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October 18, 2013

Via Email
Original via Mail

Mr. Andy Shadrack
Director Area D
Regional District Central Kootenay
Box 484
Kaslo, BC V0G 1M0

Attention: Mr. Andy Shadrack

Dear Mr. Shadrack:

Re: FortisBC Inc. (FBC)
FBC Radio-Off AMI Meter Option Application
Response to Information Request (IR) No. 1 from Mr. Andy Shadrack
Representing the Regional District Central Kootenay (RDCK)

On August 30, 2013, FBC filed the Application as referenced above. In accordance with Commission Order G-160-13 setting out the Amended Regulatory Timetable for the review of the Application, FBC respectfully submits the attached response to RDCK IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC INC.

Original signed:

Dennis Swanson

Attachments

cc: Commission Secretary
Registered Parties (email only)



FortisBC Inc. (FortisBC, FBC or the Company) Application for Advanced Metering Infrastructure (AMI) Radio-Off Meter Option (the Application)	Submission Date: October 18, 2013
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1 1. According to section 5.1 (second para) of the Electric Tariff B.C.U.C No. 2 For Service In
2 The West Kootenay And Okanagan Areas, Terms And Conditions And Rate Schedules:

3 *The Customer may furnish, install and maintain at its expense a meter system to verify*
4 *the accuracy of the Company's meter system. The Customer's meter system and the*
5 *manner of its installation shall be approved by the Company.*

6 Could a residential customer, as an opt out option, keep the current electro-mechanical
7 analogue meter as his or her own to verify the accuracy of the Company's meter system
8 and FortisBC install their wireless smart meter on one of their own electrical poles off the
9 customer's property?

10

11 **Response:**

12 FortisBC has made no provision to transfer ownership of the customer's current analogue meter
13 to the customer. However, a customer may install their own "check meter" on their side of the
14 FortisBC meter if they wish (as they can today).

15 As indicated in the Application, Exhibit B-1, Section 1.11, page 9, the customer has the option of
16 "relocating the meter base to a location mutually acceptable to the customer and the Company,
17 with the customer responsible for all costs related to the relocation."

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21 2. Why has FortisBC not considered the less expensive self-read customer option used
22 successfully by public and private utilities around the world?

23

24 **Response:**

25 Please refer to the response to BCUC IR 1.9.4. As that response indicates, FortisBC also does
26 not agree with the premise that this option would result in lower radio-off fees or that it would be
27 applicable in this circumstance.

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31 3. Section 6.1, Meter Reading, of the same Electric Tariff states:

32 *Meters shall be read at the end of each billing period in accordance with the applicable*
33 *rate schedule. The interval between consecutive meter readings shall be determined by*
34 *the Company. An accurate record of all meter readings shall be kept by the Company*
35 *and shall be the basis for determination of all bills rendered for Service.*



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1 This section of the Tariff does not specify that the company has to read the meter, so could
2 a customer who chooses the radio-off option read the meter him or herself at the
3 designated time, furnish the company with the information required and in so doing avoid
4 the proposed monthly meter reading fee?
5

6 **Response:**

7 No, a customer does not have the requisite equipment necessary to download the interval
8 consumption and event data from the AMI meter that is necessary to preserve customer
9 benefits associated with the AMI system.

10 Please also refer to the response to CEC IR 1.12.2.1.

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14 4. Given the range of median after tax incomes in the FortisBC service area from a low of
15 \$28,100 for all private households in Salmo (according to the 2006 Canadian Census -
16 [http://www12.statcan.ca/census-recensement/2006/dp-pd/prof/92-591/search-](http://www12.statcan.ca/census-recensement/2006/dp-pd/prof/92-591/search-recherche/lst/page.cfm?Lang=E&GeoCode=59)
17 [recherche/lst/page.cfm?Lang=E&GeoCode=59](http://www12.statcan.ca/census-recensement/2006/dp-pd/prof/92-591/search-recherche/lst/page.cfm?Lang=E&GeoCode=59)) to a low of \$15,790 for single person
18 households in Area H of the Regional District Central Kootenay, in 2005, how does
19 FortisBC justify charging an initial set up fee of \$110 and a per billing read fee of \$22, (or
20 annual read fee of \$132) to low income residential customers?
21
22

