LakelandPower
200 – 395 Centre St N, Huntsville, ON P1H 2M2
Phone (705) 789-5442 Toll Free 1-888-282-7711
Fax (705) 789-3110 service@lakelandpower.on.ca

March 26, 2012

VIA E-MAIL

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

Dear Ms. Walli:

RE: Lakeland Power Distribution Ltd.
Board File No. EB-2011-0413
2012 Smart Meter Cost Recovery Application – Reply Submission

Please find enclosed the Reply Submission from Lakeland Power Distribution Ltd. in the above noted proceeding.

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

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

Respectfully submitted,

Margaret Maw
CFO
Lakeland Holding Ltd.

Lakeland Power Distribution Ltd.
Reply Submission for 2012 Smart Meter Cost Recovery Application
(EB-2011-0413)
Effective May 1, 2012

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

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

Table of Contents

Introduction

Lakeland Power Distribution Ltd. ("Lakeland") originally filed a Smart Meter Cost Recovery Application ("Application") with the Ontario Energy Board ("OEB") on December 2, 2011 seeking approval to recover costs related to the deployment of smart meters. Lakeland has requested approval for the proposed Smart Meter Disposition Riders ("SMDRs") and Smart Meter Incremental Revenue Requirement Rate Riders ("SMIRRs") to be effective May 1, 2012.

Lakeland is filing this reply submission in response to the submissions filed by Board Staff and the Vulnerable Energy Consumers Coalition ("VECC") in regards to Lakeland's smart meter cost recovery application and interrogatory responses. The reply submission addresses the following topics discussed by Board Staff and VECC in their submissions:

- Prudence Review of Smart Meter Costs
- Updated Rate Model and Revised SMDR and SMIRR
- Cost Allocation and Calculation of SMDR and SMIRR
- Inclusion of 2012 Costs and Demand for Customer Growth
- Other Matters

Prudence Review of Smart Meter Costs

Lakeland is pleased to note that Board Staff and VECC both accept Lakeland's explanations for the higher than average smart meter costs. As well, it was noted in Board Staff's submission, that Lakeland has complied with smart meter regulations and the London Hydro RFP process and thus considers the documented costs to be prudent.

In VECCs final submission, a calculation of Lakeland's average smart meter costs by year was summarized and it was noted that these costs vary significantly by year. Table 1 below summarizes the average smart meter costs by year.

Table 1: Average Smart Meter Costs by Year

	2007	2008	2009	2010	2011	2012	TOTAL
Smart Meter Capital Costs	$ 41,990	$ 64,725	$ 1,630,024	$ 452,112	$ 81,221	$ 17,107	$ 2,287,179
Smart Meter OM&A Costs	$ -	$ -	$ 31,283	$ 53,427	$ 79,846	$ 106,250	$ 270,806
Total Smart Meter Costs	**$ 41,990**	**$ 64,725**	**$ 1,661,307**	**$ 505,539**	**$ 161,067**	**$ 123,357**	**$ 2,557,985**
Smart Meters Installed	-	-	**8,945**	**421**	**131**	**123**	**9,620**
Average SM TOTAL Cost Per Year	$ -	$ -	$ 185.72	$ 1,200.81	$ 1,229.52	$ 1,002.90	$ 265.90
Average SM Capital Cost ONLY Per Year	$ -	$ -	$ 182.23	$ 1,073.90	$ 620.01	$ 139.08	$ 237.75
CUMULATIVE Average SM TOTAL Cost Per Year	$ -	$ -	$ 197.65	$ 242.75	$ 256.36	$ 265.90	$ 265.90
CUMULATIVE Average SM Capital Cost ONLY Per Year	$ -	$ -	$ 194.16	$ 233.70	$ 239.03	$ 237.75	$ 237.75

As can be seen in Table 1 above, the average smart meter cost per year in 2009, the year of smart meter mass deployment, is significantly lower than in 2010 and 2011. The main reason for this significant fluctuation is the timing of smart meter project costs incurred to: establish, test, stabilize, operate and secure the communication network (smart meter to repeater to collector to MAS, MDM/R and ODS servers to CIS Billing System); implement system software upgrades to the servers and CIS billing system to bill based on MDM/R smart meter data; training to learn and understand the new processes; provide education to customers on time-of-use billing and conservation awareness; and implement system changes to bill on time-of-use ("TOU") rates.

In 2009, the majority of costs were for the purchase of the smart meters, repeaters/collectors and installation hardware and the costs to install 97% of the meters/collectors. By December 2009 when nearly all of Lakeland's customers had a new smart meter installed, the smart meter project then entailed establishing a stable communication network and building and programming the MAS, MDM/R and ODS servers to communicate this meter data to the CIS billing system in order to ultimately bill the customer based on TOU rates. The majority of these costs were incurred in 2010 and 2011 when these systems and processes were setup, tested and implemented in time for TOU rollout which took place in July 2011. All of these costs are an integral part of operating a secure, stable and reliable smart meter infrastructure and had to take place after the smart meters themselves were installed and functioning.

As these significant costs were incurred in years following the mass meter deployment, they are averaged over a small number of meter installations that took place in each of those years. But in actuality, these costs do pertain to the entire system of smart meters, not just the meters installed in that particular timeframe. At the bottom of Table 1 above, Lakeland has included a cumulative average cost per meter per year calculation, taking the total smart meter costs incurred by the end of each year over the total number of smart meters installed by the end of each year. This illustrates the growing smart meter project costs that were incurred throughout the entire smart meter implementation project,

necessary for the entire infrastructure to operate as efficiently and effectively as it does today.

Lakeland therefore respectfully requests that the Board accept Board Staff's submission on the prudence of the documented smart meter costs as set out in Lakeland's Application.

Updated Rate Model and Revised SMDR and SMIRR

As noted in Board Staff's submission, Lakeland made the following corrections to the Smart Meter Model in response to various Board Staff interrogatory suggestions:

- Corrected the Return on Equity and deemed short-term debt rate to the Board-approved values of 8.01% and 1.33% for 2009 (Board Staff IR#7);
- Corrected the long-term debt rate for 2006 and 2007 to 4.38% as approved in Lakeland's 2006 EDR rates application (Board Staff IR#8);
- Re-categorized $116,543 from Other Equipment to Computer Software, with an impact on the deferred revenue requirement due to different depreciation rates and CCA for tax purposes (Board Staff IR#9);
- Re-calculated the interest on the principal of OM&A and depreciation expense using the more accurate monthly calculation using sheet 8A of the Smart Meter model. In this case, the improved accuracy is minor ($885,844 versus $886,290 in the original application, a difference of $446). (Board Staff IR#10);
- Corrected the model so that interest on SMFA revenues is only calculated to April 30, 2012 (Board Staff IR#11); and
- Revised the aggregate Federal and Provincial corporate income tax rates to correspond to the rate for taxes/PILs actually paid by Lakeland in each year (Board Staff IR#13).

As a result of the above corrections being made, Lakeland submitted revised SMDR and SMIRR rates which are summarized from Board Staff IR#15 in Table 2 below.

Table 2: Original and Revised SMDRs and SMIRRs in response to Board Staff Interrogatories

	SMDR ORIGINAL	SMDR REVISED	Inc/(Dec)	SMIRR ORIGINAL	SMIRR REVISED	Inc/(Dec)
Residential	$ 1.20	**$ 1.25**	$ 0.05	$ 3.17	**$ 3.22**	$ 0.05
GS<50	$ 2.21	**$ 2.31**	$ 0.10	$ 5.61	**$ 5.73**	$ 0.12

In both Board Staff's and VECCs submissions, it was questioned whether or not Lakeland had incorporated the corrections made to the Smart Meter Model in Board Staff IR#15 into VECC IR#12 as well. Lakeland confirms that none of the corrections made in Board Staff IR#15 were incorporated in VECC IR#12. Lakeland responded to each interrogatory individually, thus dealing with each issue separately, unless otherwise requested to do so as in Board Staff IR#15. This allowed Lakeland to consider the impact from each change individually.

In response to the above, Lakeland has incorporated all of the corrections made to the Smart Meter Model as submitted in Board Staff IR#15 (listed above) to the Smart Meter Model used to calculate the rates submitted for VECC IR#12. The revised Smart Meter Models, which allocate costs to Residential and GS<50 customer classes separately, are attached as Appendix A and B respectively. The revised SMDRs and SMIRRs relating to VECC IR#12, are detailed in the tables below.

Table 3a reflects the revised Residential revenue requirement to 2011 of $713,497, an increase of $1,796 from the original calculation of $711,701 (Table 4a from VECC IR#12).

Table 3a: Revenue Requirement Calculation for Disposition Rate Rider for Residential Customer Class *REVISED*

Rate Base	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Net Fixed Assets	$ 16,987	$ 57,878	$ 693,794	$ 1,432,542	$ 1,520,527	$ 3,721,728
Working Capital Allowance	$ -	$ -	$ 3,928	$ 6,708	$ 10,025	$ 20,661
Total Rate Base	**$ 16,987**	**$ 57,878**	**$ 697,722**	**$ 1,439,250**	**$ 1,530,552**	**$ 3,742,389**

Revenue Requirement	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Short Term Interest	$ -	$ 101	$ 371	$ 766	$ 814	$ 2,052
Long Term Interest	$ 372	$ 1,250	$ 18,973	$ 41,589	$ 44,227	$ 106,411
Return on Equity	$ 764	$ 2,433	$ 24,199	$ 46,114	$ 49,039	$ 122,549
Total Return	$ 1,136	$ 3,784	$ 43,543	$ 88,469	$ 94,080	$ 231,012
OM&A	$ -	$ -	$ 26,183	$ 44,718	$ 66,831	$ 137,732
Amortization	$ 1,172	$ 6,368	$ 54,707	$ 119,649	$ 144,271	$ 326,167
Grossed-up PILs	$ 301	-$ 1,261	$ 4,569	$ 3,111	$ 4,873	$ 11,593
Revenue Requirement	$ 2,609	$ 8,891	$ 129,002	$ 255,947	$ 310,055	$ 706,504
Interest on Deferred OM&A and Amortization	$ 26	$ 150	$ 340	$ 1,378	$ 5,099	$ 6,993
Total RESIDENTIAL Revenue Requirement	**$ 2,635**	**$ 9,041**	**$ 129,342**	**$ 257,325**	**$ 315,154**	**$ 713,497**

Table 3b summarizes the revised Smart Meter True-up balance for the Residential customer class of $109,124, an increase of $6,829 from the original balance of $102,295 (Table 4b from VECC IR#12).

Table 3b: Disposition Rate Rider to Recover Actual Smart Meter Costs to December 31, 2011 for Residential Customer Class *REVISED*

Revenue Requirement 2007	$	2,635		
Revenue Requirement 2008	$	9,041		
Revenue Requirement 2009	$	129,342		
Revenue Requirement 2010	$	257,325		
Revenue Requirement 2011	$	315,154		
Total Revenue Requirement			$	713,497
Smart Meter Funding Adder Collected from Residential	-$	590,375		
Carrying Cost on Smart Meter Funding Adder	-$	13,998	-$	604,373
Smart Meter True-up Balance for RESIDENTIAL Disposition Rider			**$**	**109,124**

Table 3c illustrates the revised Residential SMDR of $1.15 per Residential customer per month, an increase of $0.08 from the original VECC IR#12 SMDR of $1.07 (Table 4c from VECC IR#12).

Table 3c: Calculation of Disposition Rate Rider for Residential Customer Class *REVISED*

	Residential
Total Smart Meter True-up for Disposition	$ 109,124
Number of Customers	7,935
Total Monthly Disposition Rate Rider	**$ 1.15**

Table 3d reflects the revised GS<50 revenue requirement to 2011 of $174,042, a decrease of $548 from the original calculation of $174,590 (Table 4d from VECC IR#12).

Table 3d: Revenue Requirement Calculation for Disposition Rate Rider for GS<50 Customer Class *REVISED*

Rate Base	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Net Fixed Assets	$ 3,308	$ 11,271	$ 184,540	$ 377,487	$ 391,351	$ 967,957
Working Capital Allowance	$ -	$ -	$ 765	$ 1,306	$ 1,952	$ 4,023
Total Rate Base	**$ 3,308**	**$ 11,271**	**$ 185,305**	**$ 378,793**	**$ 393,303**	**$ 971,980**

Revenue Requirement	2007 Amount	2008 Amount	2009 Amount	2010 Amount	2011 Amount	Total Amount
Short Term Interest	$ -	$ 20	$ 99	$ 202	$ 209	$ 530
Long Term Interest	$ 72	$ 243	$ 5,039	$ 10,946	$ 11,365	$ 27,665
Return on Equity	$ 149	$ 474	$ 6,427	$ 12,137	$ 12,601	$ 31,788
Total Return	$ 221	$ 737	$ 11,565	$ 23,285	$ 24,175	$ 59,983
OM&A	$ -	$ -	$ 5,099	$ 8,709	$ 13,015	$ 26,823
Amortization	$ 228	$ 1,240	$ 14,063	$ 30,330	$ 35,384	$ 81,245
Grossed-up PILs	$ 58	-$ 246	$ 1,491	$ 1,367	$ 1,688	$ 4,358
Revenue Requirement	$ 507	$ 1,731	$ 32,218	$ 63,691	$ 74,262	$ 172,409
Interest on Deferred OM&A and Amortization	$ 5	$ 29	$ 77	$ 326	$ 1,196	$ 1,633
Total GS<50 Revenue Requirement	**$ 512**	**$ 1,760**	**$ 32,295**	**$ 64,017**	**$ 75,458**	**$ 174,042**

Table 3e summarizes the revised Smart Meter True-up balance for the GS<50 customer class of $53,522, an increase of $455 from the original balance of $53,067 (Table 4e from VECC IR#12).

Table 3e: Disposition Rate Rider to Recover Actual Smart Meter Costs to December 31, 2011 for GS<50 Customer Class *REVISED*

Revenue Requirement 2007	$	512		
Revenue Requirement 2008	$	1,760		
Revenue Requirement 2009	$	32,295		
Revenue Requirement 2010	$	64,017		
Revenue Requirement 2011	$	75,458		
Total Revenue Requirement			$	174,042
Smart Meter Funding Adder Collected from GS<50	-$	117,700		
Carrying Cost on Smart Meter Funding Adder	-$	2,820	-$	120,520
Smart Meter True-up Balance for GS<50 Disposition Rider			**$**	**53,522**

Table 3f illustrates the revised GS<50 SMDR of $2.86 per GS<50 customer per month, an increase of $0.03 from the original VECC IR#12 SMDR of $2.83 (Table 4f from VECC IR#12).

Table 3f: Calculation of Disposition Rate Rider for GS<50 Customer Class *REVISED*

	GS<50
Total Smart Meter True-up for Disposition	$ 53,522
Number of Customers	1,562
Total Monthly Disposition Rate Rider	**$ 2.86**

Table 3g reflects the revised 2012 Residential revenue requirement of $339,149, an increase of $5,924 from the original calculation of $333,225 (Table 4g from VECC IR#12).

Table 3g: Revenue Requirement Calculation for Incremental Revenue Requirement Rate Rider for Residential Customer Class *REVISED*

Rate Base	2012 Amount
Net Fixed Assets	$ 1,414,054
Working Capital Allowance	$ 13,340
Total Rate Base	**$ 1,427,394**

Revenue Requirement	2012 Amount
Short Term Interest	$ 759
Long Term Interest	$ 41,246
Return on Equity	$ 45,734
Total Return	$ 87,739
OM&A	$ 88,931
Amortization	$ 148,707
Grossed-up PILs	$ 13,772
Total RESIDENTIAL Revenue Requirement	**$ 339,149**

Table 3h illustrates the revised Residential SMIRR of $3.51 per Residential customer per month, an increase of $0.06 from the original VECC IR#12 SMIRR of $3.45 (Table 4h from VECC IR#12).

Table 3h: Calculation of Incremental Revenue Requirement Rate Rider for Residential Customer Class *REVISED*

	Residential
Total Revenue Requirement	$ 339,149
Number of Customers	8,055
Total Monthly Incremental Revenue Requirement Rate Rider	**$ 3.51**

Table 3i reflects the revised 2012 GS<50 revenue requirement of $79,693, an increase of $873 from the original calculation of $78,820 (Table 4i from VECC IR#12).

Table 3i: Revenue Requirement Calculation for Incremental Revenue Requirement Rate Rider for GS<50 Customer Class *REVISED*

Rate Base	2012 Amount
Net Fixed Assets	$ 364,639
Working Capital Allowance	$ 2,598
Total Rate Base	**$ 367,237**

Revenue Requirement	2012 Amount
Short Term Interest	$ 195
Long Term Interest	$ 10,612
Return on Equity	$ 11,766
Total Return	$ 22,573
OM&A	$ 17,319
Amortization	$ 36,338
Grossed-up PILs	$ 3,463
Total GS<50 Revenue Requirement	**$ 79,693**

Table 3j illustrates the revised GS<50 SMIRR of $4.24 per GS<50 customer per month, an increase of $0.04 from the original VECC IR#12 SMIRR of $4.20 (Table 4j from VECC IR#12).

