May 22, 2015

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. ("PowerStream")
2016 to 2020 Custom IR Rate Application
Ontario Energy Board ("OEB", or "Board") File No. EB-2015-0003

PowerStream Inc. ("PowerStream") is a licenced electricity distributor and holds OEB Distribution Licence ED-2004-0420.

On December 15, 2008 the Board approved the amalgamation of PowerStream Inc. and Barrie Hydro Distribution Inc. (EB-2008-0335). The companies merged on January 1, 2009, and started to operate under the same Licence ED-2004-0420 on March 16, 2010.

In its 2013 Cost of Service rate application (EB-2012-0161), distribution rates were harmonized between the PowerStream and Barrie zones, however until December 31, 2015 there are some rate riders that are unique to the former rate zones.

In a December 2, 2014 letter to the Board, PowerStream outlined a process whereby it would provide rate payer representatives with an overview of its Custom IR rate proposal for the five year period commencing January 1, 2016, and would seek to negotiate a settlement of the proposal with potential intervenors prior to filing the Application.

In a December 15, 2014 meeting at the Board's offices, PowerStream staff presented an overview of the Custom IR application to potential intervenors and Board staff. Intervenor participants consisted of the Association of Major Power Consumers of Ontario, the Building Owners and Managers Association, the Consumers Council of Canada ("CCC"), Energy Probe, the School Energy Coalition ("SEC") and the Vulnerable Energy Consumers Coalition ("VECC"). CCC, Energy Probe, SEC and VECC had

intervened in PowerStream's 2013 Cost of Service application. At the conclusion of the meeting, a schedule was established for 2015. These milestones were met and were as follows:

- February 24, 2015 – PowerStream provided a Rate Proposal with supporting models and reports (included as Section II).
- March 23, 2015 – Intervenors provided PowerStream with interrogatories.
- April 10, 2015 – PowerStream provided responses to the 470 interrogatories submitted by the potential intervenors (included as Section III).
- April 21, 2015 – A facilitated Technical Conference was held at the Board Offices, and PowerStream responded to 40 undertakings following the Technical Conference (included as Section IV).
- April 28 to May 1, 2015 – A facilitated Settlement Discussion was held at the Board Offices. An additional day for discussion was held on May 5, 2015.

There was a fulsome discovery process. A record of approximately 4,000 pages was created to date. All information (with the exception of a very limited number of confidential documents) is publicly available on PowerStream's website at the link below:

http://www.powerstream.ca/app/pages/Rates-Process.jsp

PowerStream was not able to reach a settlement with intervenors, and as a result, PowerStream is moving forward with the Custom IR Application (the "Application") that accompanies this letter. The Rate Proposal provided on February 24, 2015 has not been changed, with the exception of the revenue requirement update of April 24, 2015 detailed in section V of the Application, which addresses a small number of items identified in the interrogatories. A very limited number of documents were provided to intervenors in confidence during the process described above. These documents will be filed with the Board, separate from the application, shortly.

Given the extensive discovery process undertaken to date, PowerStream suggests that additional interrogatories from the potential intervenors who participated in the discovery and settlement process (assuming that they intervene in the Application) may not be required. PowerStream would be pleased to answer interrogatories from Board Staff (and other parties that may seek intervenor status) as may be determined by the Board. PowerStream notes that it has paid the costs to date for the intervenors and none of the costs incurred in 2014 and 2015 have been included in the amounts for recovery in 2016 to 2020.

PowerStream has enclosed two (2) paper copies of the Application. A PDF version of the Application, together with electronic copies of the completed Board models has been filed through the Board's Regulatory Electronic Submission System ("RESS").

PowerStream is filing this Application in order to establish stable funding for necessary capital infrastructure investments. These investments include the replacement of aging assets and additional expenditures in system reliability, including the hardening of the PowerStream system against future storm damage. Replacement costs of these assets far exceed their costs at the time they entered PowerStream's predecessors' rate bases. In many cases, assets that are being replaced were initially funded through developer contributions. For assets funded through contributions, there is no funding in rates and no amounts in rate base. The entire cost of replacing these assets is borne by PowerStream and represents a new addition to rate base and rates without any offset from the retirement of the old assets.

The 2016 rate changes reflect the addition of investments made during the 2014/2015 period into rate base (including one-half of the investments in 2013 and 2016).

PowerStream has calculated customer distribution charge increases, from the rates proposed in this application, for customers using 800 kWh per month to be as follows:

2016: $3.72
2017: $2.88
2018: $1.45
2019: $1.43
2020: $1.25

The impacts for small commercial customers using 2,000 kWh per month are calculated to be as follows:

2016: $8.47

2017: $5.27

2018: $2.97

2019: $2.89

2020: $2.36

Please contact the undersigned if there are any questions.

Yours truly,

Original signed by

Colin Macdonald
Senior Vice President, Regulatory Affairs & Customer Service

cc. James Sidlofsky, Borden Ladner Gervais

PowerStream 2016 to 2020 Custom IR Electricity Distribution Rate Application

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Application Overview

Type of Application

PowerStream Inc. ("PowerStream") is filing this Custom IR application ("Application") for electricity distribution rates effective January 1 of each of the years 2016 to 2020. It is proposed that the 2017 to 2020 rate years would be subject to an annual adjustment process which is described in Section VI, Tab 26.

In the *Report of the Board Renewed Regulatory Framework for Electricity: A Performance-Based Approach* (RRFE) dated October 18, 2012, the Board offered three rate-setting methods: 4th Generation IR, Custom IR and Annual IR Index. The Board provides a description of each of the methods, including the following for Custom IR:

> *"The Custom IR method will be most appropriate for distributors with significantly large multi-year or highly variable investment commitments that exceed historical levels. The Board expects that a distributor that applies under this method will file robust evidence of its cost and revenue forecasts over a five year horizon, as well as detailed infrastructure investment plans over that same time frame. In addition, the Board expects a distributor's application under Custom IR to demonstrate its ability to manage within the rates set, given that actual costs and revenues will vary from forecast."*[1]

PowerStream's capital expenditures have increased in recent years and will remain higher than historical levels largely due to the need to replace significant amounts of distribution assets that have reached or exceed their expected useful life. The pole replacement and underground cable rehabilitation programs are two examples of the need to replace aging assets.

