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February 29, 2012

VIA E-MAIL

**Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto, ON
M4P 1E4**

Dear Ms. Walli:

**RE: Lakeland Power Distribution Ltd.
Board File No. EB-2011-0413
2012 Smart Meter Cost Recovery Application – Responses to Board
Staff Interrogatories**

Lakeland Power Distribution Ltd. is submitting responses to the Board Staff Interrogatories filed in this matter.

An electronic copy of the responses (pdf and models in excel) will be submitted through the OEB e-Filing services and delivered by e-mail.

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Margaret Maw".

**Margaret Maw
CFO
Lakeland Holding Ltd.**

Lakeland Power Distribution Ltd.
Responses to Board Staff Interrogatories for 2012 Smart Meter Cost
Recovery Application
(EB-2011-0413)
Effective May 1, 2012

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

AND IN THE MATTER OF an Application by Lakeland Power Distribution Ltd. to
the Ontario Energy Board for an Order or Orders approving rate riders for the
recovery, incremental revenue and disposition of Smart Meter costs (SMDR and
SMIRR) as of May 1, 2012.

Table of Contents

Responses to Board Staff Interrogatories.....	4
Appendices	
Appendix 1	OEB Smart Meter Rate Model

1. Responses to Letters of Comment

Following publication of the Notice of Application, the Board has, to date, received no letters of comment. Please confirm whether Lakeland Power Distribution Ltd. ("Lakeland") has received any letters of comment. If so, please file a copy of any letters of comment. For each, please confirm whether a reply was sent from Lakeland to the author of the letter. If confirmed, please file that reply with the Board. Please ensure that the author's contact information except for the name is redacted. If not confirmed, please explain why a response was not sent and confirm if Lakeland intends to respond.

Response

To date, Lakeland Power Distribution Ltd. ("Lakeland") has not received any letters of comment.

2. Ref: Manager's Summary/page 9

On page 9 of its Application, Lakeland states:

The high volume of collectors and repeaters was necessitated by LPDL's large, non-contiguous geographic distribution area servicing five separate, distinct municipalities, rural and island services and heavily forested, rocky terrain (map of service territory provided in Appendix 5). This has contributed to a higher cost per meter than if LPDL's service territory was one contiguous, wide open, flat area with no distance or natural elements affecting meter/collector communications.

Please provide a synopsis of technological and operational challenges and issues (e.g., intermittent or persistent read failures, incidence of "buddy" meters to solve unreadable meters, additional or relocated collectors, manual adjustment of meter read data, etc.) that Lakeland and its service provider encountered in Lakeland's smart meter deployment and operationalization. Please also summarize the resolution of these issues.

Response

Due to the difficult terrain in Lakeland's service territory, Elster made it evident that the white paper study of the propagation mapping was only as accurate as the resolution of the contour lines which are 5 meters. This may provide misleading results as contour lines only include ground height and do not include

buildings or trees that can exceed 30 meters. Original mapping of the collector placements were done utilizing the contour data and the geographic location of Lakeland's assets on a GIS (Geographic Information System) and was noted that field adjustments would be necessary. The completed solution required the installation of 26 collectors and 25 repeaters to collect data for our Smart Meter network. The placement of the collectors and repeaters were also critical to achieve efficient smart meter communication and many additional days and field visits were required to test, troubleshoot, relocate and retest these devices until the desired outcome was achieved. Antennas were also added to meters located in hard to reach areas in order to improve the signal strength allowing the data to reach either the "Buddy" meters, repeaters or collectors. Repeaters are basically "buddy" meters installed on the lines to bridge the distance between two meters where the signal could not make it due to the distance and terrain. Once the meters and collectors were communicating, there were still 73 blocked locations, 39 orphaned meters and 32 additional meters that had regular intermittent issues which required additional time to troubleshoot and were finally remedied. A total of 1,493 work orders were completed to address issues related to the smart meter network, many of which included access to seasonal cottages, services located on islands and other rural locations that required scheduling with out of town customers. Some of these rural and island visits incurred higher costs as they require longer travel time and boat rental access. In an effort to resolve issues with the smart meter data integrity and address system performance of the Elster solution, Lakeland had joined forces with the IESO/Elster Working Group. Throughout 2010, Lakeland's MAS server already required system upgrades as well as firmware upgrades to all of the collectors, repeaters and meters and a LAN rebuild which all contributed to extra time, effort and costs to finally achieve a stable network.

3. Ref: Manager's Summary/page 9

On page 9, Lakeland states:

As of October 2011, System Acceptance Testing completion is pending but will follow shortly with the finalization of the Elster Service Level Agreement (SLA).

Lakeland filed its Application on December 2, 2011.

- a) Has the Elster Service Level Agreement been finalized? If yes, please state the date. If not, please provide information on what remains to be finalized and the expected finalization date.
- b) Is System Acceptance Testing now complete? If yes, please state the date. If not, please provide information on what is outstanding and when System Acceptance Testing is now expected to be completed.

Response

- a) No, the Elster Service Level Agreement (SLA) is not finalized at this time. In order to finalize the contract with Elster, all test scenarios for System Acceptance Testing needed to be complete and the supporting documents for each test scenario needed to be compiled. This was a lengthy and time consuming project, for which Lakeland used the services of Util-Assist, the metering system and technology consultants contracted through the efforts of the Cornerstone Hydro Electric Concepts (CHEC) utility co-operative. Util-Assist facilitated this process on behalf of Lakeland with Elster, coordinating and preparing the documentation which was then made available to Lakeland in February 2012. Test 4.3.1, the Last Gasp functionality is, at this time, the source of Lakeland's delay in System Acceptance Testing sign-off and thus the finalization of the SLA. This test has been listed as a conditional pass, conditional on a resolution being found by Elster. The Last Gasp test is a collector (also known as a gatekeeper) call-in and EA_MS settings issue for all of the utilities that have completed System Acceptance Testing. This test is listed as a conditional pass as outage messages are not always received by the collectors. Since the Last Gasp test is listed as a conditional pass and sign-off is at the discretion of the utility, Lakeland is following Util-Assist's recommendation to require Elster to correct/address this outstanding issue prior to System Acceptance Testing being deemed successful. Elster is aware of this issue and they are working to resolve the problem. Further delays in finalizing the Elster SLA will be directly attributable to the length of time it takes Elster to correct this Last Gasp issue. Once this issue is resolved, Lakeland will sign-off on System Acceptance Testing and the SLA will be finalized.
- b) No, System Acceptance Testing is still not complete at this time. Util-Assist is currently following up with Elster on Lakeland's behalf, to check for any progress that has been made with the Last Gasp test 4.3.1 (see details of this test in part a) response above) and what Elster's plan is to resolve it. Lakeland will hold off on signing off on the System Acceptance Testing documentation until this test issue is resolved. Elster is aware of this issue and they are working to resolve the problem. Once this issue is resolved, Lakeland will sign-off on System Acceptance Testing and the SLA will be finalized.

4. Ref: Manager's Summary/page 12 – Conventional Meter Disposal

On page 12, Lakeland states:

At the completion of the mass smart meter deployment process, Greenport removed the storage bin and recycled the old conventional meters at a no cost option.

- a) Please confirm whether this statement means that Lakeland had no net salvage proceeds from the disposal of conventional meters replaced by smart meters.
- b) If this interpretation is incorrect, please clarify.
- c) If there are net proceeds from the salvage of conventional meters, how is Lakeland taking these into account? Will they be used to offset the remaining net book value of stranded meters when Lakeland seeks disposition in its next cost of service rebasing application? In the alternative, please explain.

Response

- a) Lakeland confirms that there was no net salvage proceeds received from the disposal of conventional meters replaced by smart meters. Through the Util-Assist Meter Disposal RFI process, it was recommended and agreed that Lakeland, along with other utilities, go with a No-Cost option for disposing of the conventional meters. Due to the volatility and uncertainty of fuel costs and commodity prices for metals found within the meters, the cost of disposing of the meters may have exceeded the proceeds available from the scrapped meters. Lakeland contracted Green-Port Environmental to provide the storage bins (minimal fee of \$250 if the container was not full within 3 months), remove the bins with the meters and scrap the meters all at no cost to Lakeland. In exchange, Green-Port could then retain any value associated with the scrapped meters.
- b) The Board Staff interpretation above is correct. Please see response to a) above.
- c) Please see response to a) above.

5. Ref: Manager's Summary/page 16 – Web Presentment

On page 16, Lakeland states:

The ODS has been a very useful and effective tool for the continuous, uninterrupted and reliable web presentment of hourly data to LPDL's customers. LPDL's eCARE DSM web presentment module pulls the customer usage data from the ODS. *The MDM/R has become accessible to provide this data in mid 2011 but in order to integrate with it, LPDL will be required to incur more costs and customer's accessibility will be hampered due to the frequently scheduled outages which disrupt online access.* [Emphasis added]

Please provide further information on the resolution of this issue. If this has not been fully resolved please provide a status update on Lakeland's plans and efforts to resolve it.

Response

Lakeland uses eCARE/DSM as a web presentment platform which provides customers online access to view their bills, bill history and hourly usage. However, as stated above, the hourly usage data is being pulled from the ODS, not the MDM/R which is where the customer usage is actually billed from. Another issue with eCARE is bill presentment. It is not a true replication of Lakeland's actual bill which has led to a number of customer inquiries.

To address and correct these issues, Lakeland has estimated that an additional \$11,500 will be incurred to reprogram our web presentment platform to pull usage data from the MDM/R and to improve the online bill presentment. As a resolution, Lakeland is currently working with the software provider to modify the current web presentment platform which is scheduled for completion in spring 2012. With these modifications, Lakeland has identified there will be cost efficiencies in support services, improved bill viewing capabilities, presentation of the hourly customer usage directly from the MDM/R and improved availability of software updates/reprogramming.

Upon completion of this updated web presentment portal and platform implementation, Lakeland will be relying on the MDM/R for usage data. As noted above, the MDM/R is regularly inaccessible due to the IESO's weekly scheduled maintenance outages (Sunday's 11am – 11pm) and any other unforeseen outages (minimally one per month for several hours at a time). These outages disrupt the customer's ability to view their daily usage during these outages. A proposed resolution, to allow our customers to access their data during these MDM/R outages, would incur even further additional costs to program our web

presentment platform to redirect to our ODS to access customer usage data during these disruption times. IESO is aware of these outage disruptions and to date, Lakeland has heard a mentioned resolution may be to develop a ghost system that would be accessible at all times, specifically when the production MDM/R system is down for maintenance. However, we have no further information at this time as to a timeline for their resolution.

