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**SMART METER FUNDING ADDER**

**1.0 INTRODUCTION**

Hydro One Distribution is applying for a Smart Meter Funding Adder for 2010 of \$2.17 and for 2011 of \$4.45 per metered customer per month following the Board’s G-2008-0002 *Guideline for Smart Meter Funding and Cost Recovery* issued October 22, 2008. This new Smart Meter Funding Adder replaces the Board-approved Smart Meter Rate Adder of \$1.65 per metered customer per month. This funding adder is based on the in-service additions of \$142.7 million for 2009, \$143.0 million for 2010 and \$61.9 million for 2011. The capital expenditure for 2010 is \$103.1 million and \$44.4 million for 2011. Capital and operation, maintenance and administration expenditures are related to the installation of Smart Meters.

As outlined in Exhibit D1, Tab 1, Schedule 1, at the end of 2008, Hydro One had exceeded 50% penetration of smart meters within its service area. As a result, in keeping with OEB Guideline G-2008-002 Smart Meter Funding and Cost Recovery, in this cost of service application, Hydro One is requesting that costs for all smart meters installed as of December 31, 2008 be included in ongoing operations and placed into rate base on January 1<sup>st</sup>, 2010. Consequently, \$92.0 million of smart meter in-service additions are not included in the calculation of the Smart Meter Funding Adder for 2010 and 2011.

Hydro One Distribution does not expect to incur costs associated with functions which the SME has exclusive authority to carry out. There are no costs associated with stranded meters in 2010 or 2011. There are no changes to the ancillary systems from what was previously defined as minimum functionality.

1     **2.0     SMART METER PROGRAM**

2  
3     On June 23, 2004, the Minister of Energy issued a directive to the Ontario Energy Board  
4     that established targets for the installation of smart meters for all Ontario customers.  
5     Hydro One Distribution's share, based on its proportionate share of customers in the  
6     Province, was 240,000 customers by the end of 2007 and all 1.2 million customers by the  
7     end of 2010. The cumulative number of meters that have been installed as of year-end  
8     2008 is 706,450 meters. The planned installation for 2009 is an additional 370,000 smart  
9     meters. In 2010 we plan to install 115,000 smart meters in locations that are feasible  
10    using current technology. This will complete meter installations except for normal growth  
11    and service changes.

12  
13    Hydro One Distribution is accountable for owning and installing the smart meters,  
14    collecting customer metering data over a telecommunications network ("AMRC" and  
15    "WAN") to a computer application ("AMCC"), passing daily hourly consumption data to  
16    the data warehouse of the IESO (which has been appointed as the Smart Meter Entity -  
17    "MDMR"), and receiving the time-of use data back for customer billing purposes.

18  
19    Hydro One Distribution's plan for the deployment of smart meters has been developed to  
20    ensure the highest long term value for customers. Our strategy and operating principles  
21    seek to protect the investment from early obsolescence, while at the same time  
22    recognizing and balancing the inherent risks associated with new technology and large  
23    projects. Accordingly, Hydro One Distribution's smart metering plan is to deploy a  
24    solution that meets the Ministry of Energy's requirements and is an enabler for other  
25    business processes and transformations.

26  
27    Hydro One Distribution has previously provided to the Board its smart meter plans (EB-  
28    2006-0246), where it outlined its assessment of minimum functionality and the required  
29    architecture; its procurement process and contracts with vendors; updated plans for smart

1 meter deployment; risk assessment and mitigation plans; and the associated costs.  
2 Detailed evidence describing this work was filed in the EB-2007-0063, EB-2007-0681  
3 and EB-2008-0187 proceedings.

### 4 5 **3.0 CAPITAL EXPENDITURES**

6  
7 The Smart Meter Funding Adders for 2010 of \$2.17 and for 2011 of \$4.45 per metered  
8 customer per month are predicated on Hydro One Distribution's capital spending  
9 requirement of \$103.1 million for 2010 and \$44.4 million for 2011 and also reflect  
10 activities which are mainly associated with the minimal elements. These activities, which  
11 account for \$77.0 million of the \$103.1 million in 2010 and \$19.0 million of the \$44.4  
12 million in 2011, include the following work:

- 13 • Installing an additional 115,000 residential smart meters where feasible with current  
14 technology;
- 15 • Begin to install smart meters for >50kW customers starting where Measurement  
16 Canada field trips are required and then ramping up to 1,875 in 2010 and 3,000 in  
17 2011.
- 18 • Building and expanding the advanced metering regional collector ("AMRC") and  
19 repeaters, and underlying networks to accommodate all meters coming on- stream;  
20 and
- 21 • Commissioning and placing into service, hardware and software for the advanced  
22 metering control computers ("AMCC") to enable them to communicate and transmit  
23 quality meter data to and from the meter data management and meter data repository  
24 (MDM/R) and the Company's CIS.