Median After Tax \$ Income in 2005

Local Government	All Private Households	Couples with Children	Couples	Lone Households
Area A RDCK	\$33,559	\$50,749	\$41,376	\$17,301
Area B RDCK*	\$36,102	\$52,103	\$42,693	\$18,605
Area C RDCK	\$42,403	\$48,962	\$50,343	\$24,246
Area D RDCK*	\$33,198	\$35,032	\$40,530	\$19,449
Area E RDCK*	\$39,171	\$52,085	<u>\$48,129</u>	\$21,386
Area F RDCK*	\$44,114	\$72,128	\$45,492	\$25,881
Area G RDCK	\$32,179	\$61,257	\$40,272	\$16,082
Area H RDCK*	\$29,399	\$45,488	\$37,852	\$15,790
Area I RDCK	\$43,958	\$59,431	\$47,799	\$23,497
Area J RDCK	<u>\$54,928</u>	\$66,683	\$62,127	<u>\$26,564</u>
Castlegar	\$44,098	<u>\$72,422</u>	\$54,390	\$22,944
Creston	\$33,279	\$55,414	\$41,151	\$20,161



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Local Government	All Private Households	Couples with Children	Couples	Lone Households
Kaslo	\$35,227	\$46,256	\$54,825	\$15,914
Salmo	\$28,150	\$46,184	\$31,517	\$18,186
Slocan	\$39,122	\$61,131	\$51,284	\$24,406
Area A RDKB	<u>\$53,225</u>	\$78,058	\$53,802	\$22,531
Area B RDKB	\$46,784	\$82,294	\$42,684	<u>\$32,557</u>
Area C RDKB	\$37,518	\$72,237	\$38,106	\$18,769
Area D RDKB	\$41,008	\$59,723	\$43,571	\$19,930
Area E RDKB	\$32,160	\$65,020	\$33,994	\$17,061
Fruitvale	\$44,118	\$65,034	\$49,366	\$19,436
Greenwood	\$31,777	\$52,226	\$32,486	\$18,039
Midway	\$32,732	<u>\$92,299</u>	\$49,286	\$16,181
Montrose	\$49,491	\$78,500	\$50,039	\$27,154
Rossland	\$51,699	\$80,100	<u>\$55,753</u>	\$28,407
Trail	\$38,512	\$66,908	\$48,359	\$21,905
Warfield	\$43,692	\$64,538	\$56,167	\$23,928
Area A RDOS	\$39,157	\$54,542	\$45,406	\$22,476
Area B RDOS	\$35,344	\$60,437	\$37,308	\$18,558
Area C RDOS	\$39,584	\$64,720	\$40,760	\$17,601
Area D RDOS	\$44,389	\$64,301	\$51,327	\$25,453
Area E RDOS	\$51,807	\$61,236	<u>\$54,379</u>	\$26,209
Area F RDOS	<u>\$57,515</u>	<u>\$81,044</u>	\$52,644	<u>\$27,391</u>
Area G RDOS	\$31,624	\$46,150	\$33,508	\$16,010
Area H RDOS	\$41,933	\$71,218	\$44,734	\$29,585
Keremeos	\$30,667	\$46,744	\$35,274	\$17,112
Oliver	\$34,836	\$71,927	\$42,124	\$18,116
Osoyoos IR	\$34,176.00	\$48,384.00	\$41,920.00	\$20,800.00
Princeton	\$32,096	\$68,762	\$37,171	\$16,878
Penticton IR	\$31,994.00	\$40,151	\$48,357.00	\$18,075.00
RDCO	\$52,593.00	\$63,374	\$53,446.00	\$25,657.00
Area G RDCO	<u>\$54,070</u>	\$75,909	<u>\$56,427</u>	\$25,033
Area H RDCO	\$51,185	\$69,356	\$52,249	<u>\$27,299</u>
Area J RDCO	\$52,414	<u>\$72,145</u>	\$54,495.00	\$26,272.00
Kelowna	\$43,693	\$70,351.00	\$51,982	\$23,645

