



July 31, 2012

VIA RESS, E-mail, and Courier

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, Ontario M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli,

**RE: LONDON HYDRO INC.
APPLICATION FOR SMART METER RECOVERIES
EFFECTIVE MAY 1, 2012, BOARD FILE NO. EB-2012-0187**

On April 2, 2012, London Hydro Inc. submitted its Smart Meter Recoveries Rate Application and evidence to the Ontario Energy Board for an Order approving just and reasonable rates for distribution of electricity and other charges, effective for May 1, 2012.

In regards to the above referenced matter, London Hydro Inc. received the Board's "Decision and Order" as issued on July 26, 2012, in which the Board directs London Hydro to file a draft Rate Order and supporting material, including all relevant calculations showing the impact of the Decision and Order on London Hydro's class specific smart meter requirements and the determination of the updated SMDRs and SMIRRs. Please find enclosed this required documentation and material.

An electronic copy of this submission (in PDF format and models in Excel format) will be submitted to the OEB by RESS (e-Filing services) and two hard copies of the submission will be submitted via courier.

We would be pleased to provide any further information or details that you may require relative to this submission.

London Hydro respectfully submits this submission for the Board's consideration and issuance of a final Tariff of Rates and Charges.

Yours truly,

Original signed by

Mike Chase
Director of Finance and Regulatory

cc: David Arnold, Chief Financial Officer, London Hydro
cc: Mr. Michael Janigan, Council for VECC
cc: Ms. Shelly Grice, Econalysis Consulting Services

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998, S.O. 1998, c15 (Sched. B)*, as amended;

AND IN THE MATTER OF an application by London Hydro Inc. for an Order or Orders pursuant to the *Ontario Energy Boards Act, 1998*, approving or fixing just and reasonable distribution rates and other charges for the distribution of electricity and related matters, effective May 1, 2012.

Draft Rate Order of London Hydro Inc.

Application for Smart Meter Recoveries - Effective May 1, 2012

Introduction

1. The Applicant is London Hydro Inc. (“London Hydro”). London Hydro is a licensed electricity distributor pursuant to license (ED-2002-0557) issued by the Ontario Energy Board (the “Board”). The Applicant distributes electricity to approximately 150,000 customers within the City of London.
2. On April 2, 2012, London Hydro Inc. (“London Hydro”) submitted its Smart Meter Recoveries Rate Application to the Ontario Energy Board for rates effective May 1, 2012.
3. Subsequently, the Board issued a Letter of Direction and Notice of Application and Hearing on April 18, 2012.
4. As a result of the Notice of Application and Hearing, the Board received one intervention request from the Vulnerable Energy Consumers Coalition (“VECC”).

5. On April 26, 2012, the Board issued an Interim Rate Order making the current approved Tariff of Rates and Charges interim for London Hydro and other distributors with proposed effective dates of May 1, 2012.
6. In compliance with Board procedural order, Board Staff submitted written interrogatories on May 14, 2012 and written interrogatories were received from Vulnerable Energy Consumers Coalition (“VECC”) on May 17, 2012. London Hydro submitted its responses to the interrogatories on May 29, 2012.
7. Submissions from the Board staff were issued to the Board and copies received by London Hydro on June 13, 2012. Submissions from VECC were issued to the Board and copies were received by London Hydro on June 20, 2012. Reply submissions were submitted by London Hydro to the Board, Board staff, and VECC on June 21, 2012.
8. The Board issued its Decision and Order as to London Hydro’s Application on July 17, 2012. The Board directed London Hydro to file a draft Rate Order, and supporting material, including all relevant calculations showing the impact of the Decision and Order on London Hydro’s class specific smart meter requirements and the determination of the updated SMDR and SMIRRs in its draft Rate Order filing.

