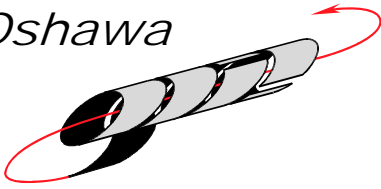


Oshawa



PUC Networks Inc.

100 Simcoe Street South, Oshawa, Ontario L1H 7M7 • Tel. (905) 723-4623 • Fax (905) 723-7947 • E-mail contactus@opuc.on.ca

January 11, 2010

Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Oshawa PUC Networks Inc. (ED-2002-0560)
Response to Interrogatories (EB-2009-0240)**

Please accept the enclosed Oshawa PUC Networks Inc. response to interrogatories provided by Vulnerable Energy Consumers Coalition (VECC).

Yours truly,

Philip Martin
VP, Finance and Regulatory Compliance
(905) 723-4626 ext 5250
pmartin@opuc.on.ca

Information Requests of the Vulnerable Energy Consumers Coalition (VECC)

Smart Meter Revenue Requirement and Smart Meter Funding Adder

Pursuant to our original application, we have obtained more recent information as a result of advancing negotiations with third-parties for the supply of goods and services related to the implementation of the “Smart Metering System”. As a result, we have requested the Board accept our revised **Utility-Specific Smart Meter Funding Adder Request** based upon this new information and our responses to the interrogatories reflect this undertaking. We believe this will be beneficial to all stakeholders and trust it is acceptable.

Question #1

- a) Provide Support/details of the 2009-2011 Residential Class SM Unit costs (procurement and installation);
- c) Provide Support/details of the 2009-2011 Commercial Class SM Unit costs (procurement and installation); and
- d) Provide Support/details of the 2009-2011 Commercial Class SM Unit costs (procurement and installation).

Response

We have estimated a total of 47,650 new smart meters will be installed to complete the “Smart Metering System” initiative; approximately 43,800 for Residential Class and 3,850 General Service less than 50 kW (“Small Commercial”) Class customers. With the exception of approximately 1,500 meters, we expect to install the *ANSI Form 2s REX meter (“REX 2”), supplied by Elster*. As a result, our budget for capital costs assumes that all installed meters are the lower cost REX 2.

The following chart and commentary is intended to answer parts a), c) and d):

		2009	2010	2011	Thereafter	Total	Details
Units							
Residential		500	43,300	-	-	43,800	
General Service < 50 Kw		-	3,850	-	-	3,850	
		500	47,150	-	-	47,650	
Bill of Materials:							
ANSI Form 2s REX Meter	USD	\$ 69.32	\$ 69.32	\$ 69.32	\$ 69.32	\$ 69.32	Per Elster Purchase Agreement.
F/X rate	\$1.05	\$ 3.47	\$ 3.47	\$ 3.47	\$ 3.47	\$ 3.47	Estimate.
Miscellaneous hardware		\$ 3.46	\$ 3.46	\$ 3.46	\$ 3.46	\$ 3.46	5% of meter cost.
		\$ 76.25	\$ 76.25	\$ 76.25	\$ 76.25	\$ 76.25	
Installation:							
Original		\$ 70.69	\$ 70.69	\$ 70.69	\$ 70.69	\$ 70.69	Estimate.
Revised		\$ 14.70	\$ 14.70	\$ 14.70	\$ 14.70	\$ 14.70	Per RFP proposals.
Unit costs:							
Procurement		\$ 76.25	\$ 76.25	\$ 76.25	\$ 76.25	\$ 76.25	
Installation		\$ 14.70	\$ 14.70	\$ 14.70	\$ 14.70	\$ 14.70	
Residential Class - Costs:							
Procurement		\$ 38,125	\$3,301,625	\$ -	\$ -	\$ 3,339,750	
Installation		7,350	636,510	-	-	643,860	
		\$ 45,475	\$3,938,135	\$ -	\$ -	\$ 3,983,610	
General Service Class - Costs:							
Procurement		\$ -	\$ 293,563	\$ -	\$ -	\$ 293,563	
Installation		-	56,595	-	-	56,595	
		\$ -	\$ 350,158	\$ -	\$ -	\$ 350,158	

Installation costs have been revised based on completion of “RFP” process and receipt of third-party proposals from both Honeywell Utilities Solutions and Olameter Corporation. A selection has not been made however, the revised installation costs in the table above are indicative of both proposals.

- b) Provide Support/details of the 2009-2011 Residential Class SM AMI, communications and back office costs (procurement and installation).

