

Enersource Hydro Mississauga Inc.
Recognition of Smart Meter Costs up to December 31, 2007
EB-2008-0265

Interrogatories

1. Re: Cost Breakdown

a) Please provide a fully completed version of each of Appendix A and Appendix E to the Board's August 8, 2007 Decision with Reasons in the smart meter combined proceeding (proceeding EB-2007-0063), showing separately costs for smart meters installed for the period of May 1, 2007 to December 31, 2007.

[Please see attached spreadsheets for Appendix A and Appendix E.](#)

b) If the per unit costs listed in (a) differ from the per unit costs listed in Appendix A to the Board's August 8, 2007 Decision with Reasons in the smart meter combined proceeding (proceeding EB-2007-0063), please explain the reason(s) for the difference(s).

[Please refer to attached Appendix A. The per unit costs do not differ from the Board's August 8, 2007 Decision with Reasons \(EB-2007-0063\).](#)

2. Re: Audit information

Please confirm whether all of the smart meter costs that are the subject of this application have been audited. If not, please explain.

[Yes. Enersource confirms that all the costs that are subject of this application have been audited.](#)

3. Re: Elster Contract

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

[Yes. Enersource confirms that the costs for the period May 1, 2007 to December 31, 2007 that are subject to this application were incurred pursuant to the same contract with Elster Energy Axis that was filed in confidence with the Board in the smart meter combined proceeding \(EB-2007-0063\).](#)

4. Re: Beyond Minimum Functionality Costs

Page 1 of the application states that the smart meter costs that are the subject of the application relate to functionality “that does not exceed the minimum functionality adopted in Ontario Regulation 425/06”.

Please describe any costs associated with functionality that exceeds the “minimum functionality”, including any costs associated with “meter data functions” (as defined in section 2(5) of Ontario Regulation 426/06) to be performed by the Smart Metering Entity.

Enersource confirms that all costs subject to this application, including meter data functions (as defined in section 2(5) of Ontario Regulation 426/06) do not exceed the “minimum functionality”.

Appendix "A"

Recover of Costs Incurred for Installed Units (Minimum Functionality)

Cost Breakdown of Functional Specification for an Advanced Metering Infrastructure

Enersource Hydro Mississauga

	A		B		C		D = A + B + C	
	Total Jan. 1 - Dec. 31, 2006		Total Jan. 1 - Apr. 30, 2007		Total May 1 - Dec. 31, 2007		Total Dec. 31, 2007	
	\$ (000's)	Qty	\$ (000's)	Qty	\$ (000's)	Qty	\$ (000's)	Qty
Capital Costs								
Advanced Metering Communication Device (AMCD)								
1. Smart Meters *								
2. Installation Costs								
3. Workforce Automation **								
Advanced Metering Regional Collector (AMRC) (Includes LAN)								
4. Collectors								
5. Repeaters								
6. Installation								
Advanced Metering Control Computer (AMCC)								
7. Computer Hardware								
8. Computer Software								
9. Computer Software License Installation								
Wide Area Network (WAN)								
10. Activation Fees								
Other AMI Capital Costs Related to Minimum Functionality								
11. AMI Interface to CIS								
12. Professional Fees								
13. Integration								
14. Program Management								
TOTAL CAPITAL COSTS*	\$ 212	995	\$ 1,514	12,528	\$ 6,247	48,210	\$ 7,972	60,738
TOTAL OM&A COSTS **	\$ 27		\$ 293		\$ 3		\$ 323	
TOTAL COSTS	\$ 238		\$ 1,807		\$ 6,250		\$ 8,294	
TOTAL COSTS per UNIT \$ (Total Cost / Quantity of Smart Meters)		\$ 239.47		\$ 144.20		\$ 129.63		\$ 136.56
Total Costs Incurred to :	Dec. 30, 2006		Apr. 30, 2007		Dec. 31, 2007		Dec. 31, 2007	
Source:								
Commitment re. Quantity of Units Installed by December 31, 2007					Commitment = 60,000		Actual = 60,738	

Notes:

* Number of Smart Meters reported in Jan. 1 - Apr. 30, 2007 period of 12,527 included 995 smart meters installed in 2006 period whereas capital and OM&A costs were from Jan. 1 - Apr. 30, 2007

** TOTAL OM&A COSTS in the Jan. 1 - Apr. 30, 2007 period included a calculation for PILs of \$227 which was corrected in the May 1 - Dec. 31, 2007 period. (See Appendix E)

Appendix "E"

Smart Meter Revenue Requirement - Summary (000's)

