

**REMOTE READING PROJECT – PHASE 1
TRACKING OF DECISION D-2012-127**

QUARTERLY TRACKING ON DECEMBER 31 2013

**TRACKING OF REMOTE READING PROJECT – PHASE
DECEMBER 31, 2013**

Contents

1. SETTING THE CONTEXT..... 6

2. NEW GENERATION METERS INSTALLED IN PHASE 1 7

3. PLANNED AND ACTUAL COSTS FOR PHASE 1 9

 3.1. PLANNED TOTAL PHASE 1 COSTS 9

 3.2. ACTUAL AND PLANNED COSTS FOR 2013..... 12

4. EFFICIENCY SAVINGS 13

5. CLIENTS MAKING USE OF THE OPT-OUT OPTION..... 14

6. CLIENT COMPLAINTS RECEIVED 16

7. PROGRESS REPORT ON EMBEDDING FUNCTIONALITIES 17

 7.1 FUNCTIONALITIES THAT ARE WITHIN THE LAD PROJECT SCOPE 18

 7.2 FUNCTIONALITIES OUTSIDE THE LAD PROJECT SCOPE 19

Attachments

ATTACHMENT A DEFINITION OF COMPLAINT TYPES..... 19

Tables

Table 1: Number of Planned and Installed New Generation Meters by Quarter for Phase 1 (in thousands)7

Table 2: Total Planned Costs for Phase 1 of the LAD project (in M\$) 9

Table 3: Costs for Phase 1 of the LAD Project – 2013 (in M\$)..... 12

Table 4: Number of Non-Communicating Meters Installed 14

Table 5: Number of Client Complaints by Reason Type..... 16

Table 6: Status of Progress of the Functionalities 17

Figure

Figure 1: Number of Planned and Installed New Generation Meters by Quarter for Phase 1 (in thousands)8

Glossary

| | |
|-------------------------------|---|
| CES | Conditions of Electricity Service |
| MOC | Measurement Operations Center |
| NCM | Non-Communicating Meter |
| NGM | New Generation Meter |
| AMI | Advanced Measurement Infrastructure |
| k | thousand(s) |
| M\$ | million(s) of dollars |
| MDMS | Measurement Data Management System |
| MRC | County regional town |
| Opt-out option | Electricity distribution tariffs and conditions relating to an option for installing a meter that does not emit radio frequencies |
| LAD project <i>et seq.</i> | Remote reading project and following |
| vs. | versus |

**Note: The totals in the document's tables
are calculated from un-rounded data.**

In its decision DE-2012-127¹ on the authorization request for performing phase 1 of the LAD project, the Energy Authority (the “Authority”) asked Hydro-Québec Distribution (the “Distributor”) to file quarterly a tracking of the progress of the costs and project schedule. This is how the Authority’s request is formulated:

“[532] Consequently, the Authority asked the Distributor to send it the following information, with the periodicity called for below:

- On a quarterly basis, attract new report on the progress of the Project’s costs and schedule, including the following information:
 - A plan for NGM installation by quarter for all of phase 1; [Section 2]
 - The number of NGM actually installed by quarter; [Section 2]
 - The number of clients who make use of the Opt-out Option by quarter; [Section 5]
 - The expected costs of phase 1 of the Project by quarter; [Section 3]
 - The actual costs of phase 1 by quarter; [Section 3]
 - The explanation for cost and schedule deviations and the new forecasts, as applicable; [Section 2 and 3]
 - A status of the materialization of the stated efficiency savings; [Section 4]
 - The number of client complaints received per quarter, organized by the type of reasons. [Section 6]
- Periodically and according to the progress of the Project, present the status of progress of embedding other functionalities which are outside the current scope but which are considered by the Distributor, according to the schedule filed in the hearing [footnote omitted]. [Section 7]”

The Distributor is filing the quarterly tracking for December 31, 2013 of the progress of the project costs and schedule including the explanations for deviations, as applicable. As indicated in the communication plan assessment filed with the Authority October 7, 2013, this tracking includes in Section 5 the results of the analysis of the impact on the LAD project of the number of clients who exercised the opt-out option.