PowerStream's current rates do not contain sufficient amounts to fund the necessary capital investments. Rates set on a single cost of service test year followed by 4th generation IR will not provide sufficient funds. Key reasons for the shortfall in revenue to fund the necessary capital additions are:

- Significant portions of the cost of the assets that need to be replaced were funded in whole or part by capital contributions. The replacement cost must be funded entirely by PowerStream, without any contributed capital. For example poles, transformers, switchgears and electrical cable in most subdivisions built before the year 2000 were

[1] RRFE, page 19

funded entirely by contributed capital and recorded at a net cost of $0. As a result there is neither depreciation nor return in rates to fund the replacement of these assets.

- The replacement cost of most assets far exceeds the original cost of these assets purchased many years ago. Most distribution assets have useful lives of 25 to 50 years and costs in current dollars are much greater than costs in 1970, for example. The depreciation on these older assets provides insufficient funding for replacement of assets.

Rate Process

In a December 2, 2014 letter to the Board, PowerStream outlined a process whereby it would provide rate payer representatives with an overview of its Custom IR rate proposal for the five year period commencing January 1, 2016, and would seek to negotiate a settlement of the proposal with potential intervenors prior to filing the Application.

In a December 15, 2014 meeting at the Board's offices, PowerStream staff presented an overview of the Custom IR application to potential intervenors and Board staff. Intervenor participants consisted of the Association of Major Power Consumers of Ontario, the Building Owners and Managers Association, the Consumers Council of Canada ("CCC"), Energy Probe, the School Energy Coalition ("SEC") and the Vulnerable Energy Consumers Coalition ("VECC"). CCC, Energy Probe, SEC and VECC had intervened in PowerStream's 2013 Cost of Service application. At the conclusion of the meeting, a schedule was established for 2015. These milestones were met and were as follows:

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There was a fulsome discovery process. A record of approximately 4,000 pages was created. All information (with the exception of a very limited number of confidential documents) was made publicly available on PowerStream's website at the link below:

http://www.powerstream.ca/app/pages/Rates-Process.jsp

PowerStream was not able to reach a settlement with intervenors.

The Rate Proposal provided on February 24, 2015 has not been changed, other than the revenue requirement update of April 24, 2015 detailed in section V to deal with a few items identified in the interrogatories. Additional interrogatories from intervenors may not be required. PowerStream would be pleased to answer interrogatories from Staff (and other parties that may seek intervenor status) as may be determined by the Board.

Supplemental information is provided in Section I and Section VI of the Application. This does not amend the original Rate Proposal, but the information may be helpful to the Board in the review process.

Merger Announcement – April 16, 2015:

On April 16, 2015, the potential of a four-party merger involving PowerStream, Enersource, Horizon Utilities and Hydro One Brampton was announced. The parties have signed a non-binding Letter of Intent to explore the potential benefits of a merger. There is also an option for three of the parties to purchase Hydro One Brampton at a pre-defined price.

Currently the parties are in the process of assessing the financial merits of the merger. Transaction costs (before the merger) and transition costs (after the merger) are being weighed against the potential "synergy savings" from bringing four distributors together. If the Shareholders approve the merger (with or without the purchase of Hydro One Brampton) then OEB approval will be sought though a MAADs application.

This Custom IR rate application is for PowerStream as a "standalone" distributor. It is PowerStream's intention to proceed with the Application on this basis regardless of whether or not a decision to merge is made and a MAADs application submitted.

Revenue Requirement and Deficiency

Table 1 summarizes the changes in revenue requirement over the custom IR plan period along with the major drivers for the deficiency.

Table 1: Revenue Requirement and Deficiency ($ millions)

	2016		2017		2018		2019		2020	
		% change		% change		% change		% change		% change
Revenue Requirement	$191.92		$211.06		$221.76		$232.37		$241.97	
Revenue at "current" rates	$162.40		$192.88		$212.10		$222.92		$233.75	
Increase in revenue required	**$29.52**	**18.18%**	**$18.18**	**9.43%**	**$9.66**	**4.56%**	**$9.45**	**4.24%**	**$8.22**	**3.52%**
Drivers:										
IRM Lag	**$20.21**	**68.45%**								
Extraordinary items	**$5.36**	**18.15%**	**$9.58**	**52.68%**	**$1.84**	**19.08%**	**$0.72**	**7.63%**	**$0.67**	**8.15%**
Business as usual	**$3.96**	**13.40%**	**$8.60**	**47.32%**	**$7.82**	**80.92%**	**$8.73**	**92.37%**	**$7.55**	**91.85%**
Total	$29.52	100.00%	$18.18	100.00%	$9.66	100.00%	$9.45	100.00%	$8.22	100.00%

The most significant increase in revenue requirement is in 2016, the first year of rebasing. PowerStream previously rebased in 2013. The main driver is what PowerStream refers to as the Incentive Regulation Mechanism Lag ("IRM Lag"). IRM Lag represents the increase in 2016 revenue requirement to reflect the increase in rate base from the capital investments in 2014 and 2015 as well as an increase in the level of operating costs to the 2015 levels. This excludes the impact of the extraordinary items discussed in the next paragraph.

The extraordinary items are the second largest driver of increases in 2016 and the largest in 2017. The extraordinary items consist of:

- the replacement of PowerStream's thirty year old customer billing system with a new Oracle Customer Care and Billing System which goes into service in the second quarter of 2015;
- System hardening: Capital and Operating, Maintenance & Administration ("OM&A") expenditures to make PowerStream's distribution system more resistant to outages from storms; and

- A new Vaughan Transformer Station going into service in the spring of 2017 to provide needed capacity (no impact in 2016).

"Business as usual" consists of capital additions and increases in OM&A expenditures in the rebasing year excluding the extraordinary items discussed above.

Table 2 summarizes the revenue deficiency during the Custom IR plan term between capital and OM&A as drivers. As shown in Table 2, capital accounts for 61%-84% of the change in the revenue requirement and the resulting revenue deficiency during the plan period. The total change in revenue requirement and resulting deficiency for the plan period is driven 72% by capital and 28% by OM&A.

