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May 2, 2011

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

Attention: Kirsten Walli, Board Secretary

Re: 2010 Annual Smart Meter Report

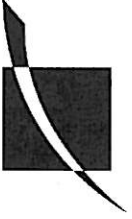
As part of Hydro Ottawa Limited's ("Hydro Ottawa") 2008 Electricity Distribution Rate Application (EB-2007-0713) Settlement Proposal, which was accepted by the Ontario Energy Board (the "Board") on January 24, 2008, Hydro Ottawa agreed to submit an annual Smart Meter report on its spending related to 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 2010 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 janescott@hydroottawa.com or 613-738-5499 ext 7499.

Yours truly,

A handwritten signature in black ink, appearing to read 'J Scott'.

Jane Scott
Manager, Rates and Revenue
Hydro Ottawa Limited



2010 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 (the "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 of the subsequent year¹.

1.0 SMART METER INVESTMENT PLAN

Hydro Ottawa continued to work on the SMI implementation in 2010. As of December 31, 2010, total installed meters were 272,907 residential, 23,044 general service < 50kW and 3,231 general service > 50kW. Table 1 illustrates the actual deployment results for 2006 to 2010.

Table 1 – Number of Meters Installed Each Calendar Year²

	2006 # meters	2007 # meters	2008 # meters	2009 # meters	2010 # meters	Total # Meters
Residential	96,628	70,932	73,911	26,516	4,920	272,907
G.S.<50kW	765	5,695	10,300	5,066	1,218	23,044
G.S.>50kW	235	137	1,093	874	892	3,231
Total	97,628	76,764	85,304	32,456	7,030	299,182

Hydro Ottawa's 2010 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 2010.

¹ EB-2007-0713, Hydro Ottawa Limited Settlement Proposal, Issue 6.1

² At year-end 2010 Hydro Ottawa had a total of 300,664 metered customers.



It should be noted that the number of installed meters for residential and general service < 50kW totaling 295,951 is 294 higher than the 295,657 meters reported in the original December 31, 2010 quarterly report. This was due to an error in the quarterly report. As a result, the December 31, 2010 quarterly report amount shall be revised.

2.0 CAPITAL ADDITIONS

Table 2 provides the 2006 to 2010 actual capital additions for Smart Meters.

Table 2 – Capital Additions by Calendar Year³

	2006 Actual \$000	2007 Actual \$000	2008 Actual \$000	2009 Actual \$000	2010 Actual \$000
Total Year Spend	\$16,430	\$11,390	\$14,572	\$7,106	\$5,990
Total Capital Spend	\$16,430	\$27,820	\$42,392	\$49,498	\$55,488

Hydro Ottawa's mass deployment of smart meters is now complete. Work continues on the installation of meters at individual locations that could not be accessed during the mass deployment. This is a significantly slower process.

In 2010, Hydro Ottawa continued to work on fundamental process changes as per the recommendation of the Independent Electricity System Operator for large distribution companies, to send meter data in midnight to midnight blocks in order to not adversely impact the performance of Meter Data Management and Repository ("MDM/R"). Hydro Ottawa did not proceed beyond the initial stage of its ramp up pending the completion of the changes. In addition, due to the number of metering exception received from the provincial MDM/R, an upgrade is required to existing head-end Advanced Metering Infrastructure in order to proceed beyond the initial registration. Additional efforts are also required to develop the related business processes and provide staff training.

³ The numbers for 2007 and 2008 reflect a small revision from Hydro Ottawa's 2008 Smart Meter Report. The 2007 did not include the capital from a new capital project related to web presentation. The 2008 number was based on capital expenditures, not capital additions. Capital Additions are net of changes in construction of progress i.e. when the asset is capitalized. The title of Table 2 has been amended to clarify that this is Capital Additions.



OM&A EXPENSES

Table 3 summarizes the OM&A costs for the calendar year 2010. The OM&A account grouping for the Uniform System of Accounts is shown in brackets for each cost.

Table 3 – Operating Expenses for the 2010 Calendar Year

	2010 Actual \$
Labour and benefits (O&M)	\$544,096
Outside Services (O&M)	46,042
Training / Change Management Cost (Administration)	2,132
Miscellaneous Administration (Administration)	10,757
Telephony / Data Communications (O&M)	409,354
Customer Communications (Administration)	139,701
IT maintenance contracts/software (Administration)	637,760
Allocations to Capital (O&M)	(98,952)
Total	\$1,690,890

This OM&A spending was lower than the amount forecast for the rate adder approved as part of the 2010 IRM Application. This is due to the delay of proceeding beyond the initial stage of ramp up. Additional process changes and infrastructure upgrades are required before a complete roll out of time-of-use billing. Hydro Ottawa continues to use the Smart Meter variance accounts to track differences between actual and forecast amounts, with accrued interest.

3.0 STRANDED METERS

Hydro Ottawa continued to track the removal of conventional meters in 2010 as Smart Meters are installed. As approved in Hydro Ottawa's 2008 Electricity Distribution Rate



Application, these stranded meters are being depreciated over a 6-year period. Table 4 shows the change in the Stranded Meter account⁴ in 2010.

Table 4 – 2010 Stranded Meter Activity

	2010 Actual \$
2010 Opening Balance	\$11,758,035
Additional stranded meters	138,826
Proceeds from scrap meters	(5,509)
Stranded Meter Depreciation	(3,038,628)
2010 Closing Balance	\$8,852,725

⁴ Recorded in a subaccount of Account 1555.