



**EB-2007-0063**  
**EB-2007-0542**

**IN THE MATTER OF** the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15 (Schedule B);

**AND IN THE MATTER OF** applications by electricity distribution companies for approval of a smart meter rate adder; and

**AND IN THE MATTER OF** a combined proceeding initiated by the Ontario Energy Board pursuant to sections 19(4), 21(1), 21(5) and 78(3.03) of the *Ontario Energy Board Act*, 1998 to determine issues related to the recovery of costs incurred by distributors and associated with authorized discretionary metering activities.

## **DECISION AND ORDER ARISING FROM THE EB-2007-0063 DECISION WITH REASONS**

In January and February of 2007, twelve licensed distributors authorized to conduct discretionary metering activities filed applications pursuant to section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15 (Schedule B) for the approval of distribution rates, which applications included a smart metering rate adder to be effective as of May 1, 2007.

These distributors were Chatham-Kent Hydro Inc., Enersource Hydro Mississauga Inc., Horizon Utilities Corporation, Hydro One Brampton Networks Inc., Hydro One Networks Inc. ("HONI"), Hydro Ottawa, Middlesex Power Distribution Corporation, Milton Hydro Distribution Inc., PowerStream Inc., Tay Hydro Electric Distribution Co. Inc., Toronto Hydro Electric System Limited, and Veridian Connections Inc.

On May 2, 2007, the Board issued a Notice of a Combined Proceeding pursuant to

sections 19, 21 and 78 of the Act to determine the prudence and recovery of costs associated with smart metering activities for the twelve licensed distributors referred to above, and a thirteenth licensed distributor, Newmarket Hydro Limited, that has been authorized by regulation to conduct discretionary metering activities. These thirteen licensed distributors were deemed to be applicants in the Combined Proceeding. The Board assigned file number EB-2007-0063 to the proceeding.

The combined hearing commenced on June 15, 2007 and ended on July 12, 2007. A determination was made by the Board at the outset of that hearing that the hearing would be held *in camera*. Only parties that signed the Board's form of Declaration and Undertaking (the "parties") were permitted to participate in the hearing and access the evidence, transcripts and exhibits.

The Board issued its Decision in this matter on August 8, 2007, approving, with minor exceptions, the costs claimed by the utilities with respect to smart metering activities. The Decision contained two appendices, one of which was confidential, and one of which was not confidential. The non-confidential appendix aggregated the costs, while the confidential appendix itemized all the costs.

In its Decision, the Board authorized utilities that had not requested a rate increase but that wished to draw down funds previously collected through the smart metering rate adders to file with the Board a draft order to that effect.

On August 17, 2007 HONI filed a draft order to reflect in its accounts the approved direction with respect to smart meter minimum functionality balances up to May 31, 2007 that contained the following elements:

- Accounting entries to clear the amounts approved by the Board from the smart meter variance accounts;
- Accounting entries to recognize as revenue the recoveries of smart meter funding; and
- A regulatory asset account for the smart meter minimum functionality under-recovery to May 31, 2007.

Upon reviewing the materials submitted by HONI, the Board finds it appropriate to issue an order reflecting the Board's EB-2007-0063 Decision. In so doing, the Board notes that it has previously provided authorization for distributors to use separate capital, rate adder recoveries, and OM&A variance sub-accounts to ensure records are maintained at an appropriate level to permit Board review. The Board therefore finds that it is not necessary to approve a smart meter sub-account for the smart meter minimum functionality under-recovery at this time since HONI can open such an account under existing guidance.

**THE BOARD ORDERS THAT:**

1. HONI shall clear those amounts approved by the Board in its EB-2007-0063 Decision from the regulatory asset accounts.
2. The accounting treatment shall be in accordance with the descriptions contained in the attached Appendix A.

**ISSUED** at Toronto, June 13, 2008

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

Appendix A

ACCOUNTING TREATMENT FOR SMART METER REGULATORY ASSET  
ACCOUNTS

HYDRO ONE NETWORKS INC.

EB-2007-0063

AND

EB-2007-0542

June 13, 2008

ONTARIO ENERGY BOARD

**Accounting Treatment for Smart Meter Accounts with respect to Smart Meter Minimum Functionality to reflect the Board's EB-2007-0063 Decision**

(Amounts are stated in millions of dollars)

1. To clear the approved OM&A balance from the Smart Meter OM&A Variance Account to current period OM&A Account.

Debit: OM&A Account 5065 Meter Expenses	\$8.366	
Credit: Smart Meter OM&A Variance Account 1556		\$8.366

2. To clear the approved capital balance from the Smart Meter Capital and Recovery Offset Variance Account to Fixed Asset Accounts.

Debit: Fixed Asset Accounts 1860, 1920, 1925, 2055, as appropriate	\$21.125	
Credit: Smart Meter Capital and Recovery Offset Variance Account 1555		\$21.125

3. To clear from the Smart Meter Capital and Recovery Offset Variance Account and to recognize as revenue actual smart meter rate adder recoveries received up to May 31, 2007.

Debit: Smart Meter Capital and Recovery Offset Variance Account 1555, sub-account recoveries	\$4.830	
Credit: Revenue Account 4080 by appropriate class of customer		\$4.830