

1. Ref: Exhibit 2 / Tab 2 / Schedule 1 / Page 4
 Exhibit 2 / Tab 2 / Schedule 3 / Pages 2-5
 Exhibit 2 / Tab 4 / Schedule 1 / Pages 1-2
 Response to Board Staff Interrogatory 5

In the interrogatory, the Applicant was asked to reconcile various capital costs and, in its response, provided a detailed reconciliation. However, the 2010 value shown in the pre-filed evidence in Exhibit 2 / 2 / 1 / p4 / Table 2 is \$22.173 million and this value does not appear as part of the reconciliation.

Request

- (a) Please re-file the Applicant's response to Board staff interrogatory No.5 but now including the \$22.173 million value as one of the values to be reconciled.

Response:

- (a) In its response, Veridian noted that the amount of its forecast capital expenditures for the 2010 Test Year had changed as a result of Veridian's Application Update and that the interrogatory was answered on the basis of the updated values. It did not therefore include the original 2010 value of \$22.173 million, but rather the updated 2010 value of \$25.743 million in its response and in the reconciliation.

Below, another version of Table 1 from part (b) of the response to BS interrogatory #5 has been provided which includes the original \$22.173 million value for the 2010 Test Year capital expenditures.

Table 1 - Reconciliation of Tables

Evidence Reference

	2006 Actual	2007 Actual	2008 Actual	2009 Forecast	2010 Forecast
Ex 2/2/1/ p4 Table 2	23,552	14,912	18,250	23,220	22,173
Less: Transfer of Smart Metering Investments as per Proposed Disposition - Reference Exhibit 9, Tab 4, Schedule 2				-6,645	
Reconciled Values	23,552	14,912	18,250	16,575	22,173
Ex 2/2/3/ p2 Graph Values	22,447	20,920	23,934	19,877	25,701
Less: Contributed Capital		-5,813	-6,968	-3,301	-3,527

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Less: Non Rate Base Investment		-196		-162	
Less: SM Variance Account				1,444	
Reconciled Values	22,447	14,911	18,248	16,576	22,174

Ex 2/4/1/ p1				19,877	
Less: Contributed Capital				-3,301	
Reconciled Values				16,576	

Ex 2/4/1/ p2					25701
Less: Contributed Capital					-3527
Reconciled Values					22,174

2. Ref: Exhibit 2 / Tab 12 / Schedule 1
 Exhibit 2 / Tab 12 / Schedule 2
 Response to Board Staff Interrogatory 12

In responding to part (b) of the interrogatory the Applicant noted that, in addition to the statistics provided up to November 2009, the 2006-8 statistics were included in the rate application.

Request

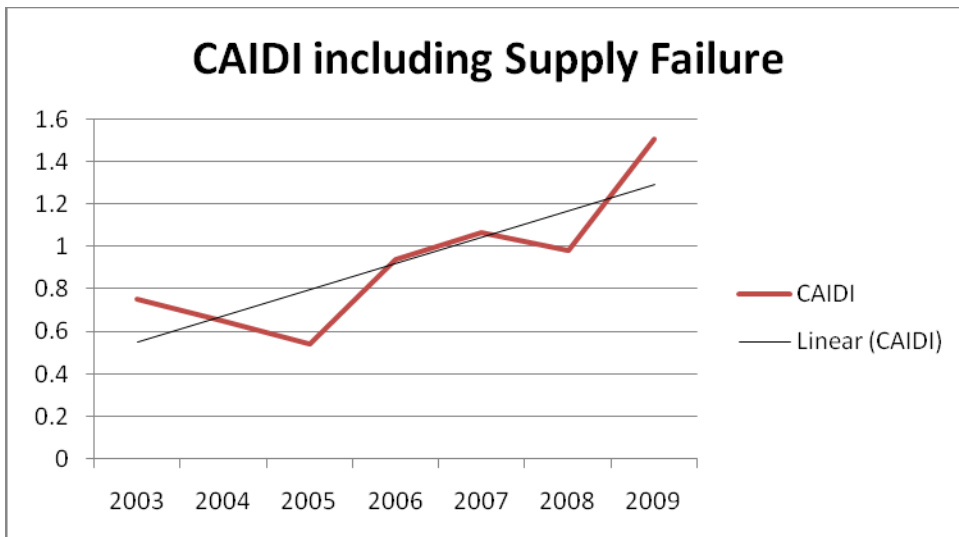
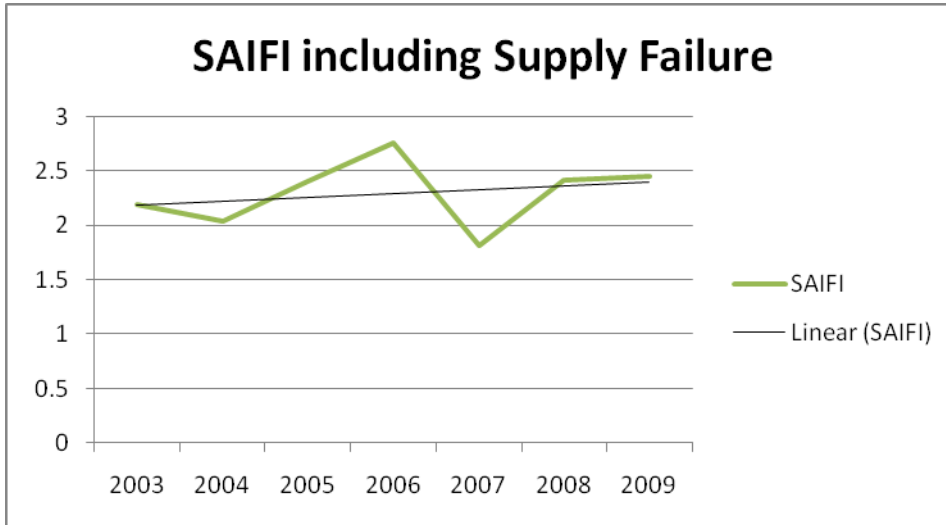
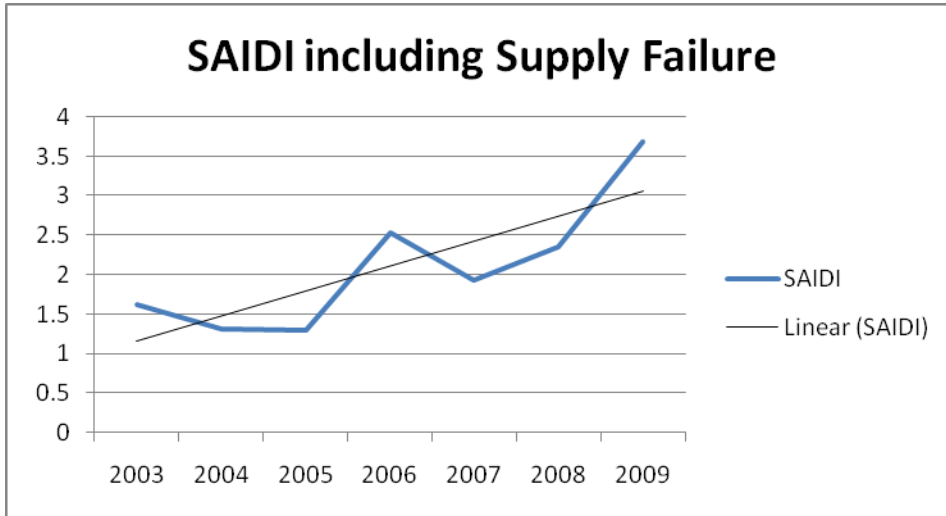
- (a) Please re-file the table provided in the part (b) response but now including the full-year results for each year from 2003 to 2009.
- (b) Using the best-fit straight line, please plot the results in a) above for each of the three service quality measures.

