

Chatham-Kent Hydro Inc. (CK H) is submitting to the Ontario Energy Board (OEB) a rate rider for smart meters in accordance to the guidelines provided by the OEB on January 29, 2007.

Smart Meter Implementation Plan

CK H had provided the OEB with a Smart Meter Implementation Plan (SMIP) in December 2006 which provided details of the expenditures that CK H will under take until the end of 2007. The smart meter rate that is being submitted to the OEB ties into the SMIP that was provided in December.

CK H would like to provide some additional information from that submission to the OEB;

- CK H currently has \$0.38 / customer / month in their rates
- CK H had applied for \$0.78 / customer / month in the rate application EB-2005-0350
- CK H has been given priority status from the Ministry of Energy in Ontario Regulation 427/06 and 428/06 and is fully deploying smart meters to all customers
- CK H is projecting to have smart meters in all residential customers by November 2007
- CK H will begin to bill customers the time-of-use rates in 2007, allowing the customers to benefit from shifting their consumption

- CK H is expected to have a smart meter debit variance of \$301,185 at the end of April 2007
- The smart meter submission provided to the OEB assumed that CK H would receive an additional \$1.00 / customer / month for a total of \$1.38
- At \$1.38 in rates effective May 2007, CK H would have a smart meter debit variance of \$431,177 at the end of April 2008
- In order for CK H to bring the smart meter debit variance to zero at the end of April 2008, the rate would have to be increased by \$1.29 / customer / month to recover the variance ($\$437,177 / 28,200 \text{ customers} / 12 \text{ months}$)
- Therefore the all in rate for smart meters would be \$2.67 / customer / month which would include \$1.29 for the smart meter variance
- The monthly operating costs for the CK H smart meter plan is \$46,856, or \$1.66 / customer / month ($\$46,856 / 28,200 \text{ customers}$)
- The monthly cost of \$1.66 includes;
 - The carrying costs for the capital investment
 - The depreciation for the capital investment
 - Communication costs
 - Monthly operating costs
 - Reduction in operating costs such as meter reading and re-reads
 - Full billing solution
 - Web presentment that will allow customers to review their consumption the next day
 - Includes \$0.50 for Meter Data Management Repository costs

Smart Meter Rate Rider

CK H, as noted above, is named in Ontario Regulation 427/06 and 428/06 and therefore is one of the Local Distribution Company (LDC) that is in full deployment of smart meters to all customers in the service area. CK H is working towards completing the program by the end of 2007, as more than 40% of the customers have a smart meter by February 9, 2007.

CK H is submitting the OEB's rate rider model and has calculated the rate rider that would be included in the rate submission (EB-2007- 0517). The final rate rider that CK H is recommending (Page 4 of Model) is \$2.25 / customer / month.

This rate is before any future possible synergies the customers of CK H will benefit from once the smart meters have been fully deployed.

Assumptions

In calculating the smart meter rate rider CK H has used a number of assumptions. These assumptions are based upon the pilot project that CK H undertook in November 2004 and the experiences gained during full deployment which started in October 2006.

- Smart meter unit costs

CK H has chosen a smart meter solution that is a retro fit of the majority of the current meters in service. The retro fit modules are provided from a Canadian company, Tantalus Systems Corporation. This system allows for a significant reduction in stranded meters.

Each meter, whether new or used, will require a module, therefore there will be 31,490 modules purchased. Another key component to the system is a collector system that will receive and transmit the meter information to the office. Each collector can manage approximately 42 meters, therefore 750 collectors will be required.

The estimate for the smart meter unit costs is;

| Items Purchased | Units | Cost |
|-----------------|--------|-------------|
| Modules | 31,490 | \$3,549,000 |
| Collectors | 750 | \$337,500 |
| Total Costs | | \$3,886,500 |
| Meters | | 31,490 |
| Cost per meter | | \$123.42 |

- Smart meter other unit costs

There are other smart meter costs that are required in order to implement the system that are direct costs to the smart meters. Some meters require a meter socket retrofit kit, these are older meters that have a different base. By using the socket kit these meters are able to be used and not stranded. There are also shipping costs required.

| Items Purchased | Costs |
|-----------------|------------|
| Socket kits | \$ 123,800 |
| Shipping | \$ 38,200 |
| Total costs | \$ 162,000 |
| Meters | 31,490 |
| Cost per meter | \$ 5.14 |

