



March 20, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: Response to Board Staff Interrogatories EB-2011-0435

Innisfil Hydro Distribution Systems Limited (IHDSL) respectfully submits to the Ontario Energy Board (the "Board") its interrogatory responses for EB-2011-0435.

In addition to the interrogatory responses, Innisfil Hydro at Board's staff request is also submitting

- V2.1.7 Smart Meter Model (Revised)
- 2 hard copies of the interrogatory responses

Further to the Board's RESS filing guidelines, an electronic copy of IHDSL's Smart Meter Prudence Review application will be submitted through the OEB e-Filing Services. We would be pleased to provide any further information or details that you may require relative to this application.

Yours respectfully,

Original signed by

Brenda L Pinke
Regulatory/CDM Officer
brendap@innisfilhydro.com
(705) 431-6870 Ext 262

.cc Laurie Ann Cooledge, CMA, CPA

**Innisfil Hydro Distribution Systems Ltd. ("Innisfil")
2012 Smart Meter Cost Disposition and Recovery
EB-2011-0435**

Innisfil Response to Board staff Interrogatories

General

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 Innisfil 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 Innisfil 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 Innisfil intends to respond.

Innisfil Response IR #1

Innisfil to date has not received any letters of comment following the Notice of Application, which was posted in the Innisfil Examiner on February 10, 2012.

Application

2. Ref: Application, Pages 3 and 4 – Status of Implementation of Smart Meters

On page 4 of the application, Innisfil provides the following table summarizing the total capital and OM&A costs for smart meters installed.

Summary of Smart Meter Capital and OM&A Costs Including MDM/R and TOU Beyond Minimum Functionality

Costs	Actual Costs for Meters Installed by 2010	Costs for Meters Installed in 2011	Projected Costs for Meters Installed in 2012	TOTAL Smart Meter Costs	TOTAL Cost per Smart Meter
Total of Smart Meter Capital Costs	\$ 2,078,864	\$ 115,950	\$ -	\$ 2,194,814	\$ 149.09
Total of Smart Meter OM&A Costs	\$ 283,733	\$ 122,981	\$ 165,200	\$ 571,914	\$ 38.85
Total of Smart Meter Costs	\$ 2,362,597	\$ 238,931	\$ -	\$ 2,766,728	\$ 187.94

Regarding the costs provided in the table above, Innisfil states:

The above costs, with the exception of the capital and OM&A projected for the remainder of 2011 and 2012, are actual costs

incurred in the deferral account 1555 and 1556 taken from IHDSL's audited financial records as of December 31, 2010.

On page 3 of the application, Innisfil provided the following table summarizing the smart meter installations per year.

Summary of Smart Meter Installations by Year

Installations	Meters Installed in 2009	Meters Installed in 2010	Meters Installed in 2011	Meters Installed in 2012	TOTAL
Residential Smart Meters Installed	9,958	3,707	131	23	13,819
General Service <50kW	0	550	240	112	902
Total Smart Meters Installed	9,958	4,257	371	135	14,721
Total CUMULATIVE Smart Meters Installed	9,958	14,215	14,586	14,721	

- a) Please provide an updated version of the table on page 3 showing the actual number of meters actually installed in 2011 and actual unaudited costs for capital and operating expenses for smart meters installed in 2011.
- b) The table on page 3 of the application indicates that Innisfil is forecasting that 135 smart meters will be installed in 2012. On the table on page 4, Innisfil has provided \$165,200 in forecasted OM&A expenses for meters installed in 2012. Innisfil has not provided any forecasted capital costs for the meters to be installed in 2012. Please confirm whether or not Innisfil is seeking to recover the capital costs of meters to be installed in 2012. If not, please confirm that Innisfil plans to add the capital costs of the remaining meters to be installed as regular capital additions in the 2012 bridge year as part of its next cost of service application, scheduled for 2013 rates.

Innisfil Response IR #2

- a) As requested Innisfil has revised the applicable tables reflecting 2011 actual smart meter installations and actual unaudited costs for capital and operating expenses,

Summary of Smart Meter Installations by Year (Updated with 2011 Actual Installs)

Installations	Meters Installed in 2009	Meters Installed in 2010	Meters Installed in 2011	Meters Installed in 2012	TOTAL
Residential Smart Meters Installed	9,958	3,707	238	23	13,926
General Service <50kW	0	550	326	112	988
Total Smart Meters Installed	9,958	4,257	564	135	14,914
Total CUMULATIVE Smart Meters Installed	9,958	14,215	14,779	14,914	

Summary of Smart Meter Capital and OM&A Costs Including MDM/R and TOU Beyond Minimum Functionality

Costs	Actual Costs for Meters Installed by 2010	Costs for Meters Installed in 2011	Costs for Meters Installed in 2012	TOTAL Smart Meter Costs	TOTAL Cost per Smart Meter
Total of Smart Meter Capital Costs	\$ 2,078,864	\$ 115,950	\$ -	\$ 2,194,814	\$ 147.16
Total of Smart Meter OM&A Costs	\$ 143,364	\$ 241,561	\$ 78,800	\$ 463,725	\$ 31.09
Total of Smart Meter Costs	\$ 2,222,228	\$ 357,511	\$ -	\$ 2,658,539	\$ 178.26

- b) Within this application EB-2011-0435, Innisfil is not seeking recovery for capital costs associated with smart meters to be installed in 2012. The capital costs associated with the 2012 installations will be incorporated with Innisfil's ongoing capital budget.

3. Ref: Application, pages 4 and 15 – Smart Meter Disposition Rate Rider Calculations

On page 4 of the application, Innisfil provides the following table summarizing the total capital and OM&A costs for smart meters installed.

Summary of Smart Meter Capital and OM&A Costs Including MDM/R and TOU Beyond Minimum Functionality

Costs	Actual Costs for Meters Installed by 2010	Costs for Meters Installed in 2011	Projected Costs for Meters Installed in 2012	TOTAL Smart Meter Costs	TOTAL Cost per Smart Meter
Total of Smart Meter Capital Costs	\$ 2,078,864	\$ 115,950	\$ -	\$ 2,194,814	\$ 149.09
Total of Smart Meter OM&A Costs	\$ 283,733	\$ 122,981	\$ 165,200	\$ 571,914	\$ 38.85
Total of Smart Meter Costs	\$ 2,362,597	\$ 238,931	\$ -	\$ 2,766,728	\$ 187.94

On page 15 of the application, Innisfil provides the following table summarizing the total capital and OM&A costs for Innisfil's smart meter project.

Summary of Smart Meter Capital and OM&A Costs Including MDM/R and TOU Beyond Minimum Functionality

Costs	Actual Costs for Meters Installed by 2010	Costs for Meters Installed in 2011	Costs for Meters Installed in 2012	TOTAL Smart Meter Costs	TOTAL Cost per Smart Meter
Total of Smart Meter Capital Costs	\$ 2,078,864	\$ 115,950	\$ -	\$ 2,194,814	\$ 149.09
Total of Smart Meter OM&A Costs	\$ 143,364	\$ 241,561	\$ 78,800	\$ 463,725	\$ 31.50
Total of Smart Meter Costs	\$ 2,222,228	\$ 357,511	\$ -	\$ 2,658,539	\$ 180.60

- a) Please clarify which of the two tables represents the costs for which Innisfil is seeking recovery.

- b) Please provide a description that accounts for the differences in the OM&A costs reported in the two tables provided by Innisfil.
- c) Please update the correct table summarizing Smart Meter Capital and OM&A Costs, including MDM/R and TOU Beyond Minimum Functionality, to reflect actual, unaudited costs for 2011.

Innisfil Response IR #3

- a) The table referenced on page 15 is the correct table summarizing the total capital and OM&A costs for Innisfil's smart meter project.
- b) The inconsistencies of the tables submitted on page 4 and 15 of the application, were due to links to other excel spreadsheets that did not update correctly. This was an error on Innisfil behalf as it should have been corrected prior to submission.
- c) The following table has been updated summarizing the smart meter capital and OM&A costs

Summary of Smart Meter Capital and OM&A Costs Including MDM/R and TOU Beyond Minimum Functionality

Costs	Actual Costs for Meters Installed by 2010	Costs for Meters Installed in 2011	Costs for Meters Installed in 2012	TOTAL Smart Meter Costs	TOTAL Cost per Smart Meter
Total of Smart Meter Capital Costs	\$ 2,078,864	\$ 115,950	\$ -	\$ 2,194,814	\$ 147.16
Total of Smart Meter OM&A Costs	\$ 143,364	\$ 241,561	\$78,800	\$ 463,725	\$ 31.09
Total of Smart Meter Costs	\$ 2,222,228	\$ 357,511	\$ -	\$ 2,658,539	\$ 178.26

4. Ref: Application, pages 1 and 15 – Stranded Meter Costs

On page 1 of its application, Innisfil states that it is not currently seeking to recover stranded meter costs and that it expects the issue of stranded meter costs will be addressed in Innisfil's 2013 Cost of Service rebasing application. On page 15 of its application, Innisfil states that the net book value ("NBV") of stranded meters as of December 31, 2010 is \$382,294 and that it continues to amortize the stranded meters. Please provide Innisfil's estimate of the NBV of the stranded meters as of December 31, 2012.

Innisfil Response IR #4

Innisfil has estimated the NBV of the stranded meters as of December 31, 2012 to be as follows,

2012 Stranded Meters	\$369,828.03
Less 2012 Depreciation	\$ 35,200.15
2012 NBV Estimate	\$334,627.88

5. Ref: Application, page 7 – Operational Data Store (ODS) Functionality

On page 7 of the application, Innisfil states:

With the implementation of the AMI system a need was recognized for an application that supported full integration with the MDM/R and enabled staff to audit, validate, interact with and gain valuable business information from the wealth of meter data that was being collected. The AMI system, while fully capable of collecting meter read data and forwarding that raw data to the MDM/R, does not provide all of the functionality necessary to interpret and/or leverage the information it is providing in an educated and meaningful fashion.

- a) Are there any features of Innisfil's ODS which are duplicative of functions performed (or to be performed) by the provincial MDM/R.
- b) If the answer to a) is in the affirmative, please identify what features of the ODS are duplicative of functions performed by the MDM/R, the associated costs and the reasons for having this functionality.

Innisfil Response IR #5

- a) Innisfil's ODS is utilized as an operational tool to assist with backfilling missing data (on new installs, meter changes, etc.), and pre-audit for billing quantity request (to reduce exception handling). These functions are not duplicative functions of the MDM/R. The ODS however, does have an add-on module that allows it to mimic the most critical MDM/R functions. For instance it can create the Data Collection reports, the VE reports, provide estimation and respond to Billing Quantity Requests, all of which would allow Innisfil to maintain the billing schedule in case of an extended outage by the MDM/R.
- b) The aforementioned functionality in response a) within the add-on module is for business continuity purposes. These functions are not included in our agreement

with Savage Data Systems, however in an emergency the ODS Virtual MDM/R (VMDR/R) functionality can be turned on within hours. The request to turn on this functionality would only be invoked if the MDM/R declared an extended outage.

6. Ref: Application, pages 11 and 12 – Annual Security Audit

On pages 11 and 12 of the application, Innisfil provides a description of its annual security audit as well as the procurement process used to select an audit partner. Innisfil states:

Going forward, annual security audit has been budgeted, as this is a prudent approach to satisfying the due diligence requirements for protection not only of the customer information, but also to ensure that access to the infrastructure is properly protected, thereby securing against unwanted modifications to data collection and/or load control functionality.

Please provide the budgeted amount for the annual security audit.

Innisfil Response IR #6

Innisfil has forecasted a cost of \$15,000.00 to undertake the annual security audit.

