



August 8, 2011

By RESS and Courier

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

Dear Ms. Walli;

Re: EB-2010-0131 - Horizon Utilities Corporation (“Horizon Utilities”) Response to Intervenor Cost Claims

On July 7, 2011, the Ontario Energy Board (the “Board”) issued its Decision and Order in the above-captioned proceeding. The Board provided for intervenors to file their cost claims and for Horizon Utilities to file any objections to the claimed costs within 7 days from the date of the filing of the intervenor cost claims.

Horizon Utilities received cost claims from intervenors as follows: CCC on July 29, 2011; Energy Probe late in the evening on August 1, 2011; VECC and SEC on August 2, 2011; and AMPCO on August 4, 2011.

Horizon Utilities has reviewed the claims of intervenors and has no comments on the costs claimed by CCC, Energy Probe or VECC. Horizon Utilities does have comments on the costs claimed by AMPCO and by SEC.

- **Costs Claimed by AMPCO**

As the Board is aware, this proceeding commenced in August 2011 with the submission of Horizon Utilities’ pre-filed evidence. In Procedural Order (“PO”) #1 dated October 21, 2010, the Board determined that it would:

“...consider Horizon’s application for early rebasing for 2011 distribution rates (the ‘Preliminary Issue’) in advance of further procedural steps. To accomplish this, the Board will allow an initial round of interrogatories by registered intervenors and Board staff to seek, if they wish, additional information specifically related to the Preliminary Issue and Horizon’s evidence on the Preliminary Issue. Following Horizon filing its responses to these interrogatories, Board staff and intervenors may file submissions on whether Horizon’s application is justified based on the Board’s letter of April 20, 2010, with Horizon being allowed to file a reply submission if it so wishes.

As can be seen in PO #1, the only intervenors involved in the proceeding at that stage who have now made cost claims were SEC, VECC, CCC, and Energy Probe. As contemplated in PO #1, that first portion of the proceeding involved the filing of IRs by intervenors and Board staff, the preparation of IR responses by Horizon Utilities, the review of those responses by intervenors and Board staff, the preparation of submissions by the parties, and the final submission of Horizon Utilities.

On December 15, 2010, the Board issued its Decision and Order on the Preliminary Issue, allowing Horizon Utilities to advance its 2011 EDR Cost of Service Application. It was not until after the release of the Board's Decision on the Preliminary Issue that AMPCO filed a request for late intervenor status by way of letter filed on December 17, 2010. AMPCO's participation in this proceeding effectively began in January 2011. In its letter, AMPCO noted that:

AMPCO's interest in the Board's regulation of local distribution companies relates generally to the interests of consumers with respect to price, adequacy, reliability and quality of electricity service, and, more particularly, to how costs are allocated to, and rates are designed to recover costs from, industrial customers.

In the current application, AMPCO is interested in reviewing the significant increase to large user distribution rates proposed for 2011. [emphasis added]

AMPCO's participation in this proceeding, by its own admission, would be limited in scope, and it was also limited in time given its late intervention. Given the nature and timing of the AMPCO intervention, it seems unreasonable to Horizon Utilities that the costs being claimed by AMPCO are greater than the costs claimed by VECC. The total costs claimed by AMPCO are \$49,362.58, while those of VECC are \$48,644.00. VECC intervened in this proceeding in September 2010, and actively participated in all stages of the proceeding, commencing with the Preliminary Issue.

Horizon Utilities understands that the value of a party's participation cannot necessarily be measured by numbers of interrogatories, pages of cross-examination in the transcript or pages of submissions, but the fact is that the level of participation by AMPCO in this proceeding was far lower than that of other intervenors, including its closest comparator, VECC. By any measure, VECC was far more involved in this proceeding, and for a longer period, than AMPCO. Through two rounds of interrogatories (on the pre-filed evidence and the March 14, 2011 update) and the Technical Conference, AMPCO submitted a total of 58 questions, compared to VECC's 166 written questions through the Preliminary Issue, two rounds of interrogatories and the Technical Conference. Time claimed by AMPCO's consultants for preparation, which would include activities such as review of the evidence and the preparation of interrogatories, was approximately 80 hours compared to just over 72 hours spent by VECC's consultants despite the fact that VECC's work included interrogatories and other work related to the Preliminary Issue. AMPCO asked no questions in the Technical Conference, and its role in the oral hearing in April was limited. Its written argument was 12 pages, compared to 41 pages from VECC, however the time spent by AMPCO totalled 32.1 hours on a limited range of matters whereas the time spent by VECC totalled 26.5 hours on the broad range of matters in the proceeding. Finally, AMPCO's comments on Horizon Utilities' draft Rate

Order consisted of two pages that for the most part supported the Board Staff submission.

Horizon Utilities respectfully submits that the AMPCO claim is excessive and should be reduced. Horizon Utilities suggests that a reasonable reduction would be a decrease of one third of the amount claimed, which would reduce the AMPCO claim of \$49,230 by \$16,410, to \$32,820 plus tax.

- **Costs Claimed by SEC**

Horizon Utilities offers the following observations in respect of the costs claimed by SEC. It appears to Horizon Utilities that SEC may have repeated time entries on at least two occasions. Horizon Utilities draws the Board's attention to the time claimed by SEC for the participation in the July 7, 2011 lock up related to the release of the Decision and Order. There are two identical entries for 2.2 hours at \$330/hour, totalling \$726, excluding tax. Further, on July 8, 2011, SEC has three entries for 'many emails', two of which are for 0.6 hours, with the third for 0.3 hours. In the absence of any further explanation, there appears to be duplication of entries on that date, or possibly a triplicate entry for this same item.

Horizon Utilities respectfully submits to the Board that the SEC claim should be reduced by \$1,023 plus tax, representing a total of 3.1 hours (2.2 hours on July 7, 2011 and 0.9 hours on July 8, 2011) at \$330/hour.

Should you have any questions or require further information, please do not hesitate to contact me.

Yours Truly,

Original signed by Indy Butany-DeSouza

Indy J. Butany-DeSouza
Vice-President, Regulatory and Government Affairs
Horizon Utilities Corporation

Encl.

cc. Keith Ritchie, Ontario Energy Board (electronic version only)
Theodore Antonopoulos, Ontario Energy Board (electronic version only)
Intervenors of Record (electronic version only)



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