

RECEIVED

AUG - 4 2009

ONTARIO ENERGY BD



*J. Barrett*  
Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
26th Floor, Box 2319  
Toronto, ON M4P 1E4

July 31, 2009

Dear Ms. Walli

**Re: PowerStream Inc. (ED-2004-0420)**

**2009 Electricity Distribution Rate Application EB-2008-0244  
Draft Rate Order reflecting Board's Decision of July 27, 2009**

Please find enclosed two (2) paper copies of PowerStream's draft rate order which was submitted today through the Board's Regulatory Electronic Submission System (RESS).

If you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

A handwritten signature in blue ink, appearing to read 'J. Barrett', is written over a faint, large blue lightning bolt graphic that is partially visible in the background.

Tom Barrett, CA  
Manager, Rate Applications

**Draft Rate Order**

**July 31, 2009**

## Table of Contents

	<b>Page</b>
I. Summary.....	3
II. Rate Implementation.....	6
III. Other Matters .....	8
Schedule A – Proposed 2009 Tariff of Rates and Charges	
Schedule B – OEB Revenue Requirement Work Form	
Schedule C - Foregone Revenue Rate Riders	
Schedule D – Revenue Validation	
Schedule E - LRAM/SSM Recovery Rate Riders	
Schedule F – Regulatory Asset Recovery Rate Riders	
Schedule G – Revised Smart Meter Actual Cost Recovery Rate Riders	
Schedule H – Settlement Agreement	
Schedule I – Bill Impacts	
Schedule J – Low Voltage Charge Calculations	
Schedule K – Conditions of Service and Related Amendments	

## **I. Summary**

PowerStream Inc. submits the following Draft Rate order, including a Proposed 2009 Tariff of Rates and Charges (attached Schedule A), as directed by the Ontario Energy Board (the "Board") in its Majority Decision dated July 27, 2009.

In its Procedural Order No. 5, dated June 3, 2009, the Board approved the Settlement Proposal as filed May 29, 2009 by PowerStream and the Intervenors.

On June 15, 2009, the Board heard arguments on the unsettled sub-issue regarding PowerStream's individual smart suite metering program. The Board ruled in the July 27, 2009 Decision that no adjustments are required to the amounts in the Settlement Proposal ("Settlement Agreement") that the Board approved on June 3, 2009.

The Application's calculations have been updated to reflect the Board's Decision.

The Settlement Agreement is attached as Schedule H. The schedules previously filed with the Settlement Proposal have not been included as these are either unchanged or superseded by the schedules included in this draft rate order.

The impact on PowerStream's revenue requirement is summarized in Table 1 below.

**Table 1: PowerStream 2009 Revenue Requirement (\$'000)**

	<b>As Proposed</b>	<b>As per Decision</b>	<b>Difference</b>	<b>Explanation</b>
Cost of Power	453,445	421,634	(31,811)	
Net Fixed Assets	459,051	457,087	(1,964)	Settlement Agreement, Issue 2.1
Working capital	74,781	69,728	(5,054)	
<b>Total Rate Base</b>	<b>533,832</b>	<b>526,814</b>	<b>(7,018)</b>	
Long-term debt Cost Rate (%)	5.89%	5.89%	0.00%	
Short-term debt Cost Rate (%)	3.67%	1.33%	-2.34%	As per OEB letter of Feb 24, 2009;
Common Equity Cost Rate (%)	8.40%	8.01%	-0.39%	Settlement Agreement Issue 6.1
Cost of capital	6.81%	6.56%	-0.25%	
Return on Rate Base	36,336	34,543	(1,793)	
OM&A Expenses	43,713	41,831	(1,882)	Settlement Agreement, Issue 4.1
Property Taxes	1,385	1,385	-	
Depreciation and Amortization	36,540	36,243	(297)	Settlement Agreement, Issue 2.1
PILS	8,898	7,129	(1,770)	Settlement Agreement, Issue 4.7
<b>Service Revenue Requirement</b>	<b>126,872</b>	<b>121,131</b>	<b>(5,741)</b>	
Revenue offsets	6,568	6,568	-	
<b>Base Revenue Requirement</b>	<b>120,304</b>	<b>114,563</b>	<b>(5,741)</b>	

The approved revenue requirement of \$114.6 million is allocated between customer classes, to calculate the 2009 distribution rates (Settlement Agreement, Issues 7.1, 7.2, 8.1 and 8.2). The revenue validation table is provided in Schedule D.

PowerStream has updated the amounts for disposition of Regulatory Liabilities and corresponding rate riders to reflect the Board approved amount of \$28.1 million and it will be refunded over the period September 1, 2009 to April 30, 2011 (Settlement Agreement, Issues 5.1 and 8.6).

PowerStream has updated the calculation of the Smart Meter Actual Cost Recovery Rate Adder to reflect the calculation that was provided to the parties at the Settlement conference. (Settlement Agreement, Issue 8.7) After filing of the Settlement Proposal, a formulaic error was discovered in Schedule G, Smart Meter Actual Cost Recovery Calculation, such that the resulting amount of \$846,738 to be recovered was overstated. The corrected calculation resulted in an amount to be recovered of \$571,486 (attached

revised Schedule G), which has been used in preparing the 2009 proposed rates in this Draft Rate order. Table 2 below shows the Smart Meter rate riders.

**Table 2: Smart Meter Rate Riders**

Monthly Rate Rider	As proposed	As per decision
Future Cost Recovery	\$1.04	\$1.04
Actual Cost Recovery	\$(0.19)	\$ 0.19
Total	\$0.85	\$1.23

The Board approved an effective date of May 1, 2009 and an implementation date of September 1, 2009. This is discussed further in section II. Rate Implementation below.

PowerStream has completed the OEB Revenue Requirement Work Form (attached Schedule B). Table 2 below shows selected bill impacts.

**Table 2: Selected Delivery Charge and Bill Impacts**

Selected Delivery Charge and Bill Impacts Per Draft Rate Order									
		Monthly Delivery Charge				Total Bill			
		Current	Per Draft Rate Order	Change		Current	Per Draft Rate Order	Change	
				\$	%			\$	%
<b>Residential</b>	<b>1000 kWh/month</b>	\$ 33.79	\$ 32.61	-\$ 1.18	-3.5%	\$ 114.14	\$ 112.65	-\$ 1.49	-1.3%
<b>GS &lt; 50kW</b>	<b>2000 kWh/month</b>	\$ 66.19	\$ 62.84	-\$ 3.35	-5.1%	\$ 234.85	\$ 230.83	-\$ 4.02	-1.7%

See Schedule I for additional bill impact calculations.

## **II. RATE IMPLEMENTATION**

There is a four month delay between the May 1, 2009 effective date of PowerStream's approved 2009 distribution rates and the implementation date of September 1, 2009. To account for this delay, PowerStream has made the adjustments discussed in Section II to arrive at the proposed rates.

### **Forgone Revenue Rate Rider:**

PowerStream has calculated a "foregone revenue rate rider" to recover the revenue that will be foregone from May 1, 2009 to August 31, 2009 as result of the September 1, 2009 implementation date, over the remaining 2009 rate year to April 30, 2010.

The amount of foregone revenue by customer class has been calculated by comparing revenue at current rates to revenue at the proposed rates for each class using the billing determinants for the four month delay period. Due to the size of the adjustment, the rate riders were calculated on a volumetric charge basis only, rather than split between fixed and volumetric. The rate riders were calculated by dividing the foregone revenue by the 2009 total kWh or kW billing determinants (net for the remaining 8 months after removing the effect of the four months May to August 2009) to arrive at the kWh or kW rate rider, for each customer class.

See Schedule C for the detailed calculation of the foregone revenue and rate riders.

**Smart Meter Actual Cost Recovery Rate Rider:**

The Board approved the recovery of the actual cost of Smart Meters installed up to December 31, 2007. The Smart Meter Actual Cost Recovery amount was calculated as \$0.19 per month per metered customer based on a twelve month recovery period. This has been adjusted to \$0.29 per month per metered customer to reflect that the recovery will take place over eight months, as shown in Table 3 below.

**Table 3: Smart Meter Actual Cost Recovery Rate Rider Calculation**

	Approved Amount	Average Metered Customers	Months	Actual Cost Recovery Adder
Per settlement	\$ 571,486.00	249,355	12	\$ 0.19
Rate Adder (sunset date: April 30, 2010)	\$ 571,486.00	249,355	8	\$ 0.29

**LRAM/SSM Rate Rider:**

The Board approved the application of a Lost Revenue Adjustment Mechanism and Shared Savings Mechanism (LRAM/SSM) amount based on the results of its 3<sup>rd</sup> tranche Conservation and Demand Management programs up to December 31, 2007. In the application, these were converted to rate riders for recovery over a twelve month period. These have been recalculated for recovery over the eight months, September 1, 2009 to April 30, 2010. Please see Schedule E for the calculation of the LRAM/SSM rate riders.

**Regulatory Asset Recovery Rate Rider:**

The Board approved the clearance of the December 31, 2007 Variance and Deferral account balances over a period of two years. These have been recalculated for recovery over the twenty months, September 1, 2009 to April 30, 2011.

Please see Schedule F for the calculation of the Regulatory Asset Recovery rate riders.

There is a single customer in the Large Use class and the amount to be repaid is attributable to that customer. To avoid negative variable charges in the Large Use class, PowerStream will refund the amount of \$236,189 as a separate fixed credit to the

existing customer's monthly bill over the recovery period. Based on a September 1, 2009 implementation date and 20 months recovery period, PowerStream will credit this customer monthly for \$11,809.45 until the entire amount of \$236,189 is repaid.

**Other Changes:**

No adjustments are proposed for the delay in implementing the new Low Voltage charges, Retail Transmission Rates, Rural Rate Protect charge and loss factors, as any differences will be tracked in the existing deferral and variance accounts for future settlement.

**III. OTHER MATTERS**

PowerStream has calculated Low Voltage ("LV") charges in the amount of \$860,000 (revised from \$1,405,000 as originally filed) based on an updated estimate using Hydro One's proposed rates for May 1, 2009. PowerStream has calculated the LV charges included in the 2009 proposed rates as shown in Schedule J.

The Board directed PowerStream to amend its Conditions of Service and related contracts to clearly reflect the intent with respect to smart suite metering as described by the PowerStream witnesses in the hearing and to include the amended sections as part of the draft rate order. The amended sections are attached as Schedule K.

**PowerStream Inc.**  
**DRAFT TARIFF OF RATES AND CHARGES**  
**Effective May 1, 2009**  
**Implementation September 1, 2009**

**This schedule supersedes and replaces all previously  
approved schedules of Rates, Charges and Loss Factors**

EB-2008-0244

**APPLICATION**

- The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.
- No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.
- This schedule does not contain any rates and charges relating to the electricity commodity (e.g. the Regulated Price Plan).

**EFFECTIVE DATES**

**DISTRIBUTION RATES** – May 1, 2009 for all consumption or deemed consumption services used on or after that date.

**SPECIFIC SERVICE CHARGES** – May 1, 2009 for all charges incurred by customers on or after that date.

**LOSS FACTOR ADJUSTMENT** –September 1, 2009 unless the distributor is not capable of prorating changed loss factors jointly with distribution rates. In that case, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

**SERVICE CLASSIFICATIONS**

**Residential**

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers.

Multi-unit residential establishments such as apartment buildings supplied through one service (bulk metered) shall be classified as general service.

**General Service Less Than 50 kW**

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW.

**General Service 50 to 4,999 kW**

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW.

**Large Use**

This classification refers to an account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 5,000 kW.

**Unmetered Scattered Load**

This classification refers to an account taking electricity at 750 volts or less whose average monthly peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load.

**Sentinel Lighting**

This classification refers to an unmetered lighting load supplied to a sentinel light.

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EB-2008-0244

**Street Lighting**

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template.

**MONTHLY RATES AND CHARGES**

**Residential**

Service Charge	\$	11.85
Distribution Volumetric Rate	\$/kWh	0.0135
Foregone Distribution Revenue Rate Rider (effective until April 30, 2010)	\$/kWh	0.0002
LRAM/SSM Rate Rider (effective until April 30, 2010)	\$/kWh	0.0001
Regulatory Asset Recovery Rate Rider (effective until April 30, 2011)	\$/kWh	(0.0023)
Smart Meter Future Cost Recover Rate Adder	\$	\$1.04
Smart Meter Actual Revenue Recovery Rate Adder (effective until April 30, 2010)	\$	\$0.29
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0053
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0024
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**General Service Less Than 50 kW**

Service Charge	\$	28.29
Distribution Volumetric Rate	\$/kWh	0.0116
Foregone Distribution Revenue Rate Rider (effective until April 30, 2010)	\$/kWh	0.0001
LRAM/SSM Rate Rider (effective until April 30, 2010)	\$/kWh	0.0001
Regulatory Asset Recovery Rate Rider (effective until April 30, 2011)	\$/kWh	(0.0024)
Smart Meter Future Cost Recover Rate Adder	\$	\$1.04
Smart Meter Actual Revenue Recovery Rate Adder (effective until April 30, 2010)	\$	\$0.29
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0048
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0022
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**General Service 50 to 4,999 kW**

Service Charge	\$	83.41
Distribution Volumetric Rate	\$/kW	3.5078
Foregone Distribution Revenue Rate Rider (effective until April 30, 2010)	\$/kW	0.1238
LRAM/SSM Rate Rider (effective until April 30, 2010)	\$/kW	0.0441
Regulatory Asset Recovery Rate Rider (effective until April 30, 2011)	\$/kW	(0.9971)
Smart Meter Future Cost Recover Rate Adder	\$	\$1.04
Smart Meter Actual Revenue Recovery Rate Adder (effective until April 30, 2010)	\$	\$0.29
Retail Transmission Rate – Network Service Rate	\$/kW	1.9489
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.8765
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**Large Use**

Service Charge	\$	2,146.94
Distribution Volumetric Rate	\$/kW	1.0913

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	EB-2008-0244
Foregone Distribution Revenue Rate Rider (effective until April 30, 2010)	\$/kW (0.5937)
Regulatory Asset Recovery Rate Rider (effective until April 30, 2011)	\$/kW 0.0000
Smart Meter Future Cost Recover Rate Adder	\$ \$1.04
Smart Meter Actual Revenue Recovery Rate Adder (effective until April 30, 2010)	\$ \$0.29
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW 2.2864
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW 1.0359
Wholesale Market Service Rate	\$/kWh 0.0052
Rural Rate Protection Charge	\$/kWh 0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25
<b>Unmetered Scattered Load</b>	
Service Charge (per connection)	\$ 14.14
Distribution Volumetric Rate	\$/kWh 0.0087
Foregone Distribution Revenue Rate Rider (effective until April 30, 2010)	\$/kWh (0.0017)
Regulatory Asset Recovery Rate Rider (effective until April 30, 2011)	\$/kWh 0.0012
Retail Transmission Rate – Network Service Rate	\$/kWh 0.0048
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh 0.0024
Wholesale Market Service Rate	\$/kWh 0.0052
Rural Rate Protection Charge	\$/kWh 0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25
<b>Sentinel Lighting</b>	
Service Charge	\$ 1.98
Distribution Volumetric Rate	\$/kW 9.3165
Foregone Distribution Revenue Rate Rider (effective until April 30, 2010)	\$/kW 1.7282
Regulatory Asset Recovery Rate Rider (effective until April 30, 2011)	\$/kW (2.8005)
Retail Transmission Rate – Network Service	\$/kW 1.4893
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW 0.7432
Wholesale Market Service Rate	\$/kWh 0.0052
Rural Rate Protection Charge	\$/kWh 0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25
<b>Street Lighting</b>	
Service Charge (per connection)	\$ 0.83
Distribution Volumetric Rate	\$/kW 4.8386
Foregone Distribution Revenue Rate Rider (effective until April 30, 2010)	\$/kW 0.7195
Regulatory Asset Recovery Rate Rider (effective until April 30, 2011)	\$/kW (0.8317)
Retail Transmission Rate – Network Service Rate	\$/kW 1.4744
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW 0.6815
Wholesale Market Service Rate	\$/kWh 0.0052
Rural Rate Protection Charge	\$/kWh 0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25

**PowerStream Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective May 1, 2009**  
**Implementation September 1, 2009**

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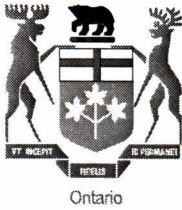
EB-2008-0244

**Specific Service Charges**

<b>Customer Administration</b>		
Arrears certificate	\$	15.00
Statement of account	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income tax letter	\$	15.00
Account history	\$	15.00
Returned cheque (plus bank charges)	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
<b>Non-Payment of Account</b>		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect Charges - At Meter During Regular Hours	\$	65.00
Disconnect/Reconnect Charges - At Meter After Hours	\$	185.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Temporary service install & remove – overhead – no transformer	\$	500.00
<b>Allowances</b>		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

**LOSS FACTORS**

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0299
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0197
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045



## REVENUE REQUIREMENT WORK FORM

Name of LDC:  (1)  
File Number:   
Rate Year:  Version: 1.0

### Table of Content

<u>Sheet</u>	<u>Name</u>
A	<u>Data Input Sheet</u>
1	<u>Rate Base</u>
2	<u>Utility Income</u>
3	<u>Taxes/PILS</u>
4	<u>Capitalization/Cost of Capital</u>
5	<u>Revenue Sufficiency/Deficiency</u>
6	<u>Revenue Requirement</u>
7	<u>Bill Impacts</u>

#### Notes:

- (1) Pale green cells represent inputs
- (2) Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.