Table 3j: Calculation of Incremental Revenue Requirement Rate Rider for GS<50 Customer Class *REVISED*

	GS<50
Total Revenue Requirement	$ 79,693
Number of Customers	1,565
Total Monthly Incremental Revenue Requirement Rate Rider	**$ 4.24**

Table 3k below summarizes the various SMDRs calculated by Lakeland in the original Application, Board Staff IRs, VECC IRs and Reply Submission. As mentioned in Board Staff IR#15, Lakeland agreed with all of the changes recommended by Board Staff and has incorporated all of those changes in two of the SMDR rates below: SMDR REVISED Board Staff IR#15 (column 2) and SMDR REVISED VECC Cost Allocation IR#12 (column 4).

Table 3l below summarizes the various SMIRRs calculated by Lakeland in the original Application, Board Staff IRs, VECC IRs and Reply Submission. Lakeland has also incorporated all of the Board Staff recommended changes in two of the SMIRR rates below: SMIRR REVISED Board Staff IR#15 (column 2) and SMIRR REVISED VECC Cost Allocation IR#12 (column 4).

Table 3k: Disposition Rate Rider by Class Comparison

	SMDR ORIGINAL	SMDR REVISED Board Staff IR#15	SMDR VECC Cost Allocation IR#12	SMDR REVISED VECC Cost Allocation IR#12
Residential	$ 1.20	**$ 1.25**	$ 1.07	**$ 1.15**
GS<50	$ 2.21	**$ 2.31**	$ 2.83	**$ 2.86**

Table 3l: Incremental Revenue Requirement Rate Rider by Class Comparison

	SMIRR ORIGINAL	SMIRR REVISED Board Staff IR#15	SMIRR VECC Cost Allocation IR#12	SMIRR REVISED VECC Cost Allocation IR#12
Residential	$ 3.17	**$ 3.22**	$ 3.45	**$ 3.51**
GS<50	$ 5.61	**$ 5.73**	$ 4.20	**$ 4.24**

Cost Allocation and Calculation of SMDR and SMIRR

As illustrated in the summary of revised SMDRs and SMIRRs in Tables 3k and 3l above, there are two revised rates to choose from, the only difference between them being the allocation methodology upon which they are based.

The revised Board Staff IR#15 SMDR and SMIRR are based upon allocating the revenue requirement and smart meter funding adder collected between Residential and GS<50 customer classes. The basis for this allocation, as laid out in Lakeland's original Application, is summarized below:

- 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.

Board Staff raised no issues with this allocation methodology in either the Board Staff Interrogatories or the Board Staff Final Submission. However, VECC disagreed with this cost allocation model in both the VECC Interrogatories and VECC Final Submission. VECCs interrogatory #12 requested Lakeland to

recalculate class specific SMDRs and SMIRRs based on the costs for each class to better reflect cost causality and to avoid undue cross subsidy between rate classes. Lakeland has recalculated and presented the revised SMDR and SMIRR using this cost causality approach in Tables 3a to 3j in the section "Update Rate Model and Revised SMDR and SMIRR" above.

Lakeland has summarized in Table 4 below, a comparison of total smart meter proposed rates, based on the two methodologies above.

Table 4: Summary of TOTAL Smart Meter Rates Effective May 1, 2012 to April 30, 2013

Rate Rider - Residential	Smart Meter Rates REVISED Board Staff IR#15	Smart Meter Rates REVISED VECC IR#12	Inc/(Dec)
SMDR	$ 1.25	$ 1.15	-$ 0.10
SMIRR	$ 3.22	$ 3.51	$ 0.29
Total Smart Meter Rate - Residential	**$ 4.47**	**$ 4.66**	**$ 0.19**

Rate Rider - GS<50 kW	Smart Meter Rates REVISED Board Staff IR#15	Smart Meter Rates REVISED VECC IR#12	Inc/(Dec)
SMDR	$ 2.31	$ 2.86	$ 0.55
SMIRR	$ 5.73	$ 4.24	-$ 1.49
Total Smart Meter Rate - GS<50 kW	**$ 8.04**	**$ 7.10**	**-$ 0.94**

Based on the revenue requirement allocation used for the SMDR and SMIRR per Board Staff IR#15, the total monthly charge to Lakeland's customers, to recover smart costs, would be: $4.47 per Residential customer per month and $8.04 per GS<50 customer per month.

Based on the cost causality allocation used for the SMDR and SMIRR per VECC IR#12, the total monthly charge to Lakeland's customers, to recover smart meter costs, would be: $4.66 per Residential customer per month and $7.10 per GS<50 customer per month.

Thus, the total smart meter rate (SMDR plus SMIRR), based on VECC IR#12, would be $0.19 higher per month per Residential customer but $0.94 lower per month per GS<50 customer versus the total smart meter rate based on Board Staff IR#15 methodology.

Lakeland submits that the approaches in the Application and the VECC submission are similar as they both attempt to allocate revenue requirement to the customer classes based on the allocation of assets and costs. Lakeland thus defers to the Board in deciding which methodology is found to be most acceptable.

Inclusion of 2012 Costs and Demand for Customer Growth

Lakeland is pleased to note that Board Staff and VECC both accept Lakeland's inclusion of 2012 forecasted capital costs in the Application for SMIRR given that the capital cost is relatively small and is appropriately matched with the forecasted installation of additional smart meters for the same period of time. Lakeland feels this forecast is still appropriate since as of December 2011, Lakeland had installed: 7,930 residential smart meters as compared to the forecasted 7,935 for 2011 and 1,567 GS<50 smart meters as compared to the forecasted 1,562 for 2011. As well, actual growth to date in 2012 is on track with the growth forecasted for 2012.

Other Matters

As noted in the Board Staff Submission, Lakeland's proposal not to seek disposition of stranded meters until the next rebasing application, scheduled for 2013 rates, is compliant with Guideline G-2011-0001.

In response to Board Staff's comments on page 9 of the Board Staff Submission, Lakeland has duly noted the direction to be prepared to address and quantify any operational efficiencies and cost savings resulting from smart meter deployment in the next cost of service rebasing application scheduled for 2013.

Summary

As noted above, Lakeland has recalculated Smart Meter Models based on two different allocation methodologies. The model submitted as per Board Staff IR#15 is based on allocating the revenue requirement and SMFA's collected per Residential and GS<50 customer class whereas the model submitted as per VECC IR#12 is based on allocating the costs themselves to the Residential and GS<50 customer classes. Table 5 summarizes the revised SMDR and SMIRR rates resulting from these two different methodologies.

Table 5: Summary of Revised Proposed Smart Meter Rates Calculated on 2 Methodologies Effective May 1, 2012 to April 30, 2013

Rate Rider - Residential	Smart Meter Rates REVISED Board Staff IR#15 (Revenue Requirement Allocation)	Smart Meter Rates REVISED VECC IR#12 (Cost Causality Allocation)
SMDR	$ 1.25	$ 1.15
SMIRR	$ 3.22	$ 3.51
Total Smart Meter Rate - Residential	**$ 4.47**	**$ 4.66**

Rate Rider - GS<50 kW	Smart Meter Rates REVISED Board Staff IR#15 (Revenue Requirement Allocation)	Smart Meter Rates REVISED VECC IR#12 (Cost Causality Allocation)
SMDR	$ 2.31	$ 2.86
SMIRR	$ 5.73	$ 4.24
Total Smart Meter Rate - GS<50 kW	**$ 8.04**	**$ 7.10**

Lakeland is seeking approval for the recovery of smart meter costs in this Application's Final Submission. However, Lakeland is deferring to the Board as to which rate based allocation methodology above is deemed to be most acceptable: Residential customer charges being $4.47 versus $4.66 per month and GS<50 customer charges being $8.04 versus $7.10 per month. All charges shown above are monthly fixed charges proposed to be effective for May 1, 2012 to April 30, 2013.

Conclusion

In agreement with the Board Staff submission, Lakeland respectfully submits that this Application is compliant with Guideline G-2011-0001, it reflects prudently incurred costs and is consistent with Board policy and practice with respect to the disposition and recovery of costs related to smart meter recovery. Lakeland thus respectfully requests the approval of the above proposed rate riders for implementation effective May 1, 2012.

Dated at Huntsville, Ontario, this 26th day of March, 2012.

Margaret Maw
Chief Financial Officer

Appendix A
2012 Smart Meter Model

Residential

V 2.17

Ontario Energy Board

Smart Meter Model

Choose Your Utility:

Lakeland Power Distribution Ltd.
London Hydro Inc.

Application Contact Information

Name:	Dawn Punkari
Title:	Accounting Supervisor
Phone Number:	705-789-5442 x223
Email Address:	dpunkari@lakelandholding.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

This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your 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 the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.

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.

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

Distributors must enter all incremental costs related to their smart meter program and all revenues recovered to date in the applicable tabs except for those costs (and associated revenues) for which the Board has approved on a final basis, i.e. capital costs have been included in rate base and OM&A costs in revenue requirement.

For 2012, distributors that have completed their deployments by the end of 2011 are not expected to enter any capital costs. However, for OM&A, regardless of whether a distributor has deployments in 2012, distributors should enter the forecasted OM&A for 2012 for all smart meters in service.

Smart Meter Capital Cost and Operational Expense Data

Smart Meter Installation Plan

Actual/Planned number of Smart Meters installed during the Calendar Yea

	2006	2007	2008	2009	2010	2011	2012 and later	Total
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
Residential	0	0	0	7,570	235	130	120	8055
General Service < 50 kW	0	0	0	0	0	0	0	0
Actual/Planned number of Smart Meters installed (Residential and GS < 50 kW onl	0	0	0	7570	235	130	120	8055
Percentage of Residential and GS < 50 kW Smart Meter Installations Completed	0.00%	0.00%	0.00%	93.98%	96.90%	98.51%	100.00%	100.00%
Actual/Planned number of GS > 50 kW meters installed								0
Other (please identify)								0
Total Number of Smart Meters installed or planned to be installe	0	0	0	7570	235	130	120	8055

1 Capital Costs

1.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

	Asset Type (Asset type must be selected to enable calculations)	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast	Total
1.1.1 Smart Meters *(may include new meters and modules, etc.)*	Smart Meter				868,879	40,400	10,592	10,124	$ 929,996
1.1.2 Installation Costs *(may include socket kits, labour, vehicle, benefits, etc.)*	Smart Meter				144,330	36,963	5,552	3,134	$ 189,978
1.1.3a Workforce Automation Hardware *(may include fieldwork handhelds, barcode hardware, etc.)*	Computer Hardware				3,965	388	291		$ 4,645
1.1.3b Workforce Automation Software *(may include fieldwork handhelds, barcode hardware, etc.)*									$ -
Total Advanced Metering Communications Devices (AMCD		$ -	$ -	$ -	$ 1,017,174	$ 77,752	$ 16,435	$ 13,258	$ 1,124,618

1.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)

	Asset Type	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast	Total
1.2.1 Collectors	Smart Meter				111,252	1,248	2,107		$ 114,607
1.2.2 Repeaters *(may include radio licence, etc.)*	Smart Meter				4,794				$ 4,794
1.2.3 Installation *(may include meter seals and rings, collector computer hardware, etc.)*	Smart Meter				18,270	3,376			$ 21,646
Total Advanced Metering Regional Collector (AMRC) (Includes LAN		$ -	$ -	$ -	$ 134,315	$ 4,625	$ 2,107	$ -	$ 141,047

1.3 ADVANCED METERING CONTROL COMPUTER (AMCC)	Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
1.3.1 Computer Hardware	Computer Hardware				5,417	6,453			$ 11,871
1.3.2 Computer Software	Computer Software				4,863	53,212			$ 58,075
1.3.3 Computer Software Licences & Installation (includes hardware and software) *(may include AS/400 disk space, backup and recovery computer, UPS, etc.)*	Computer Hardware				7,162	14,803	159		$ 22,124
Total Advanced Metering Control Computer (AMCC		$ -	$ -	$ -	$ 17,442	$ 74,468	$ 159	$ -	$ 92,070

1.4 WIDE AREA NETWORK (WAN)	Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
1.4.1 Activiation Fees									$ -
Total Wide Area Network (WAN)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUNCTIONALITY	Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
1.5.1 Customer Equipment *(including repair of damaged equipment)*	Smart Meter								$ -
1.5.2 AMI Interface to CIS	Computer Software			12,475	1,281				$ 13,756
1.5.3 Professional Fees	Smart Meter		31,987	13,579	16,753	31,229	21,942		$ 115,490
1.5.4 Integration	Smart Meter		3,159	7,305	89,115	81,474	49		$ 181,102
1.5.5 Program Management	Smart Meter					55,365			$ 55,365
1.5.6 Other AMI Capital	Smart Meter					209			$ 209
Total Other AMI Capital Costs Related to Minimum Functionalit		$ -	$ 35,146	$ 33,359	$ 107,149	$ 168,276	$ 21,991	$ -	$ 365,921
Total Capital Costs Related to Minimum Functionality		$ -	$ 35,146	$ 33,359	$ 1,276,081	$ 325,121	$ 40,692	$ 13,258	$ 1,723,657

1.6 CAPITAL COSTS BEYOND MINIMUM FUNCTIONALITY *(Please provide a descriptive title and identify nature of beyond minimum functionality costs)*	Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
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	Smart Meter								$ -
1.6.2 Costs for deployment of smart meters to customers other than residential and small general service	Smart Meter								$ -
1.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.	Computer Software			20,816	2,653	47,997	26,081		$ 97,546
Total Capital Costs Beyond Minimum Functionalit		$ -	$ -	$ 20,816	$ 2,653	$ 47,997	$ 26,081	$ -	$ 97,546
Total Smart Meter Capital Costs		$ -	$ 35,146	$ 54,175	$ 1,278,734	$ 373,118	$ 66,773	$ 13,258	$ 1,821,202

2 OM&A Expenses

2.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
2.1.1 Maintenance *(may include meter reverification costs, etc.)*				8,891	5,159	5,604	5,742	$ 25,396
2.1.2 Other *(please specify)*								$ -
Total Incremental AMCD OM&A Costs	$ -	$ -	$ -	$ 8,891	$ 5,159	$ 5,604	$ 5,742	$ 25,396
2.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)								
2.2.1 Maintenance								$ -
2.2.2 Other *(please specify)*								$ -
Total Incremental AMRC OM&A Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2.3 ADVANCED METERING CONTROL COMPUTER (AMCC)								
2.3.1 Hardware Maintenance *(may include server support, etc.)*								$ -
2.3.2 Software Maintenance *(may include maintenance support, etc.)*					3,959	9,248	9,492	$ 22,698
2.3.2 Other *(please specify)*								$ -
Total Incremental AMCC OM&A Costs	$ -	$ -	$ -	$ -	$ 3,959	$ 9,248	$ 9,492	$ 22,698
2.4 WIDE AREA NETWORK (WAN)								
2.4.1 WAN Maintenance				2,991	5,205	5,510	5,775	$ 19,481
2.4.2 Other *(please specify)*								$ -
Total Incremental AMRC OM&A Costs	$ -	$ -	$ -	$ 2,991	$ 5,205	$ 5,510	$ 5,775	$ 19,481
2.5 OTHER AMI OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY								
2.5.1 Business Process Redesign								$ -
2.5.2 Customer Communication (may include project communication, etc.)				5,560				$ 5,560
2.5.3 Program Management								$ -
2.5.4 Change Management (may include training, etc.)				6,815	13,998	14,213	14,363	$ 49,389
2.5.5 Administration Costs					8,467	18,564	19,084	$ 46,114
2.5.6 Other AMI Expenses *(please specify)*							10,295	$ 10,295
Total Other AMI OM&A Costs Related to Minimum Functionality	$ -	$ -	$ -	$ 12,375	$ 22,464	$ 32,777	$ 43,742	$ 111,358
TOTAL OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY	$ -	$ -	$ -	$ 24,257	$ 36,787	$ 53,139	$ 64,750	$ 178,933
2.6 OM&A COSTS RELATED TO BEYOND MINIMUM FUNCTIONALITY *(Please provide a descriptive title and identify nature of beyond minimum functionality costs)*	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actua		
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.				1,927	7,931	13,692	24,181	$ 47,731
Total OM&A Costs Beyond Minimum Functionality	$ -	$ -	$ -	$ 1,927	$ 7,931	$ 13,692	$ 24,181	$ 47,731
Total Smart Meter OM&A Costs	$ -	$ -	$ -	$ 26,183	$ 44,718	$ 66,831	$ 88,931	$ 226,664

