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Ontario Energy Board
P. O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4
Attn: Ms. K. Walli
Board Secretary

February 9, 2007

Dear Ms. Walli

Re: EB-2007-0523

Please find enclosed Enersource Hydro Mississauga Inc.'s Smart Meter Rate Adder informational filing.

Sincerely,

K. Litt

K. Litt
Manager, Rates and Regulatory

Encl.

EB-2007-0523

2007 Smart Meter Rate Adder

Submitted by:

Enersource Hydro Mississauga Inc.

February 9, 2007

I N D E X

Manager's Summary

Smart Meter Rate Adder Model

Attachment A

Smart Meter Rate Adder Model, per OEB

Attachment B

Continuity Table

Attachment C

Estimated Revenue, Capital and OM&A Balances as of April 30, 2008

Attachment D

Manager's Summary

Enersource Hydro Mississauga Inc. ("Enersource") files further information, as requested by the Ontario Energy Board (the "OEB" or the "Board") in its January 26, 2007 letter and in support of determining a Smart Meter Rate Adder to be authorized effective May 1, 2007. This Manager's Summary is accompanied by two versions of the OEB's Smart Meter Rate Adder Model, a continuity table and estimates of the revenue, expense and capital spending that, under certain circumstances, may be incurred.

Any correspondence on this filing is to be directed to:

Enersource Hydro Mississauga Inc.
3240 Mavis Road
Mississauga, ON L5C 3K1
Attn: K. Litt
Manager, Rates and Regulatory

Tel: 905.283.4247
Fax: 905.566.2737
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Enersource appreciates that the Board is requesting this information and in this presentation style to assist in comparing and understanding the information presented by distributors in their respective Smart Meter Implementation Plans ("SMIP") filed on December 15, 2006. Enersource's SMIP relied on data and assumptions, including:

- All estimates are provided on a rate year basis, being May 1 to April 30;
- All customer groups that will be provided with a Smart Meter during the 2007 rate year;
- Using 180,000 customers;
- Using an appropriate marginal tax rate;
- Recognition of the revenue requirement, including tax, for the write off and disposition of conventional meters;
- Rate base premised on net fixed assets valued at the full amount of capital spending less the applicable depreciation expense;
- Weighted average cost for all customer classes, specifically General Service > 50 kW and multi-unit residential buildings;
- The costs to replace potentially hazardous Murray Jensen meter bases;
- A 5 year depreciable life for hardware and software;
- A 15 year depreciable life for smart meters;
- Excluding Smart Meters installed using Third Tranche Conservation and Demand Management ("3rd Tranche CDM") funds;
- Prevailing tax rates, allowed return on equity, incurred cost of debt and deemed capitalization ratios relied on for rate setting purposes.

In order to provide the Board with as complete an understanding as possible of the Smart Meter Rate Adder requested in the SMIP and the Rate Adder as determined by the Board's Model, Enersource is providing two versions of the completed Model and a continuity schedule that links their outputs.

Background

The January 29, 2007 Report of the Board on 2nd Generation Incentive Regulation for Ontario's Electricity Distributors Addendum for Smart Metering Rates (the "Report") captures the current status of this initiative. Enersource has participated in or observed these developments, eg. it administered the 2006 Request for Pre-Qualification for the supply and installation of Smart Meters on behalf of the Coalition of Large Distributors, by conducting Smart Meter pilot projects, by participating in Independent Electricity System Operator working groups on Smart Meter System Implementation Program.

Status

Under the Smart Avenues pilot project, Enersource installed and operated 550 Smart Meters in a residential neighbourhood with single family detached homes. This pilot project, that was funded by CDM 3rd Tranche funds, provided Enersource with hands on experience in procuring, installing, operating and maintaining Smart Meters. As well, Enersource used another portion of these funds to retrofit the installation of Smart Meters in an existing multi-unit residential building and subsequently to operate these meters in conventional meter mode. This project provided direct experience in retro-fitting an existing building that was neither designed nor constructed to accommodate individual suite metering. Both projects yielded valuable experience and information about costs.

One of the lessons learned through these pilot projects is that some of the meter bases in service at customers' sites present a potential safety hazard at the time that the conventional meter is removed. The subject meter bases were manufactured by Murray Jensen and are in service at approximately 5,000 customer's sites throughout Mississauga. The Electrical Safety Authority released a bulletin on this known hazard and Enersource developed its own Safe Work Practice Statement applicable to these meter bases. Under that Safe Work Practice statement Enersource will identify and confirm whether a meter base was manufactured by Murray Jensen. Upon confirmation, Enersource will engage properly qualified electricians to change out the meter base. At this time it is estimated that approximately \$370 in labour and materials costs will be incurred to change out each Murray Jensen meter base.

ENERSOURCE'S SMART METER RATE ADDER MODEL

Enersource's Smart Meter Rate Adder Model (the "SMRA Model") filed at Attachment A to this Manager's Summary relies on the Smart Meter installation and cost assumptions of the SMIP. The costs relied on in the Model are discussed further below.

Please note that many of the costs required to complete the SMRA Model are commercially sensitive and are subject to confidentiality provisions of executed agreements. For this reason Enersource has provided line item totals rather than the specific line items that support the totals.

Smart Meter Unit Costs

For the 2007 rate year Smart Meter Unit Costs amount to approximately \$225.38, on a weighted average number of customers by customer class basis. The average cost of a residential Smart Meter is approximately \$126.14. These costs consist of:

- Smart Meter costs;
- Collector units;
- Installation costs of Smart Meters and Collector units;
- Costs to warehouse purchased Smart Meters;
- Physical disposal of conventional meters;
- Materials burden; and
- Provincial sales tax ("PST") on purchased materials.

Please note that under the contract with the supplier Enersource pays for Smart Meters in Canadian funds that are linked to prevailing exchange rates.

Installation services are also provided under a contract and include the following services:

- Provision of tools;
- Retrieval of supplies and materials from warehouse;
- Verification of meter base, in particular whether it was manufactured by Murray Jensen, and if a Murray Jensen meter base exists arrange for meter base change out;
- Final meter reading of existing meter;
- Photographing the conventional meter prior to removal;
- Removal of existing meter;
- Installation of Smart Meter;
- Inspection of the installation of the Smart Meter;
- Provision of printed customer communications material; and
- Travel time between customer sites.