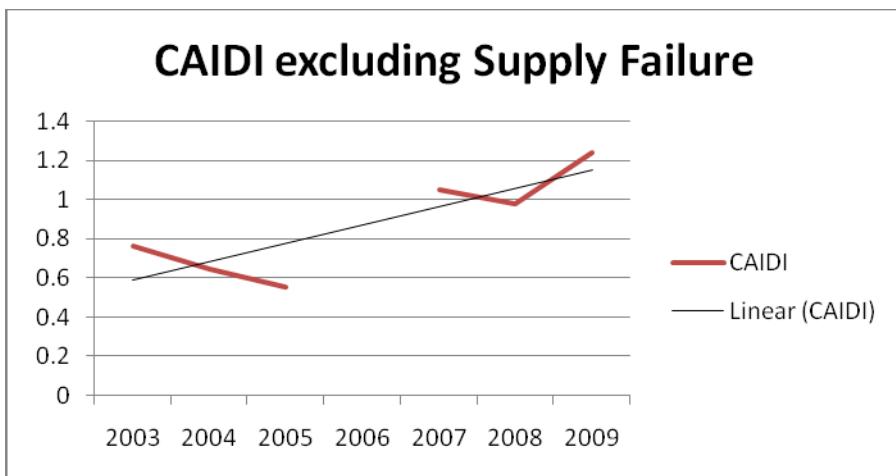
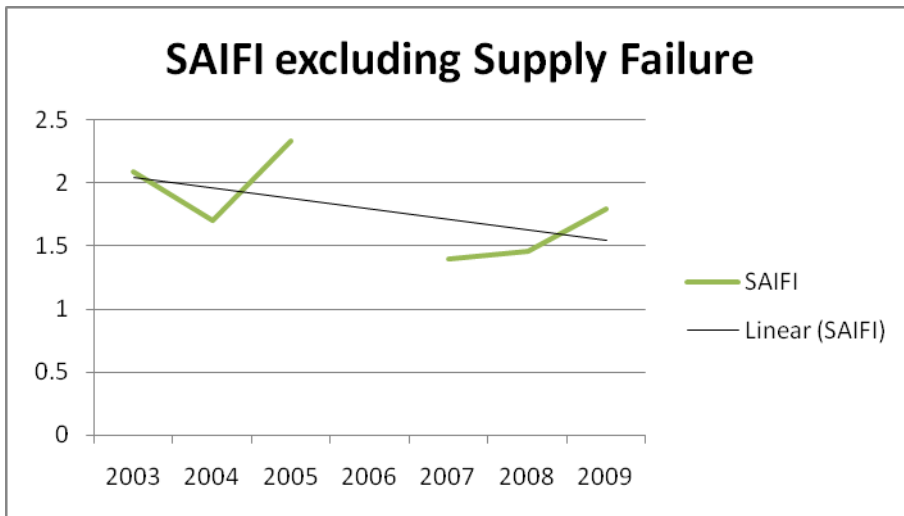
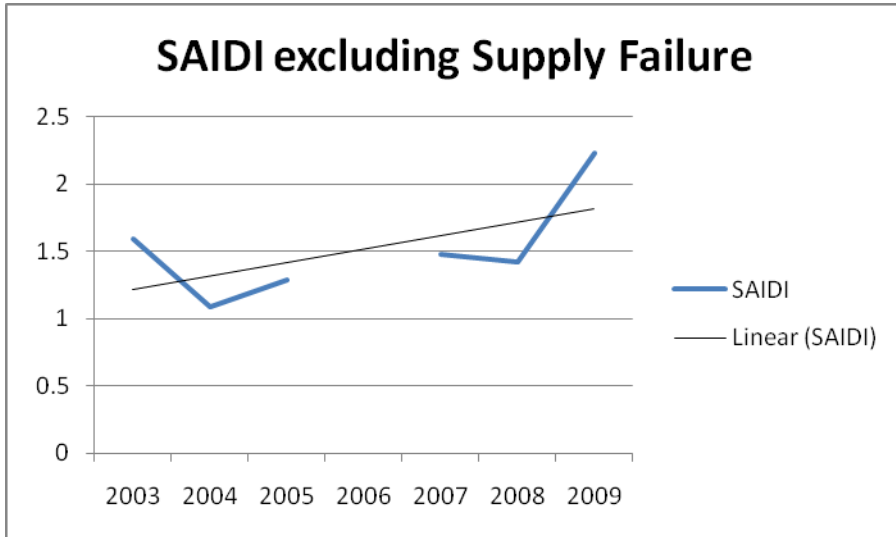
Response:

- (a) Herewith our restated table for reliability indices 2003 to 2009 (complete years):

Measure	Description	2003	2004	2005	2006	2007	2008	2009
SAIDI	Including failure of supply	1.63	1.31	1.30	2.54	1.93	2.36	3.69
SAIFI	"	2.19	2.03	2.40	2.76	1.81	2.41	2.45
CAIDI	"	0.75	0.65	0.54	0.94	1.07	0.98	1.51
SAIDI	Excluding failure of supply	1.59	1.09	1.29	N/A	1.48	1.42	2.23
SAIFI	"	2.09	1.70	2.33	N/A	1.40	1.46	1.79
CAIDI	"	0.76	0.64	0.55	N/A	1.05	0.98	1.24

- (b) The data from the table above is plotted below with a linear trend line:





3. Ref: Exhibit 3 / Tab 7 / Schedule 3 / Pages 1-25
Response to Board Staff Interrogatory 18

In response to the interrogatory request, the Applicant compared the implied loss factors it utilized in its wholesale/retail energy conversion to the values proposed in the application.