3 Aggregate Smart Meter Costs by Category

3.1	**Capital**										
3.1.1	Smart Meter	$ -	$ 35,146	$ 20,884	$ 1,253,393	$ 250,264	$ 40,241	$ 13,258	$ 1,613,187		
3.1.2	Computer Hardware	$ -	$ -	$ -	$ 16,544	$ 21,645	$ 451	$ -	$ 38,639		
3.1.3	Computer Software	$ -	$ -	$ 33,290	$ 8,797	$ 101,208	$ 26,081	$ -	$ 169,376		
3.1.4	Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
3.1.5	Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
3.1.6	Applications Software	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
3.1.7	**Total Capital Costs**	**$ -**	**$ 35,146**	**$ 54,175**	**$ 1,278,734**	**$ 373,118**	**$ 66,773**	**$ 13,258**	**$ 1,821,202**		
3.2	**OM&A Costs**										
3.2.1	**Total OM&A Costs**	**$ -**	**$ -**	**$ -**	**$ 26,183**	**$ 44,718**	**$ 66,831**	**$ 88,931**	**$ 226,664**		

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

	2006	2007	2008	2009	2010	2011	2012 and later
Cost of Capital							
Capital Structure[1]							
Deemed Short-term Debt Capitalization			4.0%	4.0%	4.0%	4.0%	4.0%
Deemed Long-term Debt Capitalization	50.0%	50.0%	49.3%	52.7%	56.0%	56.0%	56.0%
Deemed Equity Capitalization	50.0%	50.0%	46.7%	43.3%	40.0%	40.0%	40.0%
Preferred Shares	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Capital Parameters							
Deemed Short-term Debt Rate			4.38%	1.33%	1.33%	1.33%	1.33%
Long-term Debt Rate (actual/embedded/deemed) [2]	4.38%	4.38%	4.38%	5.16%	5.16%	5.16%	5.16%
Target Return on Equity (ROE)	9.0%	9.00%	9.00%	8.01%	8.01%	8.01%	8.01%
Return on Preferred Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
WACC	6.69%	6.69%	6.54%	6.24%	6.15%	6.15%	6.15%
Working Capital Allowance							
Working Capital Allowance Rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
(% of the sum of Cost of Power + controllable expenses)							
Taxes/PILs							
Aggregate Corporate Income Tax Rate	29.71%	29.71%	27.09%	26.86%	24.87%	22.34%	20.75%
Capital Tax (until July 1st, 2010)	0.30%	0.225%	0.225%	0.225%	0.075%	0.00%	0.00%
Depreciation Rates							
(expressed as expected useful life in years)							
Smart Meters - years	15	15	15	15	15	15	15
- rate (%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%
Computer Hardware - years	5	5	5	5	5	5	5
- rate (%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Computer Software - years	5	5	5	5	5	5	5
- rate (%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Tools & Equipment - years	15	15	15	15	15	15	15
- rate (%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%
Other Equipment - years	15	15	15	15	15	15	15
- rate (%)	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%
CCA Rates							
Smart Meters - CCA Class	47	47	47	47	47	47	47
Smart Meters - CCA Rate	8%	8%	8%	8%	8%	8%	8%
Computer Equipment - CCA Class	50	50	50	50	50	50	50
Computer Equipment - CCA Rate	55%	55%	55%	55%	55%	55%	55%
General Equipment - CCA Class	47	47	47	47	47	47	47
General Equipment - CCA Rate	8%	8%	8%	8%	8%	8%	8%
Applications Software - CCA Class	50	50	50	50	50	50	50
Applications Software - CCA Rate	55%	55%	55%	55%	55%	55%	55%

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 striaght line basis and has the "half-year" rule applied.*

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

	2006	2007	2008	2009	2010	2011	2012 and later
Net Fixed Assets - Smart Meters							
Gross Book Value							
Opening Balance		$ -	$ 35,146	$ 56,030	$ 1,309,423	$ 1,559,687	$ 1,599,929
Capital Additions during year (from Smart Meter Costs)	$ -	$ 35,146	$ 20,884	$ 1,253,393	$ 250,264	$ 40,241	$ 13,258
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ 35,146	$ 56,030	$ 1,309,423	$ 1,559,687	$ 1,599,929	$ 1,613,187
Accumulated Depreciation							
Opening Balance		$ -	-$ 1,172	-$ 4,211	-$ 49,726	-$ 145,363	-$ 250,683
Amortization expense during year	$ -	-$ 1,172	-$ 3,039	-$ 45,515	-$ 95,637	-$ 105,321	-$ 107,104
Retirements/Removals (if applicable)							
Closing Balance	$ -	-$ 1,172	-$ 4,211	-$ 49,726	-$ 145,363	-$ 250,683	-$ 357,787
Net Book Value							
Opening Balance	$ -	$ -	$ 33,974	$ 51,820	$ 1,259,697	$ 1,414,324	$ 1,349,245
Closing Balance	$ -	$ 33,974	$ 51,820	$ 1,259,697	$ 1,414,324	$ 1,349,245	$ 1,255,399
Average Net Book Value	$ -	$ 16,987	$ 42,897	$ 655,758	$ 1,337,011	$ 1,381,785	$ 1,302,322
Net Fixed Assets - Computer Hardware							
Gross Book Value							
Opening Balance		$ -	$ -	$ -	$ 16,544	$ 38,189	$ 38,639
Capital Additions during year (from Smart Meter Costs)	$ -	$ -	$ -	$ 16,544	$ 21,645	$ 451	$ -
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ -	$ 16,544	$ 38,189	$ 38,639	$ 38,639
Accumulated Depreciation							
Opening Balance	$ -	$ -	$ -	$ -	-$ 1,654	-$ 7,128	-$ 14,810
Amortization expense during year	$ -	$ -	$ -	-$ 1,654	-$ 5,473	-$ 7,683	-$ 7,728
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ -	-$ 1,654	-$ 7,128	-$ 14,810	-$ 22,538
Net Book Value							
Opening Balance	$ -	$ -	$ -	$ -	$ 14,890	$ 31,061	$ 23,829
Closing Balance	$ -	$ -	$ -	$ 14,890	$ 31,061	$ 23,829	$ 16,101
Average Net Book Value	$ -	$ -	$ -	$ 7,445	$ 22,975	$ 27,445	$ 19,965
Net Fixed Assets - Computer Software (including Applications Software)							
Gross Book Value							
Opening Balance		$ -	$ -	$ 33,290	$ 42,087	$ 143,296	$ 169,376
Capital Additions during year (from Smart Meter Costs)	$ -	$ -	$ 33,290	$ 8,797	$ 101,208	$ 26,081	$ -

	2006	2007	2008	2009	2010	2011	2012 and later
Net Fixed Assets - Smart Meters							
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ 33,290	$ 42,087	$ 143,296	$ 169,376	$ 169,376
Accumulated Depreciation							
Opening Balance	$ -	$ -	$ -	-$ 3,329	-$ 10,867	-$ 29,405	-$ 60,672
Amortization expense during year	$ -	$ -	-$ 3,329	-$ 7,538	-$ 18,538	-$ 31,267	-$ 33,875
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	-$ 3,329	-$ 10,867	-$ 29,405	-$ 60,672	-$ 94,548
Net Book Value							
Opening Balance	$ -	$ -	$ -	$ 29,961	$ 31,221	$ 113,891	$ 108,704
Closing Balance	$ -	$ -	$ 29,961	$ 31,221	$ 113,891	$ 108,704	$ 74,829
Average Net Book Value	$ -	$ -	$ 14,981	$ 30,591	$ 72,556	$ 111,297	$ 91,766
Net Fixed Assets - Tools and Equipment							
Gross Book Value							
Opening Balance		$ -	$ -	$ -	$ -	$ -	$ -
Capital Additions during year (from Smart Meter Costs)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accumulated Depreciation							
Opening Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization expense during year	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Book Value							
Opening Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Average Net Book Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Fixed Assets - Other Equipment							
Gross Book Value							
Opening Balance		$ -	$ -	$ -	$ -	$ -	$ -
Capital Additions during year (from Smart Meter Costs)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accumulated Depreciation							
Opening Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization expense during year	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Book Value							
Opening Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Average Net Book Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

	2006	2007	2008	2009	2010	2011	2012 and Later
Average Net Fixed Asset Values (from Sheet 4)							
Smart Meters	$ -	$ 16,987	$ 42,897	$ 655,758	$ 1,337,011	$ 1,381,785	$ 1,302,322
Computer Hardware	$ -	$ -	$ -	$ 7,445	$ 22,975	$ 27,445	$ 19,965
Computer Software	$ -	$ -	$ 14,981	$ 30,591	$ 72,556	$ 111,297	$ 91,766
Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Net Fixed Assets	**$ -**	**$ 16,987**	**$ 57,878**	**$ 693,794**	**$ 1,432,542**	**$ 1,520,527**	**$ 1,414,054**
Working Capital							
Operating Expenses (from Sheet 2)	$ -	$ -	$ -	$ 26,183	$ 44,718	$ 66,831	$ 88,931
Working Capital Factor (from Sheet 3)	15%	15%	15%	15%	15%	15%	15%
Working Capital Allowance	$ -	$ -	$ -	$ 3,928	$ 6,708	$ 10,025	$ 13,340
Incremental Smart Meter Rate Base	**$ -**	**$ 16,987**	**$ 57,878**	**$ 697,722**	**$ 1,439,249**	**$ 1,530,552**	**$ 1,427,393**
Return on Rate Base							
Capital Structure							
Deemed Short Term Debt	$ -	$ -	$ 2,315	$ 27,909	$ 57,570	$ 61,222	$ 57,096
Deemed Long Term Debt	$ -	$ 8,494	$ 28,534	$ 367,699	$ 805,980	$ 857,109	$ 799,340
Equity	$ -	$ 8,494	$ 27,029	$ 302,113	$ 575,700	$ 612,221	$ 570,957
Preferred Shares	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Capitalization	$ -	$ 16,987	$ 57,878	$ 697,722	$ 1,439,249	$ 1,530,552	$ 1,427,393
Return on							
Deemed Short Term Debt	$ -	$ -	$ 101	$ 371	$ 766	$ 814	$ 759
Deemed Long Term Debt	$ -	$ 372	$ 1,250	$ 18,973	$ 41,589	$ 44,227	$ 41,246
Equity	$ -	$ 764	$ 2,433	$ 24,199	$ 46,114	$ 49,039	$ 45,734
Preferred Shares	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Return on Capital	$ -	$ 1,136	$ 3,784	$ 43,544	$ 88,468	$ 94,080	$ 87,739
Operating Expenses	$ -	$ -	$ -	$ 26,183	$ 44,718	$ 66,831	$ 88,931
Amortization Expenses (from Sheet 4)							
Smart Meters	$ -	$ 1,172	$ 3,039	$ 45,515	$ 95,637	$ 105,321	$ 107,104
Computer Hardware	$ -	$ -	$ -	$ 1,654	$ 5,473	$ 7,683	$ 7,728
Computer Software	$ -	$ -	$ 3,329	$ 7,538	$ 18,538	$ 31,267	$ 33,875
Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Amortization Expense in Year	$ -	$ 1,172	$ 6,368	$ 54,707	$ 119,649	$ 144,271	$ 148,707
Incremental Revenue Requirement before Taxes/PILs	$ -	$ 2,308	$ 10,152	$ 124,435	$ 252,834	$ 305,181	$ 325,377
Calculation of Taxable Income							
Incremental Operating Expenses	$ -	$ -	$ -	$ 26,183	$ 44,718	$ 66,831	$ 88,931
Amortization Expense	$ -	$ 1,172	$ 6,368	$ 54,707	$ 119,649	$ 144,271	$ 148,707
Interest Expense	$ -	$ 372	$ 1,351	$ 19,344	$ 42,354	$ 45,041	$ 42,005
Net Income for Taxes/PILs	$ -	$ 764	$ 2,433	$ 24,199	$ 46,114	$ 49,039	$ 45,734
Grossed-up Taxes/PILs (from Sheet 7)	$ -	$ 300.51	-$ 1,260.81	$ 4,568.75	$ 3,111.89	$ 4,873.42	$ 13,772.22
Revenue Requirement, including Grossed-up Taxes/PILs	$ -	$ 2,608	$ 8,891	$ 129,003	$ 255,946	$ 310,055	$ 339,149

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

For PILs Calculation

UCC - Smart Meters

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast
Opening UCC	$ -	$ -	$ 33,740.10	$ 51,089.92	$ 1,250,259.59	$ 1,390,492.60	$ 1,317,884.97
Capital Additions	$ -	$ 35,145.94	$ 20,884.41	$ 1,253,392.57	$ 250,264.35	$ 40,241.43	$ 13,257.97
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	$ -	$ 35,145.94	$ 54,624.51	$ 1,304,482.49	$ 1,500,523.94	$ 1,430,734.03	$ 1,331,142.94
Half Year Rule (1/2 Additions - Disposals)	$ -	$ 17,572.97	$ 10,442.20	$ 626,696.28	$ 125,132.18	$ 20,120.72	$ 6,628.99
Reduced UCC	$ -	$ 17,572.97	$ 44,182.30	$ 677,786.21	$ 1,375,391.77	$ 1,410,613.32	$ 1,324,513.96
CCA Rate Class	47	47	47	47	47	47	47
CCA Rate	8%	8%	8%	8%	8%	8%	8%
CCA	$ -	$ 1,405.84	$ 3,534.58	$ 54,222.90	$ 110,031.34	$ 112,849.07	$ 105,961.12
Closing UCC	$ -	$ 33,740.10	$ 51,089.92	$ 1,250,259.59	$ 1,390,492.60	$ 1,317,884.97	$ 1,225,181.83

UCC - Computer Equipment

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast
Opening UCC	$ -	$ -	$ -	$ 24,135.45	$ 29,233.25	$ 102,223.51	$ 65,235.70
Capital Additions Computer Hardware	$ -	$ -	$ -	$ 16,543.92	$ 21,644.82	$ 450.52	$ -
Capital Additions Computer Software	$ -	$ -	$ 33,290.28	$ 8,797.19	$ 101,208.34	$ 26,080.69	$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	$ -	$ -	$ 33,290.28	$ 49,476.56	$ 152,086.41	$ 128,754.71	$ 65,235.70
Half Year Rule (1/2 Additions - Disposals)	$ -	$ -	$ 16,645.14	$ 12,670.55	$ 61,426.58	$ 13,265.60	$ -
Reduced UCC	$ -	$ -	$ 16,645.14	$ 36,806.00	$ 90,659.83	$ 115,489.11	$ 65,235.70
CCA Rate Class	50	50	50	50	50	50	50
CCA Rate	55%	55%	55%	55%	55%	55%	55%
CCA	$ -	$ -	$ 9,154.83	$ 20,243.30	$ 49,862.91	$ 63,519.01	$ 35,879.64
Closing UCC	$ -	$ -	$ 24,135.45	$ 29,233.25	$ 102,223.51	$ 65,235.70	$ 29,356.07

UCC - General Equipment

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited 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	47	47	47	47	47	47	47
CCA Rate	8%	8%	8%	8%	8%	8%	8%
CCA	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing UCC	$ -	$ -	$ -	$ -	$ -	$ -	$ -

UCC - Applications Software

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast
Opening UCC	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Capital Additions Applications Software	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Half Year Rule (1/2 Additions - Disposals)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reduced UCC	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CCA Rate Class	50	50	50	50	50	50	50
CCA Rate	55%	55%	55%	55%	55%	55%	55%
CCA	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing UCC	$ -	$ -	$ -	$ -	$ -	$ -	$ -

PILs Calculation

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast
INCOME TAX							
Net Income	$ -	$ 764.42	$ 2,432.60	$ 24,199.29	$ 46,113.55	$ 49,038.88	$ 45,733.69
Amortization	$ -	$ 1,171.53	$ 6,368.24	$ 54,707.27	$ 119,648.60	$ 144,270.56	$ 148,707.00
CCA - Smart Meters	$ -	-$ 1,405.84	-$ 3,534.58	-$ 54,222.90	-$ 110,031.34	-$ 112,849.07	-$ 105,961.12
CCA - Computers	$ -	$ -	-$ 9,154.83	-$ 20,243.30	-$ 49,862.91	-$ 63,519.01	-$ 35,879.64
CCA - Applications Software	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CCA - Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Change in taxable income	$ -	$ 530.12	-$ 3,888.58	$ 4,440.36	$ 5,867.90	$ 16,941.37	$ 52,599.93
Tax Rate (from Sheet 3)	29.71%	29.71%	27.09%	26.86%	24.87%	22.34%	20.75%
Income Taxes Payable	$ -	$ 157.50	-$ 1,053.42	$ 1,192.68	$ 1,459.35	$ 3,784.70	$ 10,914.48
ONTARIO CAPITAL TAX							
Smart Meters	$ -	$ 33,974.41	$ 51,819.60	$ 1,259,697.06	$ 1,414,324.41	$ 1,349,245.31	$ 1,255,399.44
Computer Hardware	$ -	$ -	$ -	$ 14,889.52	$ 31,061.08	$ 23,828.80	$ 16,100.95
Computer Software (Including Application Software)	$ -	$ -	$ 29,961.25	$ 31,220.66	$ 113,890.68	$ 108,704.13	$ 74,828.83
Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rate Base	$ -	$ 33,974.41	$ 81,780.85	$ 1,305,807.25	$ 1,559,276.16	$ 1,481,778.24	$ 1,346,329.22
Less: Exemption							
Deemed Taxable Capital	$ -	$ 33,974.41	$ 81,780.85	$ 1,305,807.25	$ 1,559,276.16	$ 1,481,778.24	$ 1,346,329.22
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)	$ -	$ 76.44	$ 184.01	$ 2,938.07	$ 1,169.46	$ -	$ -
Change in Income Taxes Payable	$ -	$ 157.50	-$ 1,053.42	$ 1,192.68	$ 1,459.35	$ 3,784.70	$ 10,914.48
Change in OCT	$ -	$ 76.44	$ 184.01	$ 2,938.07	$ 1,169.46	$ -	$ -
PILs	$ -	$ 233.94	-$ 869.41	$ 4,130.75	$ 2,628.80	$ 3,784.70	$ 10,914.48
Gross Up PILs							
Tax Rate	29.71%	29.71%	27.09%	26.86%	24.87%	22.34%	20.75%
Change in Income Taxes Payable	$ -	$ 224.07	-$ 1,444.82	$ 1,630.68	$ 1,942.43	$ 4,873.42	$ 13,772.22
Change in OCT	$ -	$ 76.44	$ 184.01	$ 2,938.07	$ 1,169.46	$ -	$ -
PILs	**$ -**	**$ 300.51**	**-$ 1,260.81**	**$ 4,568.75**	**$ 3,111.89**	**$ 4,873.42**	**$ 13,772.22**

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

This worksheet calculates the funding adder revenues.

