



September 21, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli,

RE: Algoma Power Inc. ("API"); Application for an Extension to mandated Time-of-Use Pricing Date, Board File Number EB-2012-0339

Pursuant to the Board's Notice of Application and Written Hearing in the matter of EB-2012-0339, please find accompanying this letter two (2) copies of API's responses to interrogatories submitted by Board Staff.

A PDF version of these responses will, coincidentally with this written submission, be filed via the Board's Regulatory Electronic Submission System.

If you have any questions in connection with the above matter, please do not hesitate to contact the undersigned at (905) 994-3634.

Yours truly,

Original signed by

Douglas R. Bradbury
Director, Regulatory Affairs

Enclosure

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- a) Algoma Power's earlier extension application granted an extension to June 2012. This application was received by the Board on July 30, 2012. Please describe in detail the factors that the Algoma Power Inc. considered in making this application and the reasons for submitting an application a month after the extension had expired.

RESPONSE:

In making this Application, Algoma Power Inc. ("API") considered factors such as: the readiness of its Customer Information System ("CIS") and Advance Metering Infrastructure ("AMI") network to successfully accomplish Time-of-Use ("TOU") billing; cost implications of a delay; and the earliest realistic date on which API could implement TOU billing. API determined that while the present state of its AMI system would support TOU billing to a portion of its RPP consumers, the CIS was not sufficiently developed to operate effectively in a TOU environment. API also determined that there would be no cost implications from a delay, and that the earliest practical TOU billing date would be December 31, 2012.

As described in the Application filed on July 30, 2012, API is part of a group of Canadian Niagara Power, Inc. (CNPI)-affiliated utilities focused on the implementation of TOU billing for each utility. There is a core CNPI Information Technology Team dedicated to the projects described in the Application; namely, the rollout of TOU billing at all the companies and the implementation of the SAP system at API. As described in the Application, a key component of the TOU initiative at API is the migration of API customer information systems into SAP. This migration was scheduled to commence after the implementation of TOU billing at CNPI and its associates, Grimsby Power Inc. (GPI) and Westario Power Inc. (WPI). However, the implementation of TOU billing at these companies was delayed because of delays in the Smart Meter Entity (SME)'s schedule for Version R7.2 of the MDMR Operating

environment. CNPI was unable to redirect resources to SAP CIS implementation at API until TOU pricing was implemented at CNPI, GPI, and WPI.

API did realize earlier than July 30, 2012 that it would not be able to implement TOU billing within the mandated timeline of the earlier extension request. However, because of the uncertainty with the Version R7.2 schedule and its consequent impact upon other project timelines, API was unable to predict with certainty what a realistic implementation date would be. API decided that the best course of action was to wait until TOU billing was implemented at the other companies, then reassess the timelines to determine a practical TOU billing date for API. As it transpired, the CNPI IT Team continued to be involved in the TOU billing project for CNPI and associates for some weeks after TOU billing was implemented, as various issues arose in the new TOU environment that required attention. In parallel with this, the CNPI IT Team commenced its evaluation of the detailed requirements for the API SAP migration project, including an assessment of when TOU billing could realistically be implemented at API. The new timeline was established in July 2012, at which time the Application for extension was prepared and submitted to the Board.

- b) Please identify the dates, and the number of RPP consumers on each date, by which each Algoma Power Inc. will begin its RPP consumers on a TOU basis, if the request for new mandatory TOU date is granted.

RESPONSE:

The table below shows the dates, and number of RPP customers on each date, by which Algoma Power Inc. will begin billing its customers on a TOU basis if the request for an extension is granted.

Distributor Name (Please enter your Company name below)	Rate Class	Date of First TOU Bill Sent/to be Sent (enter in date format dd/mm/yy - like 23/06/10)	Number of Customers Received/Receiving First TOU Bill
Algoma Power Inc.	Residential	11/02/2013	5306
Algoma Power Inc.	Residential	16/02/2013	5306
Algoma Power Inc.	Residential	TBD	15
Algoma Power Inc.	GS<50kW	11/02/2013	461
Algoma Power Inc.	GS<50kW	16/02/2013	461
Algoma Power Inc.	GS<50kW	TBD	32

- c) Please provide greater detail to the progress made by Algoma Power to implement TOU pricing, including timelines, since Algoma Power submitted its earlier TOU extension application to the Board.

