



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC

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

October 11, 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-2012-0348
St. Thomas Energy 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: St. Thomas Energy Inc.
Mr. Robert Kent

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
St. Thomas Energy Inc. (STEI) for an order or orders
approving or fixing just and reasonable
distribution rates to be effective October 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, Page 1

Preamble: STEI indicates its capital and OM&A cost recovery is based on actual costs incurred to December 31, 2011.

- a) Please confirm STEI's smart meter recovery costs to the end of December 31, 2011 have been audited.

VECC Question # 2

Reference: Application, Page 3

Preamble: The evidence states STEI has installed 16,459 smart meters, 319 more meters than the planned amount of 16,140.

- a) Please explain the variance in installed smart meters (actual vs. planned), by customer class.

VECC Question # 3

Reference: Application, Page 3

Preamble: The evidence indicates STEI achieved economies of scale where possible and acted prudently in obtaining best possible pricing.

- a) Please explain more fully how STEI achieved economies of scale and obtained best possible pricing.
- b) Please quantify any savings from part (a) and discuss how these savings have been reflected in this application.

VECC Question # 4

Reference 1: Application, Page16-17, Table 3, Table 4

Reference 2: Smart Meter Model, 20120809, Sheet 2

Preamble: STEI indicates its initial budget, as determined by Util-Assist included cost beyond minimum functionality (capital of \$496,000 & OM&A of \$510,000) and costs beyond the December 31, 2011 installation date.

- a) Please explain the purpose of remote disconnect technology and why STEI did not incur this cost. (1.6 \$496,000).
- b) Please explain why STEI is not seeking recovery of MDM/R integration costs (2.6 \$510,000) as part of the Smart Meter Recovery Application.
- c) Please confirm the costs beyond the December 31, 2011 installation date included in the initial budget but not incurred, and explain why these costs were not incurred.

VECC Question # 5

Reference 1: Application, Page16, Table 4

Reference 2: Smart Meter Model, 20120809, Sheet 2

Preamble: Table 4 shows actual costs beyond minimum functionality: capital costs of \$28,110 (1.6) for three phase analyzers and OM&A costs of \$49,306 (2.6) for business process redesign, CIS changes. VECC notes these costs are shown on sheet 2 of the smart meter model for costs for deployment of smart meters to customers other than residential and GS<50 kW.

- a) Please explain more fully how STEI's costs beyond minimum functionality meet the Board's Guidelines G-2011-0001 (pages 14 to 17) regarding eligibility based on the types of costs beyond minimum functionality (A, B and C) described in the guideline.
- b) Please identify how STEI's proposed capital and OM&A costs beyond minimum functionality are reflected in the model.
- c) Please confirm the capital and OM&A costs to deploy smart meters to the GS>50 kW customer class and confirm how STEI has accounted for these costs in the model.

VECC Question # 6

Reference: Application, Page12

Preamble: STEI provides information on web presentment.

- a) Please confirm STEI's web presentment costs and explain how STEI has accounted for these costs in the smart meter model by year.

VECC Question # 7

Reference: Application, Page19

Preamble: The evidence indicates STEI anticipates annual savings of approximately \$15,000 as a result of the change from manually reading meters to remote meter reading costs.

- a) Please explain how the meter readings savings are reflected in the current application.

VECC Question # 8

Reference: Application, Page 3

Preamble: STEI indicates it has installed 16,459 smart meters in the residential, GS<50 kW and GS>50 kW customer classes.

- a) Please provide a summary of STEI's incremental internal labour costs included in this application in terms of positions, contract type (permanent vs. temporary, part-time vs. full-time), length of employment and work activities.

VECC Question # 9

Reference 1: Smart Meter Model, 20120809

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 customer class. (This should include any adjustments resulting from interrogatory responses)

- b) Please re-calculate the SMDR & SMIRR rate riders based on full cost causality by rate class.
- c) If STEI is unable to provide separate smart meter revenue requirement models by rate class, please provide a detailed explanation.

VECC Question # 10

Reference: 2012 Smart Meter Model, 20120809, Sheet 2

- a) Please explain the increase in line 1.3.1 Computer Hardware in 2011 compared to 2010.
- b) Please explain the increase in line 2.5.4 Change Management in 2011 compared to 2010.
- c) STEI has included no incremental OM&A costs for 2012 related to the operation of smart meters and related infrastructure and systems. Please explain why STEI has not included other incremental OM&A expenses for maintenance and operation of these assets and systems.

VECC Question # 11

Reference 1: Application, Page 9

Reference 2: 2012 Smart Meter Model, 20120809, Sheet 2

Preamble: STEI indicates actual Business Process Redesign is an ongoing process leading up to and after cutover.

- a) Please confirm there are no ongoing costs in 2012 related to Business Process Redesign.

VECC Question # 12

Reference 1: Application, Page 1

Reference 3: Application, Page 23

Preamble: At reference 1, STEI indicates it is requesting a 24 month SMDR for the residential, GS<50 kW and GS>50 kW customer classes and a 12 month SMIRR for the period May 1, 2012 to April 30, 2015. At reference 3, STEI is proposing a start date of September 1, 2012 for the SMDR and SMIRR.

VECC notes the following:

- STEI's SMFA revenue (Sheet 8 of model) is collected to June 2012 and the interest is calculated until December 31, 2012. STEI filed its application on August 9, 2012 and the

Board's Notice of Application indicates an effective date of October 1, 2012 which is no longer feasible. For a November 1, 2012 implementation date for example it is appropriate that interest be calculated to the end of October 2012 and taken into account in the determination of the net deferred revenue requirement to be recovered via the SMDR.

- The Board has, in recent decisions established mechanisms for distributors to recover the foregone revenues from the SMIRR where the SMDR and SMIRR could not be implemented on the May 1, 2012.¹

- The SMIRR is intended to recover the incremental revenue requirement (i.e. capital related costs for installed smart meters and the OM&A expenses) until these costs can be directly reflected in rate base and revenue requirement in the utility's next cost of service rates application.

- a) Assuming an implementation date of December 1, 2012, please update the smart meter model to include any adjustments required in interest calculations and update the SMDR calculation including foregone revenues from the SMIRR.
- b) Please calculate the SMIRR assuming it is in place until STEI's next COS application scheduled for 2015 rates.

¹ e.g. Decision and Order EB-2012-0039, regarding Orangeville Hydro, issued May 24, 2012, Decision and Order EB-2012-0086, regarding Cambridge and North Dumfries Hydro, issued July 26, 2012, Decision and Order EB-2012-0187, regarding London Hydro, issued July 26, 2012.