



Diane Roy
Vice President, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
Email: diane.roy@fortisbc.com
www.fortisbc.com

September 30, 2016

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC V6Z 2N3

Attention: Ms. Laurel Ross, Acting Commission Secretary and Director

Dear Ms. Ross:

Re: FortisBC Inc. (FBC)

Project No. 3698887

**Multi-Year Performance Based Ratemaking Plan for 2014 through 2019
approved by British Columbia Utilities Commission (Commission) Order G-139-
14 – Annual Review for 2017 Rates (the Application)**

Addendum to the Response to BCSEA IR 1.4.1 (Exhibit B-6)

On September 28, 2016, FBC filed its responses to the BC Sustainable Energy Association and Sierra Club BC (BCSEA) Information Requests (IR) No. 1 in the Application. In BCSEA IR 1.4.1, BCSEA requested FBC file a copy of the Advanced Metering Infrastructure (AMI) Radio-Off report referenced in Order G-220-13, on the record of this proceeding once submitted.

Attached as an addendum to the response to BCSEA IR 1.4.1 is a copy of the AMI Radio-Off report which was submitted on September 30, 2016

If further information is required, please contact Joyce Martin at 250-368-0319.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachment

cc (email only): Registered Parties



Diane Roy
Director, Regulatory Services

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
Email: diane.roy@fortisbc.com
www.fortisbc.com

September 30, 2016

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC V6Z 2N3

Attention: Ms. Laurel Ross, Acting Commission Secretary and Director

Dear Ms. Ross:

Re: FortisBC Inc. (FBC)

Advanced Metering Infrastructure (AMI) Radio-Off Meter Option – British Columbia Utilities Commission (Commission) Order G-220-13 Compliance Filing

Report on Radio-Off AMI Meter Option Participation and Costs (the Report)

On December 19, 2013, the Commission issued Order G-220-13 and accompanying Reasons for Decision in FBC's Application for a Radio-Off Meter Option pursuant to Order C-7-13 granting FBC a Certificate of Public Convenience and Necessity for the AMI Project.

In Order G-220-13, the Commission made, among others, the following order:

FortisBC must track the actual number of Radio-Off AMI Meter Option participants and the actual annual manual meter reading costs separately from other costs and submit a report on these items with the British Columbia Utilities Commission on or before September 30, 2016.

In accordance with Commission Order G-220-13, FBC respectfully submits the attached Report.

If further information is required, please contact Sarah Wagner at 250-469-6081.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachment



FORTISBC INC.

**Advanced Metering Infrastructure
Project**

**Report on Radio-off AMI Meter Option
Participation and Costs**

September 30, 2016

1
2
3
4
5
6
7
8

Table of Contents

1. BACKGROUND.....	1
2. RADIO-OFF OPTION	2
2.1 Customers Counts	3
2.2 Manual Meter Reading Costs.....	3
2.3 Manual Meter Reading Revenue.....	4
3. CONCLUSION AND RECOMMENDATION	5

1. BACKGROUND

On July 26, 2012, FortisBC Inc. (FBC or the Company) applied to the British Columbia Utilities Commission (BCUC or the Commission) for approval of the Advanced Metering Infrastructure (AMI) Project (the Project). Project components include the replacement of existing customer meters (excluding certain industrial customers with existing MV90 interval metering) with AMI enabled meters and the installation of the associated infrastructure to support the transmission of metering information from the AMI meters at customers' premises back to FBC.

Order C-7-13, dated July 23, 2013, granted FBC a Certificate of Public Convenience and Necessity (CPCN) for the Project. The approval was subject to the condition that FBC confirm in writing that it would file an application for an opt-out provision by November 1, 2013.

On August 30, 2013, FBC filed an application for a Radio-off AMI Meter Option (the Radio-off Option) setting out the rates and processes for customers who choose the Radio-off Option. Commission Order G-220-13 approved revised permanent rates for Radio-off Option customers and directed FBC to track the actual number of Radio-off Option participants and actual annual manual meter reading costs separately from other costs and provide a report to the Commission on or before September 30, 2016 (the Radio-off Report).¹

On September 11, 2015, FBC submitted an application for its Annual Review of 2016 Rates (2016 Annual Review). In the 2016 Annual Review FBC stated that the approved Radio-off tariff fees were not sufficient to recover the costs associated with providing the Radio-off Option and estimated a shortfall of \$0.168 million and \$0.392 million for 2015 and 2016, respectively. The Commission directed FBC to record the shortfall amount in a deferral account for future determination. The Commission noted that more complete and detailed information available from the Radio-off Report would better equip the Commission to make a decision on establishing just and reasonable rates.²

The following sections set out the actual Radio-off Option participants and actual manual meter reading costs as at August 2016 and sets out FBC's proposed treatment of the amounts captured in the Radio-off deferral account.

¹ Order G-220-13, Directive 3

² Order G-202-15, Directive 9 and Appendix A, pages 20-21

1 **2. RADIO-OFF OPTION**

2 Radio-off Option customer counts, and the costs incurred to manually read radio-off meters,
 3 varied during implementation of the AMI Project from 2014 to the second quarter of 2016.

4 The following table sets out the monthly Radio-off Option customer counts, costs incurred to
 5 manually read the radio-off meters, and manual read fee revenue.