Request

- (a) Please recalculate the resultant load forecast for each of the two tariff zones using the loss factors actually proposed in the application; i.e. 4.581% and 10.125% for the Main and Gravenhurst zones respectively.

Response:

- a) As illustrated in Veridian's response to Board Staff IR #14, Veridian did not explicitly use a loss factor to calculate the distribution load forecast. Since the class shares used to allocate wholesale consumption were based on actual class retail kWh (measured at the retail meter and therefore exclusive of distribution losses), the 2008 actual distribution loss is implicitly assumed for the 2009 and 2010 forecast. In order to comply with this request, it will be necessary to calculate the actual retail loads for 2008 to include actual 2008 distribution system losses. These loads will then be reduced to retail loads using the proposed approved loss factors above.

The actual distribution loss adjustment factor implicit in the load forecast for 2008 in Veridian-Main service area is the ratio of total wholesale deliveries to total retail sales, which is $2,526,783,479 \div 2,411,629,986$ or approximately 1.047749. In the Veridian-Gravenhurst service area the ratio is $100,986,177 \div 92,045,742$ or approximately 1.097130.

Calculations are provided below for those classes that are dependent on wholesale quantities for their forecast; namely, Residential, GS<50 and GS>50 for Main and Res-Urban, Res-Suburban, GS<50 and GS>50 for Gravenhurst.

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Veridian Main, 2008 Actual

Wholesale kWh = 2,526,783,479

Residential excl losses	Residential incl losses	proposed losses (4.581%)	Net Residential	Share
931,097,742	975,556,949	44,690,264	930,866,685	36.84%
Residential excl losses	GS < 50 incl losses	proposed losses (4.581%)	Net Residential	Share
296,146,633	310,287,409	14,214,266	296,073,143	11.72%
Residential excl losses	GS > 50 incl losses	proposed losses (4.581%)	Net Residential	Share
931,775,076	976,266,625	44,722,774	931,543,851	36.87%

Veridian Gravenhurst, 2008 Actual

Wholesale kWh = 100,986,177

Res-Urban excl losses	Res-Urban incl losses	proposed losses (10.125%)	Net Res-Urban	Share
27,908,978	30,619,787	3,100,253	27,519,533	27.25%
Res-SubUrb excl losses	Res-SubUrb incl losses	proposed losses (10.125%)	Net Res-SubUrb	Share
9,634,733	10,570,558	1,070,269	9,500,289	9.41%
GS<50 excl losses	GS<50 incl losses	proposed losses (10.125%)	Net GS<50	Share
15,044,960	16,506,282	1,671,261	14,835,021	14.69%
GS>50 excl losses	GS>50 incl losses	proposed losses (10.125%)	Net GS>50	Share
29,204,094	32,040,698	3,244,121	28,796,577	28.52%

Forecast Summary Re-calculated Using Deemed Loss Factors

Main Weather Normal

Year	Wholesale kWh	Res kWh	GS<50 kWh	GS>50 kWh
2009	2,506,626,643	923,440,910	293,711,287	924,112,674
2010	2,516,710,137	927,155,668	294,892,810	927,830,134

Gravenhurst Weather Normal

Year	Wholesale kWh	Res-Urb kWh	Res-SubUrb kWh	GS<50 kWh	GS>50 kWh
2009	98,968,327	26,969,653	9,310,459	14,538,596	28,221,180
2010	99,133,900	27,014,773	9,326,036	14,562,919	28,268,394

4. Ref: Exhibit 3 / Tab 6 / Schedule 1 / Page 1
 Exhibit 3 / Tab 6 / Schedule 2 / Page 1
 Response to Board Staff Interrogatory 19

Request

Please re-file both tables now using 2009 full-year results.

Response:

Tables 1 and 2 provide the 2009 (full-year results) customer connections in the same format as currently filed in tables 6 and 7 as per the evidence references.

Table 1 – Veridian_Main

Customer Class	2009 YTD to Dec 31, 2009	Average (Jan 2009 - Dec 2009)
Residential	96,162	95,676
GS < 50 kW	7,787	7,706
GS > 50 kW	1,004	1,019
Intermediate	2	2
Large Use	5	5
Street Lighting	26,672	26,541
Sentinel Lighting	622	691
Unmetered Scattered Load	893	887

Table 2 – Veridian_Gravenhurst

Customer Class	2009 YTD to Dec 31, 2009	Average (Jan 2009 - Dec 2009)
Residential-Urban	3,023	2,993
Residential-Suburban	751	749
Residential-Seasonal	1,605	1,608
GS < 50 kW	723	720
GS > 50 kW	47	48
Street Lighting	947	947
Sentinel Lighting	78	79

5. Ref: Exhibit 4 / Tab 2 / Schedule 1 / Page 3
Response to Board Staff Interrogatory 22
Response to Board Staff Interrogatory 25

In Board staff interrogatory No.22, the Applicant was asked to provide the FTEs required for each activity in a list of activities that the Applicant had noted "Additional resources will be required for." In response to the interrogatory, the Applicant replied: "Veridian is unable to provide an accurate estimate of the FTEs...required to support these activities..." In response to Board staff interrogatory No.25, the Applicant shows that it proposes to increase its staffing level from 186.5 in 2008 to 235.5 in 2010; i.e. an increase of 49 staff.

Request

- (a) Please confirm that the FTEs required to perform the activities listed in interrogatory No.22 are part of the proposed increase in 49 staff.
- (b) Please provide *any* FTE data that the Applicant may have that are an estimate of the staffing needed to perform the listed activities in interrogatory No.22.

Response:

- (a) Many of the proposed increase in FTE of 49 employees between 2008 and 2009 are planned to support the activities listed in Board staff interrogatory No. 22.
- (b) Veridian identified in its response to Board staff interrogatory No. 22 that it is unable to provide an accurate estimate of the FTEs of both current and proposed additional staff that are required to support these activities as Veridian does not keep activity based costing for all employees.

