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3 **HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)**
4 **RESPONSES TO**
5 **VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES ON**
6 **REVISED EVIDENCE**

7 **DELIVERED: April 1st, 2011**

8 **Question 36**

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

10 **a)** Please explain why the forecast Operation and Maintenance costs for 2011 change
11 as between the original and revised Applications.

12 **b)** Please explain why the forecast Billing, Collecting, Admin & General costs for 2011
13 change as between the original and forecast Applications.

14 **Response:**

15 **a)** The forecast Operation and Maintenance Costs for 2011 in the original
16 Application was \$23,084,049. In the revised Application such costs were \$22,884,049,
17 a decrease of \$200,000. Horizon Utilities regrets that the ‘difference’ identified was the
18 result of a typographical error. Such error is limited to this table alone and does not
19 have further impact to the Application.

20 **b)** The forecast Billing, Collecting, Administration and General Costs for 2011 in the
21 original Application was \$24,791,190. In the revised Application, such costs were
22 \$24,991,190, an increase of \$200,000. Horizon Utilities regrets that the ‘difference’
23 identified was the result of a typographical error. Such error is limited to this table alone
24 and does not have further impact to the Application.

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7 **DELIVERED: April 1st, 2011**

8 **Question 37**

9 **Reference:** i) Revised Exhibit 1/Tab 2/Schedule 5

10 ii) Revised Exhibit 2/Tab 4/Schedule 1/Appendix 2-3

11 **a)** Please explain why the first reference shows a change in 2011 working capital
12 requirement from \$61.87 M to \$62.10 M (a \$230 k increase) whereas the second
13 reference shows a change in 2011 working capital requirement from \$62.6 M to \$62.7 M
14 (as \$100 k increase).

15 **b)** With respect to reference (ii) please confirm that the increase in the cost of power
16 (even though total 2011 kWh’s are less than in the original Application) is due to a
17 “correction” in the billing parameters used for Rural Rate Assistance and Wholesale
18 Market Service.

19 **c)** If part (b) is confirmed please identify where in the Evidence this error was first
20 noted.

21 **d)** Are there any other errors in/required revisions to the original application that have
22 been identified during the process to-date that have been reflected in the current
23 Update (apart from the Large User load forecast)? If yes, please provide a schedule
24 that identifies what they are, where they are described on the record to date and where
25 they are reflected in the Updated Evidence.

26 **e)** Are there any other errors in/required revisions to the original application that have
27 been identified during the process to-date that have not been reflected in the current
28 Update (apart from the Large User load forecast)? If yes, please provide a schedule
29 that identifies what they are, where they are

1 **Response:**

2 **a)** The first reference shows a change in 2011 working capital requirement from
3 \$61.87 M to \$62.10 M as a direct result of the change in the 2011 Cost of Power from
4 \$394,028,103 to the refilled 2011 Cost of Power of \$395,726,409. The difference is
5 \$1,698,306. When the Allowance for Working Capital of 14% is applied, the increase in
6 working capital requirement is \$237,763, rounded to \$230k.

7 The second reference is taken from the Lead/Lag Study Exhibit 2, Tab 4, Schedule 1,
8 Appendix 2-3 in Table 8 Working Capital Requirement Associated with Distribution
9 Operations – 2011 and is changed from the Original Application to reflect the revised
10 Cost of Power amount, as well as other changes that impact the lead/Lag study but not
11 the calculation of the Working Capital Allowance for purposes of the Rate Base
12 Calculations. One of the most obvious differences is that the Lead/Lag Study
13 incorporates the costs of the Debt Retirement Charges as it reflects a use of cash.
14 Such figures are not part of the Cost of Power, nor are they included in any calculation
15 of working capital requirement.

16 **b)** Horizon Utilities confirms that the increase in the Cost of Power is due to a
17 “correction” in the billing parameters used for Rural Rate Assistance and Wholesale
18 Market Service costs in addition to the revised Large User load.