7. Ref: Application, page 15 – Cost Variance

On page 15 of the application, Innisfil states:

[Innisfil] has included the OM&A costs beyond minimum functionality (MDM/R & TOU) in section 2.6. These OM&A costs include customer education, MDM/R integration and operation consulting, CIS system maintenance costs and web presentment costs. In determination of the costs beyond minimum functionality, [Innisfil] only included calculations that were beyond costs identified in our 2009 COS application EB-2008-0233.

- a) Please clarify Innisfil's stated approach of only including "calculations that were beyond costs identified" in its previous COS application.

- b) Please identify if any costs beyond minimum functionality have been omitted from the application as result of the approach described in a) above.
- c) Please confirm that the costs reported in this application do not include any costs previously approved by the Board for recovery in rates.

Innisfil Response IR #7

- a) In determining our OM&A costs beyond minimum functionality, any costs approved within our COS application associated to smart metering were not included. Specifically, an amount of \$113,000 budgeted for “meter reading” was netted from the annual costs.
- b) No known costs at this time have been omitted as a result of expense approvals within our 2009 COS Application.
- c) Innisfil confirms that the costs reported within this application do not include any costs previously approved by the Board for recovery in rates.

Smart Meter Model, Version 2.17

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

On sheet 2 of the Smart Meter Model, Innisfil has provided the costs incurred in the installation of smart meters, per year, for their smart meter deployment.

- a) Column S of sheet 2 forms the basis for the calculation of the Smart Meter Incremental Revenue Requirement (“SMIRR”). In column S, Innisfil has only shown \$78,000 in expected OM&A expenses in 2012 for TOU implementation, CIS upgrades and Web Presentment. This is a forecasted, one-time expenditure. Please provide a breakdown of the expected ongoing annual OM&A expenses for the smart meters installed, as of December 31, 2011, using column S of sheet 2 of the Smart Meter Model.
- b) In row 170 of sheet 2 of the Smart Meter Model, Innisfil has provided \$101,192 and \$78,800 in OM&A costs beyond minimum functionality for 2011 and 2012, respectively. Please provide a breakdown, of OM&A costs beyond minimum functionality shown, per year.

Innisfil Response IR #8

- a) Innisfil has submitted a forecasted cost of \$78,800.00 for OM&A expenses in 2012. This forecasted OM&A cost is net of savings (-\$113,000 Olameter and ITRON costs) which were included in our 2009 COS Application EB-2008-0233. The following table provides a breakdown of these forecasted costs,

ESTIMATE OF ANNUAL AMI/MDMR OPERATIONAL COSTS				
Function	Vendor	Forecasted Costs		Expense type
		Monthly	Annual	
ODS	Kinetiq	2,500	\$30,000	Operations
RNI	Sensus	6,750	\$81,000	Operations
Audits/SLA/sync b/u	Util-Assist		\$31,500	Admin
Broadband	Pt 2 Pt & redundancy	189	\$2,300	Operations
Sensus Shared Test facilities	PowerStream		\$5,000	Operations
Collections	Olameter	2,000	\$24,000	Billing
AMI security audit	Bell-World Tech		\$15,000	Admin
Software maintenance	Northstar-Home Connect		\$3,000	Admin
Meter reading-2011 budget	Olameter		-\$102,000	
Meter reading-2011 budget	ITRON		-\$11,000	
		Total	\$78,800	
		Monthly	\$6,567	

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

Sheet 3 of the Smart Meter Model filed by Innisfil contains the cost of capital, working capital allowance, tax rate, depreciation rate and CCA rate parameters provided by Innisfil in support of its application.

- a) On sheet 2 of the Smart Meter Model, Innisfil has documented \$274,310 in capital costs for collectors installed in 2009 and 2010, and has classified these as an asset type of “Other Equipment”. However, on sheet 3, Innisfil has not input the corresponding CCA class and CCA rate for this asset class for the purposes of calculating taxes/PILs. Please provide the appropriate CCA class and CCA rate for rows 63 and 64 of sheet 3 of the

Smart Meter Model for the capital costs corresponding to the “Other Equipment” asset class.

- b) In cell G30 of sheet 3, Innisfil has used the default debt rate of 6.25% applicable to a utility with a rate base less than \$25 million. The debt rate carries forward to 2007, when Innisfil had its rates adjusted according to the IRM2 price cap formula. In its 2006 EDR rate application (RP-2005-0020/EB-2005-0382), Innisfil had an approved debt rate of 9.19%. Please explain why Innisfil has used the default debt rate, or provide a corrected rate.
- c) Cell M33 of sheet 3 of the Smart Meter Model shows a weighted average cost of capital (“WACC”) of 7.36% for 2009. The Board’s decision in Innisfil’s prior cost of service application (EB-2008-0233) approved a WACC of 7.64%. The difference appears to be due to the long-term debt rate. Innisfil has input a long-term debt rate of 7.28% into the smart meter model, while its approved debt rate in its 2009 cost of service application is 7.81%. Please confirm Innisfil’s cost of capital parameters as approved by the Board for Innisfil’s 2008 cost of service rebasing application. Alternatively, please explain the basis for the 7.28% debt rate that Innisfil is using in this application.

Innisfil Response IR #9

- a) Innisfil has corrected the asset type from “Other Equipment” to “Smart Meter” within the submitted revised Smart Meter Model. As the asset type has been corrected, Innisfil has not provided the appropriate CCA class and CCA rate on rows 63 & 64 on sheet 2.
- b) Innisfil has corrected the debt rate from 6.25% to the approved debt rate of 9.19% within the submitted revised Smart Meter Model.
- c) The 7.28% debt rate within the Smart Meter model was a result of a subsequent Rate Order (EB-2009-0130) following a Notice of Motion to Review and Vary this Decision and Order EB-2008-0233 put forth by VECC. The EB-2009-0130 Rate Order changed the long term debt rate to 7.28%.

10. Ref: Excel Smart Meter Model, Version 2.17, Sheet 3 – Taxes/PILs Rates

Innisfil has used the maximum taxes/PILs rates input on sheet 3, row 40, for the years 2006, 2007, 2008, 2009, 2010, 2011 and 2012 and beyond. These are summarized in the following table:

Year	2006	2007	2008	2009	2010	2011	2012 and beyond
Aggregate Federal and provincial income tax rate	36.12%	36.12%	33.50%	33.00%	31.00%	28.25%	26.25%

Please confirm that these are the tax rates corresponding to the taxes or PILs actually paid by Innisfil in each of the historical years, and that Innisfil forecasts it will pay for 2012. For historical years to 2011, these would be the aggregate rate derive for calculating the taxes/PILs included in the revenue requirement in cost of service applications, or as calculated in taxes/PILs calculations as part of IRM applications. In the alternative, please explain the tax rates input and their derivation.

Innisfil Response IR #10

Innisfil has revised the tax rates input on sheet 3 to reflect the calculated corporate tax rates returned from the OEB for our final 2011 IRM Rate Order (EB-2010-0093). The changes are reflected in the submitted revised Smart Meter Model.

Year	2006	2007	2008	2009	2010	2011	2012 & later
Tax Rate	36.12%	36.12%	33.50%	30.87%	28.05%	24.62%	22.87%

11. Ref: Smart Meter Model – Interest on OM&A and Depreciation Expenses

In the Smart Meter Model Version 2.17 filed by Innisfil, 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. Innisfil should also take into account any revisions necessary as a result of its responses to any preceding interrogatories.
- b) If this is not possible, please explain.

Innisfil Response IR #11

Innisfil has updated the Smart Meter Model utilizing sheet 8A of the model.

12. Ref: Smart Meter Model

If Innisfil has changed its data inputs to the Smart Meter Model, Version 2.17 as a result of interrogatories by Board staff and/or the Vulnerable Energy Consumers Coalition, please update and re-file the smart meter model in working Microsoft Excel format.

Innisfil Response IR #12

As requested Innisfil has enclosed a revised Smart Meter Model based on updates as a result of interrogatories and Board's staff request to update the model with 2011 actual numbers.

13. Ref: Application, page 16 – Cost Allocation

On page 16 of its application, Innisfil states:

Return (deemed interest plus return on equity) and Amortization have been allocated based on the Weighted Average of the Residential and General Service less than 50 kW 1860 Weighted Meter Capital (CWMC) allocators in the 2006 Cost Allocation Review.

- a) Please state if Innisfil is able to provide separate capital costs for installed smart meters for the residential and GS < 50 kW classes.

- b) If so, please provide those capital costs. Additionally, please provide updated calculations of the class specific SMDR and SMIRR using the cost allocation approach approved in the Decision and Order from PowerStream's 2011 smart meter cost recovery application (EB-2010-0209).
- c) If not, please explain why Innisfil is unable to provide capital costs for installed smart meters separately for the residential and GS < 50 kW classes.

Innisfil Response IR #13

- a) Innisfil is not able to separate capital costs for installed meters for the residential and GS< 50 kW classes.
- b) Not applicable as per the response in 13 a).
- c) In accordance with the G-2008-002 guidelines, accounts 1555 and 1556 were established to track the capital and OM&A costs associated with the Smart Meter project. Costs though were not set up by the impacted customer classes (Residential and GS<50). Meter change outs to smart meters were determined by the existing metering configuration and service requirement (transformer rated, polyphase, etc.). Service requirement does not correlate to a specific rate class, example, we have GS<50 customers with a "residential" meter configuration and Residential customers with a "GS<50" meter configuration. As we did not categorize nor track the capital and OM&A costs to a service location installation providing capital costs separately by rate class is not feasible.

15. Ref: Application, Sections 17.0 – Cost Allocation

- a) If Innisfil has made revisions to its Smart Meter Model, Version 2.17 as a result of its responses to interrogatories, please update its proposed class-specific SMDRs.
- b) Similarly, please update the calculation of class-specific SMIRRs.

Innisfil Response IR #15

The following tables have been revised based on the changes as a result of interrogatories and corrections made to the Smart Meter Model. Please note that Innisfil has utilized the same methodology in our application to determine the rate class specific riders (SMDA &

SMIRR). Addendum 17 of Innisfil's original submission has been updated to reflect the revised tables, calculations for the SMDR, SMIRR riders and bill impacts.

Innisfil Smart Meter Disposition Rate Rider Calculations

In preparing the Smart Meter Prudence Review Application, IHDSL utilized Version 2.17 of the Boards Smart Meter model. A revised copy of the Smart Meter Model accompanies this response. The following table summarizes the total capital and OM&A costs for IHDSL's smart meter project.

Summary of Smart Meter Capital and OM&A Costs Including MDM/R and TOU Beyond Minimum Functionality

Costs	Actual Costs for Meters Installed by 2010	Costs for Meters Installed in 2011	Costs for Meters Installed in 2012	TOTAL Smart Meter Costs	TOTAL Cost per Smart Meter
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Total of Smart Meter OM&A Costs	\$ 143,364	\$ 241,561	\$78,800	\$ 463,725	\$ 31.09
Total of Smart Meter Costs	\$ 2,222,228	\$ 357,511	\$ -	\$ 2,658,539	\$ 178.26

The following table identifies the revenue requirement of \$1,1138,677.00 associated with the smart meter costs.