25  
26 There is \$26.1 million of incremental functionality activities included in the \$103.1  
27 million capital spend in 2010, and \$25.4 million of incremental functionality activities  
28 included in the \$44.4 million capital spend in 2011. The associated activities include

1 ensuring the effective use of the smart meters to provide time-differentiated billing to  
2 customers as well as providing Hydro One Distribution the ability to leverage its AMI  
3 system for other business benefits. Specific activities include:

- 4
- 5 • Upgrades to our CIS system to provide for Time of Use billing and related required  
6 settlement changes. This aspect of the Smart Meter program is rooted in the  
7 government's desire and directive to create a conservation culture where time of use  
8 rates are an integral part;
- 9 • Integration of the end to end systems including business process redesign and  
10 optimizing the handling of transactions and exceptions. This integration ties the AMI  
11 systems with the IESO's MDMR and Hydro One Distribution's CIS system to  
12 provide ongoing synchronization functionality as well as to enable the collection of  
13 time differentiated consumption data required for TOU billing; and
- 14 • Integration of super capacitors in meters and batteries in the regional collectors  
15 (AMRC) that enable real time outage reporting after and during power outages.

16

17 The full business plan justification for incremental functionality was provided in detail as  
18 part of the EB-2007-0681 proceeding in Exhibit D1, Tab 3, Schedule 2, pages 27 to 29.

19

20 Table 1 provides annual Capital dollar expenditures.

21

22 **4.0 OPERATION, MAINTENANCE & ADMINISTRATION (OM&A)**

23

24 The total operating, maintenance and administration expenditures are \$15.4 million in  
25 each of 2010 and 2011. These figures include \$7.6 million in 2010 and \$8.0 million in  
26 2011 of costs that meet minimal functionality requirements. These OM&A  
27 expenditures will be focused on:

- 28 • Maintaining and operating hardware, software and software licenses;

- 1 • Telecommunication charges associated with operating the Local Area Networks and  
 2 Wide Area Network;
- 3 • Maintaining smart meters that have been placed into service since 2009;
- 4 There are planned OM&A expenditures of \$7.8 million in 2010 and \$7.4 million in 2011  
 5 that exceed minimum functionality specifications. These OM&A expenditures will be  
 6 focused on:
- 7 • Managing, developing and implementing business process redesign, change  
 8 management (including staff training) and customer communication related work; and
- 9 • Responding to higher customer inquiries pre- and post-installation of smart meters on  
 10 customer premises and the implementation of TOU rates.
- 11 • Maintaining the changes required to the CIS system (new processes, workflow and  
 12 tariffs) and the systems and interfaces necessary to integrate to the AMCC and the  
 13 IESO's meter data management and repository (MDM/R).

14

15 Table 1 provides monthly OM&A and capital expenditures in 2010. Table 2 provides  
 16 OM&A and capital expenditures per month, per meter in 2010. Table 3 provides  
 17 monthly OM&A and capital expenditures in 2011. As all smart meters will be installed  
 18 by year end 2010, a table cannot be provided showing expenditures per meter in 2011.

19

20 **Table 1 – 2010 Number of Meters Installed, Capital Expenditures (\$000) and OM&A**  
 21 **(\$000) per month**

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
#of Meters Installed	10000	10000	10000	12000	12000	12000	12000	12000	12000	6000	4000	3000	115,000
All Meter Installations	7005	7005	7005	8406	8406	8406	8406	8406	8406	4203	2802	2102	80,562 <sup>1</sup>
MDM/R Integration	1471	1471	1471	1765	1765	1765	1765	1765	1765	883	588	441	16,918 <sup>2</sup>
Customer Information System	491	491	491	589	589	589	589	589	589	295	196	147	5,646 <sup>2</sup>
OM&A	1339	1339	1339	1607	1607	1607	1607	1607	1607	804	536	402	15,403 <sup>3</sup>

22 <sup>1</sup> \$80.6 M= \$77.0M (Minimum Functionality) + \$3.6 M (exceeding Minimum Functionality).