6. Ref: Manager's Summary, page 23 – Stranded Meter Costs

On page 23 of its Application, Lakeland states that it is not seeking disposition of stranded meter costs in this Application, but will seek recovery in its next cost of service application. Lakeland states that the NBV of stranded meters as of December 31, 2010 is \$587,000 and that it continues to amortize the stranded meters. Please provide Lakeland's estimate of the NBV of the stranded meters as of December 31, 2012.

Response

Table 1 below calculates Lakeland's estimate of the NBV of the stranded meters as of December 31, 2012 to be \$493,300.

Table 1: NBV of Stranded Meters as of December 31, 2012

Costs	As of Dec 31, 2010	As of Dec 31, 2011	As of Dec 31, 2012
Stranded Meter: Asset Value	\$ 1,006,850	\$ 1,006,850	\$ 1,006,850
Stranded Meter: Accumulated Depreciation (25 year useful life)	-\$ 419,850	-\$ 466,700	-\$ 513,550
Total NBV of Stranded Meters	\$ 587,000	\$ 540,150	\$ 493,300
Stranded Meter: Depreciation (25 year useful life)	\$ 46,850	\$ 46,850	\$ 46,850

7. Ref: Excel Smart Meter Model, Version 2.17, Sheet 3 – Cost of Service Parameters

In its most recent cost of service application for 2009 rates (EB-2008-0234), Lakeland was approved the following Cost of Capital parameters:

Cost of Capital Parameter	Board-approved value
Short-term Debt Rate	1.33%
Long-term Debt Rate	5.16%
Return on Equity (ROE)	8.01%

On Sheet 3, Lakeland used different values of a 4.47% Short-term Debt Rate and 8.57% ROE for 2009, but has use its Board-approved rates for 2010 and subsequent years.

Please explain why Lakeland has not used its Board-approved Cost of Capital parameters in 2009.

Response

Lakeland inadvertently used the Short-term Debt Rate originally filed in the 2009 Cost of Service filing, not the final Board decision. Lakeland has revised the 2009 Cost of Capital parameters in the Smart Meter Cost Recovery Model, to reflect the 2009 approved rates noted above. Table 2a reflects the decrease in the 2009 revenue requirement of \$4,321.

Table 2a: Revenue Requirement Calculation for Disposition Rate Rider REVISED for 2009 Cost of Capital Parameter Rate Change

Rate Base	2009 Amount ORIGINAL	2009 Amount REVISED	Inc/(Dec)
Net Fixed Assets	\$ 881,756	\$ 881,756	\$ -
Working Capital Allowance	\$ 4,692	\$ 4,692	\$ -
Total Rate Base	\$ 886,448	\$ 886,448	\$ -

Revenue Requirement	2009 Amount ORIGINAL	2009 Amount REVISED	Inc/(Dec)
Short Term Interest	\$ 1,585	\$ 472	-\$ 1,113
Long Term Interest	\$ 24,105	\$ 24,105	\$ -
Return on Equity	\$ 32,894	\$ 30,745	-\$ 2,149
Total Return	\$ 58,584	\$ 55,322	-\$ 3,262
OM&A	\$ 31,283	\$ 31,283	\$ -
Amortization	\$ 65,243	\$ 65,243	\$ -
Grossed-up PILs	\$ 10,556	\$ 9,497	-\$ 1,059
Revenue Requirement	\$ 165,666	\$ 161,345	-\$ 4,321
Interest on Deferred OM&A and Amortization	\$ 633	\$ 633	\$ -
Total Revenue Requirement REVISION	\$ 166,299	\$ 161,978	-\$ 4,321

Table 2b reflects the revised total revenue requirement of \$881,969 for the SMDR calculation, a decrease from \$886,290. The SMIRR is not affected as it is a recovery of 2012 costs only and not impacted by the incorrect rates for 2009 above.

Lakeland Power Distribution Ltd.
EB-2011-0413
2012 Smart Meter Cost Recovery Application
Responses to Board Staff Interrogatories
Filed: February 29, 2012

Table 2b: Revenue Requirement Calculation for Disposition Rate Rider REVISED

Rate Base	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Net Fixed Assets	\$ 20,295	\$ 69,978	\$ 881,756	\$ 1,818,994	\$ 1,931,356	\$ 4,722,379
Working Capital Allowance	\$ -	\$ -	\$ 4,692	\$ 8,014	\$ 11,977	\$ 24,683
Total Rate Base	\$ 20,295	\$ 69,978	\$ 886,448	\$ 1,827,008	\$ 1,943,333	\$ 4,747,062

Revenue Requirement	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Short Term Interest	\$ -	\$ 123	\$ 472	\$ 972	\$ 1,034	\$ 2,601
Long Term Interest	\$ 634	\$ 1,511	\$ 24,105	\$ 52,793	\$ 56,155	\$ 135,198
Return on Equity	\$ 913	\$ 2,941	\$ 30,745	\$ 58,537	\$ 62,264	\$ 155,400
Total Return	\$ 1,547	\$ 4,575	\$ 55,322	\$ 112,302	\$ 119,453	\$ 293,199
OM&A	\$ -	\$ -	\$ 31,283	\$ 53,427	\$ 79,846	\$ 164,556
Amortization	\$ 1,400	\$ 5,950	\$ 65,243	\$ 142,417	\$ 166,193	\$ 381,203
Grossed-up PILs	\$ 449	\$ 10	\$ 9,497	\$ 10,024	\$ 14,368	\$ 34,348
Revenue Requirement	\$ 3,396	\$ 10,535	\$ 161,345	\$ 318,170	\$ 379,860	\$ 873,306
Interest on Deferred OM&A and Amortization	\$ 33	\$ 174	\$ 633	\$ 1,609	\$ 6,214	\$ 8,663
Total Revenue Requirement	\$ 3,429	\$ 10,709	\$ 161,978	\$ 319,779	\$ 386,074	\$ 881,969

Table 2c summarizes the revised Smart Meter True-up balance of \$151,040 due to the 2009 cost of capital rate changes above.

Table 2c: Disposition Rate Rider to Recover Actual Smart Meter Costs to December 31, 2011 REVISED

Revenue Requirement 2007	\$ 3,429	
Revenue Requirement 2008	\$ 10,709	
Revenue Requirement 2009	\$ 161,978	
Revenue Requirement 2010	\$ 319,779	
Revenue Requirement 2011	\$ 386,074	
Total Revenue Requirement		\$ 881,969
Smart Meter Funding Adder Collected	-\$ 708,075	
Carrying Cost on Smart Meter Funding Adder	-\$ 22,854	-\$ 730,929
Smart Meter True-up Balance for Disposition Rider	\$	\$ 151,040

Table 2d summarizes the basis of allocation for the revenue requirement, same as in Lakeland's original application.

Table 2d: Basis of Allocation for SMDR Revenue Requirement Allocation by Customer Class REVISED

Revenue Requirement	1860 CWMC Allocator per 2006 Cost Allocation Review	Revenue Requirement Smart Meter Allocator	
Return & Amortization:			
Residential (1)	57.31%	70.92%	(1) / (A)
GS<50 (2)	23.50%	29.08%	(2) / (A)
Subtotal Applicable to Smart Meters (A)	80.81%	100.00%	
GS>50	19.19%		
Total	100.00%		
Revenue Requirement OM&A	Meters Installed by 2011	Revenue Requirement Smart Meter Allocator	
Residential (3)	7,935	83.55%	(3) / (B)
GS<50 (4)	1,562	16.45%	(4) / (B)
Total Smart Meters Installed (B)	9,497		
Revenue Requirement Grossed-up PILS & Interest on Deferred OM&A and Amortization	Revenue Requirement Allocated for Return, Amortization and OM&A	Revenue Requirement Smart Meter Allocator	
Residential (5)	\$ 615,773	73.40%	(5) / (C)
GS<50 (6)	\$ 223,185	26.60%	(6) / (C)
Total Smart Meters Installed (C)	\$ 838,958		

Table 2e reflects the revised smart meter true-up balance allocation between Residential and GS<50 customers based on this methodology.

Table 2e: Allocation of Revenue Requirement and Smart Meter Funding Adder by Customer Class for Disposition Rate Rider REVISED

Revenue Requirement	Total to Allocate	Allocator for Residential	Residential	Allocator for GS<50	GS<50
Return	\$ 293,199	70.92%	\$ 207,935	29.08%	\$ 85,264
Amortization	\$ 381,203	70.92%	\$ 270,347	29.08%	\$ 110,856
OM&A	\$ 164,556	83.55%	\$ 137,491	16.45%	\$ 27,065
Subtotal before PILs	\$ 838,958		\$ 615,773	(5)	\$ 223,185
Grossed-up PILs	\$ 34,348	73.40%	\$ 25,211	26.60%	\$ 9,137
Interest on Deferred OM&A and Amortization	\$ 8,663	73.40%	\$ 6,358	26.60%	\$ 2,305
Total Revenue Requirement	\$ 881,969	73.40%	\$ 647,342	26.60%	\$ 234,627
Total Smart Meter Funding Adder Collected	-\$ 730,929	73.40%	-\$ 536,483	26.60%	-\$ 194,446
Total Smart Meter True-up Balance	\$ 151,040	73.40%	\$ 110,859	26.60%	\$ 40,181

Lakeland proposes to recover this revised smart meter true-up balance amount of \$151,040 from customers by a monthly Smart Meter Disposition Rate Rider of \$1.16 per Residential customer and \$2.14 per GS<50 customer, over the period May 1, 2012 to April 30, 2013 as can be seen in Table 2f.

Table 2f: Calculation of Disposition Rate Rider by Class REVISED

	Residential	GS<50	Total Smart Meter Customers
Total Smart Meter True-up for Disposition	\$ 110,859	\$ 40,181	\$ 151,040
Number of Customers	7,935	1,562	9,497
Total Monthly Disposition Rate Rider	\$ 1.16	\$ 2.14	\$ 1.33

As can be seen in Table 2g below, the monthly SMDR has decreased by \$0.04 for Residential customers and decreased by \$0.07 for GS<50 customers.

