

1. Ref: Exhibit 1 / Tab 1 / Schedule 2

**Request**

Please recast Attachment 1 to include all current rates and charges.

Response:

Veridian's proposed Tariff of Rates and Charges for the 2010 Test Year has changed as a result of Veridian's Application Update. This interrogatory has been answered on the basis of the updated values.

## Veridian\_Gravenhurst – Tariff of Rates and Charges (Revised)

		<b>Proposed</b>	<b>Current</b>
<b>Residential Urban Year-Round</b>			
Service Charge	\$	10.22	9.63
Smart Meter Funding Adder	\$	1.00	-
Smart Meter Cost Recovery Rate Rider	\$	0.61	-
Distribution Volumetric Rate \$/kWh 0.0198			
Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery Rate Rider – effective until April 30, 2010	\$/kWh	-	0.0005
Distribution Volumetric Rate	\$/kWh	0.0198	0.0198
Low Voltage Cost Rate Adder	\$/kWh	0.0029	-
Regulatory Asset Recovery Rate Rider	\$/kWh	0.0030	-
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0051	0.0051
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers)	\$/kWh	0.0003	-
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	0.25
<b>Residential Suburban Year-Round</b>			
Service Charge	\$	14.96	13.48
Smart Meter Funding Adder	\$	1.00	-
Smart Meter Cost Recovery Rate Rider	\$	0.61	-
Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery Rate Rider – effective until April 30, 2010	\$/kWh	-	0.0005
Distribution Volumetric Rate	\$/kWh	0.0208	0.0202
Low Voltage Cost Rate Adder	\$/kWh	0.0029	-
Regulatory Asset Recovery Rate Rider	\$/kWh	0.0030	-
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0051	0.0051
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers)	\$/kWh	0.0003	-
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	0.25
<b>Residential Suburban Seasonal</b>			
Service Charge	\$	27.19	24.30
Smart Meter Funding Adder	\$	1.00	-
Smart Meter Cost Recovery Rate Rider	\$	0.61	-
Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery Rate Rider – effective until April 30, 2010	\$/kWh	-	0.0005
Distribution Volumetric Rate	\$/kWh	0.0336	0.0317
Low Voltage Cost Rate Adder	\$/kWh	0.0029	-
Regulatory Asset Recovery Rate Rider	\$/kWh	0.0033	-
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0051	0.0051

Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers)	\$/kWh	0.0003	-
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	0.25

#### **General Service Less Than 50 kW**

Service Charge	\$	11.78	10.80
Smart Meter Funding Adder	\$	1.00	-
Smart Meter Cost Recovery Rate Rider	\$	0.61	-
Distribution Volumetric Rate	\$/kWh	0.0201	0.0194
Low Voltage Cost Rate Adder	\$/kWh	0.0026	-
Regulatory Asset Recovery Rate Rider	\$/kWh	0.0030	-
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0048	0.0048
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers, except Public Sector non-RPP)	\$/kWh	0.0003	-
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	0.25

#### **General Service 50 to 4,999 kW**

Service Charge	\$	110.62	23.40
Smart Meter Funding Adder	\$	1.00	-
Smart Meter Cost Recovery Rate Rider	\$	0.61	-
Distribution Volumetric Rate	\$/kW	4.2266	5.4844
Low Voltage Cost Rate Adder	\$/kW	0.9486	-
Regulatory Asset Recovery Rate Rider	\$/kW	1.2281	-
Retail Transmission Rate – Network Service Rate	\$/kW	1.9357	1.9357
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7915	1.7915
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers)	\$/kWh	0.0003	-
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	0.25

#### **Sentinel Lighting**

Service Charge (per connection)	\$	1.62	0.65
Distribution Volumetric Rate	\$/kW	3.0873	1.5428
Low Voltage Cost Rate Adder	\$/kW	0.7486	-
Regulatory Asset Recovery Rate Rider	\$/kW	0.9363	-
Retail Transmission Rate – Network Service Rate	\$/kW	1.4672	1.4672
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4138	1.4138
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	-	0.25

#### **Street Lighting**

Service Charge (per connection)	\$	0.44	0.39
Distribution Volumetric Rate	\$/kW	0.4330	1.0323
Low Voltage Cost Rate Adder	\$/kW	0.7333	-
Regulatory Asset Recovery Rate Rider	\$/kW	1.0537	-
Retail Transmission Rate – Network Service Rate	\$/kW	1.4599	1.4599

Retail Transmission Rate – Line and Transformation Connection			
Service Rate	\$/kW	1.3849	1.3849
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	0.25
<b>Specific Service Charges</b>			
<b>Customer Administration</b>			
Arrears Certificate	\$	15.00	15.00
Statement of Account	\$	15.00	15.00
Request for other billing information	\$	15.00	15.00
Easement Letter	\$	15.00	15.00
Account history	\$	15.00	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00	15.00
Returned Cheque charge (plus bank charges)	\$	15.00	15.00
Account set up charge / change of occupancy charge	\$	30.00	30.00
Special Meter reads	\$	30.00	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00	-
Disconnect/Reconnect at meter – after regular hours	\$	185.00	-
<b>Non-Payment of Account</b>			
Late Payment - per month	%	1.50	1.50
Collection of account charge – no disconnection	\$	30.00	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00	185.00
Install / remove load control device – during regular hours	\$	65.00	65.00
Install / remove load control device – after regular hours	\$	185.00	185.00
Temporary service install and remove – overhead – no transformer	\$	500.00	500.00
Temporary service install and remove – overhead – with transformer	\$	1,000.00	1,000.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35	22.35
<b>Retail Service Charges (if Applicable)</b>			
Retailer Service Agreement -- standard charge	\$	100.00	100.00
Retailer Service Agreement -- monthly fixed charge (per retailer)	\$	20.00	20.00
Retailer Service Agreement -- monthly variable charge (per customer)	\$	0.50	0.50
Distributor-Consolidated Billing -- monthly charge (per customer)	\$	0.30	0.30
Retailer-Consolidated Billing -- monthly credit (per customer)	\$	(0.30)	(0.30)
Service Transaction Request -- request fee (per request)	\$	0.25	0.25
Service Transaction Request -- processing fee (per processed request)	\$	0.50	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customer, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party,			
Up to twice a year -		No charge	No charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00	2.00
<b>Allowances</b>			
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)	(1.00)