Account 1555 - Sub-account Funding Adder Revenue

Interest Rates	Approved Deferral and Variance Accounts	CWIP
2006 Q1		
2006 Q2	4.14%	4.68%
2006 Q3	4.59%	5.05%
2006 Q4	4.59%	4.72%
2007 Q1	4.59%	4.72%
2007 Q2	4.59%	4.72%
2007 Q3	4.59%	5.18%
2007 Q4	5.14%	5.18%
2008 Q1	5.14%	5.18%
2008 Q2	4.08%	5.18%
2008 Q3	3.35%	5.43%
2008 Q4	3.35%	5.43%
2009 Q1	2.45%	6.61%
2009 Q2	1.00%	6.61%
2009 Q3	0.55%	5.67%
2009 Q4	0.55%	4.66%
2010 Q1	0.55%	4.34%
2010 Q2	0.55%	4.34%
2010 Q3	0.89%	4.66%
2010 Q4	1.20%	4.01%
2011 Q1	1.47%	4.29%
2011 Q2	1.47%	4.29%
2011 Q3	1.47%	4.29%
2011 Q4	1.47%	4.29%
2012 Q1	1.47%	4.29%
2012 Q2	0.00%	4.29%
2012 Q3	0.00%	4.29%
2012 Q4	0.00%	4.29%

Date	Year	Quarter	Opening Balance (Principal)	Funding Adder Revenues	Interest Rate	Interest	Closing Balance	Annual amounts	Board Approved Smart Meter Funding Adder (from Tariff)
Jan-06	2006	Q1	$ -		0.00%	$ -	$ -		
Feb-06	2006	Q1	$ -		0.00%	$ -	$ -		
Mar-06	2006	Q1	$ -		0.00%	$ -	$ -		
Apr-06	2006	Q2	$ -		4.14%	$ -	$ -		
May-06	2006	Q2	$ -	$ 1,869.87	4.14%	$ -	$ 1,869.87		$ 0.25
Jun-06	2006	Q2	$ 1,869.87	$ 1,865.33	4.14%	$ 6.45	$ 3,741.65		$ 0.25
Jul-06	2006	Q3	$ 3,735.20	$ 1,877.96	4.59%	$ 14.29	$ 5,627.46		$ 0.25
Aug-06	2006	Q3	$ 5,613.17	$ 1,873.61	4.59%	$ 21.47	$ 7,508.25		$ 0.25
Sep-06	2006	Q3	$ 7,486.78	$ 1,873.53	4.59%	$ 28.64	$ 9,388.94		$ 0.25
Oct-06	2006	Q4	$ 9,360.30	$ 1,876.56	4.59%	$ 35.80	$ 11,272.67		$ 0.25
Nov-06	2006	Q4	$ 11,236.87	$ 1,875.90	4.59%	$ 42.98	$ 13,155.75		$ 0.25
Dec-06	2006	Q4	$ 13,112.77	$ 1,883.74	4.59%	$ 50.16	$ 15,046.67	$ 15,196.30	$ 0.25
Jan-07	2007	Q1	$ 14,996.51	$ 1,878.22	4.59%	$ 57.36	$ 16,932.09		$ 0.25
Feb-07	2007	Q1	$ 16,874.73	$ 1,878.89	4.59%	$ 64.55	$ 18,818.18		$ 0.25
Mar-07	2007	Q1	$ 18,753.63	$ 1,875.22	4.59%	$ 71.73	$ 20,700.58		$ 0.25
Apr-07	2007	Q2	$ 20,628.85	$ 1,857.37	4.59%	$ 78.91	$ 22,565.13		$ 0.25
May-07	2007	Q2	$ 22,486.22	$ 1,874.83	4.59%	$ 86.01	$ 24,447.06		$ 0.25
Jun-07	2007	Q2	$ 24,361.05	$ 1,876.00	4.59%	$ 93.18	$ 26,330.22		$ 0.25
Jul-07	2007	Q3	$ 26,237.04	$ 1,876.40	4.59%	$ 100.36	$ 28,213.81		$ 0.25
Aug-07	2007	Q3	$ 28,113.45	$ 1,881.11	4.59%	$ 107.53	$ 30,102.09		$ 0.25
Sep-07	2007	Q3	$ 29,994.56	$ 1,877.20	4.59%	$ 114.73	$ 31,986.49		$ 0.25
Oct-07	2007	Q4	$ 31,871.76	$ 1,885.37	5.14%	$ 136.52	$ 33,893.65		$ 0.25
Nov-07	2007	Q4	$ 33,757.13	$ 1,875.05	5.14%	$ 144.59	$ 35,776.77		$ 0.25
Dec-07	2007	Q4	$ 35,632.18	$ 1,894.20	5.14%	$ 152.62	$ 37,679.00	$ 23,737.96	$ 0.25
Jan-08	2008	Q1	$ 37,526.38	$ 1,890.27	5.14%	$ 160.74	$ 39,577.39		$ 0.25
Feb-08	2008	Q1	$ 39,416.65	$ 1,894.68	5.14%	$ 168.83	$ 41,480.16		$ 0.25
Mar-08	2008	Q1	$ 41,311.33	$ 1,898.59	5.14%	$ 176.95	$ 43,386.87		$ 0.25
Apr-08	2008	Q2	$ 43,209.92	$ 1,896.53	4.08%	$ 146.91	$ 45,253.36		$ 0.25
May-08	2008	Q2	$ 45,106.45	$ 1,896.78	4.08%	$ 153.36	$ 47,156.59		$ 0.25
Jun-08	2008	Q2	$ 47,003.23	$ 1,902.77	4.08%	$ 159.81	$ 49,065.82		$ 0.25
Jul-08	2008	Q3	$ 48,906.01	$ 1,896.65	3.35%	$ 136.53	$ 50,939.18		$ 0.25
Aug-08	2008	Q3	$ 50,802.65	$ 1,911.64	3.35%	$ 141.82	$ 52,856.11		$ 0.25
Sep-08	2008	Q3	$ 52,714.29	$ 1,917.94	3.35%	$ 147.16	$ 54,779.39		$ 0.25
Oct-08	2008	Q4	$ 54,632.23	$ 1,924.39	3.35%	$ 152.51	$ 56,709.13		$ 0.25
Nov-08	2008	Q4	$ 56,556.62	$ 1,928.23	3.35%	$ 157.89	$ 58,642.74		$ 0.25
Dec-08	2008	Q4	$ 58,484.85	$ 1,933.22	3.35%	$ 163.27	$ 60,581.34	$ 24,757.47	$ 0.25
Jan-09	2009	Q1	$ 60,418.07	$ 1,931.70	2.45%	$ 123.35	$ 62,473.12		$ 0.25
Feb-09	2009	Q1	$ 62,349.77	$ 1,926.82	2.45%	$ 127.30	$ 64,403.89		$ 0.25
Mar-09	2009	Q1	$ 64,276.59	$ 1,938.01	2.45%	$ 131.23	$ 66,345.83		$ 0.25
Apr-09	2009	Q2	$ 66,214.60	$ 1,932.96	1.00%	$ 55.18	$ 68,202.73		$ 0.25
May-09	2009	Q2	$ 68,147.55	$ 1,937.59	1.00%	$ 56.79	$ 70,141.94		$ 0.25
Jun-09	2009	Q2	$ 70,085.15	$ 2,285.96	1.00%	$ 58.40	$ 72,429.51		$ 0.25
Jul-09	2009	Q3	$ 72,371.11	$ 7,946.02	0.55%	$ 33.17	$ 80,350.30		$ 1.15
Aug-09	2009	Q3	$ 80,317.13	$ 8,918.57	0.55%	$ 36.81	$ 89,272.51		$ 1.15
Sep-09	2009	Q3	$ 89,235.70	$ 8,946.14	0.55%	$ 40.90	$ 98,222.73		$ 1.15
Oct-09	2009	Q4	$ 98,181.83	$ 8,955.04	0.55%	$ 45.00	$ 107,181.88		$ 1.15
Nov-09	2009	Q4	$ 107,136.88	$ 8,977.15	0.55%	$ 49.10	$ 116,163.13		$ 1.15
Dec-09	2009	Q4	$ 116,114.03	$ 8,983.13	0.55%	$ 53.22	$ 125,150.37	$ 65,489.53	$ 1.15
Jan-10	2010	Q1	$ 125,097.15	$ 8,982.01	0.55%	$ 57.34	$ 134,136.50		$ 1.15
Feb-10	2010	Q1	$ 134,079.16	$ 8,975.83	0.55%	$ 61.45	$ 143,116.44		$ 1.15
Mar-10	2010	Q1	$ 143,054.99	$ 8,984.67	0.55%	$ 65.57	$ 152,105.23		$ 1.15
Apr-10	2010	Q2	$ 152,039.66	$ 9,470.23	0.55%	$ 69.68	$ 161,579.56		$ 1.15
May-10	2010	Q2	$ 161,509.88	$ 14,754.47	0.55%	$ 74.03	$ 176,338.38		$ 2.00
Jun-10	2010	Q2	$ 176,264.35	$ 15,682.81	0.55%	$ 80.79	$ 192,027.95		$ 2.00
Jul-10	2010	Q3	$ 191,947.16	$ 15,677.97	0.89%	$ 142.36	$ 207,767.49		$ 2.00
Aug-10	2010	Q3	$ 207,625.13	$ 15,705.51	0.89%	$ 153.99	$ 223,484.63		$ 2.00
Sep-10	2010	Q3	$ 223,330.64	$ 15,745.17	0.89%	$ 165.64	$ 239,241.45		$ 2.00

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

This worksheet calculates the funding adder revenues.

Account 1555 - Sub-account Funding Adder Revenue

Interest Rates	Approved Deferral and Variance Accounts	CWIP	Date	Year	Quarter	Opening Balance (Principal)	Funding Adder Revenues	Interest Rate	Interest	Closing Balance	Annual amounts	Board Approved Smart Meter Funding Adder (from Tariff)
			Oct-10	2010	Q4	$ 239,075.81	$ 15,779.90	1.20%	$ 239.08	$ 255,094.79		$ 2.00
			Nov-10	2010	Q4	$ 254,855.71	$ 15,759.61	1.20%	$ 254.86	$ 270,870.18		$ 2.00
			Dec-10	2010	Q4	$ 270,615.32	$ 15,802.72	1.20%	$ 270.62	$ 286,688.65	$ 162,956.29	$ 2.00
			Jan-11	2011	Q1	$ 286,418.03	$ 15,762.73	1.47%	$ 350.86	$ 302,531.63		$ 2.00
			Feb-11	2011	Q1	$ 302,180.77	$ 15,778.94	1.47%	$ 370.17	$ 318,329.88		$ 2.00
			Mar-11	2011	Q1	$ 317,959.71	$ 15,851.59	1.47%	$ 389.50	$ 334,200.79		$ 2.00
			Apr-11	2011	Q2	$ 333,811.29	$ 15,832.17	1.47%	$ 408.92	$ 350,052.39		$ 2.00
			May-11	2011	Q2	$ 349,643.47	$ 20,024.56	1.47%	$ 428.31	$ 370,096.34		$ 2.50
			Jun-11	2011	Q2	$ 369,668.03	$ 19,972.29	1.47%	$ 452.84	$ 390,093.16		$ 2.50
			Jul-11	2011	Q3	$ 389,640.32	$ 20,133.86	1.47%	$ 477.31	$ 410,251.49		$ 2.50
			Aug-11	2011	Q3	$ 409,774.18	$ 19,822.75	1.47%	$ 501.97	$ 430,098.90		$ 2.50
			Sep-11	2011	Q3	$ 429,596.93	$ 20,095.89	1.47%	$ 526.26	$ 450,219.08		$ 2.50
			Oct-11	2011	Q4	$ 449,692.82	$ 20,025.98	1.47%	$ 550.87	$ 470,269.66		$ 2.50
			Nov-11	2011	Q4	$ 469,718.79	$ 20,050.97	1.47%	$ 575.41	$ 490,345.18		$ 2.50
			Dec-11	2011	Q4	$ 489,769.77	$ 20,076.02	1.47%	$ 599.97	$ 510,445.76	$ 229,060.14	$ 2.50
			Jan-12	2012	Q1	$ 509,845.79	$ 20,101.06	1.47%	$ 624.56	$ 530,571.41		$ 2.50
			Feb-12	2012	Q1	$ 529,946.85	$ 20,126.08	1.47%	$ 649.18	$ 550,722.11		$ 2.50
			Mar-12	2012	Q1	$ 550,072.93	$ 20,151.13	1.47%	$ 673.84	$ 570,897.90		$ 2.50
			Apr-12	2012	Q2	$ 570,224.06	$ 20,151.13	1.47%	$ 698.52	$ 591,073.71		$ 2.50
			May-12	2012	Q2	$ 590,375.19	$ -	0.00%	$ -	$ 590,375.19		
			Jun-12	2012	Q2	$ 590,375.19	$ -	0.00%	$ -	$ 590,375.19		
			Jul-12	2012	Q3	$ 590,375.19	$ -	0.00%	$ -	$ 590,375.19		
			Aug-12	2012	Q3	$ 590,375.19	$ -	0.00%	$ -	$ 590,375.19		
			Sep-12	2012	Q3	$ 590,375.19	$ -	0.00%	$ -	$ 590,375.19		
			Oct-12	2012	Q4	$ 590,375.19	$ -	0.00%	$ -	$ 590,375.19		
			Nov-12	2012	Q4	$ 590,375.19	$ -	0.00%	$ -	$ 590,375.19		
			Dec-12	2012	Q4	$ 590,375.19	$ -	0.00%	$ -	$ 590,375.19	$ 83,175.50	
			Total Funding Adder Revenues Collected				**$ 590,375.19**		**$ 13,998.01**	**$ 604,373.20**	**$ 604,373.20**	


Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

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

Account 1556 - Sub-accounts Operating Expenses, Amortization Expenses, Carrying Charges