Table 2g: Disposition Rate Rider by Class REVISED for 2009 Cost of Capital Parameter Rate Change

	SMDR ORIGINAL	SMDR REVISED	Inc/(Dec)
Residential	\$ 1.20	\$ 1.16	-\$ 0.04
GS<50	\$ 2.21	\$ 2.14	-\$ 0.07

8. Ref: Excel Smart Meter Model, Version 2.17, Sheet 3 – Cost of Service Parameters

In its 2006 EDR rebasing application, (RP-2005-0020/EB-2005-0388), Lakeland proposed and was approved a Long-term Debt Rate of 4.38%. It used this value for the debt rate in 2008 but used 6.25% in 2006 and 2007. Please explain why Lakeland did not use its Board-approved Long-term Debt Rate for the 2006 and 2007 years.

Response

Lakeland used the default Long-term Debt Rate that was keyed into the Smart Meter Cost Recovery model in the original filing. Lakeland has revised the 2006 and 2007 Cost of Capital parameters in the Smart Meter Cost Recovery Model, to reflect the 2006 and 2007 approved rates noted above. Table 3a reflects the decrease in the 2007 revenue requirement of \$190 (there is no change for 2006 as Lakeland had \$0 activity in 2006). Table 3b reflects the revised total revenue requirement of \$886,100 for the SMDR calculation, a decrease from \$886,290.

Table 3a: Revenue Requirement Calculation for Disposition Rate Rider REVISED for 2006 & 2007 Cost of Capital Parameter Rate Change

Rate Base	2006 Amount ORIGINAL	2007 Amount ORIGINAL	Total ORIGINAL	2006 Amount REVISED	2007 Amount REVISED	Total REVISED	Inc/(Dec)
Net Fixed Assets	\$ -	\$ 20,295	\$ 20,295	\$ -	\$ 20,295	\$ 20,295	\$ -
Working Capital Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Rate Base	\$ -	\$ 20,295	\$ 20,295	\$ -	\$ 20,295	\$ 20,295	\$ -

Revenue Requirement	2006 Amount ORIGINAL	2007 Amount ORIGINAL	Total ORIGINAL	2006 Amount REVISED	2007 Amount REVISED	Total REVISED	Inc/(Dec)
Short Term Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long Term Interest	\$ -	\$ 634	\$ 634	\$ -	\$ 444	\$ 444	\$ 190
Return on Equity	\$ -	\$ 913	\$ 913	\$ -	\$ 913	\$ 913	\$ -
Total Return	\$ -	\$ 1,547	\$ 1,547	\$ -	\$ 1,357	\$ 1,357	\$ 190
OM&A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	\$ -	\$ 1,400	\$ 1,400	\$ -	\$ 1,400	\$ 1,400	\$ -
Grossed-up PILs	\$ -	\$ 449	\$ 449	\$ -	\$ 449	\$ 449	\$ 0
Revenue Requirement	\$ -	\$ 3,396	\$ 3,396	\$ -	\$ 3,206	\$ 3,206	\$ 190
Interest on Deferred OM&A and Amortization	\$ -	\$ 33	\$ 33	\$ -	\$ 33	\$ 33	\$ -
Total Revenue Requirement REVISION	\$ -	\$ 3,429	\$ 3,429	\$ -	\$ 3,239	\$ 3,239	\$ 190

Table 3b: Revenue Requirement Calculation for Disposition Rate Rider REVISED

Rate Base	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Net Fixed Assets	\$ 20,295	\$ 69,978	\$ 881,756	\$ 1,818,994	\$ 1,931,356	\$ 4,722,379
Working Capital Allowance	\$ -	\$ -	\$ 4,692	\$ 8,014	\$ 11,977	\$ 24,683
Total Rate Base	\$ 20,295	\$ 69,978	\$ 886,448	\$ 1,827,008	\$ 1,943,333	\$ 4,747,062

Revenue Requirement	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Short Term Interest	\$ -	\$ 123	\$ 1,585	\$ 972	\$ 1,034	\$ 3,714
Long Term Interest	\$ 444	\$ 1,511	\$ 24,105	\$ 52,793	\$ 56,155	\$ 135,008
Return on Equity	\$ 913	\$ 2,941	\$ 32,894	\$ 58,537	\$ 62,264	\$ 157,549
Total Return	\$ 1,357	\$ 4,575	\$ 58,584	\$ 112,302	\$ 119,453	\$ 296,271
OM&A	\$ -	\$ -	\$ 31,283	\$ 53,427	\$ 79,846	\$ 164,556
Amortization	\$ 1,400	\$ 5,950	\$ 65,243	\$ 142,417	\$ 166,193	\$ 381,203
Grossed-up PILs	\$ 449	\$ 10	\$ 10,556	\$ 10,024	\$ 14,368	\$ 35,407
Revenue Requirement	\$ 3,206	\$ 10,535	\$ 165,666	\$ 318,170	\$ 379,860	\$ 877,437
Interest on Deferred OM&A and Amortization	\$ 33	\$ 174	\$ 633	\$ 1,609	\$ 6,214	\$ 8,663
Total Revenue Requirement	\$ 3,239	\$ 10,709	\$ 166,299	\$ 319,779	\$ 386,074	\$ 886,100

Table 3c summarizes the revised Smart Meter True-up balance of \$155,171 due to the 2007 cost of capital rate change above.

Table 3c: Disposition Rate Rider to Recover Actual Smart Meter Costs to December 31, 2011 REVISED

Revenue Requirement 2007	\$	3,239	
Revenue Requirement 2008	\$	10,709	
Revenue Requirement 2009	\$	166,299	
Revenue Requirement 2010	\$	319,779	
Revenue Requirement 2011	\$	386,074	
Total Revenue Requirement			\$ 886,100
Smart Meter Funding Adder Collected	-\$	708,075	
Carrying Cost on Smart Meter Funding Adder	-\$	22,854	-\$ 730,929
Smart Meter True-up Balance for Disposition Rider			\$ 155,171

Table 3d summarizes the basis of allocation for the revenue requirement, same as in Lakeland's original application. Table 3e reflects the revised smart meter true-up balance allocation between Residential and GS<50 customers based on this methodology.

Table 3d: Basis of Allocation for SMDR Revenue Requirement Allocation by Customer Class REVISED

Revenue Requirement Return & Amortization:	1860 CWMC Allocator per	Revenue Requirement	
Residential (1)	57.31%	70.92%	(1) / (A)
GS<50 (2)	23.50%	29.08%	(2) / (A)
Subtotal Applicable to Smart Meters (A)	80.81%	100.00%	
GS>50	19.19%		
Total	100.00%		
Revenue Requirement OM&A	Meters Installed by 2011	Revenue Requirement	
Residential (3)	7,935	83.55%	(3) / (B)
GS<50 (4)	1,562	16.45%	(4) / (B)
Total Smart Meters Installed (B)	9,497		
Revenue Requirement Grossed-up PILS & Interest on Deferred	Revenue Requirement	Revenue Requirement	
Residential (5)	\$ 617,952	73.39%	(5) / (C)
GS<50 (6)	\$ 224,078	26.61%	(6) / (C)
Total Smart Meters Installed (C)	\$ 842,030		

Table 3e: Allocation of Revenue Requirement and Smart Meter Funding Adder by Customer Class for Disposition Rate Rider REVISED

Revenue Requirement	Total to Allocate	Allocator for Residential	Residential	Allocator for GS<50	GS<50
Return	\$ 296,271	70.92%	\$ 210,114	29.08%	\$ 86,157
Amortization	\$ 381,203	70.92%	\$ 270,347	29.08%	\$ 110,856
OM&A	\$ 164,556	83.55%	\$ 137,491	16.45%	\$ 27,065
Subtotal before PILS	\$ 842,030		\$ 617,952	(5)	\$ 224,078
Grossed-up PILS	\$ 35,407	73.39%	\$ 25,985	26.61%	\$ 9,422
Interest on Deferred OM&A and Amortization	\$ 8,663	73.39%	\$ 6,358	26.61%	\$ 2,305
Total Revenue Requirement	\$ 886,100	73.39%	\$ 650,294	26.61%	\$ 235,806
Total Smart Meter Funding Adder Collected	-\$ 730,929	73.39%	-\$ 536,417	26.61%	-\$ 194,512
Total Smart Meter True-up Balance	\$ 155,171	73.39%	\$ 113,877	26.61%	\$ 41,294

Lakeland proposes to recover this revised smart meter true-up balance amount of \$155,171 from customers by a monthly Smart Meter Disposition Rate Rider of \$1.20 per Residential customer and \$2.20 per GS<50 customer, over the period May 1, 2012 to April 30, 2013 as can be seen in Table 3f.

Table 3f: Calculation of Disposition Rate Rider by Class REVISED

	Residential	GS<50	Total Smart Meter Customers
Total Smart Meter True-up for Disposition	\$ 113,877	\$ 41,294	\$ 155,171
Number of Customers	7,935	1,562	9,497
Total Monthly Disposition Rate Rider	\$ 1.20	\$ 2.20	\$ 1.36

As can be seen in Table 3g below, the monthly SMDR has not been impacted for Residential customers and has decreased by \$0.01 for GS<50 customers.

Table 3g: Disposition Rate Rider by Class REVISED for 2006 & 2007 Cost of Capital Parameter Rate Change

	SMDR ORIGINAL	SMDR REVISED	Inc/(Dec)
Residential	\$ 1.20	\$ 1.20	-\$ 0.00
GS<50	\$ 2.21	\$ 2.20	-\$ 0.01

9. Ref: Excel Smart Meter Model, Version 2.17, Sheet 3 – Depreciation Rates

On Sheet 3, under Depreciation Rates, for the classes of Tools & Equipment and Other Equipment, Lakeland has used an estimated useful life of 15 years. Typically, assets in these classes are assumed to have useful lives of 10 years. Please explain Lakeland's basis for assuming longer average useful lives for these asset classes.

Response

Lakeland has reported \$0 for Tools & Equipment. \$420,746 of the total \$537,290 reported as Other Equipment, consists mainly of smart meter project management and professional fee costs incurred to manage the entire smart meter project. Lakeland identifies that these costs are a part of the entire smart meter system so feels it is justified to depreciate these over a 15 year useful life which is consistent with the useful life of the majority of the smart meter costs. The remaining \$116,543, which is comprised of the 1.6 Capital Costs Beyond Minimum Functionality (MD/R & TOU) cost category, is related to software costs. These costs are summarized in Table 4a below.

