

MANAGER'S SUMMARY

HYDRO 2000 INC.

RP-2005-0020 - EDR 2006

EB-2005-0380 - EDR 2006

EB-2007-0539- IRM 2007

IN THE MATTER OF an Application by Hydro 2000 Inc. for Incentive Rate Mechanism Adjustment Model, effective May 1, 2007, in accordance with the Cost of Capital EB –2006-0088 and 2nd Generation Incentive Regulation Mechanism issued December 20,2006 and 2007 EDR Smart Meter Rate Calculation Model issued January 29th, 2007 by the Ontario Energy Board.

1. Introduction

- 1.1 Hydro 2000 Inc. (the “Company”) is a licensed electricity distribution business operating in the Town of Alfred and Plantagenet, under license #ED-2002-0542 with no special conditions in its’ licence.

- 1.2 The Company submits this Application which includes the 2007 Incentive Rate Mechanism Adjustment Model (IMR) Model revised as February 9,2007 and the required documentation to adjust distribution rates effective May 1, 2007 in accordance with the Filing Guidelines issued by the Ontario Energy Board (“Board”) and dated December 20, 2006. It also included 2007 EDR Smart Meter Rate Calculation Model in accordance with the Filing Guidelines issued in Report of the Board on 2nd Generation Incentive Regulation for Ontario’s Electricity Addendum for Smart Metering Rates dated January 29th, 2007.

2. 2007 EDR SMART METER RATE CALCULATION MODEL

The following information summarizes the output of 2007 EDR Smart Meter Rate Calculation Model. Only sheets with information inputs are identified.

- 2.1 Tab 1 LDC information
As per the instructions issued by the Board, *LDC* information related to the application.
- 2.2 Tab 2 Smart Meter Data
On December 15, 2006 Hydro 2000 filed his Smart Meter Implementation Program. It was mentioned that Cooperative Hydro Embrun Inc., Hydro 2000 Inc., Ottawa River Power Corporation and Hawkesbury Hydro are forming a group to share resources and expertise that will mutually benefit everyone. Furthermore based on pricing offered by Elster, the market share that Elster has in the province, the proximity of large neighbouring utilities that have chosen Elster that are currently procuring some metering services, it was decided that the utilities mentioned above will move forward with Elster in 2007.

The Smart Meter Implementation Plan submitted on December 15, 2006 will be modified for a full implementation on 2 years instead of 3 years

2007- Implementation Meter Program with Elster involving 560 residential and 10 commercial installation of meters, collectors, communications, software modification to CIS system, Web/telephone interactive system and requirements to the connection of MDM/R.

2008 – full implementation with the installation of remaining 570 residential and 20 commercial meters and all testing and configuration of all software for full operation when ready. Testing for billing with smart meters compare to conventional billing.

2009 – If ready **Billing on time of use with smart meters.**

A. Smart Meter Unit Cost

Based on pricing By Elster each meter is \$95.00			
Year	Meter Installed	Unit Cost \$	Total Cost \$
2007	570	95	54,150.00
2008	590	95	56,050.00
Meter unit cost Cell C17		95	

B. Smart Meter Other Unit Cost

<p>4 Alpha Meter Collectors will be install in 2007 at \$820.00/each. Those collectors will gathered all the meter reads for residential, commercial less and over 50kW.</p> <p>2 Alpha Meter Collectors will be install in 2008 to complete the full network.</p>			
Year	Alpha Meter Collector	Unit Cost \$	Total Cost \$
2007	4	820	3,280.00
2008	2	820	1,640.00
<p>10 Alpha Commercial Meters \$600.00/each will be install in 2007 for the commercial class less 50kW.</p> <p>Remaining 15 Alpha commercial meters will be install in 2008.</p>			
Year	Alpha Commercial Less 50kW	Unit Cost \$	Total Cost \$
2007	10	600	6,000.00
2008	15	600	9,000.00
Total	1130		19,920.00
Total divided by 1130 customers Cell C20			17.63

C. Smart Meter Installation Cost

Hydro 2000 assumes that the cost for installation per meter for residential and commercial less 50kW will be \$30.00			
Year	Meter Installed	Unit Cost \$	Total Cost \$
2007	570	30	17,100.00
2008	590	30	17,700.00
Meter unit cost Cell C23		30	