23 <sup>2</sup> These elements exceeds Minimum Functionality

24 <sup>3</sup> \$15.4M = \$7.6M (Minimum Functionality) + \$7.8M (exceeding Minimum Functionality)

1 **Table 2 – 2010 Capital Expenditures and OM&A per month per meter (\$)**

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
All Meter Installations	\$700.54	\$700.54	\$700.54	\$700.54	\$700.54	\$700.54	\$700.54	\$700.54	\$700.54	\$700.54	\$700.54	\$700.54	\$700.54
MDM/R Integration	\$147.11	\$147.11	\$147.11	\$147.11	\$147.11	\$147.11	\$147.11	\$147.11	\$147.11	\$147.11	\$147.11	\$147.11	\$147.11
Customer Information System	\$49.10	\$49.10	\$49.10	\$49.10	\$49.10	\$49.10	\$49.10	\$49.10	\$49.10	\$49.10	\$49.10	\$49.10	\$49.10
OM&A	\$133.94	\$133.94	\$133.94	\$133.94	\$133.94	\$133.94	\$133.94	\$133.94	\$133.94	\$133.94	\$133.94	\$133.94	\$133.94

2

3 **Table 3 – 2011 Number of Meters Installed, Capital Expenditures (\$000) and OM&A**  
 4 **(\$000) per month**

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Number of Meters Installed	0	0	0	0	0	0	0	0	0	0	0	0	0
All Meter Installations	3,158	1,916	1,818	1,942	1,028	1,027	1,637	882	874	1,521	781	1,296	17,879 <sup>1</sup>
AMI Infrastructure												1,506	1,506 <sup>2</sup>
MDM/R Integration	2,490	2,251	2,462	1,396	776	779	476	345	319	106	22	18	11,440 <sup>3</sup>
WiMax	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128	1,128	13,540 <sup>3</sup>
OM&A	1,446	1,420	1,443	1,330	1,265	1,265	1,233	1,219	1,217	1,194	1,185	1,185	15,402 <sup>4</sup>

5

6 <sup>1</sup> \$17.9 M= \$17.5M (Minimum Functionality) + \$0.4 M (exceeding Minimum Functionality).

7

8 <sup>2</sup> This element meets Minimum Functionality.

8

9 <sup>3</sup> This element exceeds Minimum Functionality

9

10 <sup>4</sup> \$15.4 = \$8.0M (Minimum Functionality) + \$7.4M (exceeding Minimum Functionality)

10

## 11 **5.0 SMART METER FUNDING ADDER CALCULATION**

12

### 13 **5.0.1 OVERVIEW**

14

15 The following output sheets from the model applied by Hydro One Distribution to  
 16 determine the 2010 Smart Meter Funding Adder of \$2.17 and the 2011 Smart Meter  
 17 Funding Adder of \$4.45 per metered customer per month are included as Appendices to  
 18 this Exhibit:

19

1           **Appendix A “Smart Meter Costs”** lists the in-service additions and OM&A  
2 costs as well as the cost of capital assumptions, the associated interest rates and  
3 the tax rates used for the calculations.

4  
5           **Appendix B “Smart Meter Revenue Requirement Calculation 2010 and**  
6 **2011”** provides the detailed calculation of such.

7  
8           **Appendix C “PILs Calculation 2010/2011”** provides the detailed calculation of  
9 such.

10  
11           **Appendix D “Smart Meter Average Net Fixed Assets 2010/2011”** provides the  
12 detailed calculation of such.

13  
14           **Appendix E “Smart Meters UCC for PILs Calculation”** provides the detailed  
15 calculation of such.

16  
17 The model output has also been electronically submitted to the Board under separate  
18 cover.

19  
20 **5.0.2 METHODOLOGY AND ASSUMPTIONS FOR CALCULATION OF**  
21 **FUNDING ADDER**

22  
23 The methodology applied to determine the 2010 Smart Meter Funding Adder of \$2.17  
24 and the 2011 Smart Meter Funding Adder of \$4.45 per metered customer per month is  
25 consistent with that applied to determine the 2009 approved Smart Meter rate adder of  
26 \$1.65 per metered customer per month, which is currently in effect and will be replaced  
27 by the new funding adder when approved.

