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September 8, 2015

Delivered by RESS 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. (EB-2015-0003)
Custom IR EDR Application**

We are counsel to PowerStream Inc. (“PowerStream”), the Applicant in the above-captioned matter.

On June 26, 2015, we wrote to you to identify the PowerStream prefiled evidence in this proceeding in respect of which PowerStream was requesting confidential treatment, and to set out the grounds for that request. In Procedural Order No. 2, issued on August 17, 2015, the Board provided for OEB Staff and intervenor submissions, and for a reply submission from PowerStream. PowerStream has received submissions from Board Staff and the School Energy Coalition (“SEC”), and its reply to those submissions is set out below.

The following items, as identified in Procedural Order No. 2 (“PO#2”), were the subject of the PowerStream request:

1. Assumed Union Wage Increases – includes assumptions as to the 2016-2020 percentage increases in wages for PowerStream employees who are members of the Power Workers Union.
2. Management Report and “Statistics and Ratios” portions of the MEARIE 2014 Utility Performance Management Survey.
3. PowerStream Inc. – 2015-2020 Budget/Financial Outlook – Board of Directors Presentation, December 12, 2014.

4. Compensation Surveys:
 - (a) MEARIE 2014 Management Salary Survey
 - (b) Conference Board of Canada 2015 Compensation Planning Outlook
 - (c) Toronto Board of Trade – Executive Compensation Report 2013-2014.

In PO#2, the Board found that the assumed Union wage increases would remain confidential. Accordingly, this reply submission addresses items 2-4, above. PowerStream will address items 2 and 4 together, as the Board Staff submission has addressed the surveys together, and because the principles applicable to the benchmarking and compensation surveys are similar.

Subject to the following comments, PowerStream repeats and relies upon its submissions on confidentiality set out in its letter of June 26th and its request (again, subject to the comments below) that these documents be maintained in confidence pursuant to Rules 10.01 and 10.02 of the Board’s *Rules of Practice and Procedure* and Sections 5.1.1 and 5.1.2 of the Board’s *Practice Direction on Confidential Filings* (the “Practice Direction”).

2. UTILITY BENCHMARKING REPORTS

4. COMPENSATION SURVEYS

- (a) **MEARIE 2014 Management Salary Survey (see Section VI, Tab 34).**
- (b) **Conference Board of Canada 2015 Compensation Planning Outlook (see Section VI, Tab 35)**
- (c) **Toronto Board of Trade – Executive Compensation Report 2013-2014 (see Section VI, Tab 36)**

The utility benchmarking material referenced above consists of the “Management Report” portion of the MEARIE 2014 Utility Performance Management (“UPM”) Survey based on 2013 data (referred to in Appendix B-1 to the PowerStream response to SEC Interrogatory F-SEC-11) and (in Appendix B-2) the “Statistics and Ratios” portion of the survey. PowerStream had advised in its June 26th letter that it is not in a position to place the the material on the public record in the absence of an Order of the Board directing it to do so.

PowerStream had made three submissions with respect to the UPM Survey and the compensation surveys:

- The parties preparing these surveys are engaged in competitive businesses, and that the disclosure of the terms of the surveys could reasonably be expected to prejudice the economic interest of, significantly prejudice the competitive position of, cause undue financial loss to, and be injurious to the financial interests of those parties since it would enable their competitors to ascertain the survey methodology used by those parties. The parties preparing the surveys have requested that they be kept in confidence;
- The disclosure of information related to the survey participants could also reasonably be expected to result in survey participants no longer participating in surveys of this kind, as their participation has been premised on the understanding that their information would remain confidential; and

- The Practice Direction recognizes that these are among the factors that the Board will take into consideration when addressing the confidentiality of filings. They are also addressed in section 17(1) of FIPPA, and the Practice Direction notes (at Appendix C of the Practice Direction) that third party information as described in subsection 17(1) of FIPPA is among the types of information previously assessed or maintained by the OEB as confidential.

The Board Staff submission:

Board Staff referred to the Board's Combined Decision on Confidentiality (the "Combined Decision") in the Burlington Hydro, Oakville Hydro and Veridian Connections Cost of Service proceedings (EB-2013-0115, EB-2013-0159, EB-2013-0174 respectively) and noted that the Board directed the applicants to place similar benchmarking reports on the public record. However, Board Staff went on to discuss the approach taken by the Board in Toronto Hydro's 2015 Custom IR rate application (EB-2014-0116). In that case, the confidentiality issue related to a Canadian Electricity Association benchmarking survey. According to Staff, "The CEA submitted that the benchmarking data provided to CEA by its members as well as proprietary and confidential data models used by CEA to analyze such data was protected by copyright and was confidential."

In the Toronto Hydro case, the Board determined that the CEA material would remain confidential, stating that: "In striving to find a balance between the general public interest in transparency and openness, and the need to protect the CEA's competitive position, the OEB is satisfied that in these circumstances, confidential treatment of the reports is warranted." Board Staff have adopted a similar position in the current case, submitting that "In striving to find a balance between the general public interest in transparency and openness, and the need to protect the third party's competitive position, OEB staff submits that in these circumstances, confidential treatment of the reports is warranted." Board Staff go on to state:

OEB staff submits that the OEB should treat the Proposed Confidential Material as confidential and ensure that there will not be public dissemination of the information supplied by PowerStream given the circumstances of this case. The OEB has consistently maintained that the utilities it regulates may be required to provide benchmarking reports for consideration as the OEB makes its determinations. However there is merit in treating this information as confidential, unless a compelling case can be made that it is necessary that it be placed on the public record. Further, OEB staff notes that the Toronto Hydro decision on confidentiality was subsequent to the Combined Decision and that this approach appeared to be effective in dealing with the concerns of parties in that proceeding. Given these circumstances, OEB staff sees merit in this approach.

