

Whitby Hydro Electric Corporation

EB-2012-0479

Stand-alone Smart Meter Application

Board staff Interrogatories

1. Responses to Letters of Comment

Following publication of the Notice of Application, the Board has received five letters of comment.

Please confirm whether a reply was sent from the applicant to the author of each 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 the applicant intends to respond.

2. Ref: Application, pages 5-6

On page 6 of the Application, Whitby Hydro Electric Corporation ("WHEC") states:

WHEC has not included any 2012 installations of Smart Meters based on growth of Residential and GS<50 kW customers. Neither the capital cost nor the operating cost of these meters is included for recovery sought in this application. For 2012 and beyond, the capital and operating costs for growth related smart meters will be included in the 2015 Cost of Service Rate Application.

In Table 4 on page 5, WHEC documents 54 Residential and 21 GS < 50 kW smart meter installations in 2012.

- a) Please confirm whether the 2012 installations are growth-related or are delayed smart meter installations for existing customers.
- b) Why has WHEC not included capital and operating costs for smart meters installed for new Residential and GS < 50 kW customers in 2012? In particular, how is WHEC recovering, or proposing to recover the costs for the installation and operation of smart meters installed for new customers in 2012?
- c) What operating expenses are growth-related? Please confirm if any of the operating expenses are for WAN operation, CIS and billing systems operations, MDM/R-related operations and for the added analyst. Please confirm whether or not the levels of these expenses are invariant to customer growth. If so, please

confirm why\ the operating expenses documented for 2012 and 2013 are not sufficient to recover the operating costs for smart meters for both pre-2012 and any added Residential and GS < 50 kW customers.

- d) What does WHEC mean in stating that capital and operating costs for growth related smart meters for 2012 and beyond will be dealt with in the 2015 Cost of Service application?

3. Ref: Application, page 6 – Settlement Analyst

On page 6 of the Application, WHEC states:

Projected 2012 operating costs include monthly user fees for meter reading and communication costs, salary and expenses for an incremental Settlement Analyst staff position to administer the Smart Meter and TOU programs. WHEC notes that this staff position was created in September 2010 solely due to the installation of Smart Meters and implementation of TOU billing. The salary and expenses were not included in WHEC's approved 2011 COS filing, thus, these costs are not included in WHEC's current rates.

- a) What are the functions and responsibilities of the Settlement Analyst?
- b) What role did the Settlement Analyst have in the administration of the Smart Meter program?

4. Ref: Application, page 8, Table 8 – OM&A Costs Beyond Minimum Functionality

On page 6 of the Application, WHEC states that OM&A costs include the costs for a Settlement Analyst position added in 2010.

In Table 8 on page 8 of the Application, WHEC documents OM&A expenses for "beyond minimum functionality" features of the smart meter program including TOU implementation and operation. Amongst these expenses are \$40,000 in 2012 and \$45,000 in 2013 for a "Sync Operator" and \$38,000 in 2012 and \$57,000 in 2013 for a "System Analyst".

- a) Are these new positions separate from the Settlement Analyst documented on page 6? Are these positions and the associated costs incremental?
- b) Have these positions been filled? If not, when does WHEC expect to fill them?
- c) Please provide a brief description of the roles and responsibilities for each of the Sync Operator and the System Analyst in relation to the Smart Meter and TOU operations.

5. Ref: Application, page 3 –Stranded Meters

On page 3 of its Application, WHEC states that no costs for stranded meters are proposed for recovery in this Application, and that WHEC proposes to address these in its next Cost of Service application, expected for 2015 rates.

- a) Please confirm that WHEC continues to record depreciation expense against the remaining value of the conventional meters stranded through replacement by smart meters. In the alternative, please explain.
- b) Please provide WHEC's estimate of the net book value of stranded meters, for each of the Residential and GS < 50 kW customer classes, as of December 31, 2014.

6. Ref: Application, page 8 – Operational Efficiencies

On page 8 of the Application, WHEC states that “[a]ll costs claimed in this application are incremental, and have been incurred for the purpose of implementing the Smart Meter and TOU programs (they would not otherwise have been incurred).”

WHEC notes that it implemented TOU billing in 2012. Further, WHEC's next Cost of Service application is scheduled for rates to be effective January 1, 2015. This is nearly two years hence.

What, if any efficiencies and costs savings, such as from reduction or elimination of manual meter reading, has WHEC identified and how are these taken into account in this Application?

7. Ref: Smart Meter Model, Version 3.01WH – Sheet 2 – Capital Costs

WHEC has documented \$216,455 for capital-related costs under “1.5.3 Professional Fees” as part of “Other AMI Capital Costs Related to Minimum Functionality” on Sheet 3 of the Smart Meter Model. Over 50% of the costs are documented as being incurred in 2008. Please provide further description of the capital costs and the assets procured and put into service under this category.

