



EB-2010-0131

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.

BEFORE: Marika Hare
Presiding Member

Cathy Spoel
Member

Karen Taylor
Member

DECISION AND ORDER ON DRAFT RATE ORDER

Horizon Utilities Corporation (“Horizon”) filed an application, dated August 27, 2010, with the Ontario Energy Board (the “Board”) under section 78 of the *Ontario Energy Board Act, S.O. 1998, c.15, Schedule B*, for an order or orders approving just and reasonable rates and charges for the rate year commencing January 1, 2011.

The Board issued its Decision on the application on July 7, 2011. In the Decision, the Board ordered Horizon to file a draft Rate Order (“DRO”) reflecting the Board's findings in the Decision. The Board approved an implementation date of August 1, 2011 and an effective date of May 1, 2011.

Horizon filed its DRO and supporting material on July 18, 2011. Intervenor and Board staff comments on the DRO were due by July 25, 2011.

The Vulnerable Energy Consumers Coalition (“VECC”), Energy Probe Research Foundation (“Energy Probe”), the Association of Major Power Consumers in Ontario (“AMPCO”), the School Energy Coalition (“SEC”) and Board staff filed submissions on the DRO. On July 28, 2011, Horizon filed a response to the parties’ submissions as well as a revised DRO.

The Board notes that in Horizon’s reply, Horizon did not agree with parties’ submissions on the calculation of the forgone revenue rate rider. The Board has reviewed the submissions of all of the parties and Horizon’s reply and is not persuaded by Horizon’s argument that actual data for the May to July period should be used. VECC and Energy Probe noted that Horizon calculates the foregone revenue for the period May 1, 2011 to July 31, 2011 based on actual power purchases for this period. The recovery rate riders are then calculated using the approved 2011 load forecast and the percentage of the total 2010 load accounted for in the months of August to December.

The Board agrees with the intervenors and Board Staff that a consistent approach should be used to calculate both the foregone revenue and the rate riders. The most efficient way to accomplish this is to assume that the revenue requirement and the number of customers and demand is constant through the test year, as noted in Board staff’s submission. The Board notes that it has been the Board’s practice to employ the 1/12th approach in determining the level of forgone revenue rate riders in past applications. In other words, one month’s revenue requirement is simply 1/12 of the estimated revenue requirement for the test year. Accordingly, the Board directs Horizon to revise the forgone revenue rate riders to reflect this approach.

The Board has reviewed the remaining information provided in support of the revised DRO and is satisfied that the remaining components of the revised DRO accurately reflect the Board’s Decision.

Horizon shall file an updated DRO including an updated Tariff of Rates and Charges and all necessary supporting calculations and explanations reflecting the above finding. Once the calculations are confirmed by the Board, the Board will issue a final Rate Order.

THE BOARD ORDERS THAT:

1. Horizon shall file an updated draft Rate Order attaching an updated Tariff of Rates and Charges reflecting the Board's findings in this Decision on Draft Rate Order by Friday August 5, 2011.

All filings to the Board must quote file number EB-2010-0131, and be made through the Board's web portal at www.errr.ontarioenergyboard.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available, parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

Ontario Energy Board
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Attention: Board Secretary

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DATED at Toronto, August 3, 2011

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary