

1 **Q. PUB 18.0 NP**

2
3 **Meters (Pooled), \$1,100,000, p. 19 of 65**

4 **Although the average cost of meters has decreased considerably since 2002, the**
5 **average cost included in the 2007 Capital Budget is \$120, or 51.9% higher than the**
6 **anticipated average cost in 2006. Please provide an explanation of this variance.**
7

8 A. The average unit cost of meters varies from year to year depending on the type and
9 quantity of meters purchased such as domestic and demand meters.
10

11 As shown in Volume I, Schedule B, Page 20 of 65, Table 3 the quantity of energy only
12 domestic meters purchased in 2004 to 2006 increased substantially as a result of
13 inspections carried out for GRO's/CSO's under the *Electricity and Gas Inspection Act*
14 *(Canada)*. The results of these inspections required entire batches of energy only
15 domestic meters to be replaced. Energy only domestic meters have a lower average cost
16 than other types of meters thus reducing the average unit cost per meter in 2004 to 2006.
17

18 In 2007, the Company anticipates that the number of meters replaced under
19 GRO's/CSO's will return to the levels experienced prior to 2004. Therefore, the
20 proportion of lower cost energy only domestic meters will be reduced in the total number
21 of meters purchased, increasing the average unit cost of meters.