The SEC submission:

With respect to the UPM Survey, SEC submits that the Board has ordered a previous (2013) version of the survey to be placed on the public record as part of its reasons in the Combined Decision, and that the UPM Survey has been placed on the public record in a number of other proceedings cited by SEC. SEC submits that the Board's rationale in the Combined Decision remains valid and that the PowerStream argument should be rejected.

With respect to the MEARIE Management Salary Survey, SEC submits that the survey is already in the public domain as it was provided on the public record, in full, as an attachment in response to an SEC interrogatory in EB-2015-0101. SEC also refers to the Combined Decision in which the Board ordered that the survey be placed on the public record and argues that the Board's

rationale for ordering disclosure is still valid. SEC does not speak to the Conference Board of Canada Report or the Toronto Board of Trade Report.

PowerStream's reply:

PowerStream repeats and relies upon its June 26th submissions in this regard. Additionally, PowerStream submits that the Board Staff submission has identified a change in the Board's approach since it issued the Combined Decision in May of 2014. As a result, the fact that the Board ordered disclosure of the 2013 UPM and MEARIE Surveys in its Combined Decision should not be determinative of the request in the current proceeding that the 2014 versions of these reports be kept in confidence.

The authors of each of the subject reports have clearly indicated that the reports are copyrighted, and none has given its permission for its respective report to be disclosed on the public record. Accordingly, PowerStream submits that, as in the Toronto Hydro case, confidential treatment of these reports is warranted, and that such treatment will maintain the balance between the general public interest in transparency and openness, and the need to protect the authors' competitive positions. Board Staff suggest that PowerStream should prepare redacted versions of the documents for the public record, with redactions of items such as the specific rankings of study participants other than PowerStream. However, PowerStream notes that individual participants are not ranked in the surveys or identified in the tables of survey results. PowerStream submits that the issue here is one of protecting the competitive positions of the authors of these surveys. For this reason, the surveys should be maintained in confidence in their entirety. PowerStream has, however, prepared a redacted version of its December 12, 2014 Board of Directors Presentation on its 2015-2020 Budget/Financial Outlook, and this will be discussed under item 2, below.

In considering the SEC submission, PowerStream has reviewed the public record in EB-2015-0101 (Waterloo North Hydro Inc. 2016 Cost of Service) and it appears that the 2013 UPM Survey and the 2014 MEARIE Management Salary Survey are on the public record in that proceeding (see Attachment 1-SEC-4). PowerStream has the following comments in this regard:

- Once again, PowerStream notes that the voluntary placement of the 2013 UPM Survey on the public record by one utility should not be determinative of the request that the 2014 UPM Survey be kept in confidence, particularly in light of the Board's findings in the 2015 Toronto Hydro proceeding. The 2014 UPM Survey is not on the public record.
- Moreover, one element of the Management Report in the 2013 UPM Survey produced in the Waterloo North Hydro Inc. proceeding is a Waterloo North Hydro Inc. "Performance Scorecard". No similar scorecard has been produced on the public record in respect of PowerStream. Accordingly, it is not accurate to suggest that, because a 2013 version of the UPM Survey prepared for Waterloo North Hydro has been publicly produced, a 2014 version of the UPM Survey prepared for PowerStream should be produced on the public record in the current proceeding. PowerStream
- With respect to the 2014 MEARIE Management Salary Survey, PowerStream can confirm that the survey produced on the public record as part of the Waterloo North proceeding

corresponds to the document in respect of which PowerStream has requested confidential treatment. PowerStream would refer the Board and parties to that document, available at page 2337 of Waterloo North Hydro's interrogatory responses, at:

<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/491077/view/>

However, PowerStream will file a separate version of the document on the public record in the current proceeding if directed to do so by the Board.

3. BUSINESS PLANNING MATERIAL

PowerStream Inc. – 2015-2020 Budget/Financial Outlook - Board of Directors Presentation, December 12, 2014 – Response to Technical Conference Question #9 (see Section IV, Tab 1, page 19 of 63).

This material contains budget, revenue and dividend forecasts for the 2015-2020 period, and includes commercially sensitive information related to both regulated and unregulated business activities carried on by PowerStream, including activities related to PowerStream's involvement in renewable generation activities. PowerStream submitted that the disclosure of this information could reasonably be expected to prejudice the economic interest of, significantly prejudice the competitive position of, cause undue financial loss to, and be injurious to the financial interest of PowerStream. It would enable PowerStream's competitors in competitive businesses to determine the extent of PowerStream's activities in those businesses. PowerStream also submitted that that the maintenance of confidentiality in respect of this document would be consistent with the Board's treatment of business planning material in other applications, including (for example) Horizon Utilities Corporation's 2011 Cost of Service Application (EB-2010-0131).

The Board Staff submission:

Board Staff do not speak specifically to this item in their submission, but they submit generally (see page 8 of the Board Staff submission) that "PowerStream should be directed to re-file the subject documents in a redacted form that is based on maximizing transparency."

The SEC submission:

SEC submits that PowerStream should not be permitted to maintain the entire presentation in confidence; suggests that a redacted version be placed on the public record; and that the redactions should only include "information that refers to, or includes, unregulated information and information that for a legitimate reason should not be placed on the public record."