Prescribed Interest Rates	Approved Deferral and Variance Accounts	CWIP	Date	Year	Quarter	Opening Balance (Principal)	OM&A Expenses	Amortization / Depreciation Expense	Closing Balance (Principal)	(Annual) Interest Rate	Interest (on opening balance)	Cumulative Interest
2006 Q1	0.00%	0.00%	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	-	$ -	$ -	-	4.14%	-	-
2007 Q2	4.59%	4.72%	Jun-06	2006	Q2	-	$ -	$ -	-	4.14%	-	-
2007 Q3	4.59%	5.18%	Jul-06	2006	Q3	-	$ -	$ -	-	4.59%	-	-
2007 Q4	5.14%	5.18%	Aug-06	2006	Q3	-	$ -	$ -	-	4.59%	-	-
2008 Q1	5.14%	5.18%	Sep-06	2006	Q3	-	$ -	$ -	-	4.59%	-	-
2008 Q2	4.08%	5.18%	Oct-06	2006	Q4	-	$ -	$ -	-	4.59%	-	-
2008 Q3	3.35%	5.43%	Nov-06	2006	Q4	-	$ -	$ -	-	4.59%	-	-
2008 Q4	3.35%	5.43%	Dec-06	2006	Q4	-	$ -	$ -	-	4.59%	-	-
2009 Q1	2.45%	6.61%	Jan-07	2007	Q1	-	$ -	$ 97.63	97.63	4.59%	-	-
2009 Q2	1.00%	6.61%	Feb-07	2007	Q1	97.63	$ -	$ 97.63	195.26	4.59%	0.37	0.37
2009 Q3	0.55%	5.67%	Mar-07	2007	Q1	195.26	$ -	$ 97.63	292.88	4.59%	0.75	1.12
2009 Q4	0.55%	4.66%	Apr-07	2007	Q2	292.88	$ -	$ 97.63	390.51	4.59%	1.12	2.24
2010 Q1	0.55%	4.34%	May-07	2007	Q2	390.51	$ -	$ 97.63	488.14	4.59%	1.49	3.73
2010 Q2	0.55%	4.34%	Jun-07	2007	Q2	488.14	$ -	$ 97.63	585.77	4.59%	1.87	5.60
2010 Q3	0.89%	4.66%	Jul-07	2007	Q3	585.77	$ -	$ 97.63	683.39	4.59%	2.24	7.84
2010 Q4	1.20%	4.01%	Aug-07	2007	Q3	683.39	$ -	$ 97.63	781.02	4.59%	2.61	10.46
2011 Q1	1.47%	4.29%	Sep-07	2007	Q3	781.02	$ -	$ 97.63	878.65	4.59%	2.99	13.44
2011 Q2	1.47%	4.29%	Oct-07	2007	Q4	878.65	$ -	$ 97.63	976.28	5.14%	3.76	17.21
2011 Q3	1.47%	4.29%	Nov-07	2007	Q4	976.28	$ -	$ 97.63	1,073.90	5.14%	4.18	21.39
2011 Q4	1.47%	4.29%	Dec-07	2007	Q4	1,073.90	$ -	$ 97.63	1,171.53	5.14%	4.60	25.99
2012 Q1	1.47%	4.29%	Jan-08	2008	Q1	1,171.53	$ -	$ 530.69	1,702.22	5.14%	5.02	31.01
2012 Q2	0.00%	4.29%	Feb-08	2008	Q1	1,702.22	$ -	$ 530.69	2,232.90	5.14%	7.29	38.30
2012 Q3	0.00%	4.29%	Mar-08	2008	Q1	2,232.90	$ -	$ 530.69	2,763.59	5.14%	9.56	47.86
2012 Q4	0.00%	4.29%	Apr-08	2008	Q2	2,763.59	$ -	$ 530.69	3,294.28	4.08%	9.40	57.26
			May-08	2008	Q2	3,294.28	$ -	$ 530.69	3,824.96	4.08%	11.20	68.46
			Jun-08	2008	Q2	3,824.96	$ -	$ 530.69	4,355.65	4.08%	13.00	81.46
			Jul-08	2008	Q3	4,355.65	$ -	$ 530.69	4,886.34	3.35%	12.16	93.62
			Aug-08	2008	Q3	4,886.34	$ -	$ 530.69	5,417.02	3.35%	13.64	107.26
			Sep-08	2008	Q3	5,417.02	$ -	$ 530.69	5,947.71	3.35%	15.12	122.39
			Oct-08	2008	Q4	5,947.71	$ -	$ 530.69	6,478.40	3.35%	16.60	138.99
			Nov-08	2008	Q4	6,478.40	$ -	$ 530.69	7,009.08	3.35%	18.09	157.08

Dec-08	2008	Q4	7,009.08	$ -	$ 530.69	7,539.77	3.35%	19.57	176.64
Jan-09	2009	Q1	7,539.77	$ -	$ 4,558.94	12,098.71	2.45%	15.39	192.04
Feb-09	2009	Q1	12,098.71	$ 4,348.05	$ 4,558.94	21,005.70	2.45%	24.70	216.74
Mar-09	2009	Q1	21,005.70	$ 489.95	$ 4,558.94	26,054.58	2.45%	42.89	259.63
Apr-09	2009	Q2	26,054.58	$ 397.74	$ 4,558.94	31,011.26	1.00%	21.71	281.34
May-09	2009	Q2	31,011.26	$ 2,933.27	$ 4,558.94	38,503.47	1.00%	25.84	307.18
Jun-09	2009	Q2	38,503.47	$ 3,115.00	$ 4,558.94	46,177.41	1.00%	32.09	339.27
Jul-09	2009	Q3	46,177.41	$ 3,155.50	$ 4,558.94	53,891.85	0.55%	21.16	360.43
Aug-09	2009	Q3	53,891.85	$ 1,350.57	$ 4,558.94	59,801.37	0.55%	24.70	385.13
Sep-09	2009	Q3	59,801.37	$ 2,980.86	$ 4,558.94	67,341.16	0.55%	27.41	412.54
Oct-09	2009	Q4	67,341.16	$ 4,486.77	$ 4,558.94	76,386.87	0.55%	30.86	443.40
Nov-09	2009	Q4	76,386.87	$ 1,418.25	$ 4,558.94	82,364.07	0.55%	35.01	478.42
Dec-09	2009	Q4	82,364.07	$ 1,507.50	$ 4,558.94	88,430.51	0.55%	37.75	516.17
Jan-10	2010	Q1	88,430.51	$ 3,914.54	$ 9,970.72	102,315.77	0.55%	40.53	556.70
Feb-10	2010	Q1	102,315.77	$ 1,578.90	$ 9,970.72	113,865.39	0.55%	46.89	603.59
Mar-10	2010	Q1	113,865.39	$ 1,600.16	$ 9,970.72	125,436.26	0.55%	52.19	655.78
Apr-10	2010	Q2	125,436.26	$ 2,291.34	$ 9,970.72	137,698.32	0.55%	57.49	713.27
May-10	2010	Q2	137,698.32	$ 4,982.82	$ 9,970.72	152,651.85	0.55%	63.11	776.38
Jun-10	2010	Q2	152,651.85	$ 1,747.62	$ 9,970.72	164,370.19	0.55%	69.97	846.35
Jul-10	2010	Q3	164,370.19	$ 2,430.50	$ 9,970.72	176,771.41	0.89%	121.91	968.26
Aug-10	2010	Q3	176,771.41	$ 1,981.70	$ 9,970.72	188,723.82	0.89%	131.11	1,099.36
Sep-10	2010	Q3	188,723.82	$ 1,694.83	$ 9,970.72	200,389.37	0.89%	139.97	1,239.33
Oct-10	2010	Q4	200,389.37	$ 5,981.84	$ 9,970.72	216,341.92	1.20%	200.39	1,439.72
Nov-10	2010	Q4	216,341.92	$ 11,338.30	$ 9,970.72	237,650.94	1.20%	216.34	1,656.06
Dec-10	2010	Q4	237,650.94	$ 5,175.54	$ 9,970.72	252,797.20	1.20%	237.65	1,893.71
Jan-11	2011	Q1	252,797.20	$ 3,923.34	$ 12,022.55	268,743.08	1.47%	309.68	2,203.39
Feb-11	2011	Q1	268,743.08	$ 2,449.68	$ 12,022.55	283,215.31	1.47%	329.21	2,532.60
Mar-11	2011	Q1	283,215.31	$ 7,627.94	$ 12,022.55	302,865.80	1.47%	346.94	2,879.54
Apr-11	2011	Q2	302,865.80	$ 4,684.69	$ 12,022.55	319,573.04	1.47%	371.01	3,250.55
May-11	2011	Q2	319,573.04	$ 8,728.54	$ 12,022.55	340,324.12	1.47%	391.48	3,642.03
Jun-11	2011	Q2	340,324.12	$ 4,064.11	$ 12,022.55	356,410.78	1.47%	416.90	4,058.92
Jul-11	2011	Q3	356,410.78	$ 4,638.24	$ 12,022.55	373,071.56	1.47%	436.60	4,495.53
Aug-11	2011	Q3	373,071.56	$ 4,924.10	$ 12,022.55	390,018.20	1.47%	457.01	4,952.54
Sep-11	2011	Q3	390,018.20	$ 4,542.20	$ 12,022.55	406,582.95	1.47%	477.77	5,430.31
Oct-11	2011	Q4	406,582.95	$ 6,803.67	$ 12,022.55	425,409.16	1.47%	498.06	5,928.38
Nov-11	2011	Q4	425,409.16	$ 6,803.67	$ 12,022.55	444,235.37	1.47%	521.13	6,449.50
Dec-11	2011	Q4	444,235.37	$ 7,640.67	$ 12,022.55	463,898.59	1.47%	544.19	6,993.69
Jan-12	2012	Q1	463,898.59	$ 6,900.70	$ 12,392.25	483,191.53	1.47%	568.28	7,561.97
Feb-12	2012	Q1	483,191.53	$ 6,900.70	$ 12,392.25	502,484.48	1.47%	591.91	8,153.88
Mar-12	2012	Q1	502,484.48	$ 6,900.70	$ 12,392.25	521,777.43	1.47%	615.54	8,769.42
Apr-12	2012	Q2	521,777.43	$ 6,900.70	$ 12,392.25	541,070.37	1.47%	639.18	9,408.60
May-12	2012	Q2	541,070.37	$ 6,900.70	$ 12,392.25	560,363.32	0.00%	-	9,408.60
Jun-12	2012	Q2	560,363.32	$ 10,667.20	$ 12,392.25	583,422.77	0.00%	-	9,408.60
Jul-12	2012	Q3	583,422.77	$ 8,700.47	$ 12,392.25	604,515.49	0.00%	-	9,408.60
Aug-12	2012	Q3	604,515.49	$ 6,900.70	$ 12,392.25	623,808.44	0.00%	-	9,408.60
Sep-12	2012	Q3	623,808.44	$ 7,457.30	$ 12,392.25	643,657.99	0.00%	-	9,408.60
Oct-12	2012	Q4	643,657.99	$ 6,900.70	$ 12,392.25	662,950.94	0.00%	-	9,408.60
Nov-12	2012	Q4	662,950.94	$ 6,900.70	$ 12,392.25	682,243.89	0.00%	-	9,408.60
Dec-12	2012	Q4	682,243.89	$ 6,900.70	$ 12,392.25	701,536.83	0.00%	-	9,408.60
				$ 226,663.63	$ 474,873.20	$ 701,536.83			

Lakeland Power Distribution Ltd.

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	$ -	$ 1,171.53	$ 1,171.53	$ 585.77	4.73%	$ 27.69
2008	$ -	$ 6,368.24	$ 7,539.77	$ 4,355.65	3.98%	$ 173.35
2009	$ 26,183.47	$ 54,707.27	$ 88,430.51	$ 47,985.14	1.14%	$ 545.83
2010	$ 44,718.09	$ 119,648.60	$ 252,797.20	$ 170,613.86	0.80%	$ 1,360.65
2011	$ 66,830.83	$ 144,270.56	$ 463,898.59	$ 358,347.89	1.47%	$ 5,267.71
2012	$ 88,931.25	$ 148,707.00	$ 701,536.83	$ 582,717.71	1.47%	$ 8,565.95

Cumulative Interest to 2011	$ 7,375.24
Cumulative Interest to 2012	$ 15,941.19

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

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. Pre the "UPDATE WORKSHEET" button after choosing the applicable adders/riders.

Check if applicable		
	Smart Meter Funding Adder (SMFA)	
X	Smart Meter Disposition Rider (SMDR)	**The SMDR is calculated based on costs to December 31, 201**
X	Smart Meter Incremental Revenue Requirement Rate Rider (SMIRR)	**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)	$ -	$ 2,608.49	$ 8,891.20	$ 129,003.25	$ 255,946.36	$ 310,054.77	$ 339,149.49	$ 1,045,653.55
Interest on Deferred and forecasted OM&A and Amortization Expense (Sheet 8A/8B) (Check **one** of the boxes below)	$ -	$ 25.99	$ 150.65	$ 339.52	$ 1,377.55	$ 5,099.98		$ 6,993.69
X Sheet 8A (Interest calculated on monthly balances)	$ -	$ 25.99	$ 150.65	$ 339.52	$ 1,377.55	$ 5,099.98		$ 6,993.69
Sheet 8B (Interest calculated on average annual balances)								$ -
SMFA Revenues (from Sheet 8)	$ 14,996.51	$ 22,529.87	$ 22,891.69	$ 64,679.08	$ 161,320.88	$ 223,427.75	$ 80,529.40	$ 590,375.19
SMFA Interest (from Sheet 8)	$ 199.79	$ 1,208.09	$ 1,865.78	$ 810.45	$ 1,635.41	$ 5,632.39	$ 2,646.10	$ 13,998.01
Net Deferred Revenue Requirement	-$ 15,196.30	-$ 21,103.48	-$ 15,715.62	$ 63,853.24	$ 94,367.61	$ 86,094.60	$ 255,973.99	$ 448,274.04
Number of Metered Customers (average for 2012 test year)							7995	

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

Years for collection or refunding	1	
Deferred Incremental Revenue Requirement from 2006 to December 31, 2011 plus Interest on OM&A and Amortization	$ 713,497.76	
SMFA Revenues collected from 2006 to 2012 test year (inclusive) Plus Simple Interest on SMFA Revenues	$ 604,373.20	
Net Deferred Revenue Requirement	$ 109,124.56	
SMDR May 1, 2012 to April 30, 2013	$ 1.14	Match
Check: Forecasted SMDR Revenues	$ 109,371.60	

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

Incremental Revenue Requirement for 2012	$ 339,149.49	
SMIRR	$ 3.54	Match
Check: Forecasted SMIRR Revenues	$ 339,627.60	

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	• 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	• 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	• 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 capita 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 presentment 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.

Appendix B

2012 Smart Meter Model

GS < 50 kW

V 2.17

Ontario Energy Board

Smart Meter Model

Choose Your Utility:

Lakeland Power Distribution Ltd.
London Hydro Inc.

Application Contact Information

Name:	Dawn Punkari
Title:	Accounting Supervisor
Phone Number:	705-789-5442 x223
Email Address:	dpunkari@lakelandholding.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

This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your 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 the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.

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.

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

Distributors must enter all incremental costs related to their smart meter program and all revenues recovered to date in the applicable tabs except for those costs (and associated revenues) for which the Board has approved on a final basis, i.e. capital costs have been included in rate base and OM&A costs in revenue requirement.

For 2012, distributors that have completed their deployments by the end of 2011 are not expected to enter any capital costs. However, for OM&A, regardless of whether a distributor has deployments in 2012, distributors should enter the forecasted OM&A for 2012 for all smart meters in service.

Smart Meter Capital Cost and Operational Expense Data

Smart Meter Installation Plan

Actual/Planned number of Smart Meters installed during the Calendar Yea

	2006	2007	2008	2009	2010	2011	2012 and later	Total
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
Residential	0	0	0	0	0	0	0	0
General Service < 50 kW	0	0	0	1,375	186	1	3	1565
Actual/Planned number of Smart Meters installed (Residential and GS < 50 kW onl	0	0	0	1375	186	1	3	1565
Percentage of Residential and GS < 50 kW Smart Meter Installations Completed	0.00%	0.00%	0.00%	87.86%	99.74%	99.81%	100.00%	100.00%
Actual/Planned number of GS > 50 kW meters installed								0
Other (please identify)								0
Total Number of Smart Meters installed or planned to be installe	0	0	0	1375	186	1	3	1565

1 Capital Costs

1.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

	Asset Type (Asset type must be selected to enable calculations)	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast	Total
1.1.1 Smart Meters *(may include new meters and modules, etc.)*	Smart Meter				263,949	12,273	3,218	3,076	$ 282,515
1.1.2 Installation Costs *(may include socket kits, labour, vehicle, benefits, etc.)*	Smart Meter				35,632	9,126	1,371	774	$ 46,902
1.1.3a Workforce Automation Hardware *(may include fieldwork handhelds, barcode hardware, etc.)*	Computer Hardware				772	76	57		$ 905
1.1.3b Workforce Automation Software *(may include fieldwork handhelds, barcode hardware, etc.)*									$ -
Total Advanced Metering Communications Devices (AMCD		$ -	$ -	$ -	$ 300,354	$ 21,474	$ 4,645	$ 3,849	$ 330,322

1.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)

	Asset Type	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast	Total
1.2.1 Collectors	Smart Meter				21,665	243	410		$ 22,319
1.2.2 Repeaters *(may include radio licence, etc.)*	Smart Meter				934				$ 934
1.2.3 Installation *(may include meter seals and rings, collector computer hardware, etc.)*	Smart Meter				3,558	658			$ 4,215
Total Advanced Metering Regional Collector (AMRC) (Includes LAN		$ -	$ -	$ -	$ 26,157	$ 901	$ 410	$ -	$ 27,468

1.3 ADVANCED METERING CONTROL COMPUTER (AMCC)	Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
1.3.1 Computer Hardware	Computer Hardware				1,055	1,257			$ 2,312
1.3.2 Computer Software	Computer Software				947	10,363			$ 11,310
1.3.3 Computer Software Licences & Installation (includes hardware and software) *(may include AS/400 disk space, backup and recovery computer, UPS, etc.)*	Computer Hardware				1,395	2,883	31		$ 4,308
Total Advanced Metering Control Computer (AMCC		$ -	$ -	$ -	$ 3,397	$ 14,502	$ 31	$ -	$ 17,930