19 **c)** This error was first noted by Horizon Utilities in the answer to Energy Probe’s
20 Technical Question 3, at which time it is noted that “Additionally, Horizon Utilities has
21 corrected the Volume Metrics for Wholesale Market Service and Rural Rate Assistance
22 Charges....”

23 **d)** Horizon Utilities has not reflected other errors in/required revisions to the original
24 application that have been reflected in the current update (apart from the Large Use
25 Customer Load Forecast).

26 **e)** Horizon Utilities requests an update to its evidence relating to changes in its total
27 revenue requirement, its revenue deficiency and its rate base as follows.

28

29

1) Revision to Large Use customer load forecast.

Horizon Utilities submitted revised evidence to indicate the change in the Large Use customer load forecast. Further, as indicated in the response to VECC Supplementary Interrogatory 44, the Cost Allocation Model has been updated.

2) Cost of Power

The Cost of Power has changed due to the change in the Load Forecast for the Large Use Customer Class. Please see Horizon Utilities' response to Energy Probe Revised Evidence Question 1.

3) Update to Cost of Capital Parameters.

In its initial Application, Horizon Utilities used an ROE and Short Term Debt Rate of 9.85% and 2.07%, respectively. The OEB issued a letter (the "Letter") on November 15, 2010 with regard to Cost of Capital Parameter Updates for 2011 Cost of Service Applications for Rates Effective January 1, 2011. The updated ROE and Short Term Debt Rate per the Letter were 9.66% and 2.43%, respectively. Horizon Utilities has applied these changes.

4) Tax Updates

As detailed in Horizon Utilities' response to Energy Probe Technical Conference Question 8, Horizon Utilities updated Tables 4-37, 4-38, 4-39, and 4-40 to incorporate new information regarding eligibility for the Ontario Tax Training Apprenticeship Credit and for corrections to Class 52 assets.

5) Regulatory Costs

In its original Application, Horizon Utilities amortized Regulatory Costs of \$960,000 related to the Cost of Service Application over an amortization period of 3 years. Horizon Utilities recognizes that the amortization period should be over a period of 4 years. The original amount was \$320,000 per year (\$960,000 divided by 3); the revised amount, reflective of the change in amortization period, is \$240,000 (\$960,000 divided by 4).

1 6) Interest Rate on Promissory Note.

2 In its original Application, Horizon Utilities estimated that the long term debt rate
 3 on its \$40MM Horizon Holdings Inc. Promissory Note (the “Note”) would bear an
 4 interest rate of 4.92%. Once the Note was issued, the actual rate was 4.89%.
 5 Horizon Utilities has updated its evidence to reflect the 4.89% rate.

6

7 Please see the table below that summarizes all changes.

	<u>Revenue Deficiency</u>	<u>Total Revenue</u>	<u>Rate Base</u>	<u>Reference</u>
As originally filed	\$19,560,006	\$108,707,939	\$376,890,026	
# 1 Initial Change in Large Use Load Forecast	\$209,367	\$15,561	\$237,762	Revised Evidence
As per revised evidence	\$19,769,373	\$108,723,500	\$377,127,788	
#1 Update to Cost Allocation Model due to Large User Load Forecast change	\$441,466	\$0	\$0	VECC Interrogatory on Refiled Evidence 44
#2 Cost of Power update due to Large User Load Forecast change	-\$68,120	-\$68,120	-\$780,379	Energy Probe Revised Evidence Question 1
#3 Update to Cost of Capital Parameters.	-\$345,160	-\$345,160	\$0	AMPCO Interrogatory on Revised Evidence 3
#4 Tax Updates	\$510,726	\$510,726	\$0	Energy Probe Technical Conference Question 8
#5 Regulatory Costs	-\$80,978	-\$80,978	-\$11,200	Board staff Interrogatory 40 Board staff Technical Question 9
#6 Interest Rate on Promissory Note	-\$16,211	-\$16,211	\$0	School Energy Coalition Interrogatory 34
Total	\$20,211,096	\$108,723,757	\$376,336,209	

8

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1 The Revenue Deficiency that Horizon Utilities is now requesting is \$20,211,096.