PowerStream's reply:

PowerStream has considered the Board Staff and SEC submissions in this regard, and has prepared the redacted version of the presentation that accompanies this submission. The redactions have been limited to information regarding PowerStream's unregulated renewable generation activities, which are beyond the scope of this distribution rate proceeding, and to assumed wage increases. Information on the allocation of distributor costs to PowerStream's

unregulated generation activities (similar to the allocation of costs for shared services among the members of PowerStream's corporate family) is already on the public record. As submitted previously, the disclosure of the redacted information regarding competitive activities could reasonably be expected to prejudice the economic interest of, significantly prejudice the competitive position of, cause undue financial loss to, and be injurious to the financial interest of PowerStream.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 8TH DAY OF SEPTEMBER, 2015.

BORDEN LADNER GERVAIS LLP

Per:

Original signed by James C. Sidlofsky

James C. Sidlofsky

Counsel to PowerStream Inc.

EB-2015-0003

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Attachment to PowerStream reply submission on confidentiality

Filed: September 8, 2015



POWERSTREAM INC.

2015-2020 Budget/Financial Outlook

Board of Directors Presentation

December 12, 2014

Private and Confidential

Table of Contents

- Previously Approved Budget/Forecast - Core
- Budget Guidelines
- Key Assumptions
- 2015 - 2020 Budget/Outlook – Core
- Sponsorships and Donations
- 2015 Capital Budget & Process
- Solar
- CDM
- Consolidated 10 Year Financial Outlook – LDC
- Conclusion

Previously Approved Budget/Forecast: Core

Statement of Operations						
(MIFRS) (in Millions of Dollars)	Forecast Core 2013	Budget Core 2014	Forecast Core 2015	Rebasing Core 2016	Rebasing Core 2017	Rebasing Core 2018
Cost of Power	832.4	926.2	960.4	989.2	1,018.9	1,049.4
Distribution Revenue	157.7	163.0	166.4	195.4	204.9	213.6
Other Revenue	12.2	8.8	9.6	9.5	9.5	9.7
OM&A	81.8	87.7	93.3	95.9	98.2	100.8
Depreciation Expense	34.5	34.6	39.8	41.8	43.6	44.9
Interest Expense	20.9	23.0	24.4	25.5	27.8	30.3
EBT	32.7	26.5	18.5	41.7	44.8	47.3
Provision for Income Taxes	0.1	(6.5)	(8.0)	4.1	4.2	4.2
Net Income	32.6	33.0	26.5	37.6	40.6	43.1
Deemed ROE - Approved Ratebase	9.8%	9.9%	8.0%	8.8%	8.8%	8.8%
Deemed ROE - Realtime Ratebase	9.8%	9.1%	6.7%	8.8%	8.8%	8.8%
Net Capital	104.4	108.2	114.9	119.0	122.0	101.0
Statutory Tax Rate	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%
Rate Base - Approved	832	832	832	1,074	1,153	1,226
Rate Base - Real Time	836	908	994	1,074	1,153	1,226
Change in debt (repayment)	35.0	45.0	50.0	45.0	55.0	30.0
Cash ending balance	4.0	3.3	3.1	7.2	6.3	4.1
S&P ratio D/E	59.7%	60.8%	61.4%	60.7%	61.5%	61.4%
FFO/debt ratio > 12% threshold	14.8%	12.6%	11.4%	12.7%	12.4%	12.4%

Budget Guidelines- Core

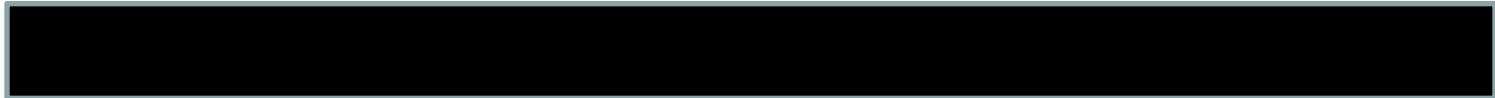
- For Core only-PESI provided under separate cover
- 6 year Capital & OM&A budget developed for business operations & regulatory support
- Budget Working Group actively involved in the decision making process regarding targets and final OM&A amounts
- 6 year includes bottom build information including new CIS impacts
- Multi year rebasing starting in 2016

Budget Assumptions - Core

Revenue:

- 2015: ICM no revenue impact, IRM 1.3% increase
- 2016-2020: Rebasing through Custom IR
- Load growth incorporates CDM targets, customer growth at 1.9%

Labour cost:



Depreciation/Capital Expenditure:

- Depreciation expense based on 1/2 year for new additions
- CIS in-service Apr 5, 2015, CIS in-service cost \$45.9M

(\$ millions)	2015	2016	2017	2018	2019	2020
Base capital	\$118.4	\$132.9	\$131.6	\$125.5	\$125.5	\$125.5

Budget Assumptions - Core

Interest Expense:

	2015	2016	2017	2018	2019	2020
Long term loan interest rates	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Short term loan interest rates	2.0%	2.0%	3.0%	3.0%	3.0%	3.0%

- 2014 debt issuance \$150.0M @ 3.239% coupon rate
- Shareholder debt @ 5.58%, Deferred interest renewed @ 4.03%

(\$ millions)	2015	2016	2017	2018	2019	2020
Additional Debt Issuance	\$55.0	\$65.0	\$40.0	\$45.0	\$40.0	\$40.0
Approved Equity injection to maintain 60:	\$15.0	\$15.0				
Forecast Equity injection to maintain 60:40 D/E ratio			\$20.0	\$10.0	\$5.0	\$0.0