¹ D-2012-127, final decision concerning the *Request for Authorization of the Remote Reading Project– Phase 1*, October 5, 2012.

1. SETTING THE CONTEXT

The LAD project phase 1 deployment is continuing, within the forecast financial envelope, and in keeping with the Distributor's high expectations for both the technology and the tempo of its execution. The Distributor remains confident of achieving at the end of phase 1 the objectives which it set for new generation meter deployment.

The Distributor indicates that in the case R-3770-2011² it was planning the beginning of bulk deployment in the second quarter of 2012; the annual costs and savings stated in the authorization request reflected the deployment tempo planned at that time. In October 2012, the Authority approved the electricity distribution tariffs and conditions for an option for installing a meter that does not emit radio frequencies ("opt-out option")³. Because of the coupled effect of the date of entry into force of the opt-out option set for December 1, 2012⁴ and the seasonal holiday period, the first installation notice letters, with information on the meter replacement, were sent to the client's January 7, 2013.

The forecasts stated in the 2013-2014 tariff case (case R-3814-2012) principally follow from the delay in starting bulk deployment and the revision of the LAD project phase 1 deployment schedule⁵.

² Case R-3770-2011, *Request for Authorization of the Remote Reading Project – Phase 1*.

³ D-2012-128, final decision on the *Request for Setting Electricity Distribution Tariffs and Conditions for an Option for Installing a Meter that Does Not Emit Radio Frequencies*, October 5 2012.

⁴ D-2012-145, final decision on *Conditions for Electric Service and Distributor's Tariffs and Conditions Applicable Starting December 1, 2012*, November 2, 2012.

⁵ See the responses to question 16.2 and 42.3 from the Authority's request for information number 1 on document HQD-13, document 1 (B-0082) of the case R-3814-2012, *Request to Establish Electricity Tariffs for the Tariff Year 2013-2014*, which reports on a start of bulk deployment in January 2013.

2. NEW GENERATION METERS INSTALLED IN PHASE 1

In the fourth quarter, the Distributor continued installing telecommunications equipment and new generation meters. As forecast in the 2013-2014 tariff case, the installation of 1.7 million meters in the greater Montréal region⁶ will be finished at the end of the second quarter of 2014.

Table 1 provides the number of new generation meters installed quarterly by December 31, 2013 and also the forecast for the coming meter installations, relying on the information already provided in the 2013-2014 tariff case. The number of new generation meters installed in red by the MOC is 1,037,000⁷ on December 31, 2013. Number of meters installed, including non-communicating meters, total 1,041,000.

TABLE 1: NUMBER OF PLANNED AND INSTALLED NEW GENERATION METERS BY QUARTER FOR PHASE 1 (IN THOUSANDS)

| | Preparatory work actual | 2013 | | | | 2014 | | Total planned |
|--|-------------------------|-----------|-----------|-----------|------------|------------|------------|---------------|
| | | Q1 actual | Q2 actual | Q3 actual | Q4 planned | Q1 planned | Q2 planned | |
| R-3814-2012¹ | 20 | 68 | 262 | 334 | 334 | 334 | 337 | 1,690 |
| New forecast | 20 | 20 | 208 | 386 | 403 | 311 | 342 | 1,690 |
| Deviation R-3814-2012 versus New Forecast | 0 | (48) | (55) | 52 | 69 | (23) | 5 | 0 |

Note 1: Table R-42.4 from document HQD-13, document 1 (B-0082) from case R-3814-2012 for data from Q1 to Q4 2013; Table 1 from Tracking the Remote Reading Project – Phase 1, period from January 1 to June 30, 2014 for the data for Q1 and Q2 2014.

