



Sioux Lookout Hydro Inc.
P.O. Box 908, 25 Fifth Ave.
Sioux Lookout, ON P8T 1B3
Tel: (807)737-3800
Fax: (807)737-2832
Email: slhydro@tbaytel.net

June 27, 2012

Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

**Re: Response to VECC Interrogatories; Sioux Lookout Hydro Inc.
Application for Recovery of Costs Related to Smart Meter Deployment
Board File No. EB-2012-0245**

Dear Ms. Walli:

This letter acknowledges receipt of the Vulnerable Energy Consumers Coalition (VECC) Interrogatories dated June 13, 2012. Sioux Lookout Hydro Inc. submits two (2) paper copies of its responses to the VECC's Interrogatories.

An electronic copy has been submitted through the OEB's RESS on-line filing system, and via email to all intervenors.

If you have any further questions, please do not hesitate to contact me at (807)737-3800 or via email at dkulchyski@tbaytel.net.

Sincerely,

Deanne Kulchyski
President/CEO

Encl/



**Response to VECC Interrogatories
Application for 2012 Smart Meter Cost Recovery effective
September 1, 2012
Board File Number EB-2012-0245**

Interrogatory

Question # 1

Reference: Application, Page 2

Preamble: Sioux Lookout indicates it expected to implement Time-of-use (TOU) billing in June 2011. The actual implementation was delayed until September 2011.

- a) Please explain the nature of the delay.
- b) Please discuss any significant opportunities and challenges Sioux Lookout experienced and the resulting impact on the deployment of smart meters.

Response

- a) The delay was due to technical issues with our billing system, Sungard HTE, relating to billing programming.
- b) The challenges related to the implementation of the TOU billing were technical in nature. Being a part of the Northwest Group enabled SLHI to have access to IT personnel that would otherwise not have been available to us without hiring additional staff.

Interrogatory

Question # 2

Reference: Application, Page 2

Preamble: On Page 2, the application states:

"The Northwest Group contracted with Kinetiq Canada Ltd. (Kinetiq) to prove that the Elster automated metering infrastructure (AMI) system was meeting the provincial standard, to integrate the AMI data with the meter data management repository (MDM/R), to reconcile the meter data sent to the MDM/R matched the data received back to the utility, and finally to automate business processes so as to avoid increasing staffing in the Billing Department."



- a) Please summarize the incremental employee costs related to smart meter deployment. Please identify the positions, contract type (permanent vs. temporary, part-time vs. full-time), length of employment and work activities.
- b) Please discuss if Sioux Lookout's internal staff installed any residential or general service smart meters and how these costs are reflected in the current application.

Response

- a) The incremental costs related to smart meter deployment were the contract with Olameter to provide the installation of the smart meters. They supplied one worker to install all residential and GS < 50 smart meters. The total cost of this was \$36,802.85. The contract commenced in May 2009 and was complete by November 2009. There were no other incremental employee costs
- b) Any installations done by internal staff were expensed as incurred and not included in the smart meter variance accounts, and therefore not reflected in the current application.

Interrogatory

Question # 3

Reference: Application, Page 2, Program Status

- a) Please summarize the types of meters installed for each rate class.
- b) Please complete the following table to show average costs based on meter type. Please provide a description of "Other Costs".

[illegible]



Response

a) The types of meters installed each rate class are summarized below:

Residential	GS < 50 kW
REX2 –2S	A3 – 3S
REX2 – 3S	A3 – 16S
REX2- 12S	A3 – 9S
REX2 – 1S	REX2 –2S
	REX2 – 3S
	REX2- 12S

b) SLHI did not segregate the costs by class, but can provide consolidated data taken from the Smart Meter Model, sheet 2, 1.1.1 and 1.1.12. See the table below:

Class	Type of Meter	Quantity	Meter Cost	Average Meter Cost	Installation Cost	Average Installation Cost	Other Costs	Average Other Costs	Total Average Cost
Residential & GS<50 kW		A	B	B/A	C	C/A	D	D/A	
	As listed in a)	2706	\$351,163	\$129.78	\$73,137	\$27.03	n/a	n/a	\$156.81
Total									

Interrogatory

Question # 4

Reference: Application, Page 3

Preamble: *Sioux Lookout is seeking true-up costs related to the 2,675 smart meters installed since the inception of the smart meter implementation program.*

a) *Please provide a schedule of the capital and OM&A costs by year and the average cost per meter on a total cost basis (capex + opex) and capex only.*