ROE

- OEB approved ROE for 2014 is 9.36%-PowerStream target 9.0%-9.1% primarily due to shareholder interest adjustment
- Shareholder interest \$1.8M (5.58% vs 4.41% assumed deemed long term rate) over the deemed impacts target ROE by 0.3%-0.4%

2015-2020 Budget/Forecast: Core

Statement of Operations							
(MIFRS) (in Millions of Dollars)	Projection Core 2014	Budget Core 2015	Rebasing Core 2016	Rebasing Core 2017	Rebasing Core 2018	Rebasing Core 2019	Rebasing Core 2020
Cost of Power	915.5	996.1	1,104.8	1,115.5	1,166.5	1,197.0	1,222.8
Distribution Revenue	160.8	166.2	193.4	213.0	223.6	234.7	244.7
Other Revenue	11.1	10.5	10.5	10.6	10.7	10.8	10.9
OM&A	86.8	92.9	96.3	98.2	100.0	102.3	104.3
Depreciation Expense	36.0	42.2	46.2	50.3	52.8	55.9	59.3
Interest Expense	21.8	23.8	26.2	29.8	31.8	33.7	35.5
EBT	27.3	17.8	35.2	45.3	49.7	53.6	56.5
Provision for Income Taxes	(3.8)	(8.9)	(2.7)	4.8	5.8	6.9	7.2
Net Income	31.1	26.7	37.9	40.5	43.9	46.7	49.3
Deemed ROE - Approved Ratebase	9.3%	8.0%	9.0%	9.0%	9.1%	9.1%	9.1%
Deemed ROE - Realtime Ratebase	9.0%	7.1%	9.0%	9.0%	9.1%	9.1%	9.1%
Net Capital	110.1	118.4	132.9	131.6	125.5	125.5	125.5
Statutory Tax Rate	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%
Rate Base - Approved	832	832	1,048	1,129	1,211	1,285	1,354
Rate Base - Real Time	868	942	1,048	1,129	1,211	1,285	1,354
Change in debt (repayment)	45.0	60.0	65.0	35.0	45.0	40.0	40.0
Cash ending balance	3.3	4.8	4.1	1.3	3.5	4.0	5.3
S&P ratio D/E	59.7%	60.7%	60.9%	60.8%	60.6%	60.5%	60.6%
FFO/debt ratio > 12% threshold	13.0%	12.1%	13.2%	13.0%	13.0%	13.1%	13.2%

Rate Impacts

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	2016	2017	2018	2019	2020	Average
Distribution Rate Increase	16.8%	9.6%	4.9%	5.0%	4.4%	6.8%

*2016 rate increase represents the change from 2013 to 2016 rate base (3 years)

Sponsorship & Donations

	2015	2016	2017	2018	2019	2020
Sponsorship						
Recoverable	317,500	317,500	317,500	317,500	317,500	317,500
Donations						
Recoverable	200,000	400,000	400,000	400,000	400,000	400,000
Non-Recoverable	*280,750	67,000	67,000	67,000	67,000	67,000
Total Recoverable	517,500	717,500	717,500	717,500	717,500	717,500
Total Non-Recoverable	280,750	67,000	67,000	67,000	67,000	67,000
Grand Total	798,250	784,500	784,500	784,500	784,500	784,500

*2015 York University donation of \$214,000 ends

Risks - Core

- Budgeted distribution revenue was based on stable weather patterns; risk of warmer winter and cooler summer
- Outcome of the COS application
- Cash flow constraint for future capital funding requirements
- CIS project completion and post-implementation risks
- Continued operational & regulatory challenges will make it more difficult to manage OM&A expenses in forecast years
- Energy conservation pressure on consumption volumes and the need for capacity projects

2015 Capital Budget – What’s New since Last Year

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Chapter 5 DSP:

- ❑ new filing requirement

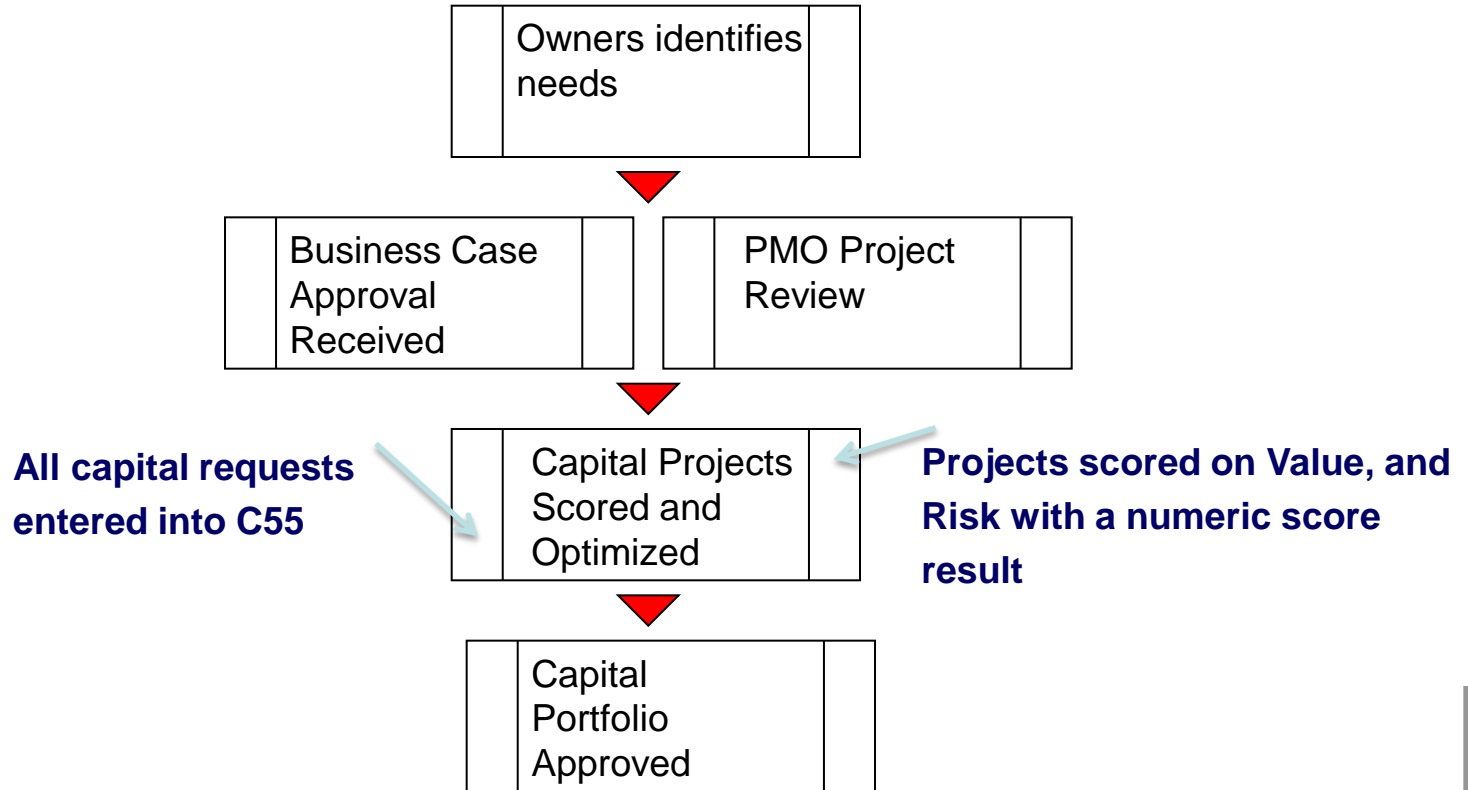
Optimization Process:

- ❑ new C55 multi year optimization tool
- ❑ new rating system based on scoring

		Primary Driver	Source
System Access	Subdivisions and New Connections	service requests	Developers, Customers, Road Authorities
	Road Authority		
	Metering		
	Other Customer Initiated Work		
System Service	Reliability including distribution automation	reliability support capacity delivery system efficiency safety	PowerStream
	Additional Capacity - Lines		
	Additional Capacity - Stations (TS and MS)		
	Security		
	Smart Grid		
	Safety		
System Renewal	Distribution Lines - Emergency/Reactive Replacement	mandated compliance obsolescence mitigate failure risks safety	Regulator Safety Authority PowerStream
	Overhead Lines and Assets Planned Replacement		
	UG Cable and Asset Planned Replacement		
	Rear Lot Conversion Program		
	Stations/P&C Asset Replacement (Planned & Emergency)		
General Plant	Interest Capitalization	capital investment support customer service	PowerStream
	Customer Service		
	Information Systems & Communication Systems		
	Buildings/Facilities		
	Fleet		
	Tools		

OEB Categories and PowerStream Sub-Categories

2015 Capital Budget - Capital Process



2015 Capital Budget – Value Scoring

KPI	Weighting Methodology
Reliability	Reliability value being measured based 89% on impact on CMI and 11% impact on cost of interruption to customer (both duration and frequency costs, in line with customer count numbers). If the area is identified as a hot spot, the CMI improvement is scaled to reflect the additional value of improving a historically problematic area.
Customer Communication	Each percentage increase in satisfied or very satisfied customers on the Utility Pulse Survey.
Customer Service	Ten SQIs are being tracked. Improvement of 10% in any single SQI is valued.
Rate Ready Organization	A significant improvement in being able to prepare or defend the rate submission is valued.
Environmental Improvements	CO2 emission reductions: \$40/tonne. Energy Saving: \$82/MWh Paper \$1000/tonne.
Employee Wellness	Improving wellness for all employees is valued.
Technological Innovation	A technologically innovative project is valued.
Financial Benefits	Hard and soft financial benefits, productivity and project costs are included.

2015 Capital Budget – Risk Scoring

Category

		Catastrophic	Major	Moderate	Minor	Very Minor	None	
							Legislation pending: May	
COMPLIANCE	F Ri							
DISTRIBUTION SYSTEM CAPACITY	Uni							
SAFETY	An ms terr							
ENVIRONMENTAL	Imp (> 2 em il res of)							
FINANCIAL								
IT CAPACITY								
		Almost Certain	Very Likely	Likely	Somewhat Likely	Unlikely	Rare	
Probability		Imminent (>95% chance of occurring this year)	Greater than 50% chance of event occurring this year	Greater than 10% chance of event occurring this year (e.g. 1 in 10 year event)	Greater than 3% chance of event occurring this year (e.g. 1 in 33 year event)	Greater than 1% chance of event occurring this year (e.g. 1 in 100 year event)	Event unlikely to occur in next 100 years	

+ Magnitude -

Description of impact as it relates to the category

+ Probability -

2015 Capital Budget – Optimization Process

C55 (science):

Maximize total value by adjusting investments to provide optimal value within upper budget constraint, risk exclusions, mandatory projects:

Committee Discussion after C55 Optimization applied (art):

- Projects which must happen in the year it was proposed, regardless of the value of the scoring.
- Projects that were recommended to be deferred one or more years by the program.
- What the Committee deemed necessary to be forcefully reinstated.
- Projects that could be grouped into emerging categories.