As forecast, the tempo of installations has continued its progression since the previous tracking report. Thus, the average for the last quarter ending December 31 exceeded the Of 30,000 installations per week and did so despite slowing related to the end of year holiday season. The number of installations even approached 40,000 installations in a single week several times. The bar of 8000 computers installed in a single day was crossed several times. The

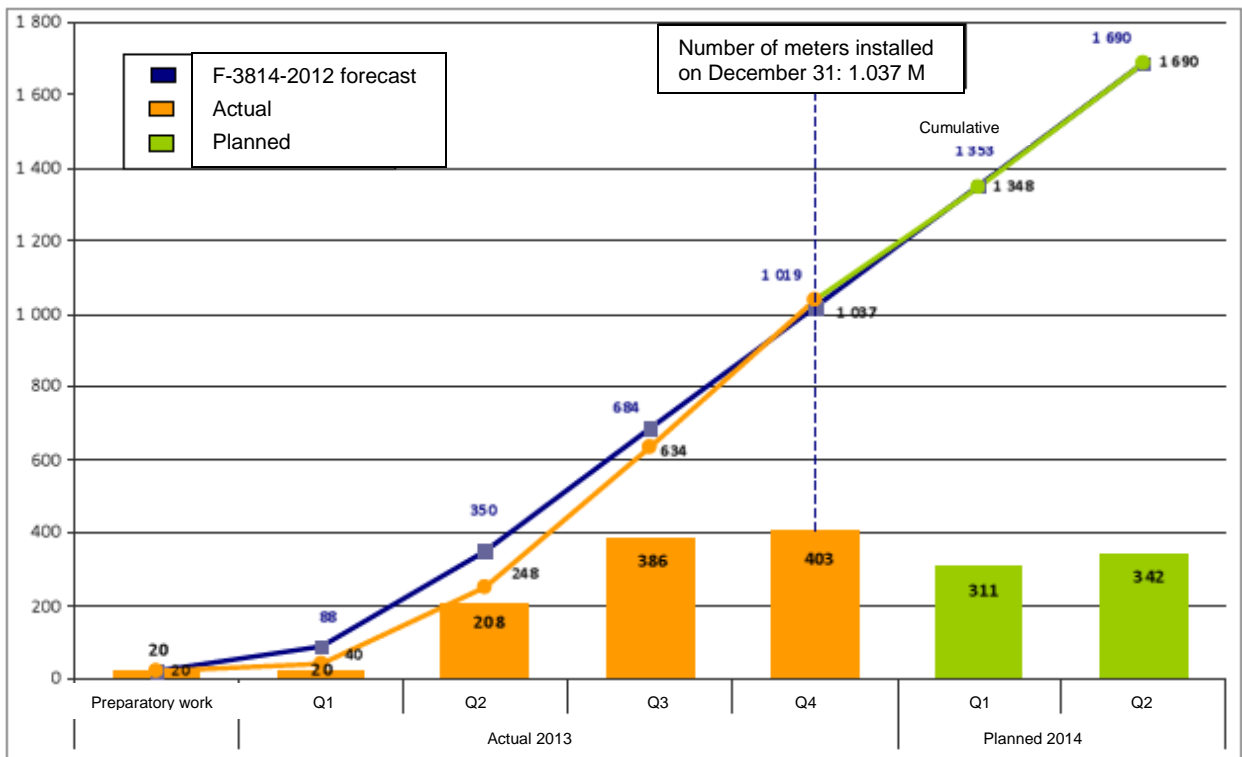
⁶ See page 18 from document HQD-3, document one (B-0026) from the case R-3770-2011 where the area targeted by the phase 1 deployment is illustrated.

⁷ This number includes meters installed in connection with preparatory work during the pilot project for the city of Boucherville and the MRC of Memphrémagog and also the Villeray neighborhood in Montréal.

Distributor therefore considerably exceeded the forecast average installation tempo of 5000 meters per day⁸.

The Distributor indicates that the deviation observed between the number of meters installed and the number expected for the same period is explained by the offset from starting installations on February 7 instead of January 1, 2013. In the fourth quarter, the Distributor managed to install 69,000 more meters than what was planned in 2013-2014 tariff case. The Distributor has therefore exceeded its annual installed meters objective at the end of the fourth quarter, and is consequently confident of achieving the objective for phase 1, which is 1.7 million as shown in Figure 1.

FIGURE 1: NUMBER OF PLANNED AND INSTALLED NEW GENERATION METERS BY QUARTER FOR PHASE 1 (IN THOUSANDS)



⁸ In particular see the stenographic notes from the hearing May 22, 2012, volume 18 (A-0152) from case R-3770-2011, pages 84 to 94.

