Ontario Energy Board
Commission de l'énergie de l'Ontario

DECISION AND ORDER

EB-2015-0003

POWERSTREAM INC.

Application for electricity distribution rates for the period from January 1, 2016 to December 31, 2020

BEFORE: Ken Quesnelle
Vice Chair and Presiding Member

Ellen Fry
Member

August 4, 2016

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1 INTRODUCTION AND SUMMARY

This is a Decision of the Ontario Energy Board (OEB) on an application by PowerStream Inc. (PowerStream) for approval to charge certain distribution rates to its customers from 2016 to 2020.

PowerStream is an electricity distributor that serves over 350,000 customers in the municipalities of Alliston, Aurora, Barrie, Beeton, Bradford West Gwillimbury, Markham, Penetanguishene, Richmond Hill, Thornton, Tottenham and Vaughan. There are approximately 320,000 residential, 30,000 small commercial (using less than 50 kW) and 5,000 industrial (using more than 50 kW) customers and 2 large use customers. The remainder are unmetered scattered load, street lighting and sentinel lighting customers.

The OEB's policy for rate-setting is set out in a report of the OEB entitled Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach (RRFE). The RRFE provides the distributor with performance-based rate application options that support the cost-effective planning and efficient operation of a distribution network. This framework provides an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

PowerStream asked the OEB to approve its rates for five years using the Custom Incentive Rate-setting (Custom IR) option described in the RRFE. The Custom IR framework is intended to facilitate the matching of financial requirements to a distributor's unique circumstances in a rate setting application. The total annual increases requested in PowerStream's application represent increases in distribution revenue requirements of 38%, from $175 million in 2015 to $242 million in 2020.

PowerStream, along with three other distributors, Enersource Hydro Mississauga Inc., Horizon Utilities Corporation and Hydro One Brampton Networks Inc., has also filed an application with the OEB for approval of a merger of these four electricity distributors. However, this application is to approve rates for PowerStream as a standalone distributor. On October 6, 2015, the OEB determined, as a threshold question, that information concerning potential cost savings due to the merger is outside the scope of this proceeding.

As indicated above, the OEB's policy objectives, as outlined in the RRFE, are intended to result in positive outcomes for customers and continuous performance improvement by distributors, aligning the service interests of the customers and the business interests of distributors.

This alignment requires an ongoing effort by distributors to engage customers in a way that provides useful input into the development of their capital investment proposals and other elements of their business plans.

It also requires continuous productivity improvement, incorporating the opportunity for financial reward for successful performance. Internal benchmarking to confirm and measure this continuous improvement enables the OEB to apply a major focus in assessing performance monitoring and outcomes rather than requiring a detailed assessment of the distributor's inputs in developing its proposals.

Taking these principles into account, the OEB denies PowerStream's application to set rates for 2016-2020.

PowerStream's approach to determining its customers' needs and establishing its future revenue requirement is not likely to result in advancing the OEB's policy objectives as set out in the RRFE over the five-year period of the application. PowerStream has not embedded financial incentives for continuous productivity improvement into its revenue requirement calculation or internal benchmarking that tracks year over year continuous productivity improvement. It has also not demonstrated sufficiently that its proposed increased capital investment levels will bring value to its customers and has not engaged customers in a way that provides useful input into the development of its business plans.

In the absence of demonstrable drivers for continuous productivity improvement and positive outcomes for customers of its capital investment, the OEB has conducted a detailed review of PowerStream's spending plans. For the reasons discussed below, the OEB will approve 2016 rates based on an estimate of the revenues that PowerStream would normally have received through an IRM adjustment from 2015 to 2016 rates[1]. In addition, the OEB has determined that there is sufficient substantiation of an increased need for capital and operations, maintenance and administration (OM & A) funding to set rates for 2017 on a cost-based ("cost of service") basis. PowerStream will have the opportunity to more fully address the OEB's expectations under the RRFE in its next rates application.

The OEB addresses in its Decision only issues that it considers require discussion, and consequently has not addressed all issues on the issues list of this proceeding. For any issues not specifically addressed in this Decision, the OEB accepts PowerStream's position.

[1] IRM refers to a percentage increase that incorporates an inflation adjustment less a productivity incentive.

2 THE PROCESS

On December 2, 2014, PowerStream sent a letter to the OEB outlining a process whereby it would provide ratepayer representatives with an overview of its Custom IR rate proposal and would seek to negotiate a settlement of the proposal with potential intervenors prior to filing an OEB application. On May 7, 2015, PowerStream advised the OEB that it had not able to reach a settlement with intervenors and would be submitting a rate application by the end of May 2015.

On May 22, 2015, PowerStream submitted its rate application. After receiving PowerStream's rate application, the OEB published a Notice of Application in its service territory, and invited interested parties to apply for intervenor status. The OEB approved the following parties as intervenors:

- Association of Major Power Consumers in Ontario
- Building Owners and Managers Association, Greater Toronto
- Consumers Council of Canada
- Energy Probe Research Foundation
- School Energy Coalition
- Sustainable Infrastructure Alliance of Ontario
- Vulnerable Energy Consumers Coalition

All of these intervenors and OEB staff participated actively in the proceeding.

PowerStream made a presentation of its application to the OEB on July 28, 2015. Parties then had the opportunity to ask PowerStream questions about its evidence in writing through interrogatories, and in person at a technical conference.

In addition, the OEB established a process to consider the threshold issue as to what, if any consideration should be given to the announced merger between PowerStream, Enersource Hydro Mississauga Inc., Horizon Utilities Inc. and Hydro One Brampton Networks Inc.

The OEB held a settlement conference at which no settlement was reached, followed by an oral hearing which commenced on November 20, 2015. There were three days of oral hearing.

This Decision will address only 2016 rates, based on an estimate of rates set on an IRM basis, and the contentious issues concerning the application, as they relate to 2017 rates.

The OEB notes that in some instances information was provided in the written submissions of argument by the parties without reference to the places in the record where evidence to that effect could be located. This made it difficult to determine whether the information cited was indeed part of the record or was new information that other parties did not have the opportunity to test. The OEB urges the parties to ensure in future cases that their submissions contain full reference to the relevant parts of the record. The OEB reminds parties that they are not to provide in their argument submissions information that is not already on the case record.