Revenue Requirement Calculation for Disposition Rate Rider (Revised)

Rate Base	2007	2008	2009	2010	2011	Total
Net Fixed Assets	\$ 7,879	\$ 22,932	\$ 866,239	\$ 1,788,881	\$ 1,857,799	\$ 4,543,730
Working Capital Allowance	\$ -	\$ -	\$ 5,989	\$ 15,516	\$ 36,234	\$ 57,739
Total Rate Base	\$ 7,879	\$ 22,932	\$ 872,228	\$1,804,397	\$1,894,033	\$ 4,601,469

Revenue Requirement	2007	2008	2009	2010	2011	Total
Short Term Interest	\$ -	\$ 84	\$ 465	\$ 960	\$ 1,008	\$ 2,517
Long Term Interest	\$ 362	\$ 1,039	\$ 33,464	\$ 73,562	\$ 77,216	\$ 185,643
Return on Equity	\$ 355	\$ 964	\$ 30,252	\$ 57,813	\$ 60,685	\$ 150,069
Total Return	\$ 717	\$ 2,087	\$ 64,181	\$ 132,335	\$ 138,909	\$ 338,229
OM&A	\$ -	\$ -	\$ 39,924	\$ 103,440	\$ 241,561	\$ 384,925
Amortization	\$ 543	\$ 1,619	\$ 64,377	\$ 136,935	\$ 151,131	\$ 354,605
Grossed-up PILs	\$ 174	\$ 416	\$ 13,133	\$ 18,338	\$ 18,379	\$ 50,441
Revenue Requirement	\$ 1,434	\$ 4,122	\$ 181,615	\$ 391,048	\$ 549,980	\$ 1,128,200
Interest on Deferred OM&A and Amortization	\$ 13	\$ 54	\$ 618	\$ 1,808	\$ 7,985	\$ 10,477
Total Revenue Requirement	\$ 1,447	\$ 4,176	\$ 182,233	\$ 392,855	\$ 557,965	\$ 1,138,677

The next table summarizes the Smart meter true-up balance for the disposition rider.

Total Revenue Requirement	\$	1,138,677
Smart Meter Funding Adder Collected	-\$	1,035,636
Smart Meter True-up Balance for Disposition Rider	\$	103,041

Once the balance of the rider was determined an exercise was undertaken to determine the allocation of the rider to the customer classes covered by the rider (Residential and General Service less than 50kW).

The basis for the allocation is as follows,

- Return (deemed interest plus return on equity) and Amortization have been allocated based on the Weighted Average of the Residential and General Service less than 50kW 1860 Weighted Meter Capital (CWMC) allocators in the 2006 Cost Allocation Review;
- OM&A has been allocated based on the number of meters installed for each class;
- PILs have been allocated based on the revenue requirement allocated to each class before PILs; and
- Smart Meter Funding Adder collected, including carrying costs, has been allocated based on the revenue requirement allocated to each class before PILS.

Basis of Allocation for by Customer Class for SMDR & SMIRR Rate Riders (Revised)

Revenue Requirement Return & Amortization:	1860 CWMC Allocator per 2006 Cost Allocation Review	Revenue Requirement Smart Meter Allocator
Residential (1)	67.90%	75.78%
GS<50 (2)	21.70%	24.22%
Subtotal Applicable to Smart Meters (A)	89.60%	100.00%
GS>50	10.40%	
Total	100.00%	
Revenue Requirement OM&A	Meters Installed by 2011	Revenue Requirement Smart Meter Allocator
Residential (3)	13,903	94.07%
GS<50 (4)	876	5.93%
Total Smart Meters Installed (B)	14,779	
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)	\$ 887,147	82.31%
GS<50 (6)	\$ 190,612	17.69%
Total Smart Meters Installed (C)	\$ 1,077,759	

Allocation of Revenue Requirement and Smart Meter Funding Adder by Customer Class for Disposition Rate Rider

Revenue Requirement	Total to Allocate	Allocator for Residential	Residential	Allocator for GS<50	GS<50
Return	\$ 338,229	75.78%	\$ 256,314	24.22%	\$ 81,915
Amortization	\$ 354,605	75.78%	\$ 268,724	24.22%	\$ 85,881
OM&A	\$ 384,925	94.07%	\$ 362,109	5.93%	\$ 22,816
Subtotal before PILs	\$ 1,077,759		\$ 887,147	(5)	\$ 190,612
Grossed-up PILs	\$ 50,441	82.31%	\$ 41,520	17.69%	\$ 8,921
Interest on Deferred OM&A and Amortization	\$ 10,477	82.31%	\$ 8,624	17.69%	\$ 1,853
Total Revenue Requirement	\$ 1,138,677	82.31%	\$ 937,292	17.69%	\$ 201,385
Total Smart Meter Funding Adder Collected	-\$ 1,035,636	82.31%	-\$ 852,475	17.69%	-\$ 183,162
Total Smart Meter True-up Balance	\$ 103,041	82.31%	\$ 84,817	17.69%	\$ 18,224

The outcome of the allocation exercise determined an allocator of 82.31% for the Residential rate class and 17.69% for the General Service less than 50kW rate class.

Utilizing the Smart Meter True Up balance of \$103,041.00 the SMDR rider has been calculated as follows,

Calculation of Disposition Rate Rider by Class (SMDR)

	Residential	GS<50	Total Smart Meter Customers
Total Smart Meter True-up for Disposition	\$ 84,817	\$ 18,224	\$ 103,041
Number of Customers	13,903	876	14,779
Total Monthly Disposition Rate Rider SMDR	\$ 0.25	\$ 0.87	\$ 0.29

IHDSL has specifically requested a 2 year disposition of the Disposition Rate Rider (SMDR) in conjunction with the Group 1 DVA accounts in IHDSL's IRM 2012 submission EB-2011-0176. It is IHDSL's belief that the 2 year disposition will assist in flattening potential rate spikes with the introduction of the SMIRR and IHDSL's upcoming COS service application.

In determining the Smart Meter Incremental Revenue Requirement (SMIRR) rate rider, IHDSL utilized the same allocation % for the Residential and General Service less than 50kW rate classes.

Calculation of Incremental Revenue Requirement Rate Rider by Class (SMIRR)

	Residential	GS<50	Total Smart Meter Customers
Total Smart Meter True-up for Disposition	\$ 314,053	\$ 67,515	\$ 381,568
Number of Customers	13,819	902	14,721
Total Monthly Disposition Rate Rider	\$ 0.95	\$ 3.12	\$ 2.16

Innisfil Revised Bill Impacts

In order to determine the bill impacts for the rate groups impacted by changes to the SMDR and the introduction of the SMIRR, IHDSL first of all looked at the "stand alone" changes on the bill specific to Smart Metering.

The allocation exercise shows an overall decrease in smart metering rate riders for the Residential customers of \$0.82 per metered customer. However the General Service less than 50kW customers have an overall increase of \$2.03 per metered customer.

Summary of Smart Meter Rate Changes (Stand Alone Revised)

Rate Rider - Residential	Before	After	Inc/(Dec)
Smart Meter Funding Adder	\$ 2.00	\$ -	-\$ 2.00
Smart Meter Disposition (SMDR)	\$ -	\$ 0.25	\$ 0.25
Smart Meter Incremental Revenue Requirement	\$ -	\$ 0.93	\$ 0.93
Total Smart Meter Rate Change - Residential	\$ 2.00	\$ 1.18	-\$ 0.82

Rate Rider - GS<50 kW	Before	After	Inc/(Dec)
Smart Meter Funding Adder	\$ 2.00	\$ -	-\$ 2.00
Smart Meter Disposition (SMDR)	\$ -	\$ 0.87	\$ 0.87
Smart Meter Incremental Revenue Requirement	\$ -	\$ 3.17	\$ 3.17
Total Smart Meter Rate Change - GS<50 kW	\$ 2.00	\$ 4.03	\$ 2.03

~All of Which is Respectfully Submitted~



Ontario Energy Board

Smart Meter Model

Choose Your Utility:

Hydro Ottawa Limited

Innisfil Hydro Distribution Systems Limited

Application Contact Information

Name: Brenda Pinke

Title: Regulatory Manager

Phone Number: 705-431-6870 ext 262

Email Address: brendap@innisfilhydro.com

We are applying for rates effective: May 1, 2012

Last COS Re-based Year 2009

Legend

DROP-DOWN MENU

INPUT FIELD

CALCULATION FIELD

Copyright

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While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results. The use of any models and spreadsheets does not automatically imply Board approval. The onus is on the distributor to prepare, document and support its application. Board-issued Excel models and spreadsheets are offered to assist parties in providing the necessary information so as to facilitate an expeditious review of an application. The onus remains on the applicant to ensure the accuracy of the data and the results.

Total Advanced Metering Communications Devices (AMCD)		\$ -	\$ -	\$ -	\$ 1,295,313	\$ 260,628	\$ 69,407	\$ -	\$ 1,625,348
Asset Type									
1.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)		Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	
1.2.1 Collectors	Smart Meter				274,110	200			\$ 274,310
1.2.2 Repeaters (may include radio licence, etc.)									\$ -
1.2.3 Installation (may include meter seals and rings, collector computer hardware, etc.)									\$ -
Total Advanced Metering Regional Collector (AMRC) (Includes LAN)		\$ -	\$ -	\$ -	\$ 274,110	\$ 200	\$ -	\$ -	\$ 274,310

1.3 ADVANCED METERING CONTROL COMPUTER (AMCC)

1.3.1 Computer Hardware

1.3.2 Computer Software

1.3.3 Computer Software Licences & Installation (includes hardware and software)
(may include AS/400 disk space, backup and recovery computer, UPS, etc.)

Total Advanced Metering Control Computer (AMCC)

Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast		
								\$	-
								\$	-
								\$	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-

1.4 WIDE AREA NETWORK (WAN)

1.4.1 Activation Fees

Total Wide Area Network (WAN)

Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast		
								\$	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-

1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUNCTIONALITY

1.5.1 Customer Equipment (including repair of damaged equipment)

1.5.2 AMI Interface to CIS

1.5.3 Professional Fees

1.5.4 Integration

1.5.5 Program Management

1.5.6 Other AMI Capital

Total Other AMI Capital Costs Related to Minimum Functionality

Total Capital Costs Related to Minimum Functionality

Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast		
								\$	-
Computer Software				32,533				\$	32,533
Smart Meter		16,301	15,967	44,545	24,934	2,999		\$	104,746
Smart Meter				87,664	25,572			\$	113,236
								\$	-
Smart Meter				2,479	-1,382			\$	1,097
	\$ -	\$ 16,301	\$ 15,967	\$ 167,221	\$ 49,124	\$ 2,999	\$ -	\$	251,612
	\$ -	\$ 16,301	\$ 15,967	\$ 1,736,644	\$ 309,952	\$ 72,406	\$ -	\$	2,151,270

1.6 CAPITAL COSTS BEYOND MINIMUM FUNCTIONALITY

(Please provide a descriptive title and identify nature of beyond minimum functionality costs)

1.6.1 Costs related to technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06

1.6.2 Costs for deployment of smart meters to customers other than residential and small general service

1.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.

Total Capital Costs Beyond Minimum Functionality

Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast		
Computer Software								\$	-
Computer Software								\$	-
Smart Meter						43,544		\$	43,544
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,544	\$ -	\$	43,544

Total Smart Meter Capital Costs

\$	-	\$	16,301	\$	15,967	\$	1,736,644
\$	309,952	\$	115,950	\$	-	\$	2,194,814

2.6.1 Costs related to technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06

2.6.2 Costs for deployment of smart meters to customers other than residential and small general service

2.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.

