EB-2009-0332

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 the recovery of certain amounts related to an unforeseen loss of revenue to be effective January 1, 2010.

HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES") RESPONSES TO U.S. STEEL CANADA INC. INTERROGATORIES

DELIVERED DECEMBER 1, 2009

1. Ref: Application Summary, p. 3; section 4.a.

It is stated that:

"*The Applicant's 2008 load forecast for Large Use customers was based on 2006 actual load data."*

Given that the applicant filed its "2008 EDR Application (OEB File No. EB-2007-0697) on or about October 22, 2007, and given that the subject Customer's monthly Kilowatt consumption for August 2007 and September 2007 averaged 74,923 kW (source: OEB File No. EB-2009-0332 Manager's Summary, page 5 of 17, Table 1), and given that the Subject Customer's consumption over that period of time had demonstrated stability at a lower Kilowatt level than observed in 2006, and given that the Subject Customer is considered sufficiently important to be singled out in the current application (EB-2009-0332) as the primary rationale for the Application for a Z-factor-related Rate Rider, we respectfully request that Horizon disclose the rational for utilizing 100,000 Kilowatts as the base input for the Subject Customer's contribution to the Large User class, when it was already known and apparent at the time of submission of the "2008 EDR Application" that the Subject Customer's base load was about 75,000 Kilowatts.

Response:

Please refer to Horizon Utilities' response to SEC Interrogatory #1.

2. Ref: Application Summary, p. 3,4; section 4.c.

It is stated that:

"*The Applicant confirms that it is only seeking a Rate Rider related to the reduction in revenue from the Subject Customer*"

Given that the "principle of fair distribution of costs" by which the OEB establishes rate for various users or classes of users directly relates the revenues collected from those users or classes of users to the costs of servicing those users or classes of users, and given that Horizon has stated that the revenue stream from the Subject Customer has decreased, and given that the actual costs incurred by Horizon in servicing the Subject Customer have not been disclosed, we respectfully request that Horizon disclose to the OEB the actual costs of servicing the Subject Customer to determine whether there is, in fact, a net loss to Horizon resulting from providing service to the Subject Customer under its current reduced power consumption operating status, or is Horizon, in fact, requesting to recoup revenue that was previously significantly in excess of the cost of servicing the Subject Customer and thus previously collected outside the reasonable application of the "principle of fair distribution of costs".

Response:

Please refer to Horizon Utilities' response to Board Staff Interrogatory #2(a).

3. Ref: Application Summary, p. 4; section 4.d

It is stated that:

"*This will bring the expected load for the balance of the indefinite shutdown to 12,000 kW*"

Given that this statement is not supported by any evidence presented in the Application (EB-2009-0332), and given that such evidence is most likely competitively sensitive in nature for the Subject Customer and thus not appropriate to place in the public domain, we respectfully request that the OEB satisfy itself that this statement is supported by evidence by requesting that Horizon confidentially disclose to the OEB the metered power consumption for the Subject Customer that prevailed at or about the date of filing of the Application to the OEB for a Z-factor-related Rate Rider, that date being September 3, 2009.

Response:

Please refer to Horizon Utilities' responses to Board Staff Interrogatories #3 and #6.

4. Ref: Application Summary, p. 4; section 4.d

It is stated that:

"*The Applicant understands that the activity in Hamilton will continue until such time as the Subject Customer completes construction of a facility for the production of this input to be located adjacent to the plant in the United States, at which time the new plant will supply the United States plant*"

Given that this statement is not supported by any evidence presented in the Application (EB-2009-0332), and given that such evidence is most likely competitively sensitive in nature for the Subject Customer and thus not appropriate to place in the public domain, we respectfully request that the OEB satisfy itself that this statement is supported by evidence by requesting that Horizon confidentially disclose to the OEB documents to this effect, signed by an officer of the Subject Customer, verifying the veracity of the statement.

Response:

Horizon Utilities' response to this Interrogatory is being provided in confidence.

5. Ref: Application Summary, p. 4; section 4.e

It is stated that:

"*This assumes that the Subject Customer's Hamilton facilities maintain a base load of 12,000 kW and ….*"

Given that this statement is not supported by any evidence presented in the Application (EB-2009-0332), and given that such evidence is most likely competitively sensitive in nature for the Subject Customer and thus not appropriate to place in the public domain, we respectfully request that the OEB satisfy itself that this statement is supported by evidence by requesting that Horizon confidentially disclose to the OEB the metered power consumption for the Subject Customer subsequent to the date of filing of the Application to the OEB for a Z-factor-related Rate Rider, that date being September 3, 2009, to determine whether Horizon's projections of the Subject Customers power consumption are appropriate.

Response:

Please refer to Horizon Utilities' responses to Board Staff Interrogatories #3 and #6.

6. Ref: Manager's Summary, p. 2; section 1.1.3

It is stated that:

"…Horizon Utilities is applying for an order or orders granting approval for the recovery of certain amounts related to an unforeseen and significant loss of revenue due to a change in operations on the part of one of its Large Use customers …"

USSC is seeking direction from the OEB with regard to the impact that the Green Energy and Green Economy Act, 2009 (GEA) Bill 150 will have on its future electricity costs. The GEA amends Schedule D of the Ontario Energy Board Act, 1998 to include Section 79.1 and the following:

> **Distributor entitled to compensation re lost revenue**
>
> A distributor is entitled to be compensated for lost revenue resulting from the rate reduction provided under subsection (1) that is associated with costs that have been approved by the Board and incurred by the distributor to make an eligible investment referred to in subsection (1).

Conservation is a major tenet of the GEA; probably its greatest. USSC is asking the board to clarify the apparent conflict between a successful electricity conservation strategy and revenue deemed "lost" by the distributor. More specifically, do distribution revenues that fall short of the distributors' forecasts, due to a successful conservation effort by its customers, qualify as "lost revenue"? Or is it incumbent upon the distributor to be more accurate with its forecasts and assume some business risk as an incentive to control costs and manage its operations? Horizon's current Application (EB-2009-0332) is a good litmus test as to how the GEA will impact future electricity costs. USSC requests direction from the OEB on how future conservation efforts may, as a practical consequence of the implementation of the GEA and its inevitable impacts on the consumption of electricity, affect future electricity costs, so that USSC can appropriately calculate its return on investment for future energy conservation projects and initiatives.

Response:

Horizon Utilities observes that this question is directed to the Board and not to Horizon Utilities, and the matters addressed in this question are beyond the scope of this proceeding. Accordingly, Horizon Utilities will not be responding to this question.