3 DECISION ON ISSUES

3.1 Custom IR Application

General Principles

At page 3 of its reply argument PowerStream submitted the following:

> In its Application, PowerStream was guided by three Custom IR Decisions that the Board had rendered through March 2015, and at the time of submission there have been four more Decisions. It is PowerStream's view, when considering all of these cases, that its proposed Custom IR plan is compliant with the Board's Renewed Regulatory Framework ("RRFE") for Electricity Distributors. Among other RRFE-related activities:
>
> - PowerStream has provided extensive evidence on its customer engagement activities and has balanced customers' concerns with costs and reliability in preparing its Custom IR plan;
> - PowerStream has provided reasonable and sufficient evidence on the productivity built into its forecasts; and
> - PowerStream has provided benchmarking evidence that supports its Application based on the Board's PEG Predicted Cost model.

The OEB's decision on Hydro One's rate proposal in EB-2013-0416 contained the following:

> As already noted, traditional cost-of-service review will continue to entail detailed input cost assessments. However, Custom IR proceedings are intended to be framed more like performance inquiries resulting in multi-year outcome commitments and measures that facilitate year-over-year performance assessment. The productivity and efficiency elements allow the OEB to move away from detailed input cost assessment and focus more on utility performance

The OEB's most recent Custom IR decision prior to PowerStream's submission is the Toronto Hydro-Electric System Limited (THESL) application[2]. In the THESL case the OEB reiterated the manner in which it assesses any rate application under the RRFE.

> The OEB does not decide whether the option chosen by the applicant is the most appropriate. The OEB decides rather whether the proposal contains features that can be relied on to achieve the RRFE objectives.

The OEB does not consider PowerStream's application to include the types of features it has identified in its previous decisions as providing confidence that positive outcomes as contemplated by the RRFE have been identified and are likely to be achieved.

Timing of the Application

The OEB notes that had PowerStream not filed a Custom IR application, it would not have been able to obtain approval for 2016 rates on a cost of service basis unless it had been able to satisfy the OEB that it could not adequately manage its resources and financial needs during the remainder of its existing rates term. Instead, the OEB would have set PowerStream's 2016 rates on a percentage increase (IRM) basis reflecting an inflation adjustment less a productivity incentive. PowerStream's next opportunity to set rates on a cost of service basis would have been for 2017 rates.

However, under the RRFE, distributors can apply at any time for rates to be set on a Custom IR basis. They do not need to wait until the year when they could normally apply for rates on a cost of service basis. The intent of this element of the policy is to allow for the earliest possible implementation of a capital and operating plan that is customized to the needs of a distributor and its customers.

Given that the OEB has denied PowerStream's Custom IR application, the OEB does not consider that PowerStream's customers should bear the higher cost of applying a cost of service approach rather than an IRM approach to 2016 rates. The OEB will approve 2016 rates based on an estimate of the revenues that PowerStream would normally have received through an IRM adjustment from 2015 to 2016 rates.

The OEB also notes that PowerStream witnesses testified that the incremental capital funding sought in this application is essentially a continuation of the type of capital

[2] EB-2014-0116 Toronto Hydro-Electric System Limited *Decision and Order* December 29, 2015 p. 4

funding the OEB approved as an incremental capital module for PowerStream in its 2014 rate application[3]. When this incremental capital module was approved, it was contemplated that it would be sufficient to continue until rates were set in PowerStream's next cost of service proceeding, scheduled for 2017 rates.

Proposed Amendments to the Application

In reply argument, PowerStream responded to arguments that its application lacks adequate productivity incentive and benchmarking mechanisms by proposing an earnings sharing mechanism as described in the recent Toronto Hydro decision[4] and an efficiency adjustment mechanism similar to that described in the recent Horizon Utilities decision.[5]

PowerStream submitted in reply argument that:

> In the event that the Board accepts some of the parties arguments that there are deficiencies in the thousands of pages of evidence filed by PowerStream in this Application, or that improvements are warranted in certain elements of the PowerStream Custom IR rate plan, the Board should direct solutions, but it should not deny the application.

The OEB's process is structured to enable parties' applications to be fully supported and tested in a fair process. If PowerStream wished to propose amendments to its application, it should have done so at an earlier stage of the proceeding that enabled this to occur. In proposing these amendments at the late stage of reply argument, PowerStream did so at a point in the proceeding when it was too late to support the proposed amendments with evidence or test their basis in interrogatories or cross-examination.

The OEB is cognizant of the immense time and effort that has gone into the preparation and hearing of this application by all parties, including the extensive prehearing settlement discussions. This does not change the fact that PowerStream is responsible for submitting an appropriate application and that the OEB must consider the application

[3] EB-2013-0166 *Decision and Rate Order*
[4] EB-2014-0116 *Decision and Order*
[5] EB-2014-0002 *Decision and Order*

on its merits, based on the substance of the relevant evidence submitted, regardless of the volume of the evidence.

Benchmarking

The OEB has previously determined that both external benchmarking and internal benchmarking that tracks year-over-year productivity improvements are key in providing the confidence for longer-term rate setting under the principles of the RRFE. PowerStream's application incorporates external but not internal benchmarking data.

PowerStream's external benchmarking data comparing its performance to comparable distributors under the Pacific Economic Group (PEG) model used by the OEB illustrates that PowerStream has been a relatively high performing distributor. However, it also indicates an ever-increasing difference between its predicted costs and its forecasted costs, with its forecasted costs increasing more rapidly than its predicted costs.

PowerStream asserts that the PEG model predicts future costs of a "typical" utility and that it is not comparable to a "typical" utility for various reasons. Its reasons for this include geographic proximity to Toronto and its historically predominant residential land use, PowerStream's aging assets and PowerStream's prior periods of underinvesting. It also argues that it would be most appropriate to use a rolling 3-year average to assess the relationship between predicted and forecasted costs, rather than looking at discrete points in time.

The OEB considers that historically predominant residential land use may indeed cause some difference in the PEG data between PowerStream and the other utilities it is being compared to. However, the OEB is not convinced that the factors cited by PowerStream necessarily explain most or all of the trends in the PEG data. The OEB notes that when comparing 2010-2020 benchmark cost versus PowerStream historic and projected cost in the reply argument's benchmarking discussion,[6] PowerStream added three year average performance calculations which had not previously been placed on the record and as such the validity of these calculations is untested by examination.

In any event, while benchmarking is an important input, it is not the sole determinative factor in the OEB's overall view of PowerStream's application.

