



September 6, 2012

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

**Re: Smart Meter Prudence Review Application EB-2012-0198**

Dear Ms. Walli:

Please find enclosed HHI's response to VECC'S interrogatories in respect to the application and evidence submitted by Hydro Hawkesbury Inc. ("HHI") for a Smart Meter Prudence Review Application.

This document is being filed pursuant to the Board's e-Filing Services. In order to reduce the carbon footprint, hard copies of these documents will be provided upon request.

Should there be any questions, please do not hesitate to contact me at; 613-632-6689 or [michelpoulin@hydrohawkesbury.ca](mailto:michelpoulin@hydrohawkesbury.ca)

A handwritten signature in dark red ink, appearing to read "Michel Poulin", with a long, sweeping horizontal line extending to the right.

Yours truly,  
Michel Poulin, General Manager



**PUBLIC INTEREST ADVOCACY CENTRE**  
**LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC**

**ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7**

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: [piac@piac.ca](mailto:piac@piac.ca). <http://www.piac.ca>

Michael Janigan  
Counsel for VECC  
(613) 562-4002 ext. 26

September 06, 2012

**VIA MAIL and E-MAIL**

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

Dear Ms. Walli:

**Re: Vulnerable Energy Consumers Coalition (VECC)**  
**Submission of VECC Interrogatories EB-2012-0198**  
**Hydro Hawkesbury Inc.**

Please find enclosed the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Janigan  
Counsel for VECC  
Encl.

cc: Hydro Hawkesbury Inc.  
Mr. Michel Poulin

**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  
Hydro Hawkesbury Inc. (HHI) for an order or orders  
approving or fixing just and reasonable  
distribution rates to be effective September 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:** Exhibit 1, Tab 1, Schedule 6, Page 3

Preamble: The table on Page 3 shows the number of smart installed for each rate class by year.

- a) Please provide a summary of HHI's incremental internal labour costs included in this application in terms of positions, contract type (permanent vs. temporary, part-time vs. full-time), length of employment and work activities.

**HHI RESPONSE:** HHI did not outsource for the installation of its smart meters, therefore did not record installation costs. All of the smart meters were installed during the normal working hours by our line staff.

**VECC Question # 2**

**Reference:** Exhibit 1, Tab 1, Schedule 8, Page 2

Preamble: The table on Page 2 provides the average meter cost and average installation cost for residential and GS<50 kW customer classes.

- a) Please provide the number of single phase and polyphase smart meters installed by rate class.

**HHI RESPONSE:** Residential Single Phase 4589, polyphase 0.  
GS<50kW Single Phase 374, polyphase 219.

- b) Please explain why the average installation costs for the residential and GS<50 kW customer classes are equal.

**HHI RESPONSE:** A correction to E1,T1, S8 was submitted on the OEB IR'S

Meter	Type of Meter	Quantity	Meter Cost
Residential	Elster	4,803	\$465,935.42
GS<50kW	Elster	578	\$102,765.64
<b>Total</b>		<b>5,381</b>	<b>\$568,701.06</b>

Hence the average cost per meter has changed as shown below.

Class	Type of Meter	Quantity	Meter Cost	Average meter cost	Installation cost	Average Installation cost	Total Average cost
Residential	Elster	4803	465,935.42	97.01	11008.92	2.29	99.30
GS<50kW	Elster	578	102,765.64	177.80	1324.83	2.29	180.09

HHI recorded costs for rings and adapters only as shown in question 4 below. To simplify the allocation these costs were simply calculated as cost per meter installed.

### VECC Question # 3

**Reference:** Exhibit 1, Tab 1, Schedule 10, Page 1

Preamble: The evidence indicates HHI has elected to allocate the SMDR using cost causality methodology and calculating class specific rates.

- a) Please confirm HHI's cost causality methodology.

**HHI RESPONSE:** HHI used the capital costs of the meters purchased by rate class to determine the cost causality consistent with the Powerstream and Guelph Hydro models previously approved by the Board.

### VECC Question # 4

**Reference 1:** Smart Meter Model, 20120716, Sheet 2

- a) Sheet 2 shows smart meter installations in the years 2009 to 2011. Line 1.1.1 shows smart meter costs for the years 2009 to 2011; however, Line 1.1.2 shows smart meter installation costs for 2011 only. Please explain.

**HHI RESPONSE:** Those expenses were incurred in 2011 therefore recorded in 2011. The details of the costs are:

\$857.45 for adapters purchased from Jesstec Industries,  
\$473.00 for meter rings purchased from Cooperative Embrun Hydro and,  
\$11,003.30 for adapters purchased from Brooks Utility Products.

## **VECC Question # 5**

**Reference 1:** Smart Meter Model, 20120716

**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.  
(Please include any revisions to the model resulting from interrogatory responses)

**HHI RESPONSE:** HHI has appended and used the Guelph Hydro model for determining cost per rate class which has been the accepted methodology of the Board.