Table 2: Revenue Deficiency – Capital & OM&A Split ($ millions)

	2016	% change	2017	% change	2018	% change	2019	% change	2020	% change
Revenue Requirement	$191.92		$211.06		$221.76		$232.37		$241.97	
Revenue at "current" rates	$162.40		$192.88		$212.10		$222.92		$233.75	
Increase in revenue required	**$29.52**	**18.18%**	**$18.18**	**9.43%**	**$9.66**	**4.56%**	**$9.45**	**4.24%**	**$8.22**	**3.52%**
Drivers:										
Capital	**$17.92**	**60.70%**	**$15.28**	**84.04%**	**$7.64**	**79.10%**	**$7.23**	**76.54%**	**$6.47**	**78.77%**
OM&A	**$11.60**	**39.30%**	**$2.90**	**15.96%**	**$2.02**	**20.90%**	**$2.22**	**23.46%**	**$1.74**	**21.23%**
Total	$29.52	100.00%	$18.18	100.00%	$9.66	100.00%	$9.45	100.00%	$8.22	100.00%

Application and Administration

ONTARIO ENERGY BOARD

IN THE MATTER OF *the Ontario Energy Board Act, 1998*; S.O. 1998, c.15, Sched B, as amended;

AND IN THE MATTER OF an Application by PowerStream Inc. for an Order or Orders approving or fixing just and reasonable distribution rates effective January 1, 2016.

APPLICATION

1. PowerStream Inc. (“PowerStream” or the “Company”) is a distributor as defined in the *Ontario Energy Board Act, 1998* (the “Act”). PowerStream holds Electricity Distribution Licence ED-2004-0420.

2. PowerStream hereby applies to the Ontario Energy Board (the “Board” or the "OEB"), pursuant to section 78 of the Act, for an Order or Orders approving or fixing just and reasonable rates for electricity distribution service for the period January 1, 2016 to December 31, 2016.

3. PowerStream hereby applies for rates effective January 1 to December 31 for each of the years 2017 to 2020 inclusive subject to annual adjustments as specified in Section VI, Tab 26. It is proposed that PowerStream will file the necessary information regarding the annual adjustments and updated rates in a draft rate order for approval of final rates for each of these years.

4. This Application has been guided by Chapters 1, 2 and 5 of the Board’s *Filing Requirements for Transmission and Distribution Applications*, updated July 18, 2014 (the “Filing Requirements”) and the Board's *Renewed Regulatory Framework for Electricity* (“RRFE”). It is based on forward test years ("Test Year"), for 2016 through 2020 inclusive as contemplated by the RRFE.

5. In this Application, PowerStream is seeking approval of a 2016 Base Revenue Requirement of $191,922,000 which includes a forecast 2016 Revenue Deficiency of $29,478,000. If the 2016 Base Revenue Requirement and the

other changes proposed are approved, the total electricity bill of a Residential customer using 800 kWh/month and of a General Service < 50 kW customer using 2,000 kWh/month in the PowerStream rate zone will be increased by $5.63 (4.0 percent) and $12.9 (3.8 percent), respectively. Similarly, the total electricity bill of a residential customer using 800 kWh/month and of a General Service < 50 kW customer using 2,000 kWh/month in the Barrie rate zone will be increased by $5.45 (3.9 percent) and $12.00 (3.5 percent), respectively.

6. PowerStream proposes a 2017 Base Revenue Requirement of $211.1 million, a 2018 Base Revenue Requirement of $221.8 million, a 2019 Base Revenue Requirement of $232.4 million and a 2020 Base Revenue Requirement of $242.0 million, each subject to annual adjustments

7. PowerStream is seeking approval of the addition of certain transmission assets representing PowerStream owned transformer stations, to its system totaling $26,332,000. PowerStream requests that the Board make a determination that these facilities will be part of the PowerStream distribution system pursuant to section 84 of the Act.

8. PowerStream proposes disposition of deferral and variance account balances as at December 31, 2014, the most recent audited balances, together with accrued interest up to December 31, 2015 based on the proposed January 1, 2016 effective date for the rate riders.

9. PowerStream proposes to apply for disposition of deferral and variance account balances for the 2017 to 2020 rate years on a basis consistent with Board policy and as allowed for IRM applications, as part of the annual update – draft rate order process.

10. PowerStream is requesting a deferral account to capture the remaining net book value of meters removed from service as a result of the requirement that all General Service > 50 kW demand customers have time-of-use meters by August 2020.

11. PowerStream proposes continuation of the deferral account to track changes in the accrued liability for post-retirement employee benefits resulting from actuarial revaluations.

12. PowerStream pays low voltage ("LV") charges to Hydro One Networks Inc. ("Hydro One") for use of certain Hydro One distribution assets. The difference between Hydro One's LV charges to PowerStream (recorded in Account 4750) and the LV amounts billed to PowerStream's customers (recorded in Account 4075) is recorded in Account 1550 – LV Variance Account, in accordance with Appendix B of a Board directive dated June 13, 2006. In this Application, PowerStream is seeking: (i) to clear Account 1550 to December 31, 2014; and (ii) to recover, in 2016 rates, a forecast LV amount of $4,654,991 through an updated LV charge.

13. PowerStream requests continuation of a charge to customers to recover the cost of the Meter Data Management and Repository ("MDM/R") system as proposed by the Independent Electricity System Operator ("IESO") and as determined by the Board. PowerStream has not included these costs in this Application.

14. PowerStream requests new Retail Transmission Service rates to reflect currently approved Hydro One Networks Inc. sub-transmission rates and most recent Board-approved Uniform Transmission Rates.

15. PowerStream requests that the Board approve its recovery of such Green Energy Plan Electricity Rate Protection Benefit amounts as may be determined by the Board for each of 2016 through 2020 as required under Section 79.1 of the Act and Ontario Regulation 330/09. Those amounts will enable PowerStream to provide rate protection for prescribed consumers or classes of consumers in its service area by reducing the rates that would otherwise apply in accordance with the prescribed rules. As a wholesale market participant, PowerStream will be responsible for payment of a portion of the monthly amount to be collected by the IESO from all wholesale market participants on account of the Green Energy Plan Electricity Rate Protection Benefit, and PowerStream anticipates recovering that portion from its customers through the Wholesale

Market Service Rate or such other mechanism as may be determined by the Board from time to time.

