EB-2012-0344
EB-2012-0159

Parry Sound Power's Response to:

Information Requests of the Vulnerable Energy Consumers Coalition (VECC)

VECC Question # 1

Reference: 3.0 Status of Implementation of Smart Meters

Preamble: Parry Sound has installed a total of 3357 meters as of December 31, 2011.

a) Please complete the following table to show the calculation of average costs based on meter type.

Class	Type of Meter	Quantity	Meter Cost	Average Meter Cost	Installation Cost	Average Installation Cost	Other Capital Costs	Total Average Cost
Residential								
GS<50 kW								

b) Please provide a summary of Parry Sound Power'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.

Reply Submission

a) Please find below Parry Sound Power's calculation of average meter costs based on meter type and by rate class. Parry Sound Power originally filed its application using 3,357 meters, which was incorrect because that is the number of active meters that are billing TOU. Parry Sound Power has revised the model to input the correct number of meters installed. The correct number of meters installed is 3,384, composed of 2,860 Residential meters and 524 GS < 50 kW meters. The meters that are not billing TOU are vacant and inactive meters. Parry Sound Power does not have installation and other capital costs on a class specific basis.

Class	Type of Meter	Type Base	Elster Smart Meters- Description	Quantity	Meter Cost	Average Meter Cost
Residential	R2S rex	REX 2 2S	Single-Phase; 1.5EL, 3W, SC, 200A, 240V 2S	2860	$242,785.40	$ 84.89
GS < 50	R2S rex	REX 2 1S	Single-Phase; 1EL, 2W, SC, 200A, 120V, 1S	6	$ 712.38	$ 118.73
	R2S rex	REX 2 3S	Single-Phase; 1EL, 2W, Tx, 10A, 240V, 3S	56	$ 6,648.88	$ 118.73
	R2S rex	REX 2 2S	Single-Phase; 1.5EL, 3W, SC, 200A, 240V 2S	177	$ 15,025.53	$ 84.89
	R2S rex	REX 2 2SD	Single-Phase; 1.5EL, 3W, SC, 200A, 240V 2S Dis-connect/limit amp	10	$ 1,740.50	$ 174.05
	R2S rex	REX 2 12S	Network; 2EL, 3W, SC, 200A, 120V, 12S	132	$ 18,198.84	$ 137.87
	A3TL Node	A3 Node	Polyphase; 2EL, 3W, Tx, 10A, 120V, 35S KW	29	$ 13,082.48	$ 451.12
	A3RL Node	A3 Node	Polyphase; 2EL, 3W, Tx, 10A, 120V, 35S KW & KVA	10	$ 4,511.20	$ 451.12
	A3TL Node	A3 Node	Polyphase; 3EL, 4W, SC, 200A, 345V, 16S	75	$ 38,922.00	$ 518.96
	A3TL Node	A3 Node	Polyphase Com; 3EL, 4W, Tx, 10A, 345V, 9S	25	$ 11,278.00	$ 451.12
	A3 Standalone Collector			4	$ 1,804.48	$ 451.12
			GS < 50 Totals	524	$111,924.29	$ 213.60

b) Parry Sound Power did not have any incremental internal labour costs included in this application. The linesman's did have labour costs for installation of smart meters, totaling $76,830. These costs were not incremental because Parry Sound Power did not hire additional staff. The time the linesmen spent installing smart meters took away from other capital projects.