**LOSS FACTORS**

Total Loss Factor - Secondary Metered &lt; 5000 kW

1.1013

1.0884

Total Loss Factor - Primary Metered &lt; 5000 kW

1.0904

1.0775

## Veridian\_Main – Tariff of Rates and Charges (Revised)

	<b>Proposed</b>	<b>Current</b>
<b>Residential</b>		
Service Charge	\$ 11.38	11.30
Smart Meter Funding Adder	\$ 1.00	-
Smart Meter Cost Recovery Rate Rider	\$ 0.61	-
Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery Rate Rider – effective until April 30, 2010	\$/kWh -	0.0005
Distribution Volumetric Rate	\$/kWh 0.0161	0.0155
Low Voltage Cost Rate Adder	\$/kWh 0.0006	-
Regulatory Asset Recovery Rate Rider	\$/kWh (0.0045)	-
Retail Transmission Rate – Network Service Rate	\$/kWh 0.0047	0.0047
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh 0.0033	0.0033
Wholesale Market Service Rate	\$/kWh 0.0052	0.0052
Rural Rate Protection Charge	\$/kWh 0.0013	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers)	\$/kWh 0.0019	-
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25	0.25
<b>General Service Less Than 50 kW</b>		
Service Charge	\$ 14.08	14.42
Smart Meter Funding Adder	\$ 1.00	-
Smart Meter Cost Recovery Rate Rider	\$ 0.61	-
Distribution Volumetric Rate	\$/kWh 0.0174	0.0174
Low Voltage Cost Rate Adder	\$/kWh 0.0005	-
Regulatory Asset Recovery Rate Rider	\$/kWh (0.0046)	-
Retail Transmission Rate – Network Service Rate	\$/kWh 0.0043	0.0043
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh 0.0030	0.0030
Wholesale Market Service Rate	\$/kWh 0.0052	0.0052
Rural Rate Protection Charge	\$/kWh 0.0013	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers, except Public Sector non-RPP)	\$/kWh 0.0019	-
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25	0.25
<b>General Service 50 to 2,999 kW</b>		
Service Charge	\$ 138.20	133.75
Smart Meter Funding Adder	\$ 1.00	-
Smart Meter Cost Recovery Rate Rider	\$ 0.61	-
Distribution Volumetric Rate	\$/kW 3.1015	3.2221
Low Voltage Cost Rate Adder	\$/kW 0.2462	-
Regulatory Asset Recovery Rate Rider	\$/kW (1.8069)	-
Retail Transmission Rate – Network Service Rate	\$/kW 2.0883	2.0883
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW 1.4423	1.4423
Wholesale Market Service Rate	\$/kWh 0.0052	0.0052
Rural Rate Protection Charge	\$/kWh 0.0013	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers)	\$/kWh 0.0019	-
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25	0.25
<b>General Service 3,000 to 4,999 kW</b>		
Service Charge	\$ 5,333.07	5,333.07

Smart Meter Funding Adder	\$	1.00	
Smart Meter Cost Recovery Rate Rider	\$	0.61	
Distribution Volumetric Rate	\$/kW	1.4789	1.6112
Low Voltage Cost Rate Adder	\$/kW	0.2710	-
Regulatory Asset Recovery Rate Rider	\$/kW	(1.7658)	-
Retail Transmission Rate – Network Service Rate	\$/kW	2.2916	2.2916
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5874	1.5874
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers)	\$/kWh	0.0019	-
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	0.25

### Large Use

Service Charge	\$	8,011.37	8,011.37
Smart Meter Funding Adder	\$	1.00	
Smart Meter Cost Recovery Rate Rider	\$	0.61	
Distribution Volumetric Rate	\$/kW	1.7581	1.7328
Low Voltage Cost Rate Adder	\$/kW	0.2710	
Regulatory Asset Recovery Rate Rider	\$/kW	(2.5329)	
Retail Transmission Rate – Network Service Rate	\$/kW	2.2916	2.2916
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5874	1.5874
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers)	\$/kWh	0.0019	
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	0.25

### Unmetered Scattered Load

Service Charge (per connection)	\$	7.68	6.87
Distribution Volumetric Rate	\$/kWh	0.0190	0.0175
Low Voltage Cost Rate Adder	\$/kWh	0.0005	
Regulatory Asset Recovery Rate Rider	\$/kWh	(0.0045)	
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0043	0.0043
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0030	0.0030
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	-	0.25

### Sentinel Lighting

Service Charge (per connection)	\$	2.92	1.91
Distribution Volumetric Rate	\$/kW	9.1086	6.0491
Low Voltage Cost Rate Adder	\$/kW	0.1527	
Regulatory Asset Recovery Rate Rider	\$/kW	(1.6712)	
Retail Transmission Rate – Network Service Rate	\$/kW	1.2936	1.2936
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.8946	0.8946
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	0.25

### Street Lighting

Service Charge (per connection)	\$	0.67	0.59
Distribution Volumetric Rate	\$/kW	3.7366	3.4362
Low Voltage Cost Rate Adder	\$/kW	0.1609	
Regulatory Asset Recovery Rate Rider	\$/kW	(1.63)	
Retail Transmission Rate – Network Service Rate	\$/kW	1.3659	1.3659
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9426	1.3659
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25	0.25

### Specific Service Charges

#### Customer Administration

Arrears Certificate	\$	15.00	15.00
Statement of Account	\$	15.00	15.00
Request for other billing information	\$	15.00	15.00
Easement Letter	\$	15.00	15.00
Account history	\$	15.00	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00	15.00
Returned Cheque charge (plus bank charges)	\$	15.00	15.00
Account set up charge / change of occupancy charge	\$	30.00	30.00
Special Meter reads	\$	30.00	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00	-
Disconnect/Reconnect at meter – after regular hours	\$	185.00	-

#### Non-Payment of Account

Late Payment - per month	%	1.50	1.50
Collection of account charge – no disconnection	\$	30.00	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00	185.00
Install / remove load control device – during regular hours	\$	65.00	65.00
Install / remove load control device – after regular hours	\$	185.00	185.00
Temporary service install and remove – overhead – no transformer	\$	500.00	500.00
Temporary service install and remove – overhead - with transformer	\$	1,000.00	1,000.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35	22.35
Customer Substation Isolation - After Hours	\$	905.00	-

#### Retail Service Charges (if Applicable)

Retailer Service Agreement -- standard charge	\$	100.00	100
Retailer Service Agreement -- monthly fixed charge (per retailer)	\$	20.00	20
Retailer Service Agreement -- monthly variable charge (per customer)	\$	0.50	0.50
Distributor-Consolidated Billing -- monthly charge (per customer)	\$	0.30	0.30
Retailer-Consolidated Billing -- monthly credit (per customer)	\$	(0.30)	(.30)
Service Transaction Request -- request fee (per request)	\$	0.25	0.25
Service Transaction Request -- processing fee (per processed request)	\$	0.50	0.5
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customer, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party,			
Up to twice a year		No charge	No charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00	2.00



**Allowances**

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)	(1.00)

**LOSS FACTORS**

Total Loss Factor - Secondary Metered < 5000 kW	-		1.0549
Total Loss Factor - Secondary Metered > 5000 kW	1.0458		1.0145
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0458		1.0444
Total Loss Factor - Primary Metered Customer >5,000 kW	1.0145		1.0045

2. Ref: Exhibit 1 / Tab 15

**Request**

- (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.

