

54. Ref: N/A

Ratemaker Tab B1 shows 2010 Capital Additions to Gross Fixed Assets of \$ 32,388,046 (net of \$3.5 million contributions)

**Request**

Provide a Schedule that reconciles Ratemaker Tab B1 2010 Capital Additions to Gross Fixed Assets to the amounts shown in Exhibit 2 Tab 4 Schedule 1 Page 2.

Response:

Please see the reconciliation provided below.

<b>Total from Table 2, Exhibit 2, Tab 4, Schedule 1, Page 2</b>	<b>25,700,600</b>
Less: Contributed Capital	(3,527,375)
<b>Subtotal</b>	<b>22,173,225</b>
Add: Smart Meter Assets transferred from Variance Account	6,449,036
Add: Smart Meter Computer Hardware transferred from Variance Account	118,717
Add: Smart Meter Computer Software transferred from Variance Account	77,068
Less: Original Placeholder for Ajax Building Expansion	(2,225,000)
Add: Updated Value for Ajax Building Expansion	6,000,000
Less: Removal of Pickering Leasehold Project	(205,000)
<b>Total from Ratemaker Tab B1 2010 Capital Additions</b>	<b>32,388,046</b>

55. Ref: Exhibit 2 / Tab 3 / Schedule 1 / Page 11  
Exhibit 2 / Tab 12 / Schedule 1  
Exhibit 2 / Tab 12 / Schedule 2  
Response to VECC Interrogatory 8  
Response to Board Staff Interrogatory 12

Response (partial)

“In contrast, Veridian’s plans now will result in an increase in the relative amount of capital investment that directly reduces potential outage causes, through rebuilding, renewal, and betterment of line and substation assets. This activity is not confined to Sustainment work. For example many of the projects in the Development category, listed there because they primarily produce an asset that adds a new main supply feature or that is of a larger capacity, do however significantly and directly result in newer and better performing assets than those they replace. This will reduce or eliminate contributors to outages, and strengthen the system’s ability to withstand disturbances.”

**Request**

- (a) Identify how much of the 2010 CAPEX is considered Discretionary and how much non-discretionary.
- (b) Reconcile the response to VECC 8 b) the \$1.7 million reduction in Sustaining CAPEX in 2010.
- (c) Identify the specific 2010 projects and costs that will improve overall system reliability particularly in VG
- (d) What is the multi year plan for investment in improving System reliability
- (e) What are the targets/dates for reliability improvements?

Response:

- (a) The 2010 Capex includes \$20,395 k of discretionary spending and \$8,870 k of non-discretionary, for a total of \$29,265 k. These numbers include the revised Facilities spending discussed in our updated filing.
- (b) Veridian reiterates that a reduction in Sustaining Capex is not an indication of a corresponding reduction in system betterment or rehabilitation activity, which is its understanding of the question. Veridian repeats its response to VECC 8 b), as follows:

“Veridian’s plans now will result in an increase in the relative amount of capital investment that directly reduces potential outage causes, through rebuilding, renewal, and betterment of line and substation assets. This activity is not confined to Sustainment work. For example many of the projects in the Development category, listed there because they primarily produce an asset that adds a new main supply feature or that is of a larger capacity, do however significantly and directly result in newer and better performing assets than those they replace. This will reduce or eliminate contributors to outages, and strengthen the system’s ability to withstand disturbances.”

- (c) Please refer to Veridian’s response to Board Staff 12 d), specifically the list of reliability-related projects shown at the end of d). In particular, the Gravenhurst service area will benefit from three (3) 2010 projects: the First Substation project (\$1,500 k), the 4.16 kV Voltage Conversion project (\$750 k), and the Reclosers (2) project (\$180 k).
- (d) Please refer again to our response to Board Staff 12 d).
- (e) Please refer to the response to SEC 4 (c) and the extract of Key Business Goals appended to that response. The pertinent goal is included here again:

SERVICE_RELIABILITY						
Veridian’s power reliability improves levels of customer satisfaction for residential customers and improves operational and cost efficiencies for business customers. Veridian’s target for reliability is to improve reliability so that it is within the 75 <sup>th</sup> percentile (top 25%) of Ontario utilities. Standard duration and frequency utility reliability measures are employed.						
	2007	2008	2009	2010	2011	2012
	Actual	Target	Target	Target	Target	Target
SAIDI	1.94	1.84	1.89	1.70	1.63	1.57
SAIFI	1.81	2.16	2.02	1.79	1.79	1.68
CAIDI	1.07	1.04	0.91	0.91	0.86	0.80

56. Ref: Exhibit 3 / Tab 6 / Schedule 1  
Response to VECC Interrogatory 18

(a) Please provide a schedule setting out the actual customer count, by class, for the most recent month in 2009 that data is available.