As indicated in the recent THESL Decision:

[6] EB-2015-0003 PowerStream Inc. *Reply Argument,* p. 22, Table 1

> The OEB has emphasized in the RRFE and in previous cases the importance of benchmarking. It is an important input to the OEB's assessment of an application, but it is not the sole determining factor in setting rates. In the context of a Custom IR, the OEB will use benchmarking as a tool to inform its decisions, but it will not use it as a method by which to determine rates[7].

The OEB reiterates that principle here. As indicated above, the application did not include evidence of internal benchmarking. Concerning external benchmarking, the evidence indicates PowerStream's customers are currently being served well. However, as indicated above, it is not clear from the evidence to what extent there is a legitimate explanation for the widening gap between econometrically predicted and forecasted costs.

Productivity Improvement

Continuous productivity improvement is a key element for longer-term rate setting under the principles of the RRFE.

PowerStream has submitted that it continuously seeks improvements in productivity, as demonstrated by its participation in Excellence Canada and the management efforts of its Organizational Effectiveness department. PowerStream also submits that productivity gains are embedded in its cost forecasts.

The concept of productivity improvement means a continuous increase in productivity expectations. However, PowerStream has not produced its productivity improvement estimates on this basis. This is illustrated by the fact that a significant portion of the estimated savings are attributed to its cable injection program. Given the evidence that PowerStream has been implementing this cable injection approach since 2011, these savings are now embedded in the expectations for normal operations and are not appropriate for inclusion in the estimates of savings due to productivity improvements for 2016-2020.

As pointed out by several parties, in its decision on Hydro One's Custom IR application the OEB did not accept the approach of embedding productivity gains in forecasts:

[7] EB-2014-0116 *Decision and Order,* p.19

> The OEB expects Custom IR rate setting to include expectations for benchmark productivity and efficiency gains that are external to the company. The OEB does not equate Hydro One's embedded annual savings with productivity and efficiency incentives. Incentive-based or performance-based rates are set to provide companies with strong incentives to continuously seek efficiencies in their businesses.
>
> The OEB does not believe that Hydro One's plan contains adequate efficiency incentives to drive year-over-year continuous improvement in the company. Furthermore, the plan lacks measurement of increased efficiency year-over-year, that is in a form indicating trending and that is transparent.[8]

Accordingly, PowerStream needs to rethink the approach in its application to assessing productivity improvement. It would not be appropriate for the OEB to direct a solution to remedy this basic deficiency. PowerStream should consider how best to achieve this in its next rebasing rate setting application.

Capital Investment

In the absence of internal benchmarking to confirm and measure continuous improvement, the OEB has conducted a detailed review of PowerStream's spending plans. The OEB does not consider that PowerStream has provided sufficient evidence of what its capital investment will accomplish in terms of outcomes for customers, and why they are appropriate, to justify approving its capital investment beyond 2017. Although the case record of this proceeding contains a large volume of evidence, it does not contain sufficient evidence on this issue.

Customer Engagement

PowerStream has provided evidence that its Distribution System Plan was substantially complete when it engaged Innovative Research Group Inc. to perform engagement activities with its customers. PowerStream's evidence is that it was squeezed for time to

[8] EB-2013-0416/EB-2014-0247 *Decision,* March 12, 2015, p. 14

prepare and file its application otherwise it could have informed its customers more about the work it was doing and perhaps show them actual projects.

However PowerStream has not provided evidence that it took advantage of the opportunities it did have to obtain customer views on the specifics of its proposals before those proposals were decided on. Some examples of this are discussed below under the proposed capital budgets for rear lot relocation and PowerStream's new Customer Information System. Consequently, PowerStream has not provided adequate evidence of "balancing its customers concerns with the costs and reliability" as expected under the RRFE. Customer engagement should clearly articulate the value proposition of a proposal in real terms so that customers can give informed feedback on the proposal before a distributor decides whether to proceed with the proposal.

3.2 2016 Rates

As indicated above, the OEB is approving 2016 rates based on an estimate of the revenues that PowerStream would normally have received through an IRM adjustment from 2015 to 2016 rates. Using this approach, the OEB approves an amount for PowerStream's 2016 revenue requirement that incorporates an increase of 1.8% over PowerStream's approved 2015 revenue requirement. This increase has been arrived at taking into account an inflation factor of 2.1%, a productivity factor of 0% and a stretch factor of 0.3%.

3.3 Rate Smoothing and Mitigation

Background

The total bill impacts for 2016 and 2017 as a result of this decision are both increases of less than 10%.

Findings

Given the limited magnitude of the total bill increase, the OEB considers that no rate mitigation or smoothing is required.

3.3.1 Rate Base

Background

PowerStream's proposed capital spending is discussed below. PowerStream has updated its application to reflect the OEB's new default working capital level of 7.5%. PowerStream has also stated that it agrees with Energy Probe's proposal that the OM&A used to calculate the working capital allowance should exclude any depreciation. PowerStream filed an update to its compensation claim for Renewable Generation Connection Rate Protection (RGCRP), showing $272,792 for 2016 and $271.060 for 2017. No parties expressed any concerns with the RGCRP claims made by PowerStream for these years.

OEB staff submitted that other than its concerns with PowerStream's proposed capital budget spending levels, it had no concerns with PowerStream's proposed rate base. Concerning the working capital allowance, Energy Probe submitted that PowerStream should be directed to conduct a lead/lag study and in calculating working capital the amount of property taxes should be removed from OM&A.

Findings

The OEB approves a working capital allowance of 7.5% for 2017 and RGCRP for 2016 and 2017 as claimed. Consistent with the OEB's letter to distributors dated June 3, 2015, the OEB does not require PowerStream to do a lead/lag study given the timing of the application. Consistent with the OEB's normal practice, property taxes should be included in OM & A for purposes of calculating the working capital allowance.

3.3.2 Capital Budget

Background

Intervenors and OEB staff made a number of proposals for reductions in the proposed capital budget.

AMPCO and other intervenors argued that the OEB's approval of an asymmetrical Capital Variance Account would protect ratepayers in the event PowerStream underspends. OEB staff expressed concerns about PowerStream's overall approach to capital budgeting and about the fact that PowerStream had provided little or no evidence about any reductions in OM&A spending that can be anticipated as a result of the proposed increased capital spending.

PowerStream suggested that any reduction to its capital spending program was inappropriate, but that a reduction of $23.22 million was feasible, except that an additional $20.00 million may be needed for York Region Rapid Transit project.