Draft Rate Order

London Hydro has included with this submission:

- i) Proposed Tariff of Rates and Charges (Appendix A) reflecting the Board’s findings in their Decision and Order
- ii) 2012 Smart Meter Rate Model – Final (Appendix B)
- iii) SM Rate Impacts (Updated) spreadsheets (Appendix C)
- iv) SM SMDR SMIRR calculations spreadsheets (Appendix D)

London Hydro would like to respond to the following matters as addressed by the Board in its Board's Decision and Orders, issued July 17, 2012. They are:

- Treatment of 2012 costs;
- Cost Allocation;
- Stranded Meters;
- Implementation.

Treatment of 2012 Costs

In compliance with the Board's Decision and Order, referenced on page 7, London Hydro acknowledges the following revision as directed by the Board.

“The Board approves the recovery of the costs for smart meter deployment and operation, with the exception of costs beyond minimum functionality for a trial of 25 polyphase meters”.

The costs attributable to the 25 polyphase meters, as reflected in the original 2012 London Hydro Smart Meter Cost Recovery Application (“Application”) is an amount of \$12,800. These costs were originally assigned to 1.6 Capital Costs Beyond Minimum Functionality, 1.6.1 Costs for deployment of smart meter to customers other than residential and small general service (reflected in Table 1 below). In the updated 2012 Smart Meter Rate Model – Final (Appendix A), these costs have been eliminated. There were no forecasted 2012 OM&A costs included in this Application.

The resulting changes to the 2012 smart meter average net book value are from an amount of \$16,866,198 to an amount of \$16,860,012. The change in average net book value is illustrated in Table 2 below. The changes in smart meter revenue requirement is reflected in Table 3, and also incurs adjustments to rate riders associated with realizing carrying charges from date of April 30, 2012 to new final date of August 31, 2012. Additional explanations are provided in the next section.

London Hydro Inc. Draft Rate Order:
Smart Meter Rate Application (EB-2012-0187)

Table 1: Elimination of Polyphase Meter Costs

Elimination of Polyphase Meters

Before

1.6 CAPITAL COSTS BEYOND MINIMUM FUNCTIONALITY

(Please provide a descriptive title and identify nature of beyond minimum functionality costs)

1.6.1 Costs related to technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06

1.6.2 Costs for deployment of smart meters to customers other than residential and small general service

1.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDMR, etc.

Total Capital Costs Beyond Minimum Functionality

Total Smart Meter Capital Costs

	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	
Smart Meter								\$ -
Smart Meter							12,800	\$ 12,800
Applications Software				28,821	1,081,822	2,043,123	24,307	\$ 3,178,074
Total Capital Costs Beyond Minimum Functionality	\$ -	\$ -	\$ -	\$ 28,821	\$ 1,081,822	\$ 2,043,123	\$ 37,107	\$ 3,190,874
Total Smart Meter Capital Costs	\$ -	\$ -	\$ -	\$ 4,999,448	\$ 16,262,194	\$ 3,141,854	\$ 511,307	\$ 24,914,803

After

1.6 CAPITAL COSTS BEYOND MINIMUM FUNCTIONALITY

(Please provide a descriptive title and identify nature of beyond minimum functionality costs)

1.6.1 Costs related to technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06

1.6.2 Costs for deployment of smart meters to customers other than residential and small general service

1.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDMR, etc.

Total Capital Costs Beyond Minimum Functionality

Total Smart Meter Capital Costs

	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	
Smart Meter								\$ -
Smart Meter							0	\$ -
Applications Software				28,821	1,081,822	2,043,123	24,307	\$ 3,178,074
Total Capital Costs Beyond Minimum Functionality	\$ -	\$ -	\$ -	\$ 28,821	\$ 1,081,822	\$ 2,043,123	\$ 24,307	\$ 3,178,074
Total Smart Meter Capital Costs	\$ -	\$ -	\$ -	\$ 4,999,448	\$ 16,262,194	\$ 3,141,854	\$ 498,507	\$ 24,902,003

Deletion of \$12,800 associated with 25 Polyphase meters

Table 2: Elimination of Polyphase Meter Costs-Impact on Net Fixed Assets – Smart Meters Average Net Book Value

