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July 30, 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-2012-0288
Kitchener-Wilmot 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 Janigan
Counsel for VECC
Encl.

cc: Kitchener-Wilmot Hydro Inc.
Ms. Margaret Nanninga

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
 Kitchener-Wilmot Hydro Inc. (KWHI) 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: Application, Overview, Paragraph 3, Table 1

Preamble: KWHI installed 86,991 smart meters between 2008 and 2011.

- 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							

- c) Please provide a summary of incremental labour costs incurred by the Applicant to deploy smart meters in terms of positions, contract type (permanent vs. temporary, part-time vs. full-time), length of employment and work activities.

VECC Question # 2

Reference: Application, Overview, Paragraph 3, Table 1

Preamble: KWHI proposes an SMDR effective November 1, 2012 for 18 months and a

SMIRR effective May 1, 2013 for 12 months.

- a) Please provide the rationale for the length of the SMDR.
- b) Please provide the rationale for including 2013 forecasted costs in the SMIRR.
- c) Please provide the rationale for the effective date and length of the SMIRR.

VECC Question # 3

Reference: Application, Background Information, Paragraph 16

Preamble: The application indicates estimated MDMR costs have not been included in the models for 2011 (historical) and 2012 forecasted costs as these costs are largely unknown at this time.

- a) Please explain further why these costs are not known and discuss when KWHI will have information on historical and forecasted costs.

VECC Question # 4

Reference: Application, AMI Selection, Paragraph 24

Preamble: Based on the London Hydro AMI RFP process, KWHI was awarded the Sensus FlexNetTM AMI system as the preferred vendor by the Fairness Commissioner. KWHI and its neighbours in the Waterloo Region were awarded the same AMI technology and it was able to collaborate and share costs associated with the project management, vendor contract negotiations, contract legal review and AMI infrastructure planning with its neighbouring utilities.

- a) Please summarize the benefits KWHI realized as a result of participating in the London RFP process.

VECC Question # 5

Reference 1: Application, Smart Meter Implementation Status, Paragraph 21, Table 6

Reference 2: 2013 Smart Meter Recovery Model, 20120615

Preamble: Table 6 in reference 1 provides the revenue requirement from 2007 to 2013, smart meter funding adder and carrying cost to arrive at the smart meter true-up.

- a) Please provide the calculation of the carrying cost of \$948,563.40.
- b) VECC is unable to reconcile the Smart Meter True Up of \$4,359,014.78 in Table 6 to KWHI's 2013 smart meter model which shows a net deferred revenue requirement

of \$1,182,218.61 on Sheet 9. Please reconcile.

VECC Question # 6

Reference 1: Application, Overview, Paragraph 4

Reference 2: 2013 Smart Meter Recovery Model, 20120615

Preamble: The application at Reference 1 indicates the costs incurred are partially offset (to April 2012) by the Smart Meter Funding Adder (including simple interest) revenues collected of \$5,306,566. The smart meter model shows smart meter funding adder revenues collected for May 2012 and June 2012.

- a) Please explain the inclusion of May and June 2012 revenues when the Smart Meter Funding Adder was discontinued as of April 30, 2012 as part of KWHI's 2012 Rate Application (EB-2011-0179).

VECC Question # 7

Reference: Application, Business Process Redesign, Paragraph 32

Preamble: Paragraph 32 describes business process redesign activities.

- a) Please provide a breakdown of the business process redesign costs by year and confirm how they are reflected in the current application.

VECC Question # 8

Reference: Application, Customer Owned Equipment, Paragraph 49, Table 10

Preamble: Table 10 shows customer owned equipment expenses of \$82,478 for 2009 to 2012.

- a) Please confirm how these costs have been reflected in the current application.

VECC Question # 9

Reference: Application, Funding Adder Allocation, Table 12

Preamble: Table 12 shows the Smart Meter Funding Adder collected by rate class and the associated carrying charges allocated to the residential and GS<50 kW classes.

- a) VECC seeks clarification on how the carrying charges on the SMFA collected from the GS>50 kW and Large User classes are accounted for in Table 12.

VECC Question # 10

Reference 1: Application, Incremental Cost Savings, Paragraph 45

Preamble: KWHI confirms that reduced costs resulting from the smart meter program have not been reflected in the smart meter model as KWHI had already built the reductions into its distribution expenses upon its last COS rate application in 2010; thus all cost increases are incremental.

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 KWHI has experienced or anticipates will result from smart meter implementation.

VECC Question # 11

Reference 1: Application, Minimum Functionality, Paragraph 48, Table 9

Reference 2: Smart Meter Model (V), Sheet 2, Page

Preamble: Table 9 in reference 1 shows the total of OM&A costs Exceeding Minimum Functionality as \$523,777 whereas Sheet 2 of the model shows the Total OM&A costs Exceeding Minimum Functionality as \$537,777.

- a) Please reconcile.

VECC Question # 12

Reference: 2013 Smart Meter Model, 20120615, Sheet 2

Preamble: The maintenance costs in 2012 have increased significantly in 2012 over 2011.

- a) Please provide a breakdown of maintenance costs by year and explain the increase in 2012.

VECC Question # 13

Reference: Application, Smart Meter Disposition Rate Rider (SMDR), Paragraph 57

Preamble: KWHI provides class specific SMDR calculations in Tables 16 to 19.

- a) Please provide a description of the cost allocation methodology used by KWHI to calculate the class specific SMDRs including the allocation of smart meter revenue and associated interest collected from the GS>50 kW and Large Use rate class.

VECC Question # 14

Reference 1: Application, Cost Allocation, Paragraph 52

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

Preamble: Reference 1 indicates that KWHI tracked the installed cost of smart meters specifically by rate class through the use of work orders in its ERP system and the identification of smart meter types through its smart meter purchases.

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

VECC Question # 15

Reference: 2013 Smart Meter Model

Preamble: Column S and U on Sheet 2 shows OM&A expenses for 2012 and 2013.

- a) Please provide a table that summarizes one-time expenses and ongoing expenses.

VECC Question # 16

Reference: Application, Smart Meter Incremental Revenue Requirement Rate Rider (SMIRR), Paragraph 58

Preamble: KWHI provides class specific SMDR calculations in Tables 19 to 21.

- a) Please provide a description of the cost allocation methodology used by KWHI to calculate the class specific SMIRRs.

- b) Please explain the SMFA revenue including interest included in the calculation in Tables 20 and 21.
- c) Please explain the reference to revenue requirement 2013 in Table 19 to revenue requirement 2012 in Tables 20 and 21.

VECC Question # 17

Reference: Application, Bill Impacts, Paragraph 59

Preamble: KWHI provides bill impact sheets.

- a) Please provide a table that summarizes the SMDR and SMIRR rate riders proposed in this application by customer class and updated as a result of interrogatory responses.
- b) Please confirm the proposed bill impacts by customer class.