



April 3, 2012

VIA MAIL and E-MAIL

**Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto, ON
M4P 1E4**

Dear Ms. Walli:

**RE: Orangeville Hydro Limited
Board File EB-2012-0039
2012 Smart Meter Cost Recovery Application
Response to VECC Interrogatories**

Orangeville Hydro Limited is submitting responses to the VECC Interrogatories filed in this matter.

An electronic copy of the application (pdf, and model in excel) will be submitted through the OEB e-Filing services, two hard copies via courier and delivered by email to the intervenor.

If you have any further questions, please do not hesitate to contact me.

Respectfully submitted,

Yours truly,

ORANGEVILLE HYDRO LIMITED

George Dick,
President

on behalf of Jan Howard
Manager of Finance & Rates

EB-2012-0039

ONTARIO ENERGY BOARD

IN THE MATTER OF

the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), as amended;

AND IN THE MATTER OF an Application by
Orangeville Hydro Limited (Orangeville Hydro) for an order or orders
approving or fixing just and reasonable
distribution rates to be effective May 1, 2012 to reflect the
recovery of costs for deployed smart meters.

Information Requests of the Vulnerable Energy Consumers Coalition (VECC)

VECC Question # 1

Reference: Manager's Summary, 2. Collaboration of LDCs, Page 5

Preamble: Orangeville Hydro indicates the cost benefit of the services agreement was reviewed and renewed in January Of 2010.

- a) Please provide a summary of the cost benefit of the services agreement with Util-Assist Inc.

Response

- a) In the fall of 2009 CHEC member LDC's were moving forward with the final stages of Smart Meter Implementation. At that time the CHEC LDC's were in various stages of the smart meter plan and the General Project Management Contract was due for renewal. In order to ensure value for both money and performance a sub-committee was established to review the following components:

- Performance
- Contract term
- Price evaluation (market value comparisons)
- Impacts and cost of changing Project Management

Based on the review and feedback from the sub-committee on the aforementioned components, the CHEC members agreed that renewal of the contract with Util-Assist would be most prudent.

VECC Question # 2

Reference: Manager’s Summary, 3. Status of Implementation of Smart Meters, Page 6

Preamble: Orangeville Hydro has installed a total of 11,105 smart meters as of December 31, 2011, which represents 100% of total meters.

- a) Please provide the average cost per meter by year and customer class on a total cost basis (capex + opex) and capex only.
- b) Please discuss any variances (>10%) in average costs per year.

Response

- a) Please see the tables below showing the average cost per meter by year on a total cost basis as well as on a capital expenditures basis. Orangeville did not track costs separately on a customer class basis, therefore is unable to provide the requested information by customer class.

Average Cost Per Meter By Year on a Total Cost Basis			
Year	Total Number of Meters Installed	Total Capital and OM&A Costs	Average Cost Per Meter
2007-2009	287	\$ 354,671	\$ 1,236
2010	10,087	\$ 1,120,622	\$ 111
2011	731	\$ 565,722	\$ 774
2012	115	\$ 199,684	\$ 1,736
Total	11,220	\$ 2,240,699	\$ 200

Average Cost Per Meter By Year on a Capital Cost Basis			
Year	Total Number of Meters Installed	Total Capital Costs	Average Cost Per Meter
2007-2009	287	\$ 352,213	\$ 1,227
2010	10,087	\$ 1,079,642	\$ 107
2011	731	\$ 486,577	\$ 666
2012	115	\$ 48,796	\$ 424
Total	11,220	\$ 1,967,228	\$ 175

- b) Please find below the explanation of any significant variances from year to year within Capital and Operating expenses.

In 2009, meters were purchased for \$107k, as well as one of two Flexnet Collectors (Orangeville) was purchased for \$130k.

In 2010, meters were purchased for a total of \$842k. Contractor installation of the meters, and the Workforce Management system cost \$91k.

In 2011, new meters were purchased for \$303k. The second flexnet collector (Grand Valley) was purchased for \$52k.