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Local Government	All Private Households	Couples with Children	Couples	Lone Households
Lake Country DM*	\$50,392.00	\$67,596.00	\$52,380.00	\$26,946.00
Peachland	\$41,017	\$64,179.00	\$46,156	\$20,798
West Kelowna	n/a	n/a	n/a	n/a
Okanagan Part 1 IR	\$38,206	\$45,999	\$42,720	\$20,249

1 * Electoral Area or municipality partially served by FortisBC

2
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Response:

4 The Commission granted a CPCN subject to the condition that FortisBC confirm in writing by
5 August 1, 2013 that it would file an application for an opt-out provision by November 1, 2013
6 based on the following principles:

- 7 (a) *Customers may choose to opt-out of accepting a wireless transmitting meter.*
- 8 (b) *Customers who choose to opt-out will be provided with an AMI meter that has the*
9 *wireless transmit functions disabled. Transmit functions on those meters will be*
10 *disabled until the individual chooses to opt back in to the AMI program; in the*
11 *event that the customer moves from the property, the opt-out choice will move*
12 *with the customer.*
- 13 (c) *The incremental cost of opting-out of the AMI program will be borne by the*
14 *individuals choosing to opt-out.*

15
16 On the basis of principle (c), subsidy programs for low income radio-off customers that would be
17 subsidized by either all customers as a whole or higher income radio-off customers was not a
18 consideration in FBC's AMI Radio-Off Meter Option.

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22 5. In 2012 one West Kootenay household paid \$458, before taxes, for residential consumption
23 of 3,111 kWh of electricity from FortisBC. How does FortisBC justify increasing the annual
24 cost of providing electricity, particularly to low consumption households that choose the
25 radio-off option, from \$458 to \$590, a 28.8% increase in electrical service costs?

26
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Response:

28 Please refer to the response to RDCK IR 1.4.



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6. Has FortisBC considered waiving or otherwise subsidising radio-off related fees for low income individuals and families?

Response:

Please refer to the response to BCPSO IR 1.3.1.

7. Given that, for persons disabled due to environmental sensitivities, the practical effect of the proposed "radio-off" fees is to charge and penalise those persons for their disability, has FortisBC considered waiving or subsidising radio-off related fees for persons who require the radio-off option as a result of such disability?

Response:

Please refer to the response to CSTS IR 1.41.

8. Please provide a fully detailed and itemised explanation of what is referred to in the application as the "incremental cost of opting out".

Response:

The Company presumes that the question references Exhibit B-1 (the Radio-off Application) section 1.6, page 7, line 9 to 11, "The radio-off fees proposed herein as applicable to the Radio-Off Option are designed to cover only those costs that are incremental to the costs already considered for the WAN-related manual meter reading."

Section 1.6 of the Application provides the detailed and itemised explanation of incremental costs – the per premise and per read fees.



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2 9. Please explain who or what incurs the cost of a customer opting out, and provide the
3 rationale behind the apparent concept that the opting-out customer should be obliged to
4 reimburse whomever is projected to incur any such cost.

5
6 **Response:**

7 The Commission granted a CPCN subject to the condition that FortisBC confirm in writing by
8 August 1, 2013 that it would file an application for an opt-out provision by November 1, 2013
9 based on the following principles:

- 10 (a) *Customers may choose to opt-out of accepting a wireless transmitting meter.*
- 11 (b) *Customers who choose to opt-out will be provided with an AMI meter that has the*
12 *wireless transmit functions disabled. Transmit functions on those meters will be*
13 *disabled until the individual chooses to opt back in to the AMI program; in the*
14 *event that the customer moves from the property, the opt-out choice will move*
15 *with the customer.*
- 16 (c) *The incremental cost of opting-out of the AMI program will be borne by the*
17 *individuals choosing to opt-out.*

18
19 FortisBC incurs the cost (and any lost benefits) due to customers choosing to be provided with a
20 radio-off meter. Principle 3 ensures that these costs (and any lost benefits) are not borne by all
21 customers. The inclusion of principle 3 was a key driver in FortisBC determining to proceed
22 with the AMI project.