PowerStream argued that no party that recommended cuts to its capital spending asked for an assessment of what the cuts would mean to system reliability and the impact to customers and that to make arbitrary cuts would be irresponsible.[9]

Findings

Capital Budget Envelope

The OEB has indicated above its general concern that PowerStream has not sufficiently demonstrated the value of its proposed increased level of capital investment in terms of reliability impacts and other positive outcomes for customers. It is not the role of intervenors to ask for assessments of what would happen if proposed spending does not occur. PowerStream has a positive obligation to demonstrate that its spending proposal adds value.

PowerStream has proposed a total capital budget of $131.6 million for 2017. The OEB considers that the capital budget should be decreased, and approves a total capital budget of $115.8 million in 2017 representing a 12% cut from the proposed level. In arriving at this amount, the OEB took into account a number of elements of the proposed capital budget that it considers should reasonably be reduced. Where a specific expenditure is not discussed, this means that the OEB did not have concerns with it. The elements of the capital budget that the OEB considers should reasonably be reduced are discussed below. The table below shows an approximate breakdown of how the OEB arrived at the reduction of the proposed capital budget amount for 2017. However, the OEB is approving the capital budget for 2017 using an “envelope”. It is for PowerStream to determine the appropriate way to allocate the capital budget within the limits of the total capital budget for the year.

[9] PowerStream Inc. *Reply Argument,* p. 4

2017 Capital Budget proposed by PowerStream:	**131,600**
OEB Reductions	
System Renewal	
Underground Cable Replacement/Injection Program	-5,120
Pole Replacement Program	-1,380
Rear Lot Supply Remediation Program	-2,200
Mini-Rupter Switch Replacement Program	-405
Unscheduled Replacements of Distribution Equipment	-190
General Plant	
Customer Information System (CIS) Modifications	-6,700
General	
Internal/External Resource Mix For Capital Projects	-240
Total Reductions	-16,235
2017 Revised Capital Budget	**115,365**

Capital Budget Prioritization Process

OEB staff raised concerns about certain assumptions in the project prioritization process that are a significant element in the development of PowerStream's proposed capital budget. In considering a utility's proposed capital budget, the OEB's task is to assess whether the outcomes of the capital budgeting process are appropriate. It is true that a robust capital budgeting process is likely to result in a capital budget that the OEB has confidence in. However, the OEB focuses on the substantiation of the capital budget outcomes in terms of the objectives articulated in the RRFE, rather than on the individual elements of the capital budget prioritization process.

Proposed Variance Account

Several intervenors have argued that there should be an asymetrical variance account to return to customers any excess rates resulting from underspending of PowerStream's capital budget. The OEB does not consider it necessary to establish such an account, for two reasons. First, the OEB is approving PowerStream's capital budget for only

2017, and second, the reductions made in this decision to PowerStream's proposed capital budget decrease the likelihood of underspending.

System Access

Connection of New Customers

PowerStream's proposed budget for new connections and subdivisions represents more than half of its proposed 2017 expenditure for system access. The evidence indicates that the capital budget for connection of new commercial customers is difficult to forecast, because timing of large commercial projects is beyond PowerStream's control. The evidence also indicates that although new residential connections are also beyond PowerStream's control, they are easier to forecast.

Because of the forecasting uncertainties, OEB staff and several intervenors propose lowering the budget.

OEB staff proposed that the budget be established by starting from historical spending levels and adding 2.1% per year for inflation. PowerStream argues that this is inappropriate, because Powerstream needs to be ready to deal with large commercial developments such as the Vaughan Metropolitan Centre and the Langstaff Gateway and because several accounting issues make it hard to make a valid assessment of historical spending.

The OEB considers it unlikely that only an inflationary increase would provide adequately for large commercial projects in 2017. The OEB considers that the capital budget for 2017 for connection of new customers is appropriate as proposed by PowerStream.

Residential Meter "ICON F" Meter Replacement Program

OEB staff proposes that the OEB review this program again when PowerStream makes its next Distribution System Plan filing, given the fact that the majority of the program cost would not occur until 2019 and 2020. PowerStream submits that the early year costs should nonetheless be approved.

Intervenors and OEB staff did not raise any substantive objections to the program or any arguments that the proposed 2017 capital costs are too high. The OEB considers that PowerStream's proposed budget for 2017 for this program is appropriate.

Unforeseen Projects Initiated by Customers

PowerStream is proposing a budget of approximately $525,071 in 2017, which is a small decrease from the average 2011 to 2014 expenditures of $623,259. AMPCO

argues that PowerStream's proposed budget should reflect the historical average. The OEB agrees that PowerStream's proposed budget for 2017 is appropriate, given that it is less than the historical average.

System Renewal

Underground Cable Replacement/Injection Program

In 2017 the proposed budget for this program is approximately $17.8 million, which is a significant proportion of PowerStream's total proposed System Renewal Budget.

OEB staff and SIA argue that the proposed budget is not sufficiently justified. OEB staff submits that unit costs for this program have gone up substantially, noting that PowerStream's evidence on the unit costs varies in different parts of its application. OEB staff proposes using a historical average unit cost as a base, adding 2.1% inflation. and taking into account Powerstream's evidence that "left behind" cables cost 22% more than cables requiring only one visit. OEB staff calculates that on this basis the cost of the program would decrease by $25.6 million over the 5 years covered by the application.

PowerStream submits that it could find efficiencies that reduce the budget for this program by $15.6 million over the 5 years covered by the application.

The OEB agrees with OEB staff that unit costs have gone up substantially and that this increase has not been adequately explained. The OEB considers it reasonable that a decrease equal to 20% of $25.6 million be applied to the 2017 proposed expenditure of $17,862,738. Accordingly, the appropriate capital cost for this program is $12,742,738 in 2017 which represents a decrease of $5,120,000. PowerStream should more adequately explain the reasons for the significant increase in unit costs over time at its next rate setting opportunity.

Pole Replacement Program

PowerStream initially proposed pole replacements of 400 poles per year in 2017, but later revised this to 432 poles per year. This change resulted from PowerStream's budget optimization process rather than from pole conditions.

OEB staff is proposing pole replacements of 300 poles per year. In arriving at this proposal, OEB staff extrapolated from a sample of poles that PowerStream tested in 2014 to determine how many poles should be considered for replacement. This indicated an average of 260 poles per year to be replaced over the period 2016-2020. PowerStream witnesses confirmed that such an extrapolation is appropriate.

OEB staff noted that in 2011-2014 PowerStream replaced an average of 313 poles per year and that PowerStream's earlier asset condition study recommended replacement of 300 poles per year. OEB staff also notes that in addition to the pole replacement program, some poles will be replaced under other programs (e.g. storm damage replacement).

