



EB-2007-0063

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF applications by electricity
distribution companies for approval of a smart meter
rate adder;

AND IN THE MATTER OF a combined proceeding
initiated by the Ontario Energy Board pursuant to
sections 19(4), 21(1), 21(5) and 78(3.03) of the *Ontario
Energy Board Act*, 1998 to determine issues related to
the recovery of costs incurred by distributors and
associated with authorized discretionary metering
activities.

PROCEDURAL ORDER NO. 3

In January and February of 2007, twelve licensed distributors authorized to conduct discretionary metering activities filed applications pursuant to section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15 (Schedule B) (the "Act") for the approval of distribution rates, which applications included a smart metering rate adder to be effective as of May 1, 2007. These distributors are Chatham-Kent Hydro Inc., Enersource Hydro Mississauga Inc., Horizon Utilities Corporation, Hydro One Brampton Networks Inc., Hydro One Networks Inc., Hydro Ottawa Limited, Middlesex Power Distribution Corporation, Milton Hydro Distribution Inc., PowerStream Inc., Tay Hydro Electric Distribution Co. Inc., Toronto Hydro-Electric System Limited, and Veridian Connections Inc.

On March 26, 2007, the Board received an application from Toronto Hydro-Electric System Limited pursuant to section 78 of the Act for rate adjustments related to smart metering activities and Conservation and Demand Management ("CDM") activities. The

Board will consider the adjustments related to smart metering activities in this Combined Proceeding.

On May 2, 2007, the Board issued a further Notice of a Combined Proceeding pursuant to sections 19, 21 and 78 of the Act to determine the prudence and recovery of costs associated with smart metering activities for the twelve licensed distributors referred to above, and a thirteenth licensed distributor, Newmarket Hydro Limited, that has been authorized by regulation to conduct discretionary metering activities. These thirteen licensed distributors are deemed to be applicants in the Combined Proceeding.

On May 18, 2007 the Board issued Procedural Order No. 1 which identified the issues to be addressed in this proceeding and set out the case timetable. On May 25, 2007 the Board issued Procedural Order No. 2 amending the schedule for the Issues Conference and Issues Day.

The Board held an Issues Day on June 1, 2007 and heard submissions from the parties on contested issues and proposed minimum filing requirements. The Board also heard submissions on a threshold issue regarding the timing of “costs incurred”. The Board issued its oral Decision with respect to these matters on June 1, 2007. Reference should be made to the transcript of the Issues Day proceeding for that oral Decision. The following Procedural Order provides the final Issues List and Minimum Filing Requirements for purposes of the required filings by applicants on or before June 8, 2007 (as referenced in Procedural Order No. 1).

THE BOARD ORDERS THAT:

1. The Issues List for this proceeding is attached to this Order as Appendix “A”.
2. The Minimum Filing Requirements for this proceeding are attached as Appendix “B”. The “Contracts” required to be filed pursuant to section 3 of the Minimum

Filing Requirements will initially be filed in confidence in accordance with the Board's *Practice Direction on Confidential Filings*.

3. The Exhibit List for this proceeding is attached as Appendix "C".

DATED at Toronto, June 5, 2007

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

APPENDIX A

COMBINED PROCEEDING – EB-2007-0063

ISSUES LIST

1. Costs recovery relating to minimum functionality pursuant to Ontario Reg. 426/06:
 - a). Interpretation of "Minimum Functionality", as adopted in Ontario Reg. 425/06.
 - b). Cost recovery timeline – 2006 Actual Costs and 2007 Actual Costs Year-to-Date.
 - c). Interpretation of "costs relating to functionality that does not exceed the minimum functionality¹".
 - i. Should work management systems for example, be a part of minimum functionality?
2. Prudence of costs incurred.
3. The mechanism for re-setting rates for smart meter costs that are found to be prudent through this proceeding.
4. Accounting Procedures:
 - a). Mechanism for clearing of variance accounts
 - b). Recording costs in variance accounts
5. Regulatory treatment of stranded meter costs and recovery through rates.
6. The mechanisms for re-setting rates for smart meter costs incurred on a go forward basis.
7. Mechanism for dealing with costs not part of this proceeding
 - a. Costs that are part of minimum functionality.
 - b. Costs that exceed minimum functionality.
 - c. Costs that are neither part of minimum functionality or exceeding minimum functionality but are fundamental to the smart meter program.
8. Toronto Hydro's Application – Smart Meter costs of mid-size commercial customers.

