

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by PowerStream
Inc. for an order approving just and reasonable rates and other
charges for electricity distribution to be effective January 1,
2013.

**ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

COMMENTS ON DRAFT RATE ORDER

JANUARY 16, 2013

**POWERSTREAM INC.
2013 RATES REBASING CASE
EB-2012-0161**

**COMMENTS OF ENERGY PROBE RESEARCH FOUNDATION ON DRAFT
RATE ORDER DATED JANUARY 11, 2013**

Energy Probe has reviewed the Draft Rate Order ("DRO") filed January 11, 2013 by PowerStream Inc. ("PowerStream"), along with the Board's Decision and Order dated December 21, 2012. The following comments are related to a number of areas where Energy Probe believes more information should be provided or changes should be made to the DRO.

1. Revenue Requirement Work Form and MIFRS

Energy Probe notes that PowerStream has used Version 2.20 of the Revenue Requirement Work Form ("RRWF") rather than the updated Version 3.0. Energy Probe submits that for clarity and consistency, PowerStream should update the RRWF to Version 3.0. It is Energy Probe's understanding that this would allow the return on rate base and adjustment to return on rate base associated with the deferred PP&E balance as a result of the movement from CGAAP to MIFRS to be reflected appropriately.

2. Deferred PP&E Impact - Appendix 2-EA

It is not clear to Energy Probe that PowerStream has reflected the appropriate impacts arising from the Board's Decision with respect to the Deferred PP&E account. The Board decided that the correct amount in this deferral account should be a credit of \$9,571,000. This represents an increase of \$7,184,000 from that proposed by PowerStream.

PowerStream has made an adjustment to rate base of \$7,184,000 to reflect this change, as shown and described at pages 10 and 11 of the DRO. As noted earlier, Energy Probe believes that for clarity and consistency, this adjustment should be reflected through the use of Version 3.0 of the RRWF. This would eliminate the need for the adjustment to rate base for this amount.

Further, Energy Probe submits that PowerStream should include in the DRO a version of Appendix 2-EA (IFRS-CGAAP Transitional PP&E Amounts) that reflects the Board's decision not only on this matter, but the impact on the Weighted Average Cost of Capital ("WACC") of the Board's decision related to the cost of long-term debt, along with the updated cost of capital parameters issued by the Board on November 15, 2012. Energy Probe was not able to locate an updated

version of Appendix 2-EA in the DRO that reflected the Board's decision in this matter.

Energy Probe notes that the approach used by PowerStream may result in the same impact as that calculated through the use of Appendix 2-EA and Version 3.0 of the RRWF. However, it is submitted that use of these models would enhance the transparency of the DRO to ensure that parties are satisfied that the outcome of the Board's decision in this matter has appropriately been reflected in the revenue requirement.

3. February 1, 2013 Implementation Date

Energy Probe believes that PowerStream has appropriately calculated the foregone revenue amounts for the month of January for each rate class, as shown in Table 6 on page 15 of the DRO.

However, as noted on page 15 of the DRO, PowerStream is proposing that the rate riders that will return (or recover) the foregone revenue amount in January over the period February 1, 2013 through October 31, 2013. This nine month period would allow PowerStream to eliminate these rate riders at the next regulated price plan change. PowerStream states that this would minimize the number of bill changes for customers.

Energy Probe submits that the rate riders should extend from February 1, 2013 through to December 31, 2013, an eleven month period. The PowerStream proposal would see distribution rates (including rate riders) change on November 1, 2013, and on January 1, 2014, reflecting new distribution rates set for 2014. Using the eleven month period, as suggested by Energy Probe, would eliminate changes to distribution rates (including rate riders) on November 1, 2013, resulting in only one distribution rate change on January 1, 2014.

Energy Probe submits that this would cause less confusion for customers than the PowerStream timing proposal.

4. Rate Schedules

Energy Probe has not undertaken a detailed review of the rate schedules to ensure that all the proper rates, rate riders and other charges have been updated to reflect the result of the Board's Decision. Energy Probe is relying on Board Staff to conduct such a review.