



Phone: (403) 625-4348

1-888-565-5445

Fax: (403) 625-3569

G.S.T. #881850168

P.O. Box 1657 • Claresholm, Alberta • T0L 0T0

June 22, 2010

Ed Stelmach
Office of the Premier
Legislative Building
Edmonton, Alberta
T5K 2B6

Dear Ed:

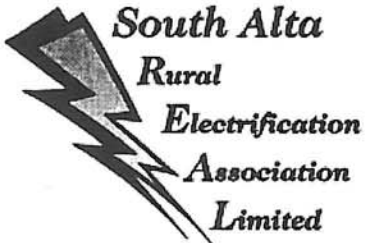
I want to thank you for your letter of June 2nd. Your letter is the first time in over 18 months of dealing with the AMI issue that anyone in government has attempted to give a rationale for the Department of Energy's position. Previously we were simply told what the DOE was going to do and that "our concerns would be considered". I particularly welcome your comment that an analysis of costs and benefits of a meter system would proceed after a preliminary design for meters has been established.

We are aware of the two studies that you mention. Regarding the households in Edmonton and Calgary, we are disappointed that there is no rural input into that study. We have always argued that demand-response was different (less!) in rural than in urban areas, and now that issue will remain unresolved. We are told that including a rural sampling was attempted, but was abandoned because of technology issues. That is not encouraging to those of us who believe that rural input is mandatory; and are opposed to the DOE's current strategy of 'one size fits all'.

REA's will definitely participate in the AUC study. However we are again disappointed by the fact that the AUC is paying the legal costs of the large investor-owned-utilities to participate, but has refused to cover any of the REA costs! We had hoped that the "level playing field" philosophy that the DOE espouses in the retail energy sector would have been transferrable to other sectors of the industry. As a result, REA members will pay a higher cost for regulatory intervention than other Alberta consumers.

While meters may cost \$100 to \$700, our estimates of up to \$2,000 per meter include hardware and software costs related to data handling, security and privacy. Mr. Norm Fraser, CEO of Hydro Ottawa reported to a Smart Grid Interoperability Summit on June 16th in Toronto that they spent \$2,000 per service (\$600,000,000 for 300,000 services) in an urban environment! We anticipate rural deployment to be more expensive. Further, the limited availability of data transfer protocols in rural areas significantly limits AMI implementation in those rural areas.

We have documentation from the U.S. that their federal "stimulus" funding is giving Texas AMI projects \$258 million; or 32% of their anticipated total costs! We are also told that Ontario has a cap on the amount that can be recovered through the rate base and that the remainder is subsidized by the government.



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REA's and smaller municipal utilities simply do not have the available cash to finance AMI meters, then recover the cost from their rates over a period of time. Ontario has lost over 300 of their original 400 utilities over the past few years, in large part for this reason.

Investor-owned utilities, on the other hand, are quite capable and willing to invest in this way because they can then build these costs into their rate base and recover them, plus profit, over the years.

We believe that adding AMI costs onto the rate base, on top of increased transmission costs that will be added onto the rate base, will be tremendously unpopular with Albertans; and may make the delivery of electricity so expensive as to drive industry away from Alberta to competing provinces or states.

We can supply you today with information regarding in home devices that are currently available in the market place- for approximately \$100.00- that will provide consumers 'real time' information on their electricity consumption- without AMI meters. AMI meters are definitely not required for this purpose!

The AMR meters that South Alta REA, as well as other REA's and many of the investor-owned utilities have already installed are capable of accomplishing the vast majority of what is going to be expected from the AMI meters... at a small fraction of the cost.

I again want to thank you for your June 2nd letter. I am relieved that there is someone in government who appears willing to participate in a dialogue, rather than a monologue, on the subject!

Yours truly,

A handwritten signature in cursive script that reads "Baynish Bassett".

Baynish Bassett, General Manager
South Alta REA

cc- John A. Ross, South Alta REA
Honourable Ron Liepert, Minister of Energy
Evan Berger, MLA
Broyce Jacobs, MLA
Leonard Mitzell, MLA
Barry McFarland, MLA
George Groeneveld, MLA