

**Meter Inspection and Certification Costs**  
**Request for New Deferral Account**  
**Draft Accounting Order**

According to Measurement Canada, all newly installed suite meters need to be inspected and certified to Measurement Canada's SE-04 specification within one year after installation. Enersource currently completes the SE-04 inspections as the final step in commissioning a building with individual metered suites ("IMS"). In Exhibit 4 Tab 1 Schedule 6, Enersource forecasted one-time costs of \$141 and \$211, for 2012 and 2013, respectively, for a total of \$352, to certify existing IMS installations that were not previously inspected. Enersource has 26 buildings that require the SE-04 certification. This work was originally anticipated to be completed during 2012 and 2013. These costs are not recurring.

Enersource originally proposed to recover these costs through its 2013 revenue requirement. However, based on updated information presented in the response to Issue 4.1 Board Staff Interrogatory # 36, Enersource was still negotiating the contract for the certification work and therefore had not incurred any of these expenses. Furthermore, Enersource also received an extension from Measurement Canada to perform the work over a three-year period. As a result, Enersource removed all costs related to this issue from its 2013 revenue requirement, and requested the approval of a deferral account to track the expenses. If the cumulative balance in this new account at the time of Enersource's next rebasing is material, Enersource will seek to dispose of the balance at that time.

The Ontario Energy Board's *Filing Requirements for Electricity Transmission and Distribution Applications*, revised on June 28, 2012, states that the following eligibility criteria must be met when seeking to establish a new deferral/variance account:

- 1       • Causation - The forecasted expense must be clearly outside of the base  
2       upon which rates were derived.
- 3       • Materiality – The forecasted amounts must exceed the Board-defined  
4       materiality threshold and have a significant influence on the operation of  
5       the distributor; otherwise they should be expensed in the normal course  
6       and addressed through organizational productivity improvements.
- 7       • Prudence - The nature of the costs and forecasted quantum must be  
8       reasonably incurred although the final determination of prudence will be  
9       made at the time of disposition. In terms of the quantum, this means that  
10      the applicant must provide evidence demonstrating as to why the option  
11      selected represents a cost-effective option (not necessarily least initial  
12      cost) for ratepayers.

13   Enersource proposes that the requested new deferral account satisfies the  
14   eligibility criteria:

- 15      • Causation – Enersource has not included metering certification costs for  
16      existing IMS installations in its 2008 or 2013 cost of service applications.  
17      Prior to 2012, there were no clear rules or regulations explained to  
18      distributors regarding the need to inspect and certify installed suite meters.  
19      In 2012, Enersource was made aware by Measurement Canada that it  
20      was required to complete meter inspections to achieve SE-04 certification  
21      for existing IMS buildings.
- 22      • Materiality – The materiality of the meter inspection and certification costs  
23      is undeterminable at this time. As of June 2012, Enersource was still in  
24      negotiations with the contractor who would be completing the work over  
25      the newly extended three-year period.

1 Enersource submits that recovery will only be sought if the cumulative  
2 balance in the requested deferral account, after all of the inspections and  
3 certifications are completed, is material at the time of disposition.

- 4 • Prudence – The meter inspection and certification costs related to certify  
5 existing IMS installations that were not previously inspected are prudent,  
6 due to the fact that it is a Measurement Canada regulation requirement.

7 Enersource proposes that the following general ledger entries be recorded  
8 upon approval of the requested deferral account (assuming a \$100 expense):

9

Debit	OM&A Expense	\$100	Income Statement
Credit	Cash	(\$100)	Balance Sheet
<i>To record inspection/certification costs.</i>			

10

Debit	Proposed Deferral Account – Meter Inspection & Certification	\$100	Balance Sheet
Credit	OM&A Expense	(\$100)	Income Statement
<i>To track inspection/certification costs in proposed deferral account.</i>			

11 Enersource also proposes to record carrying charges on the deferred balance.

12 Enersource believes that the tracking of these costs is prudent and will only seek  
13 recovery of the deferred amount if it is material at the time of disposition.