3. PLANNED AND ACTUAL COSTS FOR PHASE 1

3.1. Planned Total Phase 1 Costs

Table 2 gives the preliminary actual cost to December 31, 2013 and those forecast until the end of phase 1, and then compares those to the forecast costs from case R-3770-2011. The actual costs for 2013 are preliminary considering the fact that the statutory verification of the Hydro-Québec financial reports dated December 31 is in progress and the Hydro-Québec annual report is not published. For purposes of LAD project phase 1 cost analysis, the Distributor presents its data on an annual basis.

By sustaining the current cost management rigor, the Distributor currently anticipates that the phase 1 costs will be below the \$440.5 million costs forecasting case R-3770-2011. While remaining prudent, in the face of the work to be done from now to the end of phase 1, the Distributor thinks that favorable deviations totaling \$28.5 million will be realized. With these favorable deviations it will be possible to balance the cost for maintaining the essential activities arising from the delay in starting the bulk deployment (\$8.8 million) and the increase of financial costs attributed to the project (\$6.6 million). The Distributor therefore expects to achieve a net favorable deviation of \$13.1 million for a new forecast of \$427.4 million.

TABLE 2: Total Planned Costs for Phase 1 of the LAD Project (in M\$)

| | Preparatory work ¹ | 2012 actual | 2013 planned | 2014 et seq. planned | Total planned | R-3770-2011 ¹ | Deviation Forecast/R-3770-2011 |
|---------------------------------------|-------------------------------|-------------|--------------|----------------------|---------------|--------------------------|--------------------------------|
| Investments | 38.8 | 41.2 | 173.4 | 140.8 | 394.2 | 396.3 | (2.1) |
| Information technology infrastructure | 20.3 | 13.7 | 10.3 | 25.3 | 69.7 | 72.1 | (2.5) |
| Project office | 7.1 | 3.8 | - | - | 10.9 | 10.2 | 0.7 |
| Subtotal | 11.4 | 23.7 | 163.1 | 115.4 | 313.7 | 314.0 | (0.3) |
| Purchasing and installing meters | 4.4 | 3.2 | 135.2 | 98.0 | 240.8 | 250.8 | (10.0) |
| Telecommunications equipment | 3.0 | 11.3 | 17.4 | 10.5 | 42.2 | 46.2 | (4.1) |
| Project office | - | 6.1 | 6.4 | 4.6 | 17.1 | 8.3 | 8.8 |
| Capitalized borrowing costs | - | 3.0 | 4.1 | 1.8 | 8.9 | 2.3 | 6.6 |
| Other | 4.0 | 0.1 | 0.0 | 0.6 | 4.7 | 6.3 | (1.6) |
| Operating charges | 3.9 | 5.1 | 13.5 | 10.6 | 33.2 | 44.2 | (11.0) |
| Relocalization of resources | - | - | - | - | - | 7.1 | (7.1) |
| Information Technologies | - | 4.5 | 7.4 | 3.1 | 15.0 | 19.4 | (4.3) |
| Telecommunications | 1.8 | 0.2 | 2.3 | 2.4 | 6.6 | 2.9 | 3.7 |
| Various charges | 2.1 | 0.4 | 3.9 | 5.1 | 11.5 | 14.8 | (3.3) |
| Total | 42.7 | 46.4 | 186.9 | 151.4 | 427.4 | 440.5 | (13.1) |

Note 1: The results of preparatory work (Table R-10.1-A from document HQD-13, document 1.1 (B-0129) from case R-3814-2012) and the data from the case R-3770-2011 (Table 11 from the document HQD-1, document 1 (B-0006) from case R-3770-2011) were reclassified for purposes of comparison with the actual year 2012 and the forecasts for 2013 and following years.