- Smart meter installation costs

CK H will use internal staff to install the smart meters. It is estimated that the costs will be \$1,000,000. This cost will include labour, benefits and vehicle costs.

| Items Purchased | Cost |
|-----------------|--------------|
| Installation | \$ 1,000,000 |
| Meters | 31,490 |
| Cost per meter | \$ 32.00 |

- Smart meter other costs per unit

The module will not work for all meters, particularly very old meters and therefore a quantity of new meters will be required. The new meters will be approximately one third of the current meter population, 10,000.

| Item Purchased | Quantity | Cost |
|----------------|----------|------------|
| New meters | 10,000 | \$ 350,000 |
| Meters | | 31,490 |
| Cost per meter | | \$ 11.00 |

- AMI Computer Hardware costs

A base station is required at CK H that will receive the meter read information from the collectors, the cost for the base station is \$29,697.

- AMI Software costs

The smart meter solution will require its own software that will manage the system, the costs for the software will \$55,270.

- Other Capital Costs – Computer hardware

There will be additional PCs, servers and RF equipment for the communication to manage the smart meter system, which will cost \$41,246.

- Other Capital Costs – Computer Software

In order to bill the customers the time-of-use rates additional changes to the customer information system (CIS) and training of staff will be required. The additional costs will be;

| Items | Costs |
|-------------|-----------|
| CIS | \$ 12,374 |
| Training | \$ 9,899 |
| Total costs | \$ 22,273 |

- Incremental AMI Operational Expenses – O&M

There will be a number of additional software and licencing fees that will be incurred due to smart meters, these costs are;

| Item | Cost / month | Annual Cost |
|------------------------|--------------|------------------|
| Tantalus software fees | \$ 1,000 | \$ 12,000 |
| Radio licence | \$ 83 | \$ 996 |
| EBT fees | \$ 600 | \$ 7,200 |
| Meter maintenance | \$ 183 | \$ 2,196 |
| Total | | \$ 22,392 |

- Incremental AMI Operational Expenses – Admin

CK H will be billing customers in 2007 and therefore there are a number of additional costs that relate to the billing of customers which are additional costs caused by billing time-of-use rates. A summary of the costs are as follows;

| Item | Cost / month | Annual Cost |
|----------------------------|--------------------|-------------------|
| 2006 costs | | |
| CIS vendor | \$ 375 | \$ 3,000 |
| Meter reverification costs | \$ 438 | \$ 3,504 |
| Server support | \$ 100 | \$ 800 |
| MDMR | 50 cents per meter | \$ 12,853 |
| Total 2006 | | \$ 20,157 |
| 2007 Costs | | |
| CIS vendor | \$ 375 | \$ 4,500 |
| Meter reverification costs | \$ 438 | \$ 5,256 |
| Server support | \$ 100 | \$ 1,200 |
| MDMR | 50 cents per meter | \$ 133,088 |
| Total 2007 | | \$ 144,044 |

- Incremental Other Operating Expense – Other Administration

CK H will require the equivalent of two additional staff members to manage the smart meter system and the billing of time-of-use rates. Total costs including benefits will be;

| Year | Months | Cost |
|------|--------|------------|
| 2006 | 1 | \$ 10,000 |
| 2007 | 12 | \$ 130,000 |
| 2008 | 12 | \$ 135,000 |

Summary

CKH rate rider is \$2.25 per customer /month. This rate is for the cost only and it includes 50 cents per meter for MDMR cost since CKH will begin billing in 2007.

The final rate to the customer will be less than \$2.00/customer/month after the synergis are realized and reflected in the rates.



Ontario Energy Board

2007 EDR Smart Meter Rate Calculation Model

Sheet 1 Utility Information Sheet

| Legend: | Input Cell | Pull-Down Menu Option | Output Cell |
|----------------|--------------------|-----------------------|------------------|
| | From Another Sheet | To The 2007 IRM Model | To Another Sheet |

Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.