Total OM&A Costs Beyond Minimum Functionality

Total Smart Meter OM&A Costs

							\$	-
							\$	-
					101,192	78,800	\$	179,992
	\$ -	\$ -	\$ -	\$ -	\$ 101,192	\$ 78,800	\$	179,992
	\$ -	\$ -	\$ -	\$ 39,924	\$ 103,440	\$ 241,561	\$	463,725

3 Aggregate Smart Meter Costs by Category

3.1	Capital																			
3.1.1	Smart Meter	\$	-	\$	16,301	\$	15,967	\$	1,704,111	\$	309,952	\$	115,950	\$	-	\$	2,162,281			
3.1.2	Computer Hardware	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-			
3.1.3	Computer Software	\$	-	\$	-	\$	-	\$	32,533	\$	-	\$	-	\$	-	\$	32,533			
3.1.4	Tools & Equipment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-			
3.1.5	Other Equipment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-			
3.1.6	Applications Software	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-			
3.1.7	Total Capital Costs	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>16,301</u>	<u>\$</u>	<u>15,967</u>	<u>\$</u>	<u>1,736,644</u>	<u>\$</u>	<u>309,952</u>	<u>\$</u>	<u>115,950</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>2,194,814</u>			
3.2	OM&A Costs																			
3.2.1	Total OM&A Costs	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>39,924</u>	<u>\$</u>	<u>103,440</u>	<u>\$</u>	<u>241,561</u>	<u>\$</u>	<u>78,800</u>	<u>\$</u>	<u>463,725</u>			



Innisfil Hydro Distribution Systems Limited

	2006	2007
Cost of Capital		
Capital Structure¹		
Deemed Short-term Debt Capitalization		
Deemed Long-term Debt Capitalization	50.0%	50.0%
Deemed Equity Capitalization	50.0%	50.0%
Preferred Shares		
Total	100.0%	100.0%
Cost of Capital Parameters		
Deemed Short-term Debt Rate		
Long-term Debt Rate (actual/embedded/deemed) ²	9.19%	9.19%
Target Return on Equity (ROE)	9.0%	9.00%
Return on Preferred Shares		
WACC	9.10%	9.10%
Working Capital Allowance		
Working Capital Allowance Rate	15.0%	15.0%
<i>(% of the sum of Cost of Power + controllable expenses)</i>		
Taxes/PILs		
Aggregate Corporate Income Tax Rate	36.12%	36.12%
Capital Tax (until July 1st, 2010)	0.30%	0.225%
Depreciation Rates		
<i>(expressed as expected useful life in years)</i>		
Smart Meters - years	15	15
- rate (%)	6.67%	6.67%
Computer Hardware - years	5	5
- rate (%)	20.00%	20.00%
Computer Software - years	3	3
- rate (%)	33.33%	33.33%

Tools & Equipment - years	10	10
- rate (%)	10.00%	10.00%
Other Equipment - years	20	20
- rate (%)	5.00%	5.00%

CCA Rates

Smart Meters - CCA Class	47	47
Smart Meters - CCA Rate	8%	8%
Computer Equipment - CCA Class	8	8
Computer Equipment - CCA Rate	20%	20%
General Equipment - CCA Class		
General Equipment - CCA Rate		
Applications Software - CCA Class		
Applications Software - CCA Rate		

Assumptions

- ¹ Planned smart meter installations occur evenly throughout the year.
- ² Fiscal calendar year (January 1 to December 31) used.
- ³ Amortization is done on a straight line basis and has the "half-year" rule applied.



Ontario Energy Board

Smart Meter Model



2008	2009	2010	2011	2012 and later
<div><div>4.0%</div><div>49.3%</div><div>46.7%</div><div></div><div>100.0%</div></div>	<div><div>4.0%</div><div>52.7%</div><div>43.3%</div><div></div><div>100.0%</div></div>	<div><div>4.0%</div><div>56.0%</div><div>40.0%</div><div></div><div>100.0%</div></div>	<div><div>4.0%</div><div>56.0%</div><div>40.0%</div><div></div><div>100.0%</div></div>	<div><div>4.0%</div><div>56.0%</div><div>40.0%</div><div></div><div>100.0%</div></div>
<div><div>9.19%</div><div>9.19%</div><div>9.00%</div><div></div><div>9.10%</div></div>	<div><div>1.33%</div><div>7.28%</div><div>8.01%</div><div></div><div>7.36%</div></div>	<div><div>1.33%</div><div>7.28%</div><div>8.01%</div><div></div><div>7.33%</div></div>	<div><div>1.33%</div><div>7.28%</div><div>8.01%</div><div></div><div>7.33%</div></div>	<div><div>1.33%</div><div>7.28%</div><div>8.01%</div><div></div><div>7.33%</div></div>
<div><div>15.0%</div><div></div><div></div><div></div><div></div></div>	<div><div>15.0%</div><div></div><div></div><div></div><div></div></div>	<div><div>15.0%</div><div></div><div></div><div></div><div></div></div>	<div><div>15.0%</div><div></div><div></div><div></div><div></div></div>	<div><div>15.0%</div><div></div><div></div><div></div><div></div></div>
<div><div>33.50%</div><div>0.225%</div></div>	<div><div>30.87%</div><div>0.225%</div></div>	<div><div>28.05%</div><div>0.075%</div></div>	<div><div>24.62%</div><div>0.00%</div></div>	<div><div>22.87%</div><div>0.00%</div></div>
<div><div>15</div><div>6.67%</div><div>5</div><div>20.00%</div><div>3</div><div>33.33%</div></div>	<div><div>15</div><div>6.67%</div><div>5</div><div>20.00%</div><div>3</div><div>33.33%</div></div>	<div><div>15</div><div>6.67%</div><div>5</div><div>20.00%</div><div>3</div><div>33.33%</div></div>	<div><div>15</div><div>6.67%</div><div>5</div><div>20.00%</div><div>3</div><div>33.33%</div></div>	<div><div>15</div><div>6.67%</div><div>5</div><div>20.00%</div><div>3</div><div>33.33%</div></div>

10	10	10	10	10
10.00%	10.00%	10.00%	10.00%	10.00%
20	20	20	20	20
5.00%	5.00%	5.00%	5.00%	5.00%

47	47	47	47	47
8%	8%	8%	8%	8%

8	8	8	8	8
20%	20%	20%	20%	20%

	2006	2007	2008	2009	2010	2011	2012 and later
Net Fixed Assets - Smart Meters							
Gross Book Value							
Opening Balance		\$ -	\$ 16,301	\$ 32,268	\$ 1,736,379	\$ 2,046,331	\$ 2,162,281
Capital Additions during year (from Smart Meter Costs)	\$ -	\$ 16,301	\$ 15,967	\$ 1,704,111	\$ 309,952	\$ 115,950	\$ -
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ 16,301	\$ 32,268	\$ 1,736,379	\$ 2,046,331	\$ 2,162,281	\$ 2,162,281
Accumulated Depreciation							
Opening Balance		\$ -	\$ 543	\$ 2,162	\$ 61,117	\$ 187,208	\$ 327,495
Amortization expense during year	\$ -	\$ 543	\$ 1,619	\$ 58,955	\$ 126,090	\$ 140,287	\$ 144,152
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ 543	\$ 2,162	\$ 61,117	\$ 187,208	\$ 327,495	\$ 471,647
Net Book Value							
Opening Balance	\$ -	\$ -	\$ 15,758	\$ 30,106	\$ 1,675,262	\$ 1,859,123	\$ 1,834,786
Closing Balance	\$ -	\$ 15,758	\$ 30,106	\$ 1,675,262	\$ 1,859,123	\$ 1,834,786	\$ 1,690,634
Average Net Book Value	\$ -	\$ 7,879	\$ 22,932	\$ 852,684	\$ 1,767,193	\$ 1,846,955	\$ 1,762,710
Net Fixed Assets - Computer Hardware							



Ontario Energy Board

Smart Meter Model

Innisfil Hydro Distribution Systems Limited

	2006	2007	2008	2009	2010	2011	2012 and Later
Average Net Fixed Asset Values (from Sheet 4)							
Smart Meters	\$ -	\$ 7,879	\$ 22,932	\$ 852,684	\$ 1,767,193	\$ 1,846,955	\$ 1,762,710
Computer Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Software	\$ -	\$ -	\$ -	\$ 13,555	\$ 21,689	\$ 10,844	\$ 2,711
Tools & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net Fixed Assets	\$ -	\$ 7,879	\$ 22,932	\$ 866,239	\$ 1,788,881	\$ 1,857,799	\$ 1,765,421
Working Capital							
Operating Expenses (from Sheet 2)	\$ -	\$ -	\$ -	\$ 39,924	\$ 103,440	\$ 241,561	\$ 78,800
Working Capital Factor (from Sheet 3)	15%	15%	15%	15%	15%	15%	15%
Working Capital Allowance	\$ -	\$ -	\$ -	\$ 5,989	\$ 15,516	\$ 36,234	\$ 11,820
Incremental Smart Meter Rate Base	\$ -	\$ 7,879	\$ 22,932	\$ 872,228	\$ 1,804,397	\$ 1,894,033	\$ 1,777,241
Return on Rate Base							
Capital Structure							
Deemed Short Term Debt	\$ -	\$ -	\$ 917	\$ 34,889	\$ 72,176	\$ 75,761	\$ 71,090
Deemed Long Term Debt	\$ -	\$ 3,939	\$ 11,305	\$ 459,664	\$ 1,010,462	\$ 1,060,659	\$ 995,255
Equity	\$ -	\$ 3,939	\$ 10,709	\$ 377,675	\$ 721,759	\$ 757,613	\$ 710,897
Preferred Shares	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capitalization	\$ -	\$ 7,879	\$ 22,932	\$ 872,228	\$ 1,804,397	\$ 1,894,033	\$ 1,777,241
Return on							
Deemed Short Term Debt	\$ -	\$ -	\$ 84	\$ 464	\$ 960	\$ 1,008	\$ 945
Deemed Long Term Debt	\$ -	\$ 362	\$ 1,039	\$ 33,464	\$ 73,562	\$ 77,216	\$ 72,455
Equity	\$ -	\$ 355	\$ 964	\$ 30,252	\$ 57,813	\$ 60,685	\$ 56,943
Preferred Shares	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Return on Capital	\$ -	\$ 717	\$ 2,087	\$ 64,179	\$ 132,334	\$ 138,908	\$ 130,343

Operating Expenses	\$	-	\$	-	\$	-	\$	39,924	\$	103,440	\$	241,561	\$	78,800
Amortization Expenses (from Sheet 4)														
Smart Meters	\$	-	\$	543	\$	1,619	\$	58,955	\$	126,090	\$	140,287	\$	144,152
Computer Hardware	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Computer Software	\$	-	\$	-	\$	-	\$	5,422	\$	10,844	\$	10,844	\$	5,422
Tools & Equipment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Other Equipment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Total Amortization Expense in Year	\$	-	\$	543	\$	1,619	\$	64,377	\$	136,935	\$	151,131	\$	149,574
Incremental Revenue Requirement before Taxes/PILs	\$	-	\$	1,260	\$	3,706	\$	168,480	\$	372,709	\$	531,601	\$	358,717
Calculation of Taxable Income														
Incremental Operating Expenses	\$	-	\$	-	\$	-	\$	39,924	\$	103,440	\$	241,561	\$	78,800
Amortization Expense	\$	-	\$	543	\$	1,619	\$	64,377	\$	136,935	\$	151,131	\$	149,574
Interest Expense	\$	-	\$	362	\$	1,123	\$	33,928	\$	74,522	\$	78,224	\$	73,400
Net Income for Taxes/PILs	\$	-	\$	355	\$	964	\$	30,252	\$	57,813	\$	60,685	\$	56,943
Grossed-up Taxes/PILs (from Sheet 7)	\$	-	\$	174.48	\$	416.43	\$	13,133.33	\$	18,337.91	\$	18,378.69	\$	17,594.86
Revenue Requirement, including Grossed-up Taxes/PILs	\$	-	\$	1,434	\$	4,122	\$	181,614	\$	391,047	\$	549,979	\$	376,312