In 2012, there is expected to be a web presentment cost of \$16k, and a cost for bill print modifications required for Time-of-use of \$23k. There is also a forecasted expense of \$66k for WAN costs. Also in 2012, \$20k was forecasted for maintenance of the ODS, and \$30k for Sync Operator costs.

VECC Question # 3

Reference: Manager's Summary, 6.2 Meter Deployment, Page 8

Preamble: The evidence indicates that shortly after Trilliant was selected as the winning proponent, Olameter acquired Trilliant resulting in Olameter providing the deployment services. The impact of this ownership change was evaluated and based on the existing relationship between Olameter and the LDCs and their performance in the industry, awarding the contract was deemed appropriate.

- a) Please discuss the impact of this ownership change on pricing, schedules and total costs.

Response

- a) No impact to the deployment unit costs resulted from the change to Olameter from Trilliant, as Olameter agreed to the Trilliant pricing. Trilliant was awarded the contract in mid-December, 2008. Olameter announced the merger of Trilliant and Olameter in mid-January, 2009.**

VECC Question # 4

Reference: Manager's Summary, 6.2 Meter Deployment, Page 8

Preamble: In 2011, Orangeville installed the remaining general service meters and the residential meters that include new customers as well as the more difficult installations such as meters located inside the customer's premises.

- a) What percentage of meter installations are difficult installations (by customer class).
- b) Please provide a cost comparison of standard meter installations with difficult installations (by customer class).

Response

- a) Orangeville classifies difficult installations as: appointments required to access meter, safety issues, hazardous conditions, electrical re-work required by a qualified contractor, more time consuming meter change-outs, and transformer rated metering. Unfortunately Orangeville does not track the specific number of meter installations that are difficult installations, and therefore cannot provide the percentage by customer class.
- b) Orangeville does not have a standard costing method for standard versus difficult meter installations. There are many variables that may take place in these situations. We may have been able to complete these installations during operating hours, with non-incremental labour. We may have needed to hire a contractor to assist with the installation, which will increase the costs substantially. Finally, the costs to install a residential meter are generally less than the installation of a General Service Less than 50 kW meter.

VECC Question # 5

Reference: Manager’s Summary, 3. Status of Implementation of Smart Meters, Page 6

- a) Please summarize the types of meters installed for each rate class.
- b) Please complete the following table to show the average installed cost per meter type.

Class	Type of Meter	Quantity	Meter Cost	Installation	Installed Cost	Average Cost
Residential						
GS<50 kW						

- c) Please discuss if internal staffing resources were used to install any meters.
- d) Please provide a breakdown of incremental internal resources for the deployment of smart meters including positions (contract vs. permanent), cost and work functions.

Response

- a) Please see the answer to b).
- b) Please see the attached table below. Orangeville has provided an average cost per meter. The actual purchase price changes when recording new meter purchases, depending on when the meter was purchased, and taking into

account that the conversion to U.S. dollars impacts the total meter cost. The costs and quantity of the meters shown below includes meters purchased only up to the end of 2011, and does not include 2012 costs or quantity. Orangeville is not able to accurately determine the actual installation costs for these meters. All non-incremental installation costs were not tracked as it was not required to include non-incremental costs in the smart meter variance account. The non-incremental costs included staff labour during regular hours, as shown in c). Only incremental and contractor costs were included in the smart meter variance account.

Class	Type of Meter	Quantity	Average Meter Cost	Meter Cost per Meter Type
Residential	A3TL-3S	4	\$ 607	\$ 2,426
	iNA1	84	\$ 224	\$ 18,801
	iNA2	542	\$ 183	\$ 98,965
	iSA1	925	\$ 98	\$ 90,349
	iSA2	8,465	\$ 85	\$ 718,738
	KV2c-16SEN	1	\$ 425	\$ 425
Total Residential				\$ 929,703
GS<50kW	A3TL-3S	34	\$ 607	\$ 20,623
	A3TL-5S	4	\$ 624	\$ 2,495
	iNA2	47	\$ 183	\$ 8,582
	iSA1	55	\$ 98	\$ 5,372
	iSA2	304	\$ 85	\$ 25,812
	iSA2-Bi	1	\$ 74	\$ 74
	KV2c-12S24	4	\$ 403	\$ 1,612
	KV2c-12SEN	38	\$ 855	\$ 32,497
	KV2c-16SEN	531	\$ 425	\$ 225,608
	KV2c-9SSEN	66	\$ 425	\$ 28,041
Total GS<50 kW				\$ 350,715
Total		11,105		\$ 1,280,418