16. PowerStream accordingly applies to the Board, pursuant to section 78 of the Act for the following Order or Orders:

a. an Order approving PowerStream's proposed final rates for the 2016 rate year, or fixing such other rates as the Board may find to be just and reasonable effective January 1 2016;

b. an Order approving rates effective January 1, 2017, January 1, 2018, January 1, 2019 and January 1, 2020 as presented in this Application subject to the annual adjustments herein and review and approval of the draft rate order submitted to update those rate years;

c. an Order approving clearance of the balances recorded in certain other deferral and variance accounts by means of rate riders for the period January 1, 2016 to December 31, 2016, and January 1, 2016 to December 31, 2017;

d. an Order approving an updated Low Voltage ("LV") charge, effective January 1, 2016;

e. an Order approving updated Retail Transmission Service ("RTS") Rates, effective January 1, 2016;

f. an Order allowing continuation of the present Transformer Ownership Allowance credit;

g. an Order approving certain variance and deferral accounts to (i) record the remaining net book value of meters removed from service due to the requirement to replace existing demand meters with time-of-use meters, and (ii) track amounts that arise due to the adoption of IFRS regarding post retirement employee benefits;

h. an Order approving PowerStream's recovery of such Green Energy Plan Electricity Rate Protection Benefit amounts as may be determined by the Board for each of 2016 through 2020 as required under Section 79.1 of the Act and Ontario Regulation 330/09;

i. an Order confirming the Board's determination that the new transmission facilities contemplated in this Application these facilities will be part of the PowerStream distribution system pursuant to section 84 of the Act; and

j. an Order making current rates interim, effective January 1, 2016, if and only if the preceding Orders cannot be issued in time to implement final rates, effective January 1, 2016.

17. This Application is supported by the written evidence that is enumerated in Section I Table of Contents filed with this Application. PowerStream may amend or supplement this written evidence prior to or during the course of the Board's hearing of this Application.

18. PowerStream requests that the Board give reasons, in writing, for its final decision and order(s) in this proceeding. This request is made pursuant to subsection 17(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c.S.22.

19. The following are the names and addresses of PowerStream's authorized representatives and its counsel for the purpose of serving documents on PowerStream in this proceeding

(a) authorized representatives:

Mr. Colin Macdonald
Vice President of Rates and Regulatory Affairs
PowerStream Inc.

Address for personal service and mailing address:

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Vaughan, ON
L4H 0A9

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Facsimile: 905 532-4557
E-mail: colin.macdonald@powerstream.ca

Mr. Tom Barrett
Manager, Rate Applications
PowerStream Inc.

Address for personal service and mailing address

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Telephone: 905-532-4640
Facsimile: 905 532-4557
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(b) counsel:

Mr. James C. Sidlofsky
Partner
Borden Ladner Gervais LLP

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Telephone: 416-367-6277
Facsimile: 416-361-2751
E-mail: jsidlofsky@blg.com

DATED AT TORONTO, ONTARIO THIS 22ND DAY OF MAY, 2015

PowerStream Inc.

Original signed by

Tom Barrett
Manager, Rate Applications

Executive Summary

This schedule provides a summary of PowerStream's proposed 5 year custom IR rate plan for 2016 through 2020.

A. Revenue Requirement

PowerStream's last cost of service application was for 2013 rates (OEB File No. EB-2012-0161) under Modified International Financial Reporting Standards ("MIFRS"). PowerStream adopted IFRS for financial reporting as of January 1, 2012 with restatement of the 2011 fiscal year under IFRS as required. All amounts in this Application are based on MIFRS unless otherwise stated.

Table 1 sets out PowerStream's last Board Approved ("BA") Base Revenue Requirement ("BRR") for 2013, and the calculated BRR for 2013 to 2020.

Table 1: Revenue Requirement Summary ($millions)

	Board Approved	Historic Actual		Bridge Year[1]	Test Years[1]				
	2013	2013	2014	2015	2016	2017	2018	2019	2020
Return on Rate Base	$49.7	$50.0	$52.2	$57.3	$64.8	$70.3	$75.6	$80.1	$84.4
Operating costs	$80.0	$80.8	$85.5	$92.6	$96.2	$98.1	$99.9	$102.2	$104.2
Depreciation	$33.8	$32.8	$35.7	$40.3	$45.9	$49.9	$52.5	$55.4	$58.5
Derecognition expense	$1.4	$1.5	$2.1	$1.5	$1.3	$1.3	$1.3	$1.3	$1.3
IFRS PP&E Amortization	($2.4)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Income Taxes	$1.5	$1.6	$0.4	($4.9)	($3.8)	$4.2	$5.2	$6.3	$6.6
Sub-total	$164.1	$166.6	$175.8	$186.8	$204.5	$223.8	$234.6	$245.3	$255.0
Revenue Offsets	($9.8)	($13.5)	($14.0)	($12.5)	($12.6)	($12.7)	($12.8)	($12.9)	($13.1)
Revenue Requirement	**$154.2**	**$153.1**	**$161.8**	**$174.3**	**$191.9**	**$211.1**	**$221.8**	**$232.4**	**$242.0**
Change from 2013 BA - $		($1.1)	$7.5	$20.1	$37.7	$56.8	$67.5	$78.1	$87.7
Change from 2013 BA -%		-0.7%	4.9%	13.0%	24.4%	36.9%	43.8%	50.7%	56.9%

1. Bridge and Test Years are forecasted values

Table 2 below provides a summary of the change in the proposed revenue requirement by the end of the five-year custom IR term compared to the last Board Approved 2013 cost of service base revenue requirement.

Table 2: Summary of Revenue Requirement Change from Last Board Approved ($millions)

			2020 vs. 2013 BA Change	
	2013 BA	2020	$ Total	Annual %
Return on Rate Base	$ 49.7	$ 84.4	$ 34.7	7.9%
Operating costs	$ 80.0	$ 104.2	$ 24.2	3.8%
Depreciation	$ 33.8	$ 58.5	$ 24.7	8.1%
Derecognition expense	$ 1.4	$ 1.3	-$ 0.1	-1.1%
IFRS PP&E Amortization	-$ 2.4	$ -	$ 2.4	-100.0%
Income Taxes	$ 1.5	$ 6.6	$ 5.1	23.6%
Sub-total	**$ 164.1**	**$ 255.0**	**$ 91.0**	**6.5%**
Revenue Offsets	-$ 9.8	-$ 13.1	-$ 3.2	4.1%
Revenue Requirement	**$ 154.2**	**$ 242.0**	**$ 87.7**	**6.6%**

The proposed 2020 revenue requirement of $242.0 million represents an increase of $87.7 million or 56.9% over the most recent (2013) Board Approved revenue requirement of $154.2 million. This represents an average annual increase of 6.6% over the seven year period. PowerStream has separated the changes in revenue requirement between the main drivers: capital and operating as shown in Table 3 below.