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**REVENUE REQUIREMENT WORK FORM**

Name of LDC: PowerStream  
 File Number: EB-2008-0244  
 Rate Year: 2009

EB-2008-0244  
 PowerStream Inc  
 Draft Rate Order  
 Schedule B  
 Page 2 of 9

Data Input (1)			
	Application	Adjustments	Per Board Decision
<b>1 Rate Base</b>			
Gross Fixed Assets (average)	\$921,136,105	(4) (\$3,785,331)	\$917,350,774
Accumulated Depreciation (average)	(\$462,085,096)	(5) \$1,820,985	(\$460,264,111)
Allowance for Working Capital:			
Controllable Expenses	\$45,098,300	(6) (\$1,882,000)	\$43,216,300
Cost of Power	\$453,444,524	(\$31,810,775)	\$421,633,749
Working Capital Rate (%)	15.00%		15.00%
<b>2 Utility Income</b>			
Operating Revenues:			
Distribution Revenue at Current Rates	\$111,346,434		\$111,346,434
Distribution Revenue at Proposed Rates	\$120,304,162		\$114,562,987
Other Revenue:			
Specific Service Charges	\$2,621,919		\$2,621,919
Late Payment Charges	\$1,834,000		\$1,834,000
Other Distribution Revenue	\$954,255		\$954,255
Other Income and Deductions	\$1,157,873		\$1,157,873
Operating Expenses:			
OM+A Expenses	\$43,713,000	(\$1,882,000)	\$41,831,000
Depreciation/Amortization	\$36,539,557	(\$296,874)	\$36,242,684
Property taxes	\$1,385,300	\$ -	\$1,385,300
Capital taxes	\$1,321,920		\$1,316,515
Other expenses			
<b>3 Taxes/PILs</b>			
Taxable Income:			
Adjustments required to arrive at taxable income	(\$2,327,266)	(3)	(\$4,618,271)
Utility Income Taxes and Rates:			
Income taxes (not grossed up)	\$5,076,136		\$3,894,082
Income taxes (grossed up)	\$7,576,323		\$5,812,063
Capital Taxes	\$1,321,920		\$1,316,515
Federal tax (%)	19.00%		19.00%
Provincial tax (%)	14.00%		14.00%
Income Tax Credits	\$75,000		\$152,000
<b>4 Capitalization/Cost of Capital</b>			
Capital Structure:			
Long-term debt Capitalization Ratio (%)	56.0%		56.0%
Short-term debt Capitalization Ratio (%)	4.0%	(2)	4.0%
Common Equity Capitalization Ratio (%)	40.0%		40.0%
Preferred Shares Capitalization Ratio (%)			
Cost of Capital			
Long-term debt Cost Rate (%)	5.89%		5.89%
Short-term debt Cost Rate (%)	3.67%		1.33%
Common Equity Cost Rate (%)	8.40%		8.01%
Preferred Shares Cost Rate (%)			

**Notes:**

This input sheet provides all inputs needed to complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the components. Notes should be put on the applicable pages to understand the context of each such note.

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.



# REVENUE REQUIREMENT WORK FORM

Name of LDC: PowerStream  
 File Number: EB-2008-0244  
 Rate Year: 2009

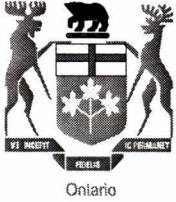
EB-2008-0244  
 PowerStream Inc  
 Draft Rate Order  
 Schedule B  
 Page 3 of 9

<b>Rate Base</b>					
Line No.	Particulars		Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$921,136,105	(\$3,785,331)	\$917,350,774
2	Accumulated Depreciation (average)	(3)	(\$462,085,096)	\$1,820,985	(\$460,264,111)
3	Net Fixed Assets (average)	(3)	\$459,051,009	(\$1,964,346)	\$457,086,663
4	Allowance for Working Capital	(1)	\$74,781,424	(\$5,053,916)	\$69,727,507
5	<b>Total Rate Base</b>		<b>\$533,832,432</b>	<b>(\$7,018,262)</b>	<b>\$526,814,170</b>

(1) Allowance for Working Capital - Derivation					
6	Controllable Expenses		\$45,098,300	(\$1,882,000)	\$43,216,300
7	Cost of Power		\$453,444,524	(\$31,810,775)	\$421,633,749
8	Working Capital Base		\$498,542,824	(\$33,692,775)	\$464,850,049
9	Working Capital Rate %	(2)	15.00%		15.00%
10	Working Capital Allowance		\$74,781,424	(\$5,053,916)	\$69,727,507

**Notes**

- (2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.
- (3) Average of opening and closing balances for the year.



## REVENUE REQUIREMENT WORK FORM

Name of LDC: PowerStream  
 File Number: EB-2008-0244  
 Rate Year: 2009

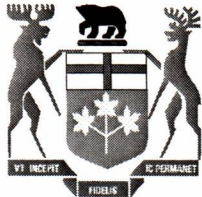
EB-2008-0244  
 PowerStream Inc  
 Draft Rate Order  
 Schedule B  
 Page 4 of 9

### Utility income

Line No.	Particulars	Application	Adjustments	Per Board Decision
<b>Operating Revenues:</b>				
1	Distribution Revenue (at Proposed Rates)	\$120,304,162	(\$5,741,175)	\$114,562,987
2	Other Revenue	(1) \$6,568,047	\$ -	\$6,568,047
3	<b>Total Operating Revenues</b>	<u>\$126,872,209</u>	<u>(\$5,741,175)</u>	<u>\$121,131,033</u>
<b>Operating Expenses:</b>				
4	OM+A Expenses	\$43,713,000	(\$1,882,000)	\$41,831,000
5	Depreciation/Amortization	\$36,539,557	(\$296,874)	\$36,242,684
6	Property taxes	\$1,385,300	\$ -	\$1,385,300
7	Capital taxes	\$1,321,920	(\$5,405)	\$1,316,515
8	Other expense	\$ -	\$ -	\$ -
9	<b>Subtotal</b>	<u>\$82,959,778</u>	<u>(\$2,184,279)</u>	<u>\$80,775,499</u>
10	Deemed Interest Expense	<u>\$18,399,338</u>	<u>(\$734,993)</u>	<u>\$17,664,345</u>
11	<b>Total Expenses (lines 4 to 10)</b>	<u>\$101,359,115</u>	<u>(\$2,919,272)</u>	<u>\$98,439,843</u>
12	<b>Utility income before income taxes</b>	<u>\$25,513,094</u>	<u>(\$2,821,904)</u>	<u>\$22,691,190</u>
13	Income taxes (grossed-up)	<u>\$7,576,323</u>	<u>(\$1,764,260)</u>	<u>\$5,812,063</u>
14	<b>Utility net income</b>	<u>\$17,936,771</u>	<u>(\$1,057,644)</u>	<u>\$16,879,127</u>

**Notes**

(1)	<b>Other Revenues / Revenue Offsets</b>		
	Specific Service Charges	\$2,621,919	\$2,621,919
	Late Payment Charges	\$1,834,000	\$1,834,000
	Other Distribution Revenue	\$954,255	\$954,255
	Other Income and Deductions	<u>\$1,157,873</u>	<u>\$1,157,873</u>
	<b>Total Revenue Offsets</b>	<u>\$6,568,047</u>	<u>\$6,568,047</u>



Ontario

# REVENUE REQUIREMENT WORK FORM

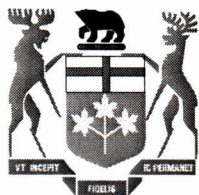
Name of LDC: PowerStream  
 File Number: EB-2008-0244  
 Rate Year: 2009

EB-2008-0244  
 PowerStream Inc  
 Draft Rate Order  
 Schedule B  
 Page 5 of 9

## Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
<b><u>Determination of Taxable Income</u></b>			
1	Utility net income	\$17,936,770	\$16,879,126
2	Adjustments required to arrive at taxable utility income	(\$2,327,266)	(\$4,618,271)
3	Taxable income	<u>\$15,609,504</u>	<u>\$12,260,855</u>
<b><u>Calculation of Utility income Taxes</u></b>			
4	Income taxes	\$5,076,136	\$3,894,082
5	Capital taxes	<u>\$1,321,920</u>	<u>\$1,316,515</u>
6	Total taxes	<u>\$6,398,056</u>	<u>\$5,210,597</u>
7	Gross-up of Income Taxes	<u>\$2,500,187</u>	<u>\$1,917,981</u>
8	Grossed-up Income Taxes	<u>\$7,576,323</u>	<u>\$5,812,063</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$8,898,243</u>	<u>\$7,128,578</u>
10	Other tax Credits	\$75,000	\$152,000
<b><u>Tax Rates</u></b>			
11	Federal tax (%)	19.00%	19.00%
12	Provincial tax (%)	<u>14.00%</u>	<u>14.00%</u>
13	Total tax rate (%)	<u>33.00%</u>	<u>33.00%</u>

### Notes



Ontario

# REVENUE REQUIREMENT WORK FORM

Name of LDC: PowerStream  
 File Number: EB-2008-0244  
 Rate Year: 2009

EB-2008-0244  
 PowerStream Inc  
 Draft Rate Order  
 Schedule B  
 Page 6 of 9

## Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
<b>Application</b>					
<b>Debt</b>					
1	Long-term Debt	56.00%	\$298,946,162	5.89%	\$17,615,672
2	Short-term Debt	4.00%	\$21,353,297	3.67%	\$783,666
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$320,299,459</b>	<b>5.74%</b>	<b>\$18,399,338</b>
<b>Equity</b>					
4	Common Equity	40.00%	\$213,532,973	8.40%	\$17,936,770
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$213,532,973</b>	<b>8.40%</b>	<b>\$17,936,770</b>
7	<b>Total</b>	<b>100%</b>	<b>\$533,832,432</b>	<b>6.81%</b>	<b>\$36,336,107</b>
<b>Per Board Decision</b>					
<b>Debt</b>					
8	Long-term Debt	56.00%	\$295,015,935	5.89%	\$17,384,079
9	Short-term Debt	4.00%	\$21,072,567	1.33%	\$280,265
10	<b>Total Debt</b>	<b>60.00%</b>	<b>\$316,088,502</b>	<b>5.59%</b>	<b>\$17,664,345</b>
<b>Equity</b>					
11	Common Equity	40.0%	\$210,725,668	8.01%	\$16,879,126
12	Preferred Shares	0.0%	\$ -	0.00%	\$ -
13	<b>Total Equity</b>	<b>40.0%</b>	<b>\$210,725,668</b>	<b>8.01%</b>	<b>\$16,879,126</b>
14	<b>Total</b>	<b>100%</b>	<b>\$526,814,170</b>	<b>6.56%</b>	<b>\$34,543,471</b>

**Notes**

(1) 4.0% unless an Applicant has proposed or been approved for another amount.



**REVENUE REQUIREMENT WORK FORM**

Name of LDC: PowerStream  
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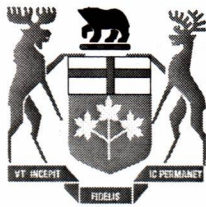
EB-2008-0244  
 PowerStream Inc  
 Draft Rate Order  
 Schedule B  
 Page 7 of 9

**Revenue Sufficiency/Deficiency**

Line No.	Particulars	Per Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$9,181,607		\$3,670,283
2	Distribution Revenue	\$111,346,434	\$111,122,555	\$111,346,434	\$110,892,704
3	Other Operating Revenue Offsets - net	\$6,568,047	\$6,568,047	\$6,568,047	\$6,568,047
4	<b>Total Revenue</b>	<b>\$117,914,481</b>	<b>\$126,872,209</b>	<b>\$117,914,481</b>	<b>\$121,131,033</b>
5	Operating Expenses	\$82,959,778	\$82,959,778	\$80,775,499	\$80,775,499
6	Deemed Interest Expense	\$18,399,338	\$18,399,338	\$17,664,345	\$17,664,345
	<b>Total Cost and Expenses</b>	<b>\$101,359,115</b>	<b>\$101,359,115</b>	<b>\$98,439,843</b>	<b>\$98,439,843</b>
7	Utility Income Before Income Taxes	\$16,555,366	\$25,513,094	\$19,474,638	\$22,691,190
	Tax Adjustments to Accounting				
8	Income per 2009 PILs	(\$2,327,266)	(\$2,327,266)	(\$4,618,271)	(\$4,618,271)
9	<b>Taxable Income</b>	<b>\$14,228,100</b>	<b>\$23,185,828</b>	<b>\$14,856,367</b>	<b>\$18,072,919</b>
10	Income Tax Rate	33.00%	33.00%	33.00%	33.00%
11	<b>Income Tax on Taxable Income</b>	<b>\$4,695,273</b>	<b>\$7,651,323</b>	<b>\$4,902,601</b>	<b>\$5,964,063</b>
12	<b>Income Tax Credits</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$152,000</b>	<b>\$152,000</b>
13	<b>Utility Net Income</b>	<b>\$11,785,093</b>	<b>\$17,936,771</b>	<b>\$14,420,037</b>	<b>\$16,879,127</b>
14	<b>Utility Rate Base</b>	<b>\$533,832,432</b>	<b>\$533,832,432</b>	<b>\$526,814,170</b>	<b>\$526,814,170</b>
	Deemed Equity Portion of Rate Base	\$213,532,973	\$213,532,973	\$210,725,668	\$210,725,668
15	Income/Equity Rate Base (%)	5.52%	8.40%	6.84%	8.01%
16	Target Return - Equity on Rate Base	8.40%	8.40%	8.01%	8.01%
	Sufficiency/Deficiency in Return on Equity	-2.88%	0.00%	-1.17%	0.00%
17	Indicated Rate of Return	5.65%	6.81%	6.09%	6.56%
18	Requested Rate of Return on Rate Base	6.81%	6.81%	6.56%	6.56%
19	Sufficiency/Deficiency in Rate of Return	-1.15%	0.00%	-0.47%	0.00%
20	Target Return on Equity	\$17,936,770	\$17,936,770	\$16,879,126	\$16,879,126
21	Revenue Sufficiency/Deficiency	\$6,151,677	\$1	\$2,459,089	\$1
22	<b>Gross Revenue Sufficiency/Deficiency</b>	<b>\$9,181,607 (1)</b>		<b>\$3,670,283 (1)</b>	

**Notes:**

- (1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)
- (2) PowerStream shows revenue deficiency as difference between Total revenue at proposed rates and Total revenue at Rates (line 4). This model calculates revenue deficiency at "target income" level. Since Powerstream used a tax model to calculate the taxes at "current rates", the revenue deficiency (line 22) is slightly higher than the amount in the settlement.