1 The 2010 Smart Meter Funding Adder of \$2.17 per metered customer per month recovers  
2 the return on in-service Smart Meter program capital in 2009 of \$142.7 million and 2010  
3 of \$143 million and the related 2010 OM&A of \$15.4 million. The 2011 Smart Meter  
4 Funding adder of \$4.45 per metered customer per month recovers the return on the  
5 aforementioned in-service capital plus the 2011 amount of \$61.7 million and the related  
6 2011 OM&A of \$15.4 million.

7

8 Note that as outlined in Exhibit D1, Tab 1, Schedule 1, at the end of 2008, Hydro One  
9 had exceeded 50% penetration of smart meters within its service area. As a result, in  
10 keeping with OEB Guideline G-2008-002 Smart Meter Funding and Cost Recovery, in  
11 this cost of service application, Hydro One is requesting that costs for all smart meters  
12 installed as of December 31, 2008 be included in ongoing operations and placed into rate  
13 base on January 1<sup>st</sup>, 2010. Consequently, \$92.0 million of smart meter in-service  
14 additions are not included in the calculation of the Smart Meter Funding Adder for 2010  
15 and 2011.

16

17 The cost of capital assumptions, the associated interest rates and the tax rates applied to  
18 determine the smart meter funding adder are consistent with Exhibit B2, Tab 1, Schedule  
19 1.

1 **Appendix A**

**Smart Meter Costs**

**EDR Data Information**

	<b>2010</b>	<b>2011</b>
Third-party long-term debt	52.7%	52.7%
Deemed long-term debt	3.3%	3.3%
Short-term debt	4.0%	4.0%
Deemed Equity	40.0%	40.0%
Third-party long-term debt rate	5.72%	5.71%
Deemed long-term debt rate	5.72%	5.71%
Short-term debt rate	1.19%	2.76%
Return on Equity	8.11%	9.09%
<b>Weighted Average Cost of Capital</b>	<b>6.49%</b>	<b>6.95%</b>

**Tax Rate**

Corporate Income Tax Rate	31.00%	28.25%
Capital Tax Rate	0.075%	0.000%

**Capital Data:**

	1-Jan-09 to 31-Dec-09	1-Jan-10 to 31-Dec-10	1-Jan-11 to 31-Dec-11
Smart meter including installation	\$ 100,213,528	\$ 100,450,278	\$ 51,155,228
Tools and Equipment (Work force management)		\$ -	\$ -
Computer Hardware Costs		\$ -	\$ -
Computer Software	\$ 42,472,472	\$ 42,572,811	\$ 10,531,959
<b>Total Capital Costs</b>	<b>\$ 142,686,000</b>	<b>\$ 143,023,089</b>	<b>\$ 61,687,187</b>

**LDC Amortization Policy:**

Smart Meter Amortization Rate	\$ 15	Years
Tools and Equipment (Work force management)	\$ 5	Years
Computer Hardware Amortization Rate	\$ 5	Years
Computer Software Amortization Rate	\$ 10	Years

**Operating Expense Data:**

	1-Jan-10 to 31-Dec-10	1-Jan-11 to 31-Dec-11
OM&A Expenses	\$ 15,403,000	\$ 15,402,000
<b>Total Incremental Operating Expense</b>	<b>\$ 15,403,000</b>	<b>\$ 15,402,000</b>

1 **Appendix B**

<b>Smart Meter Revenue Requirement Calculation 2010</b>			
<b>Average Asset Values</b>		<b>31-Dec-10</b>	
Net Fixed Assets Smart Meters	\$	142,079,417	
Net Fixed Assets Tools and Equipment	\$	-	
Net Fixed Assets Computer Hardware	\$	-	
Net Fixed Assets Computer Software	\$	58,386,086	
<b>Total Net Fixed Assets</b>	<b>\$</b>	<b>200,465,503</b>	<b>\$ 200,465,503</b>
<b>Working Capital</b>			
Operation Expense	\$	15,403,000	
12.1% Working Capital (note 1)	\$	1,867,371	\$ 1,867,371
<b>Smart Meters included in Rate Base</b>			<b>\$ 202,332,874</b>
<b>Return on Rate Base</b>			
Third-party long-term debt	52.7%	\$	106,675,744
Deemed long-term debt	3.3%	\$	6,630,665
Short-term debt	4.0%	\$	8,093,315
Deemed Equity	40.0%	\$	80,933,150
			<b>\$ 202,332,874</b>
Third-party long-term debt rate	5.72%	\$	6,098,589
Deemed long-term debt rate	5.72%	\$	379,071
Short-term debt rate	1.19%	\$	96,310
Return on Equity	8.11%	\$	6,563,678
<b>Return on Rate Base</b>		<b>\$</b>	<b>13,137,649</b> <b>\$ 13,137,649</b>
<b>Operating Expenses</b>			
Operating Expenses			<b>\$ 15,403,000</b>