Response:

- (a) Veridian has reviewed the activities set out on the given page references and confirms that the majority relate to the applicant's parent company, Veridian Corporation. Others relate to energy conservation programs funded either through third tranche MARR (market adjusted revenue requirement) amounts or Ontario Power Authority program funding. The remaining activities and related annual costs are identified in the table on the following page, along with references to where 2010 expenditures are in the evidence.
- (b) Veridian's actual ROE for the periods requested are listed below:

Actual 2006 – 9.61%  
Actual 2007 – 12.55%  
Actual 2008 - 9.38%  
Forecast 2009 – 9.2%

Veridian Connections  
EB-2009-0140  
Response to Consumers Council of Canada Interrogatories  
January 11, 2010

Activity	Expenditure (C = Capital, O = Operating)					Evidence Reference
	2006	2007	2008	2009 (projected)	2010 (projected)	
Mergers and acquisitions	nil	nil	nil	nil	nil	Not applicable
Smart metering	Refer to Exhibit 9/Tab 4/Schedule 4/Attach 1/Pg. 3			\$2,768,934 (C) \$650,645 (O)	\$2,571,678 (C) \$496,064 (O)	Exhibit 9, Tab 4, Schedule 6, Attachment 1
Solar plug in hybrid car *	\$7,500 (C)	\$17,159 (C)	\$524 (C)	nil	nil	Not applicable
Young Scientists in the School sponsorship	-	2,000 (O)	-	\$2000 (O)	-	Not applicable
UOIT Science Fair sponsorship	-	5,250 (O)	-	-	-	Not applicable
Durham Strategic Energy Alliance				\$220 (O)	-	Not applicable
Smart grid program	-	-	-	\$1,100,000 (C)	\$775,000 (C)	Exhibit 2/Tab 5/Schedule 2/Pages 14 and 36
Greening Greater Toronto initiative	-	5,987(O)	-	-	-	Not applicable
United Way support	-	1,000 (O)	-	-	-	Not applicable
Winter Warmth emergency energy assistance program	-	-	\$26,242 (O)	\$55,000 (O)	\$60,000 (O)	Exhibit 4/Tab 2/Schedule 1/Attach 2/Pg. 3
Education bursaries	-	7,750 (O)	-	-	-	Not applicable

\*The solar plug in hybrid car is used by the President and CEO for business and personal transportation. The use of a corporate car constitutes a portion of the compensation package for this position. Incremental capital costs associated with solar plug in conversion work on the leased company car have been provided.

3. Ref: Exhibit 1 / Tab 2 / Schedule 1 / Page 16

**Request**

- (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?

Response:

- (a) Please see Exhibit 6, Tab 2, Schedules 1 and 2. Please also see the response to Board Staff interrogatory #38.
- (b) Veridian Connections has never been in the business of renting water heaters.
- (c) It has not yet been determined whether Veridian will apply for a 3<sup>rd</sup> GIRM rate adjustment or a cost of service rate adjustment in 2011.
- (d) It has not yet been determined whether Veridian will harmonize the rates of Veridian\_Main and Veridian\_Gravenhurst in the future.

4. Ref: Exhibit 2 / Tab 3 / Schedule 1 / Page 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.

**Request**

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.

Response:

Please see the response to School Energy Coalition interrogatory #9.

5. Ref: Exhibit 2 / Tab 3 / Schedule 2 / Page 5

Fleet Capital spending is more than doubling in 2010 relative to 2006.

**Request**

Please provide a business case for the \$1.77 million expenditure in 2010.

Response:

The purchases in 2006 consisted of a variety of pickup trucks, SUV, and vans. Due to the vehicle mix of truck type for 2006 capital purchases and point of time in the replacement cycle, there was no requirement in 2006 for heavy duty trucks to be replaced. The 2006 capital budget for fleet replacements was lower as a result.

The large vehicles that are listed in the 2010 capital budget are a variety of light trucks and heavy duty vehicles.

Pickup trucks	3	\$150,000
Bucket trucks	3	\$900,000
Digger/derrick Trucks	2	\$720,000

The replacement cost for heavy duty vehicles is much larger than the light duty trucks. There are 5 heavy duty trucks required to be replaced in 2010. Age, mileage/PTO hours, and condition were considered when evaluating the decision to replace these heavy duty vehicles in 2010. Two of the heavy duty vehicles being replaced will be 19 years old, one will be 14 years old and two will be 13 years old in 2010.

Vehicle operating and maintenance costs will and are forecast to improve as the average age of the vehicle fleet decreases arising from the vehicle replacements in 2009 and proposed for 2010.

Vehicle operating and maintenance costs trend as follows:

2007	\$810,000
2008	\$890,000
2009 (projected)	\$910,000
2010 (forecast)	\$829,000

6. Ref: Exhibit 2 / Tab 4 / Schedule 2 / Page 3

**Request**

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

Response:

Please refer to the response to Energy Probe Interrogatory #4 for an update to these tables for 2009.

Shown below are updated tables for 2010.

**In Service Date Updates to Table 1: DEVELOPMENT**

<b>Year</b>	<b>Project Name</b>	<b>In Service Date</b>	<b>Updated In Service Date</b>	<b>Reference</b>
<b>2010</b>	Applecroft SS, Ajax, - Convert substation from 44kV - 13.8kV to 27.6kV - 13.8kV, Ajax	June 2010	December 2010	Ex 2, Tab 5, Schedule 1, Page 24
	Pole Line Relocation on Highway #7 Between Brock Road and Lakeridge Road, Pickering	June 2010	Feb-Aug 2010	Ex 2, Tab 5, Schedule 1, Page 26
	New Residential Developments	December 2010	No Change	Ex 2, Tab 5, Schedule 1, Page 27
	First Street SS #2, Gravenhurst	November 2010	No Change	Ex 2, Tab 5, Schedule 1, Page 28
	Transformers for General Services	January - December 2010	No Change	Ex 2, Tab 5, Schedule 1, Page 30
	Liberty North SS, Bowmanville	June 2010	No Change	Ex 2, Tab 5, Schedule 1, Page 31
	Bayly Street Rebuild, Ajax	July 2010	Moved to 2011 by region.	Ex 2, Tab 5, Schedule 1, Page 34
	Westney Road Rebuild, Ajax	September 2010	Moved to 2011/2012 by region.	Ex 2, Tab 5, Schedule 1, Page 35

<b>Year</b>	<b>Project Name</b>	<b>In Service Date</b>	<b>Updated In Service Date</b>	<b>Reference</b>
	Dixie Road, Pickering, Add 13.8kV Feeder to Existing Pole Line, Finch Avenue to Kingston Road, 1.7 km	May 2010	September 2010	Ex 2, Tab 5, Schedule 1, Page 36
	Brock Road Pole Line Relocation between Rossland Road and CP Rail Crossing, Pickering	August 2010	No Change	Ex 2, Tab 5, Schedule 1, Page 37
	Duffin Creek WPCP, Pickering, 44kV Cct. Part 2, Phase 2	October 2010	No Change	Ex 2, Tab 5, Schedule 1, Page 38