Ontario

# REVENUE REQUIREMENT WORK FORM

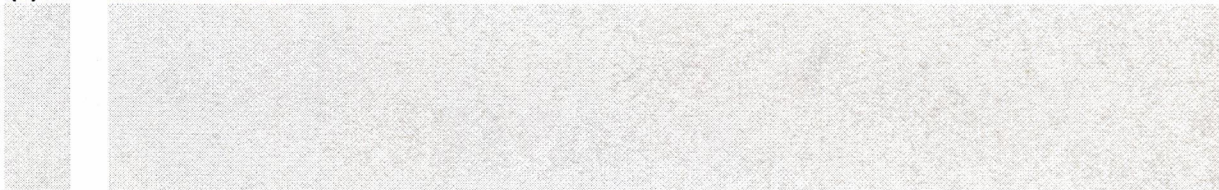
Name of LDC: PowerStream  
 File Number: EB-2008-0244  
 Rate Year: 2009

EB-2008-0244  
 PowerStream Inc  
 Draft Rate Order  
 Schedule B  
 Page 8 of 9

<b>Revenue Requirement</b>			
<b>Line No.</b>	<b>Particulars</b>	<b>Application</b>	<b>Per Board Decision</b>
1	OM&A Expenses	\$43,713,000	\$41,831,000
2	Amortization/Depreciation	\$36,539,557	\$36,242,684
3	Property Taxes	\$1,385,300	\$1,385,300
4	Capital Taxes	\$1,321,920	\$1,316,515
5	Income Taxes (Grossed up)	\$7,576,323	\$5,812,063
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$18,399,338	\$17,664,345
	Return on Deemed Equity	\$17,936,770	\$16,879,126
8	Distribution Revenue Requirement before Revenues	<u>\$126,872,208</u>	<u>\$121,131,032</u>
9	Distribution revenue	\$120,304,162	\$114,562,987
10	Other revenue	<u>\$6,568,047</u>	<u>\$6,568,047</u>
11	<b>Total revenue</b>	<u>\$126,872,209</u>	<u>\$121,131,033</u>
12	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$1 (1)</u>	<u>\$1 (1)</u>

**Notes**

(1) Line 11 - Line 8





**REVENUE REQUIREMENT WORK FORM**

Name of LDC: PowerStream  
 File Number: EB-2008-0244  
 Rate Year: 2009

Selected Delivery Charge and Bill Impacts Per Draft Rate Order									
		Monthly Delivery Charge				Total Bill			
		Current	Per Draft Rate Order	Change		Current	Per Draft Rate Order	Change	
				\$	%			\$	%
<b>Residential</b>	<b>1000 kWh/month</b>	\$ 33.79	\$ 32.61	-\$ 1.18	-3.5%	\$ 114.14	\$ 112.65	-\$ 1.49	-1.3%
<b>GS &lt; 50kW</b>	<b>2000 kWh/month</b>	\$ 66.19	\$ 62.84	-\$ 3.35	-5.1%	\$ 234.85	\$ 230.83	-\$ 4.02	-1.7%

Notes:



**Foregone Distribution Revenue and Rate Rider Calculation (for September 1st 2009 implementation)**

Billing determinants - May-Aug 2009							Current rates			Approved Rates			Revenue at Current Rates May - August 2009			Revenue at approved rates May - August 2009			Foregone Distribution revenue May - August 2009		
Customer count	kWhs	KWs	(Net of Smart Meter Adder)	Variable (excluding LV)	Fixed (Net of Smart Meter Adder)	Variable (excluding LV)	Fixed	Variable	Total	Fixed	Variable	Total	Fixed	Variable	Total						
Residential	872,629	708,635,508	-	\$ 12.02	\$ 0.0129	\$ 11.85	\$ 10,489,001	\$ 9,141,398	\$ 19,630,399	\$ 10,340,654	\$ 9,495,716	\$ 19,836,370	\$ (148,347)	\$ 354,318	\$ 205,971						
GS<50	94,800	279,743,323	-	\$ 28.70	\$ 0.0112	\$ 28.29	\$ 2,720,770	\$ 3,133,125	\$ 5,853,895	\$ 2,681,901	\$ 3,217,048	\$ 5,898,950	\$ (38,868)	\$ 83,923	\$ 45,055						
GS>50	15,611	1,361,607,804	3,556,162	\$ 301.73	\$ 2.2713	\$ 83.41	\$ 4,710,257	\$ 8,077,111	\$ 12,787,367	\$ 1,302,100	\$ 12,306,454	\$ 13,608,554	\$ (3,408,157)	\$ 4,229,343	\$ 821,186						
Large Use	4	10,942,341	28,844	\$ 8,978.09	\$ 1.1989	\$ 2,146.94	\$ 35,912	\$ 34,581	\$ 70,493	\$ 8,588	\$ 29,868	\$ 38,455	\$ (27,325)	\$ (4,713)	\$ (32,038)						
USL	8,482	2,854,524	-	\$ 14.35	\$ 0.0111	\$ 14.14	\$ 121,717	\$ 31,685	\$ 153,402	\$ 119,935	\$ 24,549	\$ 144,484	\$ (1,781)	\$ (7,136)	\$ (8,918)						
Sentinel Lighting	568	237,877	609	\$ 2.01	\$ 6.0151	\$ 1.98	\$ 1,142	\$ 3,666	\$ 4,807	\$ 1,125	\$ 5,653	\$ 6,778	\$ (17)	\$ 1,987	\$ 1,970						
Street Lighting	255,219	14,748,372	44,126	\$ 0.84	\$ 3.3980	\$ 0.83	\$ 214,384	\$ 149,940	\$ 364,324	\$ 211,832	\$ 211,888	\$ 423,720	\$ (2,552)	\$ 61,948	\$ 59,396						
<b>Total</b>	<b>1,247,313</b>	<b>2,378,769,749</b>	<b>3,629,741</b>				<b>\$ 18,293,182</b>	<b>\$ 20,571,505</b>	<b>\$ 38,864,687</b>	<b>\$ 14,666,135</b>	<b>\$ 25,291,176</b>	<b>\$ 39,957,311</b>	<b>\$ (3,627,047)</b>	<b>\$ 4,719,670</b>	<b>\$ 1,092,623</b>						

**Notes**

Customer count is the total of the number of customers for four months: May - August 2009

Billing determinants - 8 months 2009			Foregone Revenue Rate Rider (\$ per kWh / \$ per kW)	
Average Monthly Customer count	Total kWhs	Total KWs	Distribution Revenue to be recovered	Rate Rider (Sunset date: April 30, 2010)
Residential	218,157	1,325,815,139	\$ 205,971	\$ 0.0002
GS<50	23,700	523,383,217	\$ 45,055	\$ 0.0001
GS>50	3,903	2,547,487,700	\$ 821,186	\$ 0.1238
Large Use	1	20,472,473	\$ (32,038)	\$ (0.5937)
USL	2,121	5,340,645	\$ (8,918)	\$ (0.0017)
Sentinel Lighting	142	445,054	\$ 1,970	\$ 1.7282
Street Lighting	63,805	27,593,333	\$ 59,396	\$ 0.7195
<b>Total</b>	<b>311,828</b>	<b>4,450,537,560</b>	<b>\$ 1,092,623</b>	

**POWERSTREAM - 2009 Rate Application**

**Rates Design - Validation**

Customer Class	Proceeds from distribution rates					Revenue requirements				Validation			
	Fixed rate (w/o SM adder)	Volume	Variable rate	volume	Total proceeds	Distribution revenue	Low voltage charges	Transf. allowance recoveries	Total	Difference	Revenue re- allocation	Other difference	Due to rounding
Residential	\$ 11.85	218,157	\$ 0.0135	2,034,450,648	\$ 58,487,047.12	\$ 58,226,202	271,286	\$ -	\$ 58,497,488	(10,440)	-	(10,440)	YES
GS Less Than 50 kW	\$ 28.29	23,700	\$ 0.0116	803,126,540	\$ 17,361,972.15	\$ 17,288,227	97,781	\$ -	\$ 17,386,008	(24,036)	-	(24,036)	YES
GS 50 to 4,999 kW	\$ 83.41	3,902	\$ 3.5078	10,160,712	\$ 39,547,378.56	\$ 37,292,703	481,320	\$ 1,779,742	\$ 39,553,765	(6,387)	-	(6,387)	YES
GS 50 to 4,999 kW TOU	\$ -	-	\$ -	29,018	\$ -	\$ -	-	\$ -	\$ -	-	-	-	-
Large Use	\$ 2,146.94	1	\$ 1.0913	82,809	\$ 116,132.41	\$ 205,714	4,623	\$ 49,685	\$ 260,022	(143,890)	(143,884)	(6)	YES
USL	\$ 14.14	2,121	\$ 0.0087	8,195,169	\$ 431,104.41	\$ 458,552	1,093	\$ -	\$ 459,645	(28,540)	(27,940)	(600)	YES
Sentinel Lighting	\$ 1.98	142	\$ 9.3165	1,750	\$ 19,673.29	\$ 11,603	70	\$ -	\$ 11,673	8,000	8,000	0	YES
Street Lighting	\$ 0.83	63,805	\$ 4.8386	126,683	\$ 1,248,462.04	\$ 1,079,985	4,653	\$ -	\$ 1,084,638	163,824	163,824	(0)	YES
<b>Total</b>					<b>\$ 117,211,769.98</b>	<b>\$ 114,562,987</b>	<b>\$ 860,825</b>	<b>\$ 1,829,428</b>	<b>\$ 117,253,239</b>	<b>(41,469)</b>	<b>0</b>	<b>(41,469)</b>	

**LRAM/SSM Recovery**

			Per Settlement		Adjusted to Sep 1st implementation date	
Customer Class	LRAM/SSM Total	Billing determinant	Billing Units (2009)	Rate Rider	Billing Units (8 months)	Rate Rider
Residential	\$ 190,316	<i>kWhs</i>	2,034,450,648	\$0.0001	1,325,815,139	\$ 0.0001
GS<50 kW	\$ 32,686	<i>kWhs</i>	803,126,540	\$0.0000	523,383,217	\$ 0.0001
GS>50 kW	\$ 292,320	<i>kWhs</i>	10,189,730	\$0.0287	6,633,568	\$ 0.0441
Large Use	\$ -	<i>kWhs</i>	82,809	\$0.0000	53,965	\$ -
<b>TOTALS</b>	<b>\$ 515,322</b>		<b>2,847,849,727</b>			

**Regulatory Asset/Liabilities Recovery**

Customer Class	Balance to be refunded	As per Settlement Proposal			Adjusted to Sep 1st implementation date			
		billing determinant	billing quantity	Rate Rider (over 24 months)	8 months	12 months	Total Billing quantity (20 months)	Rate Rider (over 20 months)
	\$							
Residential	-\$7,781,013	kWhs	2,034,450,648	\$ (0.0019)	1,325,815,139	2,034,450,648	3,360,265,787	\$ (0.0023)
GS<50	-\$3,131,270	kWhs	803,126,540	\$ (0.0019)	523,383,217	803,126,540	1,326,509,757	\$ (0.0024)
GS>50	-\$16,775,113	kWs	10,189,730	\$ (0.8231)	6,633,568	10,189,730	16,823,298	\$ (0.9971)
Time of use	\$0	kWs	-		-	-	-	
Large Use	-\$236,189	kWs	82,809	\$ (1.4261)		Note 1		
USL	\$16,805	kWhs	8,195,169	\$ 0.0010	5,340,645	8,195,169	13,535,814	\$ 0.0012
Sentinel Lighting	-\$8,093	kWs	1,750	\$ (2.3126)	1,140	1,750	2,890	\$ (2.8005)
Street Lighting	-\$174,025	kWs	126,683	\$ (0.6869)	82,557	126,683	209,240	\$ (0.8317)
<b>Total</b>	<b>-\$28,088,899</b>							

**Notes**

1. To avoid negative distribution rates in the Large Use class, PowerStream will refund the amount of \$236,189 as a separate fixed credit to the monthly bill over the recovery period. There is a single customer in the Large Use class and this amount is attributable to that customer. Based on a 24 month repayment period, PowerStream will credit this customer monthly for \$9,841.21 until the entire amount of \$236,189 is repaid. Based on an September 1, 2009 implementation date and 20 months recovery period, this monthly credit becomes \$11,809.45

**Rate Rider to Recover Smart Meter Costs**

Revenue Requirement 2006	\$	4,864
Revenue Requirement 2007	\$	1,008,622
Revenue Requirement 2008	\$	1,608,180
Revenue Requirement Total	\$	<u>2,621,665</u>
Smart Meter Rate Adder	-\$	2,002,866
Carrying Cost	-\$	47,313
Smart Meter True-up	\$	<u>571,486</u>

Metered Customers 249,355

**Rate Rider to Recover Smart Meter Costs \$ 0.19**

**2009 Addition to Rate Base**

Fixed Assets		
Smart Meters	\$	9,631,705
Computer Software	\$	490,200
	\$	<u>10,121,905</u>
Accumulated Depreciation		
Smart Meters	-\$	967,351
Computer Software	-\$	245,100
	-\$	<u>1,212,451</u>

**Addition to Net Fixed Assets - Jan. 1, 2009 \$ 8,909,454**

2009 Amortization Expense		
Smart Meters	\$	642,114
Computer Software	\$	163,400
	\$	<u>805,514</u>

**Incremental Revenue Requirement Calculation**

	2006		2007		2008		2009	
Net Fixed Assets		\$ 30,306		\$ 4,887,790		\$ 9,312,211		\$ 8,506,698
OM&A	\$ -		\$ 190,519		\$ -		\$ -	
WCA	15%	\$ -	15%	\$ 28,578	15%	\$ -	15%	\$ -
Rate Base		\$ 30,306		\$ 4,916,368		\$ 9,312,211		\$ 8,506,698
Deemed ST Debt	0%	\$ -	0%	\$ -	0%	\$ -	0%	\$ -
Deemed LT Debt	60%	\$ 18,184	60%	\$ 2,949,821	60%	\$ 5,587,327	60%	\$ 5,104,019
Deemed Equity	40%	\$ 12,122	40%	\$ 1,966,547	40%	\$ 3,724,884	40%	\$ 3,402,679
ST Interest	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -
LT Interest	6.16%	\$ 1,120	6.16%	\$ 181,709	6.16%	\$ 344,179	6.16%	\$ 314,408
ROE	9.00%	\$ 1,091	9.00%	\$ 176,989	9.00%	\$ 335,240	9.00%	\$ 306,241
		\$ 2,211		\$ 358,698		\$ 679,419		\$ 620,649
OM&A		\$ -		\$ 190,519		\$ -		\$ -
Amortization		\$ 2,090		\$ 404,847		\$ 805,514		\$ 805,514
Grossed-up PILs		\$ 562		\$ 54,558		\$ 123,247		\$ 187,291
Revenue Requirement		\$ 4,864		\$ 1,008,622		\$ 1,608,180		\$ 1,613,454

## PILs Calculation

	2006	2007	2008	2009
	Forecasted	Forecasted	Forecasted	Forecasted
<b>INCOME TAX</b>				
Net Income	\$ 1,091	\$ 176,989	\$ 335,240	\$ 306,241
Amortization	\$ 2,090	\$ 404,847	\$ 805,514	\$ 805,514
CCA	-\$ 2,508	-\$ 522,381	-\$ 934,797	-\$ 768,144
Change in taxable income	\$ 673	\$ 59,456	\$ 205,956	\$ 343,611
Tax Rate	36.12%	36.12%	33.50%	33.00%
Income Taxes Payable	\$ 243	\$ 21,475	\$ 68,995	\$ 113,392

<b>ONTARIO CAPITAL TAX</b>				
Closing Net Fixed Assets	\$ 60,612	\$ 9,306,468	\$ 8,664,354	\$ 8,022,241
Less: Exemption	\$ -	\$ -	\$ -	\$ -
Deemed Taxable Capital	\$ 60,612	\$ 9,306,468	\$ 8,664,354	\$ 8,022,241
Ontario Capital Tax Rate	0.300%	0.225%	0.225%	0.225%
Net Amount (Taxable Capital x Rate)	\$ 181.84	\$ 20,939.55	\$ 19,494.80	\$ 18,050.04

### Gross Up

	PILs Payable	PILs Payable	PILs Payable	PILs Payable
Change in Income Taxes Payable	\$ 243.09	\$ 21,475.33	\$ 68,995.37	\$ 113,391.69
Change in OCT	\$ 181.84	\$ 20,939.55	\$ 19,494.80	\$ 18,050.04
PIL's	\$ 424.92	\$ 42,414.88	\$ 88,490.16	\$ 131,441.73
	Gross Up	Gross Up	Gross Up	Gross Up
	33.00%	32.00%	30.50%	30.50%
	Grossed Up PILs	Grossed Up PILs	Grossed Up PILs	Grossed Up PILs
Change in Income Taxes Payable	\$ 380.54	\$ 33,618.24	\$ 103,752.43	\$ 169,241.33
Change in OCT	\$ 181.84	\$ 20,939.55	\$ 19,494.80	\$ 18,050.04
PIL's	\$ 562.37	\$ 54,557.79	\$ 123,247.23	\$ 187,291.37