Name of LDC:

Licence Number: Smart Meter Grouping:

IRM 2007 EB Number:

EDR 2006 RP Number: EDR 2006 EB Number:

Date of Submission: Revision:

Version: 1.0

Contact Information

Name:

Title:

Phone Number:

E-Mail Address:

Please Note: In the event of an inconsistency between this model and any element of the January 2007 "Report of the Board on 2nd Generation Incentive Regulation of Ontario's Electricity Distributors - Addendum for Smart Metering Rates ", the Report governs.

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2007 EDR Smart Meter Rate Calculation Model

Chatham-Kent Hydro Inc.

EB-2007-0517

February 9, 2007

Sheet 2. Smart Meter Capital Cost and Operational Expense Data

Smart Meter Unit Installation Plan: (From Smart Meter Plan filed December 15, 2006)

| assume calendar year installation | 2006 | 2007 | 2008 | 2009 | 2010 | Total |
|--|--------------|---------------|------------|------------|------------|---------------|
| Planned number of Residential smart meters to be installed | 6,982 | 21,217 | - | - | - | 28,199 |
| Planned number of General Service Less Than 50 kW smart meters | 27 | 816 | 816 | 816 | 816 | 3,291 |
| Planned Meter Installation (Residential and Less Than 50 kW only) | 7,009 | 22,033 | 816 | 816 | 816 | 31,490 |
| Planned Meter Installation Completed before January 1, 2008 | | 29,042 | | | | |

Smart Meter Unit Cost

| | Per Unit | |
|--|------------------|--------------------------|
| Smart Meter Unit Cost | \$ 123.42 | A |
| <i>Enter the invoiced cost per smart meter purchased Please provide details in Manager's Summary</i> | | |
| Smart Meter Other Unit Cost | \$ 5.15 | B |
| <i>Enter the invoiced other costs per smart meter unit purchased Please provide details in Manager's Summary</i> | | |
| Smart Meter Installation Cost per Unit | \$ 32.00 | C |
| <i>Enter the time and material cost per smart meter unit installed Please provide details in Manager's Summary</i> | | |
| Smart Meter Other Cost per Unit | \$ 11.00 | D |
| <i>Enter the other cost per smart meter unit installed Please provide details in Manager's Summary</i> | | |
| Total Unit cost per Smart Meter | \$ 171.57 | E = A + B + C + D |

3. LDC Assumptions and Data

AMI Capital Cost

| | 2006 | 2007 | 2008 | 2009 | 2010 | Total | |
|--|------------------|-------------|-------------|-------------|-------------|------------------|------------------|
| AMI Computer Hardware Costs | \$ 29,697 | \$ - | \$ - | \$ - | \$ - | \$ 29,697 | F |
| <i>Enter the estimated capital costs for AMI related Computer Hardware Please provide details in Manager's Summary</i> | | | | | | | |
| AMI Computer Software Costs | \$ 55,270 | \$ - | \$ - | \$ - | \$ - | \$ 55,270 | G |
| <i>Enter the estimated capital costs for AMI related Computer Software Please provide details in Manager's Summary</i> | | | | | | | |
| Total AMI Capital Cost | \$ 84,967 | \$ - | \$ - | \$ - | \$ - | \$ 84,967 | H = F + G |

3. LDC Assumptions and Data

3. LDC Assumptions and Data

Other Capital Cost

| | 2006 | 2007 | 2008 | 2009 | 2010 | Total | |
|--|------------------|------------------|-------------|-------------|-------------|------------------|------------------|
| Other Computer Hardware Costs | \$ 41,246 | \$ - | \$ - | \$ - | \$ - | \$ 41,246 | I |
| <i>Enter the estimated capital costs for other related Computer Hardware Please provide details in Manager's Summary</i> | | | | | | | |
| Other Computer Software Costs | \$ 22,273 | \$ 12,374 | \$ - | \$ - | \$ - | \$ 34,647 | J |
| <i>Enter the estimated capital costs for other related Computer Software Please provide details in Manager's Summary</i> | | | | | | | |
| Total Other Capital Cost | \$ 63,519 | \$ 12,374 | \$ - | \$ - | \$ - | \$ 75,893 | K = I + J |