**In Service Date Updates to Table 2: SUSTAINMENT**

<b>Year</b>	<b>Project Name</b>	<b>In Service Date</b>	<b>Updated In Service Date</b>	<b>Reference</b>
<b>2010</b>	South Ajax Feeder Automation - Phase 2	August 2010	No Change	Ex 2, Tab 5, Schedule 2, Page 36
	Gravenhurst 4.16kV Voltage Conversion	October 2010	No Change	Ex 2, Tab 5, Schedule 2, Page 37
	Retail Meters (excluding Smart Meters)	January - December 2010	No Change	Ex 2, Tab 5, Schedule 2, Page 38
	2010 Pole Replacements	January - December 2010	No Change	Ex 2, Tab 5, Schedule 2, Page 39
	Pickering South East Area - Insulator Replacement Program	July 2010	No Change	Ex 2, Tab 5, Schedule 2, Page 41
	2010 Elimination of Long Term Load Transfers	December 2010	No Change	Ex 2, Tab 5, Schedule 2, Page 43
	Bay Ridges Area, Pickering - Rear Lot Pole Line Conversion	October 2010	No Change	Ex 2, Tab 5, Schedule 2, Page 45
	2010 Substation Oil Containment	December 2010	No Change	Ex 2, Tab 5, Schedule 2, Page 47
	PCB Elimination	January - December 2010	No Change	Ex 2, Tab 5, Schedule 2, Page 49



Year	Project Name	In Service Date	Updated In Service Date	Reference
	Reclosers (2) - Port Hope	October 2010	No Change	Ex 2, Tab 5, Schedule 2, Page 51
	Reclosers (2) - Gravenhurst	October 2010	No Change	Ex 2, Tab 5, Schedule 2, Page 53

**In Service Date Updates to Table 3: Fleet**

Year	Project Name	In Service Date	Updated In Service Date	Reference
2010	2010 Fleet Program	Jan 2010 - Dec 2010	No Change	Ex 2, Tab 5, Schedule 3, Page 4

**In Service Date Updates to Table 4: Facilities**

Year	Project Name	In Service Date	Updated In Service Date	Reference
2010	Ajax - Building Expansion	Jan 2010 - Dec 2010	No Change	Ex 2, Tab 5, Schedule 4
	Pickering - 2nd Floor Expansion	Jan 2010 - Dec 2010	Cancelled as part of Ajax expansion plans.	Ex 2, Tab 5, Schedule 4
	Ajax - Parking Improvements	Jan 2010 - Dec 2010	No Change	Ex 2, Tab 5, Schedule 4

**In Service Date Updates to Table 5: Information Technologies**

Year	Project Name	In Service Date	Updated In Service Date	Reference
2010	Mobile Computing - Phase 2	September 2010	No Change	Ex 2, Tab 5, Schedule 5, Page 24
	Upgrade/Replacement of Credit/Collection Module	November 2010	No Change	Ex 2, Tab 5, Schedule 5, Page 25
	Asset Management System	November 2010	No Change	Ex 2, Tab 5, Schedule 5, Page 27
	GIS – Programming Enhancements	December 2010	No Change	Ex 2, Tab 5, Schedule 5, Page 28
	2010 Computing Replacements and Additions	January - December 2010	No Change	Ex 2, Tab 5, Schedule 5, Page 29

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<b>Year</b>	<b>Project Name</b>	<b>In Service Date</b>	<b>Updated In Service Date</b>	<b>Reference</b>
	CIS Version Upgrade	November 2010	No Change	Ex 2, Tab 5, Schedule 5, Page 31
	2010 Network Infrastructure Replacement and Upgrade	April 2010	No Change	Ex 2, Tab 5, Schedule 5, Page 33
	Settlements System - Disaster Recovery	December 2010	No Change	Ex 2, Tab 5, Schedule 5, Page 34

7. Ref: Exhibit 2 / Tab 5 / Schedule 4 / Page 1

**Request**

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

Response:

General renovations to the Ajax facility were required to meet the needs of the increased workforce. They include:

Kitchen Renovation	\$50,000
Work Station Upgrade	\$100,000
Security Upgrade	\$25,000
Paving East Lot	\$100,500
New Parking West Lot	\$9,500
HVAC Control System Upgrade	\$100,000
<b>Total</b>	<b>\$385,000</b>

The kitchen was renovated to replace old equipment and appliances which needed major repairs. The renovations included repairs to a skylight that had been leaking. The leak caused damage to the walls and bulkhead, raising concerns about potential indoor air quality issues related to mould infestations. The roof, walls and floor were replaced or repaired and painted.

The workstations in corporate services underwent a renovation. The sizing of the workstations was not consistent. New workstations with improved ergonomic design features were installed to replace old an outdated desks and seating.

The work completed in the yard such as paving was done on the high traffic areas at the east of the building. The heavy trucks caused damage to the pavement and repairs were required to fill in pot holes and sunken sewage grates in the driveway. Another 10 parking spots were created at the west side of the building to accommodate additional staff.

The security system was upgraded in the Ajax facility. This upgrade included the installation of new security card readers at several entrances into the building. This was done in order to restrict access to the facility at several points of entry.

Yard improvements include a new 6 bay parking shelter which is required to house new vehicles as they are purchased. The garage is at capacity and heavy vehicles need to be stored in a covered facility to prevent damage or contamination to

insulated booms. The storage shed was purchased to contain PCB and non PCB transformers. The current warehouse is at capacity. The additional storage capacity will allow the large transformers and cable to be moved inside during the winter. It also provides for a secure storage of high value assets.

The HVAC system was upgraded. The old system was aging and parts required for repairs were difficult to locate. The upgrade included a new computerized mechanism which allows for more consistent controls of the heating throughout the facility, with improved efficiency and lowered maintenance and operating costs.

8. Ref: Exhibit 2 / Tab 10 / Schedule 1 / Page 1

**Request**

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

Response:

The Ontario Energy Board, Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, dated May 27, 2009 states in section 2.3.4 – Allowance for Working Capital “The applicant may take two approaches to calculation of its allowance for working capital; (1) the 15% allowance approach, or (2) filing of a lead lag study. **15% Allowance Approach** The applicant should provide this calculation in table format showing all accounts and amounts included in the controllable expenses component as well as the amount of the cost of power and all individual rates and purchase levels used in its calculation.”

Veridian has chosen option (1) the 15% allowance approach and has complied by providing the calculation in the appropriate table format with the appropriate level of details.

Veridian is not willing to undertake a lead-lag study under option (2) for use in its 2010 Cost of Service Rate Application as it would unnecessarily delay the rate-setting process and would incur unnecessary costs to its ratepayers to complete such a study.

