

Bill C.



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

March 20, 2007

Dear Ms. Walli

EB-2006-0330

OEB BOARD SECRETARY	
File No	Sub File: 5
Panel	
Licensing	Bill C.
Other	David R
	DeM.
00/04	A03

**Re: PowerStream Inc.  
 Self-Nomination for 2009 Rebasing  
 Board File Number EB - 2006-0330**

Further to the Board's March 12, 2007 letter and report concerning the rebasing schedule for electricity LDCs, PowerStream Inc. wishes to re-iterate its request to be rebased in 2009. This request was originally made in the attached November 22, 2006 letter.

PowerStream's main argument for rebasing in 2009 was the Board requirement to harmonize rates in 2007. In fact, a 2007 Rate Harmonization Application was filed on March 7, 2007. This Application incorporates, to some extent, the results of PowerStream's cost allocation study that was filed with the Board on January 12, 2007.

We would therefore, as mentioned in our November 22<sup>nd</sup> letter, want to avoid having the hearing process related to rate harmonization run in parallel with the rebasing application. This would strain our internal resources, add unnecessary complexity to the regulatory process and cause confusion for customers.

We ask that the Board consider PowerStream's self-nomination for 2009 rebasing.

Yours truly,

Colin A. Macdonald, P.Eng.  
 Director of Rates

cc. Paula Conboy, Director of Regulatory and Government Affairs

PowerStream Inc.

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November 22, 2006

Dear Ms. Walli

**Re: 2009 Electricity Distribution Rate Group – PowerStream Inc.**

The purpose of this letter is to request that PowerStream be included in the 2<sup>nd</sup> tranche, or 2009 Electricity Distribution Rates Group for cost of service re-basing.

Earlier this year, the Chair of the Ontario Energy Board announced that the Board has established a multi-year electricity distribution rate setting plan (the "Rate Plan") for the years 2007 to 2010. The OEB Staff's Discussion Paper on the Cost of Capital and 2<sup>nd</sup> Generation Incentive Relation for Ontario's Electricity Distributors -July 25, 2006 states that: "In 2007, all distributors will be subject to a formulaic adjustment for cost of capital and the incentive mechanism. Beginning in 2008, the Board will divide distributor rate rebasing reviews into three yearly tranches (i.e., ~30 distributors per year starting in 2008). The rates of 1/3 of the distributors will be subject to the 2<sup>nd</sup> Generation IRM for three years (2007 to 2009), the rates of 1/3 of the distributors will be subject to it for two years (2007 and 2008), and the rates of 1/3 of the distributors will be subject to it for one year (2007)."

The most significant factor driving our request is the timing of PowerStream's upcoming rate harmonization application. In its decision on PowerStream's 2006 electricity distribution rate application (RP-2005-0020/EB-2005-0409) the Board noted "the specific commitment PowerStream has made and directs PowerStream to meet this commitment and bring forward a proposed harmonization plan to allow for the implementation of harmonized rates in 2007. Such a harmonization plan is required to be filed regardless of whether the cost allocation information is available." (Page 8). PowerStream is firmly committed to implementing harmonized rates in 2007.

In addition to addressing geographic harmonization among PowerStream's four rate zones as required by the Board, PowerStream is will also consider whether and to what degree the application will reflect the information we are currently calculating in our cost allocation study, the results of which are to be filed with the Board on January 15, 2007 (EB-2007-0001). PowerStream anticipates submitting its application for rate harmonization in early 2007. If PowerStream were required to be among the first 1/3 tranche cost of service review, this timing would result in a hearing process for our rate harmonization application running in parallel with our cost of service application process. Such a situation would not only strain our resources but would add unnecessarily confusion and complexity to the regulatory process. In particular, this

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overlap would likely cause customer confusion as PowerStream would be attempting to explain the rationale for harmonization and its impact on 2007 rates at the same time that we likely would be required to begin consultation on the re-basing of 2008 rates. This situation would make it more difficult for PowerStream to effectively explain both rate harmonization and re-basing requests.

PowerStream is sensitive to the Board's need to prioritize and streamline its regulatory processes and balance its work load over the next few years. We understand that other large distributors already have requested to be included in the 2008 Distribution Rate Group and hope that PowerStream's request to be among the 2<sup>nd</sup> group of filers will assist the Board in balancing its work load.

If you have any further questions, please do not hesitate to contact me.

Yours truly,

*(original signed by) PAULA CONBOY*

Paula Conboy  
Director of Regulatory and Government Affairs