Table 4a: Summary of Other Equipment Capital Costs

	Other Equipment Costs 2007- 2011
1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUNCTIONALITY	
1.5.3 Professional Fees - Smart Meter Consulting (Util-Assist)	\$ 107,330
1.5.3 Professional Fees - Security Audit (LE/N-Dimension)	\$ 30,650
1.5.4 Integration - Smart Meter Project Manager (H Chantler)	\$ 160,872
1.5.4 Integration - Smart Meter Installation Coordinator (B Burnie)	\$ 40,366
1.5.4 Integration - Smart Meter Planning Meetings & Training	\$ 15,131
1.5.5 Program Management - Elster Project Initiation & Support Services	\$ 66,147
1.5.6 Other AMI Capital - Meter Disposal	\$ 250
	\$ 420,746
1.6 CAPITAL COSTS BEYOND MINIMUM FUNCTIONALITY (MDM/R & TOU)	
1.6.3 Costs for TOU, CIS, Web, MDM/R - Business Process Consulting (Olameter)	\$ 4,853
1.6.3 Costs for TOU, CIS, Web, MDM/R - AS2 Configuration	\$ 18,240
1.6.3 Costs for TOU, CIS, Web, MDM/R - MDM/R Training	\$ 13,330
1.6.3 Costs for TOU, CIS, Web, MDM/R - MAS & MDM/R Integration (Harris)	\$ 19,990
1.6.3 Costs for TOU, CIS, Web, MDM/R - eCARE setup/consulting (Aegisys/LE)	\$ 9,706
1.6.3 Costs for TOU, CIS, Web, MDM/R - eCARE & DSM (Harris)	\$ 34,900
1.6.3 Costs for TOU, CIS, Web, MDM/R - TOU Bill Comparison Program & Distribution	\$ 15,524
	\$ 116,543
Total Other Equipment Costs	\$ 537,289

Lakeland has re-categorized \$420,746 from Other Equipment to the Smart Meter class which has no impact on SMDR or SMIRR. Lakeland has also re-categorized the \$116,543 from Other Equipment to the Computer Software class. This change will increase the depreciation on these costs as it reduces the useful life calculation from 15 years to 5 years. Table 4b reflects the revised revenue requirement of \$896,263, an increase of \$9,973 from our original calculation of \$886,290.

Table 4b: Revenue Requirement Calculation for Disposition Rate Rider REVISED for 2007-2011 Other Equipment Deprecation Reclass

Rate Base	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Net Fixed Assets	\$ 20,295	\$ 69,149	\$ 878,334	\$ 1,810,028	\$ 1,911,878	\$ 4,689,684
Working Capital Allowance	\$ -	\$ -	\$ 4,692	\$ 8,014	\$ 11,977	\$ 24,683
Total Rate Base	\$ 20,295	\$ 69,149	\$ 883,026	\$ 1,818,042	\$ 1,923,855	\$ 4,714,367

Revenue Requirement	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Short Term Interest	\$ -	\$ 121	\$ 1,579	\$ 967	\$ 1,023	\$ 3,690
Long Term Interest	\$ 634	\$ 1,493	\$ 24,012	\$ 52,534	\$ 55,592	\$ 134,265
Return on Equity	\$ 913	\$ 2,906	\$ 32,767	\$ 58,250	\$ 61,640	\$ 156,476
Total Return	\$ 1,547	\$ 4,520	\$ 58,358	\$ 111,751	\$ 118,255	\$ 294,431
OM&A	\$ -	\$ -	\$ 31,283	\$ 53,427	\$ 79,846	\$ 164,556
Amortization	\$ 1,400	\$ 7,608	\$ 68,770	\$ 149,978	\$ 179,654	\$ 407,410
Grossed-up PILs	\$ 449	\$ 2,121	\$ 7,909	\$ 5,554	\$ 8,981	\$ 20,772
Revenue Requirement	\$ 3,396	\$ 10,007	\$ 166,320	\$ 320,710	\$ 386,736	\$ 887,169
Interest on Deferred OM&A and Amortization	\$ 33	\$ 207	\$ 672	\$ 1,681	\$ 6,501	\$ 9,094
Total Revenue Requirement	\$ 3,429	\$ 10,214	\$ 166,992	\$ 322,391	\$ 393,237	\$ 896,263

Table 4c summarizes the revised Smart Meter True-up balance of \$165,334 due to the 2007-2011 depreciation change above.

Table 4c: Disposition Rate Rider to Recover Actual Smart Meter Costs to December 31, 2011 REVISED

Revenue Requirement 2007	\$	3,429	
Revenue Requirement 2008	\$	10,214	
Revenue Requirement 2009	\$	166,992	
Revenue Requirement 2010	\$	322,391	
Revenue Requirement 2011	\$	393,237	
Total Revenue Requirement			\$ 896,263
Smart Meter Funding Adder Collected	-\$	708,075	
Carrying Cost on Smart Meter Funding Adder	-\$	22,854	-\$ 730,929
Smart Meter True-up Balance for Disposition Rider			\$ 165,334

Table 4d summarizes the basis of allocation for the revenue requirement, same as in Lakeland's original application. Table 4e reflects the revised smart meter true-up balance allocation between Residential and GS<50 customers based on this methodology.

Table 4d: Basis of Allocation for SMDR Revenue Requirement Allocation by Customer Class REVISED

Revenue Requirement Return & Amortization:	1860 CWMC Allocator per	Revenue Requirement	
Residential (1)	57.31%	70.92%	(1) / (A)
GS<50 (2)	23.50%	29.08%	(2) / (A)
Subtotal Applicable to Smart Meters (A)	80.81%	100.00%	
GS>50	19.19%		
Total	100.00%		
Revenue Requirement OM&A	Meters Installed by 2011	Revenue Requirement	
Residential (3)	7,935	83.55%	(3) / (B)
GS<50 (4)	1,562	16.45%	(4) / (B)
Total Smart Meters Installed (B)	9,497		
Revenue Requirement Grossed-up PILS & Interest on Deferred	Revenue Requirement	Revenue Requirement	
Residential (5)	\$ 635,233	73.32%	(5) / (C)
GS<50 (6)	\$ 231,164	26.68%	(6) / (C)
Total Smart Meters Installed (C)	\$ 866,397		

Table 4e: Allocation of Revenue Requirement and Smart Meter Funding Adder by Customer Class for Disposition Rate Rider REVISED

Revenue Requirement	Total to Allocate	Allocator for Residential	Residential	Allocator for GS<50	GS<50
Return	\$ 294,431	70.92%	\$ 208,809	29.08%	\$ 85,622
Amortization	\$ 407,410	70.92%	\$ 288,933	29.08%	\$ 118,477
OM&A	\$ 164,556	83.55%	\$ 137,491	16.45%	\$ 27,065
Subtotal before PILs	\$ 866,397		\$ 635,233	(5)	\$ 231,164 (6)
Grossed-up PILs	\$ 20,772	73.32%	\$ 15,230	26.68%	\$ 5,542
Interest on Deferred OM&A and Amortization	\$ 9,094	73.32%	\$ 6,668	26.68%	\$ 2,426
Total Revenue Requirement	\$ 896,263	73.32%	\$ 657,130	26.68%	\$ 239,133
Total Smart Meter Funding Adder Collected	-\$ 730,929	73.32%	-\$ 535,909	26.68%	-\$ 195,020
Total Smart Meter True-up Balance	\$ 165,334	73.32%	\$ 121,221	26.68%	\$ 44,113

Lakeland proposes to recover this revised smart meter true-up balance amount of \$165,334 from customers by a monthly Smart Meter Disposition Rate Rider of \$1.27 per Residential customer and \$2.35 per GS<50 customer, over the period May 1, 2012 to April 30, 2013 as can be seen in Table 4f.

Table 4f: Calculation of Disposition Rate Rider by Class REVISED

	Residential	GS<50	Total Smart Meter Customers
Total Smart Meter True-up for Disposition	\$ 121,221	\$ 44,113	\$ 165,334
Number of Customers	7,935	1,562	9,497
Total Monthly Disposition Rate Rider	\$ 1.27	\$ 2.35	\$ 1.45

As can be seen in Table 4g below, the monthly SMDR has increased by \$0.07 for Residential customers and increased by \$0.14 for GS<50 customers.

Table 4g: Disposition Rate Rider by Class REVISED for 2007-2011 Other Equipment Depreciation Reclassification

	SMDR ORIGINAL	SMDR REVISED	Inc/(Dec)
Residential	\$ 1.20	\$ 1.27	\$ 0.07
GS<50	\$ 2.21	\$ 2.35	\$ 0.14

Table 4h reflects the revised 2012 revenue requirement of \$425,037, an increase of \$12,993 from the original calculation of \$412,044.

Table 4h: Revenue Requirement Calculation for Incremental Revenue Requirement Rate Rider REVISED

Rate Base	2012 Amount
Net Fixed Assets	\$ 1,778,692
Working Capital Allowance	\$ 15,938
Total Rate Base	\$ 1,794,630

Revenue Requirement	2012 Amount
Short Term Interest	\$ 955
Long Term Interest	\$ 51,858
Return on Equity	\$ 57,500
Total Return	\$ 110,313
OM&A	\$ 106,250
Amortization	\$ 185,045
Grossed-up PILs	\$ 23,429
Total Revenue Requirement	\$ 425,037

Table 4i summarizes the basis of allocation for the revenue requirement, same as in Lakeland's original application. Table 4j reflects the revenue requirement allocation between Residential and GS<50 customers based on this methodology.

Table 4i: Basis of Allocation for SMIRR Revenue Requirement Allocation by Customer Class REVISED

Revenue Requirement Return & Amortization:	1860 CWMC Allocator per 2006 Cost Allocation Review	Revenue Requirement Smart Meter Allocator	
Residential (1)	57.31%	70.92%	(1) / (A)
GS<50 (2)	23.50%	29.08%	(2) / (A)
Subtotal Applicable to Smart Meters (A)	80.81%	100.00%	
GS>50	19.19%		
Total	100.00%		
Revenue Requirement OM&A	Meters Installed by 2012	Revenue Requirement Smart Meter Allocator	
Residential (3)	8,055	83.73%	(3) / (B)
GS<50 (4)	1,565	16.27%	(4) / (B)
Total Smart Meters Installed (B)	9,620		
Revenue Requirement Grossed-up PILS & Interest on Deferred OM&A and Amortization	Revenue Requirement Allocated for Return, Amortization and OM&A	Revenue Requirement Smart Meter Allocator	
Residential (5)	\$ 298,431	74.31%	(5) / (C)
GS<50 (6)	\$ 103,177	25.69%	(6) / (C)
Total Smart Meters Installed (C)	\$ 401,608		

Table 4j: Allocation of Revenue Requirement by Customer Class for Incremental Revenue Requirement Rate Rider REVISED

Revenue Requirement	Total to Allocate	Allocator for Residential	Residential	Allocator for GS<50	GS<50	
Return	\$ 110,313	70.92%	\$ 78,233	29.08%	\$ 32,080	
Amortization	\$ 185,045	70.92%	\$ 131,233	29.08%	\$ 53,812	
OM&A	\$ 106,250	83.73%	\$ 88,965	16.27%	\$ 17,285	
Subtotal before PILs	\$ 401,608		\$ 298,431	(5)	\$ 103,177	(6)
Grossed-up PILs	\$ 23,429	74.31%	\$ 17,410	25.69%	\$ 6,019	
Total Revenue Requirement	\$ 425,037	74.31%	\$ 315,841	25.69%	\$ 109,196	

Lakeland proposes to recover these amounts from customers by a monthly Smart Meter Incremental Revenue Requirement Rate Rider of \$3.27 per Residential customer and \$5.81 per GS<50 customer, over the period May 1, 2012 to April 30, 2013 as can be seen in Table 4k.