Response

a) See the table below for capital and OM&A costs by year:



	2007	2008	2009	2010	2011	Total 2009 to 2011	Explanation Allocator	ID and Factors	Total	Residential	General Service Less than 50 kW
Revenue Requirement for the Historical Years	\$305.38	\$1,790.66	\$50,552.86	\$148,147.71	\$176,158.58	\$376,955.19					
Total Return on Capital	\$153.00	\$879.00	\$23,370.00	\$45,068.00	\$43,555.00	\$113,025.00	Weighted Meter-Capital	CWMC	100.00%	83.00%	17.00%
						Allocated per Class			\$113,025.00	\$93,810.75	\$19,214.25
Amortization and interest Expense	\$138.00	\$853.00	\$27,154.00	\$55,459.62	\$60,086.09	\$143,690.71	Weighted Meter-Capital	CWMC	100.00%	83.00%	17.00%
						Allocated per Class			\$143,690.71	\$119,263.29	\$24,427.42
Operating Expenses	\$0.00	\$0.00	\$0.00	\$46,835.00	\$69,846.00	\$116,681.00	Number of Smart Meters Installed for each Class		2,706	2,309	397
						Allocated per Class			\$116,681.00	\$99,562.61	\$17,118.39
Grossed-up Taxes/PILs	\$14.31	\$57.90	\$28.84	\$783.95	\$2,670.82	\$3,555.82	Revenue Requirement allocated to each Class before PILs		\$373,396.71	\$312,636.65	\$60,760.06
						Allocated per Class			\$3,555.82	\$2,977.21	\$578.61
									Total	Residential	General Service Less than 50 kW
TOTAL REVENUE REQUIREMENT						\$376,952.53			\$376,952.53	\$315,613.86	\$61,338.67

The costs per meter are indicated in the table below:

	Total Cost per meter – Capex and Opex	Cost per meter – Capex only
Residential	\$136.69	\$92.28
GS < 50kW	\$154.51	\$109.93

Interrogatory

Question # 5

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.”

- Please identify any operational efficiencies and cost savings that Sioux Lookout has experienced or anticipates will result from smart meter implementation. Please quantify any savings.
- Please discuss how any savings are reflected in this application or another application.



Response

- a) SLHI has not yet identified any operational efficiencies other than not requiring any additional billing staff to date. SLHI suspects that any operational efficiencies will be identified over time as the processes are established.
- b) As stated in the answer to a), no operational efficiencies have been identified to date, and therefore not reflected in this application.

Interrogatory

Question # 6

Reference: Application, Page 7

Preamble: Sioux Lookout indicates that the weighted average price per meter is \$141.08 for residential customers and \$168.06 for GS<50 kW customers.

Please provide this calculation.

Response

SLHI discovered an error when recalculating the weighted average price per meter. The revised table is shown below:

	# of meters installed	%	Weighted Avg Price per Meter	Total Meter Costs	%
	A		B	A*B	
Residential	2309	85%	99.17	228,984	66%
Gs < 50 kw	397	15%	296.14	117,568	34%
	2706	100%		346,551	100%

The calculation for the weighted average price per meter for residential is:

=SUMPRODUCT(L16:L19,I16:I19)/I21/I16

Where:

L = total \$ (residential & GS < 50)

I = meter # (residential & GS < 50)

I21 = total # of meters purchased

I16 = Total # of meters purchased to be used for the residential class

The same calculation was used for the GS < 50 class using the # of meters purchased to be used for the GS < 50 class.



Interrogatory

Question # 7

Reference 1: Application, Page 7

Preamble: Sioux Lookout indicates it calculated the rate riders on the cost methodology proposed in PowerStream's application EB-2011-0128.

a) Please confirm how the following costs are allocated to each class in Sioux Lookout's proposed allocation methodology in its application:

- Return
- Amortization
- OM&A expenses
- PILs
- SMFA

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."

- b) Please complete a separate smart meter revenue requirement model by rate class.
- c) Please re-calculate the SMDR & SMIRR rate riders based on full cost causality by rate class.
- d) Please provide a table that summarizes the total Smart Meter Rate Adder Revenue collected by customer class.

Response

- a) Please see the response to Board Staff Interrogatory #10 for SLHI's response.
- b) SLHI updated its SMDR calculations using Guelph Hydro's Model as requested in Board Staff Interrogatory #10. The model is attached as Appendix A.
- c) SLHI is unable to calculate rate riders based on full cost causality by rate class since its costs are not segregated by rate class.