2014 Capital Budget – Historical & Forecast Spending

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CATEGORY	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	Total
System Access	26,208	24,145	28,232	28,470	29,561	28,726	31,867	197,209
System Renewal	38,857	42,388	48,715	51,500	52,052	52,971	52,406	338,888
System Service	17,009	27,322	38,322	32,072	29,920	26,963	23,022	194,630
General Plant	26,165	24,545	17,631	19,558	13,967	16,840	18,206	136,911
Total	108,238	118,400	132,900	131,600	125,500	125,500	125,500	867,638

2015 -2020 Noteworthy Expenditures

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NOTEWORTHY PROGRAMS/PROJECTS

		2015	2016	2017	2018	2019	2020	TOTAL
<i>SYSTEM ACCESS</i>								
1	Road Authority	\$6,258,891	\$9,701,973	\$8,678,858	\$8,356,668	\$5,718,617	\$6,221,949	\$44,936,955
2	New Residential Subdivisions	\$7,895,964	\$8,633,109	\$9,392,346	\$9,759,944	\$10,135,066	\$10,517,394	\$56,333,824
<i>SYSTEM RENEWAL</i>								
3	Cable Remediation	\$15,743,081	\$16,676,996	\$17,862,738	\$18,664,068	\$19,585,184	\$19,966,400	\$108,498,467
4	Pole Remediation	\$4,645,383	\$4,933,143	\$5,570,700	\$5,870,246	\$6,241,483	\$6,244,377	\$33,505,332
5	Unscheduled Replacement of Failed Equipment	\$4,904,357	\$5,107,035	\$5,206,156	\$5,358,281	\$5,455,354	\$5,305,986	\$31,337,169
6	Storm Hardening	\$3,499,998	\$7,900,017	\$7,999,752	\$7,499,834	\$6,900,540	\$7,200,071	\$41,000,212
<i>SYSTEM SERVICE</i>								
7	TS / MS - New and Upgrades	\$14,634,773	\$16,333,793	\$17,260,499	\$13,434,460	\$13,227,958	\$9,724,951	\$84,616,435
8	44 kV Feeder Construction	\$5,367,663	\$8,333,497	\$4,749,388	\$1,627,268	\$0	\$0	\$20,077,816
<i>GENERAL PLANT</i>								
9	Barrie Building Renovation	\$3,149,789						\$3,149,789
10	CIS System	\$11,703,400	\$3,884,100	\$6,708,900	\$2,996,000	\$2,996,000	\$2,996,000	\$31,284,400

Ice Storm Planning

Rear Lot Conversion

PowerStream will adopt full conversion for rear lot over 15 years. The projects will be prioritized based on age, asset condition, customer needs and reliability.

Periodic in-line Anchoring

PowerStream will review existing lines and determine additional anchoring needs, both in-line anchors and storm-guying.

Relocate Existing Flood Sensitive Equipment Above Grade in Existing Transformer Stations

PowerStream will plan to move sensitive equipment above grade over 4 years.

Grade 1/Composite Poles for Strategic Locations

PowerStream will continue development of composite pole standards and consider use of composite poles and Grade 1 construction in future construction of poles with 3 or more circuits or critical poles as defined.

2015-2020 Forecasted Dividends: Core & CDM

EB-2015-0003

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	2014	2015	2016	2017	2018	2019	2020	Total
Dividends (One year lag)	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Special Dividends		74	949					1,023
Regular dividends	16,574	15,550	13,900	18,950	20,250	21,950	23,350	130,524
Total	16,574	15,624	14,849	18,950	20,250	21,950	23,350	131,547

Notes:

1. The regular dividends are based on 50% of the previous years forecasted net income
2. The special dividends represent the return on core equity injection until the rebasing (50% of the allowed ROE, adjusted for the timing of the injection)
3. The presented numbers are preliminary and subject to approval by PowerStream's Board of Directors
4. Any forward-looking numbers are subject to change.