Table 3: Revenue Requirement Change – Capital & Operating Split ($millions)

	Capital	Operating	Total
Return on Rate Base	$ 31.5	$ 3.2	$ 34.7
Operating costs		$ 24.2	$ 24.2
Depreciation	$ 24.7		$ 24.7
Derecognition expense	-$ 0.1		-$ 0.1
IFRS PP&E Amortization	$ 2.4		$ 2.4
Income Taxes	$ 4.6	$ 0.5	$ 5.1
Sub-total	**$ 63.1**	**$ 27.9**	**$ 91.0**
Revenue Offsets		-$ 3.2	-$ 3.2
Revenue Requirement	**$ 63.1**	**$ 24.6**	**$ 87.7**
Proportion	71.9%	28.1%	100.0%

As shown in Table 3 above, 71.9% of the increase in revenue requirement by the end of the Custom IR plan term is due to additional revenue needed to provide funding of the higher amount of net fixed assets required and provide for recovery of the cost through depreciation. This represents an average annual increase in revenue requirement of 4.8% from 2013 Board Approved to 2020, the last test year of the proposed Custom IR plan.

The remaining increase in revenue requirement by the end of the IR plan term is due to the increase in operating costs including the return on the higher working capital with the increased cost of power. This represents an average annual increase in revenue requirement of 1.8% from 2013 Board Approved to 2020.

Please see section D below for the Rate Base and Capital Plan Summary and section E below for the OM&A Expense Summary.

B. Budgeting Assumptions

PowerStream has a well-developed budgeting process as described in Section II, Exhibit C. This involves a detailed approach to budgeting. In Section II, Exhibit G, Tab 2, PowerStream's Distribution System Plan contains detailed information regarding the capital budgeting process.

The following are the economic assumptions used in the Custom IR rate plan:

- Labour increase based on anticipated cost of living increases
- Depreciation based on half year rule for first year of service
- Long term debt interest at 4.5%, short term interest at 2 to 3%
- Debt issuance and equity injections based on financing plan

C. Load Forecast Summary

Striving for continuous improvement, PowerStream has developed and is now proposing a new forecasting approach to load, customers and connections for this Application. The new approach, developed using MetrixND software, forecasts class-specific sales based on multifactor regression models. Monthly rate class sales models incorporate economic drivers that are most relevant to the specific customer class. Modeling sales at the rate class level allows PowerStream to account for differences in sales trends across customer classes and capture what truly drives sales growth (or decline) in the individual rate classes. The new approach results in an enhanced billing determinant forecast which leads to improved accuracy of rate setting for each rate class.

As the forecast models are estimated with actual sales data, the forecast models capture the impact of all past CDM program activity including persistence. The forecast is only adjusted for future CDM activity beginning in January 2015. Expected savings from future CDM programs are subtracted from the baseline forecasts derived from the regression models.

Table 4 summarizes weather normalized historical and forecast load and customers; Table 5 provides percentage change from 2013 Board Approved figures.

Table 4: Weather Normalized Historical and Forecast Load and Customers

Unit	2013 Board Approved	2013 Actual (WN)	2014 Actual (WN)	2015 Bridge Year	2016 Test Year	2017 Test Year	2018 Test Year	2019 Test Year	2020 Test Year
kWh	8,480,948,224	8,506,508,080	8,498,446,891	8,493,223,520	8,509,011,422	8,485,564,197	8,462,668,700	8,434,654,514	8,411,546,941
Customers	350,482	349,797	356,461	362,543	368,663	374,990	381,372	387,845	394,508

Table 5: Changes – Weather Normalized Load and Customers from 2013 Board Approved

Unit	2013 Actual (WN) vs 2013 Board Approved	2014 Actual (WN) vs 2013 Actual (WN)	2015 Bridge Year vs 2014 Actual (WN)	2016 Test Year vs 2015 Bridge year	2017 Test Year vs 2016 Test Year	2018 Test Year vs 2017 Test Year	2019 Test Year vs 2018 Test Year	2020 Test Year vs 2019 Test Year
Change in kWh	25,559,856	-8,061,189	-5,223,371	15,787,903	-23,447,225	-22,895,498	-28,014,186	-23,107,573
% Change in kWh	0.30%	-0.09%	-0.06%	0.19%	-0.28%	-0.27%	-0.33%	-0.27%
Change in Customers	-685	6,664	6,082	6,120	6,327	6,382	6,473	6,662
% Change in Customers	-0.20%	1.91%	1.71%	1.69%	1.72%	1.70%	1.70%	1.72%

For further details on load forecasting and billing determinants, see Section II, Rate Proposal, Exhibit H.

D. Rate Base and Capital Plan Summary

Tables 6 and 7 below summarize the changes in rate base from the most recent Board Approved (BA) 2013 cost of service to 2020, the last year of the custom IR plan.

Table 6: Rate Base Summary: 2013 BA to 2020 ($millions)

	Board Approved	Historic Actual		Bridge Year	Test Years				
	2013	2013	2014	2015	2016	2017	2018	2019	2020
Average Net Fixed Assets	$ 710.2	$ 710.0	$ 761.1	$ 837.7	$ 920.4	$ 998.8	$1,076.8	$1,146.7	$1,215.2
Working Capital Allowance	$ 121.9	$ 124.9	$ 131.4	$141.5	$ 155.9	$ 157.2	$ 163.6	$ 167.2	$ 170.0
Rate Base	$ 832.1	$ 835.0	$ 892.5	$ 979.2	$1,076.4	$1,156.0	$1,240.4	$1,313.9	$1,385.1
Change $		$ 2.9	$ 60.5	$ 147.1	$ 244.3	$ 323.9	$ 408.3	$ 481.9	$ 553.1
Change %		0.3%	7.3%	17.7%	29.4%	38.9%	49.1%	57.9%	66.5%

Table 7: Rate Base Summary: 2013 BA vs. 2020 Test Year ($millions)

	Board Approved	Final Test Year	Increase (decrease) 2020 vs. 2013 BA	
	2013	2020	$	Annual %
Average Net Fixed Assets	$ 710.2	$ 1,215.2	$ 505.0	8.0%
Working Capital Allowance	$ 121.9	$ 170.0	$ 48.0	4.9%
Rate Base	**$ 832.1**	**$ 1,385.1**	**$ 553.1**	7.6%

As illustrated in Tables 6 and 7 above, the increase in rate base is being driven by increases in both the average net fixed assets ("NFA") employed and the working capital allowance ("WCA"). These two components are discussed below.