However, at Exhibit 4/Tab 5/Schedule 2 pages 8 to 12, Veridian identifies Driver of Changes that contributes to the requirement for additional FTEE's. The activities that are listed in Board Staff Interrogatory 22 are related to the drivers "Compliance/Complexity" and "Service Improvement"

On these Schedules, Veridian has totalled the FTEE increase for employees where the driver for change includes "Compliance/Complexity" and "Service Improvement". The increase between 2008 and 2010 for these driver categories is 32.5 FTEE's.

In addition to these 32.5 additional FTEE's the listed activities will create increased work requirements for current staff. Veridian does not have an estimate of the number of current employees that will have increased work requirements related to these activities.

6. Ref: Exhibit 4 / Tab 2 / Schedule 1 / Attachment 5 / Page 1 / Appendix 2-J
Response to Board Staff Interrogatory 23
Response to Board Staff Interrogatory 26

Interrogatory No.23 noted that in Appendix 2-J the Applicant showed:

- The OM&A Cost per Customer as increasing from \$177 in 2008 to \$198 in 2010, and
- The Customer/FTEE as decreasing from 594 in 2008 to 480 in 2010.

In response to interrogatory No.26(c) the Applicant stated: “Peer utilities operated with lower customer to employee ratios than Veridian in 2006.” In response to interrogatory No.26(d) that asked in part for “...a breakdown of the 2008-2009 and 2009-2010 employee increases by employee class that are discretionary vs. non-discretionary...” the Applicant states: “Veridian does not distinguish staff and new hires by specific projects and is therefore unable to answer the question.”

Request

- (a) Please calculate the amount of OM&A the Applicant would require in 2010 if it were to maintain the 2008 performance proxy of \$177 per customer.
- (b) Please calculate the number of staff the Applicant would require in 2010 and the corresponding staffing cost for the year if it were to maintain the 2008 performance proxy of 594 Customer/FTEE.
- (c) Please clarify if the Applicant’s FTEE measure includes overtime; for example, if a full-time employee were to work 10% overtime, does the Applicant consider this to be 1.0 or 1.1 FTEE?
- (d) Please provide the evidence that the Applicant relied on to state: “Peer utilities operated with lower customer to employee ratios than Veridian in 2006.”
- (e) Please provide an estimate of the FTEs required to perform separately the planned discretionary and non-discretionary projects.
- (f) Based on the estimate obtained for e) above, please estimate the corresponding staffing level required for the utility if the discretionary projects were not undertaken in 2010.

Response:

- (a) Veridian would require OM&A in the amount of \$19,956,038 if it were to maintain the 2008 performance proxy of \$177 per customer.
- (b) The number of staff Veridian would require in 2010 if it were to maintain the 2008 performance proxy of 594 Customer/FTEE is 190.2. The cost of the staffing difference between 190.2 FTEE and the 235.50 FTEE projected for 2010 within the evidence is \$4.103 million. It should be noted that the increase in staffing cost between 2008 and 2010 is required to support both increases in OM&A and capital expenditure levels.
- (c) FTEE measures in each respective year reported by the Applicant are not grossed up for overtime. A full time employee that works 10% overtime is recorded as 1.0 FTEE.
- (d) The Applicant relied on the report Utility Performance Management Survey published by the MEARIE Group. The report identifies that Veridian was in the top quartile of large utilities ranked by number of customers to employee. As Veridian is not permitted to release the performance ratios of other participants in the survey without their written authorization, the ratio comparison is provided redacted to remove identification of other utilities.
- (e) Please refer to our responses to Board Staff Interrogatory 22, Board Staff Interrogatory 26 (d), and School Energy Coalition Interrogatory 26 (e). Veridian is unable to provide an accurate estimate of staff numbers in the manner requested.
- (f) See response to (e) above.

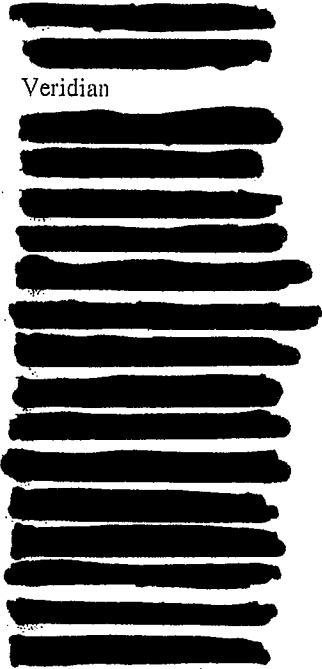
Appended: Extract from MEARIE Utility Performance Management Survey



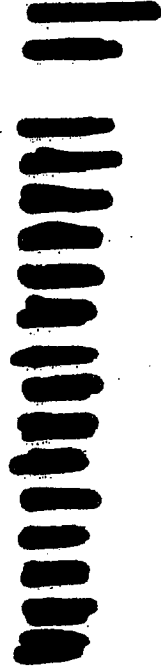
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Number of Customers per Combined LDC & Affiliate Employee

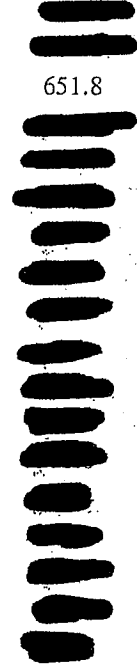
Large Utilities



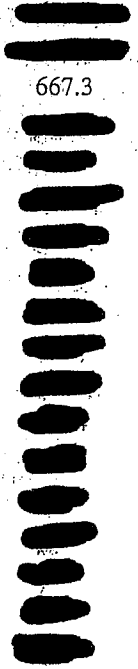
2004



2005



2006



	2004	2005	2006
Count	15	17	18
Average	551.55	570.13	579.66
Median	568.6	579.5	598.5
1st & 3rd quartiles	471.8 & 587.4	490.4 & 651.8	528.5 & 642.4
Range (min, max)	377.9 to 768.9	413.9 to 705.9	408.0 to 675.9

7. Ref: Exhibit 4 / Tab 7 / Schedule 1 / Pages 1-3
Response to Board Staff Interrogatory 30

In Exhibit 4 / 7 / 1/ Tables 1 to 5, the Applicant shows the “Forecasted Annual Total OM&A Purchase of Services exceeding \$240k”. In response to the interrogatory the Applicant provides a table that lists the top six non-affiliate companies “where purchases pertain to OM&A expenditures”.