Before	2006	2007	2008	2009	2010	2011	2012 and later
Net Fixed Assets - Smart Meters							
Gross Book Value							
Opening Balance		\$ -	\$ -	\$ -	\$ 3,924,372	\$ 18,587,532	\$ 19,454,532
Capital Additions during year (from Smart Meter Costs)	\$ -	\$ -	\$ -	\$ 3,924,372	\$ 14,663,160	\$ 867,000	\$ 433,300
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ 3,924,372	\$ 18,587,532	\$ 19,454,532	\$ 19,887,832
Accumulated Depreciation							
Opening Balance		\$ -	\$ -	\$ -	\$ 130,812	\$ 881,209	\$ 2,149,278
Amortization expense during year	\$ -	\$ -	\$ -	\$ 130,812	\$ 750,397	\$ 1,268,069	\$ 1,311,412
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ 130,812	\$ 881,209	\$ 2,149,278	\$ 3,460,690
Net Book Value							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ 3,793,560	\$ 17,706,323	\$ 17,305,254
Closing Balance	\$ -	\$ -	\$ -	\$ 3,793,560	\$ 17,706,323	\$ 17,305,254	\$ 16,427,142
Average Net Book Value	\$ -	\$ -	\$ -	\$ 1,896,780	\$ 10,749,941	\$ 17,505,789	\$ 16,866,198
After							
Net Fixed Assets - Smart Meters							
Gross Book Value							
Opening Balance		\$ -	\$ -	\$ -	\$ 3,924,372	\$ 18,587,532	\$ 19,454,532
Capital Additions during year (from Smart Meter Costs)	\$ -	\$ -	\$ -	\$ 3,924,372	\$ 14,663,160	\$ 867,000	\$ 420,500
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ 3,924,372	\$ 18,587,532	\$ 19,454,532	\$ 19,875,032
Accumulated Depreciation							
Opening Balance		\$ -	\$ -	\$ -	\$ 130,812	\$ 881,209	\$ 2,149,278
Amortization expense during year	\$ -	\$ -	\$ -	\$ 130,812	\$ 750,397	\$ 1,268,069	\$ 1,310,985
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ 130,812	\$ 881,209	\$ 2,149,278	\$ 3,460,264
Net Book Value							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ 3,793,560	\$ 17,706,323	\$ 17,305,254
Closing Balance	\$ -	\$ -	\$ -	\$ 3,793,560	\$ 17,706,323	\$ 17,305,254	\$ 16,414,769
Average Net Book Value	\$ -	\$ -	\$ -	\$ 1,896,780	\$ 10,749,941	\$ 17,505,789	\$ 16,860,012

Cost Allocation

Carrying Charge Adjustment

In the updated 2012 Smart Meter Rate Model – Final (Appendix A), London Hydro has updated the carrying charges recorded for the months of May, June, July, and August 2012. Carrying charges in the original Application totaled **\$196,157.46**. Adding four months carrying charges at a monthly rate of **\$8,262.71** increases the amount of carrying charges to disposition to our

London Hydro Inc. Draft Rate Order:
Smart Meter Rate Application (EB-2012-0187)

customers to an amount of **\$229,208.29**. This adjustment to carrying charges, as well as the elimination of the forecasted 2012 expenditures on polyphase meters is adjusted in the final updated 2012 Smart Meter Rate Model – Final (Appendix A).

Table 3: Updated 2012 Smart Meter Rate Model –Final (Tab 9. SMFA_SMDR_SMIRR)

