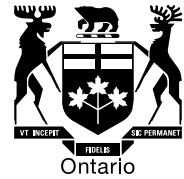


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**BY EMAIL**

November 5, 2014

Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: PowerStream Inc.  
2015 IRM4 Distribution Rate Application  
Board Staff Submission  
Board File No. EB-2014-0108**

In accordance with the Procedural Order No. 1, please find attached the Board Staff Submission in the above proceeding. This document is being forwarded to PowerStream Inc. and to all other registered parties to this proceeding.

As a reminder, PowerStream Inc.'s Reply Submission is due by November 15, 2014.

Yours truly,

*Original Signed By*

Marc Abramovitz  
Advisor, Applications

Encl.



# **ONTARIO ENERGY BOARD**

## **STAFF SUBMISSION**

**2015 ELECTRICITY DISTRIBUTION RATES**

**PowerStream Inc.**

**EB-2014-0108**

**November 5, 2014**

**Board Staff Submission  
PowerStream Inc.  
2015 IRM Rate Application  
EB-2014-0108**

## **Introduction**

PowerStream Inc. (“PowerStream”) filed a complete application (the “Application”) with the Ontario Energy Board (the “Board”) on August 13, 2014 under section 78 of the *Ontario Energy Board Act, 1998* (the “Act”). PowerStream seeks approval for changes to the distribution rates that it charges for electricity distribution, to be effective January 1, 2015. The application is based on the 2015 Price Cap IR option.

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by PowerStream.

Board staff has no concerns with the data supporting the updated Retail Transmission Service Rates proposed by PowerStream. Pursuant to the Board’s Guideline G-2008-0001, Board staff notes that the Board will update the applicable data at the time of the Board’s Decision on the Application based on the Uniform Transmission Rates in place at that time.

PowerStream completed the Deferral and Variance Account Continuity schedule included in the 2015 IRM Rate Generator Model Tab 5 for its Group 1 Deferral and Variance Accounts. The total Group 1 Deferral and Variance Account balances amount to a credit of \$3,992,044. The balance of the 1589 – Global Adjustment Account is a credit of \$3,377,440 and is applicable to only the Non-RPP customers. This amount includes interest calculated to December 31, 2014. Based on the disposition threshold test calculation, the Group 1 Deferral and Variance Account balances equate to a credit of \$0.0005 per kWh which does not exceed the threshold. PowerStream, under section 3.2.3 of the 2015 Filing Requirements, has stated that since the threshold test has not been met, it does not request to dispose of the Group 1 balances.

Board staff notes that the principal amounts as of December 31, 2013 reconcile with the amounts reported by PowerStream as part of the *Reporting and Record-keeping Requirements* (“RRR”). Board staff agrees with PowerStream’s proposal.

The Board's Guidelines for Electricity Distributor Conservation and Demand Management (the "2012 CDM Guidelines") issued on April 26, 2012 (EB-2012-0003), outline the information that is required when filing an application for LRAMVA.

Account 1568 – LRAMVA tracks the revenue impact of the difference between verified results from OPA-Contracted Province-Wide CDM Programs untaken by the distributor and the CDM activities included in a distributor's load forecast at the time of rebasing.

Distributors receive a copy of their annual final verified CDM results from the Ontario Power Authority ("OPA") and file these results with the Board as part of their CDM Annual Reports on or before September 30th of each year. Distributors are expected to use these results when calculating their lost revenues that are included within Account 1568 – LRAMVA. Board staff reviews the final net CDM savings (both energy (kWh) and peak demand (kW)) for all CDM programs delivered by the distributor and compares these savings totals with the CDM amounts included in the distributor's load forecast.

In its 2014 IRM application, PowerStream calculated estimated CDM savings for the 2011 and 2012 period of \$716,910 but deferred disposition given some uncertainties in the data.

In its current application, PowerStream has requested approval to dispose of the balance in Account 1568 – LRAMVA, which includes an updated balance of \$801,680 including carrying charges up to December 31, 2013. The updated balance includes adjustments based on the latest OPA CDM Reports for 2011 and 2012.

The lost revenues are attributable to new programs initiated in 2011 and 2012 (including persistence of 2011 programs in 2012). PowerStream notes that 2011 and 2012 rates did not contain any reduction for the new CDM programs. Board staff notes that this is consistent with PowerStream's last rebasing year which was for 2013 rates. Consequently, the entire amount of the OPA reported savings represents the variance between CDM in rates and actual CDM results.

PowerStream has provided all relevant rate riders by customer class and has proposed to recover its LRAMVA amount through a separate rate rider over a one-year period.

Board staff has no concerns with PowerStream's updated LRAMVA amount and recovery period.

## **Renewable Generation Connection Funding Amounts for 2015**

Under the *Ontario Energy Board Act, 1998* distributors are entitled to recover from load customers certain costs relating to the connection of renewable generation facilities. Some costs are recovered from a distributor's own customers; a larger proportion of costs are recovered from all Ontario consumers via a charge levied by the Independent Electricity System Operator (IESO). These costs are identified in a Green Energy Plan filed by a distributor and approved by the Board, or in a Distribution System Plan.

As part of its 2013 cost of service application (EB-2012-0161), PowerStream filed a basic Green Energy Act Plan (the "GEA Plan") that included forecast costs for the enabling of FIT generation.<sup>1</sup>

In 2014, PowerStream applied for and received approval for the recovery of \$213,839 for 2014 from all Ontario customers in accordance with EB-2014-0222, which provided the payment schedule for all distributors effective January 1, 2014. The amount approved for recovery in 2014 represents the revenue requirement on the capital investments for PowerStream's distribution system to enable the system to handle renewable generation being connected to the system up to December 31, 2012.

As part of this Application, PowerStream updated its request for compensation under the Renewable Generation Connection Rate Protection ("RGCRP") for 2015 to include the revenue requirement on the additional capital added of \$786,886 in 2013 less the direct benefit to PowerStream customers of \$47,213 for a net of \$739,673.

The total RGCRP claim for 2015 is \$261,290.

Board staff has no concerns with updating the cost forecasts given that the Board has allowed such updates in the past in the IRM process<sup>2</sup>.

- All of which is respectfully submitted -

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<sup>1</sup> EB-2012-0161 PowerStream Inc. Application Filed on May 4, 2012, Exhibit B2/Tab 1/ Schedule 1/Page 3

<sup>2</sup> EB-2013-0124 Enersource Hydro Decision and Rate Order, December 5, 2013, Pages 6-7.