RESPONSE:

Since the earlier TOU extension to the Board dated November 25, 2010, API has worked diligently towards the implementation of TOU billing. API does have challenges to overcome to meet the provincial mandate, but has worked methodically to implement the new technologies and processes that are necessary to achieve TOU billing. There are also some challenges that are unique to API's service territory, and the company has achieved progress on addressing these issues. API has also pursued a prudent and cost-effective approach to this initiative. Specific progress made on key aspects of the project is as follows:

- Smart Meter deployment: at the time of the previous application, API had installed Smart Meters at 94% of its eligible consumers. In December 2011, API achieved 100% of its Smart Meter deployment.
- Communications infrastructure: API continued to work with its AMI vendor, Sensus KTI, to deploy additional communications infrastructure to improve meter communications in a prudent manner. The unique nature of its service territory (vast geographical area, dense trees and vegetation, hilly terrain, remote locations), made the implementation of the communications network a significant challenge. API and Sensus agreed on a prudent approach, where a base communications infrastructure of several Tower Gateway Basestations (TGBs, or AMRCs) was first installed. As more Smart Meters were deployed, Sensus and API performed field tests to determine the optimum quantity and location for additional communications infrastructure (TGBs or repeaters). Using this

approach, API now anticipates that the number of required repeaters will be reduced from the initial estimate of 35 to 30 or less. At the date of the earlier application, API had deployed 7 TGBs and no repeaters. Since that time, API has installed one additional TGB and 21 repeaters.

- API also continued to work with Sensus to optimize the performance of the AMI network. The unique nature of the API territory also posed challenges in this regard. At the time of the earlier application, 75% of installed Smart Meters were communicating in accordance with the Service-Level Agreement (SLA) with Sensus. At the present time, 95% of meters are meeting SLA requirements. During the optimization process, API also discovered that there are meters on its system that are beyond the reach of existing AMI infrastructure. These meters are in very remote areas that are not serviced by traditional means of modern communication, such as phone lines and cellular networks, and, therefore, the installation of additional AMI infrastructure to communicate with these meters is prohibitive from economic and practical perspectives. API has explored, and continues to explore, cost-effective options to communicate with these meters, which presently are 47 in number.
- As described in the current Application, a critical aspect of API's move to achieve TOU billing is the upgrade to its Customer Information System (CIS). API is presently implementing the SAP CIS that is owned by its affiliate, Canadian Niagara Power Inc (CNPI). The implementation of the financial component of SAP was completed early in 2012, and the migration of API's customer information systems into SAP is currently in progress. This is expected to be completed by October 31, 2012. API will then proceed with implementing TOU billing by December 31, 2012.
- API's affiliate, CNPI, implemented TOU billing in May 2012 in its service territories of Fort Erie, Port Colborne, and Gananoque. CNPI's associate companies, Grimsby Power Inc. and Westario Power Inc., achieved TOU

billing during the same timeframe. All these companies utilized the SAP AMI/TOU billing solution that was developed by CNPI, and API will use the same solution for its TOU billing. API worked closely with CNPI during the SAP development process, and continues to work with CNPI on migrating API customer information into the SAP system. API personnel have undergone training on the new SAP systems and business processes required to operate effectively in an AMI/TOU environment, and further training is planned before TOU rates are rolled out.

- API has implemented new business processes relating to the installation, removal, and changing of Smart Meters in the field. These processes address issues such as the time when meter changes occur and the documentation of meter installs/removes/changes. These new processes were necessary to function effectively in the new AMI/TOU environment.
- API is presently working on key initiatives to facilitate an orderly transition to a TOU billing environment. These include: implementing calendar billing in November 2012, merging the API Regional Network Interface ("RNI"), Automated Metering Centralized Collector ("AMCC") with the CNPI RNI, and preparing to consolidate billing functions at the CNPI main office.

- d) Please describe in detail the cost consequences of the delay on Algoma Power Inc.'s Smart Meter and TOU implementation plan.

RESPONSE:

The delay will not have any cost consequences on API's Smart Meter/TOU project.

- e) Are there any other factors (internal and/or external) Algoma Power has identified that may hinder its ability to comply with its requested mandatory TOU price date?

RESPONSE:

While API is confident that TOU billing can be implemented by December 31, 2012, internal and external factors that could potentially hinder API's ability to comply with the requested mandatory TOU billing date are as follows:

- Delays in the migration of API customer information systems, including meter data, into SAP;
- Problems with Sensus communications or data processing infrastructure at the time of transition to TOU billing;
- Problems with MDMR data processing at the time of transition to TOU billing;
- As mentioned in interrogatory c), there are 47 meters that are in very remote locations that do not have landline or cell phone coverage. While API is continuing to investigate solutions to enable communication with these meters, at this point in time API cannot assert when a solution will be found or implemented. It is possible that the remainder of API RPP consumers could move to TOU billing as expected, while these 47 meters would continue to be billed at RPP rates until a solution is implemented.