Before

UPDATE WORKSHEET		2006	2007	2008	2009	2010	2011	2012 and later	Total	
Deferred and forecasted Smart Meter Incremental Revenue Requirement (from Sheet 5)		\$ -	\$ 6,089.49	\$ 103,163.17	\$ 283,623.58	\$ 1,706,818.11	\$ 3,205,603.82	\$ 4,431,524.98	\$ 9,736,823.17	
Interest on Deferred and forecasted OM&A and Amortization Expense (Sheet 8A/8B) (Check one of the boxes below)		\$ -	\$ -	\$ 940.83	\$ 1,745.11	\$ 8,890.82	\$ 36,508.50		\$ 48,085.27	
<input checked="" type="checkbox"/>	Sheet 8A (Interest calculated on monthly balances)	\$ -	\$ -	\$ 940.83	\$ 1,745.11	\$ 8,890.82	\$ 36,508.50		\$ 48,085.27	
<input type="checkbox"/>	Sheet 8B (Interest calculated on average annual balances)								\$ -	
SMFA Revenues (from Sheet 8)		\$ 257,849.78	\$ 459,050.87	\$ 465,959.94	\$ 639,149.82	\$ 1,783,106.69	\$ 2,247,788.24	\$ 852,800.00	\$ 6,705,705.35	
SMFA Interest (from Sheet 8)		\$ 2,954.11	\$ 22,476.25	\$ 36,197.69	\$ 15,038.52	\$ 22,438.73	\$ 66,805.90	\$ 46,675.24	\$ 212,586.44	
Net Deferred Revenue Requirement		-\$ 260,803.89	-\$ 475,437.63	-\$ 398,053.62	-\$ 368,819.65	-\$ 89,836.49	\$ 927,518.18	\$ 3,532,049.74	\$ 2,866,616.65	
Number of Metered Customers (average for 2012 test year)		→							146643.5	
Calculation of Smart Meter Disposition Rider (per metered customer per month)										
Years for collection or refunding		1								
Deferred Incremental Revenue Requirement from 2006 to December 31, 2011 plus Interest on OM&A and Amortization		\$ 5,353,383.45								
SMFA Revenues collected from 2006 to 2012 test year (inclusive) Plus Simple Interest on SMFA Revenues		\$ 6,918,291.79								
Net Deferred Revenue Requirement		-\$ 1,564,908.34								
SMDR May 1, 2012 to April 30, 2013		-\$ 0.89								
Check: Forecasted SMDR Revenues		-\$ 1,566,152.58								
Calculation of Smart Meter Incremental Revenue Requirement Rate Rider (per metered customer per month)										
Incremental Revenue Requirement for 2012		\$ 4,431,524.98								
SMIRR		\$ 2.52								
Check: Forecasted SMIRR Revenues		\$ 4,434,499.44								

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After

UPDATE WORKSHEET		2006	2007	2008	2009	2010	2011	2012 and later	Total	
Deferred and forecasted Smart Meter Incremental Revenue Requirement (from Sheet 5)		\$ -	\$ 6,084.73	\$ 103,114.90	\$ 278,826.86	\$ 1,706,818.11	\$ 3,205,603.82	\$ 4,430,648.75	\$ 9,731,097.18	
Interest on Deferred and forecasted OM&A and Amortization Expense (Sheet 8A/8B) (Check one of the boxes below)		\$ -	\$ -	\$ 940.83	\$ 1,745.11	\$ 8,890.82	\$ 36,508.50		\$ 48,085.27	
<input checked="" type="checkbox"/>	Sheet 8A (Interest calculated on monthly balances)	\$ -	\$ -	\$ 940.83	\$ 1,745.11	\$ 8,890.82	\$ 36,508.50		\$ 48,085.27	
<input type="checkbox"/>	Sheet 8B (Interest calculated on average annual balances)								\$ -	
SMFA Revenues (from Sheet 8)		\$ 257,849.78	\$ 459,050.87	\$ 465,959.94	\$ 639,149.82	\$ 1,783,106.69	\$ 2,247,788.24	\$ 892,163.00	\$ 6,745,068.35	
SMFA Interest (from Sheet 8)		\$ 2,954.11	\$ 22,476.25	\$ 36,197.69	\$ 15,038.52	\$ 22,438.73	\$ 66,805.90	\$ 63,297.10	\$ 229,208.30	
Net Deferred Revenue Requirement		-\$ 260,803.89	-\$ 475,442.39	-\$ 398,101.90	-\$ 373,616.36	-\$ 89,836.49	\$ 927,518.18	\$ 3,475,188.65	\$ 2,804,905.80	
Number of Metered Customers (average for 2012 test year)		→							146643.5	
Calculation of Smart Meter Disposition Rider (per metered customer per month)										
Years for collection or refunding		1								
Deferred Incremental Revenue Requirement from 2006 to December 31, 2011 plus Interest on OM&A and Amortization		\$ 5,348,533.70								
SMFA Revenues collected from 2006 to 2012 test year (inclusive) Plus Simple Interest on SMFA Revenues		\$ 6,974,276.65								
Net Deferred Revenue Requirement		-\$ 1,625,742.95								
SMDR		\$ 0.92								
Check: Forecasted SMDR Revenues		-\$ 1,618,944.24								
Calculation of Smart Meter Incremental Revenue Requirement Rate Rider (per metered customer per month)										
Incremental Revenue Requirement for 2012		\$ 4,430,648.75								
SMIRR		\$ 2.52								
Check: Forecasted SMIRR Revenues		\$ 4,434,499.44								

