

2012 ELECTRICITY DISTRIBUTION RATES

Burlington Hydro Inc.

**Application for Disposition and Recovery of
Costs Related to Smart Meter Deployment**

EB-2012-0081

Board Staff Comments

Draft Rate Order

July 3, 2012

INTRODUCTION

Burlington Hydro Inc. ("Burlington Hydro"), a licensed Distributor of electricity filed a stand-alone application (the "Application") on February 29, 2012, seeking Board approval for the disposition and recovery of costs related to smart meter deployment, offset by Smart Meter Funding Adder ("SMFA") revenues collected from May 1, 2006 to April 30, 2012. Burlington Hydro requested approval of proposed Smart Meter Disposition Riders ("SMDRs") and Smart Meter Incremental Revenue Requirement Rate Riders ("SMIRRs") effective May 1, 2012. The Application was based on the Board's policy and practice with respect to recovery of smart meter costs.

The Board issued its Decision and Order on June 21, 2012. In its Decision, the Board approved a cost allocation methodology resulting in class-specific SMDRs and SMIRRs based on cost causality within the existing identified classes. The Board also approved a direct allocation of SMFA revenues as billed.

Burlington Hydro had requested an implementation date of May 1, 2012 in its Application. Given the filing date and the time required to process the Application, the Board determined that an implementation date of July 1, 2012 was appropriate. Burlington Hydro was directed to establish the SMDRs based on a 10-month recovery period ending April 30, 2013 and to accommodate within the SMDR the applicable revenue requirement amounts related to the months of May and June 2012. The Board ordered Burlington Hydro to file a draft Rate Order and proposed Tariff of Rates and Charges reflecting its Decision within 7 days of the date of the Decision and Order. Burlington Hydro submitted its draft Rate Order on June 28, 2012.

The following are Board staff's comments on Burlington Hydro's draft Rate Order.

Allocation of SMFA

Burlington Hydro states that the class-specific SMFA revenues as submitted in its revised rate models in response to interrogatories were those billed by rate class, however it had estimated amounts for February, March and April 2012 in the

models filed in this proceeding to date as the actual amounts were not available at the time of filing. In its draft Rate Order, Burlington Hydro provided actual billed amounts for these months for each of the Residential, GS <50kW and GS >50kW rate classes.

Board staff notes that the amounts included for April 2012 in all three of the models provided with the draft Rate Order appear to be twice as large as the amounts billed in the preceding months. This would appear to coincide with the negligible amounts billed in May 2006, reflecting a one month delay in billing. Board staff also notes, however, that the models originally submitted by Burlington Hydro, while showing negligible amounts in May 2006, do not appear to recover an extra month of revenues in April 2012.

Board staff requests clarification from Burlington Hydro that the April 2012 SMFA amounts included in the models for Residential, GS <50kW and GS >50kW are the result of delays in billing, and that these amounts are correct.

Board staff has no further comments regarding the draft Rate Order submitted by Burlington Hydro.

- All of which is respectfully submitted -