3. LDC Assumptions and Data

3. LDC Assumptions and Data

Incremental AMI Operational Expenses

| | 2006 | 2007 | 2008 | 2009 | 2010 | Total | |
|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Incremental AMI O&M Expenses | \$ 14,928 | \$ 22,392 | \$ 22,392 | \$ 22,392 | \$ 22,392 | \$ 104,496 | L |
| <i>Enter the estimated incremental AMI related O&M expenses Please provide details in Manager's Summary</i> | | | | | | | |
| Incremental AMI Admin Expenses | \$ 20,157 | \$ 144,044 | \$ 180,156 | \$ 180,156 | \$ 180,156 | \$ 704,669 | M |
| <i>Enter the estimated incremental AMI related Admin expenses Please provide details in Manager's Summary</i> | | | | | | | |
| Total Incremental AMI Operation Expenses | \$ 35,085 | \$ 166,436 | \$ 202,548 | \$ 202,548 | \$ 202,548 | \$ 809,165 | N = L + M |

3. LDC Assumptions and Data

3. LDC Assumptions and Data

Incremental Other Operational Expenses

| | 2006 | 2007 | 2008 | 2009 | 2010 | Total | |
|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Incremental Other O&M Expenses | | | | | | \$ - | O |
| <i>Enter the estimated incremental Other related O&M expenses Please provide details in Manager's Summary</i> | | | | | | | |
| Incremental Other Admin Expenses | \$ 10,000 | \$ 130,000 | \$ 135,000 | \$ 135,000 | \$ 135,000 | \$ 545,000 | P |
| <i>Enter the estimated incremental Other related Admin expenses Please provide details in Manager's Summary</i> | | | | | | | |
| Total Incremental Other Operation Expenses | \$ 10,000 | \$ 130,000 | \$ 135,000 | \$ 135,000 | \$ 135,000 | \$ 545,000 | Q = O + P |

3. LDC Assumptions and Data

3. LDC Assumptions and Data

AMI - Advanced Metering Infrastructure

Other - Cost or expenses not AMI but does not include stranded assets



2007 EDR Smart Meter Rate Calculation Model

Chatham-Kent Hydro Inc.

EB-2007-0517

February 9, 2007

Sheet 3. LDC Assumptions and Data

Assumptions:

1. Planned meter installations occur evenly through the year.
2. Year assumed January to December
3. Amortization is straight line and has half year rule applied in first year

2006 EDR Data Information

Deemed Debt (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 18)

Deemed Equity (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 19)

Weighted Debt Rate (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 25)

Proposed ROE (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell E 32)

Weighted Average Cost of Capital

50% 4. Smart Meter Rate Calc

50% 4. Smart Meter Rate Calc

7.04% 4. Smart Meter Rate Calc

9.00% 4. Smart Meter Rate Calc

8.02%

2006 EDR Total Metered Customers

Sum of Residential, General Service, and Large User

from 2006 EDR Sheet "7-1 ALLOCATION - Base Rev. Req." Cells H16 thru H93

31,872 4. Smart Meter Rate Calc

2006 EDR Tax Rate

Corporate Income Tax Rate

(from 2006 PILs Sheet "Test Year PILs, Tax Provision" Cell D 14)

36.12% 5. PILs

Capital Data:

Smart meter including installation (\$171.57 times Planned Meters Installed)

Computer Hardware Costs 2. Smart Meter Data; AMI (F) plus Other (I)

Computer Software Costs 2. Smart Meter Data; AMI (G) plus Other (J)

Total Computer Costs 2. Smart Meter Data; AMI (H) plus Other (K)

| | 2006 | 2007 | 2008 | 2009 | 2010 | Total |
|----|-----------|--------------|------------|------------|------------|--------------|
| \$ | 1,202,534 | \$ 3,780,202 | \$ 140,001 | \$ 140,001 | \$ 140,001 | \$ 5,402,739 |
| \$ | 70,943 | \$ - | \$ - | \$ - | \$ - | \$ 70,943 |
| \$ | 77,543 | \$ 12,374 | \$ - | \$ - | \$ - | \$ 89,917 |
| \$ | 1,351,020 | \$ 3,792,576 | \$ 140,001 | \$ 140,001 | \$ 140,001 | \$ 5,563,599 |

6. SM Avg Net Fixed Assets & UCC

LDC Amortization Policy:

Smart Meter Amortization Rate Enter Amortization Policy

Computer Hardware Amortization Rate Enter Amortization Policy

Computer Software Amortization Rate Enter Amortization Policy

15 Years 6. SM Avg Net Fixed Assets & UCC

5 Years 6. SM Avg Net Fixed Assets & UCC

3 Years 6. SM Avg Net Fixed Assets & UCC

Operating Expense Data:

Incremental O&M Expenses 2. Smart Meter Data; AMI (L) plus Other (O)

Incremental Admin Expenses 2. Smart Meter Data; AMI (M) plus Other (P)

Total Incremental Operating Expense 2. Smart Meter Data; AMI (N) plus Other (Q)

| | 2006 | 2007 | 2008 | 2009 | 2010 | Total |
|----|--------|------------|------------|------------|------------|--------------|
| \$ | 14,928 | \$ 22,392 | \$ 22,392 | \$ 22,392 | \$ 22,392 | \$ 104,496 |
| \$ | 30,157 | \$ 274,044 | \$ 315,156 | \$ 315,156 | \$ 315,156 | \$ 1,249,669 |
| \$ | 45,085 | \$ 296,436 | \$ 337,548 | \$ 337,548 | \$ 337,548 | \$ 1,354,165 |

4. Smart Meter Rate Calc

Per Meter Cost Split:

Smart meter including installation

Computer Hardware Costs

Computer Software Costs

Smart meter incremental operating expenses

Total Smart Meter Capital Costs per meter

| | Per Meter | Installed | Investment | % of Invest |
|----|-----------|-----------|--------------|-------------|
| \$ | 171.57 | 31,490 | \$ 5,402,739 | 78% |
| \$ | 2.25 | 31,490 | \$ 70,943 | 0% |
| \$ | 2.86 | 31,490 | \$ 89,917 | 0% |
| \$ | 43.00 | 31,490 | \$ 1,354,165 | 0% |
| \$ | 219.68 | | \$ 6,917,764 | 78% |



2007 EDR Smart Meter Rate Calculation Model

Chatham-Kent Hydro Inc.

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Sheet 4. Smart Meter Rate Calc

Smart Meter Rate Calculation

Average Asset Values

| | 2007 | |
|---|------|-----------|
| Net Fixed Assets Smart Meters (6. SM Avg Net Fixed Assets & UCC) | \$ | 2,949,463 |
| Net Fixed Assets Computer Hardware (6. SM Avg Net Fixed Assets & UCC) | \$ | 56,754 |
| Net Fixed Assets Computer Software (6. SM Avg Net Fixed Assets & UCC) | \$ | 56,851 |
| Total Net Fixed Assets | \$ | 3,063,068 |

A

Working Capital

| | | | |
|----------------------|----|---------|-----------|
| Operation Expense | \$ | 296,436 | |
| 15 % Working Capital | \$ | 44,465 | \$ 44,465 |

B

Smart Meters included in Rate Base

\$ 3,107,534

C = A + B

Return on Rate Base

| | | | |
|---|-------|----|-----------|
| Deemed Debt (3. LDC Assumptions and Data) | 50.0% | \$ | 1,553,767 |
| Deemed Equity (3. LDC Assumptions and Data) | 50.0% | \$ | 1,553,767 |
| | | \$ | 3,107,534 |

D = C * Deemed Debt

E = C * Deemed Equity

Weighted Debt Rate (3. LDC Assumptions and Data)

7.0% \$ 109,385

F = D * Weighted Debt Rate

Proposed ROE (3. LDC Assumptions and Data)

9.0% \$ 139,839

G = E * Proposed ROE

Return on Rate Base

\$ 249,224 \$ 249,224

H = F + G

Operating Expenses

Incremental Operating Expenses (3. LDC Assumptions and Data) \$ 296,436

I

Amortization Expenses

| | | |
|--|----|---------|
| Amortization Expenses - Smart Meters (6. SM Avg Net Fixed Assets & UCC) | \$ | 206,176 |
| Amortization Expenses - Computer Hardware (6. SM Avg Net Fixed Assets & UCC) | \$ | 14,189 |
| Amortization Expenses - Computer Software (6. SM Avg Net Fixed Assets & UCC) | \$ | 27,910 |

Total Amortization Expenses

\$ 248,274 5. PILs

J

Revenue Requirement Before PILs

\$ 793,934

K = H + I + J

Calculation of Taxable Income

| | | |
|--------------------------------|-----|---------|
| Incremental Operating Expenses | -\$ | 296,436 |
| Depreciation Expenses | -\$ | 248,274 |
| Interest Expense | -\$ | 109,385 |

