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Sent: Sunday, December 1, 2013 8:27 AM
To: Commission Secretary BCUC:EX
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Subject: BC Hydro Meter Choices Program Application - Request for Commission Direction to BC Hydro

Erica Hamilton
Commission Secretary
BC Utilities Commission

Ms. Hamilton:

BC Hydro has recently provided responses to the first round of Commission and intervener Information Requests. There are two issues in these responses that I request the Commission address.

My first request relates to BC Hydro's proposal to wait until after the second round of Information Requests have been submitted to provide data on the enrolment response.

The response to BCUC IR 1.5.4 and several other intervener IRs (e.g. BCPSO 1.7.1) is as follows:

The Meter Choices Program enrolment period is underway and will end on December 1, 2013. Rather than provide mid-enrolment-period data with its response to Round 1 IRs, BC Hydro believes it would be more efficient to provide data in relation to Meter Choices Program enrolment with its response to Round 2 IRs which are scheduled to be filed after the enrolment period ends. Accordingly, BC Hydro will provide Meter Choices Program enrolment data with its response to Round 2 IRs.

The enrolment deadline was December 1st and the second round of IRs are not due until December 20th. I believe that this data would be helpful to the Commission staff and intervenors in formulating second round IRs. I therefore request that the Commission direct BC Hydro to supply its then current enrolment data on December 16th.

My second request relates to BC Hydro's refusal to provide an estimate of the avoided capital costs associated with BC Hydro's delayed purchase of a smart meter for those customers who elect a legacy meter. Consider the response to BCUC IR 1.7.1:

BCUC IR 1.7.1

In Table 3-3, the capital cost items do not seem to have included a credit charge to customers who opt to retain their legacy meters.

Wouldn't BC Hydro save on the cost of meter exchange as well as the cost of the smart meter for these customers? Please explain why no credit charge is added to the capital cost to reflect the cost savings alongside the additional costs created by these customers.

RESPONSE:

There are no material cost savings from customers keeping their legacy meters because in nearly all cases BC Hydro has already incurred the cost of attending the premises to install the smart meters (even though a smart meter was not actually installed). In addition, for premises where a legacy meter remains installed, a smart meter or a radio-off meter will be installed eventually when BC Hydro runs out of legacy meter inventory.

But in the response to Wong IR 1.5.6, BC Hydro admits that there were operating costs associated with "smart meter installation refusals" and appears to indicate that these costs will be recorded in the "SMI Regulatory Account and recovered as part of the SMI Program cost."

Wong IR 1.5.6

Regulation 368/2010, attached to the Application as Appendix A, states:

3(1) "... by the end of the 2012 calendar year, the authority must install and put into operation

(a) a smart meter for each eligible premises ..."

where eligible premises "means a building, structure, or equipment of a customer of the authority if the building, structure, or equipment is connected to the electric distribution system and has an electricity meter, but does not include a building, structure or equipment where it is impracticable for the authority to install a smart meter".

Clearly this requirement has not been met by BC Hydro, since in the Application it states that as of October 2013, 75,000 customers do not yet have smart meters (page 2-3, lines 14 through 17).

If so, please estimate the length of the delay and the associated cost, and explain why no request has been made to the BCUC to recover this additional program delay cost from those customers who have requested meter exchanges "to be put on hold".

RESPONSE:

Smart meter installation refusals have or will result in several project cost and schedule implications, including:

- Need for additional network infrastructure (specifically routers and range extenders) in order to allow the smart meters already deployed to communicate
- Increased smart meter installation costs. BC Hydro incurred an "Unable to Complete" charge for many refusals, and subsequent smart meter installations must be completed outside of mass deployment efforts.
- Extension of Call Centre staffing to continue dialogue with customers who refused a smart meter installation
- Extension of costs associated with management, planning and overhead of

- metering system deployment
- Extension of the duration of network optimization activities

Capital cost impacts are estimated at \$18.5 million. There are also operating cost impacts prior to December 2, 2013 (when the legacy meter charge becomes effective) due to the manual reading of legacy meters and non-communicating smart meters attributable to the continued presence of legacy meters. These capital and operating costs do not include the cost of offering the Meter Choices Program.

BC Hydro was able to accommodate both capital cost and schedule impacts within the overall SMI Program work plan and budget by realigning delayed work with work left to complete and utilizing project contingency, which is specifically designed to handle unforeseen circumstances.

Directive No. 4 to BCUC, permits program delay costs to be recorded in the SMI Regulatory Account and recovered as part of the SMI Program cost.

In Wong IR 1.2.2, I specifically ask for an estimate of the avoided capital cost based on the cost of a meter and BC Hydro's own discount rate:

Wong IR 1.2.2

In Table 3-3 of the Application, under capital costs, there does not appear to be any capital cost adjustment related to the avoided or deferred cost to BC Hydro related to the purchase of smart meters for those applicable customers who elect a legacy meter.

Based on the cost to BC Hydro of an individual residential smart meter, and assuming an 8% discount rate (as was used in the business case - see page 31), please calculate the annual avoided or deferred capital cost that should accrue to the benefit of an applicable customer if they elect to retain a legacy meter.

RESPONSE:

It is BC Hydro's view that there are no material savings and no credit should accrue to customers who retain a legacy meter. Please refer to the response to BCUC IR 1.7.1.

If BC Hydro wishes to argue that the avoided capital cost should not be included in the cost to customers in the Meter Choices Program, it may do so. However, the determination of the merits of that proposition should be left to the Commission. In the meantime, BC Hydro should provide the value of that avoided cost so that the Commission may base its final determination of the customer charges of this program on a complete set of information.

I therefore request that the Commission direct BC Hydro to provide a response to Wong IR 1.2.2 that includes the numeric result asked for.

regards,

David Wong