



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 Buonaguro
Counsel for VECC
(416) 767-1666

March 25, 2011

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)
Notice of Intervention: EB-2010-0131
Horizon Utilities Corporation – 2011 Electricity Distribution Rate
Application

Please find enclosed the interrogatories of VECC in the above noted proceeding.
Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

**HORIZON UTILITES CORPORTION (“HORIZON”)
2011 RATE APPLICATION (EB-2010-0131)**

VECC SUPPLEMENTARY INTERROGATORIES

(Note: Numbering continues from Round #2 Interrogatories)

QUESTION #36

Reference: Revised Exhibit 1/Tab 2/Schedule 5, pages 1-2

- a) Please explain why the forecast Operation and Maintenance costs for 2011 change as between the original and revised Applications.
- b) Please explain why the forecast Billing, Collecting, Admin & General costs for 2011 change as between the original and forecast Applications.

QUESTION #37

Reference: i) Revised Exhibit 1/Tab 2/Schedule 5
ii) Revised Exhibit 2/Tab 4/Schedule 1/Appendix 2-3

- a) Please explain why the first reference shows a change in 2011 working capital requirement from \$61.87 M to \$62.10 M (a \$230 k increase) whereas the second reference shows a change in 2011 working capital requirement from \$62.6 M to \$62.7 M (as \$100 k increase).
- b) With respect to reference (ii) please confirm that the increase in the cost of power (even though total 2011 kWh's are less than in the original Application) is due to a “correction” in the billing parameters used for Rural Rate Assistance and Wholesale Market Service.
- c) If part (b) is confirmed please identify where in the Evidence this error was first noted.
- d) Are there any other errors in/required revisions to the original application that have been identified during the process to-date that have been reflected in the current Update (apart from the Large User load forecast)? If yes, please provide a schedule that identifies what they are, where they are described on the record to date and where they are reflected in the Updated Evidence.
- e) Are there any other errors in/required revisions to the original application that have been identified during the process to-date that have not been reflected in the current Update (apart from the Large User load forecast)? If yes, please provide a schedule that identifies what they are, where they are

described on the record to date and what the impact on the 2011 rate base/revenue requirement would be.

QUESTION #38

Reference: i) Revised Exhibit 2/Tab 4/Schedule 1, Appendix 2-2
ii) Revised Exhibit 3/Tab 2/Schedule 1, Table 3-6

- a) Are any of Horizon's customers IESO Market Participants?
- b) If yes, please confirm whether the Large Use load forecast (kWh) set out in Table 3-6 is for just non-market participants.
- c) If for the total class, please revise the cost of power calculations in Appendix 2-2 accordingly.
- d) If Table 3-6 does not reflect the kWh load forecast for the total Large Use class (and only non-market participants), please provide the total kWh values for both the updated and the original Application.
- e) Please explain how the revised 2011 billed kW values (used to recover distribution costs) for the Large Use class were determined. In doing so, please demonstrate that the kW values are linked to the Large Use class' total kWh and not just the non-market participant kWh.

QUESTION #39

Reference: Revised Exhibit 3/Tab 2/Schedule 2, page 15

- a) What was the date of the shut down of the GS plant? In particular, was it prior to January 1, 2011?
- b) Please confirm that, after the date of shut down, the plant's monthly use was zero.
- c) If the response to either of the previous two questions is "no", why was the GM plant load eliminated from the 2011 load forecast?
- d) For each of the three customers discussed, please indicate whether they are or are not an IESO market participant.

QUESTION #40

Reference: Revised Exhibit 3/Tab 2/Schedule 2, Appendix 3-2

Preamble: The revised Exhibit contains the historical data used for the regression model estimation as well as the projected 2010 and 2011 values for the independent variables. The projected 2011 values for the CDM Activity variable differ from those in the original Application.

- a) What is the basis for the revised projected 2011 CDM activity values?
- b) The 2011 forecast (excluding Large Users) is unchanged from the original Application. Is it Horizon's proposal to update the forecast for these new 2011 CDM activity values? If yes, what is the new proposed forecast? If not, what is the "role/purpose" of these new values?

