

**Board Staff Interrogatories**  
**2009 Incentive Regulation Mechanism Rate Application**  
**Rideau St. Lawrence Distribution Inc.**  
**EB-2008-0210**

**Smart Meters**

*Reference: Page 6, Manager's Summary*

1. The Manager's Summary states that Rideau St. Lawrence ("RSL") is part of a consortium with London Hydro and others that undertook an Advanced Metering RFP. RSL further explained that discussions with the highest ranked vendor proved unsuccessful and the utility thereafter commenced negotiations with the second ranked proponent.

Please provide an update on the present status of the negotiations with the second ranked smart meter vendor.

2. RSL is requesting an increased smart meter rate adder of \$1.00. The Manager's Summary reports the smart meters to be sought will meet the minimum functionality prescribed by regulation. Section 1.4 of Board Guideline G-2008-0002, *Smart Meter Funding and Cost Recovery*, specifies further filing requirements for distributors seeking the standard \$1.00 smart meter funding adder.

In accordance with section 1.4, please provide:

- a) Documentation supporting that RSL is becoming authorized to deploy smart meters pursuant to O.Reg. 427/06 as amended on June 25, 2008 by O.Reg. 235/08. A copy of the "Attestation of the Fairness Commissioner dated August 1, 2008," as referenced in the Manager's Summary, would be consistent with this filing requirement.
- b) A statement as to whether Rideau St Lawrence expects to purchase smart meters or advanced metering infrastructure whose functionality exceeds the minimum functionality adopted in Ontario Regulation 425/06.
- c) An estimate of the costs for any "beyond minimum functionality" equipment and capabilities.

3. RSL states that its total smart meter capital budget

“includes an allocation for an Operational Data Store (ODS) required for testing, validation and network functionality. This is similar to a temporary MDMR. Some of the ODS functionality might be interpreted as SME functions, but the ODS should be considered a requirement in order to ensure that AMI regulatory requirements can be met while deploying the Smart Meter network. The estimates do not include on-going costs for functions which the SME has exclusive authority to carry out.”

- a) Please fully explain why the ODS “should be considered a requirement,” referencing any associated “AMI regulatory requirements.”
- b) What is the cost of the ODS functions which will provide temporary MDMR services?
- c) What is anticipated will happen to the utility’s ODS system once the SME becomes fully operational and can provide all needed MDMR services? Will stranded ODS assets be created?
- d) Besides the ODS, please provide a statement as to whether RSL has incurred, or expects to incur, other costs associated with functions for which the Smart Metering Entity has the exclusive authority to carry out pursuant to O.Reg. 393/07, and an estimate of those costs.

**Revenue to Cost Ratios**

Ref.: 2009 3 Gen. IRM Supplementary Filing Module, Sheet C1.1

4. In RSL’s 2008 cost of service Decision (re: EB-2007-0762), the Board made findings on RSL’s proposed revenue to cost ratio adjustments. In particular, the revenue to cost ratio for street lights was to increase to 56% for 2008 and 70% for 2009. On page 8 of 22 of the Manager’s Summary, RSL notes that “the original cost allocation revenue to cost ratio, and the revenue to cost ratio for the 2008 rate application was calculated prior to the costs being added in for transformer allowance (TA), and for the low voltage (LV) costs.” RSL also indicates on page 9 of 22 that “the 2009 3 GIRM model, calculates the revenue to cost ratio with the costs for transformer allowance and low voltage included.” Based on those observations, RSL allocated and added the TA and LV costs in the expenses column (Excel column H) on Sheet C1.1.

The instructions provided on Sheet C1.1 asks the applicant to enter “the original revenues and expenses” as submitted in its cost of service application. This information is provided in Sheet “O1 Revenue to Cost Summary Worksheet” of the

cost allocation information RSL submitted as part of its 2008 cost of service application ("Sheet O1"). As a result of RSL's treatment of TA and LV costs, some of the information provided in Sheet C1.1 of the Supplementary Filing Module does not correspond to the information supporting the ratios used in RSL's 2008 cost of service Decision.

On page 9 of 22 of the Manager's Summary, RSL "submits if the revenue to cost calculation had been calculated prior to the inclusion of the TA and LV, the 2008 revenue to cost ratio for street lights would have appeared as 56%, and for 2009 it would have appeared as 70%, in the Model."

- a) If RSL wishes to use the 2009 3 Gen. IRM Supplementary Filing Module to calculate its revenue to cost ratio adjustment:
  - i. Please re-submit the Supplementary Filing Module, completing Sheet C1.1 with the information provided in Sheet O1. Please ensure that the revenue to cost ratios shown in column Q of Sheet C1.1 correspond to the ratios used as the starting point for the adjustments, in accordance with RSL's 2008 cost of service Decision.
  - ii. Please make any other adjustments required that may result from this re-filing, which may require the re-filing of the 2009 3<sup>rd</sup> Gen. IRM Rate Generator Model.
  
- b) If RSL wishes to keep its proposed revenue to cost ratio adjustments as submitted, please provide all supporting calculations in Excel format showing the resulting proposed ratios are in accordance with the EB-2007-0762 Decision, and rationales for the alternative approach.