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February 14, 2011

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2010-0131
Horizon Utilities Corporation – 2011 Cost of Service Application
Energy Probe – Technical Conference Questions

Pursuant to Procedural Order No. 6, issued on February 3, 2011, please find attached the Technical Conference Questions of Energy Probe Research Foundation (Energy Probe) in the EB-2010-0131 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

Original signed by

David S. MacIntosh
Case Manager

cc: Indy Butany-DeSouza, Horizon Utilities (By email)
James C. Sidlofsky, Borden Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (By email)
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Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Horizon
Utilities Corporation for an order approving just and
reasonable rates and other charges for electricity
distribution to be effective January 1, 2011.

**TECHNICAL CONFERENCE QUESTIONS OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

February 14, 2011

**HORIZON UTILITIES CORPORATION
2011 RATES REBASING CASE
EB-2010-0131**

**ENERGY PROBE RESEARCH FOUNDATION
TECHNICAL CONFERENCE QUESTIONS**

Question # 1

**Ref: Energy Probe Interrogatory #4 &
Exhibit 2, Tab 2, Schedule 2, Figure 2-11**

- a) **Please explain the reduction in the opening balance of approximately \$869,000 as shown in the interrogatory response as compared to the original evidence (in accounts 1915, 1920, 1925 and 1940).**
- b) **Does Horizon now have actual data for capital expenditures in 2010? If not, when will this information be available? If yes, please update the interrogatory response to reflect actual data.**

Question # 2

Ref: Energy Probe Interrogatory #5

- a) **Please confirm that the GST included as part of the \$7.3 million cost of the Vansickle TS station is not included in rate base.**
- b) **The projects shown in the table in response to part (a) of the interrogatory result in a total CWIP amount of \$2,176,894. How does this figure compare to the amount originally forecast to be in CWIP versus in rate base at the end of 2010?**

Question # 3

**Ref: Energy Probe Interrogatory #6 &
Exhibit 2, Tab 4, Schedule 1, Appendix 2-2**

- a) **Please confirm that based on the figures provided in the response to part (d) that the RPP volumes as a total share of the volumes consumed in 2010 have gone down relative to that used in the cost of power calculation. For example, the residential RPP share used in the original calculation in Exhibit 2, Tab 4, Schedule 1, Appendix 2-2 was approximately 97.47%, whereas the actual share in 2010 was 84.19%.**

- b) Please update the response provided in part (g) to reflect the RPP/non-RPP split shown in the table provided in the response to part (d).

Question # 4

Ref: Energy Probe Interrogatory #7 & Exhibit 2, Tab 4, Schedule 1, Appendix 2-3

- a) The evidence indicates that the billing lag was estimated to be 17.35 days. Was this estimate based on the assumption that the lag was the same for each rate class? If not, please provide a table showing the calculation of the overall 17.35 day billing lag.
- b) Similar to (a) above, was the estimate of the overall payment processing lag of 1.21 days based on the assumption that the lag was the same for each rate class? If not, please provide a table showing the calculation of the overall 1.21 day payment processing lag.
- c) The evidence indicates that the collection lag is a dollar weighted average. Please provide a table, similar to the response provided in part (a) of the interrogatory, showing the calculation of the collection lag.
- d) The response provided to part (a) of the interrogatory indicates that the number of customers/accounts was used for the weighting. What year was used to arrive at these figures?
- e) The response provided to part (a) of the interrogatory shows that the weighting factor used to arrive at the overall service lag is the number of customers/accounts. Please provide a revised calculation of the overall service lag if the weighting factors were changed from the number of customers/accounts to revenue (i.e. distribution revenue, transmission related costs, cost of power, regulatory charges, debt retirement charge, etc.).

Question # 5

Ref: Energy Probe Interrogatory #13

- a) What is the \$150,000 in account 4325 related to?
- b) When will Horizon complete its year end process for 2010? If now completed, please provide an updated Table 3-25 that reflects actual 2010 data.

Question # 6

**Ref: Energy Probe Interrogatory #14 &
VECC Interrogatory #27**

The responses provided indicate that any assets used would principally be related to information technology costs such as computer hardware and software and that the cost recoveries do not include a return on the assets used.