QUESTION #41

Reference: Revised Exhibit 7/Tab 1/Schedule 1, page 4

- a) What is the basis for the current Horizon approach of dividing the number of street lights by a factor of 2 in order to determine the number of street light connections?
- b) The Board's 2005 Cost Allocation Review Report (EB 2005 0317, page 67) specifically states:
"In the case of street lights, one "connection" frequently links a number of fixtures to the distribution system and simply using the number of devices may overstate the number of physical connections to the distributor's system. Therefore, where Board Directions on Cost Allocation Methodology For Electricity Distributors better information is available, distributors must apply a connection factor to the number of streetlight fixtures for the purpose of determining the customer allocation factor."
Based on this direction, why has Horizon not undertaken an assessment of the relationship between streetlight fixtures and connections?

QUESTION #42

Reference: VECC #8

- a) Please re-do the response to VECC #8 c) based on the 2011 load forecast in the revised Application.

QUESTION #43

Reference: Revised Exhibit 7/Tab 1/Schedule 2, pages 2-3 and 7

- a) Please re-do Table 7-2 and Revised Table 7-2 and report the percentages in the far right column to 3 decimal places.

- b) Please confirm that if there were no proposed changes to the class revenue to cost ratios the 2011 base revenue requirement for each class would be the values as set out in Revised Table 7-4, Column 7D.
- c) With respect to the original and revised Table 7-4, please explain why, when the revenue requirement to be recovered only increases by \$15,559, the amount to be recovered from the Residential class (assuming no change in revenue to cost ratios) increases by \$504,607 even though the class' load forecast is unchanged.

QUESTION #44

Reference: Revised 2011 Cost Allocation Model Run (Appendix 7-1)

- a) Sheet O1 of Cost Allocation Model Run (i.e., the Excel file) provided with the Updated Evidence does not include any values for Distribution Revenues (i.e., Row #17 is all zeros). Please confirm that the values for Distribution Revenues by class used in this Sheet should be those from Column 7C of revised Table 7-4.
- b) Given the issue noted part (a), please explain how the values for the Status Quo Revenue to Cost Ratios set out in Revised Table 7-3 were determined.
- c) Please prepare a schedule that compares the kWh values attributed to the Large Use class in the original versus the revised Application (per Sheet I6) – both including and excluding wholesale market participants.
- d) Please explain why, with the reduction in the load forecast for the Large Use class - i) the kWh including wholesale market participants is unchanged and ii) the kWh excluding market participants increases.
- e) Please prepare a schedule that compares the Large Use class demand allocators (per Sheet I8) as per the original Application with those in the revised Application.
- f) Please explain why, with the change in the Large Use class load forecast, the demand allocators for the class appear to be unchanged.
- g) Based on the responses to above questions please provide a revised Cost Allocation run along with revised versions of Tables 7-2, 7-3 and 7-4.

QUESTION #45

Reference: Revised Exhibit 8/Tab 1/Schedule 1, page 14

- a) Please explain why, with the change in the load forecast, total LV costs are unchanged.
- b) Please explain why, with the change in the load forecast, the basis for allocation of LV costs to customer classes (i.e., 2011 Retail Transmission Service costs by class) is unchanged.
- c) Please reconcile the Retail Transmission Connection costs reported here with those reported in (revised) Exhibit 2/Tab 4/Schedule 1.

QUESTION #46

Reference: Revised Exhibit 9/Tab 1/Schedule 1, page 4

- a) Revised Exhibit 3/Tab 2/Schedule 2 (page 20) identifies three customers whose loads were adjusted. Why does the proposed deferral account only focus on two customers and which two are they?
- b) Please describe more fully how the baseline net distribution revenue would be established and how variations from this amount would be calculated.
- c) Please explain why any excess net distribution revenue is to be shared only with the Large Use class as opposed to with all customer classes.