2 Horizon Utilities has separately filed a “live” OEB Revenue Requirement Work Form
3 model with this evidence.

4 In addition to the financial revisions listed above, Horizon Utilities is withdrawing two
5 requests for Deferral/Variance accounts as per Exhibit 9, Tab 1, Schedule 1, and Pages
6 4 to 8. The first relates to the Provincial Meter Data Management and Repository
7 (“MDM/R”) Costs from the IESO for the Smart Meter Entity (“SME”). Since the IESO
8 has not yet filed an application with the Board requesting recovery of costs as had been
9 anticipated at the time of filing, an account accumulating costs in this regard is not
10 required at this time. Secondly, Horizon Utilities had requested the establishment of a
11 Deferral/Variance account for the Late Payment Penalty (“LPP”) Charges. Such costs
12 were the subject of a generic hearing by the Board. Therefore, the establishment of a
13 deferral/variance account is not required.

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7 **DELIVERED: April 1st, 2011**

8 **Question 38**

9 **Reference:** i) Revised Exhibit 2/Tab 4/Schedule 1, Appendix 2-2

10 ii) Revised Exhibit 3/Tab 2/Schedule 1, Table 3-6

11 **a)** Are any of Horizon’s customers IESO Market Participants?

12 **b)** If yes, please confirm whether the Large Use load forecast (kWh) set out in Table 3-
13 6 is for just non-market participants.

14 **c)** If for the total class, please revise the cost of power calculations in Appendix 2-2
15 accordingly.

16 **d)** If Table 3-6 does not reflect the kWh load forecast for the total Large Use class (and
17 only non-market participants), please provide the total kWh values for both the updated
18 and the original Application.

19 **e)** Please explain how the revised 2011 billed kW values (used to recover distribution
20 costs) for the Large Use class were determined. In doing so, please demonstrate that
21 the kW values are linked to the Large Use class’ total kWh and not just the non-market
22 participant kWh.

23 **Response:**

24 **a)** Horizon Utilities has three customers that are IESO Market Participants.

25 **b)** Horizon Utilities confirms that the Large Use customer load forecast (kWh) set out in
26 Table 3-6 is for just non-market participants.

27 **c)** Not applicable.

- 28 **d)** The total kWh value for the kWh load forecast for the Cost of Service Application filed
29 August 26, 2010 is 1,515.6 GWh. The total kWh value for the kWh load forecast for the
30 Cost of Service Application updated, filed March 14, 2011 is 1,342.2 GWh.
- 31 **e)** The revised 2011 billed kW values are based on 2010 actual kW values for all Large
32 Use customers including the market participants. As Horizon Utilities noted in Exhibit 3,
33 Tab 2, Schedule 2, Page 15 and 16 the forecast was then adjusted for specific
34 customers based on the most recent information available. Large Use customer class
35 kWh are not used to forecast Large Use customer class kW demand.

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8 **Question 39**

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

10 **a)** What was the date of the shutdown of the GS plant? In particular, was it prior to
11 January 1, 2011?

12 **b)** Please confirm that, after the date of shut down, the plant’s monthly use was zero.

13 **c)** If the response to either of the previous two questions is “no”, why was the GM plant
14 load eliminated from the 2011 load forecast?

15 **d)** For each of the three customers discussed, please indicate whether they are or are
16 not an IESO market participant.

17 **Response:**

18 **a)** Horizon Utilities does not have the specific date of the shut down of the GM
19 Plant. Please also see Horizon Utilities’ response to AMPCO Interrogatory 1.

20 **b)** While the demand for the GM Plant 1 was not zero, since the announcement of
21 the shut down the demand has dropped precipitously to 15% of the 2009 monthly
22 average demand by March 2011.