## Average Net Fixed Assets

### Net Fixed Assets

	2006 Forecasted	2007 Forecasted	2008 Forecasted	2009 Forecasted
Opening Capital Investment	\$ -	\$ 62,702	\$ 9,631,705	\$ 9,631,705
Capital Investment	\$ 62,702	\$ 9,569,003		
Closing Capital Investment	\$ 62,702	\$ 9,631,705	\$ 9,631,705	\$ 9,631,705
Opening Accumulated Amortization	\$ -	\$ 2,090	\$ 325,237	\$ 967,351
Amortization Year One	\$ 2,090	\$ 318,967	\$ -	\$ -
Amortization Thereafter	\$ -	\$ 4,180	\$ 642,114	\$ 642,114
Closing Accumulated Amortization	\$ 2,090	\$ 325,237	\$ 967,351	\$ 1,609,464
Opening Net Fixed Assets	\$ -	\$ 60,612	\$ 9,306,468	\$ 8,664,354
Closing Net Fixed Assets	\$ 60,612	\$ 9,306,468	\$ 8,664,354	\$ 8,022,241
Average Net Fixed Assets	\$ 30,306	\$ 4,683,540	\$ 8,985,411	\$ 8,343,298

### Net Fixed Assets

	2006 Forecasted	2007 Forecasted	2008 Forecasted	2009 Forecasted
Opening Capital Investment	\$ -	\$ -	\$ 490,200	\$ 490,200
Capital Investment	\$ -	\$ 490,200		
Closing Capital Investment	\$ -	\$ 490,200	\$ 490,200	\$ 490,200
Opening Accumulated Amortization	\$ -	\$ -	\$ 81,700	\$ 245,100
Amortization Year One	\$ -	\$ 81,700	\$ -	\$ -
Amortization Thereafter	\$ -	\$ -	\$ 163,400	\$ 163,400
Closing Accumulated Amortization	\$ -	\$ 81,700	\$ 245,100	\$ 408,500
Opening Net Fixed Assets	\$ -	\$ -	\$ 408,500	\$ 245,100
Closing Net Fixed Assets	\$ -	\$ 408,500	\$ 245,100	\$ 81,700
Average Net Fixed Assets	\$ -	\$ 204,250	\$ 326,800	\$ 163,400

## For PILs Calculation

### UCC

	2006 Forecasted	2007 Forecasted	2008 Forecasted	2009 Forecasted
Opening UCC	\$ -	\$ 60,194	\$ 9,241,621	\$ 8,502,292
Capital Additions	\$ 62,702	\$ 9,569,003	\$ -	\$ -
UCC Before Half Year Rule	\$ 62,702	\$ 9,629,197	\$ 9,241,621	\$ 8,502,292
Half Year Rule (1/2 Additions - Disposals)	\$ 31,351	\$ 4,784,502	\$ -	\$ -
Reduced UCC	\$ 31,351	\$ 4,844,695	\$ 9,241,621	\$ 8,502,292
CCA Rate Class	47			
CCA Rate	8%			
CCA	\$ 2,508	\$ 387,576	\$ 739,330	\$ 680,183
Closing UCC	\$ 60,194	\$ 9,241,621	\$ 8,502,292	\$ 7,822,108

### UCC

	2006 Forecasted	2007 Forecasted	2008 Forecasted	2009 Forecasted
Opening UCC	\$ -	\$ -	\$ 355,395	\$ 159,928
Capital Additions	\$ -	\$ 490,200	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ 490,200	\$ 355,395	\$ 159,928
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ 245,100	\$ -	\$ -
Reduced UCC	\$ -	\$ 245,100	\$ 355,395	\$ 159,928
CCA Rate Class	50			
CCA Rate	55%			
CCA	\$ -	\$ 134,805	\$ 195,467	\$ 87,960
Closing UCC	\$ -	\$ 355,395	\$ 159,928	\$ 71,967

Table Staff 16-1: Account 1555 Smart Meter Capital and Offset Account – Principal

Month	Opening Balance	SM Adder	Revenue Requirement	Closing Balance (excluding Stranded)
May-06	\$ -	-\$ 53,082	\$ -	-\$ 53,082
Jun-06	-\$ 53,082	-\$ 55,204	\$ -	-\$ 108,286
Jul-06	-\$ 108,286	-\$ 58,518	\$ -	-\$ 166,804
Aug-06	-\$ 166,804	-\$ 61,423	\$ -	-\$ 228,227
Sep-06	-\$ 228,227	-\$ 59,434	\$ -	-\$ 287,661
Oct-06	-\$ 287,661	-\$ 60,877	\$ -	-\$ 348,538
Nov-06	-\$ 348,538	-\$ 62,646	\$ -	-\$ 411,184
Dec-06	-\$ 411,184	-\$ 61,058	\$ 4,864	-\$ 467,378
Jan-07	-\$ 467,378	-\$ 62,549	\$ -	-\$ 529,927
Feb-07	-\$ 529,927	-\$ 57,342	\$ -	-\$ 587,269
Mar-07	-\$ 587,269	-\$ 63,206	\$ -	-\$ 650,475
Apr-07	-\$ 650,475	-\$ 59,797	\$ 949	-\$ 709,324
May-07	-\$ 709,324	-\$ 152,613	\$ 148,030	-\$ 713,907
Jun-07	-\$ 713,907	-\$ 161,831	\$ 132,751	-\$ 742,987
Jul-07	-\$ 742,987	-\$ 173,477	\$ 141,482	-\$ 774,982
Aug-07	-\$ 774,982	-\$ 167,808	\$ 207,207	-\$ 735,583
Sep-07	-\$ 735,583	-\$ 156,656	\$ 216,486	-\$ 675,754
Oct-07	-\$ 675,754	-\$ 188,831	\$ 97,446	-\$ 767,139
Nov-07	-\$ 767,139	-\$ 119,756	\$ 59,303	-\$ 827,592
Dec-07	-\$ 827,592	-\$ 166,758	\$ 4,969	-\$ 989,381
Jan-08	-\$ 989,381	\$ -	\$ 134,015	-\$ 855,366
Feb-08	-\$ 855,366	\$ -	\$ 134,015	-\$ 721,351
Mar-08	-\$ 721,351	\$ -	\$ 134,015	-\$ 587,336
Apr-08	-\$ 587,336	\$ -	\$ 134,015	-\$ 453,321
May-08	-\$ 453,321	\$ -	\$ 134,015	-\$ 319,306
Jun-08	-\$ 319,306	\$ -	\$ 134,015	-\$ 185,291
Jul-08	-\$ 185,291	\$ -	\$ 134,015	-\$ 51,276
Aug-08	-\$ 51,276	\$ -	\$ 134,015	\$ 82,739
Sep-08	\$ 82,739	\$ -	\$ 134,015	\$ 216,754
Oct-08	\$ 216,754	\$ -	\$ 134,015	\$ 350,769
Nov-08	\$ 350,769	\$ -	\$ 134,015	\$ 484,784
Dec-08	\$ 484,784	\$ -	\$ 134,015	\$ 618,799
Jan-09	\$ 618,799	\$ -	\$ -	\$ 618,799
Feb-09	\$ 618,799	\$ -	\$ -	\$ 618,799
Mar-09	\$ 618,799	\$ -	\$ -	\$ 618,799
Apr-09	\$ 618,799	\$ -	\$ -	\$ 618,799
2006	-\$	472,242	\$ 4,864	
2007	-\$	1,530,624	\$ 1,008,622	
2008	\$	-	\$ 1,608,180	
	-\$	2,002,866	\$ 2,621,665	

Table Staff 16-2: Account 1555 – Interest

Month	Opening Balance (excluding Stranded)	Days	Rate	Interest	To Date
May-06	\$ -	31	4.1400%	\$ -	\$ -
Jun-06	-\$ 53,082	30	4.1400%	-\$ 181	-\$ 181
Jul-06	-\$ 108,286	31	4.5900%	-\$ 422	-\$ 603
Aug-06	-\$ 166,804	31	4.5900%	-\$ 650	-\$ 1,253
Sep-06	-\$ 228,227	30	4.5900%	-\$ 861	-\$ 2,114
Oct-06	-\$ 287,661	31	4.5900%	-\$ 1,121	-\$ 3,235
Nov-06	-\$ 348,538	30	4.5900%	-\$ 1,315	-\$ 4,550
Dec-06	-\$ 411,184	31	4.5900%	-\$ 1,603	-\$ 6,153
Jan-07	-\$ 467,378	31	4.5900%	-\$ 1,822	-\$ 7,975
Feb-07	-\$ 529,927	28	4.5900%	-\$ 1,866	-\$ 9,841
Mar-07	-\$ 587,269	31	4.5900%	-\$ 2,289	-\$ 12,131
Apr-07	-\$ 650,475	30	4.5900%	-\$ 2,454	-\$ 14,585
May-07	-\$ 709,324	31	4.5900%	-\$ 2,765	-\$ 17,350
Jun-07	-\$ 713,907	30	4.5900%	-\$ 2,693	-\$ 20,043
Jul-07	-\$ 742,987	31	4.5900%	-\$ 2,896	-\$ 22,939
Aug-07	-\$ 774,982	31	4.5900%	-\$ 3,021	-\$ 25,961
Sep-07	-\$ 735,583	30	4.5900%	-\$ 2,775	-\$ 28,736
Oct-07	-\$ 675,754	31	5.1400%	-\$ 2,950	-\$ 31,686
Nov-07	-\$ 767,139	30	5.1400%	-\$ 3,241	-\$ 34,927
Dec-07	-\$ 827,592	31	5.1400%	-\$ 3,613	-\$ 38,539
Jan-08	-\$ 989,381	31	5.1400%	-\$ 4,307	-\$ 42,847
Feb-08	-\$ 855,366	29	5.1400%	-\$ 3,484	-\$ 46,330
Mar-08	-\$ 721,351	31	5.1400%	-\$ 3,140	-\$ 49,471
Apr-08	-\$ 587,336	30	4.0800%	-\$ 1,964	-\$ 51,435
May-08	-\$ 453,321	31	4.0800%	-\$ 1,567	-\$ 53,002
Jun-08	-\$ 319,306	30	4.0800%	-\$ 1,068	-\$ 54,069
Jul-08	-\$ 185,291	31	3.3500%	-\$ 526	-\$ 54,595
Aug-08	-\$ 51,276	31	3.3500%	-\$ 145	-\$ 54,741
Sep-08	\$ 82,739	30	3.3500%	\$ 227	-\$ 54,513
Oct-08	\$ 216,754	31	3.3500%	\$ 615	-\$ 53,898
Nov-08	\$ 350,769	30	3.3500%	\$ 963	-\$ 52,935
Dec-08	\$ 484,784	31	3.3500%	\$ 1,376	-\$ 51,560
Jan-09	\$ 618,799	31	2.4500%	\$ 1,288	-\$ 50,272
Feb-09	\$ 618,799	28	2.4500%	\$ 1,163	-\$ 49,109
Mar-09	\$ 618,799	31	2.4500%	\$ 1,288	-\$ 47,821
Apr-09	\$ 618,799	30	1.0000%	\$ 509	-\$ 47,313

## **Settlement Proposal**

**May 29, 2009**

## Table of Contents

	<b>Page</b>
I. Introduction	3
II. Settlement Conference	3
III. Issues	3
IV. Settlement Categories	4
V. Parameters of Settlement Proposal	4
VI. Overview of Settlement Proposal	5
VII. Unsettled Sub-Issue	8
VIII. Conclusion	9
IX. Issue-by-Issue Settlements	10
Schedule A – Issues List (Schedule "B" to Procedural Order No. 2)	
Schedule B - Calculation of PILs	
Schedule C – Deferral and Variance Accounts	
Schedule D – Cost Allocation	
Schedule E - Rate Schedules	
Schedule F - Bill Impacts	
Schedule G - Smart Meter Cost Recovery	
Schedule H - LRAM/SSM	

## I. INTRODUCTION

This Settlement Proposal is filed with the Ontario Energy Board (the "OEB" or "Board") in connection with the Application of PowerStream Inc. ("PowerStream") for an order or orders approving or fixing just and reasonable rates, effective May 1, 2009, for distribution service and, in particular, the specific relief that PowerStream requested in Exhibit A1-2-2.

## II. SETTLEMENT CONFERENCE

A Settlement Conference was held in one of the Board's hearing rooms on May 19-21, 2009 and on May 21, 22 and 25, 2009 via telephone conference call, in accordance with Rule 31 of the Board's *Rules of Practice and Procedure* and the Board's *Settlement Conference Guidelines*. This Settlement Proposal arises from the Settlement Conference.

PowerStream, the following intervenors and the Board's technical staff ("Board Staff") participated in all or a portion of the Settlement Conference:

- Consumers Council of Canada ("CCC");
- Energy Probe Research Foundation ("Energy Probe");
- School Energy Coalition ("SEC");
- Smart Sub-Metering Working Group ("SSMWG"); and
- Vulnerable Energy Consumers Coalition ("VECC").

All parties, except SSMWG, participated in the negotiation of the issues from May 19 to - 21, 2009. Separate negotiations between PowerStream and SSMWG were held via telephone conference calls on May 21, 22 and 25, 2009. The Association of Major Power Consumers in Ontario ("AMPCO") and Hydro One Networks Inc. ("Hydro One") are intervenors; neither participated in the Settlement Conference and are not parties to the Settlement Proposal. Accordingly, the "parties" to this Settlement Proposal are PowerStream, CCC, Energy Probe, SEC, SSMWG and VECC.

## III. ISSUES

The Settlement Proposal deals with all of the issues listed in Appendix "B" to the Board's Procedural Order No. 2 dated March 13, 2009 (the "Issues List"). A copy of the Issues List is provided in Schedule A.

#### IV. SETTLEMENT CATEGORIES

Each issue dealt with in this Settlement Proposal has been completely settled subject to the resolution by the Board of the suite metering issue, discussed below in Section VII. With this exception, there are no partially settled or unsettled issues.

#### V. PARAMETERS OF SETTLEMENT PROPOSAL

The Settlement Proposal has been prepared by PowerStream in consultation with CCC, Energy Probe, SEC, SSMWG and VECC in accordance with Rule 32 of the Board's *Rules of Practice and Procedure* and the Board's *Settlement Conference Guidelines*. Board Staff also participated in the Settlement Conference, as contemplated by the Board's *Settlement Conference Guidelines* (p. 5), but Board Staff is not a party to this Settlement Proposal. PowerStream and the parties nevertheless consulted with Board Staff during the preparation of this Settlement Proposal.

The Settlement Proposal describes the agreements reached on the issues. The description of each issue assumes that all of the parties participated in the negotiation of the issue.

The Settlement Proposal provides a direct link between each settled issue and the supporting evidence in the record to date. There are Schedules to the Agreement which provide further support. The intervenors agree that the Schedules were prepared by Powerstream, based on calculations and data that have not been the subject of any external review or testing, and those Schedules form part of and are an essential component of this Settlement Proposal. The parties have relied on the accuracy of the Schedules in agreeing to the settlement of the issues set forth herein.

The parties are of the view that the evidence provided is sufficient to support the Settlement Proposal in relation to each such issue.

According to the *Settlement Conference Guidelines* (p. 3), the parties must consider whether a settlement proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. PowerStream and the other parties consider that no settled issue, except for Issue 6.1 (Cost of Capital/Debt), requires a specific adjustment mechanism. The settlement of Issue 6.1 references the proposed adjustment mechanism. In addition, the settlement on each of the issues is subject to adjustment for the impacts of the Board's determination on the suite metering issue, described below in Section VII.

The parties have settled the issues as a package and none of the parts of this Settlement Proposal is severable. If the Board does not accept the Settlement Proposal, in its entirety, then there is no Settlement Proposal (unless the parties agree that any part(s) of the Settlement Proposal that the Board does accept may continue as a valid Settlement Proposal without inclusion of any part(s) that the Board does not accept).

None of the parties can withdraw from the Settlement Proposal except in accordance with Rule 32.05 of the Board's *Rules of Practice and Procedure*. Unless stated otherwise, the

settlement of any particular issue in this proceeding is without prejudice to the rights of the parties to raise the same issue in future proceedings before the Board whether or not PowerStream is a party to any such proceeding.

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Board's *Settlement Conference Guidelines*. The parties understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal.

## VI. OVERVIEW OF SETTLEMENT PROPOSAL

Subject to the issue of suite metering, described below in Section VII, the parties achieved a comprehensive and complete settlement of all 37 issues on the Issues List.