- a) Are any of the depreciation costs associated with assets used to provide the services recovered through the management fee? If yes, please quantify.**
- b) Why are there no information technology costs allocated to Horizon Utilities for non-regulated billing services, as shown in the response to the Energy Probe interrogatory?**
- c) Please calculate the fully allocated percentage of computer hardware and software that is used in the provision of services covered by the management fee.**
- d) Please calculate the fully allocated percentage general plant (such as office equipment, furniture, etc.) that is used in the provision of services covered by the management fee.**

Question # 7

Ref: Energy Probe Interrogatory #17

- a) Please provide the most recent year-to-date information available with respect to the OM&A expenses incurred in 2010 if complete 2010 data is not yet available. Please note that this information is not required by USoA account number. An aggregate total of OM&A is sufficient.**
- b) Please provide the corresponding figure for the same year-to-date period in 2009.**

Question # 8

Ref: Energy Probe Interrogatory #31

- a) **The response to part (b) is not clear. Please confirm that the total number of apprentices eligible for the Ontario Apprenticeship Tax Training Credit in 2011 will be 34, consisting of 8 hired in 2009, 13 in 2010 and 11 in 2011. If this is not correct, please indicate how many apprentice positions are eligible for this tax credit in 2011.**

- b) **The following is copied from <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns409-485/412/jctc-eng.html>**

Apprenticeship Job Creation Tax Credit (AJCTC)

The AJCTC is a non-refundable tax credit equal to 10% of the eligible salaries and wages payable to eligible apprentices in respect of employment after May 1, 2006. The maximum credit an employer can claim is \$2,000 per year for each eligible apprentice. If your business hires an "eligible apprentice", you qualify to claim the credit.

Who is an "eligible apprentice"?

An "eligible apprentice" is someone who is working in a prescribed trade in the first two years of their apprenticeship contract. This contract must be registered with a federal, provincial or territorial government under an apprenticeship program designed to certify or license individuals in the trade.

A prescribed trade includes the 53 trades currently listed as Red Seal Trades. For more information, see the [Interprovincial Standards Red Seal Program](#).

Since the apprenticeship contracts are registered with the province and the reference to the Red Seal Trades appears to be used only to identify the prescribed trades that are eligible, please explain why Horizon does not believe it is eligible for the federal apprenticeship job creation tax credit.

- c) **Has Horizon investigated or sought a ruling on whether or not its apprentice positions are eligible for the federal credit? If not, why not? Has Horizon talked about this issue with any other Ontario electricity distributor that is claiming this tax credit?**

Question # 9

Ref: VECC Interrogatory #2

Please provide the 2011 test year forecast that results from the equation estimated in response to part (c) of the question.

Question # 10

**Ref: CCC Interrogatory #32 &
Energy Probe Interrogatory #26**

Please provide a revised table as found in the response to the CCC interrogatory that shows the customers per FTEE for the years shown based on the actual FTEEs based on filled positions as shown in the Energy Probe response.

Question # 11

Ref: Board Staff Interrogatory #15

- a) Please confirm that the actual 2010 large use consumption was 715.05 GWh.**
- b) Please provide the actual kW data for each month of 2010 and 2010 as a whole for the large use class.**

Question # 12

Ref: Energy Probe Interrogatory #38

The IR asked for a history of substation transformer failures for the years 2000 through 2010. The response listed only those failures that occurred from 2007 – 2010.

Please provide the listing of substation transformer failures by year for the period 2000 – 2006.

Question # 13

Ref: Energy Probe Interrogatory #42

The IR asked for the study by Roy Billinton that developed the Value of Service metrics used by Horizon in its Customer Impact Score computations as well as the “Supplemental Applications Guidelines” referred to in the exhibit. The IR response indicated that both of the requested documents were attached to the IRR but only the “Supplemental Applications Guidelines” appears to have been included.

Please provide the study by Mr. Billinton.

Question # 14

Ref: Energy Probe Interrogatory #50

The IR asked about actual employee retirements compared to employees eligible for retirement with an undiscounted pension. Part of the response notes that the *“average of those employees that actually retired versus those eligible for an undiscounted retirement is 97 per cent”*.

Please provide the calculation used to arrive at this percentage.