23 **c)** While the demand for the GM Plant was not zero, as noted above, eliminating
24 this load for 2011 seemed a reasonable approach given the trend that Horizon Utilities
25 has identified above and the publicly available information from GM providing for a
26 permanent closure (Please see Horizon Utilities’ response to AMPCO Technical
27 Question 5c).

28 **d)** Horizon Utilities confirms that the three customers discussed are not wholesale
29 market participants.

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8 **Question 40**

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

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

14 **a)** What is the basis for the revised projected 2011 CDM activity values?

15 **b)** The 2011 forecast (excluding Large Users) is unchanged from the original
16 Application. Is it Horizon’s proposal to update the forecast for these new 2011 CDM
17 activity values? If yes, what is the new proposed forecast? If not, what is the
18 “role/purpose” of these new values?

19 **Response:**

20 **a)** Please see Horizon Utilities’ response to Board Staff Interrogatory 12 a). The
21 original 2011 monthly information provided by Horizon Utilities in Exhibit 3, Tab 2,
22 Schedule 2, Appendix 3-1 for CDM Activity and Predicted Purchases was incorrect.
23 There is no revised projected 2011 CDM activity values. The 2011 CDM activity values
24 in the original Application and revised Application are the same.

25 **b)** It is not Horizon Utilities’ proposal to update the forecast for these new 2011
26 CDM activity values. As explained, the values are not new.

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7 **DELIVERED: April 1st, 2011**

8 **Question 41**

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

10 **a)** What is the basis for the current Horizon approach of dividing the number of street
11 lights by a factor of 2 in order to determine the number of street light connections?

12 **b)** The Board’s 2005 Cost Allocation Review Report (EB 2005 0317, page 67)
13 specifically states:

14 “In the case of street lights, one “connection” frequently links a number of fixtures to the
15 distribution system and simply using the number of devices may overstate the number
16 of physical connections to the distributor’s system. Therefore, where Board Directions
17 on Cost Allocation Methodology For Electricity Distributors better information is
18 available, distributors must apply a connection factor to the number of streetlight fixtures
19 for the purpose of determining the customer allocation factor.”

20 Based on this direction, why has Horizon not undertaken an assessment of the
21 relationship between streetlight fixtures and connections?

22 **Response:**

23 **a)** Horizon Utilities took the approach of dividing the number of street lights by a
24 factor of 2 in order to determine the number of street light connections to be consistent
25 with the approach taken in Horizon Utilities’ initial Cost Allocation model submitted in the
26 informational filing with the Board in 2007. Such is referenced in the prefiled evidenced
27 in Exhibit 7, Tab 1, Schedule 1, Page 1 of 3), as follows: “*Horizon Utilities prepared a*
28 *cost allocation information filing consistent with Horizon Utilities’ understanding of the*

29 *Directions, the Guidelines, the Model and the Instructions. Horizon Utilities submitted*
30 *such filing to the Board on January 15, 2007”.*

31 **b)** Please see Horizon Utilities’ response to Board staff Interrogatory 1c).

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DELIVERED: April 1st, 2011

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.

Response:

Please see the table below that sets out by customer class the determination of the \$83,030,692 Distribution Revenue for 2011 at currently approved rates.

Forecast Class Billing Determinants for 2011 Test Year Based on Existing Class Revenue Proportions										
Revenue At Existing Rates										
Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	1,580,203,371		2,575,897		32,662,380	19,752,542	52,414,922		52,414,922	63.13%
GS < 50 kW	552,044,772		215,176		5,906,578	3,974,722	9,881,301		9,881,301	11.90%
GS >50	1,781,012,386	4,856,870	27,351		6,846,887	8,681,656	15,528,542	1,664,400	13,864,142	16.70%
Large Use	520,292,236	2,417,347	144		1,605,790	2,447,080	4,052,870	0	4,052,870	4.88%
Sentinel Lights	502,459	1,421		6,012	17,375	11,267	28,642		28,642	0.03%
Street Lighting	40,006,298	111,295		628,656	1,238,452	585,245	1,823,696		1,823,696	2.20%
USL	12,541,586			38,731	371,429	185,615	557,044		557,044	0.67%
Standby Power		199,012			0	408,074	408,074		408,074	0.49%
	0	0	0	0	0	0	0		0	0.00%
	4,486,603,108	7,585,945	2,818,569	673,399	48,648,890	36,046,202	84,695,092	1,664,400	83,030,692	100%