The agreement among the parties reduces PowerStream's applied-for revenue requirement by \$5.7 million, from \$120.3 million to \$114.6 million. This, in turn, reduces PowerStream's revenue deficiency from \$8.9 million to \$3.2 million.

Table 2 below, presents the components of PowerStream's revenue deficiency for the Test Year, on an applied-for and a settled basis.

**Table 2: 2009 Revenue Deficiency**

		Applied-for		Settled	
		%	\$000	%	\$000
1	Rate Base	--	533,832	--	526,814
2	Cost of Capital	6.81	---	6.56	--
3	Return on Rate Base (A)	---	36,336	--	34,543
4	Distribution Expenses	---	45,098	--	43,216
5	Amortization	---	36,540	--	36,243
6	Payment in Lieu of Taxes	---	8,898	--	7,129
7	<b>2009 Service Revenue Requirement (B)</b>	---	126,872	--	121,131
8	Less Revenue Offsets	---	(6,568)	--	(6,568)
9	<b>2009 Base Revenue Requirement (C)</b>	---	120,304	--	114,563
10	<b>Forecast 2009 Revenue at Current Rates</b>	---	111,346	--	111,346
11	2009 Revenue Deficiency	---	(8,958)	--	(3,217)

A= Line 1 X Line 2

B= Lines 3+4+5+6

C= Lines 7-8

Table 3, below, presents the underpinning causes of the revenue deficiency for the Test Year, on an applied-for and settled basis:

**Table 3: Causes of Revenue Deficiency**

<b>Cause</b>	<b>Application (as filed on October 10, 2008)</b>	<b>Application (as updated on January 30,2009)</b>	<b>Settlement</b>	<b>Change (Settlement vs. January update)</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Increase in Amortization Expense	(9,977)	(9,977)	(9,680)	297
Increase in Distribution Expenses	(6,815)	(6,815)	(4,933)	1,882
Increase in Return on Capital	(4,767)	(4,185)	(2,392)	1,793
Load Growth	10,517	9,096	9,094	(2)
Decrease in Payment in Lieu of Taxes	2,311	2,452	4,222	1,770
Increase in Revenue Offsets	471	471	471	0
<b>Total 2009 Revenue Deficiency</b>	<b>(8,261)</b>	<b>(8,958)</b>	<b>(3,217)</b>	<b>5,741</b>

Tables 4, 5 and 6, below, compare the monthly bill impacts, for a "typical" customer in each rate class, of PowerStream's as-filed revenue requirement (as *per* its January 30, 2009 update) with the revenue requirement negotiated pursuant to this Settlement Proposal. Table 4 compares the filed vs. negotiated impacts on total bill. Table 5 compares the impacts on the distribution portion of the bill. Table 6 compares the impact on the distribution portion of monthly customer bills, excluding the refund of regulatory liability amounts to customers. None of the percent changes that flow from this Settlement Proposal exceed the ten percent mitigation threshold on total bills specified in Section 13.1 of the 2006 EDR Handbook.

**Table 4: Impacts on Total Bill for Typical Customer**

Class	Consumption per customer, kwh	Demand per customer, kw	Typical Bill (as per Application)		Typical Bill (as per Settlement Proposal)	
			\$ Change	% Change	\$ Change	% Change
Residential	1,000	-	\$(0.22)	-0.2%	\$(1.57)	-1.5%
GS<50	2,000	-	\$(1.13)	-0.5%	\$(3.94)	-1.8%
GS>50	80,000	250	\$(62.25)	-0.8%	\$(127.92)	-1.7%
Large Use	2,800,000	7,350	\$(18,543.77)	-7.5%	\$(18,136.07)	-7.3%
USL	500	-	2.30	3.9%	\$(1.10)	-1.9%
Sentinel Lighting	180	1	\$0.20)	-1.1%	\$0.44	2.4%
Street Lighting	882,119	2,639	\$2,946.06	21.1%	\$1,152.63	0.8%

**Table 5: Impact on the Distribution Portion of Bill for Typical Customer**

Class	Consumption per customer, kwh	Demand per customer, kw	Typical Bill (as per Application)		Typical Bill (as per Settlement Proposal)	
			\$ Change	% Change	\$ Change	%Change
Residential	1,000	-	\$(0.45)	-1.7%	\$(1.46)	-5.5%
GS<50	2,000	-	\$(1.56)	-3.0%	\$(3.70)	-7.0%
GS>50	80,000	250	\$(86.54)	-9.7%	\$(130.54)	-14.6%
Large Use	2,800,000	7,350	\$(19,261.57)	-103.8%	\$(18,873.28)	-101.7%
USL	500	-	2.05	10.2%	\$(1.06)	-5.3%
Sentinel Lighting	180	1	\$0.22)	-4.4%	\$0.43	8.5%
Street Lighting	882,119	2,639	\$2,656.29	4.2.2%	\$1,164.81	1.9%

**Table 6: Impact on the Distribution Portion of Bill for Typical Customer  
 (Excluding Refund of Regulatory Liabilities)**

Class	Consumption per customer, kwh	Demand per customer, kw	Typical Bill - Distribution charge	
			\$ Change	% Change
Residential	1,000	-	\$ 0.44	1.7%
GS<50	2,000	-	\$ 0.10	0.2%
GS>50	80,000	250	\$ 75.24	8.4%
Large Use	2,800,000	7,350	\$ (8,391.45)	-45.2%
USL	500	-	\$ (1.56)	-7.8%
Sentinel Lighting	180	1	\$ 1.59	31.4%
Street Lighting	882,119	2,639	\$ 2,977.69	4.7%

Tables 2 through 6 above have been prepared by Powerstream and have not been the subject of any review or testing. The intervenors have accepted these calculations, and relied on the correctness of these Tables in entering into this Agreement and recommending that the Board approve the settlement of issues as set forth herein.

## VII. UNSETTLED SUB-ISSUE

Included in many of the general issues in this proceeding are impacts of PowerStream's individual suite metering activities. SSMWG has taken the position that the revenue requirement impacts of those activities should not be included in rates in the Test Year. Powerstream believes that they should. Other parties have not, as yet, taken any position on this issue.

The parties agree that the evidence on this matter, and resulting submissions, should be put to the Board for a determination. In such hearing, it is agreed that all parties may participate, and the settlement by the parties of the issues as set forth in this Settlement Proposal shall have no effect on their ability to participate in that hearing, or on the positions they take on the suite metering issue or any part of it.

The costs associated with suite metering activities are included in rate base, OM&A, and potentially other consequential aspects of the calculation of revenue requirement, and the figures set forth in this Settlement Proposal include those amounts as filed by Powerstream. In the event that, after a hearing on this issue, the Board determines that all or any portion of those costs should not be included in revenue requirement, the amounts for each component of revenue requirement that may be affected will be adjusted to reflect the Board's decision, and the lower adjusted figures shall be deemed to be the figures agreed to by the parties.

The settlement of all issues in this proceeding is therefore subject to any adjustments that arise from the Board's decision on suite metering. Where, throughout this document, issues relating to revenue requirement and its components are listed as settled, the phrase "subject to the Board's determination of the revenue requirement impacts of suite metering" shall be read in.

## **VIII. CONCLUSION**

The parties are of the view that this Settlement Proposal will protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service, promote economic efficiency and cost effectiveness in the distribution of electricity, and maintain the financial viability of PowerStream. The parties believe that the distribution rates established in accordance with the terms and conditions of the Settlement Proposal are "just and reasonable" and will permit PowerStream to make the investments that are required in order to serve its customers, protect the integrity of its distribution system, maintain and improve the quality of its service and meet all compliance requirements in 2009.

## IX. ISSUE-BY-ISSUE SETTLEMENTS

### 1. ADMINISTRATION (Exhibit A)

#### 1.1 Has PowerStream responded appropriately to all relevant Board directions and settlement agreements from previous proceedings?

- **Complete Settlement:** The parties accept the evidence of Powerstream that there are no outstanding PowerStream obligations arising from prior Board directives or from settlement agreements from previous proceedings.
- **Evidence:** The evidence on this issue includes the following:

Exhibit, A1-31  
No IRs

#### 1.2 Has PowerStream complied with the Board's Filing Requirements in filing all relevant information pertaining to this application?

- **Complete Settlement:** The parties agree, for the purposes of obtaining settlement on all issues in this proceeding, that PowerStream has complied with the Board's Filing Requirements *vis-à-vis* its application for 2009 distribution rates.
- **Evidence:** The evidence on this issue includes the following:

Exhibits A1-1-1, A1-2-1, A1-2-2, A1-3-1, A1-4-1, A2-1-1, A2-1-2, A2-1-3, A2-2-1, A2-2-2, A2-3-1, A3-1-1  
Board Staff Interrogatories #1, 5, 35  
VECC Interrogatories #5, 6  
CCC Interrogatories #1, 2, 3, 4, 5, 6, 7, 19, 20, 37  
SEC Interrogatories #1, 2, 3, 4, 5, 6, 8, 9, 11, 12, 18, 20, 21, 22, 23

**2. RATEBASE (Exhibit B)**

**2.1 Are the amounts proposed for Rate Base appropriate?**

- **Complete Settlement:** In its application (as updated on January 30, 2009), PowerStream sought the Board's approval of a forecast rate base of \$533,832,000 for the 2009 Test Year. This amount comprised \$459,051,000 in respect of net fixed assets and \$74,781,000 in respect of working capital allowance.

The parties agree that the "net fixed assets" component of PowerStream's rate base forecast shall be: (i) decreased by \$2,359,000 to reflect PowerStream's actual capital spending in 2008, relative to the amount that is embedded in PowerStream's 2009 forecast and the impact of that change on opening rate base; and (ii) increased by \$395,000 to reflect a correction in the way in which the value of smart meter capital assets are calculated for rate base purposes (see Issue 8.7 and Schedule G).

The parties also agree that the "working capital allowance" component of rate base shall be adjusted to reflect: (i) a decrease of \$31,811,000 in the cost of power as per the Navigant Consulting April 2009 updated forecast; and (ii) a decrease of \$1,882,000 million in distribution expenses, as per the settlement of Issue 4.1. These decreases result in a \$5,054,000 reduction in PowerStream's working capital allowance (i.e., 15% of \$33,693,000).

The resultant forecast rate base for the Test Year is shown in Table 2.1 below.

**Table 2.1: Rate Base (\$000)**

	<b>As filed - Jan. 2009 Update</b>	<b>Settlement Proposal</b>
Net Fixed Assets	459,051	457,087
Working Capital Allowance	74,781	69,727
<b>Total</b>	<b>533,832</b>	<b>526,814</b>

- **Evidence:** The evidence on this issue includes the following:

Exhibits B1-1-1, B1-4-1, B1-4-2, B1-5-1, B1-5-2, B1-5-3, B1-7-1, B1-7-2  
Board Staff Interrogatories #11, 14  
VECC Interrogatories #7, 24, 25  
Energy Probe Interrogatories #2, 5, 6,  
CCC Interrogatories #8, 16, 17, 18  
SEC Interrogatory #17

## 2.2 Are the amounts proposed for 2009 Capital Expenditures appropriate?

- **Complete Settlement:** In its application (as updated on January 30, 2009), PowerStream's forecast capital expenditures of \$85,241,000 for the 2009 Test Year, net of contributed capital. The parties accept, in the context of the Settlement Proposal, that rate base should be calculated for 2009 using this capital spending forecast.

**Evidence:** The evidence on this issue includes the following:

Exhibits B1-2-1, B1-4-1, B1-4-2, B1-5-1, B1-5-4, B1-6-1  
Board Staff Interrogatories #2, 3, 4, 6, 7, 8, 9, 10, 12, 13  
VECC Interrogatories #8, 9, 11, 14, 15, 16, 17, 18, 19, 20, 22, 23  
Energy Probe Interrogatories #3, 4  
CCC Interrogatories #6, 8, 9, 10, 11, 12, 13, 14, 16  
SEC Interrogatory #14, 16

## 2.3 Has the Working Capital Allowance been determined appropriately?

- **Complete Settlement:** See Issue 2.1 above.
- **Evidence:** The evidence on this issue includes the following:

Exhibits B2-1-1, B2-1-2, B2-1-3  
Board Staff Interrogatory #19  
VECC Interrogatories #26, 27  
Energy Probe Interrogatories #7, 8  
CCC Interrogatory #21  
SEC Interrogatories #13, 18

**2.4 Does the asset condition information and the Distribution System Planning Report adequately address the condition of the distribution system assets and support the planning and budgeting for OMA and Capital expenditures for 2009?**

- **Complete Settlement:** The parties agree that the evidence on the record, to-date, adequately addresses the condition of the distribution system assets and supports the planning and budgeting for OM&A and capital expenditures in the 2009 Test Year.
- **Evidence: The evidence on this issue includes the following:**

Exhibits B1-2-1  
VECC Interrogatory #10

**2.5 Is PowerStream's Overhead Capitalization Policy appropriate?**

- **Complete Settlement:** For the purpose of achieving settlement on all issues, the parties accept PowerStream's capitalization policy as described in Exhibit B1-3-1.
- **Evidence: The evidence on this issue includes the following:**

Exhibit B1-3-1  
Board Staff Interrogatories #37, 42  
VECC Interrogatories #12, 13  
SEC Interrogatories #15, 24, 25(e), 27

### 3. REVENUE REQUIREMENT (Exhibit C)

#### 3.1 Is the calculation of the proposed revenue requirement for 2009 appropriate?

- **Complete Settlement:** In its application, PowerStream sought approval of a 2009 Base Revenue Requirement ("BRR") of \$120,304,000, with a forecast 2009 revenue deficiency of \$8,958,000. As a result of the settlement of Issues 2.1 (Rate Base), 4.1 (OM&A), 4.7 (PILs) and 6.1 (Cost of Capital/Debt), the parties accept that the BRR shall be reduced to \$114,563,00, with a forecast 2009 revenue deficiency of \$3,217,000, subject to the adjustment mechanism described in the settlement of Issue 6.1.

The parties are of the view that the adjusted BRR is sufficient to permit PowerStream to operate its distribution system in a safe and reliable manner, invest in capital and earn a fair return after recovery of all distribution operating expenditures.

- **Evidence:** The evidence on this issue includes the following:

Exhibits G1-1, G-1-2, I-6-6

#### 3.2 Is the proposed amount for 2009 Other Revenues, including revenues from affiliates and related parties appropriate? Is the methodology used to cost and price these services appropriate?

- **Complete Settlement:** In its application, PowerStream forecast that it would receive \$6,568,047 of non-distribution ("Other Revenue" or "Revenue Offsets") in connection with "specific service charges," "late payment charges," "other distribution revenue" and "other income and deductions". The parties accept this amount for the purpose of setting 2009 rates.
- **Evidence:** The evidence on this issue includes the following:

Exhibits C2-1-1, C2-1-2, D1-1-6, D1-1-7, D1-1-8  
Board Staff Interrogatories #20, 21  
VECC Interrogatory #36  
Energy Probe Interrogatories #13, 14  
CCC Interrogatory #22  
SEC Interrogatory #19

### 3.3 Are the proposed Specific Service Charges for 2009 appropriate?

- **Complete Settlement:** In its 2006 EDR Application, PowerStream sought and received approval to use the default Specific Service Charges in the Board's *2006 Electricity Distribution Rate Handbook*. In its 2009 application, PowerStream did not propose any changes to these Specific Service Charges. The parties accept the evidence of Powerstream that these charges remain appropriate.
- **Evidence:** The evidence on this issue includes the following:

Exhibit C2-1-2

### 3.4 Are PowerStream's economic and business planning assumptions for 2009 appropriate?

- **Complete Settlement:** For the purpose of achieving settlement of all of the issues, the parties accept PowerStream's economic and business planning assumptions for 2009 as reasonable and appropriate .
- **Evidence:** The evidence on this issue includes the following:

Exhibits B1-2-1, D1-1-2, D1-1-2  
Board Staff Interrogatory #40

**3.5 Is the load forecast and methodology appropriate including the weather normalization methodology?**

**Complete Settlement:** PowerStream's load forecast was developed using an econometric model. Due to the lack of historic data by customer class, PowerStream used aggregate data since 1998 and divided the forecast sales by customer class based on past patterns. Ontario GDP was determined to be the variable most correlated to energy sales. Region of York Planning Department reports were used for the customer forecasts. Weather normalization was done based on the 10 year Statistics Canada heating degree days and cooling degree days. CDM adjustments were made by applying OPA forecasts to PowerStream's service territory. The parties agree that the addition of more class specific consumption data would improve the load forecasting methodology .