1) Changes in Net Fixed Assets

Table 8 summarizes the changes in the net book value of net fixed assets.

Table 8: Changes in Net Fixed Assets 2013 to 2020 ($millions)

	Historic Actual		Bridge Year	Test Years				
	2013	2014	2015	2016	2017	2018	2019	2020
Opening Fixed Assets	$686.1	$734.2	$788.4	$887.0	$953.9	$1,043.7	$1,109.8	$1,183.6
Capital Spending	$93.7	$108.2	$118.4	$132.9	$131.6	$125.5	$125.5	$125.5
Transfer from (to) Work in progress	($9.7)	($14.9)	$24.7	($15.6)	$12.7	($2.1)	$8.7	$1.2
Depreciation	($34.3)	($38.2)	($42.7)	($48.4)	($52.5)	($55.3)	($58.4)	($61.5)
Retirements	($1.6)	($0.9)	($1.8)	($2.0)	($2.0)	($2.0)	($2.0)	($2.0)
Closing net Fixed Assets	$734.2	$788.4	$887.0	$953.9	$1,043.7	$1,109.8	$1,183.6	$1,246.7
Average Net Fixed Assets	$710.1	$761.3	$837.7	$920.4	$998.8	$1,076.7	$1,146.7	$1,215.2

As illustrated in Table 8, the level of capital spending ("CAPEX") has increased substantially from the 2013 level of $93.7M to a yearly average of $123.9M over the period 2014 to 2020.

Table 9 below summarizes the capital spending by Distribution System Plan ("DSP") category for the period 2011 to 2020.

Table 9: Capital Spending Summary 2011 to 2020 ($000)

TOTAL	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Budget 2015	Budget 2016	Budget 2017	Budget 2018	Budget 2019	Budget 2020
System Access	$21,007	$19,888	$17,030	$26,208	$24,146	$28,232	$28,469	$29,561	$28,727	$31,867
System Service	$22,885	$13,770	$34,780	$17,009	$27,323	$38,322	$32,073	$29,921	$26,964	$23,021
System Renewal	$11,527	$16,974	$22,254	$38,857	$42,388	$48,715	$51,501	$52,052	$52,971	$52,405
General Plant	$7,877	$24,200	$19,593	$26,165	$24,545	$17,631	$19,557	$13,967	$16,841	$18,206
TOTAL	$63,296	$74,832	$93,658	$108,238	$118,402	$132,900	$131,600	$125,501	$125,503	$125,500

Table 10 below compares the 2011 to 2013 average annual capital spending by DSP category to the average for 2014 to 2020.

Table 10: Average Annual CAPEX 2011 to 2013 vs. 2014 to 2020 ($000)

	2011-2013 average	2014 - 2020 Average	Change	
			$	%
System Access	$ 19,308	$28,173	$ 8,864	46%
System Service	$ 23,812	$27,805	$ 3,993	17%
System Renewal	$ 16,918	$48,413	$ 31,494	186%
General Plant	$ 17,223	$19,559	$ 2,336	14%
TOTAL	$ 77,262	$123,949	$ 46,687	60%

As illustrated in Table 10 above, there has been a dramatic increase in capital spending on System Renewal. This is due to increased spending on System Renewal to replace assets at or beyond expected useful life. System renewal has a significant impact on rate base and revenue requirement as there are often little or no amounts in the current rate base, revenue requirement and rates for the assets being replaced. This is due to one or more of the following reasons:

- many of these assets may be fully depreciated so there is no return or depreciation in the current revenue requirement and rates;

- many of the assets being replaced were funded by contributed capital and/or development fees, not rates and revenue requirement. However, contributed capital and/or development fees are not available for the replacement assets; and

- the new assets have significantly higher replacement costs compared to the historical costs of the assets being replaced.

See Section II, Rate Proposal, Exhibit G, Tab 2 and Appendix G-2-1 for more information on capital spending and the DSP. The DSP provides details of the planned capital expenditures, and the asset management and capital budgeting processes that support the capital budgets.

2) Changes in Working Capital Allowance

Table 11 summarizes the components of working capital and changes in the level of working capital allowance.

Table 11: Working Capital Allowance Summary ($ millions)

	Board Approved	Historic Actual		Bridge Year	Test Years				
	2013	2013	2014	2015	2016	2017	2018	2019	2020
Cost of Power	$ 857.8	$ 880.2	$ 925.3	$ 995.9	$ 1,103.2	$1,111.3	$ 1,158.8	$ 1,184.1	$ 1,203.1
OM&A	$ 80.0	$ 80.8	$ 85.5	$ 92.6	$ 96.2	$ 98.1	$ 99.9	$ 102.2	$ 104.2
Total	$ 937.8	$ 961.0	$ 1,010.8	$ 1,088.5	$ 1,199.4	$1,209.4	$ 1,258.7	$ 1,286.3	$ 1,307.3
WCA Factor	13%	13%	13%	13%	13%	13%	13%	13%	13%
WCA	$ 121.9	$ 124.9	$ 131.4	$ 141.5	$ 155.9	$ 157.2	$ 163.6	$ 167.2	$ 170.0

Table 12 below provides a summary of the changes.

Table 12: Summary of Changes in Working Capital Allowance ($ millions)

Board Approved	Test Year	Change		
2013	2020	$	%	% per annum

Cost of Power	$ 857.8	$ 1,203.1	$ 345.4	40.3%	5.0%
OM&A	$ 80.0	$ 104.2	$ 24.2	30.3%	3.8%
Total	$ 937.8	$ 1,307.3	$ 369.6	39.4%	4.9%
WCA Factor	13%	13%			
WCA	$ 121.9	$ 170.0	$ 48.0	39.4%	4.9%

Over 90% of the working capital allowance relates to the cost of power which is increasing at an average annual rate of 5.0%. Details of the cost of power can be found in Section II, Exhibit G, Tab 4.

Details of the changes in OM&A are discussed in section E below. As can be seen in Table 12, the OM&A portion is increasing at an average annual rate of 3.8%. As explained below, the reclassification of the shared service expenses to OM&A of $2.9 million distorts the variance analysis above. The average annual increase calculated in Table 14 below is a more accurate reflection of the change.

E. OM&A Expense

Changes in OM&A are summarized below in Table 13. See Section II, Rate Proposal, Exhibit J, Tab 1 for details.