PowerStream replied that its pole replacement proposal is based on pole testing and inspection and that screening is done to avoid duplication of pole replacement costs under different programs.

Despite its testimony that the extrapolation that OEB staff performed was appropriate, PowerStream submitted in argument that the extrapolation would only work if the one year sample data represented uniformity of age and condition across all of the service territory and that this was not the case.

The OEB accepts that the number of proposed pole replacements is based on the deficient condition of poles and that other programs are analyzed to avoid cost duplication.

The OEB also accepts that there is diversity in condition and age of the pole population across the service territory. However, PowerStream has not provided any evidence that demonstrates that this one-year sample data is biased toward one end of the age and condition spectrum. It is not reasonable to expect that testing (designed to identify risks to public safety) of over 25% of the entire population of poles predominantly took place in relatively newer areas with less hostile environmental conditions. It is reasonable to expect that the design of such an inspection program would be to focus on the areas known to be older and where pole deterioration is likely to occur more rapidly. Furthermore, PowerStream's testimony indicated that the extrapolation by OEB staff was appropriate.

PowerStream suggests that with a pole population of 38,000 poles, the average age of poles would be 125 years if 300 poles per year are replaced and that the useful life of a pole is 45 years. It is not clear to the OEB if the 45 year life expectancy is based on empirical analysis of pole conditions and the pole replacement program, its current amortization schedule alone or simply the average age of the pole population. The OEB notes that, if the latter, the conclusion is influenced by all the other programs that can drive early retirement of poles. PowerStream has not quantified any such influence. PowerStream indicated in its reply argument that it could reduce the pole replacement budget by $2.3 million.

Taking the above factors into account, the OEB will decrease the number of pole replacements allowed for in the 2017 capital budget to 325 poles. Accordingly, the

amount allowed for pole replacement in the calculation of the 2017 capital budget envelope would be $4,190,920. This represents a reduction of $1,379,780 from the requested amount of $5,570,700.

The OEB notes that PowerStream's proposed reduction of $2.3 million would have represented approximately 35 poles per year considering average unit costs. This would have resulted in a 2017 replacement level of 397 poles (432-35), significantly more than the historical average levels of 313 poles per year and the recommended level of 300 poles per year in PowerStream's asset replacement study. PowerStream has not demonstrated that this level of replacement is required.

Rear Lot Supply Remediation Program

PowerStream proposes to spend $6 million per year to relocate distribution equipment currently located in the rear lots of residential property. PowerStream indicates that this relocation would increase reliability and decrease repair time when extreme weather events occur, impacting both the customers with the equipment in their rear lots and the other customers affected by a given outage. The relocation work would also cause disruption in the use of their property to the customers whose lots were affected.

PowerStream studied 3 options to address this issue. It initially decided to apply the "hybrid" option whereby primary supply was moved to the front lot and buried but secondary supply would remain above ground in the rear lot. PowerStream states that it initially picked the hybrid option, costed at $3.8 million per year, because the option of burying both primary and secondary supply in the front lot was significantly more expensive.

As a result of the 2013 ice storm and the current assessment that a severe weather event is likely to occur once every 14 years rather than once every 17 years, PowerStream decided to use the most expensive option. However, PowerStream has not provided an analysis of the costs and benefits of this change. One expected component of such an analysis would have been an analysis of the contribution of the rear lot situation to the effects of the 2013 ice storm.

PowerStream also did not consult with customers before deciding to make this change. It is striking that PowerStream testified it visited every affected rear lot, but did not speak to any of the owners of those lots, who would experience both a reliability impact and disruption to the use of their property.

OEB staff expressed concern about the reliability of the standard unit cost that was used to arrive at the proposed program budget. In calculating its standard unit cost, PowerStream multiplied the cost of one historical job using the hybrid option by a factor

of 1.47. The OEB agrees that based on the evidence available it is difficult to have confidence in PowerStream's forecast unit cost.

Considering the lack of a cost/benefit analysis and the concerns about the reliability of PowerStream's unit cost forecast, the OEB considers that the appropriate capital budget for this program should be limited to $3.8 million for 2017, being the forecast annual cost for the hybrid option. This represents a reduction of $2.2 million from the $6 million level of expenditures proposed by PowerStream in 2017.

Switchgear Replacement Program

PowerStream is proposing to replace a total of 66 switchgears in 2017. This consists of 36 scheduled replacements and 30 unscheduled replacements at a total cost of $3,882,277. PowerStream's asset condition report showed projected switchgear failures of 70 in 2017.

AMPCO considers that PowerStream's proposed pacing is too rapid and proposes a total of 54 replacements per year.

The OEB considers it appropriate to allow for the replacement of 66 switchgears in 2017 as proposed by PowerStream, given that PowerStream is proposing to replace fewer switchgears than the number of failures projected in the asset condition report.

Mini-Rupter Switch Replacement Program

PowerStream has 433 mini-rupter switches, which have a unit replacement cost of approximately $40,000. PowerStream proposes replacing 15 switches per year. AMPCO proposes replacing 5 switches per year, based on the number of switches in poor or very poor condition after replacements in 2015. PowerStream disagreed with this proposal but did not provide any reasons for its disagreement.

The OEB considers it appropriate to allow for replacement of 5 mini-rupter switches per year in the capital budget for 2017 for the reasons submitted by AMPCO. PowerStream had proposed 2017 spending of $607,090 to replace 15 switches. The OEB considers 2017 spending of $202,363 to be a reasonable level, representing a decrease of $404,727 from the requested level.

Unscheduled Replacements of Distribution Equipment

PowerStream's proposed budget for 2017 is $331,291. The amount spent and budgeted by PowerStream for this purpose shows significant variability in the 2012-2015 period, which has not been explained by PowerStream.

AMPCO proposes that PowerStream's budget be reduced by $190,000 to reflect historical average spending. PowerStream submits that a $75,000 reduction would be appropriate, but does not explain the reason for this position.

The OEB considers it appropriate in the capital budget envelope for 2017 to reduce PowerStream's proposed budget by $190,000 to reflect historical average spending.

General Plant

Customer Information System (CIS) Modifications

In 2015 PowerStream put a new CIS system into operation to replace its old system. For 2017 it is proposing a capital budget of $6.7 million for upgrades to the basic system.

