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ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. <http://www.piac.ca>

Michael Janigan
Counsel for VECC
(613) 562-4002 ext. 26

July 20, 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-2012-0247
Veridian Connections 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 Janigan
Counsel for VECC
Encl.

cc: Veridian Connections Inc.
Mr. George Armstrong

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
Veridian Connections Inc. (Veridian) for an order or orders
approving or fixing just and reasonable
distribution rates to be effective November 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 1: Application, Page 3

Reference 2: Smart Meter Recovery Model, V 2.17, Sheet 2

Preamble: The application on page 3 indicates that Verdian is applying for approval of capital expenditures of \$7,730,561 and operating costs of \$3,909,071. The Smart Meter Recovery Model, Sheet 2, shows operating costs to the end of 2011 as \$2,577,088 and \$3,304,110 to the end of 2012.

a) Please reconcile the operating costs on Page 3 to the model.

VECC Question # 2

Reference: Application, Page 6

Preamble: The application indicates:

“Within the remaining installations to be completed there are some installations that require repairs and/or upgrades to customer meter bases or other equipment in order to complete the installations. Veridian has estimated the cost for these repairs and/or modifications to be \$70,000 and this cost has been included in the calculation of the 2012 revenue requirement.”

a) Please identify where in the smart meter model this cost is included.

VECC Question # 3

Reference: Application, Page 23

Preamble: Veridian installed 41,485 smart meters between 2009 and 2011. On Page 23, Veridian indicates that the SMIRR cost attributable to the residential customers is substantially lower than the GS<50 kW customers due to the lower installed cost per meter for this class.

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

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

VECC Question # 4

Reference: Application, Page 12

Preamble: The application states:

“Late in 2008, Veridian undertook a vendor selection process for the provision of a private Wide Area Network Solution (“WAN”), aided by Util-assist Consulting Services. Veridian sought a turnkey solution that would provide wireless communication and competitive pricing. Through this comprehensive RFP and evaluation process and detailed cost/benefit review of POTS vs WAN solution, a solution with National Wireless was chosen. This solution required a small capital investment of approximately \$40,000 for modems to be deployed with the collector meters and annual operating costs were estimated at 50% of the cost of a POTS solution with the equivalent number of collectors.”

- a) Please discuss the outcome of the evaluation process and detailed cost/benefit review of POTS vs. WAN. Please include the cost of each solution.
- b) Please provide the annual operating costs of POTS.

VECC Question # 5

Reference 1: Application, Page 16

Preamble: Veridian confirms that the avoided costs of manual meter reading were removed from total operating costs within Veridian's Board approved 2010 COS revenue requirement.

Reference 2: 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 identify any other operational efficiencies and cost savings (beyond reduced meter reading costs) that Veridian has experienced or anticipates will result from smart meter implementation.
- b) Please confirm whether any realized cost savings (beyond reduced meter reading costs) have been included in the rate rider calculations.

VECC Question # 6

Reference 1: Smart Meter Model (V2_17), 20120531

Reference 2: Application, Page 21, Table 9

Preamble: Sheet 9 of the Smart Meter Model shows the number of metered customers (average for 2012 test year) as 113,920. Table 9 on Page 21 of the application, uses the number of active metered customers (average 2012) = 113,144 in the calculation.

- a) Please explain the difference.

VECC Question # 7

Reference: Application, Page 20, Table 8

Preamble: Table 8 provides the calculation of the true-up amount for the SMDR. The interest on the SMFA revenues is shown as \$47,489.

- a) Please explain the derivation of the \$47,489.

VECC Question # 8

Reference: Application, Page 20, Table 8

Preamble: Table 8 shows the Smart Meter Revenue Requirement – 2012 (Jan 1st to Oct 31st) as \$1,584,579.

a) Please provide the derivation/calculation of this amount.

VECC Question # 9

Reference 1: Smart Meter Model (V2_17)

Preamble: Veridian 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 re-calculate the SMDR & SMIRR rate riders based on full cost causality by rate class.

a) Please provide a table that summarizes the total Smart Meter Rate Adder Revenue and associated interest collected by customer class.

VECC Question # 10

Reference: Smart Meter Model (V2_17)

Column S of Sheet 2 shows OM&A expenses for 2012. Please provide a table that summarizes the one-time expenses (in 2012 only) and ongoing expenses.

VECC Question # 11

Reference: Application, Page 17

Preamble: The application states:

In 2009 Veridian undertook the large project of documentation of all internal business

processes impacted by smart meters and TOU implementation and staff education and training on new business processes. Veridian engaged an external firm to assist in this endeavour. Veridian developed and implemented a call centre strategy in contemplation of anticipated call volumes resulting from the installation of smart meters and the deployment of TOU rates. Veridian based its strategy on industry assumptions and past experience from market opening and other significant customer related changes in billing practices. Veridian strategy was to contract full and part time staff. These staff supported higher call volumes and back filled regular staff during training and testing sessions through TOU implementation. This strategy allowed Veridian to maintain the standard of 65% of calls answered within 30 seconds as required by the OEB throughout the period of smart meter and TOU implementation.

- a) Please summarize the full time and part-time staff contracted as part of the call centre strategy.
- b) Please confirm the staff is incremental to regular call centre operations.

VECC Question # 12

Reference: Application, Page 13

Preamble: Veridian provides a description of the capital costs for the AMCC. Hardware costs totaled \$80,340 and software licensing and configuration costs totaled \$281,000. Total capital costs for the ODS were \$266,000. These amounts total \$627,340.

- a) Please reconcile to \$630,459 shown on Sheet 2 of the model. (Cell U70)