1 **Appendix B (continued)**

<b>Amortization Expenses</b>		
Amortization Expenses - Smart Meters	\$	10,034,259
Amortization Expenses - Tools and equipment	\$	-
Amortization Expenses - Computer Hardware	\$	-
Amortization Expenses - Computer Software	\$	6,449,379
<b>Total Amortization Expenses</b>		<b>\$ 16,483,638</b>
<b>Revenue Requirement Before PILs</b>		<b>\$ 45,024,287</b>
<b>Calculation of Taxable Income</b>		
Operating Expenses	-\$	15,403,000
Depreciation Expenses	-\$	16,483,638
Interest Expense	-\$	6,573,971
<b>Taxable Income For PILs</b>		<b>\$ 6,563,678</b>
<b>Grossed up PILs</b>	-\$	13,837,518
Revenue Requirement Before PILs	\$	45,024,287
Grossed up PILs	-\$	13,837,518
<b>Revenue Requirement for Smart Meters</b>		<b>\$ 31,186,769</b>
<b>Net Revenue Requirement for 2010</b>		<b>\$ 31,186,769</b>
Average customer #		1,195,542
Rate Adder per month per metered customer		\$2.17
Note 1: Working capital % is derived from calculated working capital over OMA & cost of power		

2

1 **Appendix B (continued)**

<b>Smart Meter Revenue Requirement Calculation 2011</b>			
<b>Average Asset Values</b>		<b>31-Dec-11</b>	
Net Fixed Assets Smart Meters	\$	205,319,889	
Net Fixed Assets Tools and Equipment	\$	-	
Net Fixed Assets Computer Hardware	\$	-	
Net Fixed Assets Computer Software	\$	77,146,170	
<b>Total Net Fixed Assets</b>	<b>\$</b>	<b>282,466,059</b>	<b>\$ 282,466,059</b>
<b>Working Capital</b>			
Operation Expense	\$	15,402,000	
12.3% Working Capital (note 1)	\$	1,894,470	\$ 1,894,470
<b>Smart Meters included in Rate Base</b>			<b>\$ 284,360,529</b>
<b>Return on Rate Base</b>			
Third-party long-term debt	52.7%	\$	149,923,097
Deemed long-term debt	3.3%	\$	9,318,800
Short-term debt	4.0%	\$	11,374,421
Deemed Equity	40.0%	\$	113,744,212
			<b>\$ 284,360,529</b>
Third-party long-term debt rate	5.71%	\$	8,566,535
Deemed long-term debt rate	5.71%	\$	532,472
Short-term debt rate	2.76%	\$	313,934
Return on Equity	9.09%	\$	10,339,349
<b>Return on Rate Base</b>		<b>\$</b>	<b>19,752,290</b> \$ 19,752,290
<b>Operating Expenses</b>			
Operating Expenses			<b>\$ 15,402,000</b>

2

1 **Appendix B (continued)**

<b>Amortization Expenses</b>	
Amortization Expenses - Smart Meters	\$ 15,090,303
Amortization Expenses - Tools and equipment	\$ -
Amortization Expenses - Computer Hardware	\$ -
Amortization Expenses - Computer Software	\$ 9,135,223
<b>Total Amortization Expenses</b>	<b>\$ 24,225,526</b>
<b>Revenue Requirement Before PILs</b>	<b>\$ 59,379,816</b>
<b>Calculation of Taxable Income</b>	
Operating Expenses	-\$ 15,402,000
Depreciation Expenses	-\$ 24,225,526
Interest Expense	-\$ 9,412,941
<b>Taxable Income For PILs</b>	<b>\$ 10,339,349</b>
<b>Grossed up PILs</b>	<b>\$ 4,904,837</b>
Revenue Requirement Before PILs	\$ 59,379,816
Grossed up PILs	\$ 4,904,837
<b>Revenue Requirement for Smart Meters</b>	<b>\$ 64,284,653</b>
<b>Net Revenue Requirement for 2011</b>	<b>\$ 64,284,653</b>
Average customer #	1,204,335
Rate Adder per month per metered customer	\$4.45
Note 1: Working capital % is derived from calculated working capital over OMA & cost of power	