Request

Please re-file the table to include both OM&A and capital expenditures.

Response:

Veridian is unable to provide forecast annual dollar amounts by vendor for capital expenditures as it has not finalized costing and quotations for the majority of its 2010 capital projects. In the table below Veridian has provided a list of vendors where the 2010 annual dollar amount is likely to exceed the materiality level of \$240k and provided the 2009 actual dollar amounts for purposes of context.

Name of Company	Product or Service	Annual Dollar Amount	Vendor Selection Methodology
OM&A Expenditures			
OMERS	Employee Pension Plan	\$1,081k	Single Source
Claimsecure	Employee Health & Dental Benefit Premiums	\$835k	RFP
Olameter	Meter Reading, Notice Delivery, Print & Mail Services	\$487k	RFP
MEARIE Management	Liability Insurance	\$377k	RFP
Canada Post	Postage	\$332k	Single Source
Ontario Energy Board	Regulatory Assessment Fees	\$307k	Single Source
Capital Expenditures (Annual Dollar Amounts are those for 2009)			
S & C Electric Canada	Various Hardware used in Distribution Construction	\$1,800k	RFP
Moloney Electric	Transformers	\$1,800k	RFP

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Name of Company	Product or Service	Annual Dollar Amount	Vendor Selection Methodology
K-Line Maintenance & Construction	O/H Distribution Plant Installation Services	\$1,525k	RFP
Aecon Utilities	Civil Infrastructure and U/G Distribution Plant Installation Services	\$1,000k	RFP
HD Supply Utilities	Various Hardware used in Distribution Construction	\$775k	RFP
Wajax Industries Limited	Fleet Services	\$630k	RFP
Nexans Canada Inc.	Conductor (Cable)	\$480k	RFP
Telvent USA, Inc.	SCADA Systems	\$318k	Single Source
Guelph Utility Pole Company	Poles	\$315k	RFP
Westburne Ruddy Ontario	Various Hardware used in Distribution Construction	\$270k	RFP
Scott Morris Architects	Architecture services for Ajax building expansion	Not applicable in 2009	RFP

8. Ref: Exhibit 4 / Tab 9 / Schedule 2 / Pages 1-2
Response to Board Staff Interrogatory 31

In response to the interrogatory, the Applicant filed its Attachment 1 which shows “Income/(Loss) before PILs/Taxes (Accounting)” for “2009 Projection”, “2010 @ existing rates” and “2010 @ new dist. rates” to be \$9,825,222, \$25,872,668 and \$6,013,124 respectively.

Request

- (a) Please confirm the Applicant’s income before PILs for the year 2010 at existing rates is \$25,872,668.
- (b) If confirmed in a) above, please explain the significant reduction from the 2009 value to \$6,013,124 for 2010.

Response:

- (a) The amount of \$25,872,668 as filed in Attachment 1 is incorrect due a spreadsheet linking error. The correct amount is \$6,817,816.
- (b) Not applicable.

9. Ref: Exhibit 8 / Tab 4 / Schedule 3 / Page 1
Exhibit 8 / Tab 4 / Schedule 3 / Attachment 1 / Pages 1-2
Response to Board Staff Interrogatory 43

The exhibits in the pre-filed evidence for Veridian_Main showed the Network Service Rates and the Connection Service Rates to over/(under) recover; specifically:

	2007	2008	Jan-May 2009
Network Service Rates	\$1.655 million	\$1.267 million	(\$0.217 million)
Connection Service Rates	\$1.146 million	\$0.061 million	(0.276 million)

The Applicant noted in its pre-filed evidence that its retail transmission network rates and its retail transmission connection rates as of May 2009, increased by 11.255% and 5.455% respectively.

Board staff's interrogatory had asked for a forecast to the end of 2010 but the Applicant responded that the forecast was "not readily available...and could not be provided within the time provided."

Request

- a) Please expand the tables in Exhibit 8 / 4 / 3 / Attachment 1, pp1-2 to include 2009 actual data.
- b) Please reconsider the original interrogatory request and expand the tables to include a forecast until 2010 year end.
- c) If the Applicant is still not able to provide the forecast requested in b) above within the time provided, please:
 - From the actual 2009 results, calculate the over/under recovery for each of the service rates for the June 2009 to December 2009 period.
 - Extrapolate the 2009 actual over/under recovery for the June 2009 to December 2009 period by dividing it by 7 and multiplying by 12 to obtain a 2010 forecast.
 - Comment how the forecast just obtained for 2010 may be improved.

Response:

(a) , (b) and (c)

As requested, the tables in Exhibit 8/4/3/ Attachment 1, pp1-2, have been expanded to include the balance of 2009 actual data and are provided as Attachment 1.

Veridian has completed the calculations as requested in part (c) and provides the 2010 forecast using the Board Staff provided methodology. The forecasted amounts are also provided in Attachment 1.

Veridian has been asked to comment on how the forecast obtained through the Board Staff methodology could be improved.

A 2010 forecast of retail billings associated with Network Service Transmission charges and Connection Service Transmission charges could be developed using the 2010 load forecast by class applied to the current Retail Transmission Service Charges for Network and Connection services.

A 2010 forecast of costs associated with Network Service Transmission charges and Connection Service Transmission charges would require a monthly demand (kW) forecast for each delivery point where Veridian incurs charges from the IESO and Hydro One. Veridian does not forecast these determinants. A possible alternative could be the use of historic averages by delivery point to serve as a proxy for forecasted values.

