	\$ 398,848	\$ 366,940	\$ 337,585	\$ 310,578	\$ 285,732

UCC /class 12		2010	2011	2012	2013	2014	2015
Opening UCC		\$ -	\$ 398	\$ 35,282	\$ -	\$ -	\$ -
Capital Additions		\$ 795	\$ 70,563				
UCC Before Half Year Rule		\$ 795	\$ 70,961	\$ 35,282	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)		\$ 398	\$ 35,282	\$ -	\$ -	\$ -	\$ -
Reduced UCC		\$ 398	\$ 35,679	\$ 35,282	\$ -	\$ -	\$ -
CCA Rate Class	12						
CCA Rate	100%	100%	100%	100%	100%	100%	100%
CCA		\$ 398	\$ 35,679	\$ 35,282	\$ -	\$ -	\$ -
Closing UCC		\$ 398	\$ 35,282	\$ -	\$ -	\$ -	\$ -

PowerStream Inc
Renewable Generation Connection Rate Protection (RGCRP)
Compensation Amounts under Ontario Regulation 330/09

Calculation of Direct benefits, \$000s

		Actual 2010 - 2011
Capital spending		
WiMax Communication Network		425.103
CIS modifications for FIT		69.431
Fault Level Reduction and Station programming		30.284
Total		524.818
Benefits to PowerStream customers		
WiMax Communication Network	6%	25.506
CIS modifications for FIT	6%	4.166
Fault Level Reduction and Station programming	6%	1.817
Total Direct Benefits		31.489
To be recovered through RGCRP		493.329

To be recovered through RGCRP:

Fixed Assets split	Acct	Amount	Asset life, years	CCA rate	CCA rate class	2010	2011	2010-2011
Steel structure - wimax - [TS station equip]	1818	147,977	40	8%	47	30,624	117,353	147,977
Base station, antennae -wimax - [scada equip]	1981	134,226	15	8%	47	27,778	106,448	134,226
Wimax (P&C)	1822	110,667	20	8%	47	22,903	87,764	110,667
software	1925	71,358	4	100%	12	795	70,563	71,358
Reactor Core	1818	14,238	40	8%	47	-	14,238	14,238
Reactor Core Pedestal	1912	1,873	50	8%	47	-	1,873	1,873
Switchgear / 2 units	1821	2,998	40	8%	47	-	2,998	2,998
U/G cable - 1000 mcm	1845	9,992	45	8%	47	-	9,992	9,992
Total		493,329				82,100	411,229	493,329