Response

	2009	2010	2011	Thereafter	Total	Details
AMI Interface:						
Software license	-	25,000	-	-	25,000	Software license and set up cost to initiate data capture for new meters.
Implementation costs	-	20,000	-	-	20,000	
	-	45,000	-	-	45,000	
Professional fees:						
MAS system set up fees	-	75,000	-	-	75,000	Included in PA from Elster.
Integration:						
Integrate MAS/IESO/MDMR	-	350,000	-	-	350,000	Based on third-party proposal.
Integrate billing system	-	75,000	-	-	75,000	Based on third-party proposal.
Training	-	60,000	-	-	60,000	Based on third-party proposal.
Travel & other	-	55,000	-	-	55,000	Based on third-party proposal.
	-	540,000	-	-	540,000	
Program management:						
Internal allocation	100,000	150,000	-	-	250,000	Estimate 1,400/2,000 hours.
Other costs:						
Allocate O/H and stores	50,000	50,000	-	-	100,000	Materials management.
Total	150,000	860,000	-	-	1,010,000	

The AMI, communications and back office costs listed in the table above are required to provision "Time-of-Use" billing as required and have not been allocated by Customer Class.

Question #2

- a) Provide a schedule that gives a breakdown of the AMCD Capital Costs shown in lines 1.1.1-1.5.6 between the Residential and GS<50kW and other classes.
 b) Provide a breakdown of the O&M costs shown at lines 2.1.1-2.5 between the Residential and GS<50kW and other classes.

Response

	Customers	2009	2010	2011	Thereafter	Total
Capital Costs:						
Residential	47,243	380,424	4,716,036	-	-	5,096,460
GS < 50 kW	3,845	30,962	383,827	-	-	414,789
GS 50 - 999 kW	522	4,203	52,109	-	-	56,312
GS 1,000 - 4,999 kW	9	72	898	-	-	971
Large Use > 5,000 KW	2	16	200	-	-	216
	51,621	415,678	5,153,070	-	-	5,568,748
O&M Costs:						
Residential	47,243	-	753,830	287,083	232,172	1,273,084
GS < 50 kW	3,845	-	61,352	23,365	18,896	103,613
GS 50 - 999 kW	522	-	8,329	3,172	2,565	14,067
GS 1,000 - 4,999 kW	9	-	144	55	44	243
Large Use > 5,000 KW	2	-	32	12	10	54
	51,621	-	823,687	313,687	253,687	1,391,061

We do not consider the allocation of capital costs and operating and maintenance costs by Customer Class other than on a pro-rata basis, to be material as it relates to the **Utility-Specific Smart Meter Funding Adder Request**. There are no significant costs specifically required for one applicable Customer Class (that is, Customer Classes subject to the Funding Adder) over another included in our plan. Therefore, all costs incurred should be considered equally distributable across all applicable Customer Classes.

As noted in our response to question 1, we have estimated a total of 47,650 smart meters will be installed to complete the "Smart Metering System" initiative; approximately 43,800 for Residential Class and 3,850 General Service less than 50 kW ("Small Commercial") Class customers. With the exception of approximately 1,500 meters, we expect to install the *ANSI Form 2s REX meter ("REX 2"), supplied by Elster*. As a result, our budget assumes that all installed meters are the lower cost REX 2.

In addition, capital costs required to implement "Time-of-Use" billing including system requirements, program management, integration, training and documentation, are also considered to be required for all Customer Classes equally.

We believe operating and maintenance costs required to support the "Time-of-Use" billing system are also required equally for all Customer Classes, once implemented.

Question #3

Based on the rate class split in capital and operating costs provided in the response to VECC IR#2 parts a, and b, provide a schedule that shows the amount to be recovered (including carrying costs) and the May 2010 to April 30, 2012 SM Adder by rate class and compare this to the aggregate \$1.00 (Revised from \$1.28) per month per metered customer.

Response

	Customers	Capital	O&M	Total	Adder	% of Cost
Capital Costs:						
Residential	47,243	5,096,460	1,273,084	6,369,544	1,151,924	18.1%
GS < 50 kW	3,845	414,789	103,613	518,403	93,753	18.1%
GS 50 - 999 kW	522	56,312	14,067	70,379	12,728	18.1%
GS 1,000 - 4,999 kW	9	971	243	1,213	219	18.1%
Large Use > 5,000 KW	2	216	54	270	49	18.1%
	51,621	5,568,748	1,391,061	6,959,809	1,258,673	18.1%

The total Funding Adder plus carrying charges amounts to \$1,258,673 and agrees with the total allocated in table above.

Question #4

- a) Provide a cash flow projection showing SM rate adder revenue and SM expenditures by Month for each class for the 2009, 2010 and 2011 rate years.