AMI Capital Costs

Automated Metering Infrastructure ("AMI") capital costs consist of hardware and software costs including:

- Computer and backup computer capability;
- Costs to integrate the AMI with the MDM/R;
- Software;
- Integration costs, eg., of the AMI to Enersource's existing Customer Information System;
- Training;
- Staff costs (eg., programming, project management);
- Materials burden;

- PST on purchased materials.

The AMI related costs amount to \$1,575,600.

Other Capital Costs

Enersource has not identified any Other Capital Costs.

Incremental AMI Operational Expenses and Incremental Other Operational Expenses

Incremental AMI operational expenses are assumed to be included in the incremental Operations, Maintenance and Administration Costs that have been estimated at \$1.03/Smart Meter/month as set out in the Appendices to the Board's January 26, 2005 Smart Meter Implementation Plan, Report of the Board to the Minister.

SUPPORTING ATTACHMENTS

Enersource provides three other supporting attachments and are described further below.

At Attachment B to this filing Enersource provides a version of the OEB's Smart Meter Rate Adder Model run as directed by the Board. Specifically, it does not include either capital spending on Smart Meters for General Service > 50 kW customers or the costs associated with the change out of Murray Jensen meter bases.

Enersource has provided a continuity table (Attachment C) that links the Smart Meter Rate Adder proposed in its Smart Meter Implementation Plan to the Smart Meter Rate Adder set out at Attachment B. The adjustments are those listed at pages 1 and 2. The continuity table demonstrates the consistency between Enersource's proposed Smart Meter rate adder of \$2.60/customer/month and that estimated using the Board's Smart Meter Rate Adder Model.

As was stated in its SMIP, Enersource proposes to account for Smart Meters as follows:

1. All expenses pertaining to smart meters be recognized in the period that they are incurred;
2. Allow a corresponding revenue to be recognized in the same period as the expenses are incurred;
3. Record the difference between items 1 and 2 in variance account 1556;
4. Allow utilities to record the net unrecovered balance (full write-off amount less recoveries) of existing meters in a new variance account;
5. Allow utilities to record the regulated rate of return on net meter assets invested (new smart meter investment less total existing meters replaced) plus an appropriate amount for PILs in revenues;
6. Allow utilities to record the over or under recovery of regulated rate of return on net meter assets invested in account 1555;
7. Record smart meter assets in a new account within the fixed asset section of the Uniform System of Accounts.

At Attachment D, and for illustrative purposes only, Enersource has projected the amount of capital spending and OM&A expense that could be incurred in the 2007 rate year, May 1, 2007 to April 30, 2008, assuming that the SMIP is acted on. The attachment also estimates the revenues recovered through rates if the currently authorized \$0.31/customer/month rate adder is relied on and if the proposed \$2.60/customer/month is relied on. Enersource notes that disposing of these balances through rates, authorizing an appropriate cost recovery mechanism and authorizing further funding, if implemented in the same year, may result in rate shock.

Enersource's 2007 Electricity Distribution Rates application ("2007 EDR") proposes to recover an incremental \$2.29/customer/month to permit the recovery of Smart Meter related costs. This amount is the difference between the \$2.60 rate adder estimated in the SMIP and supported by this submission and the \$0.31/customer/month previously authorized by the Board (Decision and Order RP-2005-0020/EB-2006-0360, dated April 12, 2005). As is documented in the SMIP, this plan is being acted on to fulfill the government's commitment to install 800,000 Smart Meters by December 31, 2007. The proposed rate supports the recovery of the ongoing costs of providing distribution service and, as is demonstrated in Enersource's 2007 EDR, results in bill increase that are typically less than 5%.

Attachment A



Ontario Energy Board

2007 EDR Smart Meter Rate Calculation Model

Sheet 1 Utility Information Sheet

Legend:	Input Cell	Pull-Down Menu Option	Output Cell
	From Another Sheet	To The 2007 IRM Model	To Another Sheet

Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.

Name of LDC:	Enersource Hydro Mississauga Inc.		
Licence Number:	ED-2003-0017	Smart Meter Grouping:	Listed
IRM 2007 EB Number:	EB-2007-0523		
EDR 2006 RP Number:	RP-2005-0020	EDR 2006 EB Number:	EB-2005-0360
Date of Submission:	February 9, 2007	Revision:	0
Version:	1.0		
Contact Information			
Name:	Kathi Litt		
Title:	Manager, Rates & Regulatory		
Phone Number:	905.283.4247		
E-Mail Address:	klitt@enersource.com		

Please Note: In the event of an inconsistency between this model and any element of the January 2007 "Report of the Board on 2nd Generation Incentive Regulation of Ontario's Electricity Distributors - Addendum for Smart Metering Rates", the Report governs.

Copyright

This Distribution Rate model is protected by copyright and is being made available to you solely for the purpose of preparing or reviewing an Distribution Rate application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing or reviewing an Distribution Rate application, you must ensure that the person understands and agrees to the restrictions noted above.



2007 EDR Smart Meter Rate Calculation Model
Enersource Hydro Mississauga Inc.
EB-2007-0523
February 9, 2007

Sheet 2. Smart Meter Capital Cost and Operational Expense Data

Smart Meter Unit Installation Plan: (From Smart Meter Plan filed December 15, 2006)

Planned number of Residential smart meters to be installed	2006	2007	2008	2009	2010	Total
Planned number of General Service Less Than 50 kW smart meters	18,679	61,258	43,692	45,593	32,278	201,500
Planned Meter Installation (Residential and Less Than 50 kW only)	-	1,827	6,808	6,935	4,956	20,526
Planned Meter Installation Completed before January 1, 2008	18,679	63,085	50,500	52,528	37,234	222,026
		81,764				

Smart Meter Unit Cost

Smart Meter Unit Cost
Enter the invoiced cost per smart meter purchased
Please provide details in Manager's Summary

Smart Meter Other Unit Cost
Enter the invoiced other costs per smart meter unit purchased
Please provide details in Manager's Summary

Smart Meter Installation Cost per Unit
Enter the time and material cost per smart meter unit installed
Please provide details in Manager's Summary

Smart Meter Other Cost per Unit
Enter the other cost per smart meter unit installed
Please provide details in Manager's Summary