- d) Please see below for a table that summarized the total Smart Meter Rate Adder Revenue collected by customer class updated to revenue collected to June 25, 2012 (excluding interest):

SMFA revenue collected by customer class from May 1, 2006 to June 25, 2012		
Class	\$	%
Residential	217,581.67	84%
GS < 50 kW	36,634.21	14%
GS > 50 kW	4,505.00	2%
Total	258,720.88	100%

APPENDIX A

SIOUX LOOKOUT HYDRO - 2012 SMART METER COST RECOVERY APPLICATION - EB-2012-0245

	2007	2008	2009	2010	2011	Total 2007 to 2011	Explanation Allocator	ID and Factors	Total	Residential	General Service Less than 50 kW
Revenue Requirement for the Historical Years	\$305.38	\$1,790.66	\$50,552.86	\$148,147.71	\$176,158.58	\$376,955.19					
Total Return on Capital	\$153.00	\$879.00	\$23,370.00	\$45,068.00	\$43,555.00	\$113,025.00 Allocated per Class	Weighted Meter - Capital	CWMC	100.00% \$113,025.00	83.00% \$93,810.75	17.00% \$19,214.25
Amortization and interest Expense	\$138.00	\$853.00	\$27,154.00	\$55,460.00	\$60,086.00	\$143,691.00 Allocated per Class	Weighted Meter - Capital	CWMC	100.00% \$143,691.00	83.00% \$119,263.53	17.00% \$24,427.47
Operating Expenses	\$0.00	\$0.00	\$0.00	\$46,835.00	\$69,846.00	\$116,681.00 Allocated per Class	Number of Smart Meters Installed for each Class		2,706 \$116,681.00	2,309 \$99,562.61	397 \$17,118.39
Grossed-up Taxes/PILs	\$14.31	\$57.90	\$28.84	\$783.95	\$2,670.82	\$3,555.82 Allocated per Class	Revenue Requirement allocated to each Class before PILs		\$373,397.00 \$3,555.82	\$312,636.89 \$2,977.21	\$60,760.11 \$578.61
									Total	Residential	General Service Less than 50 kW
TOTAL REVENUE REQUIREMENT						\$376,952.82			\$376,952.82	\$315,614.10	\$61,338.72
						Percentage of costs allocated to Residential and GS < 50 kW customer classes			100.00%	83.73%	16.27%
Revenue Generated from Smart Meter Funding Adder (including interest)						\$265,028.84					
						SMFA Revenues directly attributable to class				84.12%	14.19%
						Residual SMFA revenues (from other metered classes) attributed evenly				0.85%	0.85%
Revenues Generated from SMFA						\$265,028.84	Total				
Net Deferred Revenue Requirement						\$111,923.98					
						Allocated per Class					
						Number of Metered Customers	(2012)				
						Smart Meter Disposition Rate Rider				\$1.63	\$2.37

Smart Meter Funding Adder Revenues		Average Number of customers			Estimated SMFA Revenues			
Year		Residential	GS < 50 kW	Other Metered Customer Classes	Residential	GS < 50 kW	Other Metered Customer Classes	Total
2006 (May 1, 2006)		2,279	407	38	\$ 4,558.00	\$ 814.00	\$ 76.00	\$ 5,448.00
2007		2,296	398	42	\$ 6,888.00	\$ 1,194.00	\$ 126.00	\$ 8,208.00
2008		2,310	396	41	\$ 17,325.00	\$ 2,970.00	\$ 307.50	\$ 20,602.50
2009		2,301	396	40	\$ 27,612.00	\$ 4,752.00	\$ 480.00	\$ 32,844.00
2010		2,303	395	45	\$ 62,825.84	\$ 10,775.60	\$ 1,227.60	\$ 74,829.04
2011		2,313	383	50	\$ 80,769.96	\$ 13,374.36	\$ 1,746.00	\$ 95,890.32
2012 (to April 30, 2012)		2,318	378	53	\$ 26,981.52	\$ 4,399.92	\$ 616.92	\$ 31,998.36
					\$ 226,960.32	\$ 38,279.88	\$ 4,580.02	\$ 269,820.22
					84.12%	14.19%	1.70%	100.00%
					83.73%	16.27%		
Even allocation					50.00%	50.00%		
Allocation of 1.7% to Res and GS < 50 kW					0.849%	0.849%		
					84.96%	15.04%		