As it involves the favorable deviations totaling \$28.5 million, the following are the main items involving investments:

- \$10.0 million attributable to the unit cost for the purchase of meters and their installation that was lower than initially forecast in case R-3770-2011, particularly when the installation is done by the Distributor's installers⁹. This deviation also includes a downward revision of the forecast number of required actions by a master electrician in cases where the installers observe that the base is damaged and presents a safety problem for the electric installation.
- \$6.6 million released by lower than forecast costs for deploying the information technology infrastructure (\$2.5 million) and the telecommunications equipment (\$4.1 million) necessary for implementing phase 1.

The following are the main favorable items involving operating charges:

- \$7.1 million involving relocalization of meter reading resources because permanent employees are progressively reassigned to reading routes not targeted by deployment.
- \$3.3 million in training and communication activities (under the heading "other charges") by the use of training tools developed for base activities in the downward revision of the number of additional resources required in the communication activities.

As for the unfavorable deviations totaling \$15.4 million, the following are the main items involving investments:

- \$8.8 million coming in part from essential maintenance activities during the transition period before the end of the pilot projects and the beginning of bulk deployment and also from the revision of the deployment schedule.
- \$6.6 million of borrowing costs to be capitalized.

⁹ The LAD project costs in case R-3770-2011 included non-negotiated prices for new generation meters from the supplier Elster and the estimated services rate from the service provider.

Furthermore, involving operating charges, the lower than forecast costs for operating the information technology infrastructure (\$4.3 million) offset a cost increase for telecommunications activities (\$3.7 million), due in particular to the extension of the period of phase 1 work.

The Distributor indicates that the cost items that made it possible to generate favorable deviations are specific to the LAD project phase 1 implementation and can't be repeated in phases 2 and 3. As an example, during phases 2 and 3 of the project, the proportion of permanent meter reading employees to be relocated will necessarily be larger than for phase 1 and will consequently generate relocalization costs. Furthermore, the larger number of towns and the more vast area of the territories to be traversed in phases 2 and 3 will undoubtedly lead to costs consistent with those planned in case R-3770-2011, and therefore higher than the costs observed in phase 1, for the installations done by the Distributor's employees and for the communications activities.

3.2. Actual and Planned Costs for 2013

In table 3, the Distributor presents the actual and forecast costs for 2013 by quarter and compares them with the forecasts of the costs provided in connection with the 2013-2014 tariff case (case R-3814-2012).

The Distributor forecasts \$186.9 million in total costs, of which \$173.4 million is for investments and \$13.5 million for operating charges. The current forecast is within the \$202.9 million amount presented in the 2013-2014 tariff case.

TABLE 3: COSTS FOR PHASE 1 OF THE LAD PROJECT – 2013 (IN M\$)

| | 2013 | | | | 2013 Cumulative | | |
|---------------------------------------|-------------|-------------|-------------|-------------|-----------------|--------------------------|------------------------------|
| | Q1 | Q2 | Q3 | Q4 | Total actual | R-3814-2012 ¹ | Deviation actual/R-3814-2012 |
| Investments | 12.4 | 33.0 | 66.4 | 61.6 | 173.4 | 182.5 | (9.1) |
| Information technology infrastructure | 1.9 | 1.2 | 4.6 | 2.5 | 10.3 | 10.7 | (0.4) |
| Project office | - | - | - | - | - | - | - |
| Subtotal | 10.5 | 31.8 | 61.8 | 59.1 | 163.1 | 171.7 | (8.6) |
| Purchasing and installing meters | 3.1 | 26.0 | 52.6 | 53.4 | 135.2 | 142.0 | (6.8) |
| Telecommunications equipment | 4.5 | 4.0 | 5.8 | 3.2 | 17.4 | 20.6 | (3.1) |
| Project office | 1.8 | 1.0 | 2.5 | 1.1 | 6.4 | 6.2 | 0.2 |
| Capitalized borrowing costs | 1.1 | 0.8 | 0.8 | 1.4 | 4.1 | 1.4 | 2.7 |
| Other | 0.0 | - | - | - | 0.0 | 1.6 | (1.6) |
| Operating charges | 2.7 | 3.4 | 3.9 | 3.4 | 13.5 | 20.5 | (6.9) |
| Relocalization of resources | - | - | - | - | - | - | - |
| Information technology | 2.1 | 2.1 | 1.3 | 1.9 | 7.4 | 7.8 | (0.4) |
| Telecommunications | 0.6 | 0.6 | 0.6 | 0.6 | 2.3 | 1.8 | 0.4 |
| Various charges | 0.0 | 0.7 | 2.1 | 1.0 | 3.9 | 10.8 | (7.0) |
| Total | 15.1 | 36.5 | 70.3 | 65.0 | 186.9 | 202.9 | (16.0) |

Note 1: Data reclassified from table R-10.1-A from document HQD-13, document 1.2 (B-0129) of case R-3814-2012.