Should the Board direct Veridian to undertake a lead-lag study for its next cost of service application, Veridian would undertake to do so.

9. Ref: Exhibit 3 / Tab 2 / Schedule 1 / Page 1

**Request**

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

Response:

The table shows residential distribution revenues for 2006 Board Approved forecast and the 2006 Actuals, broken out by volumetric and monthly service charge.

<b>Residential Distribution Revenues</b>	<b>2006 Board Approved Forecast</b>	<b>2006 Board Approved Volumes</b>	<b>2006 Actuals</b>	<b>2006 Actuals Volumes</b>
Volumetric	\$13,431,486	879,968,014 kWh	\$13,327,202	883,724,953 kWh
Monthly Service Charge	\$10,881,508	86,636 customers	\$11,603,258	90,518 customers
<b>Total</b>	<b>\$24,312,994</b>		<b>\$24,930,460</b>	

Veridian's approved distribution revenue forecast was based on a 2004 historic test year and developed using the Board Approved 2006 Model and methodologies.

The 2006 Board Approved forecast kWh for the volumetric distribution revenues for the residential class of 879,968,014 and was calculated as the 2004 customer count multiplied by the 3 year (2002 – 2004) average per customer.

2006 Actual residential distribution revenues were \$617,466 or 2.5% higher than 2006 Board Approved forecast levels.

As can be seen in the table above, the 2006 customer counts were 4.5% higher than the 2004 customer counts. The increased customer counts in 2006, over the 2004 levels used to calculate the 2006 Board Approved forecast results in higher than forecast 2006 distribution revenues.

10. Ref: Exhibit 3 / Tab 8 / Schedule 1 / Page 1

**Request**

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.

Response:

Veridian uses a variety of methodologies for developing its forecast of other revenues.

Interest income is developed using forecasts of average cash balances and applicable interest rates. Forecasts of revenues from specific service charges are developed using forecasts of customer counts, forecast changes in rates and expected impacts of the current and forecasted economic conditions. Forecasts of revenues from work for others are developed from Veridian's services agreements with its affiliates, impacts from changes in service offerings and on a review of historic trends. Forecasts of pole rental revenues are based on counts of attachments and contracted terms with specific customers.

Veridian did not use a specific methodology for forecasting other revenues in 2006 as the 2006 Board Approved levels were based on the 2004 historic test year volumes and amounts.

From Table 10 on page 1 of Exhibit 3, Tab 8, Schedule 1, the increase in other revenue for 2006 Actual over 2006 Board Approved can be calculated as \$814,216. The largest increases being in the groupings of Specific Service Charges (\$250,024) and in Other Income and Deductions (\$422,437), followed by Late Payment Charges (\$73,678).

The 2006 Board Approved amounts for specific service charges were calculated based on Board Approved standard rates for each charge multiplied by the 3-year average (2002-2004) volumes. Volumes for specific service charges will vary directly with customer growth. During each of 2005 and 2006, Veridian's Main rate zone experienced a 4.3% annual growth rate in residential customers, an annual average growth rate of 2.8% in its GS < 50 kW class and an annual average growth rate of 2.0% in its GS > 50 kW class (Reference: Exhibit 3, Tab 6, Schedule 1, Table 6). This significant increase in customer counts contributed largely to the increase in specific service charge revenues. These increases in customer counts also contributed to the increase in late payment charges.

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Increases in Other Income and Deductions are attributable to higher interest income and higher revenue on work performed for others. 2006 Veridian was engaged in engineering, distribution construction and maintenance service offerings. Actual revenue earned through these service offerings were higher than those in the 2004 Test Year.



11. Ref: Exhibit 4 / Tab 2 / Schedule 1 / Page 1

**Request**

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? Is, so please identify where those cost are in the filing.

Response:

Veridian incurred 2005 costs related to the acquisition of Scugog Hydro Energy Corporation and Gravenhurst Hydro Electric Commission. These costs are charged to account 2060 – Electric Plant Acquisition Adjustment. This account is excluded from the calculation of regulatory rate base. Veridian does not have merger and acquisition costs in any of the years 2006 through 2009 or in the forecast for 2010 revenue requirement. Any costs related to the pursuit of potential merger or acquisition opportunities are incurred by the parent corporation Veridian Corporation.



**Electrical Plant Acquisition**

**30.000.2060.00x.00**

Acquisitions from 2000	30.000.2060.001.00	Uxbridge Hydro	947,689.32	<b>947,689.32</b>
Acquisitions from 2001	30.000.2060.002.00	Port Hope Hydro	2,743,994.19	
	30.000.2060.003.00	Brock Hydro	215,469.21	
	30.000.2060.001.00	Uxbridge Hydro-addtn	31,711.89	
		<b>Total 2001</b>	<b>2,991,175.29</b>	<b>3,938,864.61</b>
Acquisitions from 2005	30.000.2060.005.00	Scugog Hydro	1,502,894.76	
	30.000.2060.006.00	Gravenhurst Hydro	3,467,413.28	
		<b>Total 2005</b>	<b>4,970,308.04</b>	<b>8,909,172.65</b>
			<b>Connections - Balance at December 31, 2009 8,909,172.65</b>	

12. Ref: Exhibit 4 / Tab 2 / Schedule 1 / Page 3

**Request**

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.

Response:

The statement made at Exhibit 1/Tab 2/Schedule 1/Page 1 is made within the context of a discussion about the anticipated Conservation and Demand Management goals and smart grid investment obligations that are expected to apply to distributors under the Green Energy Act.

The statement at Exhibit 4/Tab 2/Schedule 1/Page 3 cites the requirement for additional resources related to evolving service and connection requirements under the Green Energy Act. This reference relates to Veridian's responsibilities related to the Green Energy Act enabled Feed-in Tariff program for renewable generators.

13. Ref: Exhibit 4 / Tab 2 / Schedule 1 / Attachment 1

**Request**

Please provide an updated number to reflect 2009 actuals.

Response:

Please see the response to Energy Probe Interrogatory #22.

14. Ref: Exhibit 4 / Tab 3 / Schedule 3

**Request**

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.

Response:

Please refer to the response to VECC interrogatory number 27.

15. Ref: Exhibit 4 / Tab 3 / Schedule 3

**Request**

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?

Response:

Not at this time. Hiring of the two full time staff has been deferred to Q1 of 2010 to coincide with the expected code amendments related to new customer service rules. Please refer to the response to VECC interrogatory number 27 for details of the proposed new rules.

Careful review of the proposed code amendments confirms that the two additional resources are required.

16. Ref: Exhibit 4 / Tab 3 / Schedule 4

**Request**

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

Response:

Veridian has interpreted the request to be to provide actual costs for 2006 – 2008 and forecast costs for 2009 and 2010 for each department identified within the Corporate Services Group. Veridian’s interpretation is such as actual costs for those periods are provided within Veridian’s 2010 Cost of Service Rate Application, not its budgeted costs for those years.