PowerStream has not provided a breakdown of the specific CIS upgrade projects proposed for 2017, an evaluation of the costs and benefits of these upgrade projects, an assessment of which projects are discretionary, or information on the willingness of customers to pay for any discretionary upgrade projects. Given this absence of information, the OEB does not consider it appropriate to allow for any capital budget for CIS system modifications in 2017.

General

Internal/External Resource Mix for Capital Projects

In costing its capital projects, PowerStream has assumed that all of the work on the projects will be done internally by Powerstream's employees rather than by contractors. However, PowerStream's evidence indicates that 50% of the work will be done by contractors in 2017. It also indicates that on average external resources cost 3% less than internal resources.

PowerStream estimates that taking this into account would result in $1.2M in savings over the 5 years covered by its application.

The OEB agrees that the savings by using external resources should be reflected in the capital budget. PowerStream's proposed capital budget for 2017 is approximately 20% of the total proposed capital budget for 2016-2020. Accordingly, the OEB considers that the capital budget for 2017 should incorporate a reduction of $240,000, which amounts to 20% of the $1.2 million.

3.3.3 Depreciation

Background

Energy Probe submitted that the application of the half-year rule in the depreciation methodology used by PowerStream was not appropriate and that accordingly the OEB's finding on this matter in PowerStream's previous cost of service application[10] should be revisited. No other intervenors made a submission on this issue.

OEB staff submitted that the depreciation component of the revenue requirement as set out in the Application, was appropriate.

Findings

The OEB approves PowerStream's depreciation methodology for 2017, given that it is consistent with normal OEB policy.

3.3.4 OM&A Programs and Expenditures

Background

OEB staff noted that PowerStream's total OM&A budget increased by 6% and 8% in 2014 and 2015, well above inflation, and that PowerStream is proposing, in addition to that increase, a further 4% increase in 2016 and 2% increase in 2017.

OEB staff submitted that it would be reasonable for the OEB to allow PowerStream 2.1% increases annually to reflect the OEB's current inflation rate. OEB staff argued that such an increase would address concerns about PowerStream's approach to productivity adjustments, the adequacy of its customer engagement efforts and provision of little evidence on reductions in OM&A spending anticipated as a result of the proposed increased capital spending. Intervenors proposed various other approaches that take inflation into account.

OEB staff and some intervenors expressed concerns with the proposed costs for specific categories of OM&A spending, such as vegetation management and monthly billing. PowerStream submitted that this kind of approach is not representative of the level of OM&A required to support its current operations, including in particular CIS implementation. It also submitted that if an inflationary factor is used, a growth factor should be added to reflect the impact of customer growth.

[10] EB-2012-0161

Findings

The OEB approves an OM&A budget for 2017 that is a 3.9% increase to PowerStream's 2015 OM&A budget. This incorporates a 2.1% increase to its 2016 budget. In reaching the conclusion to limit the proposed budget increase in this way, the OEB considered the fact that while savings for some specific productivity improvements were taken into account in PowerStream's OM&A budget, other productivity improvements were contemplated but not taken into account in the budget. The OEB also considered the costs of vegetation management, monthly billing and CIS implementation, as discussed below.

Vegetation Management

PowerStream is proposing a significant increase in its vegetation management budget. Among other things, this results from its plans to reduce the rear lot clearing cycle from 3 to 2 years and to increase the size of the clearing area.

PowerStream indicates that the proposed changes to its vegetation management practices are in response to its review of the impact of the 2013 ice storm. However, it has not provided an analysis of why these changes were an appropriate response to its review. Although PowerStream obtained two consultant reports[11] setting out options to deal with the ice storm issues, these reports do not provide a cost-benefit analysis of the options.

PowerStream has also not provided a cost-benefit analysis of any internal factors underpinning its decision to make these changes. PowerStream has provided a forecast that by 2020 its annual tree-related SAIDI (System Average Interruption Duration Index) will be reduced by 1.1 minutes as a result of enhanced vegetation management. PowerStream has indicated that this would amount to a saving of $7.06 million in 2017, which is large relative to the proposed vegetation management budget of $3.1 million. However, it is not clear why such an apparently minor impact on reliability should be associated with such a large cost saving. The OEB also notes that, as pointed out by OEB staff, the reduction of the rear lot clearing cycles was not recommended in either consultant report obtained by PowerStream.

Monthly Billing

PowerStream is budgeting incremental costs of $4.233M in 2017 for the change to monthly billing, which includes about $2M for postage, and only minor offsets of $537,000 for electronic billing and bad debt reduction. The OEB considers that this is an

[11] CIMA report, October 2014 and Navigant report, April 2014

area of costs that could well benefit from an examination of potential productivity improvement.

CIS Implementation

Given that the CIS system went into service in 2015 and that PowerStream has planned upgrades to the system starting in 2016, it is not clear why the proposed CIS implementation budget is almost as large in 2017 as in 2016. The OEB also notes that the decreases to the CIS capital budget, as discussed above, would likely cause some decrease to the associated CIS implementation OM & A budget in 2017. The OEB considers that this is an area of costs that could well benefit from an examination of potential productivity improvement.

3.3.5 Compensation

Background

OEB staff submitted that the total annual compensation increases proposed by PowerStream should be restricted to an inflationary increase. AMPCO argued that improvement in PowerStream's management of overtime costs was warranted. VECC noted that as of June 2015 PowerStream had not reached the level of staff approved by the OEB in 2013. [12]

PowerStream disputed VECC's calculation of the staff vacancy rate. It did not disagree with the application of an inflationary increase, but submitted that an inflation rate of 3% should be used rather than the 2% rate proposed by OEB staff.

Findings

The OEB does not consider that the evidence supports an increase to PowerStream's compensation budget beyond the inflationary increase allowed for in the overall OM & A budget envelope for 2017.

3.3.6 Other Operating Revenues

OEB staff stated that it did not have specific concerns with respect to PowerStream's proposed other operating revenues, but submitted that specific service charges should

[12] EB-2012-0161 PowerStream Inc. *Decision and Order* December 21, 2012

be updated as appropriate in the future to reflect the OEB's Miscellaneous Charge Review.

Intervenors expressed three areas of concern with respect to other operating revenues: These were that cost recoveries from affiliates for water billing on PowerStream's new CIS system were inadequate; that there should be amounts in the gains on disposition account; and that rental income of $63,000 per year should be shown for its Barrie building, as renovations will allow for the leasing of space.