2

1 **Appendix C**

<b>PILs Calculation 2010/2011</b>					
	31-Dec-10		31-Dec-11		
<b>INCOME TAX</b>					
Net Income	\$	6,563,678	\$	10,339,349	
Amortization	\$	16,483,638	\$	24,225,526	
CCA - Class 47 (8%) Smart Meters	-\$	11,714,410	-\$	16,841,478	
CCA - Class 8 (20%) Tools and Equipment	\$	-	\$	-	
CCA - Class 45 (45%) Computers					
CCA - Class 12 (100%) Computers Software	-\$	42,572,811	-\$	5,265,979	
Change in taxable income	-\$	31,239,904	\$	12,457,418	
Tax Rate		31.00%		28.25%	
Income Taxes Payable	-\$	9,684,370	\$	3,519,221	
<b>ONTARIO CAPITAL TAX</b>					
Smart Meters	\$	187,287,426	\$	223,352,351	
Tools and Equipment	\$	-	\$	-	
Computer Hardware	\$	-	\$	-	
Computer Software	\$	76,447,802	\$	77,844,538	
Rate Base	\$	263,735,228	\$	301,196,889	
Less: Exemption	\$	-	\$	-	
Deemed Taxable Capital	\$	263,735,228	\$	301,196,889	
Ontario Capital Tax Rate		0.075%		0.000%	
Net Amount (Taxable Capital x Rate)	\$	197,801	\$	-	
<b>Gross Up 2010</b>					
	PILs Payable		Gross Up	Grossed Up PILs	
Change in Income Taxes Payable	-\$	9,684,370	31.00%	-\$	14,035,319
Change in OCT	\$	197,801		\$	197,801
PIL's	-\$	9,486,569		-\$	13,837,518
<b>Gross Up 2011</b>					
	PILs Payable		Gross Up	Grossed Up PILs	
Change in Income Taxes Payable	\$	3,519,221	28.25%	\$	4,904,837
Change in OCT	\$	-		\$	-
PIL's	\$	3,519,221		\$	4,904,837

1 **Appendix D**

<b>Smart Meter Average Net Fixed Assets 2010/2011</b>			
<b>Net Fixed Assets - Smart Meters</b>	<b>31-Dec-09</b>	<b>31-Dec-10</b>	<b>31-Dec-11</b>
Opening Capital Investment	\$ -	\$ 100,213,528	\$ 200,663,806
Capital Investment Year 1	\$ 100,213,528		
Capital Investment Year 2		\$ 100,450,278	
Capital Investment Subsequent Years			\$ 51,155,228
Closing Capital Investment	\$ 100,213,528	\$ 200,663,806	\$ 251,819,034
Opening Accumulated Amortization	\$ -	\$ 3,342,121	\$ 13,376,380
Amortization Year 1 (15 Years Straight Line)	\$ 3,342,121	\$ 6,684,242	\$ 13,384,276
Amortization Subsequent Years		\$ 3,350,017	\$ 1,706,027
Closing Accumulated Amortization	\$ 3,342,121	\$ 13,376,380	\$ 28,466,683
Opening Net Fixed Assets	\$ -	\$ 96,871,407	\$ 187,287,426
Closing Net Fixed Assets	\$ 96,871,407	\$ 187,287,426	\$ 223,352,351
Average Net Fixed Assets	\$ 48,435,704	\$ 142,079,417	\$ 205,319,889
<b>Net Fixed Assets - Tools and Equipment</b>	<b>31-Dec-09</b>	<b>31-Dec-10</b>	<b>31-Dec-11</b>
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (10 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Subsequent Years		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