Table 4k: Calculation of Incremental Revenue Requirement Rate Rider REVISED

	Residential	GS<50	TOTAL
Total Revenue Requirement	\$ 315,841	\$ 109,196	\$ 425,037
Number of Customers	8,055	1,565	9,620
Total Monthly Incremental Revenue Requirement Rate Rider	\$ 3.27	\$ 5.81	\$ 3.68

As can be seen in Table 4l below, the monthly SMIRR has increased by \$0.10 for Residential customers and increased by \$0.20 for GS<50 customers.

Table 4l: Incremental Revenue Requirement Rate Rider by Class REVISED for 2007-2011 Other Equipment Depreciation Reclassification

	SMIRR ORIGINAL	SMIRR REVISED	Inc/(Dec)
Residential	\$ 3.17	\$ 3.27	\$ 0.10
GS<50	\$ 5.61	\$ 5.81	\$ 0.20

10. Ref: Excel Smart Meter Model, Version 2.17

In the Smart Meter Model Version 2.17 filed by Lakeland, the utility has relied upon sheet 8B to calculate the interest on OM&A and depreciation/amortization expenses. Sheet 8B calculates the interest based on the average annual balance of deferred OM&A and depreciation/amortization expenses based on the annual amounts input elsewhere in the model.

The more accurate and preferred method for calculating the interest on OM&A and depreciation/amortization expense is to input the monthly amounts from the sub-account details of Account 1556, using sheet 8A of the model. This approach is analogous to the calculation of interest on SMFA revenues on sheet 8 of the model.

- a) Please re-file the smart meter model using the monthly OM&A and depreciation/amortization expense data from Account 1556 records. Lakeland should also take into account any revisions necessary, such as in its response to the preceding interrogatory.
- b) If this is not possible, please explain.

Response

- a) Lakeland has revised the interest calculation on OM&A and depreciation expense to be calculated on a monthly basis, as per the OEB Smart Meter Cost Recovery model Sheet 8A, as opposed to on an annual basis, as used in Sheet 8B in our original submission. Lakeland has included the revised final Smart Meter Cost Recovery model in response to Board Staff Interrogatory Question # 15 (see Appendix 1). Table 5a below reflects the revised total revenue requirement of \$885,844 for the SMDR calculation, a decrease of \$446 from \$886,290, due to the change in interest calculation on OM&A and depreciation expense.

Table 5a: Revenue Requirement Calculation for Disposition Rate Rider REVISED

Rate Base	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Net Fixed Assets	\$ 20,295	\$ 69,978	\$ 881,756	\$ 1,818,994	\$ 1,931,356	\$ 4,722,379
Working Capital Allowance	\$ -	\$ -	\$ 4,692	\$ 8,014	\$ 11,977	\$ 24,683
Total Rate Base	\$ 20,295	\$ 69,978	\$ 886,448	\$ 1,827,008	\$ 1,943,333	\$ 4,747,062

Revenue Requirement	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Short Term Interest	\$ -	\$ 123	\$ 1,585	\$ 972	\$ 1,034	\$ 3,714
Long Term Interest	\$ 634	\$ 1,511	\$ 24,105	\$ 52,793	\$ 56,155	\$ 135,198
Return on Equity	\$ 913	\$ 2,941	\$ 32,894	\$ 58,537	\$ 62,264	\$ 157,549
Total Return	\$ 1,547	\$ 4,575	\$ 58,584	\$ 112,302	\$ 119,453	\$ 296,461
OM&A	\$ -	\$ -	\$ 31,283	\$ 53,427	\$ 79,846	\$ 164,556
Amortization	\$ 1,400	\$ 5,950	\$ 65,243	\$ 142,417	\$ 166,193	\$ 381,203
Grossed-up PILs	\$ 449	\$ 10	\$ 10,556	\$ 10,024	\$ 14,368	\$ 35,407
Revenue Requirement	\$ 3,396	\$ 10,535	\$ 165,666	\$ 318,170	\$ 379,860	\$ 877,627
Interest on Def OM&A and Amort REVISED	\$ 31	\$ 153	\$ 386	\$ 1,629	\$ 6,018	\$ 8,217
Total Revenue Requirement	\$ 3,427	\$ 10,688	\$ 166,052	\$ 319,799	\$ 385,878	\$ 885,844

Table 5b summarizes the revised smart meter true-up balance. This revision has decreased the smart meter true-up balance by \$446 from the original balance of \$155,361.

Table 5b: Disposition Rate Rider to Recover Actual Smart Meter Costs to December 31, 2011 REVISED

Revenue Requirement 2007	\$	3,427	
Revenue Requirement 2008	\$	10,688	
Revenue Requirement 2009	\$	166,052	
Revenue Requirement 2010	\$	319,799	
Revenue Requirement 2011	\$	385,878	
Total Revenue Requirement			\$ 885,844
Smart Meter Funding Adder Collected	-\$	708,075	
Carrying Cost on Smart Meter Funding Adder	-\$	22,854	-\$ 730,929
Smart Meter True-up Balance for Disposition Rider	\$	154,915	

Table 5c reflects the revised smart meter true-up balance allocation between Residential and GS<50 customers based on the original methodology.

Table 5c: Allocation of Revenue Requirement and Smart Meter Funding Adder by Customer Class for Disposition Rate Rider REVISED

Revenue Requirement	Total to Allocate	Allocator for Residential	Residential	Allocator for GS<50	GS<50
Return	\$ 296,461	70.92%	\$ 210,248	29.08%	\$ 86,213
Amortization	\$ 381,203	70.92%	\$ 270,347	29.08%	\$ 110,856
OM&A	\$ 164,556	83.55%	\$ 137,491	16.45%	\$ 27,065
Subtotal before PILs	\$ 842,220		\$ 618,087	(5)	\$ 224,133 (6)
Grossed-up PILs	\$ 35,407	73.39%	\$ 25,984	26.61%	\$ 9,423
Interest on Deferred OM&A and Amortization	\$ 8,217	73.39%	\$ 6,030	26.61%	\$ 2,187
Total Revenue Requirement	\$ 885,844	73.39%	\$ 650,101	26.61%	\$ 235,743
Total Smart Meter Funding Adder Collected	-\$ 730,929	73.39%	-\$ 536,413	26.61%	-\$ 194,516
Total Smart Meter True-up Balance	\$ 154,915	73.39%	\$ 113,689	26.61%	\$ 41,226

Lakeland proposes to recover this revised smart meter true-up balance amount of \$154,915 from customers by a monthly Smart Meter Disposition Rate Rider of \$1.19 per Residential customer and \$2.20 per GS<50 customer, over the period May 1, 2012 to April 30, 2013 as can be seen in Table 5d.

Table 5d: Calculation of Disposition Rate Rider by Class REVISED

	Residential	GS<50	Total Smart Meter Customers
Total Smart Meter True-up for Disposition	\$ 113,689	\$ 41,226	\$ 154,915
Number of Customers	7,935	1,562	9,497
Total Monthly Disposition Rate Rider	\$ 1.19	\$ 2.20	\$ 1.36

As can be seen in Table 5e below, the monthly SMDR has decreased by \$0.01 for Residential customers and decreased by \$0.01 for GS<50 customers.

Table 5e: Disposition Rate Rider by Class REVISED for Interest on OM&A and Amortization on a Monthly Basis vs Annual Basis

	SMDR ORIGINAL	SMDR REVISED	Inc/(Dec)
Residential	\$ 1.20	\$ 1.19	-\$ 0.01
GS<50	\$ 2.21	\$ 2.20	-\$ 0.01

b) Please see response to part a) above.

11. Ref: Excel Smart Meter Model, Version 2.17 – Smart Meter Funding Adder Revenues

On Sheet 8, Board staff observes the following:

- Interest is calculated to December 2012; and
- SMFA Revenues are input for May 2012.

However, Lakeland's current SMFA ceases as of April 30, 2012.

The net effect is to increase the SMFA revenues and associated carrying charges used to offset the deferred revenue requirement, and hence to decrease the amount to be recovered through the SMDR.

Please explain Lakeland's rationale for calculating interest beyond April 2012 and for including SMFA revenues for May 2012.

Response

Lakeland reported the SMFA in the smart meter cost recovery application based on the period it was billed to the customer. There is approximately a one month time lag between when the electricity is used and when it is billed to the customer. Lakeland's SMFA was first effective with May 1, 2006 rates but the customers were not billed for this new rate until June 2006 when they were billed for their May 2006 usage. This month delay in charging the SMFA is visible on Sheet 8. May 2006 shows a SMFA of only \$255 whereas June 2006 shows a SMFA of \$2,004 thus reflecting May 2006 usage being billed on the new rates effective for May 1, 2006 usage. This one month lag in billing explains why Lakeland had included SMFA for May 2012, as it is reflecting the billing for April 2012 usage for which the SMFA was still effective.

Lakeland has shifted the SMFA back a month to reflect the true consumption month thus ending the SMFA in April 2012. Lakeland has also revised the interest calculation on SMFA revenues to calculate only until April 2012, instead of December 2012, as per Lakeland's original submission.

Table 6a summarizes the revised smart meter true-up balance. This revision has increased the smart meter true-up balance to \$161,397, an increase of \$6,036 from the original balance of \$155,361.

