



NEWS RELEASE

FOR IMMEDIATE RELEASE

July 5, 2010

PowerStream encouraging customers to 'Power Down' *Utility launches campaign on better managing summer electricity usage*

VAUGHAN, ON – PowerStream launched a public awareness campaign today in an effort to help customers avoid high bills by encouraging them to better manage their summer electricity usage.

In response to recent increases in electricity prices across the province, the implementation of the Harmonized Sales Tax (HST) and an expected hotter than average summer, PowerStream is asking customers to be mindful of how and when they use their electricity this summer through a campaign the company is rolling out across its service territory themed 'Power Down Your Summer Electricity Costs'.

"We know that customers, for the most part, are somewhat aware of the various factors which impact their bills including the cost of electricity, taxes and how much they consume," explained Brian Bentz, President and CEO of PowerStream. "This is largely due to the extensive media coverage over the last few months on changes in these areas, including the implementation of the HST and the increase in electricity prices."

"However, what many of our customers have yet to realize is that these changes, which are beyond PowerStream's control, are occurring almost simultaneously. Collectively they will have a significant impact on their electricity bills going forward," Bentz added. "The goal of this campaign is to ensure that customers are made aware of these changes and to provide information that will help them better manage their electricity usage over the summer months."

The 'Power Down Your Summer Electricity Costs' campaign will use television, radio and newspaper advertising, a media tour, news releases, email blasts, bill envelopes, internet and several other communications strategies to deliver several key messages to PowerStream's customers.

In addition to outlining the factors that will impact the bill, the messaging will include conservation tips on the efficient usage of air conditioning units, pool pumps as well as cooking and laundry appliances.

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“For example, we know that the use of air conditioners during the summer months increases electricity consumption significantly,” Bentz said. This is one area customers, armed with the right information, can do something about without sacrificing comfort.”

Additional information on how to “Power Down Your Summer Electricity Costs” as well as conservation programs currently offered by PowerStream, such as *peaksaver*[®] and the Great Refrigerator Roundup, are available on the company’s website at www.powerstream.ca/powerdown

About PowerStream Inc.

PowerStream is the second largest municipally-owned electricity distribution company in Ontario, delivering power to more than 320,000 customers residing or owning a business in communities located immediately north of Toronto and in Central Ontario. The communities we serve include Alliston, Aurora, Barrie, Beeton, Bradford West Gwillimbury, Markham, Penetanguishene, Richmond Hill, Thornton, Tottenham and Vaughan. It is an incorporated entity, jointly owned by the City of Barrie, the City of Vaughan and the Town of Markham.

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'Power Down Your Summer Electricity Costs' Awareness Campaign

Overview

PowerStream's distribution rates, the portion of the electricity bill that is related to PowerStream and which represents only 21% of the total charges found on the bill, are amongst the lowest in Ontario. Over the past three years, PowerStream has been able to lower distribution rates for its York Region customers by 5% and, since its merger with Barrie Hydro on January 1, 2009, lower distribution rates for customers in Barrie and Simcoe County by 14%. However, there are several factors beyond PowerStream's control, occurring almost simultaneously, which are expected to increase total bill amounts for customers going forward, especially during the summer period.

The factors that are expected to impact all electricity customer bills in the province and how they specifically relate to PowerStream customers are:

- On May 1, 2010, the Ontario Energy Board (OEB) increased electricity prices for all Ontario residential and small business customers on the Regulated Price Plan (RPP). Coupled with the seasonal change in the pricing structure, this increase will add 6% to PowerStream bills.
- The recently implemented Harmonized Sales Tax (HST) will add another 8% to all customer utility bills across the province.
- A small 'Regulatory' charge that has been added as required by the Ministry of Energy and Infrastructure (MEI) to cover the cost of provincial conservation initiatives.
- Increases in water and wastewater rates charged by municipalities (where applicable, e.g. Barrie, Markham, Vaughan and Bradford West Gwillimbury) and collected by PowerStream on their behalf.
- A projected hotter than average summer.

What are distribution rates (charges)?

Distribution rates (charges) are the only portion of customer bills PowerStream, as a local electricity distribution company, has control over. Embedded in the "Delivery" line of the bill along with Hydro One transmission charges, distribution rates cover the costs for PowerStream to deliver electricity to homes and businesses in its service territory. It includes administrative costs (meter reading, billing, customer service, maintenance of accounts) as well as costs to build and maintain infrastructure (wires, hydro poles, transformers, etc.).