Consistent with Horizon Utilities’ response to VECC Interrogatory 8, Horizon Utilities confirms that the derivation in the table above excludes the smart meter funding adder, excludes the LV rates and is net of transformer ownership allowance.

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DELIVERED: April 1st, 2011

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.

Response:

a) Please see Table 7-2 and the Revised Table 7-2 with the far right column extended to 3 decimal places.

28 **Table 7-2 – Chapter 2 Filing Requirements Appendix 2-O a) – Allocated Costs**

Customer Class	Cost Allocated in Previous Study (2008)	%	Cost Allocated in Test Year Study (Column 7A)	%
Residential	49,528,453	56%	61,789,559	56.840%
GS < 50 kW	11,666,227	13%	12,669,251	11.654%
GS >50	16,672,253	19%	21,044,902	19.359%
Large Use	5,766,749	7%	8,813,539	8.108%
Sentinel Lights	41,146	0%	60,014	0.055%
Street Lighting	2,620,584	3%	3,111,068	2.862%
USL	1,035,853	1%	567,196	0.522%
Standby Power	568,376	1%	652,410	0.600%
Total	87,899,641	100%	108,707,939	100.000%

29
 30 **REVISED Table 7-2 – Chapter 2 Filing Requirements Appendix 2-O a) – Allocated**
 31 **Costs.**

Customer Class	Cost Allocated in Previous Study (2008)	%	Cost Allocated in Test Year Study (Column 7A)	%
Residential	49,528,453	56%	61,798,012	56.840%
GS < 50 kW	11,666,227	13%	12,670,978	11.654%
GS >50	16,672,253	19%	21,048,132	19.359%
Large Use	5,766,749	7%	8,814,963	8.108%
Sentinel Lights	41,146	0%	60,024	0.055%
Street Lighting	2,620,584	3%	3,111,603	2.862%
USL	1,035,853	1%	567,270	0.522%
Standby Power	568,376	1%	652,518	0.600%
Total	87,899,641	100%	108,723,500	100.000%

32
 33 Please see Horizon Utilities' response to VECC Supplementary Interrogatories Question
 34 44 in which as requested, Tables 7-2, 7-3 and 7-4 have been updated to reflect the
 35 responses to parts a) through f) in that question. In making these changes in its
 36 response to VECC Supplementary Interrogatories Question 44, Horizon Utilities has
 37 reported the percentages in the far right column to 3 decimal places.

38 **b)** Horizon Utilities confirms that if there were no further changes to the class
39 revenue to costs ratios, the 2011 base revenue requirements for each class would be
40 the values as set out in Revised Table 7-4, Column 7D.

41 Please see Horizon Utilities' response to VECC Supplementary Interrogatories Question
42 44 in which as requested, Tables 7-2, 7-3 and 7-4 have been updated to reflect the
43 responses to parts a) through f) in that question.

44 **c)** As a result of the change to the Large Use Customer Load Forecast, the increase
45 in the revenue requirement is \$15,559. The revenue requirement to be recovered from
46 the Large Use Customer Class decreases by \$744,773. Such amount is redistributed
47 to the other customer classes. Consequently, the amount to be recovered from the
48 residential class changes by \$504,607. Such is a consequence of the design of the
49 cost allocation model.

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DELIVERED: April 1st, 2011

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.

1 **Response:**

2 **a)** Horizon Utilities did not fully update the Cost Allocation Model in the revised
 3 Application. Horizon Utilities has fully updated the Cost Allocation Model. Please see
 4 the answer to part g) of this interrogatory which provides the updated version of Table
 5 7-4.