c) Internal staff were used for meter installations. Internal staff completed installations for difficult access issues, and if the installation contractor tried to contact the customer but failed. Some business meters were installed outside of normal operating hours, and also for transformer rated services where a metering contractor and Orangeville employee needed to be onsite for installation. Only internal time spent outside of regular working hours were recorded as incremental. Contractor costs were separate from the internal incremental costs.

- d) **The internal staff that completed the meter installations were permanent linemen and engineering staff. The total incremental labour and truck time posted to the smart meter variance account for installations was \$5,036. Orangeville also used a contractor for installation of the transformer-rated meter types, whose costs were recorded separately.**

VECC Question # 6

Reference: Manager's Summary, 9. Integration with MDM/R, Page 12

Preamble: The first time-of-use bills were mailed to customers on October 18, 2011.

- a) As of this date, what percentage of eligible customers are receiving time-of-use bills?

Response

- a) **Orangeville began using time-of-use (TOU) readings for billing as of August 25, 2011. Orangeville Hydro has four cycles, and as the customers were billed, they changed from RPP to TOU billing. On October 18, 2011, the first TOU bills were sent to customers. As of October 31, 2011, 99% of eligible customers were receiving TOU bills.**

VECC Question # 7

Reference: Manager's Summary, 12. Web Presentment, Page 12

Preamble: Harris was chosen as the software provider in the delivery of web presentment to its customer base. Orangeville expects to implement this process live in January 2012.

- a) Please provide an update on implementing this process.

Response

- a) **Web Presentment went live for customers to access their bills in February 2012. Customers can now log onto Orangeville Hydro's website and see details of their consumption from the prior day.**

VECC Question # 8

Reference: Manager's Summary, 13. Annual Security Audit, Page 13

Preamble: Orangeville indicates with the mass deployment of AMI systems, security of the AMI network is critical. Orangeville has forecasted 2012 costs for a security audit

between their Customer Information System (CIS) and Operational Data Storage System (ODS).

- a) Please provide: the status of the selection of the audit partner and the in-depth security review at one participating utility that has the Sensus solution; the commencement date of the annual security audit for Orangeville Hydro; and Orangeville's forecasted 2012 costs for a security audit.

Response

- a) **Orangeville has not yet entered into the RFP process for the annual security audit. Collectively we will work with CHEC members and Util-assist to complete an RFP process. An exact date has yet to be determined. The actual budgeted amount forecasted in 2012 for this security audit is \$8,500.00.**

VECC Question # 9

Reference 1: Smart Meter Model (V2_17)

Preamble: Orangeville Hydro completed the Smart Meter Model provided by the OEB and used the data to arrive at the proposed Smart Meter Incremental Rate Rider and the proposed Smart Meter Disposition Rate Rider.

Reference 2: Board Guideline G-2011-0001, Smart Meter Funding and Cost Recovery – Final Disposition, dated December 15, 2011, Page 19

Preamble: The Guideline states, "The Board views that, where practical and where data is available, class specific SMDRs should be calculated on full cost causality."

- a) Please complete a separate smart meter revenue requirement model by rate class.
- b) Please recast the Tables on pages 20 to 24 by customer class based on customer class cost causality as per part (a).
- c) Please provide a table that summarizes the total Smart Meter Rate Adder Revenue collected by customer class.

