

**Chatham-Kent Hydro Inc. and Middlesex Power Distribution Corporation
Recovery of May 1 to December 31, 2007 Smart Meter Costs
EB-2008-0155**

Board staff Interrogatories

1. Re: Installed Smart Meters for Middlesex Power – May 1 to December 31, 2007

In table 2 on page 8 of the application, the Applicants state that the smart meters installed for Middlesex Power for the period May 1 to December 31, 2007, and to be reviewed in this application, is 2,824. On page 4 of Appendix B2 and on page 1 of Appendix A2, both filed in confidence, the application shows a different number of installed smart meters for Middlesex Power.

- a) Please confirm the number of actual smart meters installed in Middlesex Power's service territory from May 1 to December 31, 2007.
- b) Please update all tables and schedules to reflect the number documented in a).

2. Re: Electronic versions of spreadsheets and models

- a) Please provide electronic versions in working Microsoft Excel format, of the spreadsheets and models related to Appendices B1, B2, C1 and C2.
- b) For Appendices B1 and B2, please explain the Applicants' reasons for including WAN and repeater installations in determining the denominator for unitized costs, in contrast to the per unit calculations documented in the combined smart meter proceeding (proceeding EB-2007-0063).
- c) Please provide revised versions of Appendices B1 and B2 using smart meters installed (excluding WAN and repeaters installed) as the denominator for calculating the cost per unit, consistent with the per unit calculations documented in the combined smart meter proceeding (proceeding EB-2007-0063).

3. Re: Tantalus Contract

Please confirm whether the smart meter costs incurred for the period May 1 to December 31, 2007 were incurred pursuant to the same contract with Tantalus Systems Corporation that was filed in confidence with the Board in the combined smart meter proceeding (proceeding EB-2007-0063). If not, please file the new or amended agreement(s) under which smart meter costs from May 1 to December 31, 2007 were incurred, in whole or in part.

4. **Re: May 2009 Revenue Requirement – Appendices C1 and C2**

- a) Please explain why a deemed capital structure of 50% debt and 50% equity has been used to calculate the May 2009 revenue requirement shown on sheet 4, rather than the 2009 transitional deemed capital structure set out in the December 20, 2006 *Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors*.
- b) Please provide the Applicants' reasons for using a rate of return on equity ("ROE") of 9.0% to determine the return on the equity portion of the incremental revenue requirement, in 2008 and 2009, of the smart meter capital investments for which recognition in rate base is being sought.
- c) Please provide an update of Appendices C1 and C2, using a debt component of 56.7% and an equity component of 43.3% for 2009 and an ROE of 8.57% for 2008 and 2009, to determine the unitized incremental revenue requirement related to recognized smart meter costs for which the Applicants are seeking approval.

5. **Re: Beyond Minimum Functionality Costs**

On pages 5 and 8, the Applicants state that the capital and operating costs being considered in the application relate to minimum functionality in accordance with regulations.

- a) Please confirm, for each of Chatham-Kent Hydro and Middlesex Power, whether there are any capital or operating costs currently tracked in the deferral/variance accounts 1555 and 1556, for the period up to December 31, 2007, which relate to "beyond minimum functionality".
- b) If the answer to a) is in the affirmative, please describe how costs have been separated between "minimum functionality" and "beyond minimum functionality".

6. **Re: Confidentiality**

On pages 2, 3, 4, 5 and 7 of the application, the Applicants have identified as confidential certain quotations from, or paraphrasing of, the Board's August 8, 2007 Decision with Reasons in the combined smart meter proceeding (EB-2007-0063) or the transcript of that proceeding. Please confirm that the quotations or material being cited are confidential and not available from the redacted documents forming part of the public record in the combined smart meter proceeding.