PowerStream argued that the new CIS system did not add any functionality for water billing and that increases in the charges beyond the three per cent already scheduled could result in the loss of customers. PowerStream stated that there were also no gains on dispositions expected in the 2016 to 2020 period. PowerStream submitted that it has not yet determined whether the renovated Barrie building is required for its business operations, that any potential lease of the building would not be acted on until 2017 and that the proposed rent amount is very small relative to PowerStream's materiality threshold.

Findings

Given the fact that the amounts in question are very small relative to PowerStream's materiality threshold, the OEB does not consider PowerStream's proposed amount for other operating revenues in 2017 to be inappropriate.

3.4 Load Forecast, Cost Allocation and Rate Design

3.4.1 Load Forecast

Background

OEB staff submitted that given the growth in customers and connections forecast by PowerStream, the persistent decline in consumption and demand forecast over 5 years of its application appeared to be somewhat anomalous. Therefore OEB staff submitted that the OEB should use PowerStream's 2015 actual load as the starting point and make only modest increases in the forecast in subsequent years.

VECC submitted that PowerStream's residential customer/connection count growth forecast should at least be the historic average of 2.2% for the 2008 - 2014 period given higher population growth. PowerStream submitted that its load and customer/connections forecasts incorporating the persistent decline over the five-year

period should be accepted because the models used are statistically strong and track historical load and customer counts very well. PowerStream submitted that since 2010 its load has been virtually flat because despite customer growth there has been a decline in average use.

Findings

PowerStream has pointed out that its load has been virtually flat since 2010. The OEB is not convinced that this is likely to change in 2017. Accordingly, the OEB accepts PowerStream's load forecast for 2017.

3.4.2 Cost Allocation

Background

OEB staff submitted that PowerStream's inputs to the cost allocation model are appropriate and that the costs are appropriately allocated.

VECC, supported by Energy Probe, noted that with respect to the determination of revenue at current rates for purposes of calculating the status quo revenue to cost ratios in the Cost Allocation model, PowerStream had used the current 2015 rates in order to determine these revenues for all years. VECC submitted that the appropriate approach for the 2017 cost allocation is to use the 2016 proposed rates to determine the 2017 revenue at current rates and the resulting revenue to cost ratios.

PowerStream submitted that either approach was acceptable.

Findings

The OEB considers that for 2017 cost allocation the appropriate approach is to use the 2016 rates to determine the 2017 revenue at current rates and the resulting revenue to cost ratios. Subject to this change, the OEB approves the cost allocation as submitted by PowerStream.

Revenue-to-cost ratios

Background

PowerStream's proposed revenue-to-cost ratios are all within the OEB's current target ranges.

OEB staff expressed concern about the differing trends in the revenue-to-cost ratios, with the smaller customer class ratios generally increasing, while the larger class ratios are decreasing. OEB staff suggested that PowerStream should provide a more extensive explanation for these differentials should they persist in its next cost of service application.

Energy Probe and VECC suggested some changes to PowerStream's methodology in adjusting the revenue to cost ratios. PowerStream submitted that all its revenue-to-cost ratios are appropriate because they are within the OEB policy target range.

Findings

Given the fact that PowerStream's revenue-to-cost ratios are within the OEB's target range, the OEB approves them as proposed.

3.4.3 Loss Factors

Background

PowerStream's proposed loss factors for 2017 are all below the 5% threshold.

OEB staff submitted that the OEB might require PowerStream to do a study of its losses prior to its next cost of service application. This was because PowerStream's proposed loss factors are either the same as or slightly higher than the 2013 approved levels, in spite of significantly higher proposed capital expenditure levels. PowerStream submitted that as its proposed loss factors are well below the OEB's 5% threshold, the proposed study is unnecessary. No other concerns in this area were raised by parties.

Findings

Given that PowerStream's loss factors are below the OEB's 5% threshold, the OEB approves them for 2017 and does not require PowerStream to do a study of its losses.

3.5 Deferral and Variance Accounts

3.5.1 Existing Deferral and Variance Accounts

Background

PowerStream indicated in its evidence that two existing deferral and variance accounts, 1508 Other Regulatory Assets, Sub-account IFRS Transition Costs Variance and 1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-accounts Stranded Meter Costs were no longer active. Several parties submitted that these two accounts should therefore be closed and PowerStream accepted this proposal.

Findings

PowerStream shall close the following two accounts:

1508 Other Regulatory Assets, Sub-account IFRS Transition Costs Variance and 1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-accounts Stranded Meter Costs.

3.5.2 New Deferral and Variance Accounts

Background

PowerStream requested a new deferral account to capture the net book value of meters removed from service to comply with the OEB's May 21, 2014 Distribution System Code (DSC) amendment requiring all General Service over 50 kW customers to have meters capable of recording time-of-use electricity consumption. OEB staff, supported by VECC, opposed this request on the basis that the OEB had already established Account 1557 Meter Cost Deferral Account for the tracking of incremental capital and OM&A costs. Energy Probe supported PowerStream's request provided that the net book value of the relevant assets had been removed from rate base at the end of 2015.

PowerStream stated that its request was to record the cost of meters stranded by the new DSC requirement in account 1555 and that it had included the forecasted cost of the replacement meters in its capital budgets. PowerStream further stated that it had not removed the cost of the existing meters from rate base and given these facts, OEB staff's proposal to record the costs related to the installation of the new meters in account 1557 would be inappropriate. Concerning Energy Probe's proposal, PowerStream stated that it had not removed the net book value of the meters to be replaced and therefore that Energy Probe's proposal would effectively deny the recovery of the remaining net book value of the stranded meters.

SEC proposed a Mergers and Acquisitions variance account to record costs of internal resources spent on proposed or actual mergers and acquisition transactions. PowerStream submitted that in its decision on the Horizon Utilities 2008 rate application[13] the OEB only disallowed the costs of employees working exclusively on mergers and acquisitions. PowerStream stated that it had no employees who work exclusively on mergers and acquisitions.

Findings

The OEB finds that PowerStream is to record the cost of meters stranded by the new DSC requirement in account 1557 along with the actual costs of the replacement meters, using relevant sub accounts to record these two components.
The OEB makes this finding because it considers that the treatment of these meters should be similar to the treatment that was adopted by the OEB for smart meter cost recovery. The OEB expects that at such time as PowerStream's program for installation of the new meters is substantially complete, PowerStream will file a true-up application. This would be done in PowerStream's first cost of service application following the substantial completion of the program. At that time, the OEB will consider the prudency of the expenditures.