Allocation of the SMFA

In compliance with the Board’s Decision and Order, as referenced on page 8, London Hydro acknowledges the following revision as directed by the Board.

“The Board notes London Hydro’s agreement and approves the revised allocation methodology for the SMFA revenues based on a direct allocation of SMFA revenues as billed for the Residential, GS < 50 kW customer classes”.

Further, London Hydro also acknowledges the following revision as directed by the Board, again on page 8 of the Board’s Decision and Order.

London Hydro Inc. Draft Rate Order:
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“Any SMFA revenues collected from customers in the GS > 50 kW and Large Use classes are to be evenly divided between the Residential and GS < 50 kW classes”.

Table 4: Updated Cost Allocation for SMDR

London Hydro - Smart Meter
Recoveries - EB-2012-0187

	2007	2008	2009	2010	2011	Total 2009 to 2011	Explanation Allocator	ID and Factors	Total	Residential	General Service Less than 50 kW
Revenue Requirement for the Historical Years	\$6,084.73	\$103,114.90	\$278,826.86	\$1,706,818.11	\$3,205,603.82	\$5,300,448.43					
Total Return on Capital	\$66.13	\$1,109.92	\$161,512.56	\$836,393.03	\$1,384,926.89	\$2,384,008.53	Weighted Meter - Capital	CWMC	100.00%	82.13%	17.87%
Amortization and interest Expense	\$0.00	\$940.83	\$153,599.36	\$813,772.96	\$1,978,608.72	\$2,946,921.87	Weighted Meter - Capital	CWMC	100.00%	82.13%	17.87%
Operating Expenses	\$5,998.00	\$101,711.00	\$113,349.02	\$422,882.26	\$162,770.95	\$806,711.23	Number of Smart Meters Installed for each Class		146,437	134,658	11,779
Grossed-up Taxes/PILs	\$20.60	\$293.98	-\$147,888.97	-\$357,339.32	-\$284,194.23	-\$789,107.94	Revenue Requirement allocated to each Class before PILs		\$6,137,641.63	\$5,120,020.79	\$1,017,620.84
									-\$789,107.94	-\$658,273.86	-\$130,834.08
									Total	Residential	General Service Less than 50 kW
TOTAL REVENUE REQUIREMENT					\$5,348,533.70		\$5,348,533.70	\$4,461,746.93	\$886,786.76		
							kW customer classes	100.00%	83.42%	16.58%	
							Revenue Generated from Smart Meter Funding Adder	\$6,974,276.64			
							SMFA Revenues directly attributable to class		90.73%	8.16%	
							attributed evenly		0.55%	0.55%	
							Total		91.28%	8.72%	
							Revenues Generated from SMFA including carry charges	\$6,974,276.64	SMFA Actual upto April 30, 12	\$ 6,366,353.30	\$607,923.34
							Net Deferred Revenue Requirement	-\$1,625,742.94			
							Allocated per Class	-\$1,625,742.94	-\$1,904,606.36	\$278,863.42	
							Accommodate within SMDR applicable revenue requirement amounts to be recovered through the SMIRR related to the				
							Period from May 1, 2012 to August 30, 2012	4 months of total SMIRR	\$1,234,928.70	\$241,954.22	
							Total for Application by Class		-\$669,677.67	\$520,817.64	
							Number of Metered Customers (1Q2012)		135,101	11,986	
							Smart Meter Disposition Rate Rider		-\$0.41	\$3.62	
							Apportioned Rates for 8 Months	-\$	0.62	\$	5.43
							September 1 '12 to April 30 13				