Veridian_Board Staff Supplemental IRR_9 - Attachment 1 - VC_Main

Veridian_Main - Network Service Rates - Revenues and Costs - Jan 2009 - Dec 2009

<u>Update</u>	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	2009 Total	
<u>Retail Billings</u>	984,552	817,646	887,616	754,978	773,795	876,476	1,058,744	926,274	865,684	922,613	982,190	999,480	10,850,048	
<u>Costs</u>	542,286	1,377,976	895,400	817,007	802,577	738,861	1,335,642	1,117,135	1,204,502	642,373	1,035,332	923,978	11,433,069	
(Under)/Over Recovery	442,266	(560,330)	(7,784)	(62,029)	(28,782)	137,615	(276,898)	(190,861)	(338,818)	280,240	(53,142)	75,502	(583,021)	
													Over/(Under) Recovery for June - Dec 2010 Forecast using Board Staff methodology	(366,362) (628,049)

Veridian_Main - Connection Service Rates - Revenues and Costs - Jan 2009 - Dec 2009

<u>Update</u>	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	2009 Total	
<u>Retail Billings</u>	729,824	607,853	658,451	564,356	577,745	625,820	753,069	655,205	606,052	649,485	689,070	707,910	7,824,840	
<u>Costs</u>	373,196	1,076,291	692,699	654,952	627,126	571,666	982,901	771,312	938,410	451,774	785,355	663,315	8,588,997	
(Under)/Over Recovery	356,628	(468,438)	(34,248)	(90,596)	(49,381)	54,154	(229,832)	(116,107)	(332,358)	197,711	(96,285)	44,595	(764,157)	
													Over/(Under) Recovery for June - Dec 2010 Forecast using Board Staff methodology	(478,122) (819,638)

Veridian_Board Staff Supplemental IRR_9 - Attachment 1 - VC_Gravenhurst

Veridian_Gravenhurst - Network Service Rates - Revenues and Costs - Jan 2009 - Dec 2009

Update	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	2009 Total
<u>Retail Billings</u>	52,308	44,254	45,611	39,293	39,009	32,346	39,643	38,240	35,357	38,905	36,900	47,060	488,926
<u>Costs</u>	17,990	64,605	43,066	23,385	23,230	22,117	53,367	51,204	56,428	42,298	62,644	35,298	495,632
(Under)/Over Recovery	34,318	(20,351)	2,545	15,908	15,779	10,229	(13,724)	(12,964)	(21,071)	(3,393)	(25,744)	11,762	(6,706)
													(54,905)
													(94,123)
													Over/(Under) Recovery for June - Dec 2010 Forecast using Board Staff methodology

Veridian_Gravenhurst - Connection Service Rates - Revenues and Costs - Jan 2009 - Dec 2009

Update	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	2009 Total
<u>Retail Billings</u>	46,685	37,610	39,270	32,556	33,659	31,381	38,288	36,685	33,925	37,350	35,588	45,662	448,659
<u>Costs</u>	16,826	60,427	40,281	21,925	21,714	28,979	42,094	52,395	46,677	39,539	60,641	29,124	460,622
(Under)/Over Recovery	29,859	(22,817)	(1,011)	10,631	11,945	2,402	(3,806)	(15,710)	(12,752)	(2,189)	(25,053)	16,538	(11,963)
													(40,570)
													(69,549)
													Over/(Under) Recovery for June - Dec 2010 Forecast using Board Staff methodology

10. Ref: Exhibit 8 / Tab 6 / Schedule 2 / Pages 1-2
Exhibit 8 / Tab 6 / Schedule 4 / Page 1
Response to Board Staff Interrogatory 46

The interrogatory asked how the higher loss factors at 6 of the 31 IESO delivery points (effective May 1, 2009) could be included in the Applicant's 2010 proposed Supply Facility Loss Factor (SFLF) when the Applicant stated that it had used the three-year average of the historical years 2006, 2007 and 2008.

Board staff understands the Applicant to have replied that the SFLF values for Veridian_Main shown for the years 2006 to 2008 in Exhibit 8 / 6 / 4 / p1 / Appendix 2-Q were not, in fact, values for the respective years but were a calculated "specific SFLF" utilizing post-May 1, 2009 data that produced a 1.54% value.

Request

- (a) Please confirm Board staff's understanding of the use of the post-May 1, 2009 data and the role played in the calculation of the specific SFLF for Veridian_Main, or explain.
- (b) Please show the detailed calculation of the 1.54% specific SFLF value for Veridian_Main.
- (c) Please re-file Appendix 2-Q for Veridian_Main using *only actual data* for each of the three years 2006, 2007 and 2008.
- (d) Please confirm if the SFLF for Veridian_Gravenhurst in Exhibit 8 / 6 / 4 / p1 / Appendix 2-Q was determined in a similar manner to the Veridian_Main SFLF and, if so, provide similar responses to items a), b) and c) above.

Response:

- (a) Veridian confirms Board staffs' understanding to be correct.
- (b) While preparing the response to this interrogatory, Veridian discovered an error in input to the calculation of the specific SFLF value for Veridian_Main. Veridian has corrected the input error. The correctly calculated SFLF value for Veridian_Main is 1.38%. The detailed calculation has been provided as Attachment 1.
- (c) Appendix 2-Q was filed using actual data for each of the three years 2006, 2007 and 2008 with the exception of the value for SFLF. Veridian is able to calculate an "actual" SFLF for 2008, but does not have the data available to calculate an "actual"

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SFLF for the years 2006 and 2007. Appendix 2-Q has been revised and included here as Attachment 2 using the 2008 actual SFLF as a proxy for 2006 and 2007.

- (d) The SFLF proposed for Veridian_Gravenhurst was not determined on the same basis. Loss factors applied at the IESO delivery points for Veridian_Gravenhurst are set uniformly at 3.4%, thus determining this as the SFLF and not requiring a weighted average calculation.