Response

	Capital	O&M	Total	Adder	Net
Opening	415,678	-	415,678	-	415,678
1-Jan-10	-	-	-	-	-
1-Feb-10	-	-	-	-	-
1-Mar-10	644,134	91,521	735,654	-	735,654
1-Apr-10	644,134	91,521	735,654	-	735,654
1-May-10	644,134	91,521	735,654	52,124	683,530
1-Jun-10	644,134	91,521	735,654	52,148	683,507
1-Jul-10	644,134	91,521	735,654	52,172	683,483
1-Aug-10	644,134	91,521	735,654	52,196	683,459
1-Sep-10	322,067	91,521	413,588	52,220	361,368
1-Oct-10	322,067	91,521	413,588	52,244	361,344
1-Nov-10	322,067	91,521	413,588	52,268	361,320
1-Dec-10	322,067	91,521	413,588	52,292	361,296
1-Jan-11	-	26,141	26,141	52,315	26,175
1-Feb-11	-	26,141	26,141	52,339	26,199
1-Mar-11	-	26,141	26,141	52,363	26,223
1-Apr-11	-	26,141	26,141	52,387	26,247
1-May-11	-	26,141	26,141	52,411	26,271
1-Jun-11	-	26,141	26,141	52,435	26,295
1-Jul-11	-	26,141	26,141	52,460	26,319
1-Aug-11	-	26,141	26,141	52,484	26,343
1-Sep-11	-	26,141	26,141	52,508	26,367
1-Oct-11	-	26,141	26,141	52,532	26,391
1-Nov-11	-	26,141	26,141	52,556	26,415
1-Dec-11	-	26,141	26,141	52,580	26,439
1-Jan-12	-	21,141	21,141	52,604	31,463
1-Feb-12	-	21,141	21,141	52,628	31,487
1-Mar-12	-	21,141	21,141	52,652	31,512
1-Apr-12	-	21,141	21,141	52,676	31,536
1-May-12	-	21,141	21,141	1,079	20,061
	5,568,748	1,334,598	6,903,345	1,258,673	5,644,672

Our cash flow has not been allocated to Customer Class. It would not provide additional useful information as noted above

- b) Is OPUCN recording its Smart Meter Costs by class in the smart meter variance accounts 1555 and 1556? If not why not.

Response

Smart Meter Costs are carried in "Work-in-Process" and are transferred to USofA accounts 1555 and 1556 at year-end accordingly. Expenditures were nil for the period ended December 31, 2008. We estimate cumulative capital costs in the amount of approximately \$400k and nil for operating costs for the year ending December 31, 2009.

LRAM/SSM Claim

Question #5

- a) Does OPUCN agree that the OEB TRC Guidelines Section 7.5 indicate that savings and LRAM claims should be based on the "Best Available" input assumptions at the time that the LRAM claim was prepared?

Response

Yes.

- b) Does OPUCN agree that in the case estimation of 2005 -2008 KWh savings, as per the Board's direction of January 29, 2009, this means using the best available 2007 and 2008 input assumptions, which were and are those of the OPA Measures and Input Assumptions List? If not, explain why not.

Response

Yes – calculations have been updated with these assumptions.

- c) Indicate why OPUCN did not conduct an independent third party review of 2008 lost revenue associated with 2005 - 2008 Third Tranche and OPA Programs?

Response

OPUCN currently participates in OPA programs only and relies on the analyses, evaluations and assessments performed by the OPA in their process of identifying program initiatives. Based on the materiality of the claims and all new 2008 programs are OPA, OPUCN believes their reliance on the OPA is appropriate and sufficient.

- d) Explain why OPUCN used the OEB March 28, 2008 Guidelines rather than as per the Board's direction of January 29, 2009 to use the latest OPA input assumptions for residential mass market measures and Affordable/Social housing (notably CFLs, SLEDs and PTs) as demonstrated in the following OPA documents:
- i. OPA 2007 EKC Program Calculator
 - ii. OPA 2008/2009 Measures and Assumptions list (now adopted by the OEB)

Response

Calculations have been updated using the OPA 2009 Measures and Assumptions per 5b) above.

- e) Confirm that the LRAM claim for 2005, 2006, 2007 and 2008 related to third tranche programs is based on using the OEB TRC Guide values for CFLs, SLEDs and PTs, rather than the OPA 2007 EKC Calculator and/or OPA 2008/2009 Measures values.

Response

LRAM claim was calculated using the latest OEB assumptions. Per above, the claim has been recalculated using the OPA 2009 Measures and Assumptions.

Question #6

- a) In the Column Titled "Total Energy Savings (kWh) before FR" confirm that the unit values for Residential mass market measures are taken from the OEB TRC Guide or if not, provide the sources of the assumptions e.g. OPA 2007 EKC Program Calculator or OPA 2008/2009 Measures and Assumptions

Response

The original source of values was the latest OEB assumptions; calculations have been revised below using the OPA 2009 Measures and Assumptions.

- b) For the Residential and Commercial CDM Programs provide a Revised Table 3 that replaces the values in the column "Total Energy Savings (kWh) before FR" and uses the appropriate 2008/2009 OPA Measures List input assumptions including unit kwh savings and free ridership and then calculates the revised net kWh and LRAM for each program.