Notwithstanding that the methodology may be improved in the future, the parties accept the current methodology and the resultant load forecast for the purpose of setting 2009 distribution rates.

- **Evidence:** The evidence on this issue includes the following:

Exhibits C1-1-1, C1-1-2, C1-1-3, C1-14  
Board Staff Interrogatories #22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32  
VECC Interrogatories #3, 28, 29, 30, 31, 32, 33, 34, 35, 55  
Energy Probe Interrogatories #9, 10, 11, 12

**3.6 Has the impact of Conservation and Demand Management initiative been suitably reflected in the load forecast?**

- **Complete Settlement:** See the settlement of Issue 3.5
- **Evidence:** The evidence on this issue includes the following:

Exhibit C1-1-2  
Board Staff Interrogatory #33

**3.7 Is the Revenue Deficiency calculation for the test year appropriate? (Exhibit G)**

- **Complete Settlement:** See the settlement of Issue 3.1.
- **Evidence:** The evidence on this issue includes the following:

VECC Interrogatories #2, 4, 56  
Energy Probe Interrogatory #1  
SEC Interrogatory #7

#### 4. COST OF SERVICE (Exhibit D)

##### 4.1 Are the overall levels of the 2009 Operation, Maintenance and Administration budgets appropriate?

- **Complete Settlement:** In its application, which was filed in October 10, 2008, PowerStream sought approval of forecast Operation, Maintenance and Administration ("OM&A") expenses for the 2009 Test Year of \$45,098,000. On January 1, 2009, PowerStream amalgamated with Barrie Hydro Distribution Inc. In its decision (EB-2008-0335) approving the amalgamation, the Board also approved a rate rebasing schedule, including PowerStream's proposal to seek revised 2009 distribution rates on a cost of service basis for the Powerstream distribution service area and excluding the Barrie Hydro service area. The application for 2009 does not include recognition of either the merger-related costs (\$4,302,000) or savings (\$1,882,000) that the amalgamated entity expects in 2009, nor any of the additional net savings that the amalgamated entity expects to achieve from the merger in subsequent years until its next rebasing.

The parties agreed to reduce PowerStream's forecast of 2009 OM&A expenses by an amount equal to the estimated 2009 cost savings resulting from the merger, but not to include in PowerStream's forecast any of the incremental costs in 2009 of the merger, nor to include any provision in 2009 for future savings from the merger that may arise after 2009. The forecast 2009 OM&A spending of \$45,098,000 is therefore reduced by \$1,882,000, the full amount of the amalgamated entity's 2009 merger savings, to \$43,216,000.

Subject to the \$1,882,000 reduction, the parties accept PowerStream's 2009 OM&A forecast for the purpose of establishing 2009 revenue requirement.

- **Evidence:** The evidence on this issue includes the following:

Exhibits D1-1-1, D1-1-2, D1-1-3, A2-3-1  
Board Staff Interrogatories #34, 35, 36, 39, 41, 43, 44, 45, 46, 47  
VECC Interrogatories #37, 38, 39, 40  
Energy Probe Interrogatories #15, 16  
CCC Interrogatories #23, 24, 25, 26, 27, 28  
SEC Interrogatory #10, 25

**4.2 Are the proposed Purchased Services and Shared Services amounts appropriate?**

- **Complete Settlement:** For the purpose of achieving a settlement of all of the issues, the parties have accepted the evidence of PowerStream on this issue.
- **Evidence:** The evidence on this issue includes the following:

Exhibit D1-1-4  
Board Staff Interrogatory #48  
VECC Interrogatory #40  
CCC Interrogatory #29  
SEC Interrogatory #26

**4.3 Are the methodologies used to cost and price services from affiliates and related parties appropriate? Are the Affiliate Service Agreements appropriate?**

- **Complete Settlement:** For the purpose of achieving a settlement of all of the issues, the parties have accepted the evidence of PowerStream on this issue.
- **Evidence:** The evidence on this issue includes the following:

Exhibits D1-1-6, D1-1-7, D1-1-8  
Board Staff Interrogatory #49  
Energy Probe Interrogatory #18  
VECC Interrogatory #43  
SEC Interrogatory #28, 29

**4.4 Are the 2009 Human Resources related costs (wages, salaries, benefits, incentive payments, labour productivity and pension costs) including employee levels, appropriate?**

- **Complete Settlement:** For the purpose of achieving a settlement of all of the issues, the parties have accepted the evidence of PowerStream on this issue.
- **Evidence:** The evidence on this issue includes the following:

Exhibit D1-1-9  
Board Staff Interrogatories #50, 51  
VECC Interrogatory #44a  
Energy Probe Interrogatory #19  
CCC Interrogatories #30, 31  
SEC Interrogatories #30, 31

**4.5 Is PowerStream's depreciation expense appropriate?**

- **Complete Settlement:** See settlement of Issue 2.1. The effect of this settlement is to decrease depreciation expense from \$36,540,000 to \$36,243,000.
- **Evidence:** The evidence on this issue includes the following:
  - Exhibit D1-1-5
  - Board Staff Interrogatory #15
  - VECC Interrogatory #42
  - Energy Probe Interrogatories #8, 17
  - SEC #27

**4.6 Are the amounts proposed for 2009 capital and property taxes appropriate?**

- **Complete Settlement:** For the purpose of achieving a settlement of all of the issues, the parties have accepted the evidence of PowerStream on this issue.
- **Evidence:** The evidence on this issue includes the following:
  - Exhibits D1-1-3, D2-1-2, D2-1-2, D2-1-3
  - Energy Probe Interrogatories #20, 21

**4.7 Is the amount proposed for 2009 Payments in Lieu of Taxes, including the methodology, appropriate?**

- **Complete Settlement:** In its application, PowerStream sought approval to include in revenue requirement an amount of \$8,898,000 in respect of Payments in Lieu of Taxes ("PILs"). This amount was calculated using Federal and Ontario income tax rates and Ontario capital tax rates that were current as of the date of filing (i.e., October 10, 2008).

PowerStream has updated the PILs amount to reflect the new tax measures that were included in the 2009 Federal and Ontario Budgets. The calculation of the revised PILs amount is set out below in Table 4.7.

**Table 4.7: Payments in Lieu of Taxes (PILs) \$000**

	As filed - Jan. 2009 Update	Settlement Proposal
Taxable Income	23,186	19,389
PILs	8,898	7,129

Please see Schedule B for complete details.

For the purpose of achieving a settlement of all of the issues, the parties have accepted the evidence of PowerStream on this issue.

- **Evidence:** The evidence on this issue includes the following:

Exhibits D2-1-2, D2-1-2, D2-1-3  
Board Staff Interrogatory #52  
VECC Interrogatory #45  
Energy Probe Interrogatories #22, 23

## 5. REGULATORY ASSETS (Exhibits E)

### 5.1 Is the proposal for the amounts, disposition and continuance of PowerStream's existing Deferral and Variance Accounts (Regulatory Assets) appropriate?

- **Complete Settlement:** PowerStream has updated the amounts for disposition and the rate riders to reflect responses to Board Staff Interrogatories. The amount to be returned to customers has been increased from \$27,899,049 (as filed) to \$28,088,900. This \$189,851 increase reflects; (i) interest on account 2425 balances up to April 30, 2006; and (ii) adjustments to reflect actual interest rates from July 1, 2008 to April 30, 2009.

Please see Schedule C for details.

For the purpose of achieving a settlement of all of the issues, the parties have accepted the evidence of PowerStream on this issue.

- **Evidence:** The evidence on this issue includes the following:

Exhibits E1-1-1, E1-1-2  
Board Staff Interrogatories #53, 54, 55, 56, 57, 58, 67, 69  
VECC Interrogatory #46  
Energy Probe Interrogatories # 24, 25, 26

**6. COST OF CAPITAL/DEBT (Exhibit F)**

**6.1 Is the proposed Capital Structure and Rate of Return on Equity for PowerStream's distribution business appropriate?**

- **Complete Settlement:** For rate-making purposes, PowerStream's deemed capital structure and cost of capital were determined in accordance with the *Report of the Board on Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors (December 20, 2006)* (the "COC Report"). The COC Report continues the equity risk premium/formulaic approach to determining the rate of return on common equity, or "ROE," that the Board implemented for gas utilities in 1997.

In its application, PowerStream calculated a 2009 rate of return on rate base using: (i) a deemed capital structure of 56 percent long-term debt, 4 percent short-term debt and 40 percent equity; (ii) a 5.89 percent cost of long-term debt and 3.67 percent cost of short-term debt; and (iii) an ROE of 8.4 percent. The rate of return on rate base for 2009 calculated in accordance with these values (which were current as of the date of filing), was 6.81 percent.

By letter to all licensed electricity distributors, dated February 24, 2009, the Board updated the cost of capital parameter values for 2009.

The parties accept PowerStream's deemed capital structure for the purpose of determining the rate of return on rate base for 2009. The parties agree that PowerStream's 2009 forecast weighted average cost of capital, as filed, should be revised to reflect the updated cost of capital parameter values set out in the Board's February 24<sup>th</sup> letter. The calculation of PowerStream's rate of return on rate base for 2009, in accordance with the updated parameters, is set out in Table 6.1 below.

**Table 6.1: Weighted Average Cost of Capital**

	<b>Deemed Capital Structure</b>	<b>Rate</b>	<b>Weighted Average Cost of Capital</b>
<b>Long-term debt</b>	56%	5.89%	3.30%
<b>Short-term debt</b>	4%	1.33%	0.05%
<b>Equity</b>	40%	8.01%	3.20%
<b>Total</b>	<b>100%</b>		<b>6.56%</b>

By letter dated March 16, 2009 to "All Interested Stakeholders," the Board initiated a consultative process (EB-2009-0084) to help it to determine whether current economic and financial market conditions warrant an adjustment to any of the cost of capital parameter values set out in the Board's letter of February 24, 2009. The parties agree that if the Board makes any such adjustment as a result of this consultation that is intended by the Board to apply to 2009 rates for parties whose cost of service applications have been the subject of a Board decision (whether based on a settlement or otherwise), PowerStream will adjust its cost of capital parameter values accordingly as directed in the Board's decision on that consultation.

- **Evidence:** The evidence on this issue includes the following:

Exhibits F1-1-1, F1-1-2  
Board Staff Interrogatory #59  
VECC Interrogatory #48a  
Energy Probe Interrogatories #27, 28

**6.2 Are PowerStream's proposed costs and mix for its short and long-term debt for the 2009 test year appropriate?**

- **Complete Settlement:** See settlement of Issue 6.1.
- **Evidence:** The evidence on this issue includes the following:

Exhibits F1-1-1, F1-1-2  
Board Staff Interrogatory #59  
VECC Interrogatory #47  
SEC #32, 33, 34

## 7. COST ALLOCATION AND RATE DESIGN (Exhibit H)

### 7.1 Is PowerStream's cost allocation appropriate?

- **Complete Settlement:** PowerStream calculated 2009 revenue-to-cost ratios for each customer class on the basis of an updated cost allocation model (its "2009 Cost Allocation Model"). Some ratios were then adjusted to bring them within the "ranges of tolerance" established by the Board in its report on the *Application of Cost Allocation for Electricity Distributors (November 28, 2007)*. The resulting cost-to-revenue ratios were set out in Table 1 of Exhibit H-1-2 in PowerStream's application.

As a result of the settlement of the series 2, 3, and 4 issues herein, PowerStream has further updated its 2009 Cost Allocation Model to reflect agreed-upon adjustments to rate-base, OM&A and, consequently, revenue requirement. The resultant revenue-to-cost ratios were then adjusted in order to bring them within the "ranges of tolerance" as follows:

- a. the "Large Use" rate class revenue-to-cost ratio was adjusted downwards to the top of its "range of tolerance" (i.e., to 115%);
- b. the "Unmetered Scattered Load" rate class revenue-to-cost ratio was adjusted downwards to the top of its "range of tolerance" (i.e., to 119%);
- c. the "Street Lighting" rate class revenue-to-cost ratio was adjusted upward to: (i) bring it within its range of tolerance; and (ii) absorb a portion of the reduction in the amount of revenue requirement allocated to the "Large Use" rate class; and
- d. the "Sentinel Lighting" rate class revenue-to-cost ratio was adjusted upwards to: (i) bring it within its range of tolerance; and (ii) absorb a portion of the reduction in the amount of revenue requirement allocated to the "Large Use" rate class.

Table 7.1 below shows the adjustments made to reflect the provisions of this Settlement Proposal.

**Table 7.1: Revenue-to-Cost Ratios**

	As per Information filing PowerStream RUN 2	Test Year at calculated rates	OEB Proposed Range		Proposed per Settlement
	2006	2009	Low	High	2009
<b>Revenue /Expenses Ratio</b>					
Residential	93.4%	92.9%	85%	115%	<b>92.9%</b>
GS Less Than 50 kW	113.5%	116.7%	80%	120%	<b>116.7%</b>
GS 50 to 4,999 kW	108.1%	106.5%	80%	180%	<b>106.5%</b>
GS 50 to 4,999 kW Legacy					
Large Use	75.9%	378.8%	85%	115%	<b>115.0%</b>
Unmetered Scattered Load	169.6%	126.4%	80%	120%	<b>119.9%</b>
Sentinel Lighting	16.4%	45.5%	70%	120%	<b>75.4%</b>
Street Lighting	54.4%	64.8%	70%	120%	<b>74.5%</b>

In Table 7.1 above, the ratios in the column “Test Year at Calculated Rates” are the result of updating the 2009 Cost Allocation Model to reflect the changes in revenue requirement agreed upon in this Settlement Proposal. The ratios in the column “Proposed per Settlement” reflect the agreement among parties in respect of Large Use, Street Lighting and Sentinel Lighting customer classes, noted above. For the Unmetered Scattered Load customer class, the ratio was adjusted to bring it within the Board’s range. Please see Schedule D for details.

For the purpose of achieving settlement of all issues, the parties accept the use of PowerStream’s cost allocation methodology for 2009 rates, and the resultant revenue-to-cost ratios, for each rate class, as revised to reflect this Settlement Proposal.

**Evidence:** The evidence on this issue includes the following:

Exhibits H-1-1, H-1-2, H-1-1  
 Board Staff Interrogatory #60  
 VECC Interrogatories #48B, 49, 50

**7.2 Are the proposed revenue to cost ratios appropriate? (Exhibit I)**

- **Complete Settlement:** See the settlement of Issue 7.1
- **Evidence:** The evidence on this issue includes the following:

Exhibits H-1-2, I-1-1, I-1-2, I-6-4  
 Board Staff Interrogatory #61  
 VECC Interrogatory # 51  
 SEC Interrogatories #35, 36

## 8. Rate Design (Exhibit I)

### 8.1 Are customer charges and the fixed-variable splits for each class appropriate?

**Complete Settlement:** VECC takes no position on this issue. All of the other parties agree that the customer charges and the fixed-variable splits that are set out in its application (as of January 30, 2009) are appropriate, subject to the following changes:

- (i) the fixed charge applicable to the General Service > 50kW rate class is reduced from \$301.73 to \$83.41 so that it does not exceed the range stipulated in the Board's current guidelines; and
- (ii) the fixed charge applicable to the "Large Use" rate class is reduced from \$3,978.09 to \$2,146.94 to be closer to the top of the range in the Board's current guidelines, but it is not reduced completely, in order to ensure that the variable charge, net of transformer credit, will be a positive amount.

The above-noted fixed charges do not include the Smart Meter rate adder.

- **Evidence:** The evidence on this issue includes the following:

Exhibit I-1-1, I-6-1, I-6-2  
Board Staff Interrogatories #62, 63  
SEC Interrogatories #37, 38

### 8.2 Are PowerStream's proposed rates appropriate?

- **Complete Settlement:** Schedule E to this Settlement Proposal sets out PowerStream's proposed 2009 distribution rates, adjusted to reflect the provisions of the Settlement Proposal. The parties accept these rates as appropriate for the 2009 rate year.
- **Evidence:** The evidence on this issue includes the following:

Exhibit I-6-2

**8.3 Are the customer bill impacts appropriate?**

- **Complete Settlement:** Schedule F to this Settlement Proposal sets out the monthly bill impacts associated with the recovery and allocation of PowerStream's applied-for revenue requirement, as adjusted to reflect the provisions of the Settlement Proposal. The parties accept, as appropriate for the 2009 rate year, these bill impacts.
- **Evidence:** The evidence on this issue includes the following:

Exhibit I-6-3, I-6-5, A1-4-1  
 VECC Interrogatory #1

**8.4 Are the proposed Low Voltage and Retail Transmission Service Rates appropriate?**

- **Complete Settlement:** The parties accept, as appropriate, the Low Voltage and Retail Service Rates set out in PowerStream's application.
- **Evidence:** The evidence on this issue includes the following:

Exhibit I-4-1, I-5-1  
 Board Staff Interrogatory #64, 65, 66

**8.5 Are the proposed Loss Factors appropriate?**

- **Complete Settlement:** The parties accept PowerStream's proposed Loss Factor, recalculated to reflect the use of a three-year (2004-2006) average and ignoring the abnormally high year, 2007. The parties agree that the resultant Loss Factor – 2.99% (previously 3.33%) – is the appropriate billing determinant.