1 **Appendix D (continued)**

<b>Net Fixed Assets - Computer Hardware</b>	31-Dec-09	31-Dec-10	31-Dec-11
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Subsequent Years		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -
<b>Net Fixed Assets - Computer Software</b>	31-Dec-09	31-Dec-10	31-Dec-11
Opening Capital Investment	\$ -	\$ 42,472,472	\$ 85,045,283
Capital Investment Year 1	\$ 42,472,472		
Capital Investment Year 2		\$ 42,572,811	
Capital Investment Subsequent Years			\$ 10,531,959
Closing Capital Investment	\$ 42,472,472	\$ 85,045,283	\$ 95,577,241
Opening Accumulated Amortization	\$ -	\$ 2,148,101	\$ 8,597,481
Amortization Year 1 (10 Years Straight Line)	\$ 2,148,101	\$ 4,296,203	\$ 8,602,555
Amortization Subsequent Years		\$ 2,153,176	\$ 532,668
Closing Accumulated Amortization	\$ 2,148,101	\$ 8,597,481	\$ 17,732,704
Opening Net Fixed Assets	\$ -	\$ 40,324,370	\$ 76,447,802
Closing Net Fixed Assets	\$ 40,324,370	\$ 76,447,802	\$ 77,844,538
Average Net Fixed Assets	\$ 20,162,185	\$ 58,386,086	\$ 77,146,170
<b>Total Assets</b>			
Total Fixed Assets	\$ 142,686,000	\$ 285,709,089	\$ 347,396,276
Total Accumulated Amortization	\$ 5,490,223	\$ 21,973,861	\$ 46,199,387
Closing Net Fixed Assets	\$ 137,195,777	\$ 263,735,228	\$ 301,196,889

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1 **Appendix E**

<b>Smart Meter UCC For PILs Calculation</b>				
<b>UCC - Smart Meters</b>				
CCA Class 47 (8%)		31-Dec-09	31-Dec-10	31-Dec-11
Opening UCC	\$	-	\$ 96,204,987	\$ 184,940,855
Capital Additions	\$	100,213,528	\$ 100,450,278	\$ 51,155,228
UCC Before Half Year Rule	\$	100,213,528	\$ 196,655,265	\$ 236,096,083
Half Year Rule (1/2 Additions - Disposals)	\$	50,106,764	\$ 50,225,139	\$ 25,577,614
Reduced UCC	\$	50,106,764	\$ 146,430,126	\$ 210,518,469
CCA Rate Class 47		8%	8%	8%
CCA	\$	4,008,541	\$ 11,714,410	\$ 16,841,478
Closing UCC	\$	96,204,987	\$ 184,940,855	\$ 219,254,606
<b>UCC - Tools and Equipment</b>				
CCA Class 8 (20%)		31-Dec-09	31-Dec-10	31-Dec-11
Opening UCC	\$	-	\$ -	\$ -
Capital Additions	\$	-	\$ -	\$ -
UCC Before Half Year Rule	\$	-	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$	-	\$ -	\$ -
Reduced UCC	\$	-	\$ -	\$ -
CCA Rate Class 8		20%	20%	20%
CCA	\$	-	\$ -	\$ -
Closing UCC	\$	-	\$ -	\$ -
<b>UCC - Computer Equipment</b>				
CCA Class 45 (45%)		31-Dec-09	31-Dec-10	31-Dec-11
Opening UCC	\$	-	\$ -	\$ -
Capital Additions Hardware	\$	-	\$ -	\$ -
Capital Additions Software				
UCC Before Half Year Rule	\$	-	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$	-	\$ -	\$ -
Reduced UCC	\$	-	\$ -	\$ -
CCA Rate Class 45		55%	55%	55%
CCA	\$	-	\$ -	\$ -
Closing UCC	\$	-	\$ -	\$ -
<b>UCC - Computer Software</b>				
CCA Class 12 (100%)		31-Dec-09	31-Dec-10	31-Dec-11
Opening UCC	\$	-	\$ -	\$ -
Capital Additions Hardware				
Capital Additions Software	\$	42,472,472	\$ 42,572,811	\$ 10,531,959
UCC Before Half Year Rule	\$	42,472,472	\$ 42,572,811	\$ 10,531,959
Half Year Rule (1/2 Additions - Disposals) Note 1	\$	-	\$ -	\$ 5,265,979
Reduced UCC	\$	42,472,472	\$ 42,572,811	\$ 5,265,979
CCA Rate Class 12		100%	100%	100%
CCA	\$	42,472,472	\$ 42,572,811	\$ 5,265,979
Closing UCC	\$	-	\$ -	\$ 5,265,979

Note 1: Accelerated Capital Cost Allowance: the federal budget will provide a temporary 100% accelerated CCA rate for eligible computers and software acquired after January 27, 2009 and before February 1, 2011. Since the half year rule will not apply, the full cost of eligible computers and software can be deducted in the year that the assets are available for use.