23 It is principle 3 that supports “the apparent concept that the opting-out customer should be
24 obliged to reimburse whomever is projected to incur any such cost”

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28 10. Please provide a detailed explanation of why FortisBC is projecting that each of these
29 "advanced", "smart" meters will require 2 hours of "administrative work" for "manual
30 configuration", and an itemised description of what such "administrative work" will consist.

31
32 **Response:**

33 Please refer to the responses to BCUC IRs 1.3.1 and 1.5.3.



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11. Please provide the length of time actually required to switch a smart meter to radio-off status.

Response:

It is estimated that in aggregate two hours will be required to process and implement a radio-off request as described in Exhibit B-1, Section 1.6.

If the question is referring to the time required to turn off the radio once all the other required work is completed and the meter analyst's laptop is connected to the meter, that time is approximately 3 to 5 minutes.

Please refer to the responses to BCUC IRs 1.3.1 and 1.5.3 which elaborate upon the work involved.

12. Please provide the length of time actually required to switch a smart meter which has been operating in a radio-off state to radio-on.

Response:

Please refer to the response to BCUC IR 1.4.1.1.
There is no material time addition required of the meter technician while at the customer premise performing the final manual read.

13. What is FortisBC's projection of the cost, administrative and otherwise, of switching a "radio-off" meter to "radio-on" status?

Response:

Please refer to the response to BCUC IR 1.4.1.1



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14. Is it correct that smart meters are delivered to FortisBC from the supplier in a "radio-off" condition?

Response:

The statement is incorrect. AMI meters will be delivered to FortisBC with the LAN radio on and the HAN radio disabled.

15. Please provide a full and complete explanation and detailed and itemised list of the alleged costs and expenses represented by the \$110.00 "per-premise setup fee", including an explanation of how that setup procedure differs from the setup of a "radio-on" meter.

Response:

Please refer to the response to BCUC IR 1.3.1 for the additional work required to configure a radio-off AMI meter. "Radio-on" AMI meters will automatically configure themselves and connect to the software systems once they are plugged in.

Please refer to Exhibit B-1 (the Radio-off Application) section 1.6 for the cost components included in the \$110 per premise setup fee.

16. Does the radio-off setup fee calculation include a deduction for the costs which would otherwise have been incurred of installing a radio-on meter?

Response:

The per premise set up fee for radio-off AMI meters, as set out in Exhibit B-1 (the Radio-off Application) represents only costs incremental to those attributed to the installation of the AMI meter. There is nothing to deduct.



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1
2 17. The existing installed analogue meters are, of course, already “setup” and already “radio-
3 off”. If a customer wishes to retain their analogue meter, the “per premise setup fee” for a
4 “radio-off” meter would be unnecessary. Will the “per premise setup fee” be dispensed with
5 for customers wishing to retain their analogue meters?
6

7 **Response:**

8 On July 31, 2013, FBC filed a letter confirming that it would proceed with the AMI Project
9 subject to applying for an opt-out provision based on the Commission’s principles set out in its
10 Decision. For reference FBC’s AMI Project was approved subject to an opt-out program where:

- 11 (a) *Customers may choose to opt-out of accepting a wireless transmitting meter.*
- 12 (b) *Customers who choose to opt-out will be provided with an AMI meter that has the*
13 *wireless transmit functions disabled. Transmit functions on those meters will be*
14 *disabled until the individual chooses to opt back in to the AMI program; in the*
15 *event that the customer moves from the property, the opt-out choice will move*
16 *with the customer.*
- 17 (c) *The incremental cost of opting-out of the AMI program will be borne by the*
18 *individuals choosing to opt-out.*

19
20 On the basis of principle (b), allowing customers to keep their existing analogue meter was not a
21 consideration in FBC’s AMI Radio-Off Meter Option.

