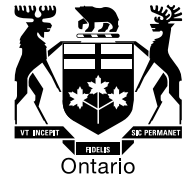


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BY E-MAIL

September 16, 2015

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: PowerStream Inc.
Application for Rates
Board File Number EB-2015-0003**

In accordance with Procedural Order No. 1 issued on July 10, 2015, please find attached a proposed agreed issues list which contains non-disputed issues.

There is one disputed issue which is not contained on the attached list. This is Issue 1.4. Intervenors wish this issue to be included on the Approved Issues List, while PowerStream is opposed to its inclusion.

Should the OEB determine that this issue be included on the Approved Issues List, intervenors propose the wording below:

“1.4 Have the impacts of the announced merger between PowerStream, Enersource Hydro Mississauga Inc., Horizon Utilities Inc. and Hydro One Brampton Networks Inc. been adequately included in this Application to set rates for PowerStream’s customers?”

OEB staff as an alternative would propose the following wording:

“1.4 What consideration should be given to the announced merger between PowerStream, Enersource Hydro Mississauga Inc., Horizon Utilities Inc, and Hydro One Brampton Networks Inc.”

Original Signed By

Martin Davies
Project Advisor, Electricity Rates & Accounting

Attachment

cc: Parties to EB-2015-0003

**Draft Issues List
EB-2015-0003
PowerStream Inc.**

1.0 CUSTOM APPLICATION

- 1.1 Has PowerStream responded appropriately to all relevant OEB directions from previous proceedings, including commitments from prior settlement agreements?
- 1.2 What actions should the OEB require PowerStream to take at or near the end of the 5-year rate term (e.g. rebasing, plan assessment, measurement of customer satisfaction)?
- 1.3 Do any of PowerStream's proposed rates require rate smoothing or mitigation?

2.0 OUTCOMES AND INCENTIVES

- 2.1 Does PowerStream's Custom IR Application promote and incent acceptable outcomes for existing and future customers (including for example, cost control, system reliability, service quality, and bill impacts)?
- 2.2 Does the Custom IR Application adequately incorporate and reflect the four outcomes identified in the RRFE Report: customer focus, operational effectiveness, public policy responsiveness and financial performance?
- 2.3 Does the Custom IR Application adequately account for productivity and efficiency gains in its forecasts? Does the Custom IR Application adequately include expectations for productivity and efficiency gains relative to benchmarks that are external to the company (such as the Pacific Economics Group Research, LLC)?
- 2.4 Does the Custom IR Application adequately provide value to the customer (such as the X-Factor, Y-Factor and a shared earnings mechanism)?
- 2.5 Does the Application adequately plan and prioritize capital expenditures?
- 2.6 Is the monitoring and reporting of performance proposed by PowerStream adequate to demonstrate whether the planned outcomes are achieved?
- 2.7 Are PowerStream's proposed off-ramps and annual adjustments appropriate? Has PowerStream demonstrated adequately its ability and commitment to manage within any rates set via this proceeding, given that actual costs and revenues will vary from those forecast?

3.0 REVENUE REQUIREMENT

- 3.1 Is the rate base component of the revenue requirement, including the working capital allowance, for 2016 – 2020 as set out in the Custom IR Application appropriate?
- 3.2 Are the Distribution System Plan, capital programmes and related expenditures, associated with the revenue requirement for 2016 – 2020, as set out in the Custom IR Application, appropriate and is the rationale for planning and prioritizing appropriate and adequately explained and supported, considering:
 - i. customer feedback and preferences;
 - ii. productivity and sharing of benefits;
 - iii. benchmarking of costs;
 - iv. end-of-life criteria, health index, data governance, and the overall relationship of each planning component;
 - v. reliability and service quality;
 - vi. impact on distribution rates;
 - vii. trade-offs with OM&A spending;
 - viii. government-mandated obligations; and
 - ix. the applicant's objectives?
- 3.3 Is the capital structure and cost of capital component of the revenue requirement for 2016 – 2020 as set out in the Application appropriate?
- 3.4 Is the depreciation component of the revenue requirement for 2016 – 2020 as set out in the Application appropriate?
- 3.5 Is the taxes / PILs component of the revenue requirement for 2016 – 2020 as set out in the Application appropriate?
- 3.6 Are the OM&A programmes and related components of the revenue requirement for 2016 – 2020 as set out in the Custom IR Application appropriate and is the rationale for planning choices appropriate and adequately explained and supported considering:
 - i. customer feedback and preferences;
 - ii. productivity and sharing of benefits
 - iii. benchmarking of costs;
 - iii. reliability and service quality;
 - v. impact on distribution rates;
 - iv. trade-offs with capital spending;
 - vii. government-mandated obligations; and
 - viii. the applicant's objectives?
- 3.7 Is the compensation strategy for 2016 – 2020 appropriate and does it result in reasonable compensation costs?
- 3.8 Are the proposed other operating revenues for 2016 – 2020 appropriate?

4.0 LOAD FORECAST, COST ALLOCATION AND RATE DESIGN

- 4.1 Is the load forecast, including the application of CDM savings and setting of the savings references for the LRAMVA appropriate?
- 4.2 Are the proposed billing determinants appropriate?
- 4.3 Are the inputs to the cost allocation model appropriate?
- 4.4 Are the costs appropriately allocated?
- 4.5 Are the revenue-to-cost ratios for all rate classes over the 2016 – 2020 period appropriate?
- 4.6 Are PowerStream's proposed charges for street lighting appropriate?
- 4.7 Are the proposed fixed and variable charges for all rate classes over the 2016 – 2020 period appropriate?
- 4.8 Are the proposed LV Rates appropriate?
- 4.9 Are the proposed Retail Transmission Service Rates appropriate?
- 4.10 Are the proposed specific service charges for miscellaneous services over the 2016 – 2020 period reasonable?
- 4.11 Are the proposed line losses over the 2016 – 2020 period appropriate?

5.0 DEFERRAL AND VARIANCE ACCOUNTS

- 5.1 Should the existing deferral and variance accounts proposed for continuation be continued?
- 5.2 Should the OEB approve any new deferral or variance accounts?
- 5.3 Are the balances and the proposed methods for disposing of the balances in the existing deferral and variance accounts, appropriate (such as Account 1508)?