1.4 WIDE AREA NETWORK (WAN)	Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
1.4.1 Activiation Fees									$ -
Total Wide Area Network (WAN)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUNCTIONALITY	Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
1.5.1 Customer Equipment *(including repair of damaged equipment)*	Smart Meter								$ -
1.5.2 AMI Interface to CIS	Computer Software			2,429	249				$ 2,679
1.5.3 Professional Fees	Smart Meter		6,229	2,644	3,263	6,082	4,273		$ 22,491
1.5.4 Integration	Smart Meter		615	1,423	17,355	15,866	10		$ 35,268
1.5.5 Program Management	Smart Meter					10,782			$ 10,782
1.5.6 Other AMI Capital	Smart Meter					41			$ 41
Total Other AMI Capital Costs Related to Minimum Functionalit		$ -	$ 6,844	$ 6,496	$ 20,867	$ 32,771	$ 4,283	$ -	$ 71,261
Total Capital Costs Related to Minimum Functionality		$ -	$ 6,844	$ 6,496	$ 350,774	$ 69,647	$ 9,369	$ 3,849	$ 446,980

1.6 CAPITAL COSTS BEYOND MINIMUM FUNCTIONALITY *(Please provide a descriptive title and identify nature of beyond minimum functionality costs)*	Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
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	Smart Meter								$ -
1.6.2 Costs for deployment of smart meters to customers other than residential and small general service	Smart Meter								$ -
1.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.	Computer Software			4,054	517	9,347	5,079		$ 18,996
Total Capital Costs Beyond Minimum Functionalit		$ -	$ -	$ 4,054	$ 517	$ 9,347	$ 5,079	$ -	$ 18,996
Total Smart Meter Capital Costs		$ -	$ 6,844	$ 10,550	$ 351,291	$ 78,994	$ 14,448	$ 3,849	$ 465,977

2 OM&A Expenses

2.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
2.1.1 Maintenance *(may include meter reverification costs, etc.)*				1,732	1,005	1,091	1,118	$ 4,946
2.1.2 Other *(please specify)*								$ -
Total Incremental AMCD OM&A Costs	$ -	$ -	$ -	$ 1,732	$ 1,005	$ 1,091	$ 1,118	$ 4,946
2.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)								
2.2.1 Maintenance								$ -
2.2.2 Other *(please specify)*								$ -
Total Incremental AMRC OM&A Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2.3 ADVANCED METERING CONTROL COMPUTER (AMCC)								
2.3.1 Hardware Maintenance *(may include server support, etc.)*								$ -
2.3.2 Software Maintenance *(may include maintenance support, etc.)*					771	1,801	1,848	$ 4,420
2.3.2 Other *(please specify)*								$ -
Total Incremental AMCC OM&A Costs	$ -	$ -	$ -	$ -	$ 771	$ 1,801	$ 1,848	$ 4,420
2.4 WIDE AREA NETWORK (WAN)								
2.4.1 WAN Maintenance				582	1,014	1,073	1,125	$ 3,794
2.4.2 Other *(please specify)*								$ -
Total Incremental AMRC OM&A Costs	$ -	$ -	$ -	$ 582	$ 1,014	$ 1,073	$ 1,125	$ 3,794
2.5 OTHER AMI OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY								
2.5.1 Business Process Redesign								$ -
2.5.2 Customer Communication (may include project communication, etc.)				1,083				$ 1,083
2.5.3 Program Management								$ -
2.5.4 Change Management (may include training, etc.)				1,327	2,726	2,768	2,797	$ 9,618
2.5.5 Administration Costs					1,649	3,615	3,716	$ 8,980
2.5.6 Other AMI Expenses *(please specify)*							2,005	$ 2,005
Total Other AMI OM&A Costs Related to Minimum Functionality	$ -	$ -	$ -	$ 2,410	$ 4,375	$ 6,383	$ 8,518	$ 21,686
TOTAL OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY	$ -	$ -	$ -	$ 4,724	$ 7,164	$ 10,348	$ 12,610	$ 34,846
2.6 OM&A COSTS RELATED TO BEYOND MINIMUM FUNCTIONALITY *(Please provide a descriptive title and identify nature of beyond minimum functionality costs)*	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actua		
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.				375	1,545	2,666	4,709	$ 9,295
Total OM&A Costs Beyond Minimum Functionality	$ -	$ -	$ -	$ 375	$ 1,545	$ 2,666	$ 4,709	$ 9,295
Total Smart Meter OM&A Costs	$ -	$ -	$ -	$ 5,099	$ 8,709	$ 13,015	$ 17,319	$ 44,141

3 Aggregate Smart Meter Costs by Category

3.1	**Capital**										
3.1.1	Smart Meter	$ -	$ 6,844	$ 4,067	$ 346,356	$ 55,070	$ 9,281	$ 3,849	$ 425,467		
3.1.2	Computer Hardware	$ -	$ -	$ -	$ 3,222	$ 4,215	$ 88	$ -	$ 7,525		
3.1.3	Computer Software	$ -	$ -	$ 6,483	$ 1,713	$ 19,710	$ 5,079	$ -	$ 32,985		
3.1.4	Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
3.1.5	Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
3.1.6	Applications Software	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
3.1.7	**Total Capital Costs**	**$ -**	**$ 6,844**	**$ 10,550**	**$ 351,291**	**$ 78,994**	**$ 14,448**	**$ 3,849**	**$ 465,977**		
3.2	**OM&A Costs**										
3.2.1	**Total OM&A Costs**	**$ -**	**$ -**	**$ -**	**$ 5,099**	**$ 8,709**	**$ 13,015**	**$ 17,319**	**$ 44,141**		

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

	2006	2007	2008	2009	2010	2011	2012 and later
Cost of Capital							
Capital Structure[1]							
Deemed Short-term Debt Capitalization			4.0%	4.0%	4.0%	4.0%	4.0%
Deemed Long-term Debt Capitalization	50.0%	50.0%	49.3%	52.7%	56.0%	56.0%	56.0%
Deemed Equity Capitalization	50.0%	50.0%	46.7%	43.3%	40.0%	40.0%	40.0%
Preferred Shares	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Capital Parameters							
Deemed Short-term Debt Rate			4.38%	1.33%	1.33%	1.33%	1.33%
Long-term Debt Rate (actual/embedded/deemed) [2]	4.38%	4.38%	4.38%	5.16%	5.16%	5.16%	5.16%
Target Return on Equity (ROE)	9.0%	9.00%	9.00%	8.01%	8.01%	8.01%	8.01%
Return on Preferred Shares	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
WACC	6.69%	6.69%	6.54%	6.24%	6.15%	6.15%	6.15%
Working Capital Allowance							
Working Capital Allowance Rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
(% of the sum of Cost of Power + controllable expenses)							
Taxes/PILs							
Aggregate Corporate Income Tax Rate	29.71%	29.71%	27.09%	26.86%	24.87%	22.34%	20.75%
Capital Tax (until July 1st, 2010)	0.30%	0.225%	0.225%	0.225%	0.075%	0.00%	0.00%
Depreciation Rates							
(expressed as expected useful life in years)							
Smart Meters - years	15	15	15	15	15	15	15
- rate (%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%
Computer Hardware - years	5	5	5	5	5	5	5
- rate (%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Computer Software - years	5	5	5	5	5	5	5
- rate (%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Tools & Equipment - years	15	15	15	15	15	15	15
- rate (%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%
Other Equipment - years	15	15	15	15	15	15	15
- rate (%)	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%
CCA Rates							
Smart Meters - CCA Class	47	47	47	47	47	47	47
Smart Meters - CCA Rate	8%	8%	8%	8%	8%	8%	8%
Computer Equipment - CCA Class	50	50	50	50	50	50	50
Computer Equipment - CCA Rate	55%	55%	55%	55%	55%	55%	55%
General Equipment - CCA Class	47	47	47	47	47	47	47
General Equipment - CCA Rate	8%	8%	8%	8%	8%	8%	8%
Applications Software - CCA Class	50	50	50	50	50	50	50
Applications Software - CCA Rate	55%	55%	55%	55%	55%	55%	55%

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 striaght line basis and has the "half-year" rule applied.*

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

	2006	2007	2008	2009	2010	2011	2012 and later
Net Fixed Assets - Smart Meters							
Gross Book Value							
Opening Balance		$ -	$ 6,844	$ 10,912	$ 357,267	$ 412,337	$ 421,618
Capital Additions during year (from Smart Meter Costs)	$ -	$ 6,844	$ 4,067	$ 346,356	$ 55,070	$ 9,281	$ 3,849
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ 6,844	$ 10,912	$ 357,267	$ 412,337	$ 421,618	$ 425,467
Accumulated Depreciation							
Opening Balance		$ -	-$ 228	-$ 820	-$ 13,093	-$ 38,746	-$ 66,545
Amortization expense during year	$ -	-$ 228	-$ 592	-$ 12,273	-$ 25,653	-$ 27,798	-$ 28,236
Retirements/Removals (if applicable)							
Closing Balance	$ -	-$ 228	-$ 820	-$ 13,093	-$ 38,746	-$ 66,545	-$ 94,781
Net Book Value							
Opening Balance	$ -	$ -	$ 6,616	$ 10,092	$ 344,174	$ 373,591	$ 355,073
Closing Balance	$ -	$ 6,616	$ 10,092	$ 344,174	$ 373,591	$ 355,073	$ 330,686
Average Net Book Value	$ -	$ 3,308	$ 8,354	$ 177,133	$ 358,883	$ 364,332	$ 342,880
Net Fixed Assets - Computer Hardware							
Gross Book Value							
Opening Balance		$ -	$ -	$ -	$ 3,222	$ 7,437	$ 7,525
Capital Additions during year (from Smart Meter Costs)	$ -	$ -	$ -	$ 3,222	$ 4,215	$ 88	$ -
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ -	$ 3,222	$ 7,437	$ 7,525	$ 7,525
Accumulated Depreciation							
Opening Balance	$ -	$ -	$ -	$ -	-$ 322	-$ 1,388	-$ 2,884
Amortization expense during year	$ -	$ -	$ -	-$ 322	-$ 1,066	-$ 1,496	-$ 1,505
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ -	-$ 322	-$ 1,388	-$ 2,884	-$ 4,389
Net Book Value							
Opening Balance	$ -	$ -	$ -	$ -	$ 2,900	$ 6,049	$ 4,640
Closing Balance	$ -	$ -	$ -	$ 2,900	$ 6,049	$ 4,640	$ 3,136
Average Net Book Value	$ -	$ -	$ -	$ 1,450	$ 4,474	$ 5,345	$ 3,888
Net Fixed Assets - Computer Software (including Applications Software)							
Gross Book Value							
Opening Balance		$ -	$ -	$ 6,483	$ 8,196	$ 27,906	$ 32,985
Capital Additions during year (from Smart Meter Costs)	$ -	$ -	$ 6,483	$ 1,713	$ 19,710	$ 5,079	$ -

	2006	2007	2008	2009	2010	2011	2012 and later
Net Fixed Assets - Smart Meters							
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ 6,483	$ 8,196	$ 27,906	$ 32,985	$ 32,985
Accumulated Depreciation							
Opening Balance	$ -	$ -	$ -	-$ 648	-$ 2,116	-$ 5,726	-$ 11,816
Amortization expense during year	$ -	$ -	-$ 648	-$ 1,468	-$ 3,610	-$ 6,089	-$ 6,597
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	-$ 648	-$ 2,116	-$ 5,726	-$ 11,816	-$ 18,413
Net Book Value							
Opening Balance	$ -	$ -	$ -	$ 5,835	$ 6,080	$ 22,179	$ 21,169
Closing Balance	$ -	$ -	$ 5,835	$ 6,080	$ 22,179	$ 21,169	$ 14,572
Average Net Book Value	$ -	$ -	$ 2,917	$ 5,957	$ 14,130	$ 21,674	$ 17,871
Net Fixed Assets - Tools and Equipment							
Gross Book Value							
Opening Balance		$ -	$ -	$ -	$ -	$ -	$ -
Capital Additions during year (from Smart Meter Costs)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accumulated Depreciation							
Opening Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization expense during year	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Book Value							
Opening Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Average Net Book Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Fixed Assets - Other Equipment							
Gross Book Value							
Opening Balance		$ -	$ -	$ -	$ -	$ -	$ -
Capital Additions during year (from Smart Meter Costs)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accumulated Depreciation							
Opening Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization expense during year	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Retirements/Removals (if applicable)							
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Book Value							
Opening Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Average Net Book Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

	2006	2007	2008	2009	2010	2011	2012 and Later
Average Net Fixed Asset Values (from Sheet 4)							
Smart Meters	$ -	$ 3,308	$ 8,354	$ 177,133	$ 358,883	$ 364,332	$ 342,880
Computer Hardware	$ -	$ -	$ -	$ 1,450	$ 4,474	$ 5,345	$ 3,888
Computer Software	$ -	$ -	$ 2,917	$ 5,957	$ 14,130	$ 21,674	$ 17,871
Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Net Fixed Assets	**$ -**	**$ 3,308**	**$ 11,271**	**$ 184,540**	**$ 377,487**	**$ 391,351**	**$ 364,639**
Working Capital							
Operating Expenses (from Sheet 2)	$ -	$ -	$ -	$ 5,099	$ 8,709	$ 13,015	$ 17,319
Working Capital Factor (from Sheet 3)	15%	15%	15%	15%	15%	15%	15%
Working Capital Allowance	$ -	$ -	$ -	$ 765	$ 1,306	$ 1,952	$ 2,598
Incremental Smart Meter Rate Base	**$ -**	**$ 3,308**	**$ 11,271**	**$ 185,305**	**$ 378,793**	**$ 393,303**	**$ 367,237**
Return on Rate Base							
Capital Structure							
Deemed Short Term Debt	$ -	$ -	$ 451	$ 7,412	$ 15,152	$ 15,732	$ 14,689
Deemed Long Term Debt	$ -	$ 1,654	$ 5,557	$ 97,656	$ 212,124	$ 220,250	$ 205,652
Equity	$ -	$ 1,654	$ 5,264	$ 80,237	$ 151,517	$ 157,321	$ 146,895
Preferred Shares	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Capitalization	$ -	$ 3,308	$ 11,271	$ 185,305	$ 378,793	$ 393,303	$ 367,237
Return on							
Deemed Short Term Debt	$ -	$ -	$ 20	$ 99	$ 202	$ 209	$ 195
Deemed Long Term Debt	$ -	$ 72	$ 243	$ 5,039	$ 10,946	$ 11,365	$ 10,612
Equity	$ -	$ 149	$ 474	$ 6,427	$ 12,137	$ 12,601	$ 11,766
Preferred Shares	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Return on Capital	$ -	$ 221	$ 737	$ 11,565	$ 23,284	$ 24,176	$ 22,573
Operating Expenses	$ -	$ -	$ -	$ 5,099	$ 8,709	$ 13,015	$ 17,319
Amortization Expenses (from Sheet 4)							
Smart Meters	$ -	$ 228	$ 592	$ 12,273	$ 25,653	$ 27,798	$ 28,236
Computer Hardware	$ -	$ -	$ -	$ 322	$ 1,066	$ 1,496	$ 1,505
Computer Software	$ -	$ -	$ 648	$ 1,468	$ 3,610	$ 6,089	$ 6,597
Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Amortization Expense in Year	$ -	$ 228	$ 1,240	$ 14,063	$ 30,330	$ 35,384	$ 36,338
Incremental Revenue Requirement before Taxes/PILs	$ -	$ 449	$ 1,977	$ 30,726	$ 62,322	$ 72,574	$ 76,230
Calculation of Taxable Income							
Incremental Operating Expenses	$ -	$ -	$ -	$ 5,099	$ 8,709	$ 13,015	$ 17,319
Amortization Expense	$ -	$ 228	$ 1,240	$ 14,063	$ 30,330	$ 35,384	$ 36,338
Interest Expense	$ -	$ 72	$ 263	$ 5,138	$ 11,147	$ 11,574	$ 10,807
Net Income for Taxes/PILs	$ -	$ 149	$ 474	$ 6,427	$ 12,137	$ 12,601	$ 11,766
Grossed-up Taxes/PILs (from Sheet 7)	$ -	$ 58.52	-$ 245.53	$ 1,491.36	$ 1,367.42	$ 1,688.27	$ 3,462.74
Revenue Requirement, including Grossed-up Taxes/PILs	$ -	$ 508	$ 1,732	$ 32,218	$ 63,689	$ 74,262	$ 79,693

