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August 10, 2004

via facsimile to 416.440.7656 – original to follow by mail

John Zych, Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 26th Floor
Toronto, Ontario M4P 1E4

Dear Mr. Zych:

**Re: Minister's Directive on Implementing Smart Electricity Meters in Ontario
RP-2004-0196**

On behalf of Toronto Hydro Corporation I am pleased to submit the following comments relating to the above Directive.

Toronto Hydro Corporation supports the cost effective implementation of smart meters. This implementation should be consistent with rate structures that encourage conservation and demand response for various customer classes. We believe that any smart meter policy should minimize the impact of stranded distribution costs relating to existing meters that might be removed from service before they are scheduled for replacement.

We also believe that the costs of the meters should be added into the LDC rate base and not shown as a separate line item on the bill. Adding separate line items will lead to customer concerns and confusion over these new charges.

In addition, the following points are submitted for your consideration:

1. Local Distribution Companies should own smart meters. This would reduce the potential for service confusion for customers, and would facilitate the timely installation of smart meters by making LDCs clearly accountable for execution of the program.

2. One centralized data management storage entity for Ontario would provide the most cost effective solution for the management of the meter reading data that smart meters will produce.
3. LDCs should be allowed to choose their own suppliers of metering technology consistent with guidelines established by the government and Ontario Energy Board. To assist in this, Toronto Hydro is willing to explore joint purchasing arrangements with other utilities, to obtain the lowest available pricing.
4. Furthermore, Toronto Hydro is prepared to take the lead in pilot testing and implementing new smart metering technologies, consistent with the government's and OEB's guidelines, and sharing this information with Ontario's LDCs.
5. The OEB and Minister of Energy should permit flexibility in the smart meter policy implementation. The plan should allow for the earliest deployment of the most appropriate technology to meet government's overall conservation objectives, while balancing the operational realities of LDCs.

We will be providing comments on the OEB Staff Discussion Paper on Smart Meters shortly. We are interested in participating on any working groups established by the OEB related to smart metering policy, and we look forward to hearing from you in this regard.

Yours truly,



(Colleen Richmond for)

R. Zebrowski, Vice-President
Regulatory Services

CC: David O'Brien, President & CEO, Toronto Hydro Corporation
Peter D'Uva, Senior Vice President, Customer Services
Steve Andrews, Senior Manager, Communications & Public Affairs
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