



August 4, 2015

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

Dear Ms. Walli:

**RE: ALGOMA POWER INC.  
APPLICATION FOR EXEMPTION TO SECTIONS OF THE DISTRIBUTION SYSTEM CODE  
AND TO MANDATED TIME-OF-USE PRICING DATE FOR CERTAIN REGULATED PRICE  
PLAN CUSTOMERS  
BOARD FILE NUMBER EB-2015-0199  
INTERROGATORY RESPONSES**

---

Please find accompanying this letter two (2) copies of API's responses to the interrogatories submitted to the Board 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

Enclosures

---

2 Sackville Road, Suite A, Sault Ste. Marie, Ontario P6B 6J6

Tel: 705-256-3850 • Fax: 705-253-6476 • [www.algomapower.com](http://www.algomapower.com)

*(page left blank intentionally)*

1. Algoma Power has proposed to eliminate the exemption reporting schedule. If Algoma Power is granted a five year exemption what reporting measures would be appropriate for it to report its progress to the Board regarding both requested exemptions?

---

**RESPONSE:**

With regards to reporting on the exemption from mandated TOU implementation for certain customers, API proposes to file a report on the number of customers successfully transitioned to TOU rates by December 31, 2015. As discussed in API's application, up to 127 customers are expected to be transitioned to TOU rates during this period, provided that preliminary communication success rates persist throughout the summer and early fall.

With the exception of new accounts, API expects that few, if any, customers will be transitioned to TOU rates during the 2016-2019 period, due to the technical and economic constraints summarized in its application. The remaining approximately 2% of API's customers that would remain on two-tier pricing are categorized into three groups at the bottom of Page 5 of API's application. During the 2016-2019 period, API does not expect any significant changes in the technical and economic constraints that have been identified for these groups of customers. For this reason, API submits that reporting to the Board on TOU transition activities during the 2016-2019 period would be of little value to the Board or other parties.

API proposes that rather than continuing with an annual update to the Board, there would be more value added by including TOU transition of "hard-to-reach" customers as a specific agenda item for the annual API / Algoma Coalition Stakeholder Sessions that were agreed to as part of the Settlement Proposal in

API's most recent Cost of Service proceeding (EB-2014-0055). This would allow API to better inform stakeholders of the reasons that a small number of customers remain on two-tier pricing, and the costs involved to convert these customers to TOU pricing. Customer/stakeholder feedback could then be considered in the development of API's Distribution System Plan for its next rate application.

With regards to the requested DSC exemptions pertaining to billing accuracy and estimated bills, API believes that amendments already made to the RRR requirements (Section 2.1.19) should be adequate.

2. Is Algoma Power communicating or working with Hydro One or any other utilities to deal with the technological constraints? If not, why not?

---

**RESPONSE:**

API is not currently working with other utilities to deal with technological constraints. To the best of API's knowledge, Hydro One is the only other LDC that has experience significant challenge in transitioning customers to TOU pricing to the point of requiring extensions to mandated TOU implementation dates. In reviewing Hydro One's application in EB-2014-0360, it is apparent to API that the vast majority of their issues stem from a lack of, or changes to, cellular coverage. In contrast, the majority of API's issues stem from issues with service configurations and economic constraints that are independent of the availability of cellular coverage. Given the differences in the issues impacting each company, and the difference in the scale of the impact (200 meters vs. 170,000 meters), API does not believe that a collaboration with Hydro One would be of value to either party.

*(page left blank intentionally)*

3. How many new hard-to-reach customers are projected to be connected to Algoma Power's service area during the course of the exemption period?
- 

**RESPONSE:**

As detailed in API's application, up to 127 customers are expected to be transitioned to TOU by the end of 2015. Of the approximately 191 customers that would remain on two-tier pricing, API expects to transition few, if any customers during the 2016-2019 period.

*(page left blank intentionally)*



4. Please provide specific details of Algoma Power's plans to ensure that any customers unsuccessfully converted to TOU pricing do not receive consecutive, multiple or persistent estimated bills.
  - a. Please explain how Algoma Power intends to treat any TOU customers who receive large true-ups, multiple bills, and large withdrawals from bank accounts as a result of estimated bills.
  - b. Please provide details of Algoma Power's proposed communications plan to update TOU customers on their status and transition to two-tier pricing.

---

**RESPONSE:**

- a. This is precisely the reason for API's application for an exemption from mandated TOU implementation for certain customers. As described in its application, API has taken a customer-focused approach to ensure that TOU bills are primarily based on accurate hourly reads. API recognized that large gaps in hourly data could result in estimating the allocation of kWh usage between TOU "buckets" based on the MDM/R's estimating processes. In API's opinion, where this estimation was performed without significant historical data and/or this estimation occurred frequently, the customer's confidence in both API's billing processes and the Smart Meter / TOU initiatives in general would be undermined. As a result, API reviews communication statistics on an individual meter basis to ensure consistent communication success rates prior to transitioning an account to TOU rates.

Based on API's process for transitioning customers to TOU pricing, as described above, API does not expect any TOU customers to receive large true-ups, multiple bills or large withdrawals from bank accounts as a result of estimated bills.

- b. As a result of the approach described in API's response to part a. above, API expects to transition few, if any, customers from TOU to two-tier pricing. API expects that circumstances in which it had to transition a customer from TOU to two-tier pricing would be so infrequent that a customer service representative would contact the customer directly to inform them of the change, the reasons for the change, and to answer any questions they might have.

5. Please provide specific details, including costs and timelines, of Algoma Power's plans to:
- a. improve communication reliability of its smart meter network;
  - b. monitor the availability of commercial cellular network coverage for those affected customers that do not currently have available cellular network coverage; and
  - c. adapt to technology changes in cellular network coverage across the province.

---

**RESPONSE:**

- a. API has no plans to improve the communication reliability of its smart meter network during the period covered by this exemption request. As described in the "Economic Constraints" section on Page 6 of its application, for those meters where it would be technically possible to expand the network by adding repeaters, both the capital and ongoing O&M costs of doing so would be excessive, with each additional repeater adding only 1-10 meters to the network.
- b. There is only one identified area (Missanabie) where the addition of cellular coverage would allow customers to be economically added to API's smart meter network. There is an existing repeater in this area that API attempted to connect via dial-up backhaul, but was unsuccessful due to reliability issues with the phone network in this remote community. Any new cellular tower in this area would require an electrical service to be installed by API, in which case API would know that cellular coverage had become available.
- c. This risk was mitigated by the selection of Sensus as API's AMI system provider. The Sensus AMI system consists of a licensed long-range RF communication network with a relatively small number of backhaul points.

API's entire AMI network currently has only 10 collectors or repeaters that rely on cellular backhaul. Sensus manages the cellular backhaul and would replace the SIM cards or cellular modems as required to adapt to changes in coverage (e.g. changes in carrier or network upgrades). API does not expect a complete loss of cellular network coverage to any of its 10 AMI collectors with cellular backhaul.