

# **INTERROGATORIES FOR VERIDIAN CONNECTIONS INC.**

## **2010 RATES - EB-2009-0140**

### **FROM THE CONSUMERS COUNCIL OF CANADA**

#### **GENERAL**

1. Ex. 1/T1/S2  

Please recast Attachment 1 to include all current rates and charges.
  
2. Ex. 1/T15 (2008 Annual Report)
  - (a) Please indicate whether all of the activities set out on pp. 4-5 and pp. 10-11 of the Annual Report are being funded by Veridian ratepayers. If not, please indicate which ones are. Please provide the annual cost of these activities for the years 2006-2010. Please identify where the expenditures are in the evidence.
  
  - (b) Please provide Veridian's forecast and actual ROE for the years 2006-2008. Please provide the latest forecast for 2009.
  
3. Ex. 1/T2/S1/p. 16
  - (a) Please explain how the 94.04% and 5.96% revenue requirement allocation numbers were derived. If these are based on the cost structure in place in 2006, why are those allocations still relevant for 2010? Is the allocation intended to reflect the current cost structure
  
  - (b) Please indicate whether Veridian Connections Inc. is still in the business of renting water heaters. If so, how are the costs of that activity reflected in the revenue requirement?

- (c) Will Veridian apply for a 3rd GIRM rate adjustment in 2011, or a cost of service rate adjustment?
- (d) Does Veridian ever plan to harmonize the rates of Veridian-Main and Veridian-Gravenhurst? If not, why not?

## **RATE BASE**

- 4. Ex. 2/T3/S1/p. 3

The evidence states that the capital and operating budgets are approved by Veridian's Board of Directors in conjunction with the annual Financial Plan. Please provide the budgets that were presented to the Board of Directors in preparation for the 2010 rate filing. Please include all presentation materials presented to the Board in conjunction with those budgets

- 5. Ex. 2/T3/S2/p. 5

Fleet Capital spending is more than doubling in 2010 relative to 2006. Please provide a business case for the \$1.77 million expenditure in 2010.

- 6. Ex. 2/T4/S2/p. 3

Please provide updated in-service dates for all 2009 and 2010 projects listed in Tables 1-5

- 7. Ex. 2/T5/S4/p. 1

Please provide a detailed breakdown of the \$385,000 budget for general renovations to the Ajax facility.

- 8. Ex. 2/T10/S1, p. 1

Would Veridian be willing to undertake a lead-lag study in order to determine the appropriate working capital allowance? If not, why not?

**REVENUE:**

9. Ex. 3/T2/S1/p. 1

Please explain, in detail, why in 2006 Veridian's residential distribution revenue was greater than the approved forecast.

10. Ex. 3/T8/S1/p. 1

Please explain how Veridian develops its forecast of other revenue. Has that methodology changed since 2006? If so, how? Please explain, in detail why the actual revenues were significantly above the Board approved levels in 2006.

**OPERATING COSTS:**

11. Ex. 4/T2/S1/p. 1

For the years 2005-2010 please provide a schedule setting out all costs incurred (forecast for 2009 and 2010) related to mergers and acquisitions. Does Veridian have cost included in the 2010 revenue requirement related to mergers and acquisitions? If so, please identify where those cost are in the filing.

12. Ex. 4/T2/S1/p. 3

The evidence states that in 2009 and 2010 additional resources will be required for, among other things, evolving service and connection requirements from the Green Energy Act. Please reconcile this with the statement made at Ex 1/T2/S1/p. 1 the application does not provide for pending new obligations of electricity distributors under the Province's Green Energy Act.

13. Ex. 4/T2/S1/Att 1

Please provide an updated number to reflect 2009 actuals.

14. Ex. 4/T3/S3

The evidence refers to the LEAP program. Please identify where the LEAP costs are included in the filing. Please indicate whether Veridian plans to make adjustments to the filing to reflect the fact the LEAP program has been suspended.

15. Ex. 4/T3/S3

The evidence indicates that in the third quarter of 2009 Veridian plans to add two full time staff to deal with the increased workload anticipated with the introduction of LEAP and changes in customer service standards. Have those employees been hired?

16. Ex. 4/T3/S4

Please provide a detailed budget for the Corporate Services Group. Please include budgets for each year 2006-2010.

17. Ex. 4/T4/p.S4/p. 16

Please provide a detailed breakdown of all components of the \$400,000 related to the 2010 Cost of Service proceeding. Please include all assumptions. How was the budget derived?

18. Ex. 4/T5/S2/p. 1

Please provide an update to Table 1: Number of Employees which includes 2009 actuals. Please recast 2010 to reflect the 2009 actual number.

19. Ex. 4/T6/S3

Please explain what services continue to be shared between Veridian Corporation and Veridian Connections Inc. Please explain the extent to which the President/CEO and the Executive VP and Treasurer divide their time between Veridian Corporation and Veridian Connections Inc.

**COST OF CAPITAL:**

20. Ex. 5/T1/S1

Please indicate the impact on the revenue requirement and rates if the approved Return on Equity was 9.5%, 9.75% and 10%.

21. Ex. 5/T1/S1

In light of the Board's Cost of Capital Report dated December 11, 2009, what ROE level is Veridian seeking approval of for 2010?

**SMART METERS:**

22. Ex. 9/T4/S5/p.1

Please provide one schedule setting out the total expenditures, by year, both capital and operating, that have been spent on the smart meter program since its inception. This will include, but not be limited to:

- (a) Total metering costs - both capital and operating costs;
- (b) Total network costs (AMRC and WAN);
- (c) Total AMCC costs;
- (d) Total costs related to MDM/R;
- (e) Costs of any pilots
- (f) Cost for customer communication and education
- (g) Costs for incremental functionality
- (h) Any other costs considered part of the smart metering program

23. In the same format, please provide the forecast costs for 2010. In addition, please provide a schedule setting out the annual recovery of smart meter costs from Veridian's customers to date.

24. Ex 9/T4/S5

For Veridian Main and Veridian- Gravenhurst please provide an estimate of the cost of the smart meter project on a per customer basis.

25. Ex. 1/T1/S22/p. 4

Please explain Veridian's accounting policy for stranded meters.

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