**Table 8.5: Recalculation of Loss Factor**

	2004	2005	2006
"Wholesale" kWh (IESO)	6,645,252,037	7,030,201,674	6,948,341,694
"Retail" kWh (Distributor)	6,431,131,687	6,832,435,064	6,744,270,701
Loss Factor	3.22%	2.81%	2.94%
		<b>Average</b>	<b>2.99%</b>

- **Evidence:** The evidence on this issue includes the following:

Exhibits D1-1-10, D1-1-11  
 Board Staff Interrogatory #68  
 VECC Interrogatory #44B

**8.6 Are the proposed Regulatory Asset (Deferral and Variance Account) rate riders appropriate?**

- **Complete Settlement:** PowerStream has recalculated the regulatory asset rate riders proposed in its application to reflect the Board's current "billing determinant" methodology. The revised rate riders are set out in Schedule C of this Settlement Proposal. The parties accept, as appropriate, the revised rate riders.
- **Evidence:** The evidence on this issue includes the following:

Exhibit E1-1-1, E1-1-2, I-1-2

**8.7 Is the Smart Meter rate adder change appropriate?**

- **Complete Settlement:** The parties agree that the Smart Meter Actual Cost Recovery rate adder should be recalculated as shown below in Table 8.7. No change is required in the calculation of Smart Meter Future Cost Recovery rate rider. Both riders have been calculated on the basis of a twelve month recovery period.

**Table 8.7 Smart Meter Rate Adder**

Monthly Rate Rider	Per Application	Settlement Proposal (Corrected)	Settlement Proposal (Original)
Future Cost Recovery	\$ 1.04	\$ 1.04	\$ 1.04
Actual Cost Recovery	\$ (0.19)	\$ 0.19	\$ 0.28
<b>Total</b>	<b>\$ 0.85</b>	<b>\$ 1.23</b>	<b>\$ 1.32</b>

The Smart Meter Actual Cost Recovery rate rider has been updated to reflect the calculation made by Board Staff that was provided to the parties at the Settlement Conference. Board Staff's calculation was reviewed by the parties at the Settlement Conference and found to be acceptable. Board Staff's calculation is attached as Schedule G of this Settlement Proposal.

Board Staff's calculation has taken the Actual Cost Recovery worksheet as filed by PowerStream and converted this to a multi-year revenue requirement calculation that properly reflects the timing of when the Smart Meter assets are being added to rate base and included in rates. The sheet originally filed by PowerStream in its Application was taken from Appendix E of the Smart Meter Combined Proceeding (EB-2007-0063). PowerStream did not calculate the revenue requirement on these assets for 2008 and the carrying costs for the period January 1, 2008 to April 30, 2009. The Board Staff calculation has included these items.

- **Evidence:** The evidence on this issue includes the following:

Exhibit I-3-1, I-3-2, I-3-3

Board Staff Interrogatories #16, 17, 18, 38, 70

VECC Interrogatories #54, 55A

CCC Interrogatories # 32, 33, 34

## 9. RATE IMPLEMENTATION

### 9.1 Is it appropriate to declare rates interim as of May 1, 2009?

- This issue is no longer outstanding. By order issued March 31, 2009, the Board made PowerStream's current rates interim, effective May 1, 2009 pending determination of its 2009 rates application and the issuance of a rate order reflecting such determination.

### 9.2 What is the appropriate effective date of the proposed rates? What mechanism (if any) should be used to recover any shortfall, or refund any over-collection, after May 1, 2009?

- **Complete Settlement:** In its application, PowerStream sought an order approving final rates for the 2009 rate year effective May 1, 2009. The parties accept this proposal. PowerStream proposes that the new rates which are effective May 1, 2009 be implemented August 1, 2009. Certain adjustments will be necessary to reflect the difference between the effective date and the implementation date.

Fixed and variable distribution rates will be adjusted by a rate rider to reflect that the 2009 increase in rates will be collected over nine months, August 1, 2009 to April 30, 2010, rather than the full twelve month period.

The LRAM and SSM rate riders would be adjusted to reflect that the amount to be recovered will be collected over nine months, August 1, 2009 to April 30, 2010, rather than the full twelve month period.

Regulatory Asset Recovery rate riders would be recalculated for disposition over a twenty one month period, August 1, 2009 to April 30, 2011.

The Smart Meter Actual Cost Recovery rate rider will be adjusted to reflect that the amount to be recovered will be collected over nine months, August 1, 2009 to April 30, 2010, rather than the full twelve month period.

PowerStream does not propose to adjust the Smart Meter Future Cost Recovery rate rider, retail transmission rates, or the Rural Rate Protection Charge. These differences will be captured in variance and deferral accounts for future true up.

PowerStream will provide supporting calculations for these adjustments and revised bill impacts with the Draft Rate Order.

## 10. OTHER ISSUES

### 10.1 Is the LRAM and SSM proposal appropriate? (Exhibit I)

- **Complete Settlement:** In its application, PowerStream sought recovery of a Lost Revenue Adjustment Mechanism or "LRAM" amount of \$429,896 and a Shared Savings Mechanism or "SSM" amount of \$398,214, calculated up to and including December 31, 2007. These amounts total to \$828,110.

The parties agree that the LRAM amount should be reduced from \$429,896 to \$300,088 to reflect the recalculation of the "kWh savings" for the Spring and Fall 2006 and 2007 "EKC CFL" programs using the 2007 Ontario Power Authority ("OPA") saving assumptions.

The parties further agree that the SSM amount should be reduced from \$398,214 to \$215,234 to reflect the savings associated with the Spring and Fall 2006 OPA-funded programs.

As a result of settlement, the total LRAM and SSM amount is \$515,322.

Schedule H to the Settlement Proposal sets out the derivation of the recalculated LRAM and SSM amounts.

- **Evidence:** The evidence on this issue includes the following:

Exhibit I-2-1  
Board Staff Interrogatories #71, 72, 73, 74  
VECC Interrogatories #52, 53  
CCC Interrogatories #35, 36

### 10.2 Is service quality in relation to the OEB specified performance indicators acceptable?

- **Complete Settlement:** For the purpose of achieving settlement of all issues, the parties agree that PowerStream's service quality, in relation to OEB-specified performance indicators, is acceptable.

**POWERSTREAM - 2009 EDR  
 Bill Impact Summary**

Class	Consumption kWh	Load kW	2008 Bill \$	2009 Bill \$	Difference \$	Bill Impact %	Max	Min
Residential	100		23.69	23.50	(0.19)	-0.8%	-0.8%	-1.3%
	250		38.40	38.00	(0.40)	-1.0%		
	500		62.90	62.16	(0.74)	-1.2%		
	750		87.40	86.32	(1.08)	-1.2%		
	1,000		114.14	112.65	(1.49)	-1.3%		
	1,500		168.05	165.84	(2.21)	-1.3%		
	2,000		221.96	219.02	(2.93)	-1.3%		
General Service Less Than 50 kW	1,000		129.58	127.42	(2.16)	-1.7%	-1.7%	-1.8%
	2,000		234.85	230.83	(4.02)	-1.7%		
	2,500		287.48	282.54	(4.94)	-1.7%		
	5,000		550.65	541.07	(9.58)	-1.7%		
	10,000		1,076.98	1,058.12	(18.86)	-1.8%		
	12,500		1,340.15	1,316.65	(23.50)	-1.8%		
General Service 50 to 4,999 kW	15,000	60	1,746.94	1,546.86	(200.07)	-11.5%	1.3%	-11.5%
	40,000	100	3,813.18	3,629.92	(183.26)	-4.8%		
	80,000	250	7,570.92	7,459.82	(111.09)	-1.5%		
	100,000	500	10,369.03	10,386.13	17.10	0.2%		
	400,000	1,000	35,269.02	35,498.40	229.38	0.7%		
	1,000,000	3,000	90,321.84	91,502.13	1,180.29	1.3%		
Large Use	2,800,000	7,350	246,863.14	236,045.92	(10,817.23)	-4.4%	-1.3%	-4.4%
	5,000,000	10,000	418,955.04	407,204.20	(11,750.84)	-2.8%		
	8,000,000	15,000	660,042.60	646,162.41	(13,880.19)	-2.1%		
	10,000,000	17,500	816,910.55	802,125.47	(14,785.08)	-1.8%		
	12,000,000	20,000	973,778.51	958,088.53	(15,689.97)	-1.6%		
	15,000,000	22,000	1,200,980.55	1,185,014.06	(15,966.49)	-1.3%		
Unmetered Scattered Load	250	0	38.99	38.01	(0.98)	-2.5%	-2.5%	-2.9%
	500	0	62.91	61.16	(1.75)	-2.8%		
	750	0	87.09	84.53	(2.56)	-2.9%		
	1,000	0	113.46	110.13	(3.34)	-2.9%		
	1,500	0	166.21	161.31	(4.90)	-2.9%		
	2,000	0	218.95	212.49	(6.45)	-2.9%		
Sentinel Lighting	60	0.30	9.27	9.95	0.68	7.4%	7.4%	5.7%
	180	0.50	20.16	21.30	1.15	5.7%		
	270	0.75	29.18	30.91	1.73	5.9%		
	350	1.00	37.44	39.76	2.32	6.2%		
Street Lighting	882,119	2,639	147,520.73	150,507.41	2,986.67	2.0%	2.0%	2.0%



**Bill Impacts - Monthly Consumptions**

Residential

kWh  Loss Factor 1.0368 1.0299  
 kW  Threshold 800

	Current Rates			Proposed			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge	1	\$ 13.23	\$ 13.23	1	\$ 13.18	\$ 13.18	\$ (0.05)	-0.38%	12.28%
Distribution (kWh)	1,000	\$ 0.0131	\$ 13.10	1,000	\$ 0.0137	\$ 13.70	\$ 0.60	4.58%	12.77%
Distribution (kW)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
LRAM / SSM adder	1,000	\$ -	\$ -	1,000	\$ 0.0001	\$ 0.10	\$ 0.10	0.00%	0.09%
Regulatory Assets (kWh)	1,000	\$ -	\$ -	1,000	\$ (0.0023)	\$ (2.30)	\$ (2.30)	0.00%	-2.14%
Regulatory Assets (kW)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
<b>Sub-Total</b>			<b>\$ 26.33</b>			<b>\$ 24.68</b>	<b>-\$ 1.65</b>	<b>-6.27%</b>	<b>23.00%</b>
Other Charges	1,037	\$ 0.0132	\$ 13.69	1,030	\$ 0.0135	\$ 13.90	\$ 0.22	1.59%	12.96%
Transmission charges	1,037	\$ 0.0072	\$ 7.46	1,030	\$ 0.0077	\$ 7.93	\$ 0.47	6.23%	7.39%
Cost of Power Commodity (kWh)	800	\$ 0.057	\$ 45.60	800	\$ 0.057	\$ 45.60	\$ -	0.00%	42.50%
Cost of Power Commodity (kW)	237	\$ 0.066	\$ 15.63	230	\$ 0.066	\$ 15.17	\$ (0.46)	-2.91%	14.14%
<b>Total Bill before Taxes</b>			<b>\$ 108.71</b>			<b>\$ 107.29</b>	<b>\$ (1.42)</b>	<b>-1.31%</b>	<b>100%</b>
<b>Total Bill Including Taxes</b>			<b>\$ 114.14</b>			<b>\$ 112.65</b>	<b>\$ (1.49)</b>	<b>-1.31%</b>	

General Service Less Than 50 kW

kWh  Loss Factor 1.0368 1.0299  
 kW  Threshold 750

	Current Rates			Proposed			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge	1	\$ 29.91	\$ 29.91	1	\$ 29.62	\$ 29.62	\$ (0.29)	-0.97%	13.47%
Distribution (kWh)	2,000	\$ 0.0114	\$ 22.80	2,000	\$ 0.0117	\$ 23.40	\$ 0.60	2.63%	10.64%
Distribution (kW)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
LRAM / SSM adder	2,000	\$ -	\$ -	2,000	\$ 0.0001	\$ 0.20	\$ 0.20	0.00%	0.09%
Regulatory Assets (kWh)	2,000	\$ -	\$ -	2,000	\$ (0.0024)	\$ (4.80)	\$ (4.80)	0.00%	-2.18%
Regulatory Assets (kW)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
<b>Sub-Total</b>			<b>\$ 52.71</b>			<b>\$ 48.42</b>	<b>-\$ 4.29</b>	<b>-8.14%</b>	<b>22.02%</b>
Other Charges	2,074	\$ 0.0132	\$ 27.37	2,060	\$ 0.0135	\$ 27.81	\$ 0.44	1.59%	12.65%
Transmission charges	2,074	\$ 0.0065	\$ 13.48	2,060	\$ 0.0070	\$ 14.42	\$ 0.94	6.98%	6.56%
Cost of Power Commodity (kWh)	750	\$ 0.057	\$ 42.75	750	\$ 0.057	\$ 42.75	\$ -	0.00%	19.45%
Cost of Power Commodity (kW)	1,324	\$ 0.066	\$ 87.36	1,310	\$ 0.066	\$ 86.45	\$ (0.91)	-1.04%	39.32%
<b>Total Bill before Taxes</b>			<b>\$ 223.67</b>			<b>\$ 219.84</b>	<b>\$ (3.82)</b>	<b>-1.71%</b>	<b>100%</b>
<b>Total Bill Including Taxes</b>			<b>\$ 234.85</b>			<b>\$ 230.83</b>	<b>\$ (4.02)</b>	<b>-1.71%</b>	

General Service 50 to 4,999 kW

kWh  Loss Factor 1.0368 1.0299  
 kW  Threshold 750

	Current Rates			Proposed			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge	1	\$ 302.94	\$ 302.94	1	\$ 84.74	\$ 84.74	\$ (218.20)	-72.03%	1.19%
Distribution (kWh)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	250	\$ 2.3627	\$ 590.68	250	\$ 3.6316	\$ 907.90	\$ 317.23	53.71%	12.78%
LRAM / SSM adder	250	\$ -	\$ -	250	\$ 0.0441	\$ 11.03	\$ 11.03	0.00%	0.15%
Regulatory Assets (kWh)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	250	\$ -	\$ -	250	\$ (0.9971)	\$ (249.28)	\$ (249.28)	0.00%	-3.51%
<b>Sub-Total</b>			<b>\$ 893.62</b>			<b>\$ 754.39</b>	<b>-\$ 139.23</b>	<b>-15.58%</b>	<b>10.62%</b>
Other Charges	82,944	\$ 0.0132	\$ 1,094.86	82,392	\$ 0.0135	\$ 1,112.29	\$ 17.43	1.59%	15.66%
Transmission charges	250	\$ 2.6400	\$ 660.00	250	\$ 2.8254	\$ 706.35	\$ 46.35	7.02%	9.94%
Cost of Power Commodity (kWh)	750	\$ 0.055	\$ 41.25	750	\$ 0.055	\$ 41.25	\$ -	0.00%	0.58%
Cost of Power Commodity (kW)	82,194	\$ 0.055	\$ 4,520.67	81,642	\$ 0.055	\$ 4,490.31	\$ (30.36)	-0.67%	63.20%
<b>Total Bill before Taxes</b>			<b>\$ 7,210.40</b>			<b>\$ 7,104.59</b>	<b>\$ (105.80)</b>	<b>-1.47%</b>	<b>100%</b>
<b>Total Bill Including Taxes</b>			<b>\$ 7,570.92</b>			<b>\$ 7,459.82</b>	<b>\$ (111.09)</b>	<b>-1.47%</b>	