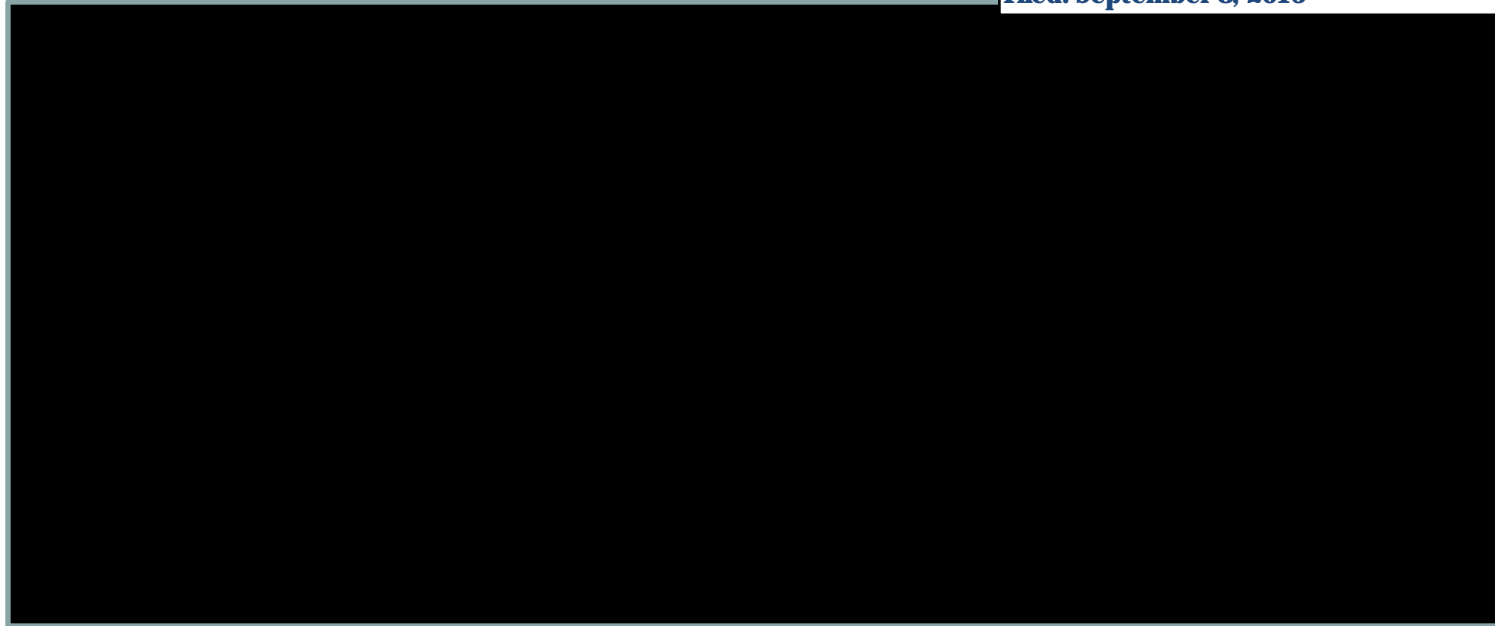
Previously Approved Budget/Forecast: Solar

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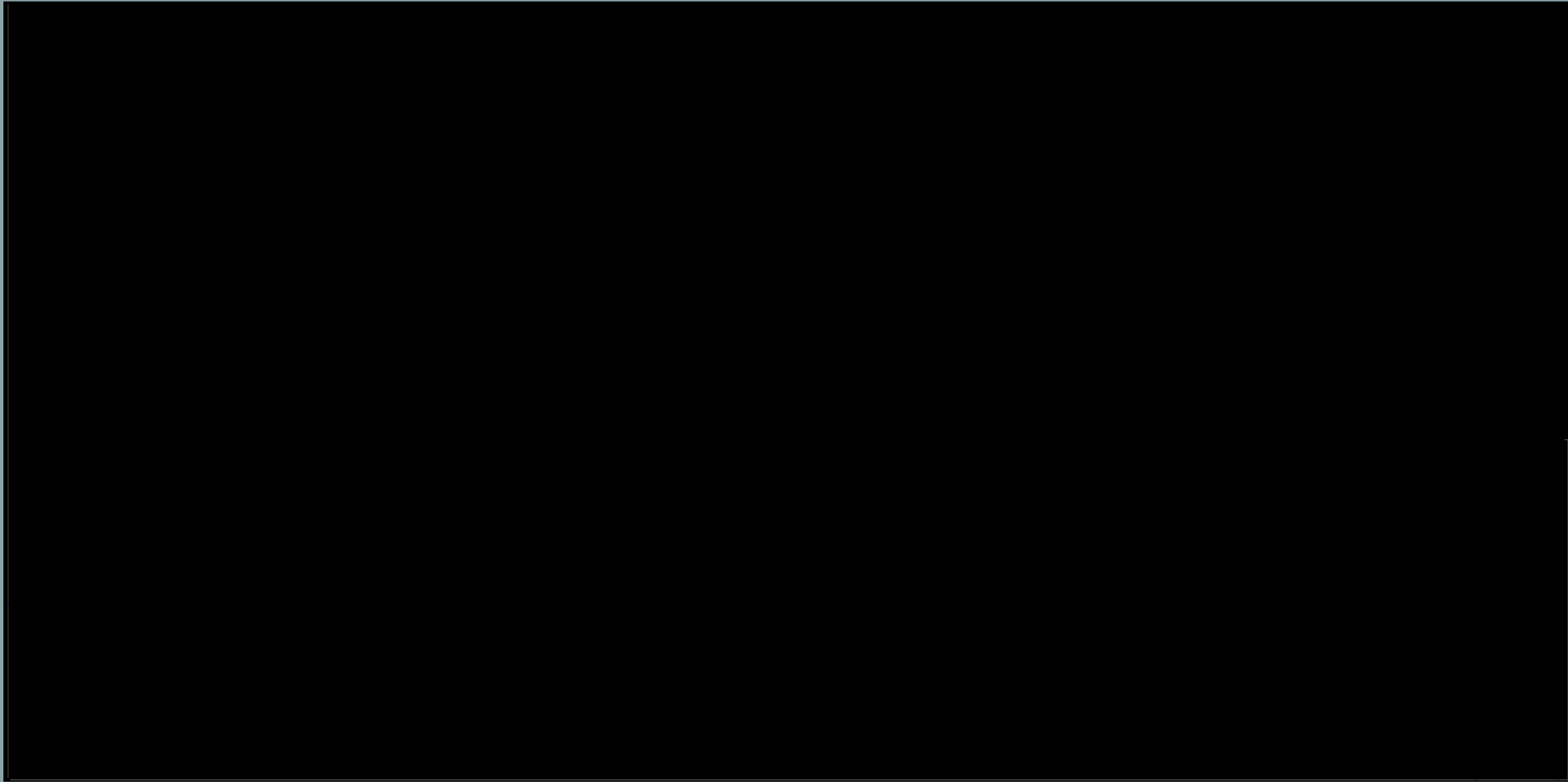
2015 Budget & 5-Year Outlook - Solar