Response

- a) **Orangeville does not have the data available to complete the smart meter revenue requirement model by rate class. In accordance with the G-2008-0002 guidelines, accounts 1555 and 1556 were established to track the capital and OM&A costs associated with the Smart Meter project. Costs though were not set up by the impacted customer classes (Residential and GS<50). Meter change outs to smart meters were determined by the existing metering**

configuration and service requirement (transformer rated, polyphase, etc.). Service requirement does not correlate to a specific rate class, example, we have GS<50 customers with a “residential” meter configuration and Residential customers with a “GS<50” meter configuration. As we did not categorize nor track the capital and OM&A costs to a service location installation, providing costs separately by rate class is not feasible.

b) See response to part a). The tables referenced in the question have been updated per OEB IR#11.

c) Please see the table below for the total Smart Meter Rate Adder Revenue collected by Customer Class.

Year	Total Smart Meter Adder	Residential	General Service Less than 50kW	General Service Greater than 50kW
2006	\$ 20,898	\$ 18,599	\$ 2,090	\$ 209
2007	\$ 34,961	\$ 31,115	\$ 3,496	\$ 350
2008	\$ 35,907	\$ 31,957	\$ 3,591	\$ 359
2009	\$ 108,352	\$ 96,433	\$ 10,835	\$ 1,084
2010	\$ 135,083	\$ 120,223	\$ 13,508	\$ 1,351
2011	\$ 198,571	\$ 176,728	\$ 19,857	\$ 1,986
2012	\$ 92,000	\$ 81,880	\$ 9,200	\$ 920
Total	\$ 625,771	\$ 556,936	\$ 62,577	\$ 6,258

VECC Question # 10

Reference: Board Guideline G-2011-0001, Smart Meter Funding and Cost Recovery – Final Disposition, dated December 15, 2011, Cost Beyond Minimum Functionality, Page 17

Preamble: The Guideline indicates that costs for TOU rate implementation, CIS upgrades, web presentation, etc. may be recoverable and that in its application a distributor should show how these costs are required for its smart meter deployment program and how they are incremental to the distributor’s normal operating costs. Sheet 2 of the Smart Meter Model shows audited costs under Capital Costs Beyond Minimum Functionality (category 1.6.3) & OM&A Costs Beyond Minimum Functionality (category 2.6.3).

a) Please demonstrate how these costs are incremental to normal operating costs.

Response

- a) Orangeville incurred \$72,233 in capital costs (1.6.3) and \$37,887 in operating costs (2.6.3) in 2010 and 2011. These costs included the following types of expenses:
- Education provided to the customers on the changes from the two tiered pricing system to TOU
 - Assistance with MDMR integration testing
 - Upgrades and patch application to the CIS system for TOU changes
 - Sync Operator costs to send daily synchronization files to the MDMR and handle any resulting exceptions
 - Additional staff training
 - TOU Meeting expenses
 - AS2 hosting – which includes sending billing requests/responses, meter data exchanges directly from the ODS, and receipt of daily data collection, billing, and VE reports

These costs would not have been incurred if the TOU rate structure and guidelines had not been implemented.

VECC Question # 11

Reference: Board Guideline G-2011-0001, Smart Meter Funding and Cost Recovery – Final Disposition, dated December 15, 2011, Page 19

Preamble: The Guidelines state, “The Board also expects that a distributor will provide evidence on any operational efficiencies and cost savings that result from smart meter implementation.”

- a) Please summarize Orangeville Hydro’s operational efficiencies and cost savings.

Response

- a) Throughout the smart meter infrastructure implementation, Orangeville worked in collaboration with 12 other LDC’s as members of the CHEC Group in the development of project plans, RFP’s and contract evaluations. Economies of scale were attained throughout this process and costs were kept to a minimum. Shared costs in legal opinions, joint meetings, asset procurement, training and development of best business practices assisted Orangeville in keeping costs at a minimum. In addition, Orangeville is a member of Utility Collaborative Services Inc. a billing co-operative which has enabled us to share resources and set up our CIS system using a common standards approach. CIS software modification costs are shared amongst the members vs. a 100% cost to the LDC. Orangeville was also able to work with other Sensus LDCs across the province in the development of the security

audit. Rather than each LDC retaining individual audit firms, a shared RFP and procurement process was designed and implemented resulting in considerable savings to each LDC.

Another area of savings is the elimination of manual meter readings, which is a savings of approximately \$5,000.00 per month. These costs have been eliminated for Residential and General Service less than 50 kW customers.