

1
2 **IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,
3 being Schedule B to the *Energy Competition Act, 1998 S.O.*
4 1998, c. 15;

5
6 **AND IN THE MATTER OF** an Application by Horizon Utilities
7 Corporation to the Ontario Energy Board for an Order or
8 Orders approving or fixing just and reasonable rates and
9 other service charges for the distribution of electricity as of
10 January 1, 2011.

11 **HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)**
12 **RESPONSE TO**
13 **ONTARIO ENERGY BOARD STAFF INTERROGATORY #4(b)**
14 **ON THE PRELIMINARY ISSUE**

15 **DELIVERED NOVEMBER 8, 2010**

16 **Question 4 b**

17 **Reference:** E1/T2/S1 and the Board’s Decision on Hydro Ottawa Limited’s 2011 Cost
18 of Service Application (Board File No. EB-2010-0133)

19 Please identify any aspects of the Board’s Decision with respect to Horizon’s Z-factor
20 application dealt with under File No. EB-2009-0332, and of subsequent load reductions
21 or growth, that would support an early rebasing Application.

22 **Response:**

23 Horizon Utilities submits that there are specific aspects of the Board’s March 24th, 2010
24 Z-factor Decision (EB-2009-0332) that support an early rebasing.

25 In at least three places in the Z-factor Decision, the Board explicitly stated that the
26 appropriate regulatory mechanism to address the relief sought by Horizon Utilities’
27 circumstances is a cost of service application. Below are the Board’s statements in the
28 Z-factor Decision and the page references.

29 “The Board has concluded that the application should not be granted, and that the
30 appropriate venue for seeking relief is a full cost of service application.” Page 5

31 And

1 "... [Horizon Utilities] plans to deal with any long-term effects of these losses through
2 the filing of a cost of service application." Page 10

3 And

4 "In making these findings, the Board is mindful of the need to provide guidance to
5 distributors as to the appropriate approach to take when confronted with such revenue
6 losses. The Board notes the importance of assessing the actions taken by a distributor
7 to deal with customer load loss in the context of their overall impact on the utility,
8 including the overall financial impacts on the utility. The Board believes that the most
9 appropriate approach for a distributor to take under such circumstances is to file a cost
10 of service application." Page 16

11 Such statements in the Board's Z-factor Decision along with the continuing pressures of
12 load loss have been reasonably interpreted by Horizon Utilities to support the
13 advancement of the cost of service application for 2011. As demonstrated in its Z-
14 Factor Application, Horizon Utilities' customer load and related distribution revenue
15 declined materially, largely due to significant reductions in consumption by commercial
16 and industrial customers. Actual customer loads have been far lower than the forecasts
17 on which rates were based in Horizon Utilities' 2008 forward test year cost of service
18 application.

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

