

Board staff Interrogatories
Utility-specific Smart Meter Funding Adder
Atikokan Hydro Inc. ("Atikokan")
EB-2010-0185

1. Ref: Application, pg. 6

In its application Atikokan stated that "... as of September 30, 2009, 96% of Smart Meters have been installed, and 100% will be installed by Q3 Of [sic] 2010".

- a. Please provide statistics on:
 - i. smart meters actually deployed as of December 31, 2009;
 - ii. costs, showing:
 - I. capital costs;
 - II. one-time operating expenses; and
 - III. ongoing operating expenses as of December 31, 2009for smart meters deployed as of December 31, 2009.
- b. Please update the smart meter model to represent the smart meter deployment and costs as of December 31, 2009.
- c. Please explain any delays in achieving full deployment in 2009.

2. Ref: Application, pg. 7

As stated in the Guideline G-2008-0002: Smart Meter Funding and Cost Recovery, the Board recognizes that significant smart meter related costs may accrue during the term of an IRM plan. A distributor that has achieved at least 50% of smart meters within its service area may seek cost recovery by way of the disposition of the balance in its smart meter related deferral accounts.¹

- a. Given the extent of deployment of its smart meters, please state why Atikokan did not consider filing a smart meter cost recovery application?
- b. The Smart Meter Funding Adder is a tool designed to provide advance funding and thus to mitigate the anticipated rate impact of smart meter costs when recovery of those costs is approved by the Board. Given that in Atikokan's case, 96% of Smart Meters have already been installed, please explain why further advance funding is required and why Atikokan believes that the smart meter funding adder is an appropriate alternative to seeking disposition of actual and audited costs for installed smart meters, in accordance with Guideline G-2008-0002.

¹ G-2008-0002, Guideline: Smart Meter Funding and Cost Recovery, October 22, 2008, p. 13

3. Ref: Application, pp. 5-6

Atikokan states that “[It] participated as a working member of the Northwestern buying group of five distributors, which together purchased the same type of smart meter technology and support services”.

- a. Please explain what operational efficiencies are expected and/or have been explored by the Applicant and the other members of the Northwestern buying group.
- b. Please describe further the support services that Atikokan will be receiving as part of being a working member of the Northwestern buying group.
- c. Please provide the terms of reference, including one-time and incremental costs, for contracting CIS services from Thunder Bay Hydro.
- d. What other options did the Applicant consider when contracting for CIS services related to Smart Meters?
- e. Did Atikokan prepare a business case for managing its own billing system including all related smart meter and AMI system costs?
 - i. If yes, please provide the business case.
 - ii. If, not, please estimate the cost for managing the billing system on its own after deploying smart meters.

4. Ref: Application, pg. 5, Table 1

In Table 1 - Summary of Smart Meter Revenue Requirement and Smart Meter Funding Adder Calculation, Atikokan provided two scenarios for calculating the Smart Meter Funding Adder. In calculating scenario 1 the applicant used a timeframe of 22 month. Please recalculate scenario 1 using a timeframes of:

- a. 34 months (i.e. a sunset of April 30, 2013); and
- b. 46 months (i.e. a sunset of April 30, 2014).

5. Ref: Smart Meter Spreadsheet, Sheet 2

- a. Please provide a break down of the 2009 operating expenses of \$33,841 identified for AMI interface to CIS; and
- b. Please provide a break down of the 2009 operating expenses of \$30,389 identified for Professional Fees.
- c. Please provide a break down of the estimated operating costs of \$44,536 for 2009, and \$42,559 for each of 2010 and 2011 for Wide Area Network costs.
- d. For each of the 2009, 2010 and 2011 estimated operating costs, please provide a breakdown between:
 - i. one-time; and
 - ii. on-going;operating expenses. Please provide further details on each of these types of costs.

6. Ref: Smart Meter Expenses, Sheet 2

Atikokan shows estimated operating expenses for the Wide Area Network of \$42,559 for each of 2010 and 2011. Based on 1679 meter customers, this works out to $\$42,559/1679 = \25.34 per metered customer per year, or \$2.11 per month.

- a. Please provide details on the services provided for this incremental amount of \$2.11 per month per metered customer.
- b. Please provide any information that Atikokan has about the ongoing operating expenses per month per metered customer for smart meters and smart meter-related services for other Ontario distributors or for distributors elsewhere where smart meters have been deployed. Please explain how Atikokan's costs compare to other comparator utilities.

7. Ref: Application, pg. 5

On page 5 of its application, Atikokan stated that “the budgeted costs were determined with the aid of Util-Assist, Atikokan Hydro’s consultant on the Smart Metering Procurement and Implementation process”.

- a. Please provide the terms of reference and estimated costs for these consultation services for the purpose of filing this application.
- b. Has Atikokan factored these costs into the costs to be recovered as part of its smart meter costs through either the increased smart meter funding adder or as part of disposition of smart meter costs in a subsequent application?
- c. If Atikokan has factored these consultation costs in the costs in this application, please identify where these costs are included.
- d. If Atikokan has not factored in the consultation costs related to this application, how is Atikokan proposing that these costs be recovered from ratepayers?

8. Ref: Application, pp. 5-6

Atikokan states:

In order to reduce the cost of installing smart meters in Atikokan, Atikokan Hydro participated as a working member of the Northwestern buying group of 5 distributors which together purchased the same type of smart meter technology and support services. As Thunder Bay Hydro was the biggest distributor in the group, one of the critical requirements for the smart meter technology purchased by the group was it had to be compatible with the Thunder Bay Hydro billing system. Atikokan Hydro did not have the same billing system as Thunder Bay Hydro. As a result, with the installation of smart meters Atikokan Hydro moved to the same billing system as Thunder Bay Hydro by

contracting CIS services from Thunder Bay Hydro. For Atikokan Hydro, this somewhat decreased the value of being part the Northwestern buying group but Atikokan Hydro believes other factors have contributed to increase the value of being in the group such as: accessing AMI services on a shared basis rather than on a stand alone basis; synergy in various future efforts such as moving to TOU rates. All of the CIS improvements and updates will be done on one system but shared with 5 LDCs.

- a. Are the computer hardware and software costs identified in this application related to Atikokan's own costs for converting to the same billing system as Thunder Bay Hydro, or do they represent Atikokan Hydro's share of costs for the Thunder Bay Hydro CIS and billing system? Please support your response with a full explanation.
- b. If yes, please describe any or all savings or avoided costs related to replacing Atikokan's current CIS and billing system.
- c. Please provide the actual or estimated conversion date to Thunder Bay Hydro's billing system (i.e. when Atikokan Hydro's bills will be prepared using the Thunder Bay's CIS and billing system, as opposed to Atikokan Hydro's existing CIS and billing systems).