Ontario Energy Board

Smart Meter Model

Innisfil Hydro Distribution Systems Limited

For PILs Calculation

UCC - Smart Meters

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Audited Actual	2012 and later Forecast
Opening UCC	\$ -	\$ -	\$ 15,648.96	\$ 29,725.36	\$ 1,663,293.89	\$ 1,827,784.30	\$ 1,792,873.56
Capital Additions	\$ -	\$ 16,301.00	\$ 15,967.00	\$ 1,704,111.00	\$ 309,952.00	\$ 115,950.00	\$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	\$ -	\$ 16,301.00	\$ 31,615.96	\$ 1,733,836.36	\$ 1,973,245.89	\$ 1,943,734.30	\$ 1,792,873.56
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ 8,150.50	\$ 7,983.50	\$ 852,055.50	\$ 154,976.00	\$ 57,975.00	\$ -
Reduced UCC	\$ -	\$ 8,150.50	\$ 23,632.46	\$ 881,780.86	\$ 1,818,269.89	\$ 1,885,759.30	\$ 1,792,873.56
CCA Rate Class	47	47	47	47	47	47	47
CCA Rate	8%	8%	8%	8%	8%	8%	8%
CCA	\$ -	\$ 652.04	\$ 1,890.60	\$ 70,542.47	\$ 145,461.59	\$ 150,860.74	\$ 143,429.88
Closing UCC	\$ -	\$ 15,648.96	\$ 29,725.36	\$ 1,663,293.89	\$ 1,827,784.30	\$ 1,792,873.56	\$ 1,649,443.67

UCC - Computer Equipment

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Audited Actual	2012 and later Forecast
Opening UCC	\$ -	\$ -	\$ -	\$ -	\$ 29,279.70	\$ 23,423.76	\$ 18,739.01
Capital Additions Computer Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Additions Computer Software	\$ -	\$ -	\$ -	\$ 32,533.00	\$ -	\$ -	\$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	\$ -	\$ -	\$ -	\$ 32,533.00	\$ 29,279.70	\$ 23,423.76	\$ 18,739.01
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ 16,266.50	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -	\$ 16,266.50	\$ 29,279.70	\$ 23,423.76	\$ 18,739.01
CCA Rate Class	8	8	8	8	8	8	8
CCA Rate	20%	20%	20%	20%	20%	20%	20%
CCA	\$ -	\$ -	\$ -	\$ 3,253.30	\$ 5,855.94	\$ 4,684.75	\$ 3,747.80
Closing UCC	\$ -	\$ -	\$ -	\$ 29,279.70	\$ 23,423.76	\$ 18,739.01	\$ 14,991.21

UCC - General Equipment

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Audited Actual	2012 and later Forecast
Opening UCC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Additions Tools & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Additions Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCA Rate Class	0	0	0	0	0	0	0
CCA Rate	0%	0%	0%	0%	0%	0%	0%
CCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



PILs Calculation

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Audited Actual	2012 and later Forecast
INCOME TAX							
Net Income	\$ -	\$ 354.55	\$ 963.82	\$ 30,251.74	\$ 57,812.89	\$ 60,684.83	\$ 56,942.81
Amortization	\$ -	\$ 543.37	\$ 1,618.97	\$ 64,377.07	\$ 136,934.67	\$ 151,131.40	\$ 149,574.23
CCA - Smart Meters	\$ -	\$ 652.04	\$ 1,890.60	\$ 70,542.47	\$ 145,461.59	\$ 150,860.74	\$ 143,429.88
CCA - Computers	\$ -	\$ -	\$ -	\$ 3,253.30	\$ 5,855.94	\$ 4,684.75	\$ 3,747.80
CCA - Applications Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCA - Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in taxable income	\$ -	\$ 245.87	\$ 692.19	\$ 20,833.03	\$ 43,430.02	\$ 56,270.73	\$ 59,339.36
Tax Rate (from Sheet 3)	36.12%	36.12%	33.50%	30.87%	28.05%	24.62%	22.87%
Income Taxes Payable	\$ -	\$ 88.81	\$ 231.88	\$ 6,431.16	\$ 12,182.12	\$ 13,853.85	\$ 13,570.91
ONTARIO CAPITAL TAX							
Smart Meters	\$ -	\$ 15,757.63	\$ 30,105.67	\$ 1,675,261.77	\$ 1,859,123.43	\$ 1,834,786.37	\$ 1,690,634.30
Computer Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Software	\$ -	\$ -	\$ -	\$ 27,110.83	\$ 16,266.50	\$ 5,422.17	\$ -
(Including Application Software)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tools & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ -	\$ 15,757.63	\$ 30,105.67	\$ 1,702,372.60	\$ 1,875,389.93	\$ 1,840,208.53	\$ 1,690,634.30
Less: Exemption	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deemed Taxable Capital	\$ -	\$ 15,757.63	\$ 30,105.67	\$ 1,702,372.60	\$ 1,875,389.93	\$ 1,840,208.53	\$ 1,690,634.30
Ontario Capital Tax Rate (from Sheet 3)	0.300%	0.225%	0.225%	0.225%	0.075%	0.000%	0.000%
Net Amount (Taxable Capital x Rate)	\$ -	\$ 35.45	\$ 67.74	\$ 3,830.34	\$ 1,406.54	\$ -	\$ -
Change in Income Taxes Payable	\$ -	\$ 88.81	\$ 231.88	\$ 6,431.16	\$ 12,182.12	\$ 13,853.85	\$ 13,570.91
Change in OCT	\$ -	\$ 35.45	\$ 67.74	\$ 3,830.34	\$ 1,406.54	\$ -	\$ -
PILs	\$ -	\$ 124.26	\$ 299.62	\$ 10,261.50	\$ 13,588.66	\$ 13,853.85	\$ 13,570.91
Gross Up PILs							
Tax Rate	36.12%	36.12%	33.50%	30.87%	28.05%	24.62%	22.87%
Change in Income Taxes Payable	\$ -	\$ 139.03	\$ 348.70	\$ 9,302.99	\$ 16,931.37	\$ 18,378.69	\$ 17,594.86
Change in OCT	\$ -	\$ 35.45	\$ 67.74	\$ 3,830.34	\$ 1,406.54	\$ -	\$ -
PILs	\$ -	\$ 174.48	\$ 416.43	\$ 13,133.33	\$ 18,337.91	\$ 18,378.69	\$ 17,594.86



Ontario Energy Board

Smart Meter Model

Innisfil Hydro Distribution Systems Limited

This worksheet calculates the funding adder revenues.

Account 1555 - Sub-account Funding Adder Revenues

Interest Rates	Approved Deferral and Variance Accounts	CWIP	Date	Year	Quarter	Opening Balance (Principal)	Funding Adder Revenues	Interest Rate	Interest	Closing Balance	Annual amounts
2006 Q1			Jan-06	2006	Q1	\$ -		0.00%	\$ -	\$ -	
2006 Q2	4.14%	4.68%	Feb-06	2006	Q1	\$ -		0.00%	\$ -	\$ -	
2006 Q3	4.59%	5.05%	Mar-06	2006	Q1	\$ -		0.00%	\$ -	\$ -	
2006 Q4	4.59%	4.72%	Apr-06	2006	Q2	\$ -		4.14%	\$ -	\$ -	
2007 Q1	4.59%	4.72%	May-06	2006	Q2	\$ -	\$ 277.00	4.14%	\$ -	\$ 277.00	
2007 Q2	4.59%	4.72%	Jun-06	2006	Q2	\$ 277.00	\$ 3,106.00	4.14%	\$ 0.96	\$ 3,383.96	
2007 Q3	4.59%	5.18%	Jul-06	2006	Q3	\$ 3,383.00	\$ 3,855.00	4.59%	\$ 12.94	\$ 7,250.94	
2007 Q4	5.14%	5.18%	Aug-06	2006	Q3	\$ 7,238.00	\$ 3,857.00	4.59%	\$ 27.69	\$ 11,122.69	
2008 Q1	5.14%	5.18%	Sep-06	2006	Q3	\$ 11,095.00	\$ 3,847.00	4.59%	\$ 42.44	\$ 14,984.44	
2008 Q2	4.08%	5.18%	Oct-06	2006	Q4	\$ 14,942.00	\$ 3,859.00	4.59%	\$ 57.15	\$ 18,858.15	
2008 Q3	3.35%	5.43%	Nov-06	2006	Q4	\$ 18,801.00	\$ 3,860.00	4.59%	\$ 71.91	\$ 22,732.91	
2008 Q4	3.35%	5.43%	Dec-06	2006	Q4	\$ 22,661.00	\$ 3,869.00	4.59%	\$ 86.68	\$ 26,616.68	\$ 26,829.77
2009 Q1	2.45%	6.61%	Jan-07	2007	Q1	\$ 26,530.00	\$ 3,867.00	4.59%	\$ 101.48	\$ 30,498.48	
2009 Q2	1.00%	6.61%	Feb-07	2007	Q1	\$ 30,397.00	\$ 3,877.00	4.59%	\$ 116.27	\$ 34,390.27	
2009 Q3	0.55%	5.67%	Mar-07	2007	Q1	\$ 34,274.00	\$ 3,875.00	4.59%	\$ 131.10	\$ 38,280.10	
2009 Q4	0.55%	4.66%	Apr-07	2007	Q2	\$ 38,149.00	\$ 3,881.00	4.59%	\$ 145.92	\$ 42,175.92	
2010 Q1	0.55%	4.34%	May-07	2007	Q2	\$ 42,030.00	\$ 3,878.00	4.59%	\$ 160.76	\$ 46,068.76	
2010 Q2	0.55%	4.34%	Jun-07	2007	Q2	\$ 45,908.00	\$ 3,890.00	4.59%	\$ 175.60	\$ 49,973.60	
2010 Q3	0.89%	4.66%	Jul-07	2007	Q3	\$ 49,798.00	\$ 3,884.00	4.59%	\$ 190.48	\$ 53,872.48	
2010 Q4	1.20%	4.01%	Aug-07	2007	Q3	\$ 53,682.00	\$ 3,887.00	4.59%	\$ 205.33	\$ 57,774.33	
2011 Q1	1.47%	4.29%	Sep-07	2007	Q3	\$ 57,569.00	\$ 3,897.00	4.59%	\$ 220.20	\$ 61,686.20	
2011 Q2	1.47%	4.29%	Oct-07	2007	Q4	\$ 61,466.00	\$ 3,898.00	5.14%	\$ 263.28	\$ 65,627.28	
2011 Q3	1.47%	4.29%	Nov-07	2007	Q4	\$ 65,364.00	\$ 3,906.00	5.14%	\$ 279.98	\$ 69,549.98	
2011 Q4	1.47%	4.29%	Dec-07	2007	Q4	\$ 69,270.00	\$ 3,915.00	5.14%	\$ 296.71	\$ 73,481.71	\$ 48,942.11
2012 Q1	1.47%	4.29%	Jan-08	2008	Q1	\$ 73,185.00	\$ 3,926.00	5.14%	\$ 313.48	\$ 77,424.48	
2012 Q2	1.47%	4.29%	Feb-08	2008	Q1	\$ 77,111.00	\$ 3,933.00	5.14%	\$ 330.29	\$ 81,374.29	
2012 Q3	1.47%	4.29%	Mar-08	2008	Q1	\$ 81,044.00	\$ 3,936.00	5.14%	\$ 347.14	\$ 85,327.14	
2012 Q4	1.47%	4.29%	Apr-08	2008	Q2	\$ 84,980.00	\$ 3,932.00	4.08%	\$ 288.93	\$ 89,200.93	
			May-08	2008	Q2	\$ 88,912.00	\$ 3,939.00	4.08%	\$ 302.30	\$ 93,153.30	
			Jun-08	2008	Q2	\$ 92,851.00	\$ 3,960.00	4.08%	\$ 315.69	\$ 97,126.69	
			Jul-08	2008	Q3	\$ 96,811.00	\$ 3,973.00	3.35%	\$ 270.26	\$ 101,054.26	
			Aug-08	2008	Q3	\$ 100,784.00	\$ 3,968.00	3.35%	\$ 281.36	\$ 105,033.36	
			Sep-08	2008	Q3	\$ 104,752.00	\$ 3,989.00	3.35%	\$ 292.43	\$ 109,033.43	
			Oct-08	2008	Q4	\$ 108,741.00	\$ 3,996.00	3.35%	\$ 303.57	\$ 113,040.57	
			Nov-08	2008	Q4	\$ 112,737.00	\$ 4,010.00	3.35%	\$ 314.72	\$ 117,061.72	
			Dec-08	2008	Q4	\$ 116,747.00	\$ 4,008.00	3.35%	\$ 325.92	\$ 121,080.92	\$ 51,256.09
			Jan-09	2009	Q1	\$ 120,755.00	\$ 4,024.00	2.45%	\$ 246.54	\$ 125,025.54	
			Feb-09	2009	Q1	\$ 124,779.00	\$ 4,028.00	2.45%	\$ 254.76	\$ 129,061.76	
			Mar-09	2009	Q1	\$ 128,807.00	\$ 4,032.00	2.45%	\$ 262.98	\$ 133,101.98	
			Apr-09	2009	Q2	\$ 132,839.00	\$ 4,046.00	1.00%	\$ 110.70	\$ 136,995.70	
			May-09	2009	Q2	\$ 136,885.00	\$ 4,812.00	1.00%	\$ 114.07	\$ 141,811.07	
			Jun-09	2009	Q2	\$ 141,697.00	\$ 12,544.00	1.00%	\$ 118.08	\$ 154,359.08	
			Jul-09	2009	Q3	\$ 154,241.00	\$ 14,457.00	0.55%	\$ 70.69	\$ 168,768.69	
			Aug-09	2009	Q3	\$ 168,698.00	\$ 14,472.00	0.55%	\$ 77.32	\$ 183,247.32	
			Sep-09	2009	Q3	\$ 183,170.00	\$ 14,468.00	0.55%	\$ 83.95	\$ 197,721.95	
			Oct-09	2009	Q4	\$ 197,638.00	\$ 14,500.00	0.55%	\$ 90.58	\$ 212,228.58	
			Nov-09	2009	Q4	\$ 212,138.00	\$ 14,519.00	0.55%	\$ 97.23	\$ 226,754.23	
			Dec-09	2009	Q4	\$ 226,657.00	\$ 14,492.00	0.55%	\$ 103.88	\$ 241,252.88	\$ 122,024.78
			Jan-10	2010	Q1	\$ 241,149.00	\$ 14,544.00	0.55%	\$ 110.53	\$ 255,803.53	
			Feb-10	2010	Q1	\$ 255,693.00	\$ 14,557.00	0.55%	\$ 117.19	\$ 270,367.19	
			Mar-10	2010	Q1	\$ 270,250.00	\$ 14,515.00	0.55%	\$ 123.86	\$ 284,888.86	
			Apr-10	2010	Q2	\$ 284,765.00	\$ 14,552.00	0.55%	\$ 130.52	\$ 299,447.52	
			May-10	2010	Q2	\$ 299,317.00	\$ 15,938.00	0.55%	\$ 137.19	\$ 315,392.19	
			Jun-10	2010	Q2	\$ 315,255.00	\$ 26,663.00	0.55%	\$ 144.49	\$ 342,062.49	
			Jul-10	2010	Q3	\$ 341,918.00	\$ 29,152.00	0.89%	\$ 253.59	\$ 371,323.59	
			Aug-10	2010	Q3	\$ 371,070.00	\$ 29,138.00	0.89%	\$ 275.21	\$ 400,483.21	
			Sep-10	2010	Q3	\$ 400,208.00	\$ 29,238.00	0.89%	\$ 296.82	\$ 429,742.82	
			Oct-10	2010	Q4	\$ 429,446.00	\$ 29,216.00	1.20%	\$ 429.45	\$ 459,091.45	
			Nov-10	2010	Q4	\$ 458,662.00	\$ 29,320.00	1.20%	\$ 458.66	\$ 488,440.66	
			Dec-10	2010	Q4	\$ 487,982.00	\$ 29,316.00	1.20%	\$ 487.98	\$ 517,785.98	\$ 279,114.49
			Jan-11	2011	Q1	\$ 517,298.00	\$ 29,410.00	1.47%	\$ 633.69	\$ 547,341.69	
			Feb-11	2011	Q1	\$ 546,708.00	\$ 17,956.00	1.47%	\$ 669.72	\$ 565,333.72	
			Mar-11	2011	Q1	\$ 564,664.00	\$ 29,366.00	1.47%	\$ 691.71	\$ 594,721.71	
			Apr-11	2011	Q2	\$ 594,030.00	\$ 29,498.00	1.47%	\$ 727.69	\$ 624,255.69	
			May-11	2011	Q2	\$ 623,528.00	\$ 29,445.00	1.47%	\$ 763.82	\$ 653,736.82	
			Jun-11	2011	Q2	\$ 652,973.00	\$ 29,493.00	1.47%	\$ 799.89	\$ 683,265.89	
			Jul-11	2011	Q3	\$ 682,466.00	\$ 29,458.00	1.47%	\$ 836.02	\$ 712,760.02	
			Aug-11	2011	Q3	\$ 711,924.00	\$ 31,442.00	1.47%	\$ 872.11	\$ 744,238.11	
			Sep-11	2011	Q3	\$ 743,366.00	\$ 28,596.50	1.47%	\$ 910.62	\$ 772,873.12	