Total Unit cost per Smart Meter
E = A + B + C + D

3 LDC Assumptions and Data

2006 2007 2008 2009 2010 Total

\$ 330,100 \$ 200,000 \$ - \$ - \$ - \$ 530,100

3 LDC Assumptions and Data

2006 2007 2008 2009 2010

\$ 556,163 \$ 509,338 \$ 40,000 \$ - \$ - \$ 1,105,500

3 LDC Assumptions and Data

\$ 886,263 \$ 709,338 \$ 40,000 \$ - \$ - \$ 1,635,600

H = F + G

2006 2007 2008 2009 2010 Total

\$ - \$ - \$ - \$ - \$ - \$ -

3 LDC Assumptions and Data

2006 2007 2008 2009 2010

\$ - \$ - \$ - \$ - \$ - \$ -

3 LDC Assumptions and Data

\$ - \$ - \$ - \$ - \$ - \$ -

K = I + J

2006 2007 2008 2009 2010 Total

\$ 54,916 \$ 678,484 \$ 1,361,013 \$ 2,003,963 \$ 1,674,077 \$ 5,772,452

3 LDC Assumptions and Data

\$ - \$ - \$ - \$ - \$ - \$ -

3 LDC Assumptions and Data

\$ - \$ - \$ - \$ - \$ - \$ -

3 LDC Assumptions and Data

\$ - \$ - \$ - \$ - \$ - \$ -

N = L + M

2006 2007 2008 2009 2010 Total

\$ - \$ - \$ - \$ - \$ - \$ -

3 LDC Assumptions and Data

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3 LDC Assumptions and Data

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3 LDC Assumptions and Data

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Q = O + P



2007 EDR Smart Meter Rate Calculation Model
Enersource Hydro Mississauga Inc.
EB-2007-0523
February 9, 2007

Sheet 3. LDC Assumptions and Data

Assumptions:

1. Planned meter installations occur evenly through the year.
2. Year assumed January to December
3. Amortization is straight line and has half year rule applied in first year

2006 EDR Data Information

Deemed Debt (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 18)
Deemed Equity (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 19)
Weighted Debt Rate (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 25)
Proposed ROE (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell E 32)
Weighted Average Cost of Capital

60% 4. Smart Meter Rate Calc
40% 4. Smart Meter Rate Calc
6.44% 4. Smart Meter Rate Calc
9.00% 4. Smart Meter Rate Calc
7.46%

2006 EDR Total Metered Customers

Sum of Residential, General Service, and Large User
from 2006 EDR Sheet "7-1 ALLOCATION - Base Rev. Req." Cells H16 thru H93

175,110 4. Smart Meter Rate Calc

2006 EDR Tax Rate

Corporate Income Tax Rate
(from 2006 PILs Sheet "Test Year PILs Tax Provision" Cell D 14)

36.12% 5. PILs

Capital Data:

Smart meter including installation (\$225.38 times Planned Meters Installed)
Computer Hardware Costs 2. Smart Meter Data: AMI (F) plus Other (I)
Computer Software Costs 2. Smart Meter Data: AMI (G) plus Other (J)
Total Computer Costs 2. Smart Meter Data: AMI (H) plus Other (K)

	2006	2007	2008	2009	2010	Total
\$	4,209,873	\$ 14,218,087	\$ 11,381,690	\$ 11,838,761	\$ 8,391,799	\$ 50,040,220
\$	330,100	\$ 200,000	\$ -	\$ -	\$ -	\$ 530,100
\$	556,163	\$ 509,338	\$ 40,000	\$ -	\$ -	\$ 1,105,500
\$	5,086,136	\$ 14,927,435	\$ 11,421,690	\$ 11,838,761	\$ 8,391,799	\$ 51,675,820
6. SM Avg Net Fixed Assets &UCC						

LDC Amortization Policy:

Smart Meter Amortization Rate Enter Amortization Policy
Computer Hardware Amortization Rate Enter Amortization Policy
Computer Software Amortization Rate Enter Amortization Policy

15 Years 6. SM Avg Net Fixed Assets &UCC
5 Years 6. SM Avg Net Fixed Assets &UCC
3 Years 6. SM Avg Net Fixed Assets &UCC

Operating Expense Data:

Incremental O&M Expenses 2. Smart Meter Data: AMI (L) plus Other (O)
Incremental Admin Expenses 2. Smart Meter Data: AMI (M) plus Other (P)
Total Incremental Operating Expense 2. Smart Meter Data: AMI (N) plus Other (Q)

	2006	2007	2008	2009	2010	Total
\$	54,916	\$ 678,484	\$ 1,361,013	\$ 2,003,963	\$ 1,674,077	\$ 5,772,452
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	54,916	\$ 678,484	\$ 1,361,013	\$ 2,003,963	\$ 1,674,077	\$ 5,772,452
4. Smart Meter Rate Calc						

Per Meter Cost Split:

Smart meter including installation
Computer Hardware Costs
Computer Software Costs
Smart meter incremental operating expenses
Total Smart Meter Capital Costs per meter

Per Meter	Installed	Investment	% of Invest
\$	225.38	\$ 50,040,220	87%
\$	2.39	\$ 530,100	0%
\$	4.98	\$ 1,105,500	0%
\$	26.00	\$ 5,772,452	0%
\$	258.75	\$ 57,448,272	87%



2007 EDR Smart Meter Rate Calculation Model
Enersource Hydro Mississauga Inc.
EB-2007-0523
February 9, 2007

Sheet 4. Smart Meter Rate Calc

Smart Meter Rate Calculation

Average Asset Values

Net Fixed Assets Smart Meters (6 SM Avg Net Fixed Assets & UCC)
Net Fixed Assets Computer Hardware (6 SM Avg Net Fixed Assets & UCC)
Net Fixed Assets Computer Software (6 SM Avg Net Fixed Assets & UCC)
Total Net Fixed Assets

2007
\$ 10,801,295
\$ 354,080
\$ 582,999
\$ 11,738,374

A

Working Capital

Operation Expense
15 % Working Capital

\$ 678,484
\$ 101,773

B

Smart Meters included in Rate Base

\$ 11,840,147

C = A + B

Return on Rate Base

Deemed Debt (3 LDC Assumptions and Data)
Deemed Equity (3 LDC Assumptions and Data)

60.0%	\$ 7,104,088
40.0%	\$ 4,736,059
	\$ 11,840,147

D = C * Deemed Debt
E = C * Deemed Equity

Weighted Debt Rate (3 LDC Assumptions and Data)

6.4%	\$ 457,503
9.0%	\$ 426,245
	\$ 883,749

F = D * Weighted Debt Rate
G = E * Proposed ROE
H = F + G

Operating Expenses

Incremental Operating Expenses (3 LDC Assumptions and Data)