6 **b)** Please see the answer to part g) of this interrogatory which provides the updated
 7 version of Table 7-3.

8 **c)** Please find below a table that sets out the comparison of kWh values attributed
 9 to the Large Use Customer Class in the original versus the revised Application (per
 10 Sheet I6).

	Large Use Class 2011 Forecast	
	kWh without WMP	kWh with WMP
Original Application	693,689,836 kWh	1,458,874,419 kWh
Revised Application	520,292,236 kWh	1,342,230,493 kWh

11
 12 **d)** Please see Horizon Utilities' response to part a), above. Horizon Utilities has
 13 filed a "live" Cost Allocation Model with this evidence.

14 **e)** Please find below a table that compares the Large Use Customer Class demand
 15 allocators (per Sheet I8) as per the original Application with those in the updated Cost
 16 Allocation Model (filed in response to part d above).

DEMAND ALLOCATORS FROM SHEET 18 OF THE COST ALLOCATION MODEL				
Large Use Class Only				
		Original	Revised	
		Application	Application	
COINCIDENT PEAK				
1 CP				
Transformation CP	TCP1	188,520	173,447	
Bulk Delivery CP	BCP1	0	0	
Total System CP	DCP1	188,520	173,447	
4CP				
Transformation CP	TCP1	722,311	664,558	
Bulk Delivery CP	BCP1	0	0	
Total System CP	DCP1	722,311	664,558	
12CP				
Transformation CP	TCP1	2,294,474	2,111,020	
Bulk Delivery CP	BCP1	0	0	
Total System CP	DCP1	2,294,474	2,111,020	
NON-COINCIDENT PEAK				
1 NCP				
Classification NCP from Load				
Data Provider	DNCP1	221,457	203,750	
Primary NCP	PNCP1	221,457	203,750	
Line Transformer NCP	LTNCP1			
Secondary NCP	SNCP1			
4NCP				
Classification NCP from Load				
Data Provider	DNCP4	874,912	804,959	
Primary NCP	PNCP1	874,912	804,959	
Line Transformer NCP	LTNCP4			
Secondary NCP	SNCP\$			
12NCP				
Classification NCP from Load				
Data Provider	DNCP4	2,550,620	2,346,686	
Primary NCP	PNCP1	2,550,620	2,346,686	
Line Transformer NCP	LTNCP4			
Secondary NCP	SNCP\$			

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1 f) Please see Horizon Utilities' response to part a) above. The updated version of
 2 the Cost Allocation Model indicates the corrected demand allocators. Horizon Utilities
 3 has filed a "live" Cost Allocation Model with this evidence.

4 g) Based on the responses to the above questions Revised Tables 7-2, 7-3 and 7-4
 5 are shown below.

6 **Table 7-2 – Chapter 2 Filing Requirements Appendix 2-O a) – Allocated Costs**

Customer Class	Cost Allocated in Previous Study (2008)	%	Cost Allocated in Test Year Study (Column 7A)	%
Residential	49,528,453	56%	62,003,187	57.028%
GS < 50 kW	11,666,227	13%	12,756,917	11.733%
GS >50	16,672,253	19%	21,278,603	19.571%
Large Use	5,766,749	7%	8,279,404	7.615%
Sentinel Lights	41,146	0%	60,045	0.055%
Street Lighting	2,620,584	3%	3,112,829	2.863%
USL	1,035,853	1%	567,719	0.522%
Standby Power	568,376	1%	665,053	0.612%
Total	87,899,641	100%	108,723,757	100.000%

7
 8 **Table 7-3 – Chapter 2 Filing Requirements Appendix 2-O c) – Re-Balancing**
 9 **Revenue to Cost Ratios**

Customer Class	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios
Residential	106.4	110.7	104.0
GS < 50 kW	88.1	102.8	102.7
GS >50	98.0	84.8	91.2
Large Use	95.2	63.9	91.2
Sentinel Lights	72.3	62.4	91.2
Street Lighting	70.0	75.6	91.2
USL	62.0	129.8	120.0
Standby Power	65.8	79.0	91.2