London Hydro Inc. Draft Rate Order:
Smart Meter Rate Application (EB-2012-0187)

Smart Meter Funding															
Year	Number of customers			Actual SMFA Revenues				Carrying Charges				Total			
	Residential	GS < 50 kW	Other Metered	Residential	GS < 50 kW	Other Metered	Total	Residential	GS < 50 kW	Customer	Total	Residential	GS < 50 kW	Other Metered	Total
2006	126,817	11,879	1,620	\$ 233,045.67	\$ 21,854.62	\$ 2,949.50	\$ 257,849.78	\$ 2,669.94	\$ 250.38	\$ 33.79	\$ 2,954.11	\$ 235,715.61	\$ 22,105.00	\$ 2,983.29	\$ 260,803.89
2007	128,765	11,918	1,553	\$ 415,248.75	\$ 38,613.87	\$ 5,188.25	\$ 459,050.87	\$ 20,331.59	\$ 1,890.63	\$ 254.03	\$ 22,476.25	\$ 435,580.34	\$ 40,504.50	\$ 5,442.28	\$ 481,527.12
2008	130,516	11,992	1,605	\$ 421,799.26	\$ 38,989.22	\$ 5,171.46	\$ 465,959.94	\$ 32,767.11	\$ 3,028.84	\$ 401.74	\$ 36,197.69	\$ 454,566.36	\$ 42,018.07	\$ 5,573.20	\$ 502,157.63
2009	131,729	11,913	1,650	\$ 579,210.85	\$ 52,671.01	\$ 7,267.95	\$ 639,149.82	\$ 13,628.22	\$ 1,239.29	\$ 171.01	\$ 15,038.52	\$ 592,839.07	\$ 53,910.31	\$ 7,438.96	\$ 654,188.34
2010	133,452	11,897	1,625	\$ 1,618,192.48	\$ 145,186.57	\$ 19,727.65	\$ 1,783,106.69	\$ 20,363.44	\$ 1,827.04	\$ 248.25	\$ 22,438.73	\$ 1,638,555.91	\$ 147,013.60	\$ 19,975.90	\$ 1,805,545.42
2011	134,714	11,962	1,655	\$ 2,042,192.87	\$ 180,907.77	\$ 24,687.59	\$ 2,247,788.24	\$ 60,695.46	\$ 5,376.71	\$ 733.73	\$ 66,805.90	\$ 2,102,888.33	\$ 186,284.48	\$ 25,421.33	\$ 2,314,594.14
2012)	135,101	11,986	1,630	\$ 810,159.20	\$ 72,341.73	\$ 9,662.40	\$ 892,163.33	\$ 27,466.14	\$ 2,452.54	\$ 327.58	\$ 30,246.26	\$ 837,625.35	\$ 74,794.27	\$ 9,989.97	\$ 922,409.59
31)				\$ -	\$ -	\$ -	\$ -	\$ 29,987.26	\$ 2,697.77	\$ 365.81	\$ 33,050.83	\$ 29,987.26	\$ 2,697.77	\$ 365.81	\$ 33,050.83
				\$ 6,119,849.08	\$ 550,564.80	\$ 74,654.80	\$ 6,745,068.68	\$ 207,909.15	\$ 18,763.20	\$ 2,535.94	\$ 229,208.29	\$ 6,327,758.23	\$ 569,328.00	\$ 77,190.74	\$ 6,974,276.97
				90.73%	8.16%	1.11%	100.00%					90.73%	8.16%	1.11%	100.00%
Even allocation				83.42%	16.58%							0.00%	0.00%		
Allocation of 1.11% to Res and GS < 50 kW				0.553%	0.553%							0.553%	0.553%		
				91.28%	8.72%							91.28%	8.72%		