Table 6a: Disposition Rate Rider to Recover Actual Smart Meter Costs to December 31, 2011 REVISED

Revenue Requirement 2007	\$	3,429	
Revenue Requirement 2008	\$	10,709	
Revenue Requirement 2009	\$	166,299	
Revenue Requirement 2010	\$	319,779	
Revenue Requirement 2011	\$	386,074	
Total Revenue Requirement			\$ 886,290
Smart Meter Funding Adder Collected	-\$	708,075	
Carrying Cost on Smart Meter Funding Adder	-\$	16,818	-\$ 724,893
Smart Meter True-up Balance for Disposition Rider			\$ 161,397

Table 6b reflects the revised smart meter true-up balance allocation between Residential and GS<50 customers based on the original methodology.

Table 6b: Allocation of Revenue Requirement and Smart Meter Funding Adder by Customer Class for Disposition Rate Rider REVISED

Revenue Requirement	Total to Allocate	Allocator for Residential	Residential	Allocator for GS<50	GS<50
Return	\$ 296,461	70.92%	\$ 210,248	29.08%	\$ 86,213
Amortization	\$ 381,203	70.92%	\$ 270,347	29.08%	\$ 110,856
OM&A	\$ 164,556	83.55%	\$ 137,491	16.45%	\$ 27,065
Subtotal before PILs	\$ 842,220		\$ 618,087	(5)	\$ 224,133 (6)
Grossed-up PILs	\$ 35,407	73.39%	\$ 25,984	26.61%	\$ 9,423
Interest on Deferred OM&A and Amortization	\$ 8,663	73.39%	\$ 6,358	26.61%	\$ 2,305
Total Revenue Requirement	\$ 886,290	73.39%	\$ 650,428	26.61%	\$ 235,862
Total Smart Meter Funding Adder Collected	-\$ 724,893	73.39%	-\$ 531,983	26.61%	-\$ 192,910
Total Smart Meter True-up Balance	\$ 161,397	73.39%	\$ 118,446	26.61%	\$ 42,951

Lakeland proposes to recover this revised smart meter true-up balance amount of \$161,397 from customers by a monthly Smart Meter Disposition Rate Rider of \$1.24 per Residential customer and \$2.29 per GS<50 customer, over the period May 1, 2012 to April 30, 2013 as can be seen in Table 6c.

Table 6c: Calculation of Disposition Rate Rider by Class REVISED

	Residential	GS<50	Total Smart Meter Customers
Total Smart Meter True-up for Disposition	\$ 118,446	\$ 42,951	\$ 161,397
Number of Customers	7,935	1,562	9,497
Total Monthly Disposition Rate Rider	\$ 1.24	\$ 2.29	\$ 1.42

As can be seen in Table 6d below, the monthly SMDR has increased by \$0.04 for Residential customers and increased by \$0.08 for GS<50 customers.

Table 6d: Disposition Rate Rider by Class REVISED for Interest on SMFA applicable only to April 2012 from December 2012

	SMDR ORIGINAL	SMDR REVISED	Inc/(Dec)
Residential	\$ 1.20	\$ 1.24	\$ 0.04
GS<50	\$ 2.21	\$ 2.29	\$ 0.08

12. Ref: Excel Smart Meter Model, Version 2.17 – TOU Implementation and CIS System Upgrade Costs

On Sheet 2, cell K105, Board staff observes that Lakeland has documented \$24,869 in 2008 for capital costs for TOU implementation, CIS system upgrades and web presentation. These costs are recorded prior to Lakeland actually installing smart meters. Please provide further explanation for these capital costs incurred in 2008.

Response

The \$24,869 of capital costs incurred in 2008 was for the purchase of eCARE, Lakeland's CIS provider's web presentment software. Lakeland beta tested this software and was thus an early adapter of this product, hence the purchase in 2008. This provided a discounted price to Lakeland on this software in exchange for advice and feedback to the CIS vendor. Lakeland tested the product ahead of other companies and was able to provide feedback to the CIS vendor on the look and feel of the software and provide suggestions as to what would be useful to customers to view their account status and activity, bill information and usage online via this web portal.

13. Ref: Excel Smart Meter Model, Version 2.17 – Taxes/PILs rates

On sheet 3 of the Smart Meter Model, on row 40, the utility inputs the aggregate Federal and Provincial tax rates applicable for each year from 2006 to 2012. By default, the model is populated with the maximum tax rate in each year, but the cells can be overridden.

Board staff observes that Lakeland has used the default tax rate in each year. A review of the Board's Decision and material filed in support of its draft rate order in Lakeland's 2009 cost of service rebasing application (EB-2008-0234) indicates that the Federal income tax rate approved was 19.00% and the provincial tax rate approved for Lakeland was 7.86%. This results in an aggregate tax rate of 26.86%, lower than the maximum rate of 33.0% for that year.

Please recalculate the Smart Meter Model using the aggregate Corporate income tax rate implicit in the taxes actually paid by Lakeland in each year from 2006 to 2011 and that Lakeland estimates would be used for its 2012 taxes/PILs. This should be readily available from taxes/PILs calculations or spreadsheets used in annual cost of service or Incentive Regulation Mechanism ("IRM") rates applications. Please identify the source of the tax rate used for each year.

Response

Lakeland has revised the Aggregate Corporate Income Tax Rate for each year in the model and has recalculated the Smart Meter Cost Recovery. The 2006 Aggregate Corporate Income Tax Rate was revised to 29.71% to match the rate used in the 2006 OEB Tax Model. The 2007 Aggregate Corporate Income Tax Rate was revised to 29.71% to match the rate used in 2006 as the 2007 IRM model used the 2006 rate. The 2008 Aggregate Corporate Income Tax Rate was revised to 27.09% to match the rate used in the 2008 IRM Model. The 2009 Aggregate Corporate Income Tax Rate was revised to 26.86% to match the rate used in the 2009 Cost of Service rebasing application as noted above. The Aggregate Corporate Income Tax Rates for 2010-2012 were revised to 24.87%, 22.34% and 20.75% respectively to match the Shared Tax Saving Workform used in the 2011 IRM and 2012 IRM.

Table 7a reflects the revised revenue requirement to 2011 of \$878,404, a decrease of \$7,886 from our original calculation of \$886,290.

Table 7a: Revenue Requirement Calculation for Disposition Rate Rider REVISED

Rate Base	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Net Fixed Assets	\$ 20,295	\$ 69,978	\$ 881,756	\$ 1,818,994	\$ 1,931,356	\$ 4,722,379
Working Capital Allowance	\$ -	\$ -	\$ 4,692	\$ 8,014	\$ 11,977	\$ 24,683
Total Rate Base	\$ 20,295	\$ 69,978	\$ 886,448	\$ 1,827,008	\$ 1,943,333	\$ 4,747,062

Revenue Requirement	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Short Term Interest	\$ -	\$ 123	\$ 1,585	\$ 972	\$ 1,034	\$ 3,714
Long Term Interest	\$ 634	\$ 1,511	\$ 24,105	\$ 52,793	\$ 56,155	\$ 135,198
Return on Equity	\$ 913	\$ 2,941	\$ 32,894	\$ 58,537	\$ 62,264	\$ 157,549
Total Return	\$ 1,547	\$ 4,575	\$ 58,584	\$ 112,302	\$ 119,453	\$ 296,461
OM&A	\$ -	\$ -	\$ 31,283	\$ 53,427	\$ 79,846	\$ 164,556
Amortization	\$ 1,400	\$ 5,950	\$ 65,243	\$ 142,417	\$ 166,193	\$ 381,203
Grossed-up PILs	\$ 359	\$ 66	\$ 8,823	\$ 7,775	\$ 10,498	\$ 27,521
Revenue Requirement	\$ 3,306	\$ 10,591	\$ 163,933	\$ 315,921	\$ 375,990	\$ 869,741
Interest on Deferred OM&A and Amortization	\$ 33	\$ 174	\$ 633	\$ 1,609	\$ 6,214	\$ 8,663
Total Revenue Requirement	\$ 3,339	\$ 10,765	\$ 164,566	\$ 317,530	\$ 382,204	\$ 878,404

Table 7b summarizes the revised Smart Meter True-up balance of \$147,475 due to the 2007-2011 aggregate corporate tax rate changes above.

Table 7b: Disposition Rate Rider to Recover Actual Smart Meter Costs to December 31, 2011 REVISED

Revenue Requirement 2007	\$ 3,339	
Revenue Requirement 2008	\$ 10,765	
Revenue Requirement 2009	\$ 164,566	
Revenue Requirement 2010	\$ 317,530	
Revenue Requirement 2011	\$ 382,204	
Total Revenue Requirement		\$ 878,404
Smart Meter Funding Adder Collected	-\$ 708,075	
Carrying Cost on Smart Meter Funding Adder	-\$ 22,854	-\$ 730,929
Smart Meter True-up Balance for Disposition Rider		\$ 147,475

Table 7c summarizes the basis of allocation for the revenue requirement, same as in Lakeland's original application. Table 7d reflects the revised smart meter

true-up balance allocation between Residential and GS<50 customers based on this methodology.

Table 7c: Basis of Allocation for SMDR Revenue Requirement Allocation by Customer Class

Revenue Requirement Return & Amortization:	1860 CWMC Allocator per 2006 Cost Allocation Review	Revenue Requirement Smart Meter Allocator	
Residential (1)	57.31%	70.92%	(1) / (A)
GS<50 (2)	23.50%	29.08%	(2) / (A)
Subtotal Applicable to Smart Meters (A)	80.81%	100.00%	
GS>50	19.19%		
Total	100.00%		
Revenue Requirement OM&A	Meters Installed by 2011	Revenue Requirement Smart Meter Allocator	
Residential (3)	7,935	83.55%	(3) / (B)
GS<50 (4)	1,562	16.45%	(4) / (B)
Total Smart Meters Installed (B)	9,497		
Revenue Requirement Grossed-up PILS & Interest on Deferred OM&A and Amortization	Revenue Requirement Allocated for Return, Amortization and OM&A	Revenue Requirement Smart Meter Allocator	
Residential (5)	\$ 618,087	73.39%	(5) / (C)
GS<50 (6)	\$ 224,133	26.61%	(6) / (C)
Total Smart Meters Installed (C)	\$ 842,220		

Table 7d: Allocation of Revenue Requirement and Smart Meter Funding Adder by Customer Class for Disposition Rate Rider REVISED

Revenue Requirement	Total to Allocate	Allocator for Residential	Residential	Allocator for GS<50	GS<50
Return	\$ 296,461	70.92%	\$ 210,248	29.08%	\$ 86,213
Amortization	\$ 381,203	70.92%	\$ 270,347	29.08%	\$ 110,856
OM&A	\$ 164,556	83.55%	\$ 137,491	16.45%	\$ 27,065
Subtotal before PILs	\$ 842,220		\$ 618,087	(5)	\$ 224,133
Grossed-up PILs	\$ 27,521	73.39%	\$ 20,197	26.61%	\$ 7,324
Interest on Deferred OM&A and Amortization	\$ 8,663	73.39%	\$ 6,358	26.61%	\$ 2,305
Total Revenue Requirement	\$ 878,404	73.39%	\$ 644,641	26.61%	\$ 233,763
Total Smart Meter Funding Adder Collected	-\$ 730,929	73.39%	-\$ 536,413	26.61%	-\$ 194,516
Total Smart Meter True-up Balance	\$ 147,475	73.39%	\$ 108,229	26.61%	\$ 39,246

Lakeland proposes to recover this revised smart meter true-up balance amount of \$147,475 from customers by a monthly Smart Meter Disposition Rate Rider of \$1.14 per Residential customer and \$2.09 per GS<50 customer, over the period May 1, 2012 to April 30, 2013 as can be seen in Table 7e.

