

**Cooperative Hydro Embrun Inc. ("CHEI")
2012 Application for Smart Meter Cost Recovery (EB-2012-0094)**

Board Staff Comments on Draft Rate Order

On July 26, 2012, the Board issued its Decision and Order on CHEI's 2012 application for smart meter cost recovery. The Decision required CHEI to submit a draft Rate Order by August 2, 2012. CHEI submitted its draft Rate Order and supporting documentation on August 1, 2012. Board staff submits that CHEI has appropriately reflected the Board's findings in all areas of the draft Rate Order except for the comments noted below.

Board staff notes that the Board's Smart Meter Model assumed a May 1, 2012 implementation date and therefore did not take into account interest on OM&A and depreciation expenses past this date. Board staff submits that CHEI may wish to incorporate the additional carrying charges until August 31, 2012. In addition, Board staff notes that in the Smart Meter Model, CHEI used sheet 8B for interest on OM&A and depreciation. This sheet, which calculates the annual interest, will overestimate the interest historically, and particularly for 2012 where only 8 months (January 1 to August 31) should apply for a September 1, 2012 effective date for the new smart meter rate riders. Board staff submits that the interest is more accurately calculated using sheet 8A and not sheet 8B.

In the attached Smart Meter Model, Board staff has made the above referenced changes and has also modified the class-specific Smart Meter Disposition Rider to reflect the 2012 interest. Board staff notes that the changes are relatively small, particularly for the Residential class as outlined in the table below:

Class	SMDR (\$/month)	
	Original (Draft Rate Order)	Revised (Board Staff Submission)
Residential	(\$0.98)	(\$0.96)
GS < 50 kW	\$9.66	\$9.73
GS > 50 kW	\$48.74	\$48.98

- All of which is respectfully submitted -