6 **Table 2-1: Radio-off Advanced Meter Option: Customer Counts, Costs and Revenue**

Year	Month	RO Count	RO Read Costs (\$000)	RO Read Fee (\$000)	Cumulative Net: Costs - Fee (\$000)
2014	September	259	\$0.0	\$0.0	\$0.0
	October	358	\$0.0	\$0.0	\$0.0
	November	449	\$0.0	\$0.0	\$0.0
	December	541	\$0.0	\$0.0	\$0.0
2015	January	648	\$0.0	\$0.0	\$0.0
	February	762	\$0.0	\$0.0	\$0.0
	March	896	\$0.0	\$0.0	\$0.0
	April	1072	\$0.0	\$0.0	\$0.0
	May	1116	\$0.0	\$0.0	\$0.0
	June	1238	\$0.0	\$0.0	\$0.0
	July	1566	\$0.0	\$0.1	-\$0.1
	August	1694	\$0.0	\$3.4	-\$3.4
	September	1868	\$15.3	\$8.6	\$6.7
	October	2112	\$8.1	\$9.2	-\$1.1
	November	3080	\$7.9	\$6.7	\$1.2
	December	2968	\$9.0	\$14.0	-\$5.0
	2015 Total:		\$40.3	\$42.0	-\$1.7
2016	January	2994	\$27.9	\$16.9	\$11.0
	February	2991	\$29.8	\$12.4	\$17.4
	March	2862	\$32.0	\$15.9	\$16.1
	April	2865	\$30.1	\$37.5	-\$7.4
	May	2857	\$22.4	\$22.8	-\$0.4
	June	2835	\$26.2	\$26.9	-\$0.7
	July	2827	\$25.5	\$23.0	\$2.5
	August	2828	\$25.8	\$25.0	\$0.8
	2016 Total:		\$219.7	\$180.4	\$39.3

7

8

9 The following sections provide detail on the Radio-off Option customer counts, manual meter
 10 reading costs and read fee revenue shown in Table 1 above.

1 **2.1 CUSTOMERS COUNTS**

2 Radio-off Option customer counts rose as implementation progressed, peaking at 3,080 Radio-
3 off Option customers in November of 2015. Since that time Radio-off Option customer counts
4 have steadily decreased as customers elected to move off of the Radio-off Option to the
5 standard radio-on AMI meters. The Radio-off Option customer count has stabilized over the
6 three month period ending August 2016 at an average 2,830 customers.

7 **2.2 MANUAL METER READING COSTS**

8 Costs incurred to manually read the Radio-off Option customer meters varied during project
9 implementation as a factor of the counts, the geography of the specific Radio-off Option
10 customers, and as FBC personnel learned the skills necessary to manually read radio-off
11 meters. Meter reading routes were created, and revised throughout implementation.

12 2015 costs to manually read the Radio-off Option customer meters were \$40,300, which was
13 less than the forecast costs provided in the FBC 2016 Annual Review of \$256,600. In 2016,
14 costs incurred to-date to manually read the Radio-off Option customer meters are \$219,700.
15 The forecast 2016 yearend total costs are approximately \$322,900 which will also be less than
16 the forecast of \$604,300 provided in FBC's 2016 Annual Review.

17 The 2015 cost estimate was based on an estimated requirement of 3.3 FTE staff reading
18 meters. With overheads and vehicle costs, this amounted to approximately \$51,000 per month
19 for the last five months of 2015, from which the 2015 forecast of \$256,600 was derived. Costs
20 recorded in 2015 were much lower, largely due to incomplete cost tracking due to the transfer of
21 meter reading responsibilities to Operations.

22 The approximately \$51,000 per month estimate was also used to derive the forecast Radio-off
23 meter reading costs of \$604,300 in 2016.

24 Radio-off cost tracking was fully implemented at the beginning of 2016, with actual costs
25 incurred during the first five months of 2016 of \$28,500 per month. Actual costs from June to
26 August 2016 were approximately \$25,800 per month.

27 The 2015 actual and 2016 forecast Radio-off Option meter reading cost variances are due to
28 two factors:

- 29 1. More customers choosing the Radio-off Option than originally forecast, reducing drive
30 time (and the associated costs) between reads; and
- 31 2. Efficient use of FBC Operations resources for manual meter reading. Where possible,
32 manual meter reading work is combined with other work in remote areas. As well,
33 manual reading routes have been optimized to further minimize travel time.

1 With the stabilization of Radio-off Option customer counts experienced in the three months
2 ending in August 2016, finalized manual meter reading routes have been created to maximize
3 efficiencies. Average monthly costs during the period of June to August 2016 were \$25,800 per
4 month.

5 **2.3 *MANUAL METER READING REVENUE***

6 Radio-off Option manual meter read fee revenues collected under Electric Tariff Rate Schedule
7 81 were \$42,000 in 2015 and are \$180,400 to date in 2016.

8 During the three months ending in August 2016, total Radio-off manual meter reading fee
9 revenue was \$74,900.

1 **3. CONCLUSION AND RECOMMENDATION**

2 Based on the Radio-off Option customer counts over the three months ending in August 2016,
3 FBC forecasts an average Radio-off Option customer count of 2,800 and an average cost to
4 manually read the Radio-off Option customer meters of approximately \$18 per manual read,
5 going forward. FBC considers the June to August 2016 time period, in which costs averaged
6 \$18.26 per read, to be reflective of a stabilized environment for manual Radio-off reading and
7 has forecast accordingly.

8 The existing Radio-off Option manual read fee under Rate Schedule 81 of \$18 reflects with
9 reasonable accuracy the actual costs to manually read meters as experienced by FBC during
10 June to August 2016, therefore FBC recommends that the current Radio-off manual meter read
11 fee under Rate Schedule 81 be maintained at \$18 per read.

12 FBC proposes to continue recording any variances related to the Radio-off costs and revenues
13 in the existing Radio-off Shortfall deferral account through 2017. Given the Company's
14 experience during June to August 2016 and its forecasts going forward, FBC expects any
15 variances between Radio-off costs and revenues to be minimal and will make a request for the
16 disposition of the deferral account balance in the Company's Annual Review for 2018 Rates.