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

For PILs Calculation

UCC - Smart Meters

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast
Opening UCC	$ -	$ -	$ 6,570.65	$ 9,949.41	$ 341,654.83	$ 367,189.32	$ 346,724.05
Capital Additions	$ -	$ 6,844.43	$ 4,067.09	$ 346,355.59	$ 55,069.66	$ 9,281.13	$ 3,849.23
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	$ -	$ 6,844.43	$ 10,637.75	$ 356,305.00	$ 396,724.49	$ 376,470.44	$ 350,573.28
Half Year Rule (1/2 Additions - Disposals)	$ -	$ 3,422.22	$ 2,033.55	$ 173,177.80	$ 27,534.83	$ 4,640.56	$ 1,924.61
Reduced UCC	$ -	$ 3,422.22	$ 8,604.20	$ 183,127.21	$ 369,189.66	$ 371,829.88	$ 348,648.66
CCA Rate Class	47	47	47	47	47	47	47
CCA Rate	8%	8%	8%	8%	8%	8%	8%
CCA	$ -	$ 273.78	$ 688.34	$ 14,650.18	$ 29,535.17	$ 29,746.39	$ 27,891.89
Closing UCC	$ -	$ 6,570.65	$ 9,949.41	$ 341,654.83	$ 367,189.32	$ 346,724.05	$ 322,681.38

UCC - Computer Equipment

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast
Opening UCC	$ -	$ -	$ -	$ 4,700.21	$ 5,692.98	$ 19,907.33	$ 12,704.21
Capital Additions Computer Hardware	$ -	$ -	$ -	$ 3,221.81	$ 4,215.18	$ 87.74	$ -
Capital Additions Computer Software	$ -	$ -	$ 6,483.05	$ 1,713.19	$ 19,709.63	$ 5,079.03	$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	$ -	$ -	$ 6,483.05	$ 9,635.22	$ 29,617.78	$ 25,074.10	$ 12,704.21
Half Year Rule (1/2 Additions - Disposals)	$ -	$ -	$ 3,241.53	$ 2,467.50	$ 11,962.40	$ 2,583.39	$ -
Reduced UCC	$ -	$ -	$ 3,241.53	$ 7,167.72	$ 17,655.38	$ 22,490.71	$ 12,704.21
CCA Rate Class	50	50	50	50	50	50	50
CCA Rate	55%	55%	55%	55%	55%	55%	55%
CCA	$ -	$ -	$ 1,782.84	$ 3,942.24	$ 9,710.46	$ 12,369.89	$ 6,987.31
Closing UCC	$ -	$ -	$ 4,700.21	$ 5,692.98	$ 19,907.33	$ 12,704.21	$ 5,716.89

UCC - General Equipment

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited 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	47	47	47	47	47	47	47
CCA Rate	8%	8%	8%	8%	8%	8%	8%
CCA	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing UCC	$ -	$ -	$ -	$ -	$ -	$ -	$ -

UCC - Applications Software

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast
Opening UCC	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Capital Additions Applications Software	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Half Year Rule (1/2 Additions - Disposals)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reduced UCC	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CCA Rate Class	50	50	50	50	50	50	50
CCA Rate	55%	55%	55%	55%	55%	55%	55%
CCA	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Closing UCC	$ -	$ -	$ -	$ -	$ -	$ -	$ -

PILs Calculation

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast
INCOME TAX							
Net Income	$ -	$ 148.87	$ 473.73	$ 6,426.99	$ 12,136.52	$ 12,601.44	$ 11,766.26
Amortization	$ -	$ 228.15	$ 1,240.17	$ 14,062.73	$ 30,329.56	$ 35,383.74	$ 36,338.10
CCA - Smart Meters	$ -	-$ 273.78	-$ 688.34	-$ 14,650.18	-$ 29,535.17	-$ 29,746.39	-$ 27,891.89
CCA - Computers	$ -	$ -	-$ 1,782.84	-$ 3,942.24	-$ 9,710.46	-$ 12,369.89	-$ 6,987.31
CCA - Applications Software	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CCA - Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Change in taxable income	$ -	$ 103.24	-$ 757.27	$ 1,897.30	$ 3,220.45	$ 5,868.90	$ 13,225.15
Tax Rate (from Sheet 3)	29.71%	29.71%	27.09%	26.86%	24.87%	22.34%	20.75%
Income Taxes Payable	$ -	$ 30.67	-$ 205.15	$ 509.62	$ 800.93	$ 1,311.11	$ 2,744.22
ONTARIO CAPITAL TAX							
Smart Meters	$ -	$ 6,616.28	$ 10,091.51	$ 344,174.48	$ 373,590.68	$ 355,073.32	$ 330,686.38
Computer Hardware	$ -	$ -	$ -	$ 2,899.63	$ 6,048.93	$ 4,640.50	$ 3,135.55
Computer Software (Including Application Software)	$ -	$ -	$ 5,834.75	$ 6,080.01	$ 22,179.43	$ 21,169.38	$ 14,572.40
Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rate Base	$ -	$ 6,616.28	$ 15,926.26	$ 353,154.13	$ 401,819.04	$ 380,883.20	$ 348,394.33
Less: Exemption							
Deemed Taxable Capital	$ -	$ 6,616.28	$ 15,926.26	$ 353,154.13	$ 401,819.04	$ 380,883.20	$ 348,394.33
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)	$ -	$ 14.89	$ 35.83	$ 794.60	$ 301.36	$ -	$ -
Change in Income Taxes Payable	$ -	$ 30.67	-$ 205.15	$ 509.62	$ 800.93	$ 1,311.11	$ 2,744.22
Change in OCT	$ -	$ 14.89	$ 35.83	$ 794.60	$ 301.36	$ -	$ -
PILs	$ -	$ 45.56	-$ 169.31	$ 1,304.21	$ 1,102.29	$ 1,311.11	$ 2,744.22
Gross Up PILs							
Tax Rate	29.71%	29.71%	27.09%	26.86%	24.87%	22.34%	20.75%
Change in Income Taxes Payable	$ -	$ 43.64	-$ 281.37	$ 696.77	$ 1,066.05	$ 1,688.27	$ 3,462.74
Change in OCT	$ -	$ 14.89	$ 35.83	$ 794.60	$ 301.36	$ -	$ -
PILs	**$ -**	**$ 58.52**	**-$ 245.53**	**$ 1,491.36**	**$ 1,367.42**	**$ 1,688.27**	**$ 3,462.74**

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

This worksheet calculates the funding adder revenues.

Account 1555 - Sub-account Funding Adder Revenue

Interest Rates	Approved Deferral and Variance Accounts	CWIP
2006 Q1		
2006 Q2	4.14%	4.68%
2006 Q3	4.59%	5.05%
2006 Q4	4.59%	4.72%
2007 Q1	4.59%	4.72%
2007 Q2	4.59%	4.72%
2007 Q3	4.59%	5.18%
2007 Q4	5.14%	5.18%
2008 Q1	5.14%	5.18%
2008 Q2	4.08%	5.18%
2008 Q3	3.35%	5.43%
2008 Q4	3.35%	5.43%
2009 Q1	2.45%	6.61%
2009 Q2	1.00%	6.61%
2009 Q3	0.55%	5.67%
2009 Q4	0.55%	4.66%
2010 Q1	0.55%	4.34%
2010 Q2	0.55%	4.34%
2010 Q3	0.89%	4.66%
2010 Q4	1.20%	4.01%
2011 Q1	1.47%	4.29%
2011 Q2	1.47%	4.29%
2011 Q3	1.47%	4.29%
2011 Q4	1.47%	4.29%
2012 Q1	1.47%	4.29%
2012 Q2	0.00%	4.29%
2012 Q3	0.00%	4.29%
2012 Q4	0.00%	4.29%

Date	Year	Quarter	Opening Balance (Principal)	Funding Adder Revenues	Interest Rate	Interest	Closing Balance	Annual amounts	Board Approved Smart Meter Funding Adder (from Tariff)
Jan-06	2006	Q1	$ -		0.00%	$ -	$ -		
Feb-06	2006	Q1	$ -		0.00%	$ -	$ -		
Mar-06	2006	Q1	$ -		0.00%	$ -	$ -		
Apr-06	2006	Q2	$ -		4.14%	$ -	$ -		
May-06	2006	Q2	$ -	$ 388.38	4.14%	$ -	$ 388.38		$ 0.25
Jun-06	2006	Q2	$ 388.38	$ 384.16	4.14%	$ 1.34	$ 773.88		$ 0.25
Jul-06	2006	Q3	$ 772.54	$ 383.53	4.59%	$ 2.95	$ 1,159.02		$ 0.25
Aug-06	2006	Q3	$ 1,156.07	$ 374.93	4.59%	$ 4.42	$ 1,535.42		$ 0.25
Sep-06	2006	Q3	$ 1,531.00	$ 375.66	4.59%	$ 5.86	$ 1,912.52		$ 0.25
Oct-06	2006	Q4	$ 1,906.66	$ 375.52	4.59%	$ 7.29	$ 2,289.47		$ 0.25
Nov-06	2006	Q4	$ 2,282.18	$ 377.32	4.59%	$ 8.73	$ 2,668.23		$ 0.25
Dec-06	2006	Q4	$ 2,659.50	$ 378.45	4.59%	$ 10.17	$ 3,048.12	$ 3,078.71	$ 0.25
Jan-07	2007	Q1	$ 3,037.95	$ 382.36	4.59%	$ 11.62	$ 3,431.93		$ 0.25
Feb-07	2007	Q1	$ 3,420.31	$ 382.29	4.59%	$ 13.08	$ 3,815.68		$ 0.25
Mar-07	2007	Q1	$ 3,802.60	$ 383.16	4.59%	$ 14.54	$ 4,200.30		$ 0.25
Apr-07	2007	Q2	$ 4,185.76	$ 378.73	4.59%	$ 16.01	$ 4,580.50		$ 0.25
May-07	2007	Q2	$ 4,564.49	$ 384.06	4.59%	$ 17.46	$ 4,966.01		$ 0.25
Jun-07	2007	Q2	$ 4,948.55	$ 379.81	4.59%	$ 18.93	$ 5,347.29		$ 0.25
Jul-07	2007	Q3	$ 5,328.36	$ 381.81	4.59%	$ 20.38	$ 5,730.55		$ 0.25
Aug-07	2007	Q3	$ 5,710.17	$ 382.74	4.59%	$ 21.84	$ 6,114.75		$ 0.25
Sep-07	2007	Q3	$ 6,092.91	$ 385.80	4.59%	$ 23.31	$ 6,502.02		$ 0.25
Oct-07	2007	Q4	$ 6,478.71	$ 384.23	5.14%	$ 27.75	$ 6,890.69		$ 0.25
Nov-07	2007	Q4	$ 6,862.94	$ 386.23	5.14%	$ 29.40	$ 7,278.57		$ 0.25
Dec-07	2007	Q4	$ 7,249.17	$ 386.49	5.14%	$ 31.05	$ 7,666.71	$ 4,843.08	$ 0.25
Jan-08	2008	Q1	$ 7,635.66	$ 384.61	5.14%	$ 32.71	$ 8,052.98		$ 0.25
Feb-08	2008	Q1	$ 8,020.27	$ 389.32	5.14%	$ 34.35	$ 8,443.94		$ 0.25
Mar-08	2008	Q1	$ 8,409.59	$ 398.66	5.14%	$ 36.02	$ 8,844.27		$ 0.25
Apr-08	2008	Q2	$ 8,808.25	$ 389.43	4.08%	$ 29.95	$ 9,227.63		$ 0.25
May-08	2008	Q2	$ 9,197.68	$ 389.54	4.08%	$ 31.27	$ 9,618.49		$ 0.25
Jun-08	2008	Q2	$ 9,587.22	$ 388.44	4.08%	$ 32.60	$ 10,008.26		$ 0.25
Jul-08	2008	Q3	$ 9,975.66	$ 389.17	3.35%	$ 27.85	$ 10,392.68		$ 0.25
Aug-08	2008	Q3	$ 10,364.83	$ 390.62	3.35%	$ 28.94	$ 10,784.39		$ 0.25
Sep-08	2008	Q3	$ 10,755.45	$ 392.00	3.35%	$ 30.03	$ 11,177.48		$ 0.25
Oct-08	2008	Q4	$ 11,147.45	$ 389.65	3.35%	$ 31.12	$ 11,568.22		$ 0.25
Nov-08	2008	Q4	$ 11,537.10	$ 390.74	3.35%	$ 32.21	$ 11,960.05		$ 0.25
Dec-08	2008	Q4	$ 11,927.84	$ 391.75	3.35%	$ 33.30	$ 12,352.89	$ 5,064.28	$ 0.25
Jan-09	2009	Q1	$ 12,319.59	$ 390.40	2.45%	$ 25.15	$ 12,735.14		$ 0.25
Feb-09	2009	Q1	$ 12,709.99	$ 391.57	2.45%	$ 25.95	$ 13,127.51		$ 0.25
Mar-09	2009	Q1	$ 13,101.56	$ 395.77	2.45%	$ 26.75	$ 13,524.08		$ 0.25
Apr-09	2009	Q2	$ 13,497.33	$ 391.41	1.00%	$ 11.25	$ 13,899.99		$ 0.25
May-09	2009	Q2	$ 13,888.74	$ 392.06	1.00%	$ 11.57	$ 14,292.37		$ 0.25
Jun-09	2009	Q2	$ 14,280.80	$ 456.71	1.00%	$ 11.90	$ 14,749.41		$ 0.25
Jul-09	2009	Q3	$ 14,737.51	$ 1,568.46	0.55%	$ 6.75	$ 16,312.72		$ 1.15
Aug-09	2009	Q3	$ 16,305.97	$ 1,806.58	0.55%	$ 7.47	$ 18,120.02		$ 1.15
Sep-09	2009	Q3	$ 18,112.55	$ 1,805.86	0.55%	$ 8.30	$ 19,926.71		$ 1.15
Oct-09	2009	Q4	$ 19,918.41	$ 1,798.71	0.55%	$ 9.13	$ 21,726.25		$ 1.15
Nov-09	2009	Q4	$ 21,717.12	$ 1,803.28	0.55%	$ 9.95	$ 23,530.35		$ 1.15
Dec-09	2009	Q4	$ 23,520.40	$ 1,805.59	0.55%	$ 10.78	$ 25,336.77	$ 13,171.35	$ 1.15
Jan-10	2010	Q1	$ 25,325.99	$ 1,808.25	0.55%	$ 11.61	$ 27,145.85		$ 1.15
Feb-10	2010	Q1	$ 27,134.24	$ 1,805.65	0.55%	$ 12.44	$ 28,952.33		$ 1.15
Mar-10	2010	Q1	$ 28,939.89	$ 1,806.72	0.55%	$ 13.26	$ 30,759.87		$ 1.15
Apr-10	2010	Q2	$ 30,746.61	$ 1,900.58	0.55%	$ 14.09	$ 32,661.28		$ 1.15
May-10	2010	Q2	$ 32,647.19	$ 2,946.34	0.55%	$ 14.96	$ 35,608.49		$ 2.00
Jun-10	2010	Q2	$ 35,593.53	$ 3,146.46	0.55%	$ 16.31	$ 38,756.30		$ 2.00
Jul-10	2010	Q3	$ 38,739.99	$ 3,150.02	0.89%	$ 28.73	$ 41,918.74		$ 2.00
Aug-10	2010	Q3	$ 41,890.01	$ 3,141.64	0.89%	$ 31.07	$ 45,062.72		$ 2.00
Sep-10	2010	Q3	$ 45,031.65	$ 3,165.23	0.89%	$ 33.40	$ 48,230.28		$ 2.00

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

This worksheet calculates the funding adder revenues.