VECC Question # 2

Reference: 3.0 Status of Implementation of Smart Meters

Preamble: Table #3 provides Parry Sound Power's OM&A and capital costs for minimum functionality and beyond minimum functionality. Based on the data in this table, VECC calculates the total average capital and OM&A costs (minimum functionality) as $275.72 ($252.47 + 23.25) based on 3357 installed meters as shown in the table below:

Minimum Functionality		Average cost/meter
Capital	$847,551.69	$252.47
OM&A	$78,047.07	$23.25
		$275.72
Costs Beyond Minimum Functionality		Average cost/meter
Capital	$26,463.43	$7.88
OM&A	$10,738.75	$3.20
		$11.08
TOTAL		**$283.80**
# installed meters	3357	

The Board's report, "Sector Smart Meter Audit Review Report", dated March 31, 2010, indicates a sector average capital cost of $186.76 per meter (based on 3,053,931

meters (64% complete) with a capital cost of $570,339,200 as at September 30, 2009). The review period was January 1, 2006 to September 30, 2009. The average total cost per meter (capital and OM&A) is $207.37 (based on 3,053,931 meters (64% complete) with a total cost of $633,294,140 as at September 30, 2009).

The Board followed up on this review on October 26, 2010 and issued a letter to all distributors requiring them to provide information on their smart meter investments on a quarterly basis. The first distributors' quarterly update represented life-to-date investments in smart meter implementation as of September 30, 2010 and as of this date, the average total cost per meter is $226.92 (based on 4,382,194 meters (94% complete) with the total provincial investment in smart meter installation of $994,426,187).[1]

a) Please explain why Parry Sound Power's total average total cost per meter is higher than the recent distributor average of $226.92.

Reply Submission

See IR #15 a) from Board Staff for a new average cost per meter. Some of the capital costs incurred are the same regardless of the number of smart meters. For example, web presentment costs are the same for each LDC whether the LDC has 15,000 customers or 3,500 customers. Therefore, it should be expected to have higher capital costs per smart meter installed for LDC's with a lessor amount of smart meters installed. Professional fees, training costs, WAN activation fees, customer education sessions and advertising, and billing system upgrades are all examples of costs that are incurred that do not depend on the number of smart meters installed.

VECC Question # 3

Reference 1: 15.0 Justification for Functionality that Exceeds Minimum Functionality
Reference 2: Smart Meter Model 02120907, Sheet 2

Preamble: The evidence states "The installed meters and systems do not exceed the minimum functionality as specified in O. Reg. 425/06. Parry Sound Power Corporation has incurred costs beyond minimum functionality for integration with the MDM/R, TOU rate implementation, and forecasted web presentment."

a) Please provide a breakdown and description of the capital costs beyond minimum functionality regarding line 1.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.

b) Please provide a breakdown and description of the OM&A costs beyond minimum functionality regarding line 2.6.3 Costs for TOU rate implementation, CIS system

[1] Monitoring Report Smart Meter Investment – September 2010, March 3, 2011

upgrades, web presentation, integration with the MDM/R, etc.

c) Please explain how these costs are required for its smart meter program and how these costs are incremental.

Reply Submission

a) The capital costs beyond minimum functionality regarding line 1.6.3 can be broken down as follows: In 2009 the costs are for smart meter advertising, training, and room rentals for smart meter meetings. The bulk of the costs are for LOUD advertising for smart meters. In 2010 the costs are for MAS training, MDMR training with Harris and Util-Assist. In 2011 the costs are for MDMR support, smart meter customer information sessions being advertised in the paper and on the local radio station, TOU boot camp with Harris, MDMR training, Harris MDMR support, and a one-time connection charge from ITM to connect Parry Sound Power to IESO MDMR as of January 1, 2011. In 2012 there is now a capital charge of $15,000 for web presentment that was previously recorded in 2.6.3 for OM&A, but should have been capitalized.

b) The OM&A costs beyond minimum functionality regarding line 2.6.3 are for on-going web presentment costs. $257.96/month is what it is going to cost PSP for web presentment on an on-going basis.

c) The web presentment costs are required for the smart meter program because the Ministry of Energy has indicated that electricity customers should ideally have web access to their hourly consumption data. This will help rate payers conserve on electricity and lower their bill amounts. It will help LDC's meet their conservation targets. The capital costs were required for the smart meter program because staff had to be trained on the MDMR, MAS, Harris upgrades, and TOU billing in order for smart meters to be effective. Advertising for smart meters was necessary to inform ratepayers of what smart meters are, how they work, impacts on their bills, etc. Parry Sound Power had to pay a fee to be connected to IESO MDMR in order for the smart meters to work and for Power Sound to be able to pull data and bill customers. These costs are all incremental as they were not put in rate base or revenue requirement in Parry Sound Power's 2011 Cost of Service and were incurred solely for smart meter purposes.