**Bill Impacts - Monthly Consumptions**

**Large Use**

kWh 2,800,000      Loss Factor 1.0145      1.0145  
 kW 7,350      Threshold 750

	Current Rates			Proposed			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge	1	\$ 8,979.30	\$ 8,979.30	1	\$ 2,148.27	\$ 2,148.27	\$ (6,831.03)	-76.08%	0.96%
Distribution (kWh)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	7,350	\$ 1.3036	\$ 9,581.46	7,350	\$ 0.4976	\$ 3,657.36	\$ (5,924.10)	-61.83%	1.63%
LRAM / SSM adder	7,350	\$ -	\$ -	7,350	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	7,350	\$ -	\$ -	7,350	\$ -	\$ -	\$ -	0.00%	0.00%
<b>Sub-Total</b>			<b>\$ 18,560.76</b>			<b>\$ 5,805.63</b>	<b>-\$ 12,755.13</b>	<b>-68.72%</b>	<b>2.58%</b>
Other Charges	2,840,600	\$ 0.0132	\$ 37,495.92	2,840,600	\$ 0.0135	\$ 38,348.10	\$ 852.18	2.27%	17.06%
Transmission charges	7,350	\$ 3.1045	\$ 22,818.08	7,350	\$ 3.3223	\$ 24,418.91	\$ 1,600.83	7.02%	10.86%
Cost of Power Commodity (kWh)	750	\$ 0.055	\$ 41.25	750	\$ 0.055	\$ 41.25	\$ -	0.00%	0.02%
Cost of Power Commodity (kW)	2,839,850	\$ 0.055	\$ 156,191.75	2,839,850	\$ 0.055	\$ 156,191.75	\$ -	0.00%	69.48%
<b>Total Bill before Taxes</b>			<b>\$ 235,107.76</b>			<b>\$ 224,805.64</b>	<b>\$ (10,302.12)</b>	<b>-4.38%</b>	<b>100%</b>
<b>Total Bill including Taxes</b>			<b>\$ 246,863.14</b>			<b>\$ 236,045.92</b>	<b>\$ (10,817.23)</b>	<b>-4.38%</b>	



**Bill Impacts - Monthly Consumptions**

**Unmetered Scattered Load**

kWh	500
kW	-

Loss Factor 1.0368 1.0299  
 Threshold 750

	Current Rates			Proposed			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge	1	\$ 14.35	\$ 14.35	1	\$ 14.14	\$ 14.14	\$ (0.21)	-1.46%	24.27%
Distribution (kWh)	500	\$ 0.0114	\$ 5.70	500	\$ 0.0070	\$ 3.50	\$ (2.20)	-38.60%	6.01%
Distribution (kW)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
LRAM / SSM adder	500	\$ -	\$ -	500	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	500	\$ -	\$ -	500	\$ 0.0012	\$ 0.60	\$ 0.60	0.00%	1.03%
Regulatory Assets (kW)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
<b>Sub-Total</b>			<b>\$ 20.05</b>			<b>\$ 18.24</b>	<b>\$ 1.81</b>	<b>-9.03%</b>	<b>31.31%</b>
Other Charges	518	\$ 0.0132	\$ 6.84	515	\$ 0.0135	\$ 6.95	\$ 0.11	1.59%	11.93%
Transmission charges	518	\$ 0.0067	\$ 3.47	515	\$ 0.0072	\$ 3.71	\$ 0.23	6.75%	6.36%
Cost of Power Commodity (kWh)	518	\$ 0.057	\$ 29.55	515	\$ 0.057	\$ 29.35	\$ (0.20)	-0.67%	50.39%
Cost of Power Commodity (kW)	-	\$ 0.066	\$ -	-	\$ 0.066	\$ -	\$ -	0.00%	0.00%
<b>Total Bill before Taxes</b>			<b>\$ 59.91</b>			<b>\$ 58.25</b>	<b>\$ (1.66)</b>	<b>-2.78%</b>	<b>100%</b>
<b>Total Bill Including Taxes</b>			<b>\$ 62.91</b>			<b>\$ 61.16</b>	<b>\$ (1.75)</b>	<b>-2.78%</b>	

**Sentinel Lighting**

kWh	180
kW	0.50

Loss Factor 1.0368 1.0299  
 Threshold 750

	Current Rates			Proposed			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge	1.0	\$ 2.01	\$ 2.01	1.0	\$ 1.98	\$ 1.98	\$ (0.03)	-1.49%	9.76%
Distribution (kWh)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	0.5	\$ 6.0842	\$ 3.04	0.5	\$ 11.0447	\$ 5.52	\$ 2.48	81.53%	27.22%
LRAM / SSM adder	0.5	\$ -	\$ -	0.5	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	0.5	\$ -	\$ -	0.5	\$ (2.8005)	\$ (1.40)	\$ (1.40)	0.00%	-6.90%
<b>Sub-Total</b>			<b>\$ 5.05</b>			<b>\$ 6.10</b>	<b>\$ 1.05</b>	<b>20.78%</b>	<b>30.08%</b>
Other Charges	187	\$ 0.0132	\$ 2.46	185	\$ 0.0135	\$ 2.50	\$ 0.04	1.59%	12.34%
Transmission charges	0.5	\$ 2.0877	\$ 1.04	0.5	\$ 2.2325	\$ 1.12	\$ 0.07	6.94%	5.50%
Cost of Power Commodity (kWh)	187	\$ 0.057	\$ 10.64	185	\$ 0.057	\$ 10.57	\$ (0.07)	-0.67%	52.08%
Cost of Power Commodity (kW)	-	\$ 0.066	\$ -	-	\$ 0.066	\$ -	\$ -	0.00%	0.00%
<b>Total Bill before Taxes</b>			<b>\$ 19.20</b>			<b>\$ 20.29</b>	<b>\$ 1.09</b>	<b>5.68%</b>	<b>100%</b>
<b>Total Bill Including Taxes</b>			<b>\$ 20.16</b>			<b>\$ 21.30</b>	<b>\$ 1.15</b>	<b>5.68%</b>	

**Street Lighting**

kWh	882,119
kW	2,639.22

Loss Factor 1.0368 1.0299  
 Threshold 750

	Current Rates			Proposed			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Monthly Service Charge	63,805	\$ 0.84	\$ 53,595.97	63,805	\$ 0.83	\$ 52,957.92	\$ (638.05)	-1.19%	36.95%
Distribution (kWh)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
Distribution (kW)	2,639	\$ 3.4686	\$ 9,154.41	2,639	\$ 5.5581	\$ 14,669.07	\$ 5,514.66	60.24%	10.23%
LRAM / SSM adder	2,639	\$ -	\$ -	2,639	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kWh)	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	0.00%	0.00%
Regulatory Assets (kW)	2,639	\$ -	\$ -	2,639	\$ (0.8317)	\$ (2,195.04)	\$ (2,195.04)	0.00%	-1.53%
<b>Sub-Total</b>			<b>\$ 62,750.38</b>			<b>\$ 65,431.94</b>	<b>\$ 2,681.57</b>	<b>4.27%</b>	<b>45.65%</b>
Other Charges	914,581	\$ 0.0132	\$ 12,072.47	908,494	\$ 0.0135	\$ 12,264.67	\$ 192.20	1.59%	8.56%
Transmission charges	2,639	\$ 2.0148	\$ 5,317.51	2,639	\$ 2.1559	\$ 5,689.90	\$ 372.39	7.00%	3.97%
Cost of Power Commodity (kWh)	750	\$ 0.057	\$ 42.75	750	\$ 0.057	\$ 42.75	\$ -	0.00%	0.03%
Cost of Power Commodity (kW)	913,831	\$ 0.066	\$ 60,312.84	907,744	\$ 0.066	\$ 59,911.12	\$ (401.72)	-0.67%	41.80%
<b>Total Bill before Taxes</b>			<b>\$ 140,495.94</b>			<b>\$ 143,340.39</b>	<b>\$ 2,844.45</b>	<b>2.02%</b>	<b>100%</b>
<b>Total Bill Including Taxes</b>			<b>\$ 147,520.73</b>			<b>\$ 150,507.41</b>	<b>\$ 2,986.67</b>	<b>2.02%</b>	

**LV Wheeling Costs Allocation - TEST YEAR - 2009**

LV charges to be Allocated		Transmission Connection Rate	Loss Factor	Basis for Allocation				Allocated LV charges
860,825		\$ per kwh / kw		kwh	kw	\$	%	\$
Residential	\$/kWh	\$ 0.0023	1.0299	2,095,280,722	0	\$4,819,146	31.5%	\$271,286
GS<50	\$/kWh	\$ 0.0021	1.0299	827,140,023	0	\$1,736,994	11.4%	\$97,781
GS>50	\$/kW	\$ 0.8391		3,909,095,504	10,189,730	\$8,550,203	55.9%	\$481,320
Time of use	\$/kW	\$ 0.8670		0	0	\$0	0.0%	\$0
Large Use	\$/kW	\$ 0.9917		31,414,814	82,809	\$82,121	0.5%	\$4,623
USL	\$/kWh	\$ 0.0023	1.0299	8,440,204	0	\$19,412	0.1%	\$1,093
Sentinel Lighting	\$/kW	\$ 0.7115	1.0299	703,350	1,750	\$1,245	0.0%	\$70
Street Lighting	\$/kW	\$ 0.6524	1.0299	43,607,722	126,683	\$82,648	0.5%	\$4,653
<b>Total</b>				<b>6,915,682,340</b>	<b>10,400,971</b>	<b>\$15,291,769</b>	<b>100.0%</b>	<b>\$860,825</b>

**Rates - LV / Wheeling Adjustment - 2009**

						LV Wheeling Rates	
2009							
			LV charge allocated, \$	kwh	kw	\$/kwh	\$/kw
Residential	\$/kWh	\$	271,286	2,034,450,648	-	0.0001	
GS<50	\$/kWh	\$	97,781	803,126,540	-	0.0001	
GS>50	\$/kW	\$	481,320	3,909,095,504	10,189,730		0.0472
Time of use	\$/kW	\$	-	-	-		
Large Use	\$/kW	\$	4,623	31,414,814	82,809		0.0558
USL	\$/kWh	\$	1,093	8,195,169	-	0.0001	
Sentinel Lighting	\$/kW	\$	70	682,931	1,750		0.0401
Street Lighting	\$/kW	\$	4,653	42,341,705	126,683		0.0367
<b>Total</b>		\$	<b>860,825</b>	<b>6,829,307,310</b>	<b>10,400,971</b>		

## **Conditions of Service and Related Amendments**

### **OEB Decision**

In its Decision the Board directs that PowerStream amend its Conditions of Service and related contracts going forward in a manner that clearly reflects the intent described by the PowerStream witnesses in this hearing. PowerStream shall file, for convenience, the amended sections of the Conditions of Service and related Terms of Reference Letters or other contracts as part of its draft rate order.

### **PowerStream's Conditions of Service**

On page 7 of its Decision the OEB states:

“The SSMWG argued that PowerStream’s Conditions of Service and contracts (filed in the form of a Terms of Reference Letter in SSMWG Schedule 3-1), are unclear and misleading and do not indicate that a multi-unit building has the option of bulk metering. On cross-examination the witness for PowerStream denied this was the meaning or intent of the Conditions of Service and offered to amend the Conditions of Service to clarify the wording. (TR pg 165).

The amended Section 2.3.7.3.5 of PowerStream's Condition of Service is presented below.

## Condition of Service (excerpts)

### **2.3.7.3.5 Multi-Unit Residential Suite Buildings**

Under Ontario Regulation 442/07, all new multiunit condominium buildings must be either individually metered by the licensed distributor or smart sub-metered by an alternative licensed service provider. For existing condominiums the installation of individual smart meters or smart sub-meters is at the discretion of the condominium's board of directors.

Where individual units of an existing or new multiunit condominium building are individually metered by PowerStream, each unit will become a residential customer of PowerStream and each unit and the common areas must have a separate account with PowerStream.

Where an existing or new multiunit condominium building is sub-metered by an alternative licensed service provider, the condominium continues to be the customer of PowerStream and will receive a single bill based on the measurement of the bulk (master) meter. The condominium corporation, which is responsible for the distribution of electricity on the consumer side of the bulk (master) meter, is an exempt distributor under section 4.0.1 of Ontario Regulation 161/99—*Definitions and Exemptions* (made under the Act). The smart sub-metering provider will then issue a bill to each unit and the common areas based on the consumption of the unit or common area.

Where all units within a multiunit building are individually metered, the building owner shall provide a secure meter room or suitable enclosure within the building for the installation of a sub metering system.

This room or enclosure will have adequate lighting, a 120 volt outlet and a dedicated analog telephone line for meter interrogation purposes.

The building owner may opt for individual self-contained meters attached to individual bases, to a load centre as defined in the PowerStream Standards or a Sub-metered system.

Requests for sub-metered systems must be submitted to PowerStream's Metering Department for approval prior to construction. Any such system will be "Measurement Canada" approved and sealed, and be complete with instrument transformer and meter register accuracy test certificates.

## **PowerStream's Contracts**

On page 7 of its Decision the OEB states that:

“On the issue of contract exclusivity, there were also some questions raised as to the clarity of provisions in the PowerStream contracts regarding the freedom of the condominium corporation to exit a contract for another service provider. Again the PowerStream witnesses indicated that the condominium corporation could choose another service provider and that there are no barriers to exit. (TR pg 77)“

The amended Terms of Reference letters are attached.

## TERMS OF REFERENCE LETTER

### Suite Meter Installation and Service Provider

**XYZ DEVELOPMENT INC.** (the Developer) engages PowerStream Inc. (PowerStream) for the purpose of the installation and administration of separate electricity meters for individual condominium units in **XYZ DEVELOPMENT INC.**

PowerStream will provide the following to the Developer in accordance with the following and, if any, the attached terms and conditions with respect to the Equipment:

- The installation of smart suite meters (referred to as the Equipment);
- Data acquisition; data storage; data management; data transfer to PowerStream for billing purposes; operations, maintenance, troubleshooting and repair work to maintain the metering system; and all account management activities, including scheduled meter readings, billing, revenue collection and service disconnect/reconnect as required;
- Meters will meet the same Measurement Canada requirements for accuracy and durability as all other customer meters installed throughout the PowerStream service territory;
- PowerStream fully warrants the quality of our products and services as your local distribution electric utility; and
- Individual unit condominium owners will receive a bill for their electricity service directly from PowerStream.

The Ontario Energy Board licenses PowerStream to provide distribution services and regulates PowerStream's rates and practices through a public hearing process.

The Equipment installation will comply with PowerStream's Conditions of Service section 2.3.7, and end-use customer tariffs and charges will comply with PowerStream's Conditions of Service section 2.4, see attached.

Either Party may terminate this Terms of Reference upon 90 days written notice to the other Party. Upon termination the Developer shall allow PowerStream to remove the Equipment.

The Parties agree to the content of this document by their authorized signatures below.

**XYZ DEVELOPMENT INC.**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**PowerStream Inc.**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## TERMS OF REFERENCE LETTER

### Suite Meter Installation and Service Provider

**ABC CONDOMINIUM CORPORATION** (the Condo Corp.) engages PowerStream Inc. (PowerStream) for the purpose of the installation and administration of separate electricity meters for individual condominium units in **XYZ Condominium**.

PowerStream will provide the following to the Condo Corp. in accordance with the following and, if any, the attached terms and conditions with respect to the Equipment:

- The installation of smart suite meters (referred to as the Equipment);
- Data acquisition; data storage; data management; data transfer to PowerStream for billing purposes; operations, maintenance, troubleshooting and repair work to maintain the metering system; and all account management activities, including scheduled meter readings, billing, revenue collection and service disconnect/reconnect as required;
- Meters will meet the same Measurement Canada requirements for accuracy and durability as all other customer meters installed throughout the PowerStream service territory;
- PowerStream fully warrants the quality of our products and services as your local distribution electric utility; and
- Individual unit condominium owners will receive a bill for their electricity service directly from PowerStream.

The Ontario Energy Board licenses PowerStream to provide distribution services and regulates PowerStream's rates and practices through a public hearing process.

The Equipment installation will comply with PowerStream's Conditions of Service section 2.3.7, and end-use customer tariffs and charges will comply with PowerStream's Conditions of Service section 2.4, see attached.

Either Party may terminate this Terms of Reference upon 90 days written notice to the other Party. Upon termination the Condo Corp shall allow PowerStream to remove the Equipment.

The Parties agree to the content of this document by their authorized signatures below.

**ABC CONDOMINIUM CORPORATION**

**PowerStream Inc.**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_