The following is the main favorable item involving investments:

- \$6.8 million attributable to the lower than forecast unit cost for purchasing and installing meters, and also the downward revision of the forecast number of visits required by a master electrician (see Section 3.1).

The following is the main favorable item involving operating charges:

- \$7.0 million in training and communication activities (under the “other charges” heading; see Section 3.1).

4. EFFICIENCY SAVINGS

In the LAD project phase 1 authorization request, the Distributor estimated that at the human resources level 726 positions would be affected by the LAD project for the entire deployment¹⁰.

In anticipation of starting deployment and considering the fact that the situation was temporary, the Distributor starting in 2012 prudently managed the staff in the reading and collection process, for example by not filling some positions which became vacant. The efficiency savings, connected with eliminating reading routes, showed up gradually and represents 126 positions for the reading process on December 31 2013. As for the savings related to service cut off and restoration activity associated with the collection process, they represent 29 positions on December 31 2013. The savings related to the client service representatives will be materialized later in step with the installation of new generation meters that will allow reducing the number of bills produced on the basis of an estimate.

Furthermore, on December 31 2013 the distributor also reported 126 demonstrated cases of bringing an electrical installation into compliance following detection of anomalies in the client's electrical installation which could affect the electricity measurement. It is currently analyzing 220 potential additional cases of bringing into compliance detected by December 31 2013.

¹⁰ Section 5.1 (page 31) of document HQD-1, document 1 (B-0006) from case R-3770-2011.

5. CLIENTS MAKING USE OF THE OPT-OUT OPTION

On December 31 2013, 3577 clients made use of the opt-out option has had a non-communicating meter installed. This represents about 0.3% of the installed meters (new generation meters and non-communicating meters); this rate is below the percentage forecast (1%) in connection with the case R-3770-2011¹¹.

The Distributor indicates that this rate would also be 0.4% if it took the ratio between the number of client requests to subscribe to the opt-out option (5187 request by December 31) and the number of new meter installation notice letters (1,332,000 notice letters by December 31). The Distributor however considers that the number of non-communicating meters installed represents the most reliable data because it sometimes happens that clients change their mind and decide to opt for a new generation meter after having requested to subscribe to the opt-out option.

By December 31, 420 clients had changed their mind and opted for a new generation meter. Thus, the dropout rate for the opt-out option represents nearly 10% of the clients who had completed the process, either by installation of a non-communicating meter (3577), or by changing their mind and instead opting for the installation of a new generation meter (420).

Table 4 shows the number of non-communicating meters installed by quarter to December 31 2013.

TABLE 4: NUMBER OF NON-COMMUNICATING METERS INSTALLED

| | 2013 | | | | |
|----------------------|------|-----|-------|------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Total |
| NCM installed | 72 | 330 | 1,559 | 1616 | 3577 |

The Distributor indicated that when it plans to replace the meter in a given region by new generation meters, the clients who request a non-communicating meter within 30 days of the installation notice letter have a right to an installation

¹¹ Document HQD-1, document 6 (B-0094) from case R-3770-2011.

credit for an amount set in the *Distributor's Tariffs and Conditions*. Thus, the 30 day interval granted the clients under the CES only serves to determine whether the clients have a right to an installation credit, since the choice can be exercised by the client at any time.

6. CLIENT COMPLAINTS RECEIVED

At the beginning of the discussion, the Distributor indicates that the complaints concern the dissatisfaction experienced by a client with respect to services rendered by the distributor following a first contact of the client with client services. This is why the Distributor calculates the complaint rate on the basis of the number of installed meters.

