



January 7, 2005

Mr. John Zych, Board Secretary
Ontario Energy Board
2300 Yonge Street, 26th Floor
Toronto, Ontario
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Dear Mr. Zych:

RE: Smart Meter Initiative – Board File No. RP-2004-0196

The following are comments as requested in your letter of December 21, 2004 with respect to the following issues:

1. What are the benefits and drawbacks of mandating a two-way communication network?

The key benefit associated with a two-way, standards based network will be the ability to add and manage a broad range of utility applications that can assist in grid monitoring, outage prevention, system reliability, metering and conservation and demand management requirements. Although the initial investment will cost more than a one-way communication network it will provide greater flexibility and development of energy related products and services to benefit customers and the distribution company over the longer term with the opportunity to provide a better return on investment and lower customer costs.

Short term drawbacks will be for low volume customers who initially may not be able to utilize these benefits in relationship to some of the costs that the customer classification may incur. As applications evolve it is expected that benefits will exceed costs for this customer class.

2. In the event of Province-wide two-way communication, should electricity distributors be responsible for operating the communication network?

The network should be capable of Province-wide two-way communication with the capability of segmentation at various levels for example between the IESO and the LDC, and the LDC and the customer. The network must be operated with the same types of standards and service level agreements that are in place for the telecommunication industry. A provincial body would oversee the network to ensure that standards and integration are maintained. Electricity distributors could be responsible, if they so decided, for operating the communication network within their service territory with the provincial body having the capability to provide default supply to electricity distributors who do not want to operate

their own network. The provincial body could select operator(s) on a competitive bidding process.

3. If not, how should a communication operator or operators be selected?

The selection would be based a competitive bidding process with the capability for more than one operator to participate as a provider in the communication network.

4. How would rates for the communication operators be set and/or collected?

Rates would be established on a competitive bidding process with a postage stamp rate for the provincial network requirements to be charged to all customers and a rate for the electric distributor service area where default supply is selected to be charged to the customer. Where the distributor provides their own communication network the local rate would be approved by a provincial body and charged to the customer.

5. If there is a two-way communication network, would an open data protocol aid the development and availability of end-devices and services?

An open data protocol is essential for the development and availability of end-devices and services to be provided on a cost effective basis. As an example discussions have occurred with the Electric Power Research Institute (EPRI) with respect to the "Intelligrid" project where standards-based, open data protocols would be fundamental.

Yours truly,

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