The OEB does not approve the proposed Mergers and Acquisitions variance account given the evidence that PowerStream has no employees who work exclusively on mergers and acquisitions. PowerStream will need to pay the compensation for employees who spend part of their time working on mergers and acquisitions out of its reduced OM & A budget envelope as approved in this Decision.

[13] EB-2007-0697 Horizon Utilities Corporation *Decision With Reasons* October 2, 2008

3.5.3 Accounts, Balances and the Proposed Disposition of Deferral and Variance Accounts

Background

PowerStream proposed disposition of deferral and variance account balances as at December 31, 2014, plus accrued interest to December 31, 2015. The net disposition would be $10.8 million to be recovered from customers.

OEB staff submitted that PowerStream's proposals for the disposition of the existing deferral and variance account balances are reasonable subject to PowerStream's confirmation that two updates would be incorporated as part of the draft rate order process. These were: (1) to recalculate the rate riders using the billing determinant quantities and (2) to use the most recent version of the deferral and variance account workform to incorporate the appropriate treatment of wholesale market participants.

VECC, supported by Energy Probe and SEC, stated that it had an issue with respect to PowerStream's calculations of its LRAM[14] claim with respect to the billing demand impact calculation for the GS>50 kW class from Conservation and Demand Management (CDM) programs. PowerStream did not agree with these intervenors. Energy Probe suggested that two additional adjustments should be made, neither of which was opposed by PowerStream. The first was to adjust the interest rate used through to the end of 2015 to use the OEB approved interest rate of 1.10%, effective April 1, 2015. The second related to the ICM[15] true-up calculation which Energy Probe stated should be adjusted to use unreduced capital cost allowance, consistent with the 2014 ICM workforms.

Findings

The OEB approves the proposed disposition of deferral and variance account balances as proposed by PowerStream, subject to the updates proposed by OEB staff and by Energy Probe.

Concerning the LRAM variance account, the OEB notes that on May 19, 2016, the OEB issued its LRAM Variance Account Report[16] which summarized the OEB's updated policy related to the application of peak demand savings from Conservation and

[14] Lost Revenue Adjustment Mechanism
[15] Incremental Capital Module
[16] EB-2016-0182 *Report of the Ontario Energy Board, Updated Policy for the Lost Revenue Adjustment Mechanism Calculation*

Demand Management (CDM) programs in the lost revenue calculation. PowerStream is directed to undertake its LRAM Variance Account calculations in conformity with the LRAM Variance Account Report and in its draft rate order provide all necessary supporting calculations to demonstrate that this has been done.

4 IMPLEMENTATION

New rates for 2016 are to be effective January 1, 2016 and implemented on October 1, 2016. New rates for 2017 are to be effective January 1, 2017 and implemented on January 1, 2017. PowerStream is to calculate a rate rider to be applied to 2016 rates that recovers the revenue that PowerStream would have recovered in rates from January 1, 2016 to September 30, 2016 if the findings in this Decision had been implemented during that timeframe. PowerStream shall also file a schedule showing the calculation of the foregone rate rider and how it is consistent with the 2016 draft rate order.

The OEB is also making provision for the following three regulatory charges to be incorporated into PowerStream's Tariff of Rates and Charges for 2016 and 2017.

Rural or Remote Electricity Rate Protection Charge

The Rural or Remote Electricity Rate Protection (RRRP) program is designed to provide financial assistance to eligible customers located in rural or remote areas where the cost of providing electricity service to these customers greatly exceeds the cost of providing electricity to customers located elsewhere in the province of Ontario. The RRRP program cost is recovered from all electricity customers in the province through a charge that is reviewed annually and approved by the OEB.

Wholesale Market Service Rate

Wholesale market service (WMS) charges recover the cost of the services provided by the Independent Electricity System Operator (IESO) to operate the electricity system and administer the wholesale market. These charges may include costs associated with the operating reserve, system congestion and imports, and losses on the IESO-controlled grid. Individual electricity distributors recover the WMS charges from their customers through the WMS rate.

Ontario Electricity Support Program

The Ontario Electricity Support Program (OESP) is a rate assistance program for low-income electricity customers. Starting January 1, 2016, eligible low-income customers have received a monthly credit on their bills. At the same time, all electricity customers in the province began paying a charge to fund the program.

These three regulatory charges are set annually by the OEB through a separate order.

The OEB issued its Decision and Rate Order for the RRRP, WMS and OESP charges effective January 1, 2016 on November 19, 2015. The Tariff of Rates and Charges implementing this Decision and Order is required to reflect these new charges.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. PowerStream shall file with the OEB, and shall also forward to the Intervenors, a draft rate order attaching a proposed Tariff of Rates and Charges for 2016 and 2017 reflecting the OEB's findings in this Decision by **August 15, 2016**. The draft rate orders shall incorporate the following:

    - For 2016, for which rates will be effective January 1, 2016, but will be implemented on October 1, 2016, PowerStream will calculate these rates on the basis of a 1.8% increase to the 2015 revenue requirement, with no new Incremental Capital Module. All supporting models and calculations must be provided in its draft rate order.
    - For 2016, PowerStream will calculate the rate rider to be applied to recover revenue that would have been recovered in rates from January 1, 2016 to September 30, 2016 with all supporting information. PowerStream shall propose a timeframe for the rate rider taking into account bill impacts.
    - For 2017, for which rates will be effective January 1, 2017, PowerStream will calculate the rates on the basis of the 2017 revenue requirement approved by the OEB in this Decision
    - For each year, PowerStream will calculate customer rate impacts resulting from the implementation of this Decision and supporting information showing the calculation of the rates
    - For each year, PowerStream will provide a completed version of the OEB Revenue Requirement Work Form excel spreadsheet, which can be found on the OEB's website

2. OEB staff and Intervenors shall file any comments on the draft rate order with the OEB, and forward the comments to PowerStream on or before **August 26, 2016.**

3. PowerStream shall file with the OEB and forward to the intervenors responses to any comments on its draft rate order on or before **September 12, 2016.**

All filings to the OEB must quote the file number, EB-2015-0003, be made in searchable / unrestricted PDF format electronically through the OEB's web portal at https://www.pes.ontarioenergyboard.ca/eservice/. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at http://www.ontarioenergyboard.ca/OEB/Industry. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Martin Davies at Martin.Davies@ontarioenergyboard.ca and OEB Counsel, Maureen Helt at Maureen.Helt@ontarioenergyboard.ca.

ADDRESS

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

E-mail: boardsec@ontarioenergyboard.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto August 4, 2016

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary