



PUBLIC INTEREST ADVOCACY CENTRE
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March 15, 2012

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
Submission of VECC Interrogatories EB-2012-0036
Niagara-on-the-Lake Hydro Inc.

Please find enclosed the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

cc: Niagara-on-the-Lake Inc.
Mr. Philip Wormwell

ONTARIO ENERGY BOARD

IN THE MATTER OF

the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15 (Schedule B), as amended;

AND IN THE MATTER OF an Application by
Niagara-on-the-Lake Hydro Inc. (NOTLHI) for an order or orders
approving or fixing just and reasonable
distribution rates to be effective May 1, 2012 to reflect the
recovery of costs for deployed smart meters.

Information Requests of the Vulnerable Energy Consumers Coalition (VECC)

VECC Question # 1

Reference: Manager's Summary, 1. Introduction, Page 3

Preamble: NOTLHI indicates it is requesting the difference between the Deferred Incremental Revenue Requirement from 2006 to December 31, 2011 and the Smart Meter Funding Adder (SMFA) Revenues collected from 2006 to May of 2012. The Board indicated the SMFA would cease by April 30, 2012. VECC notes on Sheet 8 of the Smart Meter Model, the interest on the SMFA revenues is calculated to December 2012.

- a) Please confirm when NOTLHI's SMFA ended and explain the interest calculation beyond this date.

VECC Question # 2

Reference: Manager's Summary, 2. Status of Implementation of Smart Meters, Page 4

Preamble: NOTLHI has installed a total of 7913 smart meters as of December 31, 2011, which represents 99.9% of the total RPP-eligible customers.

- a) Please provide the average cost per meter by year and by rate class on a total cost basis (capex + opex) and capex only.
- b) Please indicate if NOTLHI has provided the Board with estimated smart meter costs in prior rate applications. If yes, please provide a schedule that compares the smart meter forecasts in the previous applications to the current application.

VECC Question # 3

Reference: Manager's Summary, 5. Project Specifics, Page 6

Preamble: The evidence indicates that Sensus did not manufacture polyphase meters, therefore requiring NOTLHI to place special orders with General Electric and Elster. A majority of these polyphase meters were received later in 2010. NOTLHI employees and a local installer have installed the remainder of the commercial and polyphase meters to date.

- a) Please discuss how this situation impacted meter deployment.
- b) Please confirm the number of meters placed by special order with General Electric and Elster.
- c) Please compare the installation costs, other capital costs and OM&A costs separately for Olameter, NOTLHI employees and a local installer and explain any variances. Please identify the local installer.

VECC Question # 4

Reference: Manager's Summary, Meter Deployment, Page 5

- a) Please summarize the types of meters installed for each rate class.
- b) Please complete the following table to show the average installed cost per meter type.

Class	Type of Meter	Quantity	Installed Cost	Average Cost
Residential				
GS<50 kW				

VECC Question # 5

Reference: Manager's Summary, 8. Integration with MDM/R, Page 8

Preamble: NOTLHI indicates the project plan called for Unit Testing to be executed on January 17, 2011 but due to some delays was completed on March 7, 2011, and System Integration (SIT) and Qualification Testing (QT) on May 2, 2011, in preparation for cutover to live data transfer with MDM/R by May 2, 2011.

- a) Please provide specific details on the nature of the delays related to various software systems delivering the promised functionality and suppliers meeting their

contractual obligations.

VECC Question # 6

Reference: Manager's Summary, 9. Transition to Time of Use Pricing, Page 9

Preamble: NOTLHI indicates that the first TOU invoices were issued mid-October and as of year-end, approximately 96% of eligible customers are receiving TOU bills.

- a) When does NOTLHI expect that 100% of eligible customers will receive TOU bills.

VECC Question # 7

Reference: Manager's Summary, 12. Annual Security Audit, Page 10

Preamble: NOTLHI indicates with the mass deployment of AMI systems, security of the AMI network is critical.

- a) Please provide the status of the selection of the audit partner and the in-depth security review at one participating utility that has the Sensus solution, the commencement date of the annual security audit for NOTLHI and the annual budget for the audit.

VECC Question # 8

Reference: Manager's Summary, 14. New CIS System, Page 12

Preamble: NOTLHI indicates the overall cost of UCS membership, conversation and operation to date has exceeded the estimated COS overhaul cost.

- a) Please provide the original budget and schedule, a cost/schedule comparison between the two overhaul cost options and explain any variances in costs and schedule.

VECC Question # 9

Reference: Manager's Summary, 14. Web Presentment, Page 13

Preamble: NOTLHI indicates it expects to have the tool available for customer use in the first quarter of 2012 and the listed capital cost is \$15,896. The annual operating cost is forecast as \$3,622.

- a) Please provide an update on the availability of the tool and the capital and operating costs.

VECC Question # 10

Reference: Manager's Summary, 14. Internal (Incremental) Labour, Page 13

Preamble: Incremental employee time recorded as \$82,583 was utilized in implementation of TOU rates, the testing and integration to the MDM/R and further MDM/R R7.2 testing that was just recently completed.

- a) Please discuss "incremental employee time" and show the derivation of the \$82,583 in terms of hours, positions (contract, part-time, full-time) and work activities.

VECC Question # 11

Reference: Manager's Summary, 16. Smart Meter Rate Rider, Page 15

Preamble: NOTLHI indicates that allocation of the total revenue requirement is based on allocation of the return and amortization based on the allocation of Account 1860 in the cost allocation model.

- a) Please confirm the year of the cost allocation model used.

VECC Question # 12

Reference 1: Smart Meter Model (V2_17)

Preamble: NOTLHI completed the Smart Meter Model provided by the OEB and used the data to arrive at the proposed Smart Meter Incremental Rate Rider and the proposed Smart Meter Disposition Rate Rider.

Reference 2: Board Guideline G-2011-0001, Smart Meter Funding and Cost Recovery – Final Disposition, dated December 15, 2011, Page 19

Preamble: The Guideline states, "The Board views that, where practical and where data is available, class specific SMDRs should be calculated on full cost causality."

- a) Please complete a separate smart meter revenue requirement model by rate class.
- b) Please recast Tables 5, 6 and 7 by customer class based on customer class cost causality as per part (a).
- c) Please provide a table that summarizes the total Smart Meter Rate Adder Revenue collected by customer class.

VECC Question # 13

Reference: Board Guideline G-2011-0001, Smart Meter Funding and Cost Recovery – Final Disposition, dated December 15, 2011, Cost Beyond Minimum Functionality, Page 17

Preamble: The Guideline indicates that costs for TOU rate implementation, CIS upgrades, web presentation, etc. may be recoverable and that in its application a distributor should show how these costs are required for its smart meter deployment program and how they are incremental to the distributor's normal operating costs. Sheet 2 of the Smart Meter Model shows audited costs under Capital Costs Beyond Minimum Functionality (category 1.6.3) & OM&A Costs Beyond Minimum Functionality (category 2.6.3).

a) Please demonstrate how these costs are incremental to normal operating costs.

VECC Question # 14

Reference: Board Guideline G-2011-0001, Smart Meter Funding and Cost Recovery – Final Disposition, dated December 15, 2011, Page 19

Preamble: The Guidelines state, "The Board also expects that a distributor will provide evidence on any operational efficiencies and cost savings that result from smart meter implementation."

a) Please summarize NOTLHI's operational efficiencies and cost savings.