For the quarter ending December 31 2013, the Distributor and the service provider received a total of 118 complaints, so the complaints relative to the number of meters installed for the same period represents 0.03%. The complaint rate therefore remains stable. Table 5 reports, by quarter, complaints received according to the reason types; the reasons are defined in Attachment A.

TABLE 5: NUMBER OF CLIENT COMPLAINTS BY REASON TYPE

| Reason | 2013 | | | | |
|---------------------|----------|-----------|------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Total |
| Service conditions | | 12 | 6 | 8 | 26 |
| Billing | 1 | 3 | 6 | 8 | 18 |
| Interference | | 8 | 27 | 2 | 37 |
| Concerns/Refusal | 1 | 4 | 10 | 10 | 25 |
| Service performance | 1 | 43 | 71 | 90 | 205 |
| Total | 3 | 70 | 120 | 118 | 311 |

Note: The number of complaints for the second quarter was revised following the discovery of a data compilation error. Additionally, some complaints from the second quarter were reclassified to another reason, following their handling, in order to better reflect the actual subject of the associated complaints.

Although other types of requests are not recorded in a register or tracking system, the Distributor indicates that it contacts each client by phone or in writing in order to respond to any question from them and provide them the requested information. These other requests are not however considered in tracking the complaints. The Distributor also indicates that the other types of requests, from clients located throughout the territory of Québec and not only clients located in the deployment areas.

The Distributor wants to emphasize that management of complaints is part of a global process whose objective is to maximize the satisfaction of each client. This process incorporates all the elements necessary so that the Distributor can reduce the number of complaints to a minimum. The Distributor brings to the Authority's attention some of the components of this overall process:

- A communication plan that aims to respond to the individual concerns of each client (see the assessment of the communication plan filed October 7, 2013);
- Surveys conducted by an outside firm covering the satisfaction of clients with new generation meter installation services;
- The application of the quality assurance program relating to the new generation meter installation process;
- A service provider compensation clause incorporating the number of complaints received;
- A rigorous complaint tracking and analysis process involving, when the situation calls for it, the participants at the origin of the complaint, and feedback to them.

Additionally, the results the client satisfaction survey demonstrate a satisfaction rate of 8.8 out of 10 for the meter installation in the last quarter of 2013.

7. PROGRESS REPORT ON EMBEDDING FUNCTIONALITIES

Parallel to deploying the new generation meters and the phase 1 target areas, the Distributor is working to set up additional functionalities presented in case R-3770-2011. The additional functionalities must meet a real need of the clients or Distributor. As appropriate, a specific authorization request will be filed with the Authority.

Table 6 below reviews the progress status of the main functionalities presented in connection with case R-3770-2011. The Distributor also indicates that no additional functionality is planned.

TABLE 6: STATUS OF PROGRESS OF THE FUNCTIONALITIES

| | Presented Functionalities* | Forecast Date | Status | Start-up date |
|------------------------------|--|----------------------|---------------|----------------------|
| Within project scope | Billing on actual reading | 2012 | Completed | 2012 |
| | Ease of moving in/moving out | 2012 | Completed | 2013 |
| | Reading and collection process efficiency | 2012 | In progress | 2014 |
| Outside project scope | Management of outages and interruptions | 2012 | Completed | 2013 |
| | Demand forecast | 2012 | In progress | 2014 |
| | Consumption management | 2013 | In progress | 2014 |
| | Underutilization detection | 2013 | In progress | 2015 |
| | Energy efficiency – Loss reduction | 2013 | In progress | Ongoing from 2014 |
| | Network equipment data acquisition | 2015-2017 | Future | 2015-2017 |
| | Management of recharging electric vehicles | 2015-2017 | Future | 2015-2017 |
| | Remote monitoring/maintenance of equipment | 2015-2017 | Future | 2015-2017 |

Note: * As presented on pages 15 and 16 of document HQD-6, document 1 (B-0098) for R-3770-2011.

7.1. Functionalities That Are within the LAD Project Scope

Billing on actual reading

The technological solution is maintaining its good performance reaching levels of nearly 100% billing based on actual readings for all meters covered by the MOC. Only some exceptional cases could not be read because the service had been temporarily interrupted at the client's request or following an exceptional event.