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25 18. Please provide a full explanation of why it takes 3 minutes to download "interval data" from
26 a radio-off "smart" meter.
27

28 **Response:**

29 Please refer to the response to CEC IR 1.11.1.

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33 19. Please provide a full explanation of what "interval data" consists and why such data is
34 desired by FortisBC.



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Response:

In the context of this Application, "interval data" means hourly electricity use information. As explained in the AMI CPCN Application in some detail, interval data provides customers and FortisBC with important benefits such as:

- Improved customer usage information (hourly interval data helps customers understand when and why they are using electricity);
- Reduced electricity theft (synchronized hourly consumption data allows energy balancing to accurately detect electricity theft); and
- Reduced bill estimates (using daily interval data).

20. If radio-off smart meters are as burdensome as suggested in FortisBC's application, would it not be economically more prudent for radio-off customers to simply retain their analogue meters?

Response:

FortisBC did not suggest that the radio-off meters are "burdensome" in its Application. Please refer to the response to CSTS IR 1.31.

21. Please describe the advantages and disadvantages of use of a radio-off smart meter as compared to an analogue meter, including a full accounting of any relative cost advantage or disadvantage of one over the other, with a pecuniary valuation of any perceived benefit, such as "interval data", of the radio-off smart meter.

Response:

Please refer to the response to CSTS IR 1.31.



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1 22. Based upon the accrual of any such benefit, what is the projected payback period of the
2 total installed cost of a radio-off smart meter?

3
4 **Response:**

5 The projected payback of a radio-off AMI meter is the same as for the AMI project generally
6 since radio-off fees ensure the AMI benefits are preserved. Please also refer to the response
7 to CSTS IR 1.31.

8
9

10
11 23. In comparison, what is the projected payback period for the total installed cost of a radio-on
12 smart meter?

13
14 **Response:**

15 The projected payback period for a radio-on AMI meter is approximately 6 years.

16
17

18
19 24. If, as described in the FortisBC application, the circumstances of up to 1% of FortisBC
20 customers do not support use of a WAN network, and the subsidy of those customers is an
21 integral part of the AMI proposal, why are the projected 0.5% of persons desiring a radio-off
22 option being discriminated against by FortisBC's proposed requirement that they pay an
23 "incremental cost of opting out"?

24
25 **Response:**

26 FortisBC does not agree with the characterizations made in the question. However, for an
27 explanation of why customers choosing the Radio-Off Option are paying the incremental cost of
28 opting out, please refer to the response to RDCK IR 1.9.

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32 25. Why are the projected 0.5% radio-off customers, whose circumstances involve health and
33 welfare concerns, simply not lumped into the category of other FortisBC customers whose
34 circumstances preclude use of the WAN network?

35



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1 **Response:**

2 The Company disagrees with the assumption that the 0.5% expected Radio-Off customers have
3 health and welfare concerns. The Commission granted a CPCN subject to the condition that
4 FortisBC confirm in writing by August 1, 2013 that it would file an application for an opt-out
5 provision by November 1, 2013 based on the following principles:

- 6 (a) *Customers may choose to opt-out of accepting a wireless transmitting meter.*
- 7 (b) *Customers who choose to opt-out will be provided with an AMI meter that has the*
8 *wireless transmit functions disabled. Transmit functions on those meters will be*
9 *disabled until the individual chooses to opt back in to the AMI program; in the*
10 *event that the customer moves from the property, the opt-out choice will move*
11 *with the customer.*
- 12 (c) *The incremental cost of opting-out of the AMI program will be borne by the*
13 *individuals choosing to opt-out.*

14
15 The principles set out by the Commission determine how radio-off customers are to be treated.
16 FortisBC's approach implements those principles.

