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Susan Frank

Vice President and Chief Regulatory Officer
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BY COURIER

November 14, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700,
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

EB-2012-0384 - Hydro One Networks' DSC Exemption -Hydro One Networks Responses to Interrogatory Questions

Please find attached two (2) hard copies of the response provided by Hydro One Networks to the Interrogatory question from the Ontario Energy Board. An electronic copy of the Interrogatory, has been filed using the Board's Regulatory Electronic Submission System.

Sincerely,

ORIGINAL SIGNED BY ODED HUBERT FOR SUSAN FRANK

Susan Frank

Ontario Energy Board (Board Staff) INTERROGATORY #1 List 1

Preamble

Hydro One Networks Inc. (“Hydro One”) filed an application dated September 21, 2012 with the Ontario Energy Board under section 74 of the *Ontario Energy Board Act, 1998* for a licence amendment granting an extension in relation to the mandated date for the implementation of time-of-use (“TOU”) pricing rates for certain Regulated Price Plan (“RPP”) customers.

Hydro One has requested an extension to the exemption from its mandated TOU pricing date granted by the Board’s Decision and Order of January 13, 2011, in the proceeding EB-2010-0282. In that Decision and Order the Board granted an exemption from the requirement to apply TOU pricing in respect of approximately 150,000 RPP customers who are outside the smart meter telecommunications infrastructure reach of Hydro One. The exemption applies until December 31, 2012. Hydro One is applying for an extension on that exemption and requests it to begin on January 1, 2013 and have an indefinite expiry date. Hydro One states that there are no current options that will meet full compliance. Hydro One indicates that the options that are available to reach these customers will achieve only partial compliance and create excessive costs. Hydro One states that the situation is not expected to be resolved until there is improved telecommunication infrastructure in place or when future technological advancements in automated meter infrastructure become available.

Interrogatory

- a) Please provide the most current data available of the number of hard to reach customers affected by Hydro One’s TOU extension application.
- b) Please confirm the current status of the smart meter deployment and TOU implementation for Hydro One’s service territory.
- c) Please provide details on how Hydro One intends to make progress with transitioning the affected customers if it is granted the indefinite exemption. Please include detailed figures and time frames on how many affected customers can be transitioned through the use of existing technology and other low cost options.
- d) Please describe in detail, including costs and timelines, Hydro One’s plan to extend its smart meter telecommunications infrastructure to reach those affected customers that have “available cellular network” and transition them to TOU billing.
- e) Please describe in detail, including costs and timelines, Hydro One’s plan to “monitor the industry for economic options to comply with the current Code requirements” with regard to those affected customers that do not have available cellular network.

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2 f) Please describe in detail the cost consequences of the delay on Hydro One's Smart
3 Meter and TOU implementation plan for these affected customers.
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5 g) Hydro One has proposed to eliminate the exemption reporting as it states the number
6 of customers on TOU pricing is already reported quarterly in the Board's *Reporting*
7 *and Record Keeping Requirements*. If Hydro One is granted the indefinite exemption
8 what reporting measures would be appropriate for Hydro One to report on its progress
9 regarding transitioning the affected hard to reach customers to TOU pricing?
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11 **Response**
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- 13 a) As of October 31, 2012 there are approximately 122,000 affected hard-to-reach
14 customers that are not on TOU pricing. There are 1,207,789 RPP-eligible consumers
15 and 1,085,823 of those are being charged TOU prices.
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- 17 b) As of October 31, 2012 there are 1,201,078 smart meters installed. More details are
18 available in Hydro One's monthly Smart Meter TOU Report.
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20 Where an opportunity provides Hydro One transition the affected hard-to-reach
21 customers to TOU pricing. However, there is no plan to convert these hard-to-reach
22 customers to TOU pricing. Hydro One's vendor continues to work on improvements
23 and refinements to their platform but, many of these enhancements are in the research
24 and development stages and therefore there is a high degree of uncertainty associated
25 with their performance, costs, timelines, and the estimated number of customers that
26 may be transitioned.
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- 28 c) With respect to customers that have an available cellular network, but no MESH
29 network, Hydro One estimates that approximately 15,000 customers may be able to
30 be transitioned by enabling the transmission of data over a lower frequency (400
31 MHz). This solution has the potential to extend the reach of the local area network
32 but may be limited in its ability to transmit large quantities of data reliably. An initial
33 trial of the technology is currently in progress to evaluate its effectiveness and the
34 feasibility of developing and deploying the technology will be assessed upon
35 conclusion of the trial, in 2013.
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- 37 d) Hydro One's plan for monitoring the industry for economic options to comply with
38 the current Code requirements involves two paths.
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40 The first path involves ongoing monitoring of the cellular coverage expansion actions
41 of commercial cellular providers in Hydro One's service territory. Upon the
42 identification of coverage expansion areas, Hydro One will perform field assessments
43 of signal strengths and design network extensions where it is cost effective to do so.
44

1 The second path involves the ongoing monitoring and influencing of the product
2 roadmaps of our Advanced Metering Infrastructure vendors for cost effective
3 technologies to extend our existing platforms. Once new technologies are available,
4 they will be assessed and deployed where it is cost effective to do so.

5
6 The above monitoring activities will be performed by Hydro One's sustainment
7 organizations and no material costs are anticipated.

8
9 e) The cost consequence of the delay on the Smart Meter and TOU implementation plan
10 for affected customers is primarily related to manual meter reading that must be
11 performed in lieu of automated meter reading. There manual reads cost
12 approximately \$4 million to \$6 million per year.

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14 f) Upon consideration of the Board's question, Hydro One feels that the monthly Smart
15 Meter TOU Report is the most appropriate measure to track Hydro One's progress
16 regarding transitioning the affected hard to reach customers to TOU pricing. There
17 would be no reduction in the information being provided to the Board. As well, the
18 report is already mandated, is more frequent (monthly, not quarterly) and more
19 detailed than the reporting asked for in the exemption.