¹ Ontario Regulation 426/06, Section 1. (1)

APPENDIX B

COMBINED PROCEEDING – EB-2007-0063

**Minimum Filing Requirements Relating to Minimum Functionality for
an Advanced Metering Infrastructure**

1. AMI Technical Solution (Description of architecture)
2. Procurement
3. Contracts
4. Spreadsheet (Cost Breakdown for Functional Specification for
an Advanced Metering Infrastructure, including Footnotes)
5. Smart Meter Deployment
6. Smart Meter Implementation Plans (Filed Dec 2006)
7. Relief Sought
8. Treatment of Stranded Meter Costs

SECTION 4: COST BREAKDOWN FOR FUNCTIONAL SPECIFICATION FOR AN ADVANCED METERING INFRASTRUCTURE

Instructions:

- *Provide total cost, total quantity and unit cost data for each of the categories provided below.*
- *Indicate if data is not applicable.*
- *Additional sub-categories may be included – provide explanation.*

1 CAPITAL COSTS

1.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

- 1.1.1 Smart Meter²
- 1.1.2 Installation Cost³
- 1.1.3 Workforce Automation⁴

1.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)

- 1.2.1 Collectors
- 1.2.2 Repeaters⁵
- 1.2.3 Installation⁶

1.3 ADVANCED METERING CONTROL COMPUTER (AMCC)

- 1.3.1 Computer Hardware⁷
- 1.3.2 Computer Software
- 1.3.3 Computer Software Licence & Installation (includes hardware & software)

1.4 WIDE AREA NETWORK (WAN)

- 1.4.1 Activation Fees

1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUNCTIONALITY

- 1.5.1 Customer equipment (including repair of damaged equipment)
- 1.5.2 AMI Interface to CIS
- 1.5.3 Professional Fees
- 1.5.4 Integration
- 1.5.5 Program Management

2 OM&A

2.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

- 2.1.1 Maintenance⁸

² may include new meters and modules, etc.

³ may include socket kits plus shipping, labour, benefits, vehicle, etc.

⁴ may include fieldworker handhelds, barcode hardware, etc.

⁵ may include radio licence, etc.

⁶ may include meter seals and rings, collector computer hardware, etc.

⁷ may include AS/400 disc space, backup & recovery computer, UPS, etc.

2.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)

2.2.1 Maintenance

2.3 ADVANCED METERING CONTROL COMPUTER (AMCC)

2.3.1 Hardware Maintenance⁹

2.3.2 Software Maintenance¹⁰

2.4 WIDE AREA NETWORK (WAN)¹¹

2.5 OTHER AMI OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY

2.5.1 Business Process Redesign

2.5.2 Customer Communication¹²

2.5.3 Program Management

2.5.4 Change Management¹³

⁸ may include meter reverification costs, etc.

⁹ may include server support, etc.

¹⁰ may include maintenance support, etc.

¹¹ may include serial to Ethernet hardware, etc.

¹² may include project communication. etc.

¹³ may include training, etc.

APPENDIX C
COMBINED PROCEEDING – EB-2007-0063

EXHIBIT LIST

<u>Applicant Evidence</u>	<u>Exhibit</u>	<u>Rate Application File Number</u>
Chatham-Kent Hydro Inc.	A1	EB-2007-0517
Enersource Hydro Mississauga Inc.	A2	EB-2007-0523
Horizon Utilities Corporation	A3	EB-2007-0538
Hydro One Brampton Networks Inc.	A4	EB-2007-0541
Hydro One Networks Inc.	A5	EB-2007-0542
Hydro Ottawa Limited	A6	EB-2007-0544
Middlesex Power Distribution Corporation	A7	EB-2007-0553
Milton Hydro Distribution Inc.	A8	EB-2007-0555
Newmarket Hydro Ltd.	A9	EB-2007-0557
PowerStream Inc.	A10	EB-2007-0573
Tay Hydro Electric Distribution Co Inc.	A11	EB-2007-0578
Toronto Hydro-Electric System Limited	A12	EB-2007-0582
Veridian Connections Inc.	A13	EB-2007-0583

Other

"J" - Exhibits filed at the hearing

"K" - Undertakings filed at the hearing