Hydro One Brampton Networks Inc.
2012 Smart Meter Cost Recovery
EB-2012-0440

Board staff Interrogatories

1. Ref: Smart Meter Model, Sheet 2 "Smart_Meter_Costs" (2.2.1 Maintenance)

On Sheet 2 of the Residential and GS < 50 kW Smart Meter Model, HOBNI has increasing expenses for 2.2.1 maintenance and no expenses incurred in the GS 50-699 kW Smart Meter Model.

a) Please explain the increasing Maintenance expenses under "2.2.1 Maintenance" for the period from 2010 to 2013 inclusive. Also explain whether these costs are one-time or recurring.
b) Please explain why the GS 50-699 kW Smart Meter Model has no maintenance expenses incurred under 2.2.1 for the period from 2010 to 2013 inclusive.

2. Ref: Smart Meter Model – Taxes/PILS Rates

HOBNI has input the following rates for taxes/PILS rates on Sheet 3 row 40, for the years 2006, 2007, 2008, 2009, 2010, 2011, 2012, and beyond. These are summarized in the following table:

Taxes/PILS								
Year	2006	2007	2008	2009	2010	2011	2012	2013
Aggregate Corporate Tax Rate	36.12%	36.12%	33.50%	33.00%	31.00%	28.25%	26.50%	26.50%
Capital Tax (until July 1st, 2010)	0.30%	0.225%	0.225%	0.225%	0.075%	0.00%	0.00%	0.00%

Please confirm that these are the tax rates corresponding to the taxes or PILS that underpin distribution rates in each of the historical years, and that HOBNI forecasts it will pay in 2012 and 2013. In the alternative, please explain the tax rates input and their derivation.

3. Ref: Application, Table 1.1 and Smart Meter Model

In its Application, HOBNI proposes the following SMDRs and SMIRRs for residential and GS < 50 kW customer classes:

		Residential	GS < 50 kW
SMDR	May 1, 2013 to December	$1.39	$1.39

	31, 2013		
SMIRR	May 1, 2013 until the effective date of rates HOBNI's next cost of service application	$0.71	$0.71

Board staff observes that HOBNI is proposing a SMDR for the GS < 50 kW class that is equal to the SMDR for the residential class. This appears unintuitive as in general, the Board's experience is that the average cost for a GS < 50 kW smart meter is greater than that for an average residential smart meter, due to a higher proportion of more expensive polyphase meters for customers with 2-phase or 3-phase service. This should mean that the GS < 50 kW SMDR is no less than, and generally would be greater than, that for the residential smart meter.

Please explain why HOBNI does not have the information on the costs and types of smart meters installed per class, since this information is necessary for allocating meter costs in a cost allocation model (i.e. Sheet I7.1 of the Board-issued Cost Allocation model from HOBNI`s most recent Cost of Service application which would have had the volumes, costs and different types of meters to determine a capital weighted meter cost by class).

4. Ref: Operational Efficiencies and Cost Saving

On page 19 of *Guideline G-2011-0001: Smart Meter Funding and Cost Recovery – Final Disposition*, the Board states:

"In considering the recovery of smart meter costs, the Board also expects that a distributor will provide evidence on any operational efficiencies and cost savings that result from smart meter implementation."

a) Please discuss operational efficiencies and cost savings achieved by HOBNI. In particular, please identify any operational efficiencies, cost savings or other benefits incremental to any reflected in HOBNI`s 2011 Cost of Service application.

b) With respect to any incremental operational efficiencies or savings identified in a), please explain how these have been reflected in this Application.

5. Ref: Smart Meter Model

If HOBNI has changed its inputs to the Smart Meter Model as a result of any of the above interrogatory responses, please update and re-file the Smart Meter Model in working Microsoft Excel format, using version 3.00 of the model.

6. Ref: Cost Allocation

a) If HOBNI has made revisions to its Smart Meter Model as a result of its responses to interrogatories, please update the proposed class-specific SMDRs accordingly.

b) Similarly, please update the calculation of class-specific SMIRRs.

7. Ref: Application, page 16 – Smart Metering Charge

HOBNI notes that no costs for the MDM/R are included for recovery in this Application, and that the amount, allocation and recovery mechanism for the Smart Metering Charge ("SMC") is being considered separately in another application under File No. EB-2012-0011. HOBNI then goes on to state:

> HOBNI understands that these costs could be deferred for future recovery. If this is the case, HOBNI submits that Account 1556 would then be used to track costs related to the Provincial MDM/R for future disposition. Therefore, HOBNI does not propose to close account 1556 at this time.

What is the basis for HOBNI stating that Account 1556 be used for tracking the costs, and potentially, the recovery of the SMC?

8. Ref: Application, pages 25-26 – Depreciation Expense

Please confirm that HOBNI has used the "Half-year" rule for calculating the depreciation expense related to smart meter capital costs in the first year (i.e., the year that the assets go into service), for the depreciation expenses documented in Table 4 and explained on pages 25 and 26. If not, please explain why.

9. Ref: Application, page 27 – Actual versus Forecast Variances

The following questions relate to Table 7.

a. Please explain the overage of $1,158,237 for Smart Metering Computer Software ($1,191,937 actual versus $33,700 budget).

b. Please explain the underage of ($581,617) for Smart Metering Capital IT Development ($227,308 actual versus $808,925 budget).