



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

Application by the Smart Metering Entity for Approval of a Smart Metering Entity Charge and Proceeding to Determine the Appropriate Recovery and Allocation of the Smart Metering Entity Charge

Board File Nos. EB-2012-0100/EB-2012-0211

April 15, 2013

BACKGROUND

In the Decision and Order that was issued on March 30, 2013, the Board ordered the SME to file a draft Accounting Order and provide Board staff and interested parties with the opportunity to comment. The SME filed a draft accounting order on April 8, 2013. The following are Board staff's comments on the draft accounting order.

BOARD STAFF SUBMISSION

Board staff submits that the information outlined below supports the detailed accounting and reporting requirements with respect to the three accounts approved in the Board's Decision and Order in EB-2012-0100. Board staff submits that the language proposed below should replace the language proposed by the SME in the draft accounting order filed on April 8, 2013.

1. A general statement in relation to the Board's Decision and this accounting order, as follows:
 - a. For greater clarity, this accounting order is intended to reflect the Board's Decision and Order in EB-2012-0100/EB-2012-0211 dated March 28, 2013.
2. Descriptions for each of the Costs, Revenue and Service Level Credit Accounts and of the variance amounts to be recorded in each of the accounts and of the relevant periods for recording amounts should be included, as follows:
 - a. Costs Account - The SME shall record in this account the difference between the audited costs incurred and the forecast costs in the revenue requirement for each calendar year in the period from January 1, 2013 to December 31, 2017. The variance amount shall be recorded on December 31 of each year.

The forecast costs shall be the Revenue Requirement included in the table attached as Appendix "A" to the approved Settlement Proposal in EB-2012-0100/EB-2012-0211.

- b. Revenue Account - The SME shall record in this account the difference between the audited revenues collected and the forecast budget revenues for the SME charge for each calendar year in the period from

May 1, 2013 to October 31, 2018. The variance amount (i.e., revenue surplus or deficiency) shall be recorded on December 31 of each year.

The forecast revenue shall be as provided in the table attached as Appendix "B" to the approved Settlement Proposal in EB-2012-0100/EB-2012-0211.

- c. Service Level Credits Account – The SME shall record in this account an amount equal to the reduction or recovered amount (herein referred to as “credits”) in relation to failure or breach resulting in a reduction of the fees payable to the Operational Service Provider by the SME, or any amount recovered from the Operational Service Provider in respect of any such failure or breach pursuant to section 7.6 of the SME/LDC Agreement.
3. The recording of interest carrying charges on the balances of each account should be specified, as follows:
 - a. Costs Account, Revenue Account and Service Level Credits Account – Carrying charges shall apply to this account. These amounts shall be calculated using simple interest applied to the monthly opening balances in the account (exclusive of accumulated interest). The entries shall be recorded monthly in a separate carrying charges sub-account of this account. The interest rate shall be the rate prescribed by the Board.
 4. The disposition of the account balances should be specified, as follows:
 - a. Costs Account, Revenue Account, and Service Level Credits Account – The SME shall seek disposition of the balance in these accounts in its next application to establish a new SME charge.
 5. Record keeping requirements in relation to the account balances as specifically outlined, as follows:
 - a. Costs Account, Revenue Account and Service Level Credits Account – The SME shall maintain records to substantiate the balances recorded in each account. This information shall include audited information in the SME’s annual audited financial statements to support the variances recorded in each account.

6. Reporting requirements in relation to the accounts as specifically outlined as follows:
- a. Costs Account, Revenue Account and Service Level Credits Account - The SME shall, annually on or before May 1, beginning in 2014, report to the Board the balances in each of the Costs Account , Revenue Account and Service Level Credits Account.
 - b. Costs Account and Revenue Account - The SME shall, annually on or before May 1, beginning in 2014, file a report with the Board that includes a table substantially in the form attached as Appendix "C" to the Settlement Agreement. The report will provide the SME's budgeted and actual costs for the prior calendar year; the SME's budgeted and actual revenue for the prior calendar year; and an explanation for any material divergence of actual costs from the forecast costs and revenue for that calendar year. The SME shall provide a copy of the report to all Board-approved intervenors in EB-2012-0100 and EB-2012-0211.

All of which is respectfully submitted.