17 FortisBC notes that certain AMI meters cannot be economically connected to the WAN. In other
18 words, it would be more costly to have these meters connected to the WAN than not. Once it
19 becomes economic to connect these meters to the WAN, that will be done, subject to particular
20 customers choosing to have a radio-off AMI meter.

21 This situation differs from customers choosing to have a radio-off AMI meter in areas where
22 they can be economically connected to the WAN. Those customers would be less costly to
23 serve with WAN-connected AMI meters.

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26
27 26. Will each of the up to 1% of the FortisBC customers whose circumstances do not support
28 use of a WAN network also require 2 hours of administrative work for manual meter
29 configuration?
30

31 **Response:**

32 No. There is no need to perform any of the incremental work or any incur any of the
33 incremental costs that have been articulated in this Application for any meters except radio-off
34 meters.



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27. How many RF range extenders were proposed to be installed prior to the proposed radio-off option?

Response:

The preliminary network design calls for approximately 380 range extenders distributed as required throughout the service territory.

28. How many additional RF range extenders are anticipated to be required as a result of the radio-off option?

Response:

The Company will not be able to determine exact numbers of additional network communications infrastructure that will be required until such time as actual numbers and locations of the premises that will be radio-off are known. In practice the actual requirement may be more or less than the number forecast for the per premise set up fee.

In the absence of actual data, and consistent with the Company's conservative approach to assessing the potential costs associated with the Radio-off Option, the range extender component of the proposed per premise set up fee is calculated based upon the simple extension of the range extender to AMI meter ratio (0.3%) utilized in the full AMI system preliminary network design to the forecast number of customers who may elect to participate in the Radio-off option.

0.3% of 695 customers = 2.1.

29. Under what circumstances, if any, would it be likely that a radio-off customer will have an RF range extender installed in close proximity to that customer's property?



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1 **Response:**

2 It is possible that if an individual customer premise is a key location in the RF-mesh, and if that
3 premise is located near other FortisBC infrastructure (such as a pole) that is not on the
4 customer's property and in a good topographical location to substitute for the required RF-mesh
5 performance, then a range extender could be installed "close" to the customer property.

6 It should be noted that "close" is a relative term.

7

8

9

10 30. How do the proposed radio-off fees compare with fees in other jurisdictions with a radio-off
11 option? Please provide a detailed comparison listing.

12

13 **Response:**

14 Please refer to the response to BCPSO IR 1.4.1.

15

16

17

18 31. If the projected opt-out rate of 0.5% is incorrect, and the opt-out rate is much higher, at
19 what point does the AMI project itself become uneconomic overall?

20

21 **Response:**

22 Please refer to the responses to the CEC IR 1.2 series.

23

24

25

26 32. FortisBC's application states that in the case of a radio-off customer moving from one
27 residence to another, the radio-off choice moves with the customer. If such is the case, why
28 does the application also state that the customer be charged an additional \$110.00 set up
29 fee?

30

31 **Response:**

32 All work (and costs) captured by the per premise set up fee, including processing the Radio-off
33 AMI Meter Customer Application and discussing options with the customer, will have to be



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1 performed for the new premise, therefore requiring the customer to pay the fee for the new
2 premise.

3
4

5

6 33. Why would this charge even be considered if the customer was moving to a previously
7 radio-off choice residence, as would it not be simply better to leave the meter off rather
8 than turn it on and then off again?

9

10 **Response:**

11 Please refer to the response to BCPSO IR 1.6.1.

12

13

14

15 34. Please provide a full explanation and details of any costs or circumstances which justify or
16 support a charge of additional setup fees to an existing radio-off customer.

17

18 **Response:**

19 Please refer to Exhibit B-1, Section 1.6 and the responses to CEC IRs 1.2series and BCUC IRs
20 1.2 series, 1.3 series, 1.4 series, 1.5 series and 1.6 series.