**Request**

- (a) Update all data for 2009 actuals - customer connections average use and actual and weather normalized loads
- (b) Comment on the materiality of any significant variations in 2009 data for the 2010 forecasts

Response:

(a) Please see the response to Board Staff supplementary Interrogatory #4 for the full-year 2009 customer count information.

Veridian has not yet finalized its calculations of unbilled kWh by class for the 2009 YE and therefore is unable to provide 2009 actuals for customer connections average use and actual and weather normalized loads.

(b) The table below summarize the 2009 Forecast and 2009 Actual Average Annual Customer Connections for the Veridian\_Main service area.

As can be seen there are no significant variations between the forecast and actual. In fact, in 3 classes there is no variation at all. The largest variation is in the Sentinel Lighting rate class of a 5.31% reduction from forecast. In late 2009 a physical audit of sentinel lighting connections was undertaken and it was determined that the number of actual connections had been overstated. An adjustment was made to the count in December 2009.

Veridian Connections  
 EB-2009-0140  
 Response to Vulnerable Energy Consumers Coalition Interrogatories  
 February 8, 2010

**Average Annual Customer Connections - VCI**  
Main

	<b>2009 F</b>	<b>2009 A</b>
<b>Residential</b>	95,570	95,676
<i>% chg</i>		<i>0.11%</i>
<b>GS &lt; 50 kW</b>	7,706	7,706
<i>% chg</i>		<i>0.00%</i>
<b>GS &gt; 50 kW</b>	1,038	1,019
<i>% chg</i>		<i>-1.86%</i>
<b>Intermediate</b>	2	2
<i>% chg</i>		<i>0.00%</i>
<b>Large Use</b>	5	5
<i>% chg</i>		<i>0.00%</i>
<b>Street Lighting</b>	26,541	26,541
<i>% chg</i>		<i>0.00%</i>
<b>Sentinel Lighting</b>	730	691
<i>% chg</i>		<i>-5.31%</i>
<b>USL</b>	875	887
<i>% chg</i>		<i>1.37%</i>

57. Ref: Exhibit 3 / Tab 6 / Schedule 2  
Response to VECC Interrogatory 19 (b)

(b) Please confirm that the expected sales to the two new customers have been grossed up for losses for purposes of Table 6. What loss factor value was used?

Response

(b) Veridian has attempted to interpret the question given the provided reference but has not been successful. The evidence reference does not contain a Table 6. Table 6 is within Exhibit 3, Tab 6, Schedule 1, but Veridian is unable to interpret the reference to 'two new customer' or 'sales' as Table 6 provides information on average annual customer connections for VCI\_Main,

**Request**

The evidence states "As noted previously, in 2006 two customers that were previously classified as GS > 50 were reclassified; one to Intermediate and one to Large Use. For the purpose of customer class forecasting, these customers have been allocated to their current rate class for the entire time series."

(a) Please provide the information requested on the treatment of these two large customers in the load forecast.

Response:

(a) Veridian notes that no evidence reference is provided for the sentence above beginning with "The evidence states". Veridian has searched the evidence reference from the original IR (VECC 19 (b)) for this statement but was unsuccessful.

A similar but not exact statement can be found at Exhibit 3, Tab 7, Schedule 3, footnoted on Page 10. Veridian is considering this to be the proper evidence reference.

As stated in this footnote, the historic kWh, kW and customer count information associated with the two customers that were reclassified from GS > 50 to Intermediate and Large Use classes (one customer to each) has been allocated to the classes to which they currently exist for the historic time series provided. In other words, historic kWh, kW and customer count data for the GS > 50 class has been reduced by those volumes associated with the two reclassified customers and historic kWh, kW and customer count data for the Intermediate and Large Use class respectively have been increased by those volumes for all historic periods prior to

2006. Within Exhibit 3, Tab 7, Schedule 3 the following tables contain the reclassified customer data:

Table 8: Weather Corrected Class Specific Consumption, VCI Main

Table 9: GS > 50 Class kW (Actual, Normalized and Forecast), VCI Main

Table 11: Non-Weather Sensitive Historic and Forecast Consumption – VCI Main

Table 12: Average Annual Customer Connections – VCI Main

Table 14: Weather Actual Use per Customer – VCI Main

Veridian is still unable to reconcile the original reference of Table 6 and notes that Table 6 in Exhibit 3, Tab 7, Schedule 3 is a table of Employment Forecast percentages for Ontario and not related to customer data.

58. Ref: Exhibit 4 / Tab 4 / Schedule 1 / Table 1

**Request**

- (a) Does the OM&A data in Exhibit 4 Tab 4 Schedule 1 Table 1 include Gravenhurst?
- (b) If so, breakout the historic and estimated amounts.
- (c) If not, provide these in a separate schedule.