- b) Please re-calculate the SMDR & SMIRR rate riders based on full cost causality by rate class.

**HHI RESPONSE:** HHI has appended and used the Guelph Hydro model for determining cost causality per rate class which has been the accepted methodology of the Board.

- c) Please provide a table that summarizes the total Smart Meter Rate Adder Revenue and associated interest collected by customer class.

**HHI RESPONSE:** HHI has appended and used the Guelph Hydro model for determining allocation of smart meter rate adder collection per rate class which has been the accepted methodology of the Board.

- d) If HHI is unable to provide separate smart revenue requirement models by rate class, please provide a detailed explanation.

**HHI RESPONSE:** HHI has appended and used the Guelph Hydro model for determining cost per rate class which has been the accepted methodology of the Board.

## **VECC Question # 6**

**Reference:** Exhibit 1, Tab 1, Schedule 6, Page 1

Preamble: HHI indicates it filed with the OEB a Smart Metering Investment Plan (SMIP) outlining the timeline and expected costs to implement smart metering across its current

and future customer base.

a) Please confirm the filing date of the SMIP.

**HHI'S Response:** On or about December 15, 2006.

b) Please provide HHI's expected capital and OM&A costs to implement smart meters as provided in the SMIP and discuss any significant variances.

**HHI'S Response:** The expected costs are part of the following table. The major variances are derived from.

- 1) Actual cost of the meters compared to the estimated cost in 2006
- 2) HHI was able to install all smart meters with its internal workforce, therefore avoiding outsourcing costs and reducing the total cost impact on customer
- 3) Gen>50 kW and Interval customers not being mandatory, HHI did not change those meters.
- 4) Contingencies were less than expected. (Meter base replacement etc.)

DECEMBER 15TH 2006							
OEB REPORT BOARD FILE EB-2006-0246							
<b>1) # METERS INSTALLED BY CLASS AND BY YEAR IN TERM AND CLASS %</b>							
		2007/2008	2009	2010			
RESIDENTIAL	OVER 3 YEARS	1800	1800	1050	TOTAL EXPECTED	4650	87%
% OF CLASS		39%	39%	22%			
GENERAL <50	OVER 3 YEARS	225	225	150	TOTAL EXPECTED	600	11%
% OF CLASS		38%	38%	24%			
GENERAL >50	OVER 2 YEARS	39	39	0	TOTAL EXPECTED	78	1%
% OF CLASS		50%	50%	0%			
LARGE USER	1 IN 2009	0	1	0	TOTAL EXPECTED	1	0%
% OF CLASS		0%	100%	0%		5329	
<b>2) CAPITAL EXPENDITURES AND AMORTIZATION BY CLASS AND BY YEAR</b>							
		FULL IMPLEMENTATION					
		YEAR 1	YEAR 2	YEAR 3			
RESIDENTIAL	CAP. EXPENSE	\$ 265,176.00	\$ 266,976.00	\$ 157,836.00			
Upgrade meter bases		\$ 5,000.00	\$ 2,000.00	\$ 1,500.00			
others		\$ 5,000.00	\$ 3,000.00	\$ 2,000.00			
TOTAL		\$ 275,176.00	\$ 271,976.00	\$ 161,336.00			
GENERAL <50	CAP. EXPENSE	\$ 36,225.00	\$ 36,450.00	\$ 24,600.00			
Upgrade meter bases		\$ 21,000.00	\$ 4,500.00	\$ 3,000.00			
others		\$ 5,000.00	\$ 3,000.00	\$ 2,000.00			
TOTAL		\$ 62,225.00	\$ 43,950.00	\$ 29,600.00			
GENERAL >50	CAP. EXPENSE	\$ 41,847.00	\$ 41,886.00	\$ -			
Upgrade meter bases		\$ 5,000.00	\$ 2,500.00				
others		\$ 5,000.00	\$ 3,000.00	\$ 2,000.00			
TOTAL		\$ 51,847.00	\$ 47,386.00	\$ 2,000.00			
LARGE USER	CAP. EXPENSE	\$ -	\$ 2,380.00	\$ -			
Upgrade meter bases		\$ -	\$ 500.00	\$ -			
others		\$ -	\$ 3,000.00	\$ -			
TOTAL		\$ -	\$ 5,880.00	\$ -			
project management		\$ 20,000.00	\$ 20,000.00	\$ 20,000.00			
licensing and software		\$ 25,000.00	\$ 2,500.00	\$ 2,500.00			
communication		\$ 10,000.00					
Procure and install collector		\$ 20,000.00					
		\$ 75,000.00	\$ 22,500.00	\$ 22,500.00			
TOTAL PROJECT		\$ 464,248.00	\$ 391,692.00	\$ 215,436.00			