Response

Updated table is provided below. In the cases where there is no OPA measure provided, the previous assumptions have been used.

Table 3: Forgone Revenue by Class

Rate Class	Total Energy Savings (kWh) before FR with # Units	Net kWh or kW Saved (After FR)	Lost Revenue 2008
Residential Total	2,326,737	2,122,489	\$ 25,257.62
Unmetered Scattered Load Total	1,082,796	757,957	\$ 14,780.17
Commercial Total	84,129	75,716	\$ 1,378.04
GS >50KW-200 Total	2,028,685	1,825,817	\$ 1,673.04
GS 200KW-1000 Total	476,580	428,922	\$ 397.27
Grand Total	5,998,927	5,210,901	\$ 43,486.13

Question #7

Provide a revised version of Table 2 using the revised load impacts from the revised Table 3 as requested in VECC IR #1b) for the Residential and GS<50 kw Sectors

Response

Table 2: CDM Load Impacts by Program and Class

Rate Class	Program	CDM Report Year	Total Energy Savings (kWh) before FR with # Units	kWh Saving (Net of FR)
Residential				
	Library Watt- Reader Program	2006	6,020	5,418
	OPA EKC Pgm Coupons (Summer/ Fall 2006)	2006	565,215	512,254
	Residential Replace Bulk with Individual Meters	2006	4,800	4,800
	Retrofit Non-Profit Housing	2006	62,564	57,456
	OPA Direct Install	2008	701,126	633,250
	OPA Peaksaver	2008	21,942	19,748
	OPA Refrigerator Roundup	2008	755,061	679,555
	OPA Summer Sweepstakes	2008	210,009	210,009
	Subtotal			2,122,489
GS >50KW-200				
	OPA ERIP - Foley Group	2008	120,150	108,135
	OPA ERIP - Kassinger Construction, Jul 08 lighting	2008	1,773,801	1,596,421
	OPA ERIP - Nordco Inc	2008	46,071	41,464
	OPA ERIP - Syran Developments Ltd	2008	88,663	79,797
	Subtotal			1,825,817

Question #8

- a) Provide a revised version of the Table on Page 11 of Appendix C that shows **Sum of Net kWh or kW Saved (After FR)** and **Sum of Lost Revenue 2008**.

Response

Sum of Net kWh or kW Saved (After FR) Rate Class	Year (start of program)			Grand Total
	2006	2007	2008	
Residential	579,927.33		1,542,561.62	2,122,488.94
Commercial			75,716.37	75,716.37
GS >50KW-200			1,825,816.73	1,825,816.73
GS 200KW-1000			428,921.82	428,921.82
Unmetered Scattered Load		757,957.20		757,957.20
Grand Total	579,927.33	757,957.20	3,873,016.53	5,210,901.06

Sum of Lost Revenue 2008 Rate Class	Year (start of program)			Grand Total
	2006	2007	2008	
Residential	\$ 6,901.14		\$ 18,356.48	\$ 25,257.62
Commercial			\$ 1,378.04	\$ 1,378.04
GS >50KW-200			\$ 1,673.04	\$ 1,673.04
GS 200KW-1000			\$ 397.27	\$ 397.27
Unmetered Scattered Load		\$ 14,780.17		\$ 14,780.17
Grand Total	\$ 6,901.14	\$ 14,780.17	\$ 21,804.83	\$ 43,486.13

- b) Provide a revised version of the Table on Page 1 of 11 titled "LRAM and SSM Total Amounts and Rate Riders by Class" that shows the derivation of the Residential and GS<50kw Rate riders based on the kWh savings summarized in the Tables on Page 11 and with revised carrying costs

Response

LRAM Total Amounts and Rate Riders by Class

Customer Class	Amounts	Billing Units		Rate Riders (One Year)		Proposed One Year
				LRAM	SSM	
				\$	\$/ unit (kWh)	
		2008				
		Actual				
RESIDENTIAL						
Residential	\$ 25,257.62	487,192,399	kWh	\$0.0001	\$0.0000	\$0.0001
Commercial	\$ 1,378.04	140,097,188	kWh	\$0.0000	\$0.0000	\$0.0000
GS >50KW-1000	\$ 2,070.31	893,941	kW	\$0.0023	\$0.0000	\$0.0023
Unmetered Scattered Load	\$ 14,780.17	3,841,944	kWh	\$0.0038	\$0.0000	\$0.0038
TOTALS	\$ 43,486.13					

Unclaimed Revenue Adjustment

Question #9

Given that the Board has amended Oshawa's Rate Order for 2009 (Reference (ii)) to correct for the calculation error and made provision, in the Amended Order the lost revenue up to November 1, 2009 is there still a need for the requested "Unclaimed 2009 Revenue Adjustment"? If yes, please explain why.

Response

There is no longer a requirement for this Adder.