London Hydro, as reflected in Table 4, has complied with the Board Decision to use a revised allocation methodology for the SMFA revenues by basing on a direct allocation of SMFA revenues as billed for the Residential and GS < 50 kW customer classes. Total SMFA collected of **\$6,745,068** and Total Carrying Charges for disposition to the customer of **\$229,208** tally **\$6,974,276**. This total has been allocated to Residential **\$6,366,353** and GS < 50 kW **\$607,923**, and has been applied against the Revenue Requirement determined for each of these customer classes. As per Board Decision, “the amount of SMFA revenues collected from customers in the GS > 50 kW and Large Use classes, as well as other non-Residential and GS < 50 kW customer classes have been evenly divided between the Residential and GS < 50 kW classes”. The pooled amount of SMFA collected and Carrying Charges for disposition to the customer from non-Residential and GS < 50 kW customer classes totals **\$77,191**.

Stranded Meters

Contained in the Board Decision is approval, under Guideline G-2011-0001 for London Hydro to defer disposition of its stranded meters until its next rebasing application.

London Hydro confirms that it will seek recovery of the December 31, 2012 stranded meters net book value of \$3,153,415, in its next rebasing rate application scheduled for 2013 rates.

Implementation

London Hydro requested in its original Application for an implementation date of May 1, 2012 for the new rate riders. In the Board Decision, page 9, London Hydro is directed:

“Board has determined that an implementation date of September 1, 2012 is appropriate. In developing its draft Rate Order, London Hydro is directed to establish the SMDRs based on an 8-month recovery period to April 30, 2013 and to accommodate within the SMDR the applicable revenue requirement amounts to be recovered through the SMIRR related to the period from May 1, 2012 to August 30, 2012.”

As reflected in Table 5 below, an amount of \$1,234,928 has been allocated to SMDR Residential and an amount of \$241,954 has been allocated to SMDR GS < 50 kW class. These amounts represent four months SMIRR Revenue Requirement. Therefore, as reflected by this adjustment, SMIRR recoveries for the months of May through to the end of August have been applied to the SMDR recovery / disposition balances.

Also reflected in Table 5 are calculations for the pro-rating of SMDR rates from an annual rate rider to eight-month rates, permitting the recoveries of the SMDR balance during the months of September 1, 2012 through to April 30, 2013. The resulting SMDR rate riders effective for May 1, 2012, with an implementation date September 1, 2012 are Residential **(\$0.62)** per month per customer and GS < 50 kW class \$5.43 per month per customer. The sunset date for these rates is April 30, 2013.

Table 5: Allocation of Four Months SMIRR to SMDR Balances

Accommodate within SMDR applicable revenue requirement amounts to be recovered through the SMIRR related to the			
Period from May 1, 2012 to August 30, 2012	4 months of total SMIRR	\$1,234,928.70	\$241,954.22
	Total for Application by Class	-\$669,677.67	\$520,817.64
	Number of Metered Customers (1Q2012)	135,101	11,986
	Smart Meter Disposition Rate Rider	-\$0.41	\$3.62

Apportioned Rates for 8 Months	-\$	0.62	\$	5.43
September 1 12 to April 30 13				

Smart Meter Incremental Rate Rider (SMIRR) by Rate Class			
	Residential	GS < 50 kW	Total
Revenue Requirement (2012) Allocated:			
Return (Deemed Interest and Return on Equity)	\$ 1,125,087	\$ 248,528	\$ 1,373,615
Amortization	\$ 1,814,348	\$ 400,784	\$ 2,215,132
OM&A	\$ 685,161	\$ 60,839	\$ 746,000
Total Before PILS	\$ 3,624,596	\$ 710,151	\$ 4,334,747
PILS	\$ 80,191	\$ 15,711	\$ 95,902
Total Revenue Requirement Allocated	\$ 3,704,786	\$ 725,863	\$ 4,430,649