Veridian_Board Staff Supplementary IRR#10 - Attachment 1

Delivery Point	Meter	Feeder	Old TLF	New TLF	Effective Date	Metered kWh	Metered X Sign Applied	In 2009	Loss Factor	Adjusted for Losses
IESO										
100692	243200250	Cherrywood 81M6	-1.006	-1.006		108,580,464.00	-1 (108,580,464.00)	1.006	1.006	(109,231,946.78)
	243200260	Cherrywood 81M7	1.006	1.006		22,272.00	1 22,272.00	1.006	1.006	22,405.63
	1000015450	Cherrywood TS7	1.006	1.006		434,425,164.30	1 434,425,164.30	1.006	1.006	437,031,715.28
	1000015460	Cherrywood TS8	1.006	1.006		428,999,762.29	1 428,999,762.29	1.006	1.006	431,573,760.86
102339	1000012520	Malvern	1.034	1.034		28,308,507.72	1 28,308,507.72	1.034	1.034	29,270,996.98
102682	1000006900	Whitby M22 PME Main	1.034	1.034		152,354,303.70	1 152,354,303.70	1.034	1.034	157,534,350.02
	1000013400	Whitby M23 PME	1.006	1.006		48,123,248.79	1 48,123,248.79	1.006	1.006	48,411,988.28
	1000013410	Whitby M24 PME	1.006	1.006		99,995,428.08	1 99,995,428.08	1.006	1.006	100,595,400.65
	1000018430	Whitby TS T1 B Bus	1.006	1.006		510,719.72	1 510,719.72	1.006	1.006	513,784.04
	1000018430		-1.006	-1.006		89,600.27	-1 (89,600.27)	1.006	1.006	(90,137.87)
	1000018440	Whitby TS T2 Y Bus	1.006	1.006		2,190,611.09	1 2,190,611.09	1.006	1.006	2,203,754.75
	1000018440		-1.006	-1.006		1,485.05	-1 (1,485.05)	1.006	1.006	(1,493.96)
102684	1000016790	Belleville 8M1 PME	1.006	1.006		91,460,921.52	1 91,460,921.52	1.006	1.006	92,009,687.05
	1000016800	Belleville 8M3 PME	1.006	1.006		208,139,177.92	1 208,139,177.92	1.006	1.006	209,388,012.98
	1000016810	Belleville 8M4 PME	1.006	1.006		91,192,381.18	1 91,192,381.18	1.006	1.006	91,739,535.46
	1000016820	Belleville 8M8 PME	1.006	1.006		131,985,395.83	1 131,985,395.83	1.006	1.006	132,777,308.20
	1000016830	Belleville 8M9 PME	1.006	1.006		113,155,879.45	1 113,155,879.45	1.006	1.006	113,834,814.72
102702	1000010340	Port Hope 50M1	1.006	1.006		74842831.83	1 74,842,831.83	1.006	1.006	75,291,888.82
	1000010350	Port Hope 50M3	1.006	1.006		101850209.3	1 101,850,209.28	1.006	1.006	102,461,310.53
105495	1000019650	ORNO - CLARINGTON I	1.034	1.044	6/1/2009	6,837,195.20	1 6,837,195.20	1.044	1.044	7,138,031.79
	1000012410	CLARINGTON PME2	1.034	1.034		72,094,819.09	1 72,094,819.09	1.034	1.034	74,546,042.94
	1000012400	CLARINGTON PME1	1.034	1.034		90,084,761.65	1 90,084,761.65	1.034	1.034	93,147,643.55
	1000017800	OSHAWA WILSON	1.034	1.034		34,938,907.97	1 34,938,907.97	1.034	1.034	36,126,830.84
										-
105496	1000006270	Koch Glistch 41M22	1.034	1.044	5/1/2009	1,544,469.40	1 1,544,469.40	1.044	1.044	1,612,426.05
	1000016840	UxbridgeMS1 PME East	1.034	1.044	5/1/2009	13,414,199.41	1 13,414,199.41	1.044	1.044	14,004,424.18
	1000016210	UxbridgeMS2 PME West	1.034	1.044	5/1/2009	15,884,359.27	1 15,884,359.27	1.044	1.044	16,583,271.07
										-
105497	1000006280	Beaverton PME 31M24	1.034	1.034		23,020,207.90	1 23,020,207.90	1.034	1.034	23,802,894.96
	243145300	Cannington MS	1.034	1.034		7,098,500.90	1 7,098,500.90	1.034	1.034	7,339,849.93
	1000016850	Sunderland MS	1.034	1.044	5/1/2009	7,645,839.20	1 7,645,839.20	1.044	1.044	7,982,256.12
	1000019420	Cannington MS	1.034	1.044	5/1/2009	7,000,650.55	1 7,000,650.55	1.044	1.044	7,308,679.17
										-
105498	1000006290	Pickering PME1	1.034	1.034		73,175,353.10	1 73,175,353.10	1.034	1.034	75,663,315.11
	1000006300	Pick PME2 47M2 Main	1.034	1.034		54,070,876.62	1 54,070,876.62	1.034	1.034	55,909,286.42
										-
Hydro One										
341901006E	243159930	Scugog MS1	1.044	1.044		19,353,513.60	1 19,353,513.60	1.044	1.044	20,205,068.20
	243159550	Scugog MS3	1.044	1.044		11,914,777.80	1 11,914,777.80	1.044	1.044	12,439,028.02
	244200530	Wilson 54M12	1.044	1.044		2,962,229.18	1 2,962,229.18	1.044	1.044	3,092,567.27
	200600970	Scugog MS2	1.044	1.044		2,293,329.00	1 2,293,329.00	1.044	1.044	2,394,235.48
	2431459940	Scugog MS2	1.044	1.044		13,055,805.00	1 13,055,805.00	1.044	1.044	13,630,260.42
										-
0930051004	200600971	STLT IN	1.034	1.034		8,931,036.00	1 8,931,036.00	1.034	1.034	9,234,691.22
										-
3089861006	200500774		1.034	1.034		16,006,783.68	1 16,006,783.68	1.034	1.034	16,551,014.33
	243160610		-1.044	-1.044		292,638.33	-1 (292,638.33)	1.044	1.044	(305,514.42)
	243200250		1.006	1.006		108,580,464.00	1 108,580,464.00	1.006	1.006	109,231,946.78
	243200260		-1.006	-1.006		22,272.00	-1 (22,272.00)	1.006	1.006	(22,405.63)
	243160610		1.044	1.044		292,638.33	1 292,638.33	1.044	1.044	305,514.42
OPG Wind Turbine		Pickering Turbine	1.000	1.000		3,262,061.00	1 3,262,061.00	1.000	1.000	3,262,061.00
McLeod Dam		McLeod Dam	1.000	1.000		866,336.61	1 866,336.61	1.000	1.000	866,336.61
Charging HI										
Kelly Atlan	200700235	Kelly Atlantic	-1.0549	-1.0549		63,840.60	-1 (63,840.60)	1.0549	1.0549	(67,345.45)
STLT OUT	200700033	STLT Out	-1.034	-1.034		570,480.00	-1 (570,480.00)	1.034	1.034	(589,876.32)
Totals							2,492,265,148.88			2,526,729,669.74
							Losses Applied			34,464,520.86
							%age of metered kWh			1.38%