D. Smart Meter Other Installation Cost

A project manager will be assigned for the implementation and coordination of the full deployment of smart meter installation and related duties.			
Year	Project Manager	Unit Cost \$	Total Cost \$
2007	1	5000	5,000.00
2008	1	5000	5,000.00
Residential upgrade Installation for A Base Adaptor \$39.00 + 1 hour installation at \$45.00			
Year	Alpha Commercial Over 50kW	Unit Cost \$	Total Cost \$
2007	5	74	370.00
2008	10	74	740.00
Commercial upgrade Installation \$300.00/each.			
Year	Alpha Commercial Over 50kW	Unit Cost \$	Total Cost \$
2007	10	300	3,000.00
2008	15	300	4,500.00
Total	1130		18,610.00
Total divided by 1130 customers Cell C20			16.47

E. AMI Computer Hardware Capital Cost

<p>As mention in our filing of December 15th, 2006, four LDC already form a group to minimize the cost for the implementation of smart meters. The group is form of Ottawa River Power Corporation, Cooperative Hydro Embrun Inc., Hawkesbury Hydro and Hydro 2000 Inc. other LDCs may joint the group after. Capital cost estimated to \$10,000.00.</p>			
Year	Partners #	Unit Cost \$	Total Cost \$
2007	4	10,000	2,500.00
Total AMI hardware capital cost Cell D34			2,500.00

F. AMI Computer Software Capital Cost

<p>As mention above the capital cost for software will be split between partners. Capital cost estimated to \$65,000.00.</p>			
Year	Partners #	Unit Cost \$	Total Cost \$
2007	4	65,000	16,250.00
Total AMI software capital cost Cell D37			16,250.00

G. Other Computer Hardware Capital Cost

<p>No other computer hardware Capital cost expenses are planned at this moment. Capital cost estimated to \$0.00.</p>			
Year	Partners #	Unit Cost \$	Total Cost \$
2007	4	0	-
Total Other hardware capital cost Cell D44			0.00

H. Other Computer Software Capital Cost

Cost related to software modification for smart meter implementation project.		
Year	Description	Total Cost \$
2007	CIS Software modification	20,000.00
2007	Web/Telephone Response System	10,000.00
2007	Project Manager	5,000.00
2007	Elster licensing	580.00
Total Other software capital cost Cell D47		35,580.00

I. AMI Incremental Operational Expenses

An estimated cost of \$10,000 per year for cost charges for the MDM/R operations.			
Year		Unit Cost \$	Total Cost \$
2007		0	-
2008		10,000	10,000.00
2009		10,000	10,000.00
2010		10,000	10,000.00
Total AMI Incremental Op. Exp. Cell E54-F54-G54			10,000.00

J. AMI Incremental Admin Exp.

No AMI Admin expenses are planned at this moment.			
Year		Unit Cost \$	Total Cost \$
2007		0	-
2008		0	-
2009		0	-
2010		0	-
Total AMI Incremental Ad. Exp. Cell E57-F57-G57			0.00

K. Other Incremental Operational Expenses

Phone lines expenses			
Year	Total Number Phone Lines	Unit Cost \$	Total Cost \$
2007	4	60/per month	2,880.00
2008	4	60/per month	2,880.00
2009	4	60/per month	2,880.00
2010	4	60/per month	2,880.00
Elster support software			
Year	Partners Numbers	Unit Cost \$	Total Cost \$
2007	4	14,000	3,500.00
2008	4	14,000	3,500.00
2009	4	14,000	3,500.00
2010	4	14,000	3,500.00
Total Per Year			6,380.00
Total Other Incremental O&M Cell D64-E64-F64-G64			3,500.00

2.3 Tab 3 LDC Assumptions and Data
 ALL 2006 EDR Information was extracted and inserted into the sheet.

2.4 Tab 4 Smart Meter Data t Meter Rate Calculation
 No input required. Result calculation of Smart meter rate adder of \$1.74 to enter in 2007 IRM Model sheet "4 2006 Smart Meter information" in cells F17-thru F32 (as required).

2.5 Tab 5 PILS
No input required.

2.6 Tab 6 SM Avg. Net Fixed Assets & UCC
No input required.

Signed this 8th day of February, 2007 at Alfred by:

René Beaulne (Bone)
Manager/Ceo
Hydro 2000 Inc.