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Vice President and Chief Regulatory Officer
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AUG 17 2007

ONTARIO ENERGY BOARD **hydro one**

EB-2007-0729

File ①

August 17, 2007

BY E-MAIL AND COURIER

Ms. Kirsten Walli
Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
P.O. Box 2319
Toronto, ON
M4P 1E4

Dear Ms. Walli:

EB-2007-0063 - OEB Combined Hearing Related to Smart Meters - Request for Approval of Accounting Order

Hydro One Inc. requests approval for the attached Accounting Order to enable them to draw down their funds previously collected through the smart metering rate adders and to recognize the costs approved in the decision with reasons for EB-2007-0063 - OEB Combined Hearing Related to Smart Meters, released on August 8, 2007.

Hydro One is also requesting a Regulatory Asset Account for the Smart Meter Minimum Functionality Under-Recovery to May 31, 2007 as described in Exhibit F1, Tab 1, Schedule 1, Page 7 in proceeding EB-2007-0681. This revenue represents the difference between the Board approved costs and the funds previously collected through the smart metering rate adders. The balance as of May 31, 2007 is \$4.5M and it is forecasted to be \$6.9M on April 30, 2008.

All Regulatory Asset balances will be interest improved at the Board approved rate.

Yours truly,



Susan Frank

BOARD SECRETARY	
File No:	SubFile:
Panel	
Licensing	B. Cowan.
Other	
00/04	

**Hydro One Networks
Request for an Accounting Order for Smart Meters**

Further to the OEB's Smart Meter Decision of August 8, 2007 (EB-2007-0063), Hydro One Networks is requesting an Accounting Order to reflect in the accounts of the Company the approved direction with respect to Smart Meter Minimum Functionality balances up to May 31, 2007:

- 1) To clear the approved OM&A balance from the Smart Meter Regulatory Asset to current period OM&A. (Decision Reference: Appendix A, Line 33, Column F)

Dr. OM&A (USofA 5065)	\$8.366M
Cr. Regulatory Assets (USofA 1556)	\$8.366M

- 2) To clear the approved Capital balance from the Smart Meter Regulatory Asset to Fixed Assets. (Decision Reference: Appendix A, Line 32, Column F)

Dr. Fixed Assets (USofA 1555)	\$21.125M*
Cr. Regulatory Assets (USofA 1555)	\$21.125M

* \$21.125M is calculated by taking the approved Capital of \$21.799 less half of the Project Management costs of \$1.348M which are pending further review. $\$21.799M - (.5 * \$1.348M) = \$21.125M$

- 3) To clear from the Regulatory Asset and to recognize as revenue, actual Smart Meter Revenue received up to May 31, 2007. (Hearing Transcript Volume 4, July 21, 2007, Page 110, Line 16)

Dr. Regulatory Assets (USofA 1555)	\$4.83M
Cr. Revenue (USofA 4080)	\$4.83M

- 4) To recognize as revenue, and record as a regulatory asset, the difference between Revenue Requirement as calculated per the Appendix E in the OEB Decision and actual Smart Meter Revenue Received up to May 31, 2007.

Dr. Regulatory Assets (USofA 1555/1556)	\$4.47M
Cr. Revenue (USofA 4080)	\$4.47M

- Based on the OEB's methodology in Appendix E of the Decision, allowed Smart Meter Revenue Requirement is calculated to be \$9.3M as at May 31, 2007. Deducting from this amount the actual Smart Meter Revenue of \$4.83M received from customers, results in a balance to be collected of \$4.47M (\$9.3M-\$4.83M). The balance of this Regulatory Asset is proposed to be cleared as part of the Rate Rider for disposition in our Distribution Rate Filing (EB-2007-0681).

- 5) To record as revenue and recognize as a regulatory asset, the monthly Revenue Requirement from June 1, 2007 forward associated with the approved Smart Meter minimum functionality as at May 31, 2007. This entry will be made monthly and the amount is calculated based on Appendix E of the Smart Meter Decision.

Dr. Regulatory Asset (USofA 1555/1556)
Cr. Revenue (USofA 4080)

- 6) Regulatory Asset balances will be interest improved at the Board approved rate.