Table 13: Changes in OM&A ($ millions)

Operating Divisions	Board Approved[1] 2013	Actual 2013	Actual 2014 Forecast	Bridge Year 2015 Budget	Test Years 2016 Budget	2017 Budget	2018 Budget	2019 Budget	2020 Budget
Asset Management	$ 31.8	$ 32.3	$ 33.4	$ 35.4	$ 37.4	$ 38.9	$ 40.1	$ 41.3	$ 42.5
Finance	$ 22.3	$ 21.1	$ 24.3	$ 25.7	$ 26.4	$ 26.0	$ 26.3	$ 26.8	$ 27.2
Corporate Services	$ 28.8	$ 27.4	$ 27.8	$ 31.5	$ 32.4	$ 33.2	$ 33.5	$ 34.1	$ 34.5
Total	$ 82.9	$ 80.8	$ 85.5	$ 92.6	$ 96.2	$ 98.1	$ 99.9	$ 102.2	$ 104.2
Change $		-$ 2.1	$ 4.7	$ 7.1	$ 3.6	$ 1.9	$ 1.8	$ 2.3	
Change %		-2.5%	5.8%	8.3%	3.9%	2.0%	1.8%	2.3%	

1. See Table 14, Note 1

Table 14 shows the change in OM&A from the last Board Approved in 2013 to the end of the rate plan in 2020.

Table 14: Change in OM&A – 2013 Board Approved vs. 2020 Proposed ($ millions)

Operating Divisions	Board Approved[1] 2013	Test Year 2020	Change $	Change %	Annual Average %
Asset Management	$ 31.8	$ 42.5	$ 10.70	33.6%	4.2%
Finance	$ 22.3	$ 27.2	$ 4.90	22.0%	2.9%
Corporate Services	$ 28.8	$ 34.5	$ 5.70	19.8%	2.6%
Total	$ 82.9	$ 104.2	$ 21.3	25.7%	3.3%

1. The 2013 Board Approved OM&A has been adjusted to be comparable with the presentation of OM&A for 2013 to 2020 Actual and Forecasted amounts. During the 2013 Cost of Service proceeding, an adjustment was made to include the net profit on shared services under Revenue Offsets in the calculation of revenue requirement. Under IFRS the revenues and costs are shown separately resulting in an increase of $2.9 million in both OM&A and Revenue Offsets for a net change of $0 for the 2013 Board Approved revenue requirement amount.

OM&A budgeting is done in a detailed manner. The increase due to inflation is approximately 2% per year. The average increase in OM&A, inclusive of inflation, is 3.3% per year from the 2013 Board Approved to the 2020 proposed OM&A. The change is greater in the asset management area which has increased programs to make the distribution system more resistant to outages from adverse weather. Higher operating costs for the new customer billing system and increasing information technology activities are contributing to cost increases in the Finance and Corporate Services areas.

Table 15 summarizes the change in total compensation. For details on compensation and Chapter 2 App.2-K see Section II, Rate Proposal, Exhibit J, Tab 2.

Table 15: Total Compensation Summary 2013 Board Approved, 2016 -2020

	Board Approved	Actual	Actual	Bridge Year	Test Years				
	2013	2013	2014 Forecast	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2019 Budget	2020 Budget
Total Compensation	$ 66.7	$ 65.1	$ 68.8	$ 70.3	$ 72.9	$ 75.0	$ 77.0	$ 79.0	$ 80.7
Change $		-$ 1.60	$ 3.70	$ 1.50	$ 2.60	$ 2.10	$ 2.00	$ 2.00	$ 1.70
Change %		-2.4%	5.7%	2.2%	3.7%	2.9%	2.7%	2.6%	2.2%

F. Cost of Capital

Table 16 summarizes the debt rates and allowed return on equity used in this Application.

Table 16: Weighted Average Cost of Capital

	Actual	Bridge	TEST YEARS				
	2014	2015	2016	2017	2018	2019	2020
Long-Term Debt	3.91%	3.91%	3.96%	4.01%	4.03%	4.03%	4.03%
Short-Term Debt	2.11%	2.16%	2.16%	3.00%	3.00%	3.00%	3.00%
Equity	8.93%	8.93%	9.30%	9.30%	9.30%	9.30%	9.30%
WACC	5.85%	5.85%	6.02%	6.08%	6.10%	6.10%	6.10%

The weighted cost of capital has been calculated on the basis of the deemed capital structure of 56% long term debt, 4% short term debt and 40% equity. PowerStream has followed the Board's cost of capital methodology.

PowerStream proposes that the cost of capital be updated as part of the draft rate order process for 2017 through 2020.

G. Cost Allocation and Rate Design

PowerStream has followed the Board's cost allocation methodology and used the Version 3.2 of the Board's Cost Allocation ("CA") Models to determine the proportion of PowerStream's total revenue requirement that is recoverable from each rate class in each year.

The Status Quo class revenue-to-cost ratios as determined in the cost allocation models are shown in Table 17 below.

Table 17: Revenue-to-Cost Ratios (Status Quo)

	"STATUS QUO"						
	2013 BA	2016	2017	2018	2019	2020	Policy Allowed Range
Residential	**102.1%**	102.6%	103.9%	104.9%	105.7%	106.4%	**85 - 115**
GS Less Than 50 kW	**98.0%**	99.6%	100.4%	100.6%	100.8%	100.8%	**80 - 120**
GS 50 to 4,999 kW	**98.0%**	96.5%	94.1%	92.5%	91.3%	90.3%	**80 - 120**
Large Use	**85.0%**	71.3%	68.5%	67.0%	66.0%	65.2%	**85 - 115**
Unmetered Scattered Load	**102.4%**	91.3%	94.9%	96.3%	97.2%	98.1%	**80 - 120**
Sentinel Lighting	**95.0%**	84.6%	83.6%	83.4%	83.2%	83.1%	**80 - 120**
Street Lighting	**89.7%**	88.1%	85.0%	82.3%	81.6%	80.9%	**70 - 120**

A revenue allocation adjustment was required for the Large Use customer class, to increase the revenues and bring the revenue-to-cost ratios within the Policy Allowed Range. PowerStream proposes that the revenue-to-cost ratio be increased to the bottom of the Policy Allowed Range. The resulting additional revenue from the Large Use class in the 2016-2020 period is in the range of $63,000 - $120,000. Since the Residential customer class has the highest revenue-to-cost ratio, the additional revenue has been credited to this customer class to move its revenue-to-cost ratio closer to 1.00. Table 18 below provides the proposed Revenue-to-Cost ratios.

