



Northern Ontario Wires Inc.
153 Sixth Avenue
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Cochrane, ON
P0L 1C0

December 21, 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 Disposition EB-2012-0353

Dear Ms. Walli:

Northern Ontario Wires Inc. ("NOW") hereby files its reply to Board staff and VECC's submission with respect to our application for disposition of smart meters.

This document is being filed pursuant to the Board's e-Filing Services.

Yours Truly,

Geoffrey Sutton

Geoffrey Sutton, CA
Chief Financial Officer
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Reply to Board Staff Submission
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Reply to Board Staff Submission

Northern Ontario Wires Inc. ("NOW") is a licensed electricity distributor serving approximately 6,150 customers in the Town of Cochrane, Town of Iroquois Falls, and Town of Kapuskasing. NOW filed a stand-alone application (the "Application") with the Board on August 31, 2012, seeking Board approval for the disposition and recovery of costs related to smart meter deployment, offset by Smart Meter Funding Adder ("SMFA") revenues collected from May 1, 2006 to April 30, 2012. NOW requested approval of proposed Smart Meter Disposition Riders ("SMDRs") effective January 1, 2013. NOW has not requested approval of Smart Meter Incremental Revenue Requirement Rate Riders ("SMIRRs"), as its next cost of service application for rates effective May 1, 2013 will include recovery of smart meter capital and operating costs going forward as part of its 2013 revenue requirement. The Application was based on the Board's policy and practice with respect to recovery of smart meter costs.

The Board issued its Letter of Direction and Notice of Application and Hearing on October 3, 2012. The Vulnerable Energy Consumers' Coalition ("VECC") requested and was granted intervenor status and cost award eligibility. No letters of comment were received. The Notice of Application and Hearing established that the Board would consider the Application by way of a written hearing and established timelines for discovery and submissions.

Board staff and VECC posed interrogatories to NOW on October 31, 2012. NOW filed its responses to all interrogatories on December 7, 2012. This submission is in response to Board staff's submission of December 17, 2012 and VECC's submission of December 19, 2012 on the record of the proceeding, including the original Application and updates as provided in response to interrogatories.



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NOW concurs with most of Board staff's and VECC's submission with the following exceptions:

On Page 4 of their submission Board staff stated they were unclear whether any costs related to the 6 installed GS > 50 kW meters to date were included in these costs claimed for recovery. Board staff submitted that NOW should confirm that no capital and/or operating costs related to the GS > 50 kW meter replacements are included in this Application. As noted in response to VECC IR#1 b) NOW Inc. confirms that no capital and/or operating costs related to the GS > 50 kW meter replacements are included in this Application.

On Page 5 Board staff submitted that in addition to requesting average costs per meter for each rate class, Board staff interrogatory #9 sought the total cost per meter for all rate classes. Board staff submitted that it notes that NOW has not provided this information. NOW is of the opinion that it had responded in full to the question by providing the total cost per meter for each rate class claimed for recovery as requested by Board staff and apologizes if there was any unintentional confusion created. Board staff further submitted that they had calculated the total cost per meter using the data provided in the response to Board staff interrogatory #9 and has determined that it works out to an average of \$318.05 (capital and OM&A) or \$233.70 (capital only). Board staff invites NOW to confirm these calculations in its reply submission. NOW confirms these calculations.

On page 7 Board staff submitted that the Board may wish to consider rate mitigation to smooth out rate impacts while keeping NOW whole with respect to the recovery of the deferred revenue requirement of the installed smart meters in the long run. VECC concurred with Board staffs submission on this issue. NOW would note that as a small utility it was required to invest a substantial amount into this process, which was for the most part unplanned for. NOW would prefer to maintain its original sixteen month proposal in order to recover its costs sooner. NOW,



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however, is not opposed to reasonably extending the recovery period and relies on the Boards good judgment accordingly.

Also on page 7 Board staff made note that a January 1, 2013 effective date for the SMDRs may be unlikely. NOW acknowledges Board staffs concern.

On Page 8 & 9 Board staff made submissions with respect to stranded meters and operational efficiencies which Board staff suggests will be handled more effectively in NOW 2013 Cost of Service application. NOW concurs with Board staff.

VECC's submission states that NOW has the appropriate level of customer specific data and thus should provide, in its reply submissions, the information requested by VECC in IR#8, i.e. class specific revenue requirement models and revised SMDR rate riders based on full cost causality to allow the Board to consider a change in cost allocation.

NOW submits that as stated in its IR response that NOW believes the data to complete smart meter recovery by rate class in the manner which VECC proposes in its submission would not be materially dissimilar to the proposed results obtained with the models already submitted. NOW notes that Board staff did not address any concerns with NOW using the Boards approved methodology or the models calculation of the SMDR rate riders. NOW maintains that the calculated rate riders have been appropriately calculated using Board approved methodology and NOW believes that the proposed results are fair and reasonable for all affected customer classes.

- All of which is respectfully submitted-