Per Month Collection	\$ 308,732	\$ 60,489	
Period from May 1, 2012 to August 30, 2012			
4 Months apply	\$ 1,234,929	\$ 241,954	\$ 1,476,883

Table 6: Smart Meter Incremental Rate Rider (SMIRR)

Smart Meter Incremental Rate Rider (SMIRR) by Rate Class			
	Residential	GS < 50 kW	Total
Allocation Factors			
Average Smart Meter Unit Cost	\$ 100.84	\$ 250.86	
Smart Meter Cost	\$ 13,584,560	\$ 3,000,787	\$ 16,585,347
Allocation by Meters Costs	81.91%	18.09%	100.00%
Meters Installed	134,714	11,962	146,676
Allocation by Meters Installed	91.84%	8.16%	100.00%
Total Before PILS	\$ 3,624,596	\$ 710,151	\$ 4,334,747
Allocation by Total Before PILS	83.62%	16.38%	100.00%
Revenue Requirement (2012) Allocated:			
Return (Deemed Interest and Return on Equity)	\$ 1,125,087	\$ 248,528	\$ 1,373,615
Amortization	\$ 1,814,348	\$ 400,784	\$ 2,215,132
OM&A	\$ 685,161	\$ 60,839	\$ 746,000
Total Before PILS	\$ 3,624,596	\$ 710,151	\$ 4,334,747
PILS	\$ 80,191	\$ 15,711	\$ 95,902
Total Revenue Requirement Allocated	\$ 3,704,786	\$ 725,863	\$ 4,430,649
Smart Meter Incremental Rate Rider (SMIRR) Recovery			
Meters Installed (Average)	134,764	11,880	146,644
Recovery	\$ 2.30	\$ 5.10	\$ 2.52
Monthly Recovery	\$ 308,732	\$ 60,489	\$ 369,221
Recovery May 1 to August 31, 12	\$ 1,234,929	\$ 241,954	\$ 1,476,883
Recovery September 1, 2012 to April 30, 2013	\$ 2,469,857	\$ 483,908	\$ 2,953,766
	\$ 3,704,786	\$ 725,863	\$ 4,430,649
SMIRR for September 1, 2012 through April 30, 2012			
Smart Meter Incremental Rate Rider (SMIRR) Recovery			
Meters Installed (Average)	134,764	11,880	146,644
Recovery	\$ 2.30	\$ 5.10	\$ 2.52

In compliance with the Board's Decision and Order, referenced on page 9, London Hydro acknowledges the following as directed by the Board.

“The SMIRR shall be effective and implemented on September 1, 2012. The Board notes that these rate riders are based on an annual revenue requirement and will be in effect until the effective date of London Hydro’s next cost of service rate order.”

Table 6 reflects calculation for the SMIRR rate riders which shall be effective and implemented on September 1, 2012. As recorded in the Draft Rate Oder (Appendix A), the SMIRR rate riders

are Residential \$2.30 per month per customer and GS < 50 kW class \$5.10 per month per customer. These rates will be in effect until London Hydro's next cost of service which is scheduled for 2013 rates.

London Hydro respectfully requests that the Board approve the revised proposed riders of SMDR Residential (\$0.62) per month, GS < 50 kW of \$5.43 per month, SMIRR Residential \$2.30 per month and GS < 50 kW of \$5.10 per month. That final approved SMDR rate rider is adjusted for the recoveries SMDR accounts with a recommended sunset date of April 30, 2013. The final approved SMIRR rate rider is adjusted for the recoveries SMIRR accounts with a recommended effect until the effective date of the next cost of service rate order.

All of which is respectfully submitted