I

J

F

Taxable Income For PILs

\$ 139,839 5. PILs

L = K - I - J - F

Grossed up PILs (5. PILs)

\$ 65,385

M

Revenue Requirement Before PILs

\$ 793,934

K

Grossed up PILs (5. PILs)

\$ 65,385

M

Revenue Requirement for Smart Meters

\$ 859,319

N = K + M

2007 Smart Meter Rate Adder

| | | |
|--|----|---------|
| Revenue Requirement for Smart Meters | \$ | 859,319 |
| 2006 EDR Total Metered Customers (3. LDC Assumptions and Data) | | 31,872 |
| Annualized amount required per metered customer | \$ | 26.96 |
| Number of months in year | | 12 |

O = 2006 EDR Total Metered Customers

P = N / O

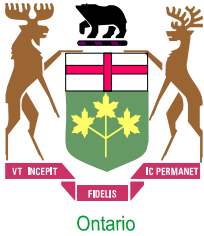
Q

2007 Smart Meter Rate Adder

\$ 2.25

R = P / Q

Enter this amount in the 2007 IRM Model sheet "4. 2006 Smart Meter Information" in cells F 17 thru F 32 (as required)



2007 EDR Smart Meter Rate Calculation Model

Chatham-Kent Hydro Inc.

EB-2007-0517

February 9, 2007

Sheet 5. PILs

PILs Calculation

INCOME TAX

| | |
|--|-------------|
| Net Income (4. Smart Meter Rate Calc) | \$ 139,839 |
| Amortization (4. Smart Meter Rate Calc) | \$ 248,274 |
| CCA - Class 47 (8%) Smart Meters (6. SM Avg Net Fixed Assets &UCC) | -\$ 243,563 |
| CCA - Class 45 (45%) Computers (6. SM Avg Net Fixed Assets &UCC) | -\$ 54,569 |
| Change in taxable income | \$ 89,982 |
| Tax Rate (3. LDC Assumptions and Data) | 36.12% |
| Income Taxes Payable | \$ 32,501 |

ONTARIO CAPITAL TAX

| | |
|---|--------------|
| Smart Meters (6. SM Avg Net Fixed Assets &UCC) | \$ 4,736,476 |
| Computer Hardware (6. SM Avg Net Fixed Assets &UCC) | \$ 49,660 |
| Computer Software (6. SM Avg Net Fixed Assets &UCC) | \$ 49,083 |
| Rate Base | \$ 4,835,219 |
| Less: Exemption | \$ - |
| Deemed Taxable Capital | \$ 4,835,219 |
| Ontario Capital Tax Rate | 0.300% |
| Net Amount (Taxable Capital x Rate) | \$ 14,506 |

Gross Up

| | PILs Payable | Gross Up | Grossed Up PILs |
|--------------------------------|--------------|----------|------------------|
| Change in Income Taxes Payable | \$ 32,501 | 36.12% | \$ 50,879 |
| Change in OCT | \$ 14,506 | | \$ 14,506 |
| PIL's | \$ 47,007 | | \$ 65,385 |

4. Smart Meter Rate Calc



2007 EDR Smart Meter Rate Calculation Model

Chatham-Kent Hydro Inc.

EB-2007-0517

February 9, 2007

Sheet 6. SM Avg Net Fixed Assets &UCC

Smart Meter Average Net Fixed Assets

Net Fixed Assets - Smart Meters

| | 2006 | 2007 |
|---|--------------|--------------|
| Opening Capital Investment | \$ - | \$ 1,202,534 |
| Capital Investment Year 1 (3. LDC Assumptions and Data) | \$ 1,202,534 | |
| Capital Investment Year 2 (3. LDC Assumptions and Data) | | \$ 3,780,202 |
| Closing Capital Investment | \$ 1,202,534 | \$ 4,982,736 |
| Opening Accumulated Amortization | \$ - | \$ 40,084 |
| Amortization Year 1 (15 Years Straight Line) | \$ 40,084 | \$ 80,169 |
| Amortization Year 2 (15 Years Straight Line) | | \$ 126,007 |
| Closing Accumulated Amortization | \$ 40,084 | \$ 246,260 |
| Opening Net Fixed Assets | \$ - | \$ 1,162,450 |
| Closing Net Fixed Assets | \$ 1,162,450 | \$ 4,736,476 |
| Average Net Fixed Assets | \$ 581,225 | \$ 2,949,463 |