\$ 678,484

I

Amortization Expenses

Amortization Expenses - Smart Meters (6 SM Avg Net Fixed Assets & UCC)
Amortization Expenses - Computer Hardware (6 SM Avg Net Fixed Assets & UCC)
Amortization Expenses - Computer Software (6 SM Avg Net Fixed Assets & UCC)

\$ 754,595
\$ 86,020
\$ 270,277

J

Revenue Requirement Before PILs

K = H + I + J

Calculation of Taxable Income

Incremental Operating Expenses
Depreciation Expenses
Interest Expense

\$ 678,484
\$ 1,110,892
\$ 457,503

L = K - I - J - F

Taxable Income For PILs

M

Grossed up PILs (\$ PILs)

Revenue Requirement Before PILs
Grossed up PILs (\$ PILs)

\$ 2,673,124
\$ 155,688
\$ 2,828,813

N = K + M

Revenue Requirement for Smart Meters

2007 Smart Meter Rate Adder

Revenue Requirement for Smart Meters
2006 EDR Total Metered Customers (3 LDC Assumptions and Data)
Annualized amount required per metered customer
Number of months in year

\$ 2,828,813
\$ 175,110
\$ 16.15

O = 2006 EDR Total Metered Customers
P = N / O
Q

2007 Smart Meter Rate Adder

R = P / Q

Enter this amount in the 2007 IRM Model sheet '4, 2006 Smart Meter Information' in cells F 17 thru F 32 (as required)



2007 EDR Smart Meter Rate Calculation Model
Enersource Hydro Mississauga Inc.
EB-2007-0523
February 9, 2007
Sheet 5. PILs

PILs Calculation

INCOME TAX

Net Income (4. Smart Meter Rate Calc)	\$ 426,245
Amortization (4. Smart Meter Rate Calc)	\$ 1,110,892
CCA - Class 47 (8%) Smart Meters (6. SM Avg Net Fixed Assets &UCC)	-\$ 892,042
CCA - Class 45 (45%) Computers (6. SM Avg Net Fixed Assets &UCC)	-\$ 468,685
Change in taxable income	\$ 176,410
Tax Rate (3. LDC Assumptions and Data)	36.12%
Income Taxes Payable	\$ 63,719

ONTARIO CAPITAL TAX

Smart Meters (6. SM Avg Net Fixed Assets &UCC)	\$17,533,046
Computer Hardware (6. SM Avg Net Fixed Assets &UCC)	\$ 411,070
Computer Software (6. SM Avg Net Fixed Assets &UCC)	\$ 702,529
Rate Base	\$18,646,646
Less: Exemption	\$ -
Deemed Taxable Capital	\$18,646,646
Ontario Capital Tax Rate	0.300%
Net Amount (Taxable Capital x Rate)	\$ 55,940

Gross Up

Change in Income Taxes Payable
Change in OCT
PIL's

PILs Payable	Gross Up	Grossed
\$ 63,719	36.12%	Up PILs
\$ 55,940		\$ 99,748
\$ 119,659		\$ 55,940
		\$155,688

4. Smart Meter Rate Calc



2007 EDR Smart Meter Rate Calculation Model
Enersource Hydro Mississauga Inc.
EB-2007-0523
February 9, 2007
Sheet 6. SM Avg Net Fixed Assets & UCC

Smart Meter Average Net Fixed Assets

Net Fixed Assets - Smart Meters

	2006	2007
Opening Capital Investment	\$ -	\$ 4,209,873
Capital Investment Year 1 (3. LDC Assumptions and Data)	\$ 4,209,873	\$ 14,218,097
Capital Investment Year 2 (3. LDC Assumptions and Data)	\$ 4,209,873	\$ 18,427,970
Closing Capital Investment	\$ -	\$ 140,329
Opening Accumulated Amortization	\$ 140,329	\$ 280,658
Amortization Year 1 (15 Years Straight Line)	\$ -	\$ 473,937
Amortization Year 2 (15 Years Straight Line)	\$ 140,329	\$ 894,924
Closing Accumulated Amortization	\$ -	\$ 4,069,544
Opening Net Fixed Assets	\$ 4,069,544	\$ 17,533,046
Closing Net Fixed Assets	\$ 2,034,772	\$ 10,801,295
Average Net Fixed Assets		

5. PILs
4. Smart Meter Rate Calc

Net Fixed Assets - Computer Hardware

	2006	2007
Opening Capital Investment	\$ -	\$ 330,100
Capital Investment Year 1 (3. LDC Assumptions and Data)	\$ 330,100	\$ 200,000
Capital Investment Year 2 (3. LDC Assumptions and Data)	\$ 330,100	\$ 530,100
Closing Capital Investment	\$ -	\$ 33,010
Opening Accumulated Amortization	\$ 33,010	\$ 66,020
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ 20,000
Amortization Year 2 (5 Years Straight Line)	\$ 33,010	\$ 119,030
Closing Accumulated Amortization	\$ -	\$ 297,090
Opening Net Fixed Assets	\$ 297,090	\$ 411,070
Closing Net Fixed Assets	\$ 148,545	\$ 354,080
Average Net Fixed Assets		

5. PILs
4. Smart Meter Rate Calc

Net Fixed Assets - Computer Software

	2006	2007
Opening Capital Investment	\$ -	\$ 556,163
Capital Investment Year 1 (3. LDC Assumptions and Data)	\$ 556,163	\$ 509,338
Capital Investment Year 2 (3. LDC Assumptions and Data)	\$ 556,163	\$ 1,065,500
Closing Capital Investment	\$ -	\$ 92,694
Opening Accumulated Amortization	\$ 92,694	\$ 185,388
Amortization Year 1 (3 Years Straight Line)	\$ -	\$ 84,890
Amortization Year 2 (3 Years Straight Line)	\$ 92,694	\$ 362,971
Closing Accumulated Amortization	\$ -	\$ 463,469
Opening Net Fixed Assets	\$ 463,469	\$ 702,529
Closing Net Fixed Assets	\$ 231,734	\$ 582,999
Average Net Fixed Assets		

5. PILs
4. Smart Meter Rate Calc



2007 EDR Smart Meter Rate Calculation Model
Enersource Hydro Mississauga Inc.
EB-2007-0523
February 9, 2007

Sheet 6. SM Avg Net Fixed Assets & UCC
For PILs Calculation

UCC - Smart Meters

CCA Class 47 (8%)