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1 **Table 7-4 – Chapter 2 Filing Requirements Appendix 2-O b) – Calculated**
 2 **Class Revenues**

	Column 7B	Column 7C	Column 7D	Column 7E
Customer Class	2011 Revenue at Existing Rates	2011 Base Revenue Allocated in the Same Proportion as 2011 Revenue at Existing Rates	2011 Proposed Base Revenue at Proposed Revenue to Cost Ratios	Miscellaneous Revenue
Residential	52,414,922	65,173,615	61,037,048	3,446,270
GS < 50 kW	9,881,301	12,286,579	12,279,380	821,973
GS >50	13,864,142	17,238,912	18,593,906	812,647
Large Use	4,052,870	5,039,409	7,300,202	250,796
Sentinel Lights	28,642	35,614	52,928	1,834
Street Lighting	1,823,696	2,267,615	2,752,783	86,185
USL	557,044	692,638	636,750	44,512
Standby Power	408,074	507,406	588,791	17,752
Total	83,030,691	103,241,788	103,241,788	5,481,969

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3 **HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)**
4 **RESPONSES TO**
5 **VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES ON**
6 **REVISED EVIDENCE**

7 **DELIVERED: April 1st, 2011**

8 **Question 45**

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

10 **a)** Please explain why, with the change in the load forecast, total LV costs are
11 unchanged.

12 **b)** Please explain why, with the change in the load forecast, the basis for allocation of
13 LV costs to customer classes (i.e., 2011 Retail Transmission Service costs by class) is
14 unchanged.

15 **c)** Please reconcile the Retail Transmission Connection costs reported here with those
16 reported in (revised) Exhibit 2/Tab 4/Schedule 1.

17 **Response:**

18 **a)** Total LV costs do not change with the change in the load forecast as the calculation
19 of LV costs is not based on forecasted volumes. The LV quantities used in the
20 calculation were the most up to date at the time of filing. These were the quantities
21 billed to Horizon Utilities by Hydro One for January to April 2010 and May to December
22 2009.

23 **b)** The basis for allocation of LV costs to customer classes is the actual dollars that
24 Horizon Utilities billed customers for transmission connection in 2009; such is
25 unaffected by the change in the load forecast.

26 **c)** The Retail Transmission costs reported in Horizon Utilities' Revised Exhibit 8, Tab 1,
27 Schedule 1 are the Retail Transmission costs that Horizon Utilities billed customers.
28 The Retail Transmission Connection costs reported in Revised Exhibit 2, Tab 4,
29 Schedule 1 represent the Retail Transmission costs paid by Horizon Utilities.

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3 **HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)**
4 **RESPONSES TO**
5 **VULNERABLE ENERGY CONSUMERS COALITION INTERROGATORIES ON**
6 **REVISED EVIDENCE**

7 **DELIVERED: April 1st, 2011**

8 **Question 46**

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

10 **a)** Revised Exhibit 3/Tab 2/Schedule 2 (page 20) identifies three customers whose
11 loads were adjusted. Why does the proposed deferral account only focus on two
12 customers and which two are they?

13 **b)** Please describe more fully how the baseline net distribution revenue would be
14 established and how variations from this amount would be calculated.

15 **c)** Please explain why any excess net distribution revenue is to be shared only with the
16 Large Use class as opposed to with all customer classes.

17 **Response:**

18 **a)** Horizon Utilities proposed a deferral account for the two Large Use customers
19 which it had identified were the subject of shutdown activities (please see Horizon
20 Utilities’ response to AMPCO Technical Question 5c). Those customers are General
21 Motors (“GM”) Plant 1 and United States Steel Canada (“USSC”).

22 **b)** Please see Horizon Utilities’ response to Board staff interrogatory 3 b).

23 **c)** Please see Horizon Utilities’ response to Board staff interrogatory 3 c).