Veridian_Board Staff Supplementary IRR #10-Attachment 2

Appendix 2-Q

Loss Factors - Veridian_Main

	2006	2007	2008	3 Year Average
Losses in Distributor's System				
A-1	"Wholesale" kWh delivered to distributor (higher value)	2,558,350,419	2,562,505,950	2,526,783,479
A-2	"Wholesale" kWh delivered to distributor (lower value)	2,515,832,844	2,519,919,314	2,484,982,698
B	Portion of "Wholesale" kWh delivered to distributor for Large Use Customers	232,117,804	218,910,553	193,539,252
C	Net "Wholesale" kWh delivered to distributor (A-2) - (B)	2,283,715,040	2,301,008,761	2,291,443,446
D	"Retail" kWh delivered by Distributor	2,444,231,778	2,458,166,288	2,409,267,998
E	Portion of "Retail" kWh delivered by distributor for Large Use Customer	228,800,201	215,781,718	190,773,043
F	Net "Retail" kWh delivered by distributor (D) - (E)	2,215,431,577	2,242,384,570	2,218,494,955
G	Loss Factor in distributor's system [C / F]	<i>1.03082</i>	<i>1.02614</i>	<i>1.03288</i>
Losses Upstream of Distributor's System				
H	Supply Facility Loss Factor	<i>1.01190</i>	<i>1.01190</i>	<i>1.01190</i>
Total Losses				
	Total Loss Factor [G X H]	<i>1.04309</i>	<i>1.03835</i>	<i>1.04517</i>

11. Ref: Exhibit 9 / Tab 3 / Schedule 2 / Pages 1-3
Response to Board Staff Interrogatory 53

In Board staff interrogatory No.53 the following background is provided:

“The Applicant explains how, apparently for the Gravenhurst zone, the credit balance in account 2425 was brought about by Bill 210 making the then-interim rates final at a level that was higher than required in the long term. On page 3, the Applicant states: “Because the December 31st, 2008 balance of \$387,465 was recovered pursuant to a final rate order, Veridian proposes to reclassify the balance as distribution revenues from prior periods.””

The interrogatory sought to understand the mechanism that the Applicant was proposing whereby its Gravenhurst customers would receive the benefit of the over-recovery to which they had contributed.

The Applicant responded: “The Applicant has not proposed a mechanism to transfer the balance to the benefit of its customers. The balance in account 2425 was recovered pursuant to a final rate order. Altering that final rate order would amount to retrospective ratemaking.”

Request

- (a) Assuming that the Gravenhurst customers over-contributed in good faith of restitution and had no control of the situation that resulted in the over-recovery, please specify the case law and identify the precedents that support the Applicant’s proposal apparently not to refund the \$387,465 since, in the Applicant’s opinion, refunding would amount to retrospective ratemaking.
- (b) Please calculate the reduction in rate increase for Residential customers @ 800kWh and GS<50kW customers @ 2000kWh if the over-recovery were applied as a single-year rate rider/adder.

Response:

- (a) It is well established in Canada that, absent express authority, utility boards do not have the authority to retroactively/retrospectively change rates. The following is a reference to the seminal case in that regard, as well as a reference to a relevant Board decision:

ATCO Gas & Pipelines Ltd. v. Alberta (Energy & LDCs Board), [2006] SCC 4 at para. 71, cited in Decision and Order of the Board in EB-2005-0031, page 8.

Veridian intends to address this issue in its Argument-In-Chief, and may refer to other supporting cases to assist the Board. Veridian is not in a position at this time to provide argument in response to Board staff's interrogatory.

- (b) Veridian has interpreted the request to be to calculate the "reduction in total bill" impacts for the specified class/consumption examples, rather than "reduction in rate increase". Please see the table below.

	Total Bill Impact Reduction	
	\$ change	% change
Residential Urban @ 800 kWh	\$ (0.88)	-0.90%
Residential Suburban @ 800 kWh	\$ (0.96)	-1.00%
Residential Seasonal @ 800 kWh	\$ (2.40)	-2.00%
GS < 50 kW @ 2000 kWh	\$ (1.80)	-0.80%

12. Ref: Application Update / Exhibit 3

In the referenced exhibit, the Applicant provides details on the Ajax building extension and the consolidation of the Ajax and Pickering buildings.

Request

- (a) Please state the date that is considered to be “current” as used in Table 2; e.g. December 31, 2009?
- (b) Please confirm the Applicant’s total number of actual employees in the utility corresponding to (i) the date in a) above and (ii) December 31, 2010 if this is not the date in a) above.
- (c) Please confirm that the “current headcount” shown in Table 2 for the Pickering and Ajax sites are *actual persons* occupying the space shown and does not include any vacant staff positions or any future positions; otherwise, provide actual staffing numbers.
- (d) Please explain the basis on which the Square Footage per Employee was calculated; e.g. is it the number of square feet leased/owned by the Applicant divided by the Headcount shown? For greater certainty; is a portion of the common facilities such as elevator shafts, stairwells, corridors, etc. included in the Square Footage per Employee data that are shown in Table 2?
- (e) Please (i) state the Applicant’s total number of employees in the utility that corresponds with the 172 headcount in Table 2 and (ii) confirm the corresponding year is 2028, or correct.

Response:

- (a) The table has been revised to correct for detected errors and to provide clarity on dates for headcounts. The table now identifies headcount as of December 31, 2009 and December 31, 2010. See b) for the updated table.

- (b) The following table provides the number of actual employees in the utility that will require workspace within the expanded facility.

	Gross Area	Headcount	Square Footage per Employee
IFMA Standard			396
2009			
Pickering – as at 31/12/2009	15,000	58	258
Ajax – as at 31/12/2009	20,300	70	290
Total	35,300	128	276
2010			
Total Ajax (After Expansion Completion) – as at 31/12/2010	46,300	147	315
2028			
At Projected Building Capacity	46,300	172	269

- (c) All headcounts are for positions that will require office or workstation space within the 46,300 square foot building space at the Ajax expanded facility. The counts for 2009 are for actual persons occupying space. The counts for 2010 are for projected headcounts for 2010 and include positions that are to be hired in 2010 that require office or workstation space in the Ajax expanded facility.
- (d) The Square Footage per Employee is calculated as the total space leased or owned divided by the headcount at each location. Common facilities such as elevator shafts, stairwells, corridors, etc. are included in the Square Footage per Employee date shown in Table 2.
- (e) (i) See revised table in b). For the combined existing and expanded Ajax facility that has a capacity of 172 employees, Veridian has 128 employees as at December 31, 2009 that will require work space in this completed facility. Veridian projects 147 employees at December 31, 2010 that will require work space in this completed facility.
- (ii) Confirmed. The projected year that the Ajax expanded facility will reach capacity is 2028.