



October 3, 2012

By RESS and Courier

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

RE: Electricity Distribution Licence ED-2006-0031
3rd Generation Incentive Regulation Mechanism
Electricity Distribution Rate Application (EB-2012-0132)

Dear Ms. Walli,

On August 3, 2012, Horizon Utilities Corporation ("Horizon Utilities") filed an Application with the Ontario Energy Board (the "OEB" or the "Board") for a 3rd Generation Incentive Regulation Mechanism ("IRM") Electricity Distribution Rate ("EDR") Application (the "Application"), in accordance with *Chapter 3 of the OEB's Filing Requirements for Transmission and Distribution Applications*, for rates effective January 1, 2013. On August 23, 2012, the OEB issued its Revised Notice of Application (the "Notice"). The Board indicated that Board staff and intervenors were to file their interrogatories with the Board and provide copies to Horizon Utilities by September 19, 2012 and that Horizon Utilities was to file responses to the interrogatories by October 3, 2012.

Horizon Utilities received interrogatories from Board staff only. Please find enclosed Horizon Utilities' responses to the interrogatories filed by Board staff. Two hard copies of these materials will follow by courier.

If you should 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, MBA
Vice-President, Regulatory Affairs
Horizon Utilities Corporation
Tel: (905) 317-4765
Indy.butany@horizonutilities.com

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 for an Order or Orders approving or fixing just and reasonable rates and other charges for the distribution of electricity as of January 1, 2013.

**HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)
RESPONSES TO
ONTARIO ENERGY BOARD STAFF (“BOARD STAFF”)
DELIVERED: October 3, 2012**

QUESTION 1

Reference: 2013 IRM 3 Shared Tax Savings Model

Ref: A portion of the 2013 IRM3 Shared Tax Savings Model, Sheet 3 is reproduced below.

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18	Last COS Re-based Year was in 2011
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Rate Group	Rate Class	Fixed Metric Vo
RES	Residential	Customer
GSLT50	General Service Less Than 50 kW	Customer
GSGT50	General Service 50 to 999 kW	Customer
LU	Large Use > 5000 kW	Customer
SL	Street Lighting	Connection
USL	Unmetered Scattered Load	Connection

Horizon has listed General Service 50 to 999 kW in its Shared Tax Savings Model on Sheet 3. In Horizon’s Tariff of Rates and Charges, effective May 1, it lists the rate class as General Service 50 to 4,999 kW Service Classification.

a) Please confirm that this is an error on Sheet 3 of the Shared Tax Savings Model. If so, Board staff will make the necessary correction.

Response:

a) Horizon Utilities confirms that the selected customer class title is an error and that the correct customer class title is General Service 50 to 4,999 kW.

HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES")
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ONTARIO ENERGY BOARD STAFF ("BOARD STAFF")
DELIVERED: October 3, 2012

QUESTION 2

Reference: 2013 IRM 3 Rate Generator Model

Ref: A portion of the 2013 IRM3 Rate Generator Model, Sheet 6 is reproduced below.

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers	Distribution Revenue ¹	Re S Pro
Residential	\$/kWh	1,539,676,985		253,330,245	0	59,154,378	
General Service Less Than 50 kW	\$/kWh	537,886,860		87,269,524	0	11,456,614	
General Service 50 to 4,999 kW	\$/kW	1,745,006,174	4,758,680	1,610,816,769	4,392,742	16,036,352	
Large Use	\$/kW	538,081,868	2,500,000	542,278,907	2,519,500	6,600,126	
Unmetered Scattered Load	\$/kWh	12,541,586		854,908	0	529,235	
Sentinel Lighting	\$/kW	502,459	1,421	14,537	41	43,849	
Street Lighting	\$/kW	40,006,298	111,295	41,413,891	115,211	2,136,477	
Standby Power	\$/kW		199,012		0	493,704	
MicroFit							
Total		4,413,702,230	7,570,408	2,535,978,781	7,027,494	96,450,735	0