Opening UCC				
Capital Additions	\$	-	\$	4,041,478
UCC Before Half Year Rule	\$	4,209,873	\$	14,218,097
Half Year Rule (1/2 Additions - Disposals)	\$	4,209,873	\$	18,259,575
Reduced UCC	\$	2,104,937	\$	7,109,049
CCA Rate Class 47	\$	2,104,937	\$	11,150,527
CCA		8%		8%
Closing UCC	\$	168,395	\$	892,042
	\$	4,041,478	\$	17,367,533

UCC - Computer Equipment

CCA Class 45 (45%)

Opening UCC				
Capital Additions Hardware	\$	-	\$	686,853
Capital Additions Software	\$	330,100	\$	200,000
UCC Before Half Year Rule	\$	556,163	\$	509,338
Half Year Rule (1/2 Additions - Disposals)	\$	886,263	\$	1,396,191
Reduced UCC	\$	443,131	\$	354,669
CCA Rate Class 45	\$	443,131	\$	1,041,522
CCA		45%		45%
Closing UCC	\$	199,409	\$	468,685
	\$	686,853	\$	927,506

Attachment B



Ontario Energy Board

2007 EDR Smart Meter Rate Calculation Model

Sheet 1 Utility Information Sheet

Legend:

Input Cell	Pull-Down Menu Option	Output Cell
From Another Sheet	To The 2007 IRM Model	To Another Sheet

Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.

Name of LDC:	Enersource Hydro Mississauga Inc.		
Licence Number:	ED-2003-0017	Smart Meter Grouping:	Listed
IRM 2007 EB Number:	EB-2007-0523		
EDR 2006 RP Number:	RP-2005-0020	EDR 2006 EB Number:	EB-2005-0360
Date of Submission:	February 9, 2007	Revision:	0
Version:	1.0		
Contact Information			
Name:	Kathi Litt		
Title:	Manager, Rates & Regulatory		
Phone Number:	905.283.4247		
E-Mail Address:	klitt@enersource.com		

Please Note: In the event of an inconsistency between this model and any element of the January 2007 "Report of the Board on 2nd Generation Incentive Regulation of Ontario's Electricity Distributors - Addendum for Smart Metering Rates", the Report governs.

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2007 EDR Smart Meter Rate Calculation Model
Enersource Hydro Mississauga Inc.
EB-2007-0523
February 9, 2007

Sheet 2. Smart Meter Capital Cost and Operational Expense Data

Smart Meter Unit Installation Plan: (From Smart Meter Plan filed December 15, 2006)

assume calendar year installation	2006	2007	2008	2009	2010	Total
Planned number of Residential smart meters to be installed	18,679	61,258	43,692	45,593	32,278	201,500
Planned number of General Service Less Than 50 kW smart meters	-	1,393	5,298	5,459	3,904	16,054
Planned Meter Installation (Residential and Less Than 50 kW only)	18,679	62,651	48,990	51,052	36,182	217,554
Planned Meter Installation Completed before January 1, 2008		81,330				

Smart Meter Unit Cost

Per Unit	2006	2007	2008	2009	2010	Total
Smart Meter Unit Cost Enter the invoiced cost per smart meter purchased Please provide details in Manager's Summary	\$ 211.92	A				
Smart Meter Other Unit Cost Enter the invoiced other costs per smart meter unit purchased Please provide details in Manager's Summary	\$ -	B				
Smart Meter Installation Cost per Unit Enter the time and material cost per smart meter unit installed Please provide details in Manager's Summary	\$ -	C				
Smart Meter Other Cost per Unit Enter the other cost per smart meter unit installed Please provide details in Manager's Summary	\$ -	D				
Total Unit cost per Smart Meter	\$ 211.92	E = A + B + C + D				
	3 LDC Assumptions and Data					

AMI Capital Cost

2006	2007	2008	2009	2010	Total
AMI Computer Hardware Costs Enter the estimated capital costs for AMI related Computer Hardware Please provide details in Manager's Summary	\$ 330,100	\$ 200,000	\$ -	\$ -	\$ 530,100
	3 LDC Assumptions and Data				
AMI Computer Software Costs Enter the estimated capital costs for AMI related Computer Software Please provide details in Manager's Summary	\$ 556,163	\$ 509,338	\$ 40,000	\$ -	\$ 1,105,500
	3 LDC Assumptions and Data				
Total AMI Capital Cost	\$ 886,263	\$ 709,338	\$ 40,000	\$ -	\$ 1,635,600
	H = F + G				

Other Capital Cost

2006	2007	2008	2009	2010	Total
Other Computer Hardware Costs Enter the estimated capital costs for other related Computer Hardware Please provide details in Manager's Summary	\$ -	\$ -	\$ -	\$ -	\$ -
	3 LDC Assumptions and Data				
Other Computer Software Costs Enter the estimated capital costs for other related Computer Software Please provide details in Manager's Summary	\$ -	\$ -	\$ -	\$ -	\$ -
	3 LDC Assumptions and Data				
Total Other Capital Cost	\$ -	\$ -	\$ -	\$ -	\$ -
	K = I + J				

Incremental AMI Operational Expenses

2006	2007	2008	2009	2010	Total
Incremental AMI O&M Expenses Enter the estimated incremental AMI related O&M expenses Please provide details in Manager's Summary	\$ 53,316	\$ 658,288	\$ 1,319,862	\$ 1,944,119	\$ 5,625,332
	3 LDC Assumptions and Data				
Incremental AMI Admin Expenses Enter the estimated incremental AMI related Admin expenses Please provide details in Manager's Summary	\$ -	\$ -	\$ -	\$ -	\$ -
	3 LDC Assumptions and Data				
Total Incremental AMI Operation Expenses	\$ 53,316	\$ 658,288	\$ 1,319,862	\$ 1,944,119	\$ 5,625,332
	N = L + M				

Incremental Other Operational Expenses

2006	2007	2008	2009	2010	Total
Incremental Other O&M Expenses Enter the estimated incremental Other related O&M expenses Please provide details in Manager's Summary	\$ -	\$ -	\$ -	\$ -	\$ -
	3 LDC Assumptions and Data				
Incremental Other Admin Expenses Enter the estimated incremental Other related Admin expenses Please provide details in Manager's Summary	\$ -	\$ -	\$ -	\$ -	\$ -
	3 LDC Assumptions and Data				
Total Incremental Other Operation Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
	Q = O + P				

AMI - Advanced Metering Infrastructure
Other - Cost or expenses not AMI but does not include stranded assets



2007 EDR Smart Meter Rate Calculation Model

Enersource Hydro Mississauga Inc.