Actual costs for 2006 by department are not available as these departments did not exist within Veridian Connections Inc in 2006, but rather these services were provided as shared services by its affiliate, Veridian Corporation.

**Corporate Services Group -**

<b>Departments</b>	<b>2007 Actuals</b>	<b>2008 Actuals</b>	<b>2009 Forecast</b>	<b>2010 Forecast</b>
Finance	925,711	1,081,382	1,464,708	1,842,428
Corporate Planning	362,572	491,722	384,400	484,933
Governance and General				
Administrative Services	906,872	942,578	1,168,417	1,506,749
Executive and Public Relations				
Offices	812,615	531,343	612,133	616,021
Information Technology	396,810	629,364	575,127	687,252
Facilities	1,147,942	1,161,821	1,036,423	1,069,480
Human Resources	221,060	308,939	427,507	444,560
Regulatory Affairs and Key				
Projects	488,703	873,029	1,022,428	1,273,061
<b>Total</b>	<b>5,262,286</b>	<b>6,020,177</b>	<b>6,691,143</b>	<b>7,924,484</b>

Veridian notes that from year to year cost responsibilities may be reallocated from groups within the organization creating large year-over-year variances not attributable to cost increases but to changes in composition of cost responsibilities. Such internal shifts occurred in 2008 within the departments of Executive and Public Relations Offices, Information Technology and Regulatory Affairs and Key Projects.

17. Ref: Exhibit 4 / Tab 4 / Schedule 4 / Page 16

**Request**

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?

Response:

<b>Cost Component</b>	<b>Budget</b>	<b>Actual Costs (as at Nov 30, 2009)</b>	<b>Basis for Cost Projection</b>
Legal Fees	\$ 125,000 - \$150,000	\$ 125,473	Projected cost range provided by legal counsel. Costs relate to services provided for evidence review, interrogatory response review, representation at a technical conference, settlement conference and oral hearing as required, assistance with preparation and filing of all submissions and preparation of a final rate order. Competing proposals were obtained for these services.
Consulting Fees	\$ 200,000	\$ 186,898	Projected costs as provided by Veridian's chosen service provider for modeling support, project management, load forecast and interrogatory support services. Competing proposals were obtained for these services.
Intervenor Cost Awards	\$ 50,000	\$ -	Determined through a review of cost award data for 2008 cost of service proceedings. Budget was developed using an average of cost awards weighted by distributor customer counts.
Newspaper Notices	\$ 15,000	\$ 24,078	Typical costs for past purchases of advertising space.
OEB Costs	\$ -	\$ -	No provision was made.
<b>Total</b>	<b>\$390,000 - \$415,000</b>	<b>\$ 336,449</b>	

18. Ref: Exhibit 4 / Tab 5 / Schedule 2 / Page 1

**Request**

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

Response:

**Table 1: Number of Employees (as revised, January 6, 2010)**

	2006 EDR (2004 Actual)	2006 (Actual) Veridian & Affiliates	2007 (Actual)	2008 (Actual)	2009 (Projected)	2010 (Projected)
Executive	4.0	3.7	3.7	3.7	3.8	4.4
Management	25.0	27.4	28.2	30.6	36.3	39.8
Non- Unionized	20.0	12.7	14.3	16.5	19.7	24.9
Unionized	107.0	116.6	121.6	125.5	127.1	153.3
Part Time	0.0	1.9	2.5	5.8	4.0	7.5
Students	0.0	2.4	4.2	4.4	6.6	5.6
<b>Total</b>	<b>156.0</b>	<b>164.7</b>	<b>174.5</b>	<b>186.5</b>	<b>197.5</b>	<b>235.5</b>



19. Ref: Exhibit 4 / Tab 6 / Schedule 3

**Request**

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.

Response:

Details regarding the services shared between Veridian Corporation and Veridian Connections Inc. in the bridge year are provided in the Service Agreements at Exhibit 1/Tab 1/Schedule 11. The Agreement for services provided to Veridian Corporation by Veridian Connections was unchanged during the bridge year. The Agreement for services provided to Veridian Connections by Veridian Corporation was amended with an effective date of August 1<sup>st</sup> 2009, to eliminate arrangements for the sublease of garage and storage space at 5 Mill Street, Port Hope. This planned change is explained at Exhibit 4/Tab 6/Schedule 3/Page 3. A copy of the amending agreement is appended to this response.

Costs related to the President/CEO and the Executive VP and Treasurer are allocated on the basis of a time study, as explained at Exhibit 4/Tab 6/Schedule 5/Page 3. Additional information about this time study is provided in response to VECC interrogatory number 30.

This **TRANSITIONAL SERVICES AGREEMENT AMENDING AGREEMENT** (the "**Agreement**") made as of the 26<sup>th</sup> day of November, 2009 between **VERIDIAN CORPORATION** ("**VC**") and **VERIDIAN CONNECTIONS INC.** ("**VCI**") (VC and VCI each being a "**Party**" and collectively the "**Parties**").

**Recitals:**

1. VC and VCI entered into a Transitional Services Agreement on January 1, 2009 (the "**Transitional Services Agreement**").
2. VC and The Corporation of the Town of Port Hope (now The Corporation of the Municipality of Port Hope) (the "**Landlord**") entered into a Lease Agreement dated May 1<sup>st</sup>, 2001 (the "**Lease**").
3. Pursuant to the Transitional Services Agreement, VC provided to VCI, among other things, a sublease of office and storage space at the property municipally known as 5 Mill Street South, Port Hope, Ontario (the "**Mill Street Premises**").
4. Pursuant to a Lease Amending Agreement dated August 1<sup>st</sup>, 2009, the Lease was amended and assigned by VC to VCI (the "**Lease Amending Agreement**").
5. As a result of the foregoing, the Transitional Services Agreement is to be amended in order to remove the sublease of the Mill Street Premises as a Service provided by VC to VCI.

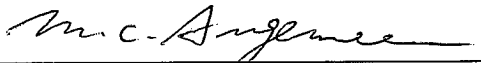
**NOW THEREFORE**, in consideration of the mutual covenants and promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties covenant and agree as follows:

1. **Definitions.** In this Agreement, capitalized terms that are not otherwise defined in this Agreement shall have the meaning ascribed to them in the Transitional Services Agreement.
2. **Termination of Mill Street Premises Service.** Effective August 1, 2009, the Service of the Mill Street Premises is hereby terminated and at an end.
3. **Amendment.** Schedule "A" of the Transitional Services Agreement is deleted and replaced with Schedule "A" attached to this Agreement.
4. **Miscellaneous Provisions.**
  - A. **Confirmation.** Except as expressly provided herein, all term and conditions of the Transitional Services Agreement shall remain in full force and effect and unamended.
  - B. **Further Assurances.** The Parties shall from time to time execute and deliver all such further documents and instruments and do all acts and things as the other Party may require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

- C Successors and Assigns. This Agreement and all rights, entitlements, duties and obligations arising from it shall enure to the benefit of and be binding upon the parties and their respective successors and assigns.
- D Governing Law. This Agreement and all documents, instruments and agreements related thereto shall be construed and enforced in accordance with the laws of the Province of Ontario.
- E Whole Agreement. This Agreement together with all Schedules and the Transitional Services Agreement and Schedules attached thereto as modified herein constitute the whole and entire agreement between the Parties with respect to the subject matter hereof.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement.