8. Ref: Smart Meter Model, Version 3.01WH – Sheet 2 – Capital Costs

WHEC has documented \$265,135 for capital-related costs under “1.5.5 Program Management” as part of “Other AMI Capital Costs Related to Minimum Functionality” on Sheet 3 of the Smart Meter Model. These costs were incurred from 2008 to 2010, with over 50% of the costs are documented as being incurred in 2008. Please provide

further description of the capital costs and the assets procured and put into service under this category.

9. Ref: Smart Meter Model, Version 3.01WH – Sheet 2 – OM&A Expenses

WHEC has documented \$247,646 under “2.1.2 Other” with respect to OM&A expenses for the Advanced Metering Communications Device (“AMCD”). This includes a forecasted amount of \$80,000 for 2013.

- a) Please provide further description of these OM&A expenses.
- b) Please identify if the 2013 forecasted expenses are recurring or one-time costs. If a combination, please disaggregate the costs between one-time and recurring.

10. Ref: Smart Meter Model, Version 3.01WH – Sheet 2 – OM&A Expenses

WHEC has documented \$27,216 for 2011 and \$44,613 for 2012, for a total of \$71,829, under “2.3.2 Other” with respect to OM&A expenses for Advanced Metering Control Computer (“AMCC”). Please provide further description of these OM&A expenses.

11. Ref: Application, page 13, and Smart Meter Model, Version 3.01WH – Sheet 3 – Taxes/PILs Rates

On page 13 of its Application, WHEC has documented the Weighted Average Cost of Capital (“WACC”) and tax rates in Table 14:

Table 14 - WACC and Tax Rate Inputs

Year	2006 COS	2007 IRM	2008 IRM	2009 IRM	2010 IRM	2011 COS	2012 & On IRM
WACC	8.13%	8.13%	8.07%	8.01%	8.01%	7.03%	7.03%
Tax Rates	36.12%	36.12%	36.12%	36.12%	36.12%	28.25%	26.50%

WHEC has also input the following rates for the aggregate Federal and Ontario tax rates into Sheet 3 of the Smart Meter Model.

	2006	2007	2008	2009	2010	2011	2012	2013
Taxes/PILs								
Aggregate Corporate Income Tax Rate	36.12%	36.12%	36.12%	36.12%	36.12%	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%

For 2008, 2009 and 2010, the input rate of 36.12% exceeds the maximum Federal and Ontario corporate income tax rate in each of those years.

The taxes/PILs rates should correspond to the effective tax rate in each year, and should correspond with the rate from the PILs model in years with Cost of Service applications, or with the effective tax rate from the tax-sharing module in IRM applications in other years.

- a) Please explain the tax rates input into the Smart Meter Model and confirm that these correspond with the tax rates from the Cost of Service or IRM application in each year. In the alternative please explain.
- b) If necessary, please update the Smart Meter Model for corrected tax rates.

12. Ref: Smart Meter Model, Sheet 8 – OM&A Costs

On Sheet 8 of the Smart Meter Model, WHEC has made an entry of (\$39,962.13) for OM&A expenses for August 2012. Please provide an explanation for that entry.

13. Ref: Application, page 10/Table 11 and Smart Meter Model, Sheet 10A – SMFA Revenues

On sheet 10A, in cells V48 and X48 show that 100% of SMFA revenues and interest are allocated to the Residential and GS < 50 kW classes, although the SMFA would also have been collected from GS > 50 kW customers.

On Table 11 of its Application, WHEC documents how it equally re-allocated the SMFA revenues, including interest from the GS > 50 kW class to the Residential and GS < 50 kW customer classes. However, the total SMFA revenues and interest shown in Table 11 of \$3,030,202 differs from that shown in the Smart Meter Model, of \$3,030,989.

- a) Please confirm the allocation of the GS > 50 kW SMFA revenues from the GS > 50 kW class to the Residential and GS < 50 kW classes;
- b) Please explain the differences between the SMFA revenues and associated interest between Table 11 and the Smart Meter Model.

14. Ref: Smart Meter Model

- a) If WHEC has made any changes to the evidence and the inputs to the Smart Meter Model as a result of responses to interrogatories from either Board staff or intervenors, and WHEC concurs with the corrections or updates, please file a revised version of the Smart Meter Model in working Microsoft Excel format.
- b) Please provide a summary of updates to the class-specific SMDRs and SMIRRs that result of responses to interrogatories from either Board staff or intervenors, and with which WHEC concurs.

- c) Please provide updated estimated bill impacts for a typical Residential customer consuming 800 kWh in a month and for a typical GS < 50 kW customer consuming 2000 kWh in a month.