EB-2007-0523

February 9, 2007

Sheet 3. LDC Assumptions and Data

Assumptions:

1. Planned meter installations occur evenly through the year.
2. Year assumed January to December
3. Amortization is straight line and has half year rule applied in first year

2006 EDR Data Information

Deemed Debt (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 18)

Deemed Equity (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 19)

Weighted Debt Rate (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 25)

Proposed ROE (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell E 32)

Weighted Average Cost of Capital

60%	4. Smart Meter Rate Calc
40%	4. Smart Meter Rate Calc
6.44%	4. Smart Meter Rate Calc
9.00%	4. Smart Meter Rate Calc
7.46%	

2006 EDR Total Metered Customers

Sum of Residential, General Service, and Large User

(from 2006 EDR Sheet "7-1 ALLOCATION - Base Rev. Req." Cells H16 thru H93)

175,110 4. Smart Meter Rate Calc

2006 EDR Tax Rate

Corporate Income Tax Rate

(from 2006 PILs Sheet "Test Year PILs, Tax Provision" Cell D 14)

36.12% 5. PILs

Capital Data:

Smart meter including installation (\$211.92 times Planned Meters Installed)

Computer Hardware Costs 2. Smart Meter Data, AMI (F) plus Other (I)

Computer Software Costs 2. Smart Meter Data, AMI (G) plus Other (J)

Total Computer Costs 2. Smart Meter Data, AMI (H) plus Other (K)

	2006	2007	2008	2009	2010	Total
\$	3,958,454	\$ 13,277,000	\$ 10,381,961	\$ 10,818,940	\$ 7,667,689	\$ 46,104,044
\$	330,100	\$ 200,000	\$ -	\$ -	\$ -	\$ 530,100
\$	556,163	\$ 509,338	\$ 40,000	\$ -	\$ -	\$ 1,105,500
\$	4,844,716	\$ 13,986,337	\$ 10,421,961	\$ 10,818,940	\$ 7,667,689	\$ 47,739,644

6. SM Avg Net Fixed Assets &UCC

15 Years

6. SM Avg Net Fixed Assets &UCC

5 Years

6. SM Avg Net Fixed Assets &UCC

3 Years

6. SM Avg Net Fixed Assets &UCC

LDC Amortization Policy:

Smart Meter Amortization Rate Enter Amortization Policy

Computer Hardware Amortization Rate Enter Amortization Policy

Computer Software Amortization Rate Enter Amortization Policy

Operating Expense Data:

Incremental O&M Expenses 2. Smart Meter Data, AMI (L) plus Other (Q)

Incremental Admin Expenses 2. Smart Meter Data, AMI (M) plus Other (P)

Total Incremental Operating Expense 2. Smart Meter Data, AMI (N) plus Other (Q)

	2006	2007	2008	2009	2010	Total
\$	53,316	\$ 658,288	\$ 1,319,862	\$ 1,944,119	\$ 1,649,747	\$ 5,625,332
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	53,316	\$ 658,288	\$ 1,319,862	\$ 1,944,119	\$ 1,649,747	\$ 5,625,332

4. Smart Meter Rate Calc

Per Meter Cost Split:

Smart meter including installation

Computer Hardware Costs

Computer Software Costs

Smart meter incremental operating expenses

Total Smart Meter Capital Costs per meter

Per Meter	Installed	Investment	% of Invest
\$	211.92	\$ 46,104,044	86%
\$	2.44	\$ 530,100	0%
\$	5.08	\$ 1,105,500	0%
\$	25.86	\$ 5,625,332	0%
\$	245.30	\$ 53,364,976	86%



2007 EDR Smart Meter Rate Calculation Model
Enersource Hydro Mississauga Inc.
EB-2007-0523
February 9, 2007
Sheet 4. Smart Meter Rate Calc

Smart Meter Rate Calculation

Average Asset Values

Net Fixed Assets Smart Meters (6 SM Avg Net Fixed Assets & UCC)
Net Fixed Assets Computer Hardware (6 SM Avg Net Fixed Assets & UCC)
Net Fixed Assets Computer Software (6 SM Avg Net Fixed Assets & UCC)
Total Net Fixed Assets

	2007
	\$ 10,111,773
	\$ 354,080
	\$ 582,999
	\$ 11,048,852

A

Working Capital

Operation Expense
15 % Working Capital

	\$ 658,288
	\$ 98,743
	\$ 98,743

B

Smart Meters included in Rate Base

	\$ 11,147,596
--	---------------

C = A + B

Return on Rate Base

Deemed Debt (3 LDC Assumptions and Data)
Deemed Equity (3 LDC Assumptions and Data)

60.0%	\$ 6,688,557
40.0%	\$ 4,459,038
	\$ 11,147,596

D = C * Deemed Debt
E = C * Deemed Equity

Weighted Debt Rate (3 LDC Assumptions and Data)
Proposed ROE (3 LDC Assumptions and Data)

6.4%	\$ 430,743
9.0%	\$ 401,313
	\$ 832,057

F = D * Weighted Debt Rate
G = E * Proposed ROE
H = F + G

Operating Expenses

Incremental Operating Expenses (3 LDC Assumptions and Data)

	\$ 658,288
--	------------

I

Amortization Expenses

Amortization Expenses - Smart Meters (6 SM Avg Net Fixed Assets & UCC)
Amortization Expenses - Computer Hardware (6 SM Avg Net Fixed Assets & UCC)
Amortization Expenses - Computer Software (6 SM Avg Net Fixed Assets & UCC)

	\$ 706,464
	\$ 86,020
	\$ 270,277

J

	\$ 1,062,761
	\$ 2,553,105

K = H + I + J

Calculation of Taxable Income

Incremental Operating Expenses
Depreciation Expenses
Interest Expense

	\$ 658,288
	\$ 1,062,761
	\$ 430,743

I
J
F

Taxable Income For PILs

	\$ 401,313
--	------------

L = K - I - J - F

Grossed up PILs (\$ PILs)

Revenue Requirement Before PILs
Grossed up PILs (\$ PILs)

	\$ 143,171
	\$ 2,553,105
	\$ 143,171

M

K

M

Revenue Requirement for Smart Meters

N = K + M

2007 Smart Meter Rate Adder

Revenue Requirement for Smart Meters
2006 EDR Total Metered Customers (3 LDC Assumptions and Data)
Annualized amount required per metered customer
Number of months in year