Table 18: Appendix 2P (D) – Proposed Revenue-to-Cost Ratios

Class	Proposed Revenue-to-Cost Ratios					Policy Allowed Range
	2016	2017	2018	2019	2020	
Residential	102.5%	103.8%	104.8%	105.6%	106.3%	85 - 115
GS < 50 kW	99.6%	100.4%	100.6%	100.8%	100.8%	80 - 120
GS > 50 kW	96.5%	94.1%	92.5%	91.3%	90.3%	80 - 120
Large User	85.0%	85.0%	85.0%	85.0%	85.0%	85 - 115
Unmetered Scattered Load (USL)	91.3%	94.9%	96.3%	97.2%	98.1%	80 - 120
Sentinel Lighting	84.6%	83.6%	83.4%	83.2%	83.1%	80 - 120
Street Lighting	88.1%	85.0%	82.3%	81.6%	80.9%	70 - 120

PowerStream has calculated the fixed rate based on the existing fixed – variable split. Where the resulting fixed rate is greater than the upper limit from the cost allocation model, PowerStream has capped the fixed rate at the upper limit or existing rate if the latter is higher.

Rate impacts are discussed below in Section I.

H. Deferral and Variance Accounts ("DVA")

PowerStream proposes to dispose of the December 31, 2014 DVA balances as shown in Table 19.

Table 19: DVA Disposition Amounts ($ thousands)

Description	Amount
Group 1 and 2 excluding certain accounts[1]	$ 2,236.2
Account 1589 Global Adjustment	$ 10,386.0
Account 1575 IFRS PP&E Amount	-$ 2,392.7
Account 1568 LRAMVA	-$ 504.3
Account 1555 Stranded Meters residual	$ 599.1
Total for disposition	**$10,324.3**
Notes:	
1. Excluding accounts, 1555, 1568, 1575 and 1589	

PowerStream proposes recovery of the "Group 1 and 2" and Account 1589 Global Adjustment amounts over two years to help mitigate rate impacts in 2016. Disposition of the other DVA balances is requested over a one year period.

PowerStream has proposed a new deferral account to capture the net book value of stranded meters resulting from the OEB requirement to replace all GS>50 kW demand customer meters with meters that can record power consumed on a time of use basis by August 2020.

More details on the deferral and variance accounts and proposed disposition including rate riders can be found in Section II, Tab 1 Rate Proposal, Exhibit N and Section IV, Tab 1 Technical Conference Undertaking Responses, TCQ#4.

I. Bill Impacts

PowerStream rebased its rates most recently in its 2013 cost of service rate application (EB-2012-0161). In PowerStream's 2014 Incentive Regulation Mechanism ("IRM") rate application (EB-2013-0166), rates were increased by a price cap index of 1.4% and incremental capital funding adders of $834,000. In PowerStream's 2015 IRM rate application (EB-2014- 0108), rates were increased by a price cap index of 1.3%. These increases were insufficient to cover the revenue requirement on the increased investment in plant and equipment leading to significant rate impacts in 2016, the first year of rebasing.

The revenue requirement for 2016 of $191.9 million represents an increase of 20.5% over the notional revenue requirement in 2015 approved rates of $159.2 million as shown in Table 20 below. This impact is offset in part by increases in customer numbers and variable billing determinants (kWhs and kWs).

Table 20 – Revenue Requirement in Current Rates

2013 Approved Revenue Requirement		$ 154.2
2014 PCI increase	1.40%	$ 2.2
2014 Revenue Requirement in rates		$ 156.4
2015 PCI increase	1.30%	$ 2.0
2015 Revenue Requirement in rates		$ 158.4
Add ICM rate riders		$ 0.8
Revenue Requirement in current rates		**$ 159.2**

Table 21 summarizes the bill impacts by class for the proposed distribution rates.

Table 21: Summary of Monthly Bill Impacts for a Typical Customer – Total Bill % (York Region)

				TEST YEAR 1 - 2016		TEST YEAR 2 - 2017		TEST YEAR 3 - 2018		TEST YEAR 4 - 2019		TEST YEAR 5 - 2020	
Customer Class	*Billing Determinant*	Usage	Demand	Total Monthly Bill Impact		Total Monthly Bill Impact		Total Monthly Bill Impact		Total Monthly Bill Impact		Total Monthly Bill Impact	
		kwh	kW	$	%	$	%	$	%	$	%	$	%
Residential	*kWh*	*800*	-	$ 5.63	4.0%	$ 3.44	2.4%	$ 1.74	1.2%	$ 0.91	0.6%	$ 1.69	1.1%
GS<50 kW	*kWh*	*2,000*	-	$ 12.90	3.8%	$ 6.19	1.8%	$ 3.84	1.1%	$ 2.85	0.8%	$ 3.13	0.9%
GS>50 kW	*kW*	*80,000*	*250*	$ 431.42	3.5%	$ 152.34	1.2%	$ (40.40)	(0.3%)	$ 87.07	0.7%	$ 75.94	0.6%
Large Use	*kW*	*2,800,000*	*7,350*	$ 9,310.14	2.3%	$ 4,348.51	1.0%	$ 2,561.42	0.6%	$ 2,539.82	0.6%	$ 2,288.17	0.5%
Unmetered Scattered Load	*kWh*	*150*	-	$ 1.83	5.8%	$ 1.02	3.0%	$ 0.41	1.2%	$ 0.45	1.3%	$ 0.34	1.0%
Sentinel Lights	*kW*	*180*	*1*	$ 2.99	7.6%	$ 1.76	4.2%	$ 0.25	0.6%	$ 0.74	1.7%	$ 0.65	1.4%
Street Lighting	*kW*	*280*	*1*	$ 2.58	5.4%	$ 2.30	4.6%	$ 1.75	3.3%	$ 0.91	1.7%	$ 0.90	1.6%

Bill impacts are similar for Barrie as the unique rate riders applicable to PowerStream's Barrie rate zone end December 31, 2015.

For bill impact details see Section V, April 24, 2015 update, Tab 3 Bill Impacts App. 2-W.

The total bill impacts are all below 10%. PowerStream has not proposed any rate mitigation, other than extending the period for recovery of deferral and variance account balances as discussed above in section H, since the bill impacts are below the Board's threshold for rate mitigation and these increases are in significant part due to underfunding of past capital investments as explained above.