Ontario Energy Board

Smart Meter Model

Innisfil Hydro Distribution Systems Limited

This worksheet calculates the funding adder revenues.

Account 1555 - Sub-account Funding Adder Revenues

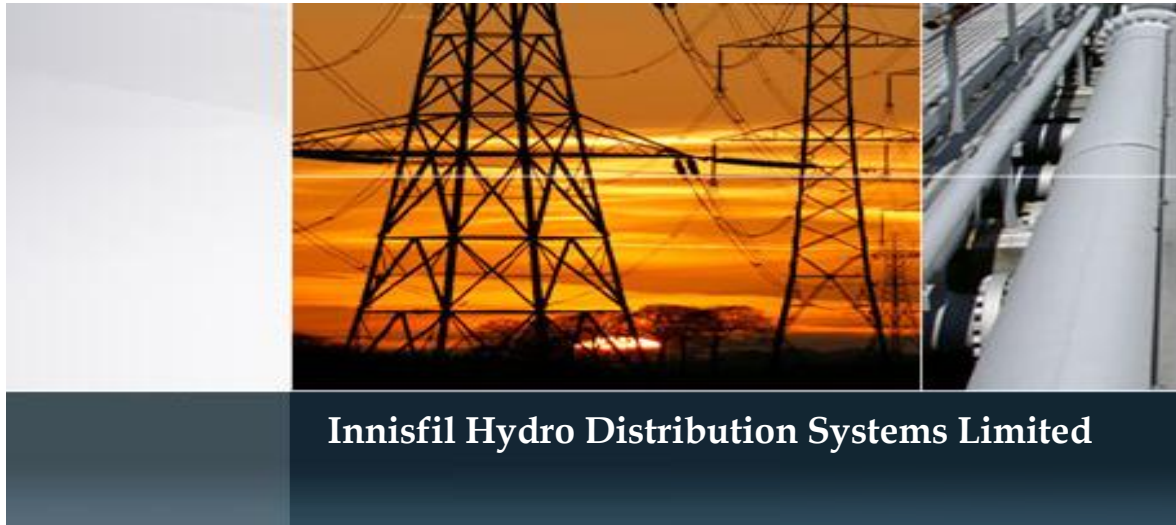
Interest Rates	Approved Deferral and Variance Accounts	CWIP	Date	Year	Quarter	Opening Balance (Principal)	Funding Adder Revenues	Interest		Closing Balance	Annual amounts
								Rate	Interest		
			Oct-11	2011	Q4	\$ 771,962.50	\$ 28,596.50	1.47%	\$ 945.65	\$ 801,504.65	
			Nov-11	2011	Q4	\$ 800,559.00	\$ 28,596.50	1.47%	\$ 980.68	\$ 830,136.18	
			Dec-11	2011	Q4	\$ 829,155.50	\$ 28,596.50	1.47%	\$ 1,015.72	\$ 858,767.72	\$ 350,301.32
			Jan-12	2012	Q1	\$ 857,752.00	\$ 28,596.50	1.47%	\$ 1,050.75	\$ 887,399.25	
			Feb-12	2012	Q1	\$ 886,348.50	\$ 28,596.50	1.47%	\$ 1,085.78	\$ 916,030.78	
			Mar-12	2012	Q1	\$ 914,945.00	\$ 28,596.50	1.47%	\$ 1,120.81	\$ 944,662.31	
			Apr-12	2012	Q2	\$ 943,541.50	\$ 28,596.50	1.47%	\$ 1,155.84	\$ 973,293.84	
			May-12	2012	Q2	\$ 972,138.00	\$ 28,596.50	1.47%	\$ 1,190.87	\$ 1,001,925.37	
			Jun-12	2012	Q2	\$ 1,000,734.50		1.47%	\$ 1,225.90	\$ 1,001,960.40	
			Jul-12	2012	Q3	\$ 1,000,734.50		1.47%	\$ 1,225.90	\$ 1,001,960.40	
			Aug-12	2012	Q3	\$ 1,000,734.50		1.47%	\$ 1,225.90	\$ 1,001,960.40	
			Sep-12	2012	Q3	\$ 1,000,734.50		1.47%	\$ 1,225.90	\$ 1,001,960.40	
			Oct-12	2012	Q4	\$ 1,000,734.50		1.47%	\$ 1,225.90	\$ 1,001,960.40	
			Nov-12	2012	Q4	\$ 1,000,734.50		1.47%	\$ 1,225.90	\$ 1,001,960.40	
			Dec-12	2012	Q4	\$ 1,000,734.50		1.47%	\$ 1,225.90	\$ 1,001,960.40	\$ 157,167.85
Total Funding Adder Revenues Collected							\$ 1,000,734.50		\$ 34,901.91	\$ 1,035,636.41	\$ 1,035,636.41

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This worksheet calculates the interest on OM&A and amortization/depr

Account 1556 - Su

Prescribed Interest Rates	Approved Deferral and Variance Accounts	CWIP	Date	Year	Quarter	Opening Balance (Principal)
2006 Q1	0.00%	0.00%	Jan-06	2006	Q1	\$ -
2006 Q2	4.14%	4.68%	Feb-06	2006	Q1	-
2006 Q3	4.59%	5.05%	Mar-06	2006	Q1	-
2006 Q4	4.59%	4.72%	Apr-06	2006	Q2	-
2007 Q1	4.59%	4.72%	May-06	2006	Q2	-
2007 Q2	4.59%	4.72%	Jun-06	2006	Q2	-
2007 Q3	4.59%	5.18%	Jul-06	2006	Q3	-
2007 Q4	5.14%	5.18%	Aug-06	2006	Q3	-
2008 Q1	5.14%	5.18%	Sep-06	2006	Q3	-
2008 Q2	4.08%	5.18%	Oct-06	2006	Q4	-
2008 Q3	3.35%	5.43%	Nov-06	2006	Q4	-
2008 Q4	3.35%	5.43%	Dec-06	2006	Q4	-
2009 Q1	2.45%	6.61%	Jan-07	2007	Q1	-
2009 Q2	1.00%	6.61%	Feb-07	2007	Q1	-
2009 Q3	0.55%	5.67%	Mar-07	2007	Q1	-
2009 Q4	0.55%	4.66%	Apr-07	2007	Q2	-
2010 Q1	0.55%	4.34%	May-07	2007	Q2	-
2010 Q2	0.55%	4.34%	Jun-07	2007	Q2	-
2010 Q3	0.89%	4.66%	Jul-07	2007	Q3	-
2010 Q4	1.20%	4.01%	Aug-07	2007	Q3	-
2011 Q1	1.47%	4.29%	Sep-07	2007	Q3	-
2011 Q2	1.47%	4.29%	Oct-07	2007	Q4	-
2011 Q3	1.47%	4.29%	Nov-07	2007	Q4	-

