

**REQUEST FOR INFORMATION NO. 2 FROM THE RÉGIE DE L'ÉNERGIE (THE "RÉGIE")
TO OC WITH RESPECT TO THE MATTER BEARING
ON THE ALLOCATION OF COSTS AND RATE STRUCTURE**

Marginal Costs relating to Inspection and Maintenance

- 1. References:** (i) Exhibit [C-OC-0023](#), p. 4
(ii) Exhibit [C-OC-0023](#), Exhibit WM-2, p. 1 to 3.

(i) *"While some [costs] (meter reading, bill presentation and payment processing, call center costs) are ongoing, some of the physical inspection and maintenance costs start to occur later in a project's life (year 2 or even beyond)."*

(ii) Tables 1 to 3, long-run marginal costs proposed by OC.

Questions:

- 1.1 Please explain why you suggest that the costs relating to the inspection and maintenance of lines and connections occur later in the project's life, namely in Year 2 and subsequent years (reference (i)).
- 1.2 The Régie notes that, in reference (ii), long-run marginal costs of service delivery per market are divided into two categories: total costs without maintenance, and total costs taking into account preventive and corrective maintenance for 10 meters, 30 meters and 100 meters of mains, respectively, when the relevant market is Residential, CII or Major Industries.
- 1.2.1 Please explain how and why the costs were divided into the "with maintenance" and "without maintenance" categories;
- 1.2.2 Please explain why all costs relating to "Preventive and corrective maintenance – Service line" and "Meters inspection and maintenance costs" (lines 13 to 14 and 20 to 25) are zero for the first year, for all markets.
- 1.2.3 Please specify whether the lengths used by OC refer to mains or services lines.
- 1.2.4 Please explain how were defined the lengths of 10, 30 and 100 meters to which maintenance costs are applied.

Nil Marginal Costs

2. **Reference:** Exhibit [C-OC-0023](#), Exhibit WM-2, p 1 to 3.

Preamble:

Tables 1 to 3, long-run marginal costs proposed by OC.

Questions:

- 2.1 Please explain why the following costs should not apply the first year:
- 2.1.1 “Cost of Mailing a bill”, for all markets.
 - 2.1.2 “Cost of reading a meter”, for all markets.
 - 2.1.3 “Annual cost for cashing a payment”, for all markets.
 - 2.1.4 “Cost of processing a standard call”, for Residential and CII markets.
 - 2.1.5 “Cost of Bad Debts” and “Collection and recovery costs”, for Residential and CII markets.
 - 2.1.6 “Customer retention costs – Major accounts”, for the CII market, and “Customer retention costs – Major industries”, for the Major Industries market.
- 2.2 Please explain why the “Cost of bad debts” are nil for Year 2 and subsequent years, for Residential and CII markets.