Ease of moving in/moving out

Using the advanced measurement infrastructure, the meter can be read remotely on the precise date of moving out or moving it indicated by the client thus making it easy to split more precisely electricity consumption between successive occupants of a place. On December 31, 2013, nearly 103,000 readings had been done without human involvement. In 2014, the distributor will evaluate the opportunity to offer a remote service interruption between two places or subscriptions at the owner's request.

Reading and collection process efficiency

The first phase, conducted in the fall of 2013, demonstrated conclusive results for the service cut-off and restoration functionality. The Distributor is therefore of the opinion the technology meets its objectives.

This first phase serves to:

- Confirm the technical functionality of remote service cut-off and restoration;
- Identify the improvements necessary in the various Hydro-Québec processes (Client, Outage, Measurement, MOC and others);
- Determine the IT developments necessary in order to complete and automate the solution.

The business processes relating to the service cut-off and restoration function are currently being revised. The delivery of the IT solution fully automating the Service Cut-off/Restoration functionality for vacant buildings,

client requests and collection is planned for April 2014 at the latest in line with the time for resuming service cutoff and restoration activities for collection.

7.2. Functionality outside the Scope of the LAD Project

Management of outages and interruptions

In 2013, the Distributor developed and embedded the algorithm needed for incorporating the AMI data in the Distribution Operation Centers (DOC) and thus improve outage management. By quickly obtaining precise information on outages, the Distributor can considerably improve their management. When the deployment of new generation meters is completed, the Distributor will inform its entire clientele that it will no longer need to call to report an outage.

Demand forecast

The use of consumption profiles for forecasting demand requires a minimum number of meters be installed. The Distributor expects that in 2014 consumption profiles will be available and could at that time be used in order to improve the demand forecast.

Consumption management

The Distributor launched a request for proposals aiming to receive service proposals related to acquiring and integrating a consumption management tool with *Mon Espace client* on the company's Web Portal. The proposals are being analyzed. A proof of concept is planned in the first quarter of 2014. Gradual embedding will begin subsequently in 2014 and its first step will serve to test the functionalities of the desired tool. The tool will need to be able to allow the client to display its consumption in dollars and in kilowatt-hours, provide it explanations of its bill and provide it tools allowing it to better manage its consumption.

Underutilization detection

The Distributor, in collaboration with the Québec Institute for Electricity Research (IREQ), developed a technical solution to make it easier to detect cases of electrical noncompliance. A first step is underway and will end in December 2015. The purpose of this step is specifically to confirm in part the underutilization detection algorithms and also to analyze the opportunity. Based on the results obtained during this first step, a gradual deployment of the solution is anticipated in 2015, on priority medium voltage lines.

Energy efficiency – Loss reduction

In 2013, work was done to build up a voltage data and analysis environment. In 2014, these data will be analyzed in order to determine whether there is available operating room for lowering the voltage and thus generating energy savings.

ATTACHMENT A: DEFINITION OF COMPLAINT TYPES

Conditions of Service

The “conditions of service” reason concerns complaints related to the application of a condition of electricity service. For example, complaints related to the opt-out option methods (e.g. 30 days written notice, initial installation fees or required monthly fees, eligibility criteria and others) are entered under this reason.

Billing

The “billing” reason concerns complaints related to the first bill following installation of the new meter and the subsequent bills when the client can compare to equivalent periods following installation. There are for example disputes following the increase of the bill, disputes of the reading of the old meter at the time of its last reading or the new meter during replacement.

Interference

The “interference” reason covers client complaints alleging that the equipment they use is affected by waves emitted by the meters.

Concerns/Refusal

The “concerns/refusal” reason covers cases where the client refuses, by means of the complaint, the installation of a new generation meter or emphasizes their concerns about the project.

Service Performance

The “service performance” reason covers complaints dealing with the service received in connection with meter installation. Among the subjects which could be the subject of the complaint, are among others making or keeping an appointment, response time or performance of the installation, the explanations provided and the professionalism of the Distributor’s or service provider’s employees.