Table 7e: Calculation of Disposition Rate Rider by Class REVISED

	Residential	GS<50	Total Smart Meter Customers
Total Smart Meter True-up for Disposition	\$ 108,229	\$ 39,246	\$ 147,475
Number of Customers	7,935	1,562	9,497
Total Monthly Disposition Rate Rider	\$ 1.14	\$ 2.09	\$ 1.29

As can be seen in Table 7f below, the monthly SMDR has decreased by \$0.06 for Residential customers and decreased by \$0.12 for GS<50 customers.

Table 7f: Disposition Rate Rider by Class REVISED for Revised Aggregate Corporate Income Tax Rates

	SMDR ORIGINAL	SMDR REVISED	Inc/(Dec)
Residential	\$ 1.20	\$ 1.14	-\$ 0.06
GS<50	\$ 2.21	\$ 2.09	-\$ 0.12

Table 7g reflects the 2012 revised revenue requirement of \$405,729, a decrease of \$6,315 from the original calculation of \$412,044.

Table 7g: Revenue Requirement Calculation for Incremental Revenue Requirement Rate Rider REVISED

Rate Base	2012 Amount
Net Fixed Assets	\$ 1,812,670
Working Capital Allowance	\$ 15,938
Total Rate Base	\$ 1,828,608

Revenue Requirement	2012 Amount
Short Term Interest	\$ 973
Long Term Interest	\$ 52,839
Return on Equity	\$ 58,589
Total Return	\$ 112,401
OM&A	\$ 106,250
Amortization	\$ 169,506
Grossed-up PILs	\$ 17,572
Total Revenue Requirement	\$ 405,729

Table 7h summarizes the basis of allocation for the revenue requirement, same as in Lakeland's original application. Table 7i reflects the revenue requirement allocation between Residential and GS<50 customers based on this methodology.

Table 7h: Basis of Allocation for SMIRR Revenue Requirement Allocation by Customer Class

Revenue Requirement Return & Amortization:	1860 CVMC Allocator per 2006 Cost Allocation Review	Revenue Requirement Smart Meter Allocator	
Residential (1)	57.31%	70.92%	(1) / (A)
GS<50 (2)	23.50%	29.08%	(2) / (A)
Subtotal Applicable to Smart Meters (A)	80.81%	100.00%	
GS>50	19.19%		
Total	100.00%		

Revenue Requirement OM&A	Meters Installed by 2012	Revenue Requirement Smart Meter Allocator	
Residential (3)	8,055	83.73%	(3) / (B)
GS<50 (4)	1,565	16.27%	(4) / (B)
Total Smart Meters Installed (B)	9,620		

Revenue Requirement Grossed-up PILS & Interest on Deferred OM&A and Amortization	Revenue Requirement Allocated for Return, Amortization and OM&A	Revenue Requirement Smart Meter Allocator	
Residential (5)	\$ 288,892	74.43%	(5) / (C)
GS<50 (6)	\$ 99,265	25.57%	(6) / (C)
Total Smart Meters Installed (C)	\$ 388,157		

Table 7i: Allocation of Revenue Requirement by Customer Class for Incremental Revenue Requirement Rate Rider REVISED

Revenue Requirement	Total to Allocate	Allocator for Residential	Residential	Allocator for GS<50	GS<50
Return	\$ 112,401	70.92%	\$ 79,714	29.08%	\$ 32,687
Amortization	\$ 169,506	70.92%	\$ 120,213	29.08%	\$ 49,293
OM&A	\$ 106,250	83.73%	\$ 88,965	16.27%	\$ 17,285
Subtotal before PILs	\$ 388,157		\$ 288,892 (5)		\$ 99,265 (6)
Grossed-up PILs	\$ 17,572	74.43%	\$ 13,078	25.57%	\$ 4,494
Total Revenue Requirement	\$ 405,729	74.43%	\$ 301,970	25.57%	\$ 103,759

Lakeland proposes to recover these amounts from customers by a monthly Smart Meter Incremental Revenue Requirement Rate Rider of \$3.12 per Residential customer and \$5.52 per GS<50 customer, over the period May 1, 2012 to April 30, 2013 as can be seen in Table 7j.

Table 7j: Calculation of Incremental Revenue Requirement Rate Rider REVISED

	Residential	GS<50	TOTAL
Total Revenue Requirement	\$ 301,970	\$ 103,759	\$ 405,729
Number of Customers	8,055	1,565	9,620
Total Monthly Incremental Revenue Requirement Rate Rider	\$ 3.12	\$ 5.52	\$ 3.51

As can be seen in Table 7k below, the monthly SMIRR has decreased by \$0.05 for Residential customers and decreased by \$0.09 for GS<50 customers.

Table 7k: Incremental Revenue Requirement Rate Rider by Class REVISED due to Aggregate Corporate Income Tax Rate Change

	SMIRR ORIGINAL	SMIRR REVISED	Inc/(Dec)
Residential	\$ 3.17	\$ 3.12	-\$ 0.05
GS<50	\$ 5.61	\$ 5.52	-\$ 0.09

14. Ref: Excel Smart Meter Model, Version 2.17 – Sheet 2

Board staff has prepared the following table to calculate the average per meter cost for installed smart meters, on both a capital expenditures and total (capital and operating costs) basis.

	2006	2007	2008	2009	2010	2011	2012	Total
Capital		\$ 41,990	\$ 64,725	\$ 1,630,024	\$ 452,112	\$ 81,221	\$ 17,107	\$ 2,287,179
OM&A				\$ 31,283	\$ 53,427	\$ 79,846	\$ 106,250	\$ 270,806
Number of Smart Meters				8945	421	131	123	9620

	Total	Average per meter
Total (capex + opex)	\$ 2,557,985	\$ 265.90
Capex only	\$ 2,287,179	\$ 237.75

- a) Please confirm or correct these numbers.
- b) In applications to date, smart meter costs have typically averaged below \$200 per meter on a total cost (capex plus opex) basis. This is particularly so when smart meter deployment only involves the Residential and GS < 50 kW (i.e., there are no deployments “beyond minimum functionality” for other metered customer classes like GS > 50 kW). Please provide further explanation of Lakeland’s circumstances that support its costs higher than average and of efforts that Lakeland took during its smart meter deployment to control its capital and operating costs for the program.

Response

- a) Lakeland confirms the above numbers are correct.
- b) Due to Lakeland’s rocky and heavily forested terrain, island and rural services and non-contiguous service territory, a high number of repeaters and collectors were required to make our AMI network stable and functional. This increased number of installed collectors, repeaters and antennas and extra efforts to troubleshoot optimal locations for them increased capital costs. The required high number of these devices also increases monthly system operating costs as there are more devices that need to communicate and some of our service fees are based on a per device fee.

Due to minimal in-house staff available to remove and install over 9,000 meters in a short period of time, Lakeland contracted Olameter for the mass deployment of smart meters as well as other external contractors to deal with the more involved 3 phase meter changes and trouble installations. Lakeland also incurred additional meter hardware supply costs when they were required to replace several meter bases when installing smart meters on older residences and businesses as well as relocating meter bases from an inside meter location to a spot located on the outside of the residence or business to allow for easier and safer access.

In addition, Lakeland ended up with the third best technology option, Elster, which wasn't as conducive to the service territory conditions or as favourable of a pricing structure, which created higher costs for Lakeland's smart meter system. As Lakeland's request to piggyback off of Hydro One's RFP to procure the similar technology proven in this type of terrain and to have the benefit of Hydro One's optimal pricing contracts was never addressed or replied to, Lakeland had to go with its second choice vendor, Silver Spring Networks, awarded by the Fairness Commissioner. These negotiations were stalled by Silver Springs which then lead to Lakeland ending up with Elster, the third choice.

As mentioned earlier, the instability of Lakeland's smart meter communication network was very time consuming and resource intensive to troubleshoot and resolve which required additional IT support, field visits and consulting time.

In an effort to minimize costs for the smart meter implementation and network operation, Lakeland looked for cost savings options wherever possible. Lakeland worked with the CHEC utility co-operative allowing them to increase buying power, as a larger utility and customer base was represented, and thus control costs. This helped to reduce the costs for the procurement price of meters and the WAN, consulting, mass meter deployment, ODS and security audit, all of which are significant cost components of Lakeland's total smart meter project. Lakeland adhered to the minimum functionality specifications with the Elster meter technology purchased in an attempt to minimize smart meter costs. As well, Lakeland beta tested the web presentment software which provided significant savings on software and implementation costs. Throughout this implementation, Lakeland also joined forces with other Elster users, in the form of an IESO/Elster working group, in an effort to troubleshoot and resolve system issues more efficiently and effectively.

15. Ref: Manager's Summary, pages 24-29 – Cost Allocation

- a) If Lakeland has made revisions to its Smart Meter Model, Version 2.17 as a result of its responses to interrogatories, please update also tables 3a, 3b, 3c, 3d and 3e with respect to the calculation of class-specific SMDRs.
- b) Similarly, please provide updates for tables 4a, 4b, 4c, 4d and 4e with respect to the calculation of class-specific SMIRRs.

Response

Based on all of the recommended changes noted in the Board Staff interrogatory questions #7, #8, #9, #10, #11 and #13 above, Lakeland has recalculated the Smart Meter Cost Recovery Model, Version 2.17 and has included it as Appendix 1.

Table 8a reflects the revised revenue requirement to 2011 of \$887,539, an increase of \$1,249 from our original calculation of \$886,290.