Response:

- (a) Yes, the OM&A data in Table 1 includes Gravenhurst.
- (b) Data specific to the Gravenhurst rate zone is available for 2006 Board Approved for all of OM&A expenses and is sourced from the decision model in Gravenhurst Hydro's 2006 cost of service distribution rate application.

As stated in pre-filed evidence and in response to previous interrogatories, Veridian maintains O&M data separately for the Gravenhurst service area but does not maintain data for Administration costs separately. The table below provides the Gravenhurst specific data on this basis.

**Table 1, Summary of OM&A Expenses**

	<b>2006</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<b>Board</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<b>Approved</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Total Operations</b>	2,592	3,337	3,492	3,717	3,976	4,191
<i>Gravenhurst Specific</i>	167	304	289	564	269	303
<b>Maintenance</b>	2,281	2,541	1,731	1,941	2,311	2,838
<i>Gravenhurst Specific</i>	239	103	172	198	298	382
<b>Administration</b>	14,861	13,536	12,407	13,930	13,742	15,371
<i>Gravenhurst Specific</i>	1,050	N/A	N/A	N/A	N/A	N/A
<b>Total O M &amp; A Expenses</b>	<b>19,734</b>	<b>19,413</b>	<b>17,629</b>	<b>19,589</b>	<b>20,029</b>	<b>22,399</b>

(c) Not Applicable.



59. Ref: Response to VECC Interrogatory 29(b)

“Actual 2009 compensation is estimated to be \$656,000 less than the 2009 plan. Forecast 2010 total compensation as at January 6, 2010 is \$79,000 less than the forecast 2010 total compensation as filed within the pre-filed evidence.”

**Request**

Provide an update to the 2009 hiring plan (actual) and discuss the impact on the 2010 hiring plan

Response:

Dates for some of the planned hires have slipped relative to plan for 2010. The recalculated estimated reduction impact on 2010 total compensation from hiring delays will decrease compensation as filed by \$337,000.

There is no change to the 2009 hiring plan (actual) that was filed on January 11, 2010 in response to VECC Interrogatory 29 (b)

**Appended: Updated Hiring Schedule Plan**

**Table 1: Bridge and Test Year Hiring Schedule:**  
(as filed in pre-filed evidence)

Position	No. of Hires	No. of Hires by Hire Date		Planned 2009 Hires		Planned No. of Hires by Hire Date			
		Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Accounting Analyst	1					1			
Accounting Associate	1					1			
Administration Clerk	1			1					
Administrative Assistant	-1				-1				
AMI Settlement Data Supervisor	1	1							
Apprentice Lineperson	4			1	1	2			
Corporate Planning Analyst	1					1			
Corporate Plng Supervisor	1	1							
Corporate Secretary	1							1	
Customer Care Associate FT	1	1							
Customer Care Associate PT	-0.4	-1		0.6					
Customer Care Associate PT	1		1						
Customer Care Rep. (Full time)	6	1		3	1	1			
Customer Care Rep. (Part time)	1.8				1.8				
Engineering Supervisor						1			
Engineering Technician	5			3				2	
Executive Assistant	1							1	
Field Supervisor	2	1		1					
Financial Analyst	1					1			
Financial Reporting Analyst	1	1							
GIS Technician	2			2					
IFRS Contract	0			1		-1			

(as revised February 5, 2010 - light shaded cells have been revised from the Hiring Plan update filed on January 11, 2010)

No. of Hires	Actual 2009 Hires				Planned No. of Hires by Hire Date			
	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
1					1			
1					1			
1					0	1		
-1				-1				
1	1							
4			1	1	2			
1					0	1		
1	1							
1							1	
1	1							
-0.4	-1			0.6				
1		1						
5	1				0	4		
1.8					0	1.8		
1					0	1		
5					1	2	2	
1							1	
2	1				1			
1					1			
1	1							
2			2					
0			1		-1			



60. Ref: Exhibit 4 / Tab 4 / Schedule 4  
 Response to VECC Interrogatory 27

**Request**

- (a) Confirm that the DSC Amendments are not directly related to Low Income Customers but are general in nature.
- (b) Provide a breakdown of estimated 2010 incremental costs related to the Impact of Code Amendments in the Categories in Attachment 1.
- (c) Relate this to the original increase in FTEs and OM&A costs of \$160,000 for LEAP.
- (d) If the OEB implements more of the measures recommended by the LEAP Finance Working Group will these costs be incremental to the current 2010 costs. Explain why they may/will exceed the original LEAP cost estimates and by approximately by how much.

Response:

(a) Confirmed.

On October 1, 2009 The Board issued the Revised Proposed Amendments to the Distribution System Code, the Retail Settlement Code and the Standard Supply Service Code: Customer Service (EB-2007-0722). By removing the definition of ‘eligible low income electricity customer’ The Board proposes to apply the amendments to the Codes to all residential customers.

