

**Kitchener-Wilmot Hydro Inc. ("KWHI")
2012 Smart Meter Cost Disposition and Recovery
EB-2012-0288**

Board staff Interrogatories

Application

1. Ref: Application, page 3 – Stranded Meter Costs

On page 3 of its Application, KWHI states that it is not requesting approval for recovery of its stranded meter costs at this time, and that stranded meter costs will be addressed in its next cost of service application (scheduled for 2014 rates). KWHI "estimates that its stranded meter cost will be approximately \$4.1M (net)."

- a) Please confirm the estimate of the net book value of the stranded meters of \$4.1M is as of December 31, 2013. In the alternative, please provide an estimate of the net book value of the stranded meters for December 31, 2013.
- b) Please confirm that KWHI continues to amortize the capital costs of the stranded meters. In the alternative, please explain.

2. Ref: Application, page 13 – Customer Owned Equipment

On pages 13 of the Application, KWHI provides the following table summarizing the OM&A costs incurred to repair or replace customer owned equipment.

	Residential	GS < 50 kW	Total
2009	\$29,740	\$4,746	\$34,486
2010	\$36,807	\$5,873	\$42,681
2011	\$3,861	\$616	\$4,477
2012	\$720	\$115	\$834
Total	\$71,128	\$11,350	\$82,478

- a) Please provide, by customer class and for each year, the number of installations that required costs to repair and replace customer owned equipment.
- b) Please confirm whether the repair and replacement work was completed by KWHI staff or if it was outsourced. If activities were performed by KWHI staff, please explain how labour costs were treated. If the work was outsourced, please explain the procurement process undertaken to select the vendor..
- c) Please indicate how and where these costs are reflected in the smart meter model.

3. Ref: Application, page 13 – Incremental Cost Savings

On page 13 of the Application, KWHI states that “reduced costs resulting from the smart meter program have not been reflected in the smart meter model as KWHI had already built the reductions into its distribution expenses upon its last Cost of Service Rate application in 2010 (EB-2009-0267).” Please provide a summary of the reductions built in to KWHI’s distribution expenses from its last cost of service rate application. Please confirm whether or not KWHI has achieved any other costs savings as a result of smart meter deployment that were not originally accounted for in its last cost of service application. If so, please provide an estimate of those savings.

4. Ref: Application, Tables 3, 4, and 9 – OM&A Costs Above Minimum Functionality

On Table 9, KWHI shows its OM&A costs beyond minimum functionality for each year including a forecasted amount of \$130,000 for 2013. On tables 3 and 4, KWHI shows the average OM&A cost per meter and average total cost per meter for its smart meter deployment. In both of these tables, KWHI shows estimated OM&A costs beyond minimum functionality of \$144,000 for 2013. KWHI has also shown an estimated \$144,000 in OM&A costs beyond minimum functionality for 2013 on Sheet 2 of the Smart Meter Model. Please reconcile the amount shown in Table 9 with the amount shown in Tables 3 and 4 and in the Smart Meter Model. Please provide any updated tables if any corrections are required.

5. Ref: Application, page 8 and table 9 – CIS System Changes

On page 8 of the Application, KWHI states that it “uses an internally designed and programmed Customer Information System (CIS) which includes facilities for meter reading and customer bill preparation.” KWHI states that the deployment of smart meters necessitated significant changes to its CIS system. In Table 9, KWHI shows a total of \$355,322 in capital costs for upgrades to its CIS system as a result of smart meter deployment and a transition to TOU pricing.

- a) Did KWHI perform any cost/benefit analysis in deciding to maintain its current CIS system as opposed to migrating to a TOU-ready system provided by a vendor? If so, please provide a summary of the cost/benefit analysis.
- b) In Table 9, in addition to the CIS/ODS costs of \$355,322 incurred from 2009 to 2011, KWHI documents approximately \$140,000 in annual OM&A costs related to the ODS for the period 2011 to 2013.
 - i. Please provide further explanation of these OM&A costs, including how these costs are incremental to and not replacing existing OM&A

costs factored into KWHI's revenue requirement and recovered in rates.

- ii. Are these costs recurring beyond 2013?

Per Meter Costs

6. Ref: Application, page 15, Tables 13, 14 and 15 – Cost Allocation

On page 15 of the Application, KWHI has provided three tables summarizing the overall average capital cost, OM&A cost and overall cost per installed smart meter for each rate class. KWHI shows an average overall cost per meter of \$127.29 for the Residential class and \$504.06 for the GS < 50 kW class. Please provide a breakdown of the meter types installed, by year, for the Residential and GS < 50 kW classes. Additionally, please provide the average installation cost for each meter type.

Smart Meter Model, Version 2.21KWH

7. Ref: Excel Smart Meter Model, Version 2.21KWH, Sheet 2 – Smart Meter Costs

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

On row 122, 2.2.1 Maintenance for the Advanced Meter Regional Collector ("AMRC"), KWHI shows OM&A costs of \$69,466 for 2009, \$100,806 for 2010, \$83,833 for 2011 and forecasted costs of \$168,000 for 2012 and \$184,000 for 2013.

- a) Please explain the activities involved in the AMRC maintenance for which these OM&A expenses are incurred; and
- b) Please explain the increase in the forecasted costs for 2012 and 2013.

8. Ref: Smart Meter Model

If KWHI has changed its data inputs to the Smart Meter Model, Version 2.21KWH as a result of interrogatories by Board staff and/or the Vulnerable Energy Consumers Coalition, please update and re-file the smart meter model in working Microsoft Excel format.

Calculation of SMDRS and SMIRRs

9. Ref: Application, page 19, Tables 19, 20 and 21 – Smart Meter Incremental Revenue Requirement Rate Rider (SMIRR) and Tables 16, 17 and 18 – Smart Meter Disposition Rider (SMDR)

On tables 20 and 21, KWHI has provided a calculation for the class specific SMIRRs for the Residential and GS < 50 kW customer classes, respectively. Board staff notes that KWHI appears to have incorrectly credited Smart Meter Funding Adder amounts to the overall revenue requirement for each class when calculating the SMIRR. For the uniform SMIRR calculation summarized in Table 19, no SMFA revenues are shown. This is the correct methodology as there are no SMFA revenues collected in the 2013 test year.

The SMFA revenues and associated interest are already used in the determination of the net deferred revenue requirement to be recovered through the SMDRs.

- a) In Tables 20 and 21, the rows are labelled as “Revenue Requirement 2012”. Please confirm that this should be “Revenue Requirement 2013”.
- b) Please provide updated Tables 20 and 21, showing the calculations of the class-specific SMIRRs based on the forecasted 2013 incremental revenue requirement but omitting any credited SMFA amounts.
- c) Please provide copies of Tables 16, 17, 18, 19, 20 and 21 in working Microsoft Excel format, reflecting any and all changes made in response to interrogatories from Board staff and the Vulnerable Energy Consumers Coalition.