Table 8a: Revenue Requirement Calculation for Disposition Rate Rider REVISED

Rate Base	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Net Fixed Assets	\$ 20,295	\$ 69,149	\$ 878,334	\$ 1,810,028	\$ 1,911,878	\$ 4,689,684
Working Capital Allowance	\$ -	\$ -	\$ 4,692	\$ 8,014	\$ 11,977	\$ 24,683
Total Rate Base	\$ 20,295	\$ 69,149	\$ 883,026	\$ 1,818,042	\$ 1,923,855	\$ 4,714,367

Revenue Requirement	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Short Term Interest	\$ -	\$ 121	\$ 470	\$ 967	\$ 1,023	\$ 2,581
Long Term Interest	\$ 444	\$ 1,493	\$ 24,012	\$ 52,534	\$ 55,592	\$ 134,075
Return on Equity	\$ 913	\$ 2,906	\$ 30,626	\$ 58,250	\$ 61,640	\$ 154,335
Total Return	\$ 1,357	\$ 4,520	\$ 55,108	\$ 111,751	\$ 118,255	\$ 290,991
OM&A	\$ -	\$ -	\$ 31,283	\$ 53,427	\$ 79,846	\$ 164,556
Amortization	\$ 1,400	\$ 7,608	\$ 68,770	\$ 149,978	\$ 179,654	\$ 407,410
Grossed-up PILs	\$ 359	\$ 1,506	\$ 6,060	\$ 4,479	\$ 6,562	\$ 15,954
Revenue Requirement	\$ 3,116	\$ 10,622	\$ 161,221	\$ 319,635	\$ 384,317	\$ 878,911
Interest on Deferred OM&A and Amortization	\$ 31	\$ 180	\$ 417	\$ 1,704	\$ 6,296	\$ 8,628
Total Revenue Requirement	\$ 3,147	\$ 10,802	\$ 161,638	\$ 321,339	\$ 390,613	\$ 887,539

Table 8b summarizes the revised Smart Meter True-up balance of \$162,646 due to all of these changes, an increase of \$7,285 from the original balance of \$155,361.

Table 8b: Disposition Rate Rider to Recover Actual Smart Meter Costs to December 31, 2011 REVISED

Revenue Requirement 2007	\$ 3,147	
Revenue Requirement 2008	\$ 10,802	
Revenue Requirement 2009	\$ 161,638	
Revenue Requirement 2010	\$ 321,339	
Revenue Requirement 2011	\$ 390,613	
Total Revenue Requirement		\$ 887,539
Smart Meter Funding Adder Collected	-\$ 708,075	
Carrying Cost on Smart Meter Funding Adder	-\$ 16,818	-\$ 724,893
Smart Meter True-up Balance for Disposition Rider		\$ 162,646

Table 8c summarizes the basis of allocation for the revenue requirement, same as in Lakeland's original application. Table 8d reflects the revised smart meter true-up balance allocation between Residential and GS<50 customers based on this methodology.

Table 8c: Basis of Allocation for SMDR Revenue Requirement Allocation by Customer Class

Revenue Requirement Return & Amortization:	1860 CWMC Allocator per 2006 Cost Allocation Review	Revenue Requirement Smart Meter Allocator	
Residential (1)	57.31%	70.92%	(1) / (A)
GS<50 (2)	23.50%	29.08%	(2) / (A)
Subtotal Applicable to Smart Meters (A)	80.81%	100.00%	
GS>50	19.19%		
Total	100.00%		
Revenue Requirement OM&A	Meters Installed by 2011	Revenue Requirement Smart Meter Allocator	
Residential (3)	7,935	83.55%	(3) / (B)
GS<50 (4)	1,562	16.45%	(4) / (B)
Total Smart Meters Installed (B)	9,497		
Revenue Requirement Grossed-up PILS & Interest on Deferred OM&A and Amortization	Revenue Requirement Allocated for Return, Amortization and OM&A	Revenue Requirement Smart Meter Allocator	
Residential (5)	\$ 632,793	73.33%	(5) / (C)
GS<50 (6)	\$ 230,164	26.67%	(6) / (C)
Total Smart Meters Installed (C)	\$ 862,957		

Table 8d: Allocation of Revenue Requirement and Smart Meter Funding Adder by Customer Class for Disposition Rate Rider REVISED

Revenue Requirement	Total to Allocate	Allocator for Residential	Residential	Allocator for GS<50	GS<50
Return	\$ 290,991	70.92%	\$ 206,369	29.08%	\$ 84,622
Amortization	\$ 407,410	70.92%	\$ 288,933	29.08%	\$ 118,477
OM&A	\$ 164,556	83.55%	\$ 137,491	16.45%	\$ 27,065
Subtotal before PILs	\$ 862,957		\$ 632,793	(5)	\$ 230,164
Grossed-up PILs	\$ 15,954	73.33%	\$ 11,699	26.67%	\$ 4,255
Interest on Deferred OM&A and Amortization	\$ 8,628	73.33%	\$ 6,327	26.67%	\$ 2,301
Total Revenue Requirement	\$ 887,539	73.33%	\$ 650,819	26.67%	\$ 236,720
Total Smart Meter Funding Adder Collected	-\$ 724,893	73.33%	-\$ 531,553	26.67%	-\$ 193,340
Total Smart Meter True-up Balance	\$ 162,646	73.33%	\$ 119,266	26.67%	\$ 43,380

Lakeland proposes to recover this revised smart meter true-up balance amount of \$162,646 from customers by a monthly Smart Meter Disposition Rate Rider of \$1.25 per Residential customer and \$2.31 per GS<50 customer, over the period May 1, 2012 to April 30, 2013 as can be seen in Table 8e.

Table 8e: Calculation of Disposition Rate Rider by Class REVISED

	Residential	GS<50	Total Smart Meter Customers
Total Smart Meter True-up for Disposition	\$ 119,266	\$ 43,380	\$ 162,646
Number of Customers	7,935	1,562	9,497
Total Monthly Disposition Rate Rider	\$ 1.25	\$ 2.31	\$ 1.43

As can be seen in Table 8f below, the monthly SMDR has increased by \$0.05 for Residential customers and increased by \$0.10 for GS<50 customers.

Table 8f: Disposition Rate Rider by Class REVISED for All Board Staff Interrogatory Recommendations

	SMDR ORIGINAL	SMDR REVISED	Inc/(Dec)
Residential	\$ 1.20	\$ 1.25	\$ 0.05
GS<50	\$ 2.21	\$ 2.31	\$ 0.10

Table 8g reflects the revised 2012 revenue requirement of \$418,842, an increase of \$6,798 from the original calculation of \$412,044.

Table 8g: Revenue Requirement Calculation for Incremental Revenue Requirement Rate Rider REVISED

Rate Base	2012 Amount
Net Fixed Assets	\$ 1,778,692
Working Capital Allowance	\$ 15,938
Total Rate Base	\$ 1,794,630

Revenue Requirement	2012 Amount
Short Term Interest	\$ 955
Long Term Interest	\$ 51,858
Return on Equity	\$ 57,500
Total Return	\$ 110,313
OM&A	\$ 106,250
Amortization	\$ 185,045
Grossed-up PILs	\$ 17,234
Total Revenue Requirement	\$ 418,842

Table 8h summarizes the basis of allocation for the revenue requirement, same as in Lakeland's original application. Table 8i reflects the revenue requirement allocation between Residential and GS<50 customers based on this methodology.

Table 8h: Basis of Allocation for SMIRR Revenue Requirement Allocation by Customer Class

Revenue Requirement Return & Amortization:	1860 CWMC Allocator per 2006 Cost Allocation Review	Revenue Requirement Smart Meter Allocator	
Residential (1)	57.31%	70.92%	(1) / (A)
GS<50 (2)	23.50%	29.08%	(2) / (A)
Subtotal Applicable to Smart Meters (A)	80.81%	100.00%	
GS>50	19.19%		
Total	100.00%		

Revenue Requirement OM&A	Meters Installed by 2012	Revenue Requirement Smart Meter Allocator	
Residential (3)	8,055	83.73%	(3) / (B)
GS<50 (4)	1,565	16.27%	(4) / (B)
Total Smart Meters Installed (B)	9,620		

Revenue Requirement Grossed-up PILS & Interest on Deferred OM&A and Amortization	Revenue Requirement Allocated for Return, Amortization and OM&A	Revenue Requirement Smart Meter Allocator	
Residential (5)	\$ 298,431	74.31%	(5) / (C)
GS<50 (6)	\$ 103,177	25.69%	(6) / (C)
Total Smart Meters Installed (C)	\$ 401,608		

Table 8i: Allocation of Revenue Requirement by Customer Class for Incremental Revenue Requirement Rate Rider REVISED

Revenue Requirement	Total to Allocate	Allocator for Residential	Residential	Allocator for GS<50	GS<50
Return	\$ 110,313	70.92%	\$ 78,233	29.08%	\$ 32,080
Amortization	\$ 185,045	70.92%	\$ 131,233	29.08%	\$ 53,812
OM&A	\$ 106,250	83.73%	\$ 88,965	16.27%	\$ 17,285
Subtotal before PILs	\$ 401,608		\$ 298,431 (5)		\$ 103,177 (6)
Grossed-up PILs	\$ 17,234	74.31%	\$ 12,806	25.69%	\$ 4,428
Total Revenue Requirement	\$ 418,842	74.31%	\$ 311,238	25.69%	\$ 107,604

Lakeland proposes to recover these amounts from customers by a monthly Smart Meter Incremental Revenue Requirement Rate Rider of \$3.22 per Residential customer and \$5.73 per GS<50 customer, over the period May 1, 2012 to April 30, 2013 as can be seen in Table 8j.

Table 8j: Calculation of Incremental Revenue Requirement Rate Rider REVISED

	Residential	GS<50	TOTAL
Total Revenue Requirement	\$ 311,238	\$ 107,604	\$ 418,842
Number of Customers	8,055	1,565	9,620
Total Monthly Incremental Revenue Requirement Rate Rider	\$ 3.22	\$ 5.73	\$ 3.63

As can be seen in Table 8k below, the monthly SMIRR has increased by \$0.05 for Residential customers and increased by \$0.12 for GS<50 customers.

Table 8k: Incremental Revenue Requirement Rate Rider by Class REVISED for All Board Staff Interrogatory Recommendations

	SMIRR ORIGINAL	SMIRR REVISED	Inc/(Dec)
Residential	\$ 3.17	\$ 3.22	\$ 0.05
GS<50	\$ 5.61	\$ 5.73	\$ 0.12