Board staff has been unable to reconcile the Metered kWh, Metered kW, Billed kWh for Non-RPP Customers, Estimated kW for Non-RPP Customers, and Distribution Revenue figures Horizon has provided with the reported amounts in Horizon's 2.1.5 RRR (as at December 31, 2011) or with the parameters underpinning the 2011 cost of service application.

a) Please provide supporting evidence for the following figures for all rate classes:

- Metered kWh
- Metered kW
- Billed kWh for Non-RPP Customers
- Estimated kW for Non-RPP Customers
- Distribution Revenue

Response:

a) Supporting evidence for all rate classes concerning the following items from the 2013 IRM3 Rate Generator Model, Sheet 6 include:

Metered kWh: The Metered kWh data is obtained from Horizon Utilities' 2011 Cost of Service (EB-2010-0131) outlined in Table 5 on Page 10 of the Draft Rate Order filed July 18,

2011. In the Draft Rate Order, Table 5 outlines the kWh's by customer class for the 2011 Test Year as per the Decision on the Application that aligns with the kWh's provided in the Metered kWh column of the 2013 IRM3 Rate Generator Model, Sheet 6. The following table below is Table 5 extracted from Page 10 of the Draft Rate Order filed July 18, 2011:

TABLE 5 - Revised Load Forecast Summary

By Class	2011 As Filed April 6, 2011	2011 Test Year Adjustments	2011 Test Year as per Decision
Residential Customers kWh	214,658 1,521,550,679	0 18,126,306	214,658 1,539,676,985
General Service < 50 kW Customers kWh	17,931 531,554,427	0 6,332,433	17,931 537,886,860
General Service 50 to 4,999 kW Customers kWh kW	2,279 1,728,901,613 4,714,763	0 16,104,560 43,918	2,279 1,745,006,174 4,758,680
Street Lighting Connections kWh kW	52,388 40,006,298 111,295	0 0 0	52,388 40,006,298 111,295
Sentinel Lighting Connections kWh kW	501 502,459 1,421	0 0 0	501 502,459 1,421
Unmetered Scattered Load Connections kWh	3,228 12,541,586	0 0	3,228 12,541,586
Standby kW	199,012	0	199,012
Large Use Customers kWh kW	12 520,292,236 2,417,347	0 17,789,632 82,653	12 538,081,868 2,500,000
Total Customer/Connections kWh kW from applicable classes	290,997 4,355,349,299 7,443,838	0 58,352,932 126,571	290,997 4,413,702,230 7,570,408
Predicted kWh Purchases Billed kWh	3,991,027,993 3,835,057,063	42,213,000 40,563,299	4,033,240,993 3,875,620,362

Metered kW: The Metered kW data is from Horizon Utilities' 2011 Cost of Service (EB-2010-0131) outlined in Table 5 on Page 10 of the Draft Rate Order filed July 18, 2011. In the Draft Rate Order, Table 5 outlines the kW's by customer class for the 2011 Test Year as per the

1 Decision on the Application that aligns with the kW's provided in the Metered kW column of
2 the 2013 IRM3 Rate Generator Model, Sheet 6. Table 5 from Page 10 of the Draft Rate
3 Order filed July 18, 2011 is extracted above.

4 **Billed kWh for Non-RPP Customers:** The Billed kWh for Non-RPP Customers data is
5 calculated from the parameters underpinning Horizon Utilities' 2011 Cost of Service (EB-
6 2010-0131) Draft Rate Order filed July 18, 2011. In the Draft Rate Order, filed July 18, 2011,
7 on page 7 Horizon Utilities identified that, "*Horizon Utilities agreed to use updated values for*
8 *the Cost of Power component of the WCA – these are \$0.06736/kWh for RPP customers and*
9 *\$0.06466/kWh for non-RPP customers. [see p.16 of the Decision, and Appendix B