Enersource Hydro Mississauga

Summary of Actual Costs claimed in this application	Total 2006 Actual	Jan. - Apr. 2007 Actual	May - Dec. 2007 Actual	Total 2007 Actual	Total 2006 & 2007 Actual
Capital Costs (must be installed, and used and useful)					
Smart Meters					
Computer Hardware					
Computer Software					
Tools & Equipment					
Other Equipment					
Total Capital Costs	\$ 212	\$ 1,514	\$ 6,246	\$ 7,760	\$ 7,972
O M & A					
2.1 Advanced metering communication device (AMCD)	\$ -	\$ -	\$ -	\$ -	\$ -
2.2 Advanced metering regional collector (AMRC) (includes LAN)	\$ -	\$ -	\$ -	\$ -	\$ -
2.3 Advanced metering control computer (AMCC)	\$ -	\$ -	\$ 33	\$ 33	\$ 33
2.4 Wide area network (WAN)	\$ -	\$ -	\$ 1	\$ 1	\$ 1
2.5 Other AMI OM&A costs related to minimum functionality	\$ 27	\$ 67	\$ 194	\$ 261	\$ 288
Total O M & A Costs	\$ 27	\$ 67	\$ 229	\$ 296	\$ 323

Summary of Revenue Requirement Calculation	Total 2006 Actual	Jan. - Apr. 2007 Actual	May - Dec. 2007 Actual	Total 2007 Actual	Total 2006 & 2007 Actual
Net Fixed Assets					
Net Fixed Assets Beginning of Year	\$ -			\$ 192	\$ 192
Net Fixed Assets End of Year	\$ 192			\$ 7,624	\$ 7,816
Average Net Fixed Asset Values	\$ 96			\$ 3,908	\$ 4,004
Working Capital Allowance					
Operation Expense	\$ 27			\$ 296	\$ 323
Working Capital Allowance 15%	\$ 4			\$ 44	\$ 48
Smart Meters Rate Base	\$ 100			\$ 3,952	\$ 4,052
Return on Rate Base (from approved 2006 EDR application)					
Deemed Debt 60% Times Weighted Debt Rate 6.44%	3.86% \$ 4			\$ 153	\$ 157
Deemed Equity 40% Times ROE 9.00%	3.60% \$ 4			\$ 142	\$ 146
Return on Rate Base	7.464% \$ 7			\$ 295	\$ 302
Operating Expenses					
Incremental Operating Expenses	\$ 27			\$ 296	\$ 323
Amortization Expenses - Meters (15 years)					
Amortization Expenses - Hardware (5 years)					
Amortization Expenses - Software (2 years)					
Total Operating Expenses	\$ 46			\$ 625	\$ 671

	Total 2006 Actual	Jan. - Apr. 2007 Actual	May - Dec. 2007 Actual	Total 2007 Actual	Total 2006 & 2007 Actual
Revenue Requirement Before PILs	\$ 54			\$ 920	\$ 973
Less OM&A and Depreciation	-\$ 46			-\$ 625	-\$ 671
Less Deemed Interest	-\$ 4			-\$ 153	-\$ 157
Net Income for Gross up	\$ 4			\$ 142	\$ 146
Grossed up PILs (Based on PILs Calculation)	-\$ 7			\$ 41	\$ 34
Revenue Requirement for Smart Meters Installed*	\$ 47			\$ 961	\$ 1,007

Rate Rider to Clear Actual Expenses to Apr. 30 2007 (1)	Rate Adder	Metered Cust.	No. of Mths	Amt Recovered	
Revenue Requirement for Smart Meters Installed					\$ 1,007
Carrying costs					
Less Smart Meter Adder Recovery					
May 2006 to April 2007	\$ 0.31	180,127	12	\$ 670	
Adjustment for actual 2006 revenue				\$ 6	\$ (676)
April 2007 to December 2007	\$ 1.28	182,794	8	\$ 1,872	
Adjustment for actual 2007 revenue				\$ 19	\$ (1,891)
Total					\$ (1,560)

Rate Adder for Capital and Operating Exp April 2007 to December 2007 (2)	Rate Adder	Metered Cust.	No. of Mths	Amt Recovered	
November 2007 to April 2008 (new deferral account)					

Permanent Capital Rate Adjustustment (3)	Rate Adder	Metered Cust.	No. of Mths	Amt Recovered	
'May 2008	\$ 0.57				

Note: The variance of \$(1,560) above was returned to customers in calculating the 2008 Rate Adder as per EB-2008-0706 Exhibit G, Schedule 2, Tabs 6 - 9. As per the OEB's FAQ August 2008, EHM continued it's concurrent investment in smart meters and reduced it's funding requirement in the calculation of the 2008 Rate Adder.