VECC Question # 4

Reference 1: 3.0 Status of Implementation of Smart Meters, Table 3
Reference 2: Smart Meter Model 02120907, Sheet 2

Preamble: Table #3 shows capital costs beyond minimum functionality of $26,463.43 and OM&A costs beyond minimum functionality of $10,738.75. VECC notes the smart

meter model dated 20120907 shows capital costs beyond minimum functionality of $17,893 and OM&A costs beyond minimum functionality of $19,309.

a) Please reconcile these two sets of figures.

Reply Submission

The difference between the amounts stated above was simply because the table was not updated in the written portion of the application. Below is the table produced with the current costs of beyond minimum functionality for both capital and OM&A.

Rate Filing	Budget	Actual	Variance
Minimum Functionality - Capital	$862,086.89	$847,551.69	-$14,535.20
Minimum Functionality - OM&A	$349,831.41	$86,602.44	-$263,228.97
Beyond Minimum Functionality - Capital	$120,727.97	$25,600.00	-$95,127.96
Beyond Minimum Functionality - OM&A	$48,990.93	$10,388.38	-$38,602.55
TOTAL	**$1,381,637.19**	**$970,142.51**	**-$411,494.68**

VECC Question # 5

Reference 1: Smart Meter Model 20120907, Sheet 2

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 customer class. (This should include any adjustments resulting from interrogatory responses)

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

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

d) If Parry Sound Power is unable to provide separate smart meter revenue requirement models by rate class, please provide a detailed explanation.

Reply Submission

As stated in VECC's IRs during the 2011 COS - Parry Sound Power is unable to provide separate smart meter revenue requirement models by rate class because Parry Sound Power did not record the costs for smart meters on a class specific basis.

VECC Question # 6

Reference: 2012 Smart Meter Model, 20120809, Sheet 2

a) Please explain the forecast cost of $6,404 regarding line 2.5.3 Program Management.

b) Please explain the increase in line 2.5.5 Administration Costs after 2011.

c) Please provide a breakdown and explanation of the costs under line 2.5.6 Other AMI Expenses.

Reply Submission

a) The forecast cost of $6,404 regarding line 2.5.3 Program Management is for CIS Analyst costs. We outsource some of our back office billing duties to Utility Collaborative Services.

b) The costs in line 2.5.5 Administrative costs are for Sync operator costs PSP pays Util-Assist. There appeared to have been an increase because the 2011 costs were recorded in 2.6.3. The costs have now been moved to 2.5.5. See Board Staff IR #11. Also, the forecast for 2.5.5 is for sync operator costs and the amount originally input was costs-to-date. The amount has been revised to include a yearly forecast of $10,188.80, which is the average monthly bill of $849.07 multiplied by 12 months.

c) The breakdown of the costs under line 2.5.6 Other AMI Expenses is: ITM DSM Hosting from Utility Collaborative Services ($80/month = $960/year), Bell Mobility smart meter data lines ($215.65/month = $2,587.80/year), and EHS for Elster Metering ($818.77/month = $9,825.24).

VECC Question # 7

Reference: 17 Smart Meter Rate Rider

Preamble: The evidence stated As shown in appendix 8, the average Parry Sound Power cost of Parry Sound Power Corporation Smart Meter Prudence Review Filed: August 3, 2012 installing a smart meter for the Residential class is $84.89 and $294.93 for the General Service<50 kW class.

a) VECC was unable to locate Appendix 8. Please provide.

Reply Submission

Appendix 8 is shown in Question #1 part a.