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April 30, 2009

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street 26<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Attention: Kirsten Walli, Board Secretary

**Re: 2008 Annual Smart Meter Report**

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As part of Hydro Ottawa Limited's ("Hydro Ottawa") 2008 Electricity Distribution Rate Application (EB-2007-0713) Settlement Proposal, which was accepted by the Ontario Energy Board ("Board") on January 24, 2008, Hydro Ottawa agreed to submit an annual smart meter report on its spending related to the Province's Smart Meter Initiative ("SMI") for 2008, 2009 and 2010. The report for each year was to be filed by April 30th of the subsequent year. Please find attached the 2008 Annual Smart Meter Report. A copy of the report has been sent to intervenors of record for EB-2007-0713.

If you have any questions, please contact the undersigned at [lynneanderson@hydroottawa.com](mailto:lynneanderson@hydroottawa.com) or 613-738-5499 ext 527.

Yours truly,

(Original signed by)

Lynne Anderson  
Chief Regulatory Affairs & Government Relations Officer  
Hydro Ottawa



## **2008 ANNUAL SMART METER REPORT**

As part of Hydro Ottawa Limited's ("Hydro Ottawa") 2008 Electricity Distribution Rate Application (EB-2007-0713) Settlement Proposal, which was accepted by the Ontario Energy Board ("Board") on January 24, 2008, Hydro Ottawa agreed to submit an annual Smart Meter report on its spending related to the Province's Smart Meter Initiative ("SMI") for 2008, 2009 and 2010. The report for each year was to be filed with the Board and served on the other parties by April 30<sup>th</sup> of the subsequent year<sup>1</sup>.

### **1.0 SMART METER INVESTMENT PLAN**

Hydro Ottawa's implementation of the SMI remains on track. As of December 31, 2008, 241,471 residential, 16,760 small commercial and 1,465 demand type meters have been installed. Table 1 illustrates the actual deployment results for 2006, 2007 and 2008.

**Table 1 – Number of Meters Installed Each Calendar Year<sup>2</sup>**

	<b>2006 # meters</b>	<b>2007 # meters</b>	<b>2008 # meters</b>	<b>Total # Meters</b>
Residential	96,628	70,932	73,911	241,471
G.S.<50kW	765	5,695	10,300	16,760
G.S.>50kW	235	137	1,093	1,465
Total	97,628	76,764	85,304	259,696

Hydro Ottawa continues to find efficiencies in the implementation costs of the advanced metering infrastructure ("AMI"). By working closely with vendors and the Coalition of Large Distributors ("CLD") preferential and volume pricing opportunities are being maximized.

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<sup>1</sup> EB-2007-0713, Hydro Ottawa Limited Settlement Proposal, Issue 6.1

<sup>2</sup> At year-end 2008 Hydro Ottawa had a total of 291,639 metered customers.



Hydro Ottawa's 2008 Smart Meter capital and operations, maintenance and administration ("OM&A") expenses were funded through a rate adder. The sections below detail Hydro Ottawa's actual capital and OM&A spending for 2008.

## 2.0 CAPITAL EXPENDITURES

Table 2 provides the 2006, 2007 and 2008 Actual capital expenditures for Smart Meters.

**Table 2 – Capital Spending by Calendar Year<sup>3</sup>**

	<b>2006 Actual \$000</b>	<b>2007 Actual \$000</b>	<b>2008 Actual \$000</b>
Total Year Spend	\$16,430	\$11,358	\$14,575
Total Capital Spend	\$16,430	\$27,788	\$42,363

Hydro Ottawa's plan has been to have a large portion of the meters converted by the time that Time-of-Use ("TOU") billing is implemented; therefore, the capital expenditures are higher in the first three years of the implementation than will be seen in the subsequent years. Furthermore, the strategy has been to complete the installations for all of the newer parts of the service area first where there are few inside meters or meter bases requiring modifications. Now that work has transitioned to the older neighbourhoods, the pace of implementation has slowed.

## 3.0 OM&A EXPENDITURES

Table 3 summarizes the Actual OM&A costs for the calendar year 2008. The OM&A account grouping is shown in brackets for each cost.

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<sup>3</sup> Includes work on customer-owned equipment.



**Table 3 – Actual Operating Expenses for the 2008 Calendar Year**

	<b>2008 Actual \$</b>
Labour and benefits (O&M)	\$177,903
Call Centre costs (Community Relations)	0
Training / Change Management Cost (Administration)	400
Miscellaneous Administration (Administration)	39,292
Telephony / Data Communications (O&M)	368,440
Customer Communications (Administration)	52,896
IT maintenance contracts/software (Administration)	76,680
Total	\$715,611

Included in Hydro Ottawa's 2008 Smart Meter rate adder were OM&A costs of \$740,018, very close to the actual amount spent. These costs were incremental to the OM&A included in Hydro Ottawa's 2008 cost of service application. As part of the 2007 EDR Application, Hydro Ottawa included costs to implement TOU billing. However, this did not occur in 2007 or 2008. Hydro Ottawa continues to use the Smart Meter variance accounts to track differences between actual and forecast amounts, with accrued interest.

#### **4.0 STRANDED METERS**

Hydro Ottawa continues to track the removal of meters in 2008 as the Smart Meters are installed. Pursuant to Hydro Ottawa's settlement agreement, these stranded meters are being depreciated over a 6-year period. Table 4 shows the change in the Stranded Meter account<sup>4</sup> in 2008.

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<sup>4</sup> Recorded in a subaccount of Account 1555.



**Table 4 – 2008 Stranded Meter Activity**

	<b>2008 Actual \$</b>
2008 Opening Balance	\$9,135,307
Disposal of stranded meters	5,913,575
Proceeds from of scrap meters	(72,494)
Stranded Meter Depreciation	(2,025,752)
2008 Closing balance	\$12,950,636