2011 Q4	1.47%	4.29%		Dec-07	2007	Q4	-
2012 Q1	1.47%	4.29%		Jan-08	2008	Q1	-
2012 Q2	1.47%	4.29%		Feb-08	2008	Q1	-
2012 Q3	1.47%	4.29%		Mar-08	2008	Q1	-
2012 Q4	1.47%	4.29%		Apr-08	2008	Q2	-
				May-08	2008	Q2	-
				Jun-08	2008	Q2	-
				Jul-08	2008	Q3	-
				Aug-08	2008	Q3	-
				Sep-08	2008	Q3	-
				Oct-08	2008	Q4	-
				Nov-08	2008	Q4	-
				Dec-08	2008	Q4	-
				Jan-09	2009	Q1	-
				Feb-09	2009	Q1	5,275.12
				Mar-09	2009	Q1	10,550.24
				Apr-09	2009	Q2	20,077.87
				May-09	2009	Q2	25,352.99
				Jun-09	2009	Q2	31,751.33
				Jul-09	2009	Q3	39,139.35
				Aug-09	2009	Q3	44,564.47
				Sep-09	2009	Q3	50,562.25
				Oct-09	2009	Q4	56,240.58
				Nov-09	2009	Q4	61,710.70
				Dec-09	2009	Q4	92,224.34
				Jan-10	2010	Q1	103,226.11
				Feb-10	2010	Q1	114,661.83
				Mar-10	2010	Q1	133,546.02
				Apr-10	2010	Q2	142,867.19
				May-10	2010	Q2	154,302.91
				Jun-10	2010	Q2	165,738.63
				Jul-10	2010	Q3	177,174.36
				Aug-10	2010	Q3	188,610.08
				Sep-10	2010	Q3	200,045.80
				Oct-10	2010	Q4	270,340.88
				Nov-10	2010	Q4	281,776.60
				Dec-10	2010	Q4	311,764.58
				Jan-11	2011	Q1	343,894.16
				Feb-11	2011	Q1	353,856.84
				Mar-11	2011	Q1	382,245.75
				Apr-11	2011	Q2	419,134.84
				May-11	2011	Q2	453,655.66
				Jun-11	2011	Q2	494,132.36
				Jul-11	2011	Q3	544,065.14
				Aug-11	2011	Q3	574,551.90
				Sep-11	2011	Q3	650,507.33
				Oct-11	2011	Q4	673,996.78
				Nov-11	2011	Q4	698,508.18
				Dec-11	2011	Q4	717,693.97

	Jan-12	2012	Q1	736,879.75
	Feb-12	2012	Q1	756,362.79
	Mar-12	2012	Q1	775,845.83
	Apr-12	2012	Q2	795,328.87
	May-12	2012	Q2	814,811.90
	Jun-12	2012	Q2	834,294.94
	Jul-12	2012	Q3	853,777.98
	Aug-12	2012	Q3	873,261.02
	Sep-12	2012	Q3	892,744.06
	Oct-12	2012	Q4	912,227.10
	Nov-12	2012	Q4	931,710.13
	Dec-12	2012	Q4	951,193.17



preciation expense, based on monthly data.

b-accounts Operating Expenses, Amortization Expenses, Carrying Charges

OM&A Expenses	Amortization / Depreciation Expense	Closing Balance (Principal)	(Annual) Interest Rate	Interest (on opening balance)	Cumulative Interest
		-	0.00%	-	-
		-	0.00%	-	-
		-	0.00%	-	-
		-	4.14%	-	-
		-	4.14%	-	-
		-	4.14%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	4.59%	-	-
		-	5.14%	-	-
		-	5.14%	-	-

\$ 6,566.67	\$ 12,916.37	756,362.79	1.47%	902.68	10,539.10
\$ 6,566.67	\$ 12,916.37	775,845.83	1.47%	926.54	11,465.65
\$ 6,566.67	\$ 12,916.37	795,328.87	1.47%	950.41	12,416.06
\$ 6,566.67	\$ 12,916.37	814,811.90	1.47%	974.28	13,390.34
\$ 6,566.67	\$ 12,916.37	834,294.94	1.47%	998.14	14,388.48
\$ 6,566.67	\$ 12,916.37	853,777.98	1.47%	1,022.01	15,410.49
\$ 6,566.67	\$ 12,916.37	873,261.02	1.47%	1,045.88	16,456.37
\$ 6,566.67	\$ 12,916.37	892,744.06	1.47%	1,069.74	17,526.11
\$ 6,566.67	\$ 12,916.37	912,227.10	1.47%	1,093.61	18,619.73
\$ 6,566.67	\$ 12,916.37	931,710.13	1.47%	1,117.48	19,737.20
\$ 6,566.67	\$ 12,916.37	951,193.17	1.47%	1,141.34	20,878.55
\$ 6,566.63	\$ 12,916.37	970,676.17	1.47%	1,165.21	22,043.76

\$ 463,724.24 \$ 506,951.93 \$ 970,676.17





Ontario Energy Services

Smart Meter

Innisfil Hydro Distribution Systems Limited

This worksheet calculates the interest on OM&A and amortization/depreciation expense, in the absence of monthly data.

Year	OM&A (from Sheet 5)	Amortization Expense (from Sheet 5)	Cumulative OM&A and Amortization Expense	Average Cumulative OM&A and Amortization Expense	Average Annual Prescribed Interest Rate for Deferral and Variance Accounts (from Sheets 8A and 8B)	Simple Interest on OM&A and Amortization Expenses
2006	\$ -	\$ -	\$ -	\$ -	4.37%	\$ -
2007	\$ -	\$ 543.37	\$ 543.37	\$ 271.68	4.73%	\$ 12.84
2008	\$ -	\$ 1,618.97	\$ 2,162.33	\$ 1,352.85	3.98%	\$ 53.84
2009	\$ 39,924.00	\$ 64,377.07	\$ 106,463.40	\$ 54,312.87	1.14%	\$ 617.81
2010	\$ 103,440.00	\$ 136,934.67	\$ 346,838.07	\$ 226,650.73	0.80%	\$ 1,807.54
2011	\$ 241,561.00	\$ 151,131.40	\$ 739,530.47	\$ 543,184.27	1.47%	\$ 7,984.81
2012	\$ 78,800.00	\$ 149,574.23	\$ 967,904.70	\$ 853,717.58	1.47%	\$ 12,549.65
Cumulative Interest to 2011						\$ 10,476.84
Cumulative Interest to 2012						\$ 23,026.49

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Ontario Energy Board

Smart Meter Model

Innisfil Hydro Distribution Systems Limited

This worksheet calculates the Smart Meter Disposition Rider and the Smart Meter Incremental Revenue Requirement Rate Rider, if applicable. This worksheet also calculates any new Smart Meter Funding Adder that a distributor may wish to request. However, please note that in many 2011 IRM decisions, the Board noted that current funding adders will cease on April 30, 2011 and that the Board's expectation is that distributors will file for a final review of prudence at the earliest opportunity. The Board also noted that the SMFA is a tool designed to provide advance funding and to mitigate the anticipated rate impact of smart meter costs when recovery of those costs is approved by the Board. The Board observed that the SMFA was not intended to be compensatory (return on and of capital) on a cumulative basis over the term the SMFA was in effect. The SMFA was initially designed to fund future investment, and not fully fund prior capital investment. Distributors that seek a new SMFA should provide evidence to support its proposal. This would include documentation of where the distributor is with respect to its smart meter deployment program, and reasons as to why the distributor's circumstances are such that continuation of the SMFA is warranted. Press the "UPDATE WORKSHEET" button after choosing the applicable adders/riders.

Check if applicable

- ☐ Smart Meter Funding Adder (SMFA)
- ☒ Smart Meter Disposition Rider (SMDR)
- ☒ Smart Meter Incremental Revenue Requirement Rate Rider (SMIRR)

The SMDR is calculated based on costs to December 31, 2011

The SMIRR is calculated based on the incremental revenue requirement associated with the recovery of capital related costs to December 31, 2012 and associated OM&A.

	2006	2007	2008	2009	2010	2011	2012 and later	Total
Deferred and forecasted Smart Meter Incremental Revenue Requirement (from Sheet 5)	\$ -	\$ 1,434.43	\$ 4,122.47	\$ 181,613.70	\$ 391,047.08	\$ 549,979.50	\$ 376,311.97	\$ 1,504,509.14
Interest on Deferred and forecasted OM&A and Amortization Expense (Sheet 8A/8B) (Check one of the boxes below)	\$ -	\$ -	\$ -	\$ 254.50	\$ 1,656.78	\$ 7,725.15		\$ 9,636.43
<input checked="" type="checkbox"/> Sheet 8A (Interest calculated on monthly balances)	\$ -	\$ -	\$ -	\$ 254.50	\$ 1,656.78	\$ 7,725.15		\$ 9,636.43
<input type="checkbox"/> Sheet 8B (Interest calculated on average annual balances)								\$ -
SMFA Revenues (from Sheet 8)	\$ 26,530.00	\$ 46,655.00	\$ 47,570.00	\$ 120,394.00	\$ 276,149.00	\$ 340,454.00	\$ 142,982.50	\$ 1,000,734.50
SMFA Interest (from Sheet 8)	\$ 299.77	\$ 2,287.11	\$ 3,686.09	\$ 1,630.78	\$ 2,965.49	\$ 9,847.32	\$ 14,185.35	\$ 34,901.91
Net Deferred Revenue Requirement	-\$ 26,829.77	-\$ 47,507.68	-\$ 47,133.62	\$ 59,843.42	\$ 113,589.37	\$ 207,403.32	\$ 219,144.12	\$ 478,509.16
Number of Metered Customers (average for 2012 test year)							14914	

Calculation of Smart Meter Disposition Rider (per metered customer per month)

Years for collection or refunding	2
Deferred Incremental Revenue Requirement from 2006 to December 31, 2011 plus Interest on OM&A and Amortization	\$ 1,137,833.59
SMFA Revenues collected from 2006 to 2012 test year (inclusive) Plus Simple Interest on SMFA Revenues	\$ 1,035,636.41
Net Deferred Revenue Requirement	\$ 102,197.18
SMDR May 1, 2012 to April 30, 2014	\$ 0.29
Check: Forecasted SMDR Revenues	\$ 103,801.44

Match

Calculation of Smart Meter Incremental Revenue Requirement Rate Rider (per metered customer per month)

Incremental Revenue Requirement for 2012	\$ 376,311.97
SMIRR	\$ 2.10

Match

Check: Forecasted SMIRR Revenues

\$ 375,832.80





Funding and Cost Recovery Mechanisms

The following table provides a summary of the three mechanisms for smart meter funding and cost recovery that the Board has established and that can be calculated by this model. The Smart Meter Funding Adder ("SMFA") was described in Guideline G-2008-0002. The Smart Meter Disposition Rider ("SMDR") and Smart Meter Incremental Revenue Requirement Rate Rider ("SMIRR") were defined by the Board in the Decision for PowerStream Inc.'s application for Smart Meter disposition [EB-2010-0209], October 1, 2010.