	\$ 2,696,276
	\$ 175,110
	\$ 15,401
	\$ 12

O = 2006 EDR Total Metered Customers
P = N / O
Q

2007 Smart Meter Rate Adder

R = P / Q

	\$ 1.28
--	---------

Enter this amount in the 2007 IRM Model sheet '4, 2006 Smart Meter Information' in cells F 17 thru F 32 (as required)



2007 EDR Smart Meter Rate Calculation Model
Enersource Hydro Mississauga Inc.
EB-2007-0523
February 9, 2007
Sheet 5. PILs

PILs Calculation

INCOME TAX

Net Income (4. Smart Meter Rate Calc)	\$ 401,313
Amortization (4. Smart Meter Rate Calc)	\$ 1,062,761
CCA - Class 47 (8%) Smart Meters (6. SM Avg Net Fixed Assets &UCC)	-\$ 835,089
CCA - Class 45 (45%) Computers (6. SM Avg Net Fixed Assets &UCC)	-\$ 468,685
Change in taxable income	\$ 160,300
Tax Rate (3. LDC Assumptions and Data)	36.12%
Income Taxes Payable	\$ 57,900

ONTARIO CAPITAL TAX

Smart Meters (6. SM Avg Net Fixed Assets &UCC)	\$16,397,042
Computer Hardware (6. SM Avg Net Fixed Assets &UCC)	\$ 411,070
Computer Software (6. SM Avg Net Fixed Assets &UCC)	\$ 702,529
Rate Base	\$17,510,641
Less: Exemption	\$ -
Deemed Taxable Capital	\$17,510,641
Ontario Capital Tax Rate	0.300%
Net Amount (Taxable Capital x Rate)	\$ 52,532

Gross Up

Change in Income Taxes Payable
Change in OCT
PIL's

PILs Payable	Gross Up	Grossed
\$ 57,900	36.12%	Up PILs
\$ 52,532		\$ 90,639
\$ 110,432		\$ 52,532
		\$143,171

4. Smart Meter Rate Calc



2007 EDR Smart Meter Rate Calculation Model
Enersource Hydro Mississauga Inc.
EB-2007-0523
February 9, 2007
Sheet 6. SM Avg Net Fixed Assets & UCC

Smart Meter Average Net Fixed Assets

Net Fixed Assets - Smart Meters

	2006	2007
Opening Capital Investment	\$ -	\$ 3,958,454
Capital Investment Year 1 (3. LDC Assumptions and Data)	\$ 3,958,454	\$ 13,277,000
Capital Investment Year 2 (3. LDC Assumptions and Data)	\$ 3,958,454	\$ 17,235,454
Closing Capital Investment		
Opening Accumulated Amortization	\$ -	\$ 131,948
Amortization Year 1 (15 Years Straight Line)	\$ 131,948	\$ 263,897
Amortization Year 2 (15 Years Straight Line)	\$ 131,948	\$ 442,567
Closing Accumulated Amortization		
Opening Net Fixed Assets	\$ -	\$ 3,826,505
Closing Net Fixed Assets	\$ 3,826,505	\$ 16,397,042
Average Net Fixed Assets	\$ 1,913,253	\$ 10,111,773

5. PILs
4. Smart Meter Rate Calc

Net Fixed Assets - Computer Hardware

	2006	2007
Opening Capital Investment	\$ -	\$ 330,100
Capital Investment Year 1 (3. LDC Assumptions and Data)	\$ 330,100	\$ 200,000
Capital Investment Year 2 (3. LDC Assumptions and Data)	\$ 330,100	\$ 530,100
Closing Capital Investment		
Opening Accumulated Amortization	\$ -	\$ 33,010
Amortization Year 1 (5 Years Straight Line)	\$ 33,010	\$ 66,020
Amortization Year 2 (5 Years Straight Line)	\$ 33,010	\$ 20,000
Closing Accumulated Amortization		
Opening Net Fixed Assets	\$ -	\$ 297,090
Closing Net Fixed Assets	\$ 297,090	\$ 411,070
Average Net Fixed Assets	\$ 148,545	\$ 354,080

5. PILs
4. Smart Meter Rate Calc

Net Fixed Assets - Computer Software

	2006	2007
Opening Capital Investment	\$ -	\$ 556,163
Capital Investment Year 1 (3. LDC Assumptions and Data)	\$ 556,163	\$ 509,338
Capital Investment Year 2 (3. LDC Assumptions and Data)	\$ 556,163	\$ 1,065,500
Closing Capital Investment		
Opening Accumulated Amortization	\$ -	\$ 92,694
Amortization Year 1 (3 Years Straight Line)	\$ 92,694	\$ 185,388
Amortization Year 2 (3 Years Straight Line)	\$ 92,694	\$ 84,890
Closing Accumulated Amortization		
Opening Net Fixed Assets	\$ -	\$ 463,469
Closing Net Fixed Assets	\$ 463,469	\$ 702,529
Average Net Fixed Assets	\$ 231,734	\$ 582,999

5. PILs
4. Smart Meter Rate Calc



2007 EDR Smart Meter Rate Calculation Model
Enersource Hydro Mississauga Inc.
EB-2007-0523
February 9, 2007

Sheet 6. SM Avg Net Fixed Assets & UCC

For PILs Calculation

UCC - Smart Meters

CCA Class 47 (8%)

Opening UCC			
Capital Additions	\$ -	\$ 3,800,116	
UCC Before Half Year Rule	\$ 3,958,454	\$ 13,277,000	
Half Year Rule (1/2 Additions - Disposals)	\$ 3,958,454	\$ 17,077,115	
Reduced UCC	\$ 1,979,227	\$ 6,638,500	
CCA Rate Class 47	\$ 1,979,227	\$ 10,438,615	
CCA	8%	8%	
Closing UCC	\$ 158,338	\$ 835,089	\$ PILs
	\$ 3,800,116	\$ 16,242,026	

UCC - Computer Equipment

CCA Class 45 (45%)

Opening UCC			
Capital Additions Hardware	\$ -	\$ 686,853	
Capital Additions Software	\$ 330,100	\$ 200,000	
UCC Before Half Year Rule	\$ 556,163	\$ 509,338	
Half Year Rule (1/2 Additions - Disposals)	\$ 886,263	\$ 1,396,191	
Reduced UCC	\$ 443,131	\$ 354,669	
CCA Rate Class 45	\$ 443,131	\$ 1,041,522	
CCA	45%	45%	
Closing UCC	\$ 199,409	\$ 468,685	\$ PILs
	\$ 686,853	\$ 927,506	

