

**Waterloo North Hydro Inc.  
2012 Smart Meter Cost Recovery  
EB-2012-0266**

**Board staff Interrogatories**

***General***

**1. Letters of Comment**

Following publication of the Notice of Application, the Board has, to date, received no letters of comment.

Please confirm whether Waterloo North Hydro Inc. ("WNH") has received any letters of comment. If so, please file a copy of any letters of comment. For each, please confirm whether a reply was sent from WNH to the author of the letter. If confirmed, please file that reply with the Board. Please ensure that the author's contact information except for the name is redacted. If not confirmed, please explain why a response was not sent and confirm if WNH intends to respond to the commenter.

***Manager's Summary***

**2. Ref: Application, page 9 – Contracted Services**

On pages 9 and 10 of its Application, WNH provides a summary of services contracted from external suppliers used in WNH's smart meter deployment. On page 10, WNH provides the following description of one contracted service:

- *Commercial Installments Service Provider (2009 – 2011)* this work was included in the tender and award for the *Residential Installation Service Provider*. WNH also leveraged some of its own metering staff to complete a portion of the work.
- a) Has WNH included the costs related to the work completed by WNH's own metering staff for recovery in this Application? If yes, please provide the costs related to the work done by WNH's own staff.
- b) What are WNH's reasons for including the costs of its own staff for recovery in this Application? Specifically, how were these costs incremental (e.g., overtime) to the costs for WNH's own staff that are factored into its revenue requirement in its last cost of service application and hence recovered through its Board-approved distribution rates?

**3. Ref: Application, page 17 – Customer-Owned-Equipment**

On page 17 of its Application, WNH documents the capitalized and expensed costs related to repair or replacement of customer-owned equipment. Table 9 is replicated below:

Table 9 – Costs for Customer Owned Equipment			
Year	Capital #1555	OM&A #1556	Total
2008	4042	700	700
2009	21,394	4,007	61,401
2010	55,446	32,312	87,758
2011	5,500	5,309	10,809
2012	563	919	1,482
Total	86,945	43,247	162,150

- a) There appear to be errors in the totals shown in Table 9. For example, total capital costs are shown as \$86,945 and total OM&A costs are \$43,247. However, the sum of the two is listed as \$162,150, about \$30,000 more than the actual sum should be. Please confirm the entries and calculations and provide an updated Table 9 as required.
- b) Board staff observes that WNH's documented costs related to repair and replacement of customer-owned equipment seem to be higher than has been observed in many applications for smart meter cost recovery to date. Please provide further description of the capitalized and expensed costs, including examples, for the work and costs incurred by WNH for repair and replacement of customer-owned equipment as part of smart meter deployment.

***Smart Meter Model***

**4. Ref: Smart Meter Model – Sheet 2**

Please explain the entry of (\$13,242) for smart meter capital costs for 2012 on Sheet 2, cell S42.

**5. Ref: Smart Meter Model – Sheet 2**

On sheet 2, in cell S134, WNH has an entry of \$149,738, described as "User fees to Software Provider", related to the Advanced Metering Control Computer ("AMCC") for 2012. No similar entries are shown for prior years.

- a) Please provide further explanation of this cost.
- b) Why does this cost not occur before 2012?

- c) Is this a one-time cost, or is it expected to recur past 2012?

**6. Ref: Smart Meter Model, Sheet 2 and 8A – Amortization/Depreciation Expense**

Board staff has prepared the following table that compares the documented amortization/depreciation expense by year from sheets 5 and 8A of the Smart Meter model.

<b>Amortization/Depreciation Expense by Year</b>		
<b>Year</b>	<b>Sheet 5</b>	<b>Sheet 8A</b>
<b>2006</b>		
<b>2007</b>		
<b>2008</b>	\$45,681	\$21,004
<b>2009</b>	\$228,574	\$185,507
<b>2010</b>	\$492,719	\$447,954
<b>2011</b>	\$660,004	\$598,823
<b>2012</b>	\$741,828	\$631,706

The data from Sheet 5 are calculated from the model based on the average Gross Book Value of assets in service and using the half year rule for the year that new assets enter service.

The annual data for Sheet 8A are the sum of the monthly data entries shown in Column L of that page, and are entered by WNH based on its Account 1556 sub-account entries.

- a) Please confirm or correct the data shown in the above table.
- b) Please explain the differences shown between the annual data on sheets 5 and 8A.

***Cost Allocation***

**7. Ref: Application, Sections 8.0 and 9.0 – Cost Allocation**

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