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**Commission de l'Énergie
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BY E-MAIL

March 25, 2011

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

Dear Ms. Walli:

**Re: Board Staff Interrogatories
2011 Electricity Distribution Rates
Horizon Utilities Corporation
Board File No.: EB-2010-0131**

In accordance with Procedural Order No. 7, please find attached Board staff interrogatories in the above proceeding. Please forward the following to Horizon Utilities Corporation and its legal counsel and to all other registered parties to this proceeding.

Sincerely,

Original Signed By

Keith C. Ritchie
Project Advisor - Applications

Attachment

**Horizon Utilities Corporation
2011 EDR
EB-2010-0131**

***Board staff Interrogatories on Additional evidence
Filed by Horizon on March 15, 2011***

Cost Allocation

1. Ref: E7/T1/S1/P4-5

Horizon is requesting that it be granted leave to revise its cost allocation and distribution rates for street lighting at the first opportunity for a rate adjustment following the completion of a street lighting study which will assess street lighting rates based on connections as opposed to luminaries. Depending on the timing of the street lighting study, Horizon would potentially be updating its cost allocation model and rates in its 2010 3rd generation IRM application.

- a) Please confirm that an update to the cost allocation model to address the street lighting issue noted above would result in changes to other rate classes.
- b) Please explain why Horizon is of the view that the Board could allow this adjustment to be in scope of IRM adjustment.
- c) Please explain why Horizon was unable to provide a completed street lighting study with its 2011 Cost of Service application.

Load Forecast

2. Ref: E3/T2/S2/P18 of Updated Evidence

Board staff notes that Horizon's 2011 weather normalized load forecast has declined by 6.5% over its 2010 weather normalized amount.

- a) Given the decline in load forecast and significant increase to capital expenditures and OM&A, please indicate which 2011 capital projects and OM&A expenditures will be deferred to compensate for the reduction in revenues.
- b) If no projects or expenses will be deferred, please explain.

Account 1572

3. Ref: E9/T1/S1P4

Horizon is seeking approval to use account 1572 for the tracking of any additional net distribution revenues above the established baseline in the revised load forecast for the two Large Use customers identified in E3/T2/S2. Horizon proposes that any net distribution revenues in excess of those baselines be shared with its Large Use customers on a 50/50 basis.

- a) Please state whether Horizon is aware of any precedents for the above stated proposal either from the Board or any other regulators. If so, please provide such precedents.
- b) For a hypothetical load increase of 20% for the two Large Use customers, please provide an illustration of how the amounts would be tracked in the proposed deferral account and how these amounts would be cleared for the time period for which Horizon proposes the deferral account would be in effect. Please specify the time period. Please include in the illustration an explanation as to how the deferral account balances would be flowed through into rates.
- c) Please discuss why Horizon believes that such benefits should only be shared with the Large Use customers as opposed to all customers.
- d) Assuming a hypothetical immediate load increase of 20% for the two Large Use customers, please provide the following incremental rate design impacts for all customer classes including the resulting rates:
 - i. assuming that this increased load had been incorporated into the 2011 application as a normal load increase
 - ii. assuming that the increased load had been incorporated into the 2011 application under Horizon's proposal
 - iii. assuming that the increased load had been incorporated into the 2011 application under Horizon's proposal, except that the sharing would be with all customers on a 50/50 basis, instead of just the Large Use customers

Working Capital Allowance

4. Ref: E3/T2/S2

- a) Please confirm that the only update to the Cost of Power is related to Large Use customer consumption on an actual (2010) and forecast (2011) basis.
- b) If confirmed in part a) above, please explain why the Cost of Power was only updated for the Large User class.
- c) In its cover letter, dated March 14, 2011, Horizon indicated that the cost of power for 2010 has increased from \$405,114,406 to \$422,201,551 while the cost of power for 2011 has increased from \$394,028,103 to \$395,726,409. Please provide a breakdown of the two changes identified, including all relevant calculations.