**VERIDIAN CORPORATION**

Per:   
Name: Michael Angemeer  
Title: President & CEO

Per:   
Name: Dave Clark  
Title: Executive Vice President &  
CFO, Corporate Services

We have authority to bind the Corporation.

**VERIDIAN CONNECTIONS INC.**

Per:   
Name: Michael Angemeer  
Title: President & CEO

Per:   
Name: Dave Clark  
Title: Executive Vice president &  
CFO, Corporate Services

We have authority to bind the Corporation.

**SCHEDULE "A"**  
**DESCRIPTION OF SERVICES AND PRICES**

August 1<sup>st</sup> to December 31<sup>st</sup> 2009

Transfer pricing:

Description	Price																							
<p>Sublease of office and storage space at:</p> <ul style="list-style-type: none"> <li>▪ 459 Sidney Street, Belleville</li> <li>▪ <del>5 Mill Street South, Port Hope</del></li> <li>▪ 1465 Pickering Parkway, Pickering (Suite 200), and:</li> <li>▪ 1465 Pickering Parkway, Pickering (Suite 102)</li> </ul> <p><u>Notes:</u></p> <ol style="list-style-type: none"> <li>1) The sublease of space in Belleville and <del>Port Hope</del> is on a 'net' basis. The sub-tenant is directly responsible for operating expenses, insurance and real estate taxes as applicable.</li> <li>2) The sublease rate for the space in Pickering is comprised of \$14.75 per square foot base rent and \$9.00 per square foot additional rent. The additional rent amount covering operating expenses, insurance and real estate taxes will be reconciled to actual costs once annually.</li> <li>3) The commencement date for the sublease for Suite 102 at 1465 Pickering Parkway, Pickering, is June 1<sup>st</sup> 2009.</li> </ol>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Location</th> <th style="text-align: center;">Rentable Area (ft<sup>2</sup>)</th> <th style="text-align: center;">Annual Lease Rate per ft<sup>2</sup></th> <th style="text-align: center;">Monthly Charge</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">459 Sidney St., Belleville</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">\$2,500</td> </tr> <tr> <td style="text-align: center;"><del>5 Mill St., Port Hope</del></td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;"><del>\$1,666.66</del></td> </tr> <tr> <td style="text-align: center;">1465 Pickering Parkway, Pickering (Suite 200)</td> <td style="text-align: center;">12,160</td> <td style="text-align: center;">\$23.75</td> <td style="text-align: right;">\$24,066.67</td> </tr> <tr> <td style="text-align: center;">1465 Pickering Parkway, Pickering (Suite 102)</td> <td style="text-align: center;">2,340</td> <td style="text-align: center;">\$23.75</td> <td style="text-align: right;">\$4,631.25 *</td> </tr> </tbody> </table> <p style="text-align: center;">*Effective June 1<sup>st</sup> 2009</p> <p>All sublease costs are based on the pass through of Veridian Corporation actual head lease costs, with no margin or mark-up.</p>				Location	Rentable Area (ft <sup>2</sup> )	Annual Lease Rate per ft <sup>2</sup>	Monthly Charge	459 Sidney St., Belleville	-	-	\$2,500	<del>5 Mill St., Port Hope</del>	-	-	<del>\$1,666.66</del>	1465 Pickering Parkway, Pickering (Suite 200)	12,160	\$23.75	\$24,066.67	1465 Pickering Parkway, Pickering (Suite 102)	2,340	\$23.75	\$4,631.25 *
Location	Rentable Area (ft <sup>2</sup> )	Annual Lease Rate per ft <sup>2</sup>	Monthly Charge																					
459 Sidney St., Belleville	-	-	\$2,500																					
<del>5 Mill St., Port Hope</del>	-	-	<del>\$1,666.66</del>																					
1465 Pickering Parkway, Pickering (Suite 200)	12,160	\$23.75	\$24,066.67																					
1465 Pickering Parkway, Pickering (Suite 102)	2,340	\$23.75	\$4,631.25 *																					

20. Ref: Exhibit 5 / Tab 1 / Schedule 1

**Request**

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

Response:

The amount of Veridian's Revenue Requirement for the 2010 Test Year has changed as a result of Veridian's Application Update. This interrogatory has been answered on the basis of the updated values.

Veridian provides below calculated values for base revenue requirement based on approved Return of Equity values as requested. Veridian has held values for deemed debt and its calculated deemed interest expense unchanged as Veridian is unable to calculate an estimate of an updated debt rate as it does not have access to the referenced sources of information.

Veridian notes that any changes in revenue requirement provided in this response are not representative of the total changes or impacts anticipated by the Board's referenced report as Veridian's proposed long term debt was based on the Board's deemed debt rate. Veridian used the 2009 deemed debt rate of 7.62% as a placeholder, however Veridian expects that the 2010 deemed debt rate will be lower than 7.62%.

Veridian has not provided calculated rates at these varying levels of ROE, but has provided a condensed comparative bill impact summary as Attachment 1.

<b>Varying ROE Levels</b>	<b>2010 Base Revenue Requirement</b>
9.50%	49,293,393
9.75%	49,569,387
10.00%	49,845,380

Veridian\_CCC IRR\_20 - Attachment 1

Revised VCI\_Main Bill Impact Summary - Varying levels of ROE

Customer Class	Volume		ROE	RPP Rate Class	Distribution Charges		Delivery Sub-total		Total Bill	
	kWh	kW			\$ change	% change	\$ change	% change	\$ change	% change
Residential	800	0	9.5%	Summer	\$3.51	14.8%	(\$0.09)	(0.3%)	(\$0.09)	(0.1%)
	800	0	9.75%	Summer	\$3.58	15.1%	(\$0.02)	(0.1%)	(\$0.02)	(0.0%)
	800	0	10.0%	Summer	\$3.72	15.7%	\$0.12	0.4%	\$0.12	0.1%
General Service Less Than 50 kW	2,000	0	9.5%	Non-res.	\$3.94	8.0%	(\$5.26)	(8.2%)	(\$5.26)	(2.4%)
	2,000	0	9.75%	Non-res.	\$4.22	8.6%	(\$4.98)	(7.7%)	(\$4.98)	(2.2%)
	2,000	0	10.0%	Non-res.	\$4.50	9.1%	(\$4.70)	(7.3%)	(\$4.70)	(2.1%)