(b)

<b>Department</b>	<b>Incremental Cost (K)</b>	<b>FTEs</b>
Billing*	0	0
Credit	106.7	2
Call Centre	53.3	1
Finance*	0	0
Regulatory*	0	0

\*No material on-going incremental costs are forecast for Billing, Finance and Regulatory functions.

(c) The increases in FTEs and OM&A costs as outlined in Veridian’s pre-filed evidence relate to the combined requirements of LEAP and the proposed changes to Customer Service Standards (EB-2007-0722). The potential elimination of the LEAP requirements does not impact the resource requirements as identified.

- (d) Veridian understands that the reference to the LEAP Finance Working Group refers to the 'Emergency Financial Assistance Working Group'. This group dealt with the issue of temporary financial assistance for low income consumers.

The LEAP related requirements that would be supported by the increased FTEs and OM&A costs are those contemplated in the Report of the Board – Low Income Energy Assistance Program (EB-2008-0150). Veridian expects that the proposed 2010 costs would be adequate to meet the tailored customer service requirements for low income consumers, as detailed in this report.

61. Ref: Exhibit 5 / Tab 1 / Schedule 1  
Response to VECC Interrogatory 35  
Response to SEC Interrogatory 34

**Request**

- (a) Provide/ update the following based on new debt and the Board's 2009 Cost of Capital Report:
  - i. Cost of Existing Affiliated Debt (distinguish existing and new VC Loans)
  - ii. Cost of ST Debt
- (b) Calculate the Impact (including updated ROE) on the DRR and
- (c) Rate Impacts
- (d) Bill Impacts

Response:

- (a) No value for the deemed debt rate was published in the referenced report and Veridian is unable to calculate an estimate of an updated debt rate as it does not have access to the referenced sources of information. Please note that Table 1 of Exhibit 5/Tab 2/Schedule 1 has been updated. See response to Energy Probe Interrogatory 55.
- (b) n/a – see a)
- (c) n/a – see a)
- (d) n/a – see a)

62. Ref: Exhibit 5 / Tab 2 / Schedule 1 / Page 3 / Table 1  
Response to VECC Interrogatory 33

(d) Are there any impediments to Veridian borrowing from a third party such as Infrastructure Ontario or a commercial bank? For example, would it require the “guarantee” or “permission” of its shareholders to undertake such borrowing?

Response

d) Directed to Energy Probe Interrogatory #39

New Additional Debt - \$21 million from Veridian Corporation  
This promissory note was issued on December 17, 2009 to supply the incremental debt required to meet Veridian’s financing requirements. The note also has features similar to the VC shareholder promissory notes discussed above.

1. The notes are also subordinated providing Veridian with the flexibility as described above.
2. The notes also do not contain covenants or borrowing restrictions and therefore extend Veridian the benefits as outlined above.

**Request**

Provide the term sheet and a discussion regarding the VC Note interest rate vs. term of the note and alternatives (such as Infrastructure Ontario) investigated by VCI.

Response:

Veridian does not have a term sheet for the VC Note. The Term Promissory Note is appended to the response Energy Probe Interrogatory 39.

Discussion on alternatives to shareholder promissory notes is found in the Veridian Financing Strategy also appended to Energy Probe Interrogatory 39. On the second page of that document (at paragraph #3), Veridian explained that the 100% municipal ownership requirement by Infrastructure Ontario is an impediment to Veridian. Also on the second page, Veridian highlighted the flexibility benefit offered by the subordination of the debt. Other financing alternatives were not pursued.

63. Ref: Exhibit 9 / Tab 4 / Schedule 5  
Response to VECC Interrogatory 50

In VECC IRR 50 VECC requested a split of costs between residential and Commercial meters based on actual installed unit costs VCI indicated “Veridian is unable to provide a class specific SM unit meter cost as not all capital costs have been tracked separately by rate class” but then went on to provide an average (which implies data are available)

**Request**

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

Response:

Veridian’s response to VECC Interrogatory 50 was not meant to imply that no data on SM Unit Costs exists, rather that class-specific unit costs have not been calculated and that the data to do so is not readily available.

Procurement unit meter costs vary by type of service, rather than by rate class. Depending on service types and metering configuration, the costs for a commercial smart meter may be the same or only slightly more than for a residential smart meter. In other cases, the costs may vary by a multiple of 2 or 3 times the cost.

In 2009 and 2010, the range for procurement cost of a residential smart meter is \$76 to \$121. The range for the procurement cost of a commercial smart meter is \$76 to \$320.

Installation costs per meter also vary. They vary by type of service and by location of service. In 2010 Veridian plans to install smart meters in the lower density rate zone of Gravenhurst. Installation costs are expected to be higher on average in Gravenhurst due to travel time between sites and challenges with diverse topography such as lakes and island locations.