Title	Acronym	Description
Smart Meter Funding Adder	SMFA	<ul style="list-style-type: none"> Mechanism to provide funding before and during smart meter deployment and acts to smooth the rate increases due to smart meter implementation. First implemented in rates for May 1, 2006. Initially established at a level of about \$0.26/month per metered customer for most distributors; some utilities have had unique SMFA rates due to initial Smart Meter Implementation Plans. Distributors could subsequently apply for a standard SMFA of \$1.00 per metered customer per month or a utility-specific SMFA. SMFA revenues are tracked in a sub-account of Account 1555. Upon disposition, the SMFA revenues and simple interest are used to offset the deferred historical revenue requirement of installed smart meters plus interest on the OM&A and amortization/depreciation expenses, with the variance recovered or refunded through the SMDR. In many 2011 EDR applications, the Board capped the SMFA at \$2.50/month per metered customer. Further, the Board indicated that the SMFA would cease by April 30, 2012.
Smart Meter Disposition Rider	SMDR	<ul style="list-style-type: none"> The SMDR recovers, over a specified time period, the variance between: 1) the deferred revenue requirement for the installed smart meters up to the time of disposition and interest on OM&A and depreciation/amortization expenses; and 2) the SMFA revenues collected and associated interest. The SMDR should be calculated as a fixed monthly charge. The capital (smart meter, AMI, systems hardware and software) and operating expenses are largely fixed costs and invariant to a customer's demand, and hence should be recovered largely through fixed charges. In many cases the SMDR has been recovered on an equal basis from all metered customer classes, although more recent decisions have dealt with class-specific disposition riders. The distributor should determine and support its proposed allocation, based on principles of cost causality and practicality.
Smart Meter Incremental Revenue Requirement Rate Rider	SMIRR	<ul style="list-style-type: none"> When smart meter disposition occurs in a stand-alone application, a SMIRR is calculated as the proxy for the incremental change in the distribution rates that would have occurred if the assets and operating expenses were incorporated into the rate base and the revenue requirement. The SMIRR is calculated as the annualized revenue requirement for the test year for the capital and operating costs for smart meters. The SMIRR should be calculated as a fixed monthly charge, similar to the SMDR. The allocation for the SMIRR should generally be the same as for the SMDR. The SMIRR ceases at the time of the utility's next cost of service application when smart meter capital and operating costs are explicitly incorporated into the rate base and revenue requirement.

Cost of Service Applications

The recovery of smart meter capital and operating costs is normally approved (or denied) following a review for prudence and disposition in a cost of service proceeding. A smart meter disposition rate rider (SMDR) is used to recover the residual revenue requirement that is made up of smart meter costs up to the time of disposition plus interest on OM&A and depreciation/amortization expenses, less amounts collected through the SMFA and associated interest. The approved gross book value and accumulated depreciation of installed smart meters are then added to rate base, and the test period operating expenses are added to OM&A. This ensures the recovery of the incremental revenue requirement on a going-forward basis through base rates. Further, smart meter capital and operating costs should be reflected in the cost allocation study to ensure an appropriate allocation of costs to the various customer classes.¹

If a distributor seeks approval for costs related to 100% smart meter deployment, any capital and operating costs for smart meters that are installed beyond the (2012) test year (i.e. for new customers) should not be recorded in Accounts 1555 and 1556.

The Board considers that rates will be fully compensatory when smart meter costs are either incorporated into base rates or recovered by means of the SMIRR. When smart meters are installed for new customers, these customers will pay rates that reflect the recovery of smart meter costs. The costs of these additional smart meter costs should be reflected in normal capital and operating accounts, akin to other normal distribution assets and costs.

Stand-alone Applications

As per *Chapter 3 of the Filing Requirements for Transmission and Distribution Applications*, issued June 22, 2011, the Board expects those distributors that are scheduled to remain on IRM to file a stand-alone application with the Board seeking final approval for smart meter related costs. When rates are adjusted in a stand-alone application, there is no re-evaluation of rate base or of the revenue requirement for the purpose of setting distribution rates. Where the Board approves smart meter capital and operating costs outside of a cost of service proceeding, a SMDR is still required. In addition, a smart meter incremental revenue requirement rate rider (SMIRR) is established to recover the prospective annualized incremental revenue requirement for the approved smart meters, until the distributor's next cost of service application. The SMIRR continues until the effective date of the distributor's next cost of service rate order, at which time assets and costs are incorporated into the rate base and revenue requirement and recovered on a going-forward basis through base rates.

As in a cost of service application, when smart meter costs are approved for 100% deployment, capital and operating costs for smart meters on a going-forward basis are no longer recorded in Accounts 1555 and 1556; instead the costs are recorded in the applicable capital or operating expense account (e.g. Account 1860 – Meters for smart meter capital assets).

Evidence to be Filed in Support of Smart Meter Cost Recovery in a Cost of Service or Stand-Alone Application

The purpose of this model is to calculate a smart meter revenue requirement from a distributor's capital and OM&A costs, and to provide one methodology for the determination of associated riders and/or adders. In addition to filing this model, distributors must provide in any application for cost recovery detailed descriptions of all costs incurred. The onus is on the distributor to support its case, and the distributor should provide any additional information necessary to understand the distributor's costs in light of its circumstances. In considering the recovery of smart meter costs, the Board also expects that a distributor will provide evidence on any operational efficiencies and cost savings that result from smart meter implementation. As an example, meter reading expenses may be reduced with the activation of remote meter reading through the AMI network for residential and small general service customers.

When applying for the recovery of smart meter costs, a distributor should ensure that historical cost information has been audited including the smart meter-related deferral account balances up to the distributor's last Audited Financial Statements. A distributor may also include historical costs that are not audited and estimated costs, corresponding to a stub period or to a forecast for the test rate year. The Board expects that the majority (i.e. 90% or more) of costs for which the distributor is seeking recovery will be audited. In all cases, the Board expects that the distributor will document and explain any differences between unaudited or forecasted amounts and audited costs.

Costs Beyond Minimum Functionality

While authorized smart meter deployment must meet the requirements for minimum functionality, a distributor may incur costs that are beyond the "minimum functionality". To date, the Board has reviewed three types of costs that are "beyond minimum functionality":

A. Costs for technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06;

B. Costs for deployment of smart meters to customers other than residential and small general service (i.e. Residential and GS < 50 kW customers); and

C. Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.

Costs beyond minimum functionality for which recovery is sought must be recorded in the Smart Meter Costs tab of the model in these three categories, and appropriate supporting evidence for each cost type must be provided in the application. Further comments on each of these cost types are provided below.

A. Costs for technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg. 425/06

O.Reg. 425/06 specifies that costs that exceed minimum functionality may be approved by the Board for recovery. In deciding whether technical capabilities of installed smart meters or associated communications or other infrastructure that exceed minimum functionality are recoverable, the Board will consider the benefits of the added technical features and the prudence of these costs. Any distributor seeking recovery for these additional capabilities should provide documentation of the additional technical capabilities, the reasons for them and a detailed cost/benefit analysis.

Technical functionality beyond minimum functionality was dealt with by the Board with respect to Hydro One Networks' 2008 cost of service application, regarding the costs and benefits of super-capacitors in the smart meters and AMI collectors. In its Decision and Order on that application (EB-2007-0681), issued December 18, 2008, the Board approved the recovery of the incremental costs.

B. Costs for deployment of smart meters to customers other than residential and small general service

O.Reg. 425/06 defines smart meter deployment as pertaining to residential and small general service customers. The Functional Specification sets the required minimum level of functionality for the AMI to be "for residential and small general service consumers where the metering of demand is not required." As such, minimum functionality has been defined as customers in the residential and general service ("GS") < 50 kW classes.

While some customers in other metered customer classes (GS > 50 kW, Intermediate, Large Use) have interval meters that measure peak demand in a time interval, some distributors may have customers in these classes that have conventional meters and are not eligible for the regulated price plan ("RPP") and therefore are subject to the weighted average spot market price.

A distributor may, as part of its smart meter deployment program, decide to install smart meters for these customers. This could be on the basis that these customers will have higher demand than will typical residential and GS < 50 kW customers, and providing them with better information on how much and when they consume electricity may provide these customers with opportunities for more energy conservation and load shifting. While such meter conversions may generally appear to be logical, they are outside of the regulation and hence are beyond minimum functionality. In other instances, a distributor may convert the meters of interval-metered customers upon repair or re-sealing to "smart" meters that communicate using the AMI infrastructure that the distributor has installed, replacing the existing communications systems for these meters. Again, as these are for meters for customers other than residential and small general service, they are outside of the regulation and hence beyond minimum functionality.

The Board, as part of the Combined Proceeding (EB-2007-0063, December 13, 2007), approved cost recovery for meter conversions for GS > 50 kW customers for both Toronto Hydro Electric System Limited ("Toronto Hydro") and Hydro Ottawa Limited. However the Board stated:

"The Board is explicitly not finding that the costs associated with these meters fall into the minimum functionality costs. The Board approval of these costs is ancillary to the smart meter decision."

With respect to Toronto Hydro, the Board subsequently approved the recovery of these costs for smart meter installation/conversion for GS > 50 kW customers in Toronto Hydro's 2008-2009 [EB-2007-0681] and 2011 [EB-2010-0142] cost of service rate applications.

Some distributors may be doing "smart meter" conversions for General Service > 50 kW customers upon repair or resealing to enable meter data collection through the AMI infrastructure. While it is recognized that these smart meter installations and conversions are "beyond minimum functionality", a distributor may apply for the recovery of such costs. The application should document the nature, the justification and the cost per meter separately from those for the residential and GS < 50 kW customers.

C. Costs for TOU rate implementation, CIS system upgrades, web presentation, etc.

Costs for CIS systems, TOU rate implementation, etc., are beyond minimum functionality as established by the Board in the Combined Proceeding. However, such costs may be recoverable. In its application, a distributor should show how these costs are required for its smart meter program. Further, a distributor should document how these costs are incremental. For example, if a distributor has a normal budget for maintenance of its billing and CIS systems, costs claimed for system maintenance and upgrades must be shown to be incremental to the normal budget that is already recovered in base rates.

All costs beyond minimum functionality should be clearly identified and supported. Costs that are for meter data functions that will be the responsibility of the Smart Metering Entity will not be recoverable, unless already allowed for as per O.Reg. 426/06. Costs for other matters such as CIS changes or TOU bill presentation may be recoverable, but the distributor will have to support these costs and will have to demonstrate how they are required for the smart meter deployment program and that they are incremental to the distributor's normal operating costs.

Cost recovery for ongoing costs of the Smart Metering Entity should not be included in any smart meter cost recovery application, until such time as the Board establishes a cost recovery mechanism. To date, the Board has disallowed requests for either cost recovery or the establishment of a deferral account to track these costs.

Cost Allocation

The model does not deal with allocations between customer rate classes. In calculating the SMDR and SMIRR, the Board has approved, in some applications, the recovery of amounts from certain applicable customer classes based on the availability of detailed data at the customer class level and on principles of cost causality.

If a distributor does not have sufficient information to support an allocation to the applicable classes, a distributor may choose to propose a recovery on the basis of all metered customers resulting in one uniform rate rider for all metered customer classes. The model calculates the SMFA, SMIRR and SMDR on this basis.

Whichever method is adopted, the Board is of the view that any cost allocation approach should be consistent between the SMDR and the SMIRR when disposition is sought in a stand-alone application. The Board will entertain proposals supported by analysis for SMDRs and SMIRRs based on principles of cost causality and where the distributor has the necessary historical and forecasted data. Distributors should refer to the PowerStream application considered under EB-2010-0209 for a practical approach. However, if a distributor decides to adopt this approach in its application, it will have to adjust it to its own circumstances.² Further, adoption of this approach will not predetermine its approval by the Board in an individual application.

Stranded Meters

The model does not address the recovery of stranded meter costs. Distributors filing Cost of Service applications should refer to *Chapter 2 of the Filing Requirements for Transmission and Distribution Applications*, issued June 22, 2011 (Section 2.5.1.5).

While it would be preferable, conceptually, to also deal with stranded meter costs in a non-cost of service application, the Board recognizes that practical difficulties would arise since there is no restatement of rate base and rates. The Board therefore expects that stranded meter costs will be left in rate base until the distributor's next cost of service application.

The Stranded Meter Rate Rider to recover the residual Net Book Value of stranded (i.e. replaced conventional) meters is separate from any SMDR or SMIRR. In other words, a distributor must calculate (and should show its derivation) the Stranded Meter Rate Rider on a stand-alone basis.

¹ See Section 2.10 – Cost Allocation of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, issued June 22, 2011.

² For example, if a distributor has deployed smart meters to classes other than Residential and GS < 50 kW, it will have to reflect the additional classes in any cost allocation proposal.