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Ontario

BY E-MAIL

August 17, 2010

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: PowerStream Inc.
2011 Smart Meter Cost Recovery Application
Board Staff Interrogatories
Board File No. EB-2011-0128

In accordance with Procedural Order No. 1, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to PowerStream Inc. and to all other registered parties to this proceeding.

Yours truly,

Original signed by

Stephen Vetsis
Analyst – Applications & Regulatory Audit

Encl.

Board Staff Interrogatories
2011 Smart Meter Cost Recovery Application
PowerStream Inc.
EB-2011-0128

1) Ref. Application pp. 13, 22 and 35 – Smart Meter Costs

On page 13, PowerStream estimates that it will spend $500,000 on replacement and repair expenses to customer equipment to resolve technical issues and allow installation of a smart meter on customer premises that pose technical problems. PowerStream estimates that $145,000 (pg. 22) and $355,000 (pg. 35) will be required in the North and South rate zones, respectively.

a) Could the applicant describe what methodology was used to allocate the $500,000 in estimated costs between the two rate zones?
b) Please confirm that the $500,000 in estimated costs is based on the number of affected meters. If not, please provide the basis for these estimated costs.
c) Please provide an estimate of the total number of smart meter installations that will require these types of expenses in each rate zone?
d) Please provide a detailed breakdown of the types of expenses forecasted in the $500,000 amount.

2) Ref. Application pg. 18 – Smart Meter Costs

On page 18, PowerStream states that it has accrued $200,000 in programming costs for its billing systems to meet new billing requirements from Measurement Canada and the Ministry of Energy for register reads on bills and changes in how line losses and billing quantities are presented on the bill.

a) Please provide details regarding the new billing requirements and the ensuing changes to its billing system, as a result of those requirements.
b) Please confirm that the stated $200,000 in costs were exclusively for changes to the billing system required for the smart meter roll out.
c) Will the changes to the billing system impact all customers with smart meters? If so, please explain why the costs have been allocated between the two rate zones based on total number of installed smart meters as opposed to total number of customers mandated to receive smart meters. Additionally, please provide an allocation of costs based on the number of customers mandated to receive smart meters.

3) Ref. Application pp. 23 and 37 – Stranded Meter Costs

On pages 23 and 57, PowerStream states that it is not seeking disposition of its stranded meter costs in this application. PowerStream states that it continues to recover these costs by including the net book value of stranded meters in its rate base for rate-

making purposes. PowerStream states that it will consider requesting disposition of the stranded meter amount at its next rebasing application.

a) Please confirm PowerStream's intention to dispose of its stranded meters in its next rebasing application as per the approach established in Chapter 2 of the Filing Requirements for Transmission and Distribution Applications issued, June 22, 2011.

4) Ref. Application pg. 19 – Smart Meter Costs

On Table 2, page 19, PowerStream reports actual "other capital costs" exceeding estimated amounts by $555,309. PowerStream states that other capital comprises of the components of the advanced metering infrastructure ("AMI") as well as professional and consulting fees for contract negotiation and program management. PowerStream states that the estimated amounts did not include any allowance for a portion of the shared costs incurred or to be incurred in the South rate zone.

a) Please provide a detailed breakdown of the other capital costs incurred in the North rate zone.
b) What is the nature of the costs that are shared between the North and South rate zone?
c) Please provide details of the shared costs between the two rate zones along with details on how costs were attributed.
d) In the summary above, please summarize to what extent the shared costs were recovered in the prior smart meter cost recovery application (EB-2010-0209).
e) Please confirm that the amounts reported in Table 2 do not include any forecasted shared costs that have yet to be incurred.

5) Ref. Application pp. 22 and 35 – Smart Meter Costs

On Table 4, PowerStream summarizes the calculation of its projected OM&A expenses for 2011 in the North rate zone. In that table, PowerStream projects maintenance costs of $145,000 in the "Projected 2011 Total" column. When prorating the costs for the period starting January 1, 2011 through October 31, 2011, the OM&A maintenance costs are projected at $10,000 in the "Adjusted 2011" column of the table.

a) Please explain how PowerStream determined the values in the "Adjusted 2011" column from the values in the "Projected 2011 Total" column of Table 4.
b) Please confirm that the same methodology was used in Table 16 for the South rate zone.