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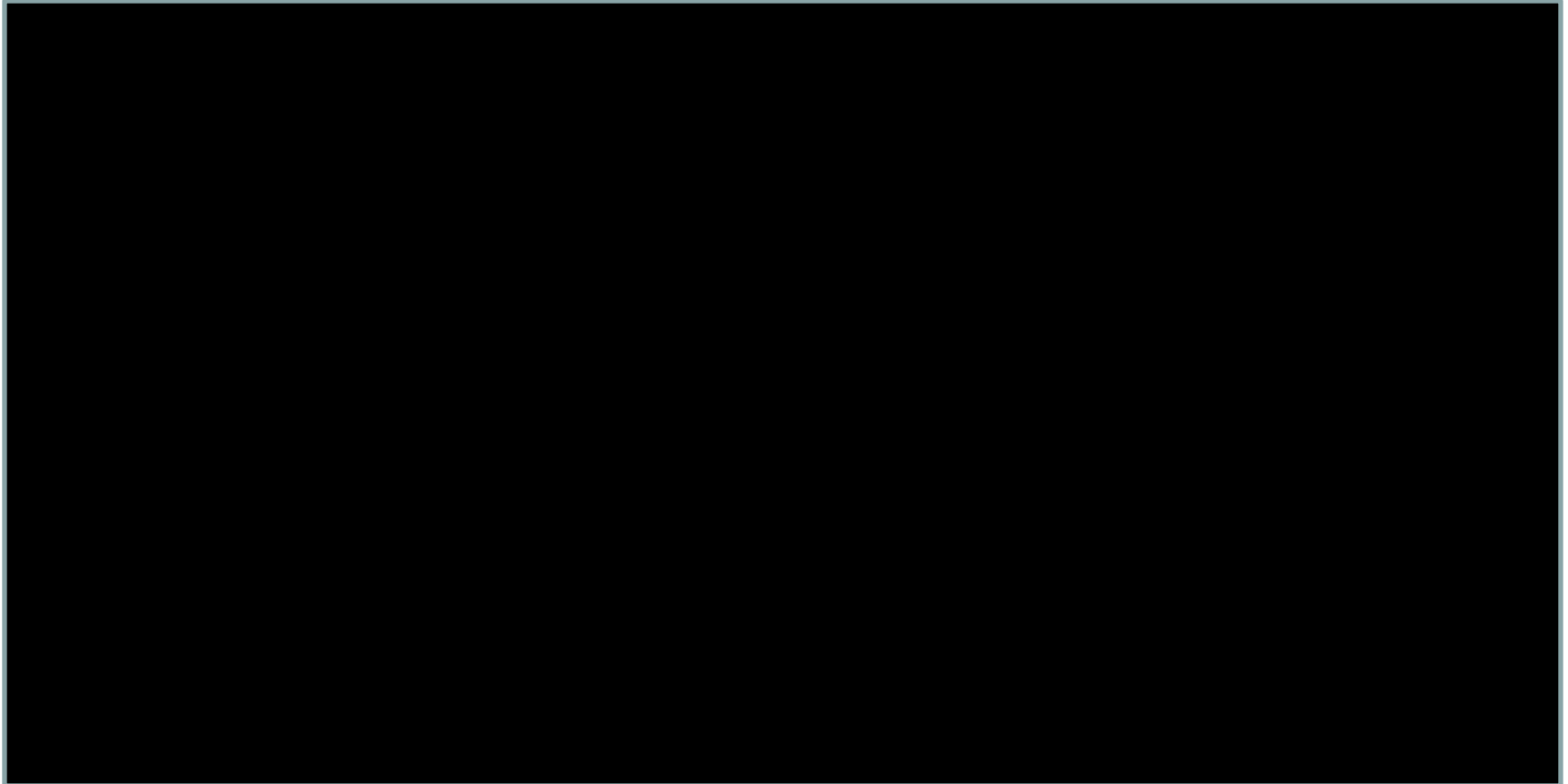
Cash Flow Forecast for 2015-2020 - Solar

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Cash Flow Forecast for 2015-2020

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2015-2020 CDM Budget

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- In March 2014, Minister of Energy announced 2015-2020 Conservation First framework for Ontario LDCs
- CDM will remain a mandatory activity for LDCs however CDM targets will no longer be included in the Distributor's licence.
- PowerStream is currently working on developing budgets to deliver the new CDM framework
- CDM will manage a 6-year funding portfolio of approximately \$141M
- Further details regarding the CDM budget will be provided in January 2015
- OPA cost efficiency incentives-2011-2014: Expected to be approximately \$1.5M for 2015

2014-2024 Budget/Forecast: Consolidated LDC

EB-2015-0003

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Conclusion

- PowerStream continues to have a strong financial profile with stable cash flows
- Substantial capital programs has put pressure on returns in the short term
- The Corporation continues to examine process improvements and opportunities for operational efficiency across the organization
- In 2016, PowerStream expects to file a Custom IR which should provide more timely returns going forward
- In 2015, PowerStream plans to target an 8.0% return (Core only) and approximately 9.0% starting in 2016 and beyond
- [REDACTED]
- CDM will finalize 2015-2020 budgets and anticipates earning an OPA incentive of approximately \$1.5M for the delivery of the 2011-2014 programs