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The RPP and why the OEB increased electricity prices?

Both tiered and time-of-use (TOU) prices form part of the OEB's Regulated Price Plan (RPP). The RPP is designed to ensure the price that residential and small business RPP customers pay for electricity recovers the payments made to generators that supply the electricity customers consume. RPP prices are set by the OEB to recover the total cost of that supply, regardless of which price structure (tiered or time-of-use) is used to bill for the electricity consumed by customers.

RPP prices, reviewed and set semi-annually by the OEB, are reflected on the "Electricity" line of all residential and small business RPP customer bills in Ontario, representing about half of the total bill.

Customers who buy their electricity from a retailer pay the commodity price set out in their contracts and are not affected by changes in RPP prices. Retail contract customers have a separate line item on their bills listed as the "Provincial Benefit" (or "Global Adjustment"), while customers of PowerStream and other local electricity distribution companies in the province have the Provincial Benefit already factored in the RPP prices. The Provincial Benefit accounts for the difference between the market price of electricity and rates paid to regulated and contracted generators.

On May 1, 2010, the OEB increased electricity prices for all RPP customers in the province as follows:

Tiered Pricing

- 6.5 cents per kWh up to and including 600 kWh each month (750 kWh for small business customers) from 5.8 cents per kWh.
- 7.5 cents per kWh from 6.7 cents per kWh for monthly consumption above 600 kWh (750 kWh for small business customers)

TOU Pricing

- Off-peak price to 5.3 cent per kWh from 4.4 cents per kWh
- Mid-peak price to 8.0 cents per kWh from 8.0 cents per kWh (no change)
- On-peak price to 9.9 cents per kWh from 9.3 cents per kWh

Primary factors contributing to the overall increase in RPP prices included:

- Payments going to renewable generation projects, gas plants, as well as conservation and demand management (CDM) programs;
- New contracts for existing generation, including support payments for fossil fuel plants and for existing generation;

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- Recovery of the RPP variance account managed by the Ontario Power Authority (OPA), which tracks the difference between what RPP customers have paid versus what has been paid to generators that supply their electricity as well as the costs associated with certain CDM programs.

What impact will the HST have on electricity bills?

On July 1, 2010, the Ontario Government implemented a change to the Provincial tax system with the HST replacing the Goods and Service Tax (GST) and Provincial Sales Tax (PST). This will have an impact on the bills of all electricity customers in Ontario.

Prior to July 1, PowerStream customers, along with all other electricity customers in the Province, were only charged 5% GST on their electricity consumption in accordance with the previous tax regulations and were exempt from paying the 8% PST. Now electricity customers will no longer have to pay the GST but will be charged the 13% HST in line with the Province of Ontario's new tax system.

Details and information explaining the rationale for the HST is available on the Ontario Ministry of Revenue's website at www.ontario.ca/taxchange or by calling the government's hotline at **1-800-337-7222**.

What is the charge being added to bills as required by the MEI?

A small increase in "Regulatory" charges was added recently to the bills of all electricity customers in Ontario, as required by the Ministry of Energy and Infrastructure (MEI), to recover the costs relating to two MEI conservation programs – the Home Energy Savings Program and Ontario Solar Thermal Heating Initiative.

For residential customers, this charge amounts to approximately \$4 per year or 33 cents per month. For small business customers, the estimated costs are approximately \$400 per year or \$33 per month.

Will we have a hot summer?

As late as June 21, 2010, Environment Canada's senior climatologist David Phillips stated that the forecast for summer 2010 was for it to be "hot and dry".

"The latest models indicate this will be a summer for wheat farmers, swimming in the lake and having a beer on the backyard patio," Phillips said.

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What is the 'Power Down Your Summer Electricity Costs' awareness campaign?

PowerStream is rolling out the 'Power Down Your Summer Electricity Costs' awareness campaign across its service territory in an effort to achieve the following objectives:

- Inform customers early enough in the summer of the changes to their bills so that they can adjust their consumption patterns and behaviours accordingly.
- Provide customers with information on how they can better manage their electricity costs over the summer months.
- Ensure that customers are made aware of the various factors contributing to the increases on their bills.
- Educate customers as to what they are paying for on their bills, including distribution rates and how PowerStream's are amongst the lowest in Ontario.

The campaign includes the use of television, radio and newspaper advertising, a media tour, news releases, email blasts, bills and bill envelopes messaging, internet as well as several other communications strategies to deliver the campaign's key messages to PowerStream's customers.

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