5. PILs

4. Smart Meter Rate Calc

Net Fixed Assets - Computer Hardware

| | 2006 | 2007 |
|---|-----------|-----------|
| Opening Capital Investment | \$ - | \$ 70,943 |
| Capital Investment Year 1 (3. LDC Assumptions and Data) | \$ 70,943 | |
| Capital Investment Year 2 (3. LDC Assumptions and Data) | | \$ - |
| Closing Capital Investment | \$ 70,943 | \$ 70,943 |
| Opening Accumulated Amortization | \$ - | \$ 7,094 |
| Amortization Year 1 (5 Years Straight Line) | \$ 7,094 | \$ 14,189 |
| Amortization Year 2 (5 Years Straight Line) | | \$ - |
| Closing Accumulated Amortization | \$ 7,094 | \$ 21,283 |
| Opening Net Fixed Assets | \$ - | \$ 63,849 |
| Closing Net Fixed Assets | \$ 63,849 | \$ 49,660 |
| Average Net Fixed Assets | \$ 31,924 | \$ 56,754 |

5. PILs

4. Smart Meter Rate Calc

Net Fixed Assets - Computer Software

| | 2006 | 2007 |
|---|-----------|-----------|
| Opening Capital Investment | \$ - | \$ 77,543 |
| Capital Investment Year 1 (3. LDC Assumptions and Data) | \$ 77,543 | |
| Capital Investment Year 2 (3. LDC Assumptions and Data) | | \$ 12,374 |
| Closing Capital Investment | \$ 77,543 | \$ 89,917 |
| Opening Accumulated Amortization | \$ - | \$ 12,924 |
| Amortization Year 1 (3 Years Straight Line) | \$ 12,924 | \$ 25,848 |
| Amortization Year 2 (3 Years Straight Line) | | \$ 2,062 |
| Closing Accumulated Amortization | \$ 12,924 | \$ 40,834 |
| Opening Net Fixed Assets | \$ - | \$ 64,619 |
| Closing Net Fixed Assets | \$ 64,619 | \$ 49,083 |
| Average Net Fixed Assets | \$ 32,310 | \$ 56,851 |

5. PILs

4. Smart Meter Rate Calc



2007 EDR Smart Meter Rate Calculation Model

Chatham-Kent Hydro Inc.

EB-2007-0517

February 9, 2007

Sheet 6. SM Avg Net Fixed Assets &UCC

For PILs Calculation

UCC - Smart Meters

| CCA Class 47 (8%) | 2006 | 2007 |
|--|--------------|-------------------------------|
| Opening UCC | \$ - | \$ 1,154,433 |
| Capital Additions | \$ 1,202,534 | \$ 3,780,202 |
| UCC Before Half Year Rule | \$ 1,202,534 | \$ 4,934,635 |
| Half Year Rule (1/2 Additions - Disposals) | \$ 601,267 | \$ 1,890,101 |
| Reduced UCC | \$ 601,267 | \$ 3,044,534 |
| CCA Rate Class 47 | 8% | 8% |
| CCA | \$ 48,101 | \$ 243,563 ^{5. PILs} |
| Closing UCC | \$ 1,154,433 | \$ 4,691,072 |

UCC - Computer Equipment

| CCA Class 45 (45%) | 2006 | 2007 |
|--|------------|------------------------------|
| Opening UCC | \$ - | \$ 115,077 |
| Capital Additions Hardware | \$ 70,943 | \$ - |
| Capital Additions Software | \$ 77,543 | \$ 12,374 |
| UCC Before Half Year Rule | \$ 148,486 | \$ 127,451 |
| Half Year Rule (1/2 Additions - Disposals) | \$ 74,243 | \$ 6,187 |
| Reduced UCC | \$ 74,243 | \$ 121,264 |
| CCA Rate Class 45 | 45% | 45% |
| CCA | \$ 33,409 | \$ 54,569 ^{5. PILs} |
| Closing UCC | \$ 115,077 | \$ 72,882 |