Attachment C

ATTACHMENT C

Rate Year comparison of OEB Smart Meter Rate Adder Model with Enersource Hydro Mississauga's Smart Meter Implementation Plan

Smart Meter Rate Adder Proposed in EHM's Smart Meter Implementation Plan			
Impact of Disposition of Existing Meters		Revenue Requirement	Smart Meter Rate Adder
Disposal Rev Req. (1)	\$	2,015,000	\$ 0.93
Return to Customers (2)	\$	(453,360)	\$ (0.21)
Revenue Grossed Up for PILs	\$	3,154,352	
PILs	\$	1,139,352	\$ 0.53
	\$		1.25
Smart Meter Rate Adder Net of Disposition of Existing Meters			\$ 1.35

	OEB Model: Rate Year, All Customer Classes, Murray Jensen		OEB Model: Rate Year, No GS > 50kW Customers, Murray Jensen		OEB Model: Rate Year, No GS > 50kW Customers, No Murray Jensen	
Average Asset Values	2006	2007	2006	2007	2006	2007
Net Fixed Assets - SM	10,801,295		10,429,556		10,111,773	
Net Fixed Assets - Hardware	354,080		354,080		354,080	
Net Fixed Assets - Software	582,999		582,999		582,999	
Total Net Fixed Assets	11,738,374		11,366,635		11,048,852	
Working Capital						
Operation Expense	678,484		658,288		658,288	
15% Working Capital	101,773		98,743		98,743	
Smart Meters incl. In Rate Base	11,840,147		11,465,378		11,147,595	
Return on Rate Base	60.0%		60.0%		60.0%	
Deemed Debt	4,736,059		4,586,151		4,459,038	
Deemed Equity	11,840,147		11,465,378		11,147,595	
Weighted Debt rate	6.4%		6.4%		6.4%	
Proposed ROE	9.0%		9.0%		9.0%	
Return on Rate Base	883,749		855,776		832,057	
Operating Expense						
Incremental op. expense	678,484		658,288		658,288	
Capital Purchases	2006	2007	2006	2007	2006	2007
Smart Meter	4,206,873	14,218,097	4,082,856	13,694,256	3,958,454	13,277,000
Hardware	330,100	200,000	330,100	200,000	330,100	200,000
Software	556,163	509,338	556,163	509,338	556,163	509,338
Amortization Expense						
Smart Meter	754,595		728,666		706,464	
Hardware	86,020		86,020		86,020	
Software	270,277		270,277		270,277	
Total	1,110,892		1,084,963		1,062,761	
Revenue Requirement before PILs	2,673,125		2,599,027		2,553,105	
Calc Taxable Income	(678,484)		(658,288)		(658,288)	
Incremental Op expense	(1,110,892)		(1,084,963)		(1,062,761)	
Depreciation Expense	(457,503)		(443,022)		(430,743)	
Interest Expense	426,245		412,754		401,313	
Taxable Income for PILs	155,688		148,901		143,171	
Grossed up PILs	2,673,125		2,599,027		2,553,105	
Revenue Requirement before PILs	155,688		148,901		143,171	
Grossed up PILs	2,828,813		2,747,928		2,696,276	
RR for SMART METERS						
2007 Smart Meter Rate Adder						
Revenue Req. for Smart Meters	175,110		175,110		175,110	
2006 EDR Metered customers	16.15		15.69		15.40	
Annualized amt per customer	12		12		12	
number of mths	\$ 1.35		\$ 1.31		\$ 1.28	
2007 Smart Meter Rate Adder						

(1) 65,000 conventional meters disposed @ \$31 per meter

(2) Return on conventional meters returned to customers at a 25 year amortization life

Attachment D

ATTACHMENT D

**ESTIMATED REVENUE GENERATED BY SMART METER RATE ADDER
SCENARIO SMART METER RATE ADDER: \$0.31/CUSTOMER/MONTH**

Opening Balance		Balance as of 30-Apr-07 (676,661)	Balance as of 30-Apr-08 (676,661)
REVENUE @ \$0.31/customer/month	Monthly Revenue Recovered through Smart Meter Rate Adder		
	Balance before carrying cost	\$	\$
<u>Carrying Cost Calculation:</u>			
Opening Balance		(676,661)	(682,079)
Carrying Cost @ 4.59%		(14,285)	(1,358,740)
Closing		\$	(14,285)
Total RSVA Balance Including Carrying Cost		(690,947)	(1,418,504)

**ESTIMATED REVENUE GENERATED BY SMART METER RATE ADDER
SCENARIO SMART METER RATE ADDER: \$2.60/CUSTOMER/MONTH**

Opening Balance		Balance as of 30-Apr-07 (676,661)	Balance as of 30-Apr-08 (676,661)
REVENUE @ \$2.60/customer/month	Monthly Revenue Recovered through Smart Meter Rate Adder		
	Balance before carrying cost	\$	\$
<u>Carrying Cost Calculation:</u>			
Opening Balance		(676,661)	(5,720,662)
Carrying Cost @ 4.59%		(14,285)	(6,397,323)
Closing		\$	(14,285)
Total RSVA Balance Including Carrying Cost		(690,947)	(151,995)
			(6,563,604)

ESTIMATED SMART METER CAPITAL SPENDING

Opening balance		Balance as of 30-Apr-07 5,096,136	Balance as of 30-Apr-08 5,096,136
Total Smart Meter Capital Costs	Balance before carrying cost	\$	\$
		5,096,136	14,927,435
<u>Carrying Cost Calculation:</u>			
Opening Balance		48,732	48,732
Carrying Cost @ 4.59%		547,949	547,949
Closing		48,732	
Total RSVA Balance Including Carrying Cost		5,144,868	20,620,251

ESTIMATED SMART METER OM&A EXPENSES

Opening Balance		Balance as of 30-Apr-07 245,301	Balance as of 30-Apr-08 245,301
OM&A	Smart Meter OM&A Costs	\$	\$
	Net RSVA Billing/OM&A Costs	245,301	678,484
	Balance before carrying cost	\$	\$
		245,301	923,785
<u>Carrying Cost Calculation:</u>			
Opening Balance		3,426	3,426
Carrying Cost @ 4.59%		\$	25,533
Closing		3,426	
Total RSVA Balance Including Carrying Cost		190,583	952,744