Revised VCI\_Gravenhurst Bill Impact Summary - Varying levels of ROE

Customer Class	Volume		ROE	RPP Rate Class	Distribution Charges		Delivery Sub-total		Total Bill	
	kWh	kW			\$ change	% change	\$ change	% change	\$ change	% change
Residential Urban Year- Round	800	0	9.5%	Summer	\$5.41	21.2%	\$7.91	23.0%	\$8.66	8.9%
	800	0	9.75%	Summer	\$5.54	21.8%	\$8.04	23.3%	\$8.79	9.0%
	800	0	10.0%	Summer	\$5.76	22.6%	\$8.26	24.0%	\$9.01	9.2%
Residential Suburban Year- Round	800	0	9.5%	Summer	\$6.93	23.4%	\$9.43	24.4%	\$10.18	10.0%
	800	0	9.75%	Summer	\$7.09	23.9%	\$9.59	24.8%	\$10.34	10.1%
	800	0	10.0%	Summer	\$7.33	24.7%	\$9.83	25.5%	\$10.58	10.4%
Residential Suburban Seasonal	800	0	9.5%	Summer	\$10.21	20.6%	\$12.95	22.1%	\$13.70	11.2%
	800	0	9.75%	Summer	\$10.60	21.3%	\$13.34	22.8%	\$14.09	11.6%
	800	0	10.0%	Summer	\$10.91	22.0%	\$13.65	23.3%	\$14.40	11.8%
General Service Less Than 50 kW	2,000	0	9.5%	Non-res.	\$10.96	22.1%	\$17.19	24.6%	\$19.05	8.1%
	2,000	0	9.75%	Non-res.	\$11.22	22.6%	\$17.45	25.0%	\$19.31	8.2%
	2,000	0	10.0%	Non-res.	\$11.48	23.1%	\$17.71	25.4%	\$19.57	8.3%

21. Ref: Exhibit 5 / Tab 1 / Schedule 1

**Request**

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

Response:

As stated at Exhibit 5/Tab 2/Schedule 3/Page 1, Veridian used the Board's 2009 return on equity rate in its application and proposes to replace that rate with the new rate established for 2010. Veridian understands that the new rate will be set by the Board early in 2010, and that this will be done on the basis of the December 11, 2009 Report of the Board on the Cost of Capital for Ontario's Regulated Utilities.

22. Ref: Exhibit 9 / Tab 4 / Schedule 5 / Page 1

**Request**

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

Response:

Please refer to Exhibit 9 Tab 4 Schedule 4 Attachment 1 Page 3 for a detailed listing of expenditures to December 31, 2008.

Provided as Attachment 1, is an excerpt from above referenced exhibit and includes a column for 2009 expenditures up to September 30, 2009.



**Veridian\_CCC IRR\_22-Attachment 1 - Schedule of Smart Meter Expenses**

	2006 Actual	2007 Actual	2008 Actual	Actual to Sept 30, 2009	Total to Date
<b>Capital Costs</b>					
Smart Meters	\$ 46,179	\$ 4,365,648	\$ 3,043,273	\$ 2,614,755	\$ 10,069,856
Computer Hardware		\$ 136,045	\$ 51,086	\$ 93,772	\$ 280,904
Computer Software		\$ 102,779	\$ 74,137	\$ 267,494	\$ 444,410
Tools & Equipment		\$ -			\$ -
Other Equipment					\$ -
<b>Total Capital Costs</b>	<b>\$ 46,179</b>	<b>\$ 4,604,472</b>	<b>\$ 3,168,497</b>	<b>\$ 2,976,022</b>	<b>\$ 10,795,169</b>
<b>O M &amp; A</b>					
2.1 Advanced metering communication device (AMCD)					
2.2 Advanced metering regional collector (AMRC) (includes LAN)					
2.3 Advanced metering control computer (AMCC)		\$ 9,965	\$ 50,975	\$ 440,061	\$ 501,001
2.4 Wide area network (WAN)		\$ 22,093	\$ 145,220	\$ 15,184	\$ 182,497
2.5 Other AMI OM&A costs related to minimum functionality		\$ 124,342	\$ 252,366	\$ 263,329	\$ 640,038
<b>Total O M &amp; A Costs</b>	<b>\$ -</b>	<b>\$ 156,399</b>	<b>\$ 448,562</b>	<b>\$ 718,575</b>	<b>\$ 1,323,536</b>
<b>Amortization Expenses</b>					
Smart Meters	\$ 925	\$ 148,054	\$ 396,440	\$ 459,432	\$ 1,004,851
Computer Hardware		\$ 11,189	\$ 27,546	\$ 36,024	\$ 74,759
Computer Software		\$ 16,233	\$ 45,081	\$ 68,143	\$ 129,456
Tools & Equipment					\$ -
Other Equipment					\$ -
<b>Total Amortization Expenses</b>	<b>\$ 925</b>	<b>\$ 175,475</b>	<b>\$ 469,066</b>	<b>\$ 563,599</b>	<b>\$ 1,209,066</b>

23. Ref: Exhibit 9 / Tab 4 / Schedule 5 / Page 1

**Request**

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.

Response:

Please see Exhibit 9, Tab 4, Schedule 6, Attachment 1 for the 2010 forecasted costs.

The annual recovery of smart meter costs up to December 31, 2008 is provided in Exhibit 9 Tab 4 Schedule 4 Attachment 1 Page 1.

<b>Year</b>	<b>Amount</b>	
2006-2008 SM Recovery	\$ 1,925,083	ref. Exhibit 9 Tab 4 Sch 4 Attach 1 Pg 1
YTD Sept 30, 2009 SM Recovery	<u>\$ 736,099</u>	
<b>Total Recovery to date</b>	<b>\$ 2,661,182</b>	

24. Ref: Exhibit 9 / Tab 4 / Schedule 5

**Request**

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

Response:

Based on the evidence reference provided, Veridian interprets “provide an estimate of the cost of the smart meter project” to be an estimate of the cost of Veridian’s forecast smart metering activities in 2009 and 2010. As well, Veridian’s interpretation of ‘on a per customer basis’ to be on a per smart meter installed basis.

On this basis, please see the response to VECC interrogatory #14.

25. Ref: Exhibit 1 / Tab 1 / Schedule 22 / Page 4

**Request**

Please explain Veridian's accounting policy for stranded meters.

Response:

In order to comply with the Board's direction in its letter dated January 16, 2007 RE: Stranded Meter Costs Related to the Installation of Smart Meters, Veridian has recorded the value of stranded meter costs in a sub-account: Smart Meter Capital and Recovery Offset Variance Account 1555, sub-account Stranded Meter Costs. Veridian recognizes the definition of stranded meter costs as "the pooled residual net book value cost of removed meters, less any net sales proceeds when received."

As Veridian is not seeking disposition of these costs in its 2010 Cost of Service Rate Application, it is appropriate for the value of these stranded meters recorded to December 31, 2008 in the sub-account to be reclassified to account 1860-Meters and to be continued to be included in rate base.