Account 1555 - Sub-account Funding Adder Revenue

Interest Rates	Approved Deferral and Variance Accounts	CWIP	Date	Year	Quarter	Opening Balance (Principal)	Funding Adder Revenues	Interest Rate	Interest	Closing Balance	Annual amounts	Board Approved Smart Meter Funding Adder (from Tariff)
			Oct-10	2010	Q4	$ 48,196.88	$ 3,160.68	1.20%	$ 48.20	$ 51,405.76		$ 2.00
			Nov-10	2010	Q4	$ 51,357.56	$ 3,143.19	1.20%	$ 51.36	$ 54,552.11		$ 2.00
			Dec-10	2010	Q4	$ 54,500.75	$ 3,147.73	1.20%	$ 54.50	$ 57,702.98	$ 32,652.42	$ 2.00
			Jan-11	2011	Q1	$ 57,648.48	$ 3,155.66	1.47%	$ 70.62	$ 60,874.76		$ 2.00
			Feb-11	2011	Q1	$ 60,804.14	$ 3,162.03	1.47%	$ 74.49	$ 64,040.66		$ 2.00
			Mar-11	2011	Q1	$ 63,966.17	$ 3,160.83	1.47%	$ 78.36	$ 67,205.36		$ 2.00
			Apr-11	2011	Q2	$ 67,127.00	$ 3,139.26	1.47%	$ 82.23	$ 70,348.49		$ 2.00
			May-11	2011	Q2	$ 70,266.26	$ 3,981.77	1.47%	$ 86.08	$ 74,334.11		$ 2.50
			Jun-11	2011	Q2	$ 74,248.03	$ 3,958.55	1.47%	$ 90.95	$ 78,297.53		$ 2.50
			Jul-11	2011	Q3	$ 78,206.58	$ 3,993.07	1.47%	$ 95.80	$ 82,295.45		$ 2.50
			Aug-11	2011	Q3	$ 82,199.65	$ 3,905.65	1.47%	$ 100.69	$ 86,205.99		$ 2.50
			Sep-11	2011	Q3	$ 86,105.30	$ 3,967.21	1.47%	$ 105.48	$ 90,177.99		$ 2.50
			Oct-11	2011	Q4	$ 90,072.51	$ 3,941.52	1.47%	$ 110.34	$ 94,124.37		$ 2.50
			Nov-11	2011	Q4	$ 94,014.03	$ 3,946.53	1.47%	$ 115.17	$ 98,075.73		$ 2.50
			Dec-11	2011	Q4	$ 97,960.56	$ 3,946.48	1.47%	$ 120.00	$ 102,027.04	$ 45,388.77	$ 2.50
			Jan-12	2012	Q1	$ 101,907.04	$ 3,946.44	1.47%	$ 124.84	$ 105,978.32		$ 2.50
			Feb-12	2012	Q1	$ 105,853.48	$ 3,948.92	1.47%	$ 129.67	$ 109,932.07		$ 2.50
			Mar-12	2012	Q1	$ 109,802.40	$ 3,948.87	1.47%	$ 134.51	$ 113,885.78		$ 2.50
			Apr-12	2012	Q2	$ 113,751.27	$ 3,948.87	1.47%	$ 139.35	$ 117,839.49		$ 2.50
			May-12	2012	Q2	$ 117,700.14	$ -	0.00%	$ -	$ 117,700.14		
			Jun-12	2012	Q2	$ 117,700.14	$ -	0.00%	$ -	$ 117,700.14		
			Jul-12	2012	Q3	$ 117,700.14	$ -	0.00%	$ -	$ 117,700.14		
			Aug-12	2012	Q3	$ 117,700.14	$ -	0.00%	$ -	$ 117,700.14		
			Sep-12	2012	Q3	$ 117,700.14	$ -	0.00%	$ -	$ 117,700.14		
			Oct-12	2012	Q4	$ 117,700.14	$ -	0.00%	$ -	$ 117,700.14		
			Nov-12	2012	Q4	$ 117,700.14	$ -	0.00%	$ -	$ 117,700.14		
			Dec-12	2012	Q4	$ 117,700.14	$ -	0.00%	$ -	$ 117,700.14	$ 16,321.47	
			Total Funding Adder Revenues Collected				**$ 117,700.14**		**$ 2,819.94**	**$ 120,520.08**	**$ 120,520.08**	


Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

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

Account 1556 - Sub-accounts Operating Expenses, Amortization Expenses, Carrying Charges

Prescribed Interest Rates	Approved Deferral and Variance Accounts	CWIP	Date	Year	Quarter	Opening Balance (Principal)	OM&A Expenses	Amortization / Depreciation Expense	Closing Balance (Principal)	(Annual) Interest Rate	Interest (on opening balance)	Cumulative Interest
2006 Q1	0.00%	0.00%	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	-	$ -	$ -	-	4.14%	-	-
2007 Q2	4.59%	4.72%	Jun-06	2006	Q2	-	$ -	$ -	-	4.14%	-	-
2007 Q3	4.59%	5.18%	Jul-06	2006	Q3	-	$ -	$ -	-	4.59%	-	-
2007 Q4	5.14%	5.18%	Aug-06	2006	Q3	-	$ -	$ -	-	4.59%	-	-
2008 Q1	5.14%	5.18%	Sep-06	2006	Q3	-	$ -	$ -	-	4.59%	-	-
2008 Q2	4.08%	5.18%	Oct-06	2006	Q4	-	$ -	$ -	-	4.59%	-	-
2008 Q3	3.35%	5.43%	Nov-06	2006	Q4	-	$ -	$ -	-	4.59%	-	-
2008 Q4	3.35%	5.43%	Dec-06	2006	Q4	-	$ -	$ -	-	4.59%	-	-
2009 Q1	2.45%	6.61%	Jan-07	2007	Q1	-	$ -	$ 19.01	19.01	4.59%	-	-
2009 Q2	1.00%	6.61%	Feb-07	2007	Q1	19.01	$ -	$ 19.01	38.02	4.59%	0.07	0.07
2009 Q3	0.55%	5.67%	Mar-07	2007	Q1	38.02	$ -	$ 19.01	57.04	4.59%	0.15	0.22
2009 Q4	0.55%	4.66%	Apr-07	2007	Q2	57.04	$ -	$ 19.01	76.05	4.59%	0.22	0.44
2010 Q1	0.55%	4.34%	May-07	2007	Q2	76.05	$ -	$ 19.01	95.06	4.59%	0.29	0.73
2010 Q2	0.55%	4.34%	Jun-07	2007	Q2	95.06	$ -	$ 19.01	114.07	4.59%	0.36	1.09
2010 Q3	0.89%	4.66%	Jul-07	2007	Q3	114.07	$ -	$ 19.01	133.09	4.59%	0.44	1.53
2010 Q4	1.20%	4.01%	Aug-07	2007	Q3	133.09	$ -	$ 19.01	152.10	4.59%	0.51	2.04
2011 Q1	1.47%	4.29%	Sep-07	2007	Q3	152.10	$ -	$ 19.01	171.11	4.59%	0.58	2.62
2011 Q2	1.47%	4.29%	Oct-07	2007	Q4	171.11	$ -	$ 19.01	190.12	5.14%	0.73	3.35
2011 Q3	1.47%	4.29%	Nov-07	2007	Q4	190.12	$ -	$ 19.01	209.14	5.14%	0.81	4.17
2011 Q4	1.47%	4.29%	Dec-07	2007	Q4	209.14	$ -	$ 19.01	228.15	5.14%	0.90	5.06
2012 Q1	1.47%	4.29%	Jan-08	2008	Q1	228.15	$ -	$ 103.35	331.50	5.14%	0.98	6.04
2012 Q2	0.00%	4.29%	Feb-08	2008	Q1	331.50	$ -	$ 103.35	434.84	5.14%	1.42	7.46
2012 Q3	0.00%	4.29%	Mar-08	2008	Q1	434.84	$ -	$ 103.35	538.19	5.14%	1.86	9.32
2012 Q4	0.00%	4.29%	Apr-08	2008	Q2	538.19	$ -	$ 103.35	641.54	4.08%	1.83	11.15
			May-08	2008	Q2	641.54	$ -	$ 103.35	744.89	4.08%	2.18	13.33
			Jun-08	2008	Q2	744.89	$ -	$ 103.35	848.23	4.08%	2.53	15.86
			Jul-08	2008	Q3	848.23	$ -	$ 103.35	951.58	3.35%	2.37	18.23
			Aug-08	2008	Q3	951.58	$ -	$ 103.35	1,054.93	3.35%	2.66	20.89
			Sep-08	2008	Q3	1,054.93	$ -	$ 103.35	1,158.28	3.35%	2.95	23.83
			Oct-08	2008	Q4	1,158.28	$ -	$ 103.35	1,261.62	3.35%	3.23	27.07
			Nov-08	2008	Q4	1,261.62	$ -	$ 103.35	1,364.97	3.35%	3.52	30.59

Dec-08	2008	Q4	1,364.97	$ -	$ 103.35	1,468.32	3.35%	3.81	34.40
Jan-09	2009	Q1	1,468.32	$ -	$ 1,171.89	2,640.21	2.45%	3.00	37.40
Feb-09	2009	Q1	2,640.21	$ 846.75	$ 1,171.89	4,658.86	2.45%	5.39	42.79
Mar-09	2009	Q1	4,658.86	$ 95.41	$ 1,171.89	5,926.17	2.45%	9.51	52.30
Apr-09	2009	Q2	5,926.17	$ 77.46	$ 1,171.89	7,175.52	1.00%	4.94	57.24
May-09	2009	Q2	7,175.52	$ 571.23	$ 1,171.89	8,918.65	1.00%	5.98	63.22
Jun-09	2009	Q2	8,918.65	$ 606.63	$ 1,171.89	10,697.17	1.00%	7.43	70.65
Jul-09	2009	Q3	10,697.17	$ 614.51	$ 1,171.89	12,483.57	0.55%	4.90	75.55
Aug-09	2009	Q3	12,483.57	$ 263.02	$ 1,171.89	13,918.48	0.55%	5.72	81.27
Sep-09	2009	Q3	13,918.48	$ 580.50	$ 1,171.89	15,670.88	0.55%	6.38	87.65
Oct-09	2009	Q4	15,670.88	$ 873.77	$ 1,171.89	17,716.54	0.55%	7.18	94.84
Nov-09	2009	Q4	17,716.54	$ 276.20	$ 1,171.89	19,164.63	0.55%	8.12	102.96
Dec-09	2009	Q4	19,164.63	$ 293.58	$ 1,171.89	20,630.10	0.55%	8.78	111.74
Jan-10	2010	Q1	20,630.10	$ 762.33	$ 2,527.46	23,919.89	0.55%	9.46	121.20
Feb-10	2010	Q1	23,919.89	$ 307.48	$ 2,527.46	26,754.84	0.55%	10.96	132.16
Mar-10	2010	Q1	26,754.84	$ 311.62	$ 2,527.46	29,593.92	0.55%	12.26	144.42
Apr-10	2010	Q2	29,593.92	$ 446.22	$ 2,527.46	32,567.61	0.55%	13.56	157.99
May-10	2010	Q2	32,567.61	$ 970.37	$ 2,527.46	36,065.44	0.55%	14.93	172.91
Jun-10	2010	Q2	36,065.44	$ 340.34	$ 2,527.46	38,933.24	0.55%	16.53	189.44
Jul-10	2010	Q3	38,933.24	$ 473.32	$ 2,527.46	41,934.02	0.89%	28.88	218.32
Aug-10	2010	Q3	41,934.02	$ 385.92	$ 2,527.46	44,847.41	0.89%	31.10	249.42
Sep-10	2010	Q3	44,847.41	$ 330.06	$ 2,527.46	47,704.93	0.89%	33.26	282.68
Oct-10	2010	Q4	47,704.93	$ 1,164.92	$ 2,527.46	51,397.31	1.20%	47.70	330.39
Nov-10	2010	Q4	51,397.31	$ 2,208.06	$ 2,527.46	56,132.83	1.20%	51.40	381.78
Dec-10	2010	Q4	56,132.83	$ 1,007.90	$ 2,527.46	59,668.20	1.20%	56.13	437.92
Jan-11	2011	Q1	59,668.20	$ 764.04	$ 2,948.65	63,380.89	1.47%	73.09	511.01
Feb-11	2011	Q1	63,380.89	$ 477.06	$ 2,948.65	66,806.59	1.47%	77.64	588.65
Mar-11	2011	Q1	66,806.59	$ 1,485.49	$ 2,948.65	71,240.72	1.47%	81.84	670.49
Apr-11	2011	Q2	71,240.72	$ 912.31	$ 2,948.65	75,101.68	1.47%	87.27	757.76
May-11	2011	Q2	75,101.68	$ 1,699.82	$ 2,948.65	79,750.15	1.47%	92.00	849.76
Jun-11	2011	Q2	79,750.15	$ 791.46	$ 2,948.65	83,490.25	1.47%	97.69	947.45
Jul-11	2011	Q3	83,490.25	$ 903.26	$ 2,948.65	87,342.16	1.47%	102.28	1,049.73
Aug-11	2011	Q3	87,342.16	$ 958.93	$ 2,948.65	91,249.74	1.47%	106.99	1,156.72
Sep-11	2011	Q3	91,249.74	$ 884.56	$ 2,948.65	95,082.95	1.47%	111.78	1,268.50
Oct-11	2011	Q4	95,082.95	$ 1,324.97	$ 2,948.65	99,356.56	1.47%	116.48	1,384.98
Nov-11	2011	Q4	99,356.56	$ 1,324.97	$ 2,948.65	103,630.17	1.47%	121.71	1,506.69
Dec-11	2011	Q4	103,630.17	$ 1,487.97	$ 2,948.65	108,066.78	1.47%	126.95	1,633.64
Jan-12	2012	Q1	108,066.78	$ 1,343.86	$ 3,028.17	112,438.82	1.47%	132.38	1,766.02
Feb-12	2012	Q1	112,438.82	$ 1,343.86	$ 3,028.17	116,810.86	1.47%	137.74	1,903.76
Mar-12	2012	Q1	116,810.86	$ 1,343.86	$ 3,028.17	121,182.90	1.47%	143.09	2,046.85
Apr-12	2012	Q2	121,182.90	$ 1,343.86	$ 3,028.17	125,554.93	1.47%	148.45	2,195.30
May-12	2012	Q2	125,554.93	$ 1,343.86	$ 3,028.17	129,926.97	0.00%	-	2,195.30
Jun-12	2012	Q2	129,926.97	$ 2,077.36	$ 3,028.17	135,032.51	0.00%	-	2,195.30
Jul-12	2012	Q3	135,032.51	$ 1,694.36	$ 3,028.17	139,755.04	0.00%	-	2,195.30
Aug-12	2012	Q3	139,755.04	$ 1,343.86	$ 3,028.17	144,127.08	0.00%	-	2,195.30
Sep-12	2012	Q3	144,127.08	$ 1,452.26	$ 3,028.17	148,607.51	0.00%	-	2,195.30
Oct-12	2012	Q4	148,607.51	$ 1,343.86	$ 3,028.17	152,979.55	0.00%	-	2,195.30
Nov-12	2012	Q4	152,979.55	$ 1,343.86	$ 3,028.17	157,351.59	0.00%	-	2,195.30
Dec-12	2012	Q4	157,351.59	$ 1,343.86	$ 3,028.17	161,723.63	0.00%	-	2,195.30
				$ 44,141.19	$ 117,582.44	$ 161,723.63			

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	$ -	$ 228.15	$ 228.15	$ 114.07	4.73%	$ 5.39
2008	$ -	$ 1,240.17	$ 1,468.32	$ 848.23	3.98%	$ 33.76
2009	$ 5,099.05	$ 14,062.73	$ 20,630.10	$ 11,049.21	1.14%	$ 125.68
2010	$ 8,708.54	$ 30,329.56	$ 59,668.20	$ 40,149.15	0.80%	$ 320.19
2011	$ 13,014.84	$ 35,383.74	$ 108,066.78	$ 83,867.49	1.47%	$ 1,232.85
2012	$ 17,318.75	$ 36,338.10	$ 161,723.63	$ 134,895.21	1.47%	$ 1,982.96

Cumulative Interest to 2011	$ 1,717.88
Cumulative Interest to 2012	$ 3,700.84

Ontario Energy Board

Smart Meter Model

Lakeland Power Distribution Ltd.

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. Pre the "UPDATE WORKSHEET" button after choosing the applicable adders/riders.

Check if applicable		
	Smart Meter Funding Adder (SMFA)	
X	Smart Meter Disposition Rider (SMDR)	**The SMDR is calculated based on costs to December 31, 201**
X	Smart Meter Incremental Revenue Requirement Rate Rider (SMIRR)	**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)	$ -	$ 507.98	$ 1,731.50	$ 32,217.76	$ 63,689.15	$ 74,262.43	$ 79,692.88	$ 252,101.70
Interest on Deferred and forecasted OM&A and Amortization Expense (Sheet 8A/8B)	$ -	$ 5.06	$ 29.34	$ 77.34	$ 326.18	$ 1,195.72		$ 1,633.64
(Check **one** of the boxes below)								
X Sheet 8A (Interest calculated on monthly balances)	$ -	$ 5.06	$ 29.34	$ 77.34	$ 326.18	$ 1,195.72		$ 1,633.64
Sheet 8B (Interest calculated on average annual balances)								$ -
SMFA Revenues (from Sheet 8)	$ 3,037.95	$ 4,597.71	$ 4,683.93	$ 13,006.40	$ 32,322.49	$ 44,258.56	$ 15,793.10	$ 117,700.14
SMFA Interest (from Sheet 8)	$ 40.76	$ 245.37	$ 380.35	$ 164.95	$ 329.93	$ 1,130.21	$ 528.37	$ 2,819.94
Net Deferred Revenue Requirement	-$ 3,078.71	-$ 4,330.03	-$ 3,303.44	$ 19,123.75	$ 31,362.91	$ 30,069.38	$ 63,371.41	$ 133,215.26
Number of Metered Customers (average for 2012 test year)							1564	

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

Years for collection or refunding	1	
Deferred Incremental Revenue Requirement from 2006 to December 31, 2011 plus Interest on OM&A and Amortization	$ 174,042.46	
SMFA Revenues collected from 2006 to 2012 test year (inclusive) Plus Simple Interest on SMFA Revenues	$ 120,520.08	
Net Deferred Revenue Requirement	$ 53,522.38	
SMDR May 1, 2012 to April 30, 2013	$ 2.85	Match
Check: Forecasted SMDR Revenues	$ 53,488.80	

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

Incremental Revenue Requirement for 2012	$ 79,692.88	
SMIRR	$ 4.25	Match
Check: Forecasted SMIRR Revenues	$ 79,764.00	

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	• 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	• 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	• 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 capita 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 presentment 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.