6) Ref. Application pg. 33 – Smart Meter Costs

On Table 14, PowerStream compares the actual 2010 capital costs incurred with estimated capital costs filed as part of PowerStream's 2010 IRM rate application (EB-

2010-0110). PowerStream shows underestimates of $398,553 for Customer Billing System costs and $217,745 for other capital costs.

a) On page 32, PowerStream states that it has incurred $200,000 in costs for changes to its customer billing system, of which $155,000 has been allocated to the South rate zone. To what does PowerStream attribute the remaining $243,553 in costs incurred in excess of their 2010 estimated costs?
b) Please provide further details related to the $217,745 in other capital costs incurred in excess of their estimated amounts for 2010, shown in the 4th row of Table 14.

7) Ref: Application pp. 11 – MDM/R Costs

On page 11, PowerStream confirms that no amounts have been included in the actual or projected costs for charges for use of the Provincial Meter Data Management and Repository ("MDM/R"). The applicant mentions that it understands such costs will be deferred for future recovery. PowerStream states that it understands this to mean that account 1556 will remain open and any costs related to the Provincial MDM/R should be tracked in that account for future disposition.

a) Please confirm whether PowerStream has received any direction from the Board, or please identify the Board authority, that identifies account 1556 to be the appropriate account for tracking MDM/R costs for future recovery.

8) Ref. Application pp. 17 and 30 – Smart Meter Capital Costs

In Tables 1 and 12, PowerStream summarizes the smart meter capital costs incurred in its North and South rate zones, respectively.

a) Please account for the difference in average capital costs per meter between the North and South rate zones.
b) Please explain the distinction between capital costs and installed capital costs, as reported in Tables 1 and 12 and provide further explanation as to why installed capital costs are lower than capital costs.

9) Ref. Application pp. 12, 13, 19 and 33 – Smart Meter Costs

On page 12, PowerStream states that due to delays in the availability of 3-phase smart meters, it was unable to complete all of the planned installations for the GS<50 kW customer class in 2010. PowerStream later states (on page 13) that the capital costs of the remaining meters to be installed after April 30, 2011 will be treated as regular capital additions and included in rate base in its next cost of service rate application.

On Tables 2 and 14 (pages 19 and 33), PowerStream compares actual capital costs incurred with estimated costs for 2010. In both cases, the estimates for the installed meter costs were significantly higher than the actuals. PowerStream states that the

lower actual costs are the result of fewer 3-phase meters being installed than forecasted.

a) Please provide up-to-date 2011 actual data from April 30, 2011 for each of the following in each rate zone:
    i. Total number of GS<50 kW meters installed.
    ii. Number of 3-phase GS<50kW meters installed.
    iii. Total GS<50 kW capital costs.
    iv. Installed 3-phase GS<50 kW meter capital costs.
    v. OM&A costs for installed GS<50 kW smart meters.
    vi. OM&A costs for installed 3-phase GS<50 kW smart meters.
b) Please confirm PowerStream is not intending to recover the costs for the remaining 3-phase meters requiring installation prior to its next rebasing application at which time those assets will be treated as regular capital additions to rate base pending a further prudence review

10) Ref. Application pp. 12, 17 and 30 – Smart Meter Capital Costs

In Tables 1 and 12, PowerStream summarizes the capital costs for GS<50 kW customer class meters installed in both the North and South rate zones, respectively. PowerStream states (page 12) that reported capital costs do include some installed 3-phase meters.

a) For GS<50 kW class meters installed up to April 30, 2011, please provide the following in each rate zone:
    i. Total number of 3-phase meters installed.
    ii. Capital costs for 3-phase meters installed.
    iii. OM&A costs for 3-phase meters installed.

11) Ref. Application pp. 19 and 32 -- Minimum functionality

On pages 19 and 32, PowerStream states that it has not incurred any costs for functionality beyond the minimum functionality adopted in O.Reg. 425/06. In the Board's combined proceeding in relation to smart meter costs (EB-2007-0063), minimum functionality was defined as any costs within the "Advanced Metering Infrastructure (AMI)" box shown in Appendix D of the decision. Costs such as integration with the MDM/R are not within the scope of minimum functionality, as defined by Appendix D. On page 18, PowerStream states that it seeks recovery for programming costs to meet the requirements of the MDM/R.

a) Please provide an updated summary of costs that separates minimum functionality from costs incurred beyond minimum functionality, as defined by the combined proceeding (EB-2007-0063).