



February 14, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Horizon Utilities Corporation
2011 Electricity Distribution Rate Application
Submission of AMPCO Questions for the Technical Conference
Board File No. EB-2010-0131**

Pursuant to Procedural Order #6, issued February 3, 2011, attached please find AMPCO's questions for the Technical Conference to be held on Friday February 25, 2010.

Please contact me if you have any questions or require additional information.

Sincerely yours,

(ORIGINAL SIGNED BY)

Adam White

President
Association of Major Power Consumers in Ontario

Copies to: Horizon Utilities Corporation
Intervenors (email)

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1 **Question #1** (Energy Probe Interrogatory # 9 b)

2
3 Energy Probe Interrogatory # 9, Part b provides an updated Table 3-5 (Exhibit 3, Tab 2, Schedule
4 1) with 2010 Actuals.

5
6 Table 3-5 in the evidence shows a forecasted 4.2 % increase in billed GWh in 2010 compared to
7 2009 Actual and a 2.7% decrease in billed GWh forecasted for 2011. The updated Table
8 provided in the interrogatory response shows a 6% actual increase in billed GWh in 2010
9 compared to 2009.

10
11 What impact will the 2010 Actuals have on Horizon's 2011 Proposed Load Forecast?

12
13 **Question #2**(Energy Probe Interrogatory # 9 b)

14
15 Energy Probe Interrogatory # 9, Part b provides an updated Table 3-6 (Exhibit 3, Tab 2, Schedule
16 1) with 2010 Actuals.

17
18 Table 3-6 in the evidence shows the billed energy for the Large Use customer as 693.7 GWh for
19 both 2010 and 2011. The updated Table 3-6 provided in the above interrogatory response
20 shows an increase in the 2010 actual to 704.1 GWh.

21
22 Please explain why the 2011 test year forecast for billed energy for the Large Use customer has
23 not been updated so that the volume is the same for 2010 and 2011.

24
25 **Question # 3** (Board Staff Interrogatory # 5 b)

26
27 In the response to Board Staff interrogatory 5 Part b, a Table showing Capital Projects that were
28 deferred in 2008 or 2009 is provided. Other Miscellaneous Capital shown on the Table has a
29 budgeted project value of \$318,000 which represents approximately 9% of the total value of
30 \$3,576,000 for deferred projects.

31
32 Please provide a breakdown and description of the projects under "Other Miscellaneous
33 Capital".

34
35 **Question # 4** (Board Staff Interrogatory # 15 a, ii)

36
37 The response to the above Board Staff interrogatory provides actual large use consumption in
38 GWh by month for January 1 to December 30, 2010.

39
40 a) Please confirm the monthly data provided totals 715.05 GWh.

41

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- 1 b) In the response to Energy Probe interrogatory #11 g, Table 3-23 (Large Use Forecast) has
2 been updated and 704.1 GWh is shown as the actual energy consumption in 2010.
3 Please reconcile the difference between 715.05 GWh (above) and 704.1 GWh.
4
5 c) Please explain the 27% increase in 2010 actual energy consumption compared to 2009.
6
7 d) Please explain the variance between the 2010 actual energy consumption and the 2010
8 forecast.
9
10 e) Please provide the monthly data that underlies the 2010 Actual Large Use Demand of
11 2,884,523 kW shown in updated Table 3-23 (Energy Probe interrogatory response #11
12 g).
13
14 f) Please explain why the 2010 actual demand is lower than the forecast amount of
15 3,044,901 kW.
16
17 g) The forecast summary has been updated to reflect 2010 actual data in Energy Probe
18 interrogatory #11 j. Under the Large Use customer line, the kWh (without WMP) and
19 Kw (with WMP) values are provided.

20
21 What does WMP stand for?

22
23 **Question # 5** (Board Staff Interrogatory # 15 c)

24
25 Horizon's response to Board Staff Interrogatory# 15 Part c states the following, "This past fall,
26 one of Horizon's Large Use customers, U.S. Steel Canada Inc. ("USSC"), announced the idling of
27 its Hamilton Works blast furnace. An October 1, 2010 article from the Globe and Mail reported
28 USSC's shutdown of its Hamilton steelmaking operations. More recently, USSC's Hamilton
29 employees have been locked out of USSC's facilities. That lockout, which began on November 7,
30 2010, continues. Recently, Max Aicher North America acquired from USSC the bar and bloom
31 mills that the former Stelco had closed in the months after it came out of bankruptcy protection.
32 Such acquisition represents only a small fraction of USSC's facilities and an even smaller share
33 of Horizon Utilities' lost load."

- 34
35 a) Please provide an update on the lock out at USSC.
36
37 b) Has Horizon had any recent contact or meetings with USSC? If so, please describe.
38
39 c) Does Horizon have any other new information with respect to this member or its Large
40 User Class that would affect this application?
41
42

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1 **Question # 6** (Board Staff Interrogatory # 15 c)

2
3 Board staff asked in the above interrogatory what the basis was for assuming that Large Use
4 Demand (kW) and consumption (GWh) should be the same for both the 2010 Bridge and 2011
5 Test Years.

6
7 Horizon responded in part as follows: "At this time, it is not clear to Horizon Utilities when and
8 at what capacity these facilities will be operating. Moreover, there is no certainty at this point
9 as to whether the additional load will be of any significance for the 2011 Test Year or the extent
10 to which it may be of significance thereafter. Based on these uncertainties and the insight from
11 the Board in Horizon Utilities' Z-factor Decision, it is Horizon Utilities' view that the load
12 forecast for the Large Use class should be determined with consideration for the significant
13 volume and concentration risk associated with this class. As a result, the 2011 load forecast was
14 held constant at the 2010 forecast level similar to the method approved by the Board in the
15 2008 Electricity Distribution Rate Cost of Service Application in which the Test Year forecast was
16 the same as the Bridge Year forecast. However, in this Application, the 2010 Bridge Year
17 forecast for the Large Use class has been adjusted upwards over the 2009 actual level to reflect
18 the actual year to date experience in load growth from 2009 to 2010.

19
20 In response to Energy Probe Interrogatory # 11 g, the Large Use Forecast (Table 3-23) has been
21 updated with 2010 Actuals.

22
23 Based on the above rationale to keep the load forecast for the Bridge year equal to the Test Year
24 for the Large User class, does Horizon have any plans to make adjustments to its 2011 Large Use
25 forecast?

26
27 a) If not, why not?

28
29 b) If yes, please provide details.

30
31 **Question # 7**

32
33 What is the impact on 2011 Large User rates if the charge determinants are the same as 2010
34 Actuals?

35
36 **Question #8** (AMPCO interrogatory #1)

37
38 AMPCO asked if Horizon had discussions with any of the remaining 11 Large Use customers.
39 Horizon responded that all Large Users were contacted by written letter on September 10, 2010,
40 follow-up calls were made and five large user customers responded and scheduled meetings.
41 Horizon further stated that "During the discussions with the Large Use customers, Horizon
42 Utilities' staff reviewed the proposed changes to Large Use rates..."

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1 a) Please provide a copy of the September 10, 2010 letter.
2

3 b) What was the reaction of Large Users to the proposed 139.4% increase in the fixed
4 charge and 27.8% increase in the variable charge for 2011?
5

6 **Question # 9** (AMPCO interrogatory #4)
7

8 Horizon Utilities has 2,234 customers in the GS>50 kW Rate Class (2010 Actual). In response to
9 AMPCO interrogatory # 4, Horizon indicated that it has 67 customers in excess of 1000 kW.
10

11 AMPCO notices that Horizon does not have an Intermediate Rate Class. Please explain why not.
12

13 **Question # 10** (AMPCO interrogatory #9, 10, 11, 12)
14

15 AMPCO asked for a further breakdown of the GS > 50 Rate Class with respect to customer size
16 and operating revenue, number of customers/connections, growth rate in
17 customers/connections and load forecast.
18

19 Horizon indicated that it was not able to show more details as their statistics are aggregated
20 based on the rate class GS>50 kW and further granularity of the data for the rate class is not
21 available.
22

23 a) Please confirm that Horizon has metered data for all customers in the GS>50 kW rate
24 class?
25

26 b) If not, how many GS > and equal to 250 kW are metered; how many GS> and equal to
27 500 kW are metered?
28

29 **Question # 11** (Energy Probe Interrogatory # 6 d)
30

31 a) The response to the above interrogatory shows the Non-RPP volume for the Large User
32 class as 721,055,676 based on 2010 Actuals.
33

34 b) Please show how this number is calculated. Please explain how and why it differs from
35 the 704.1 GWh shown in the updated Table 3-6 (Billed Energy) in the response to Energy
36 Probe interrogatory # 9b.
37
38
39
40
41

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1 **Question # 12** (Board Staff Interrogatory # 47)

2

3 In response to the above interrogatory, Horizon indicates that Horizon considered a 100% fixed
4 charge for the Large Use Class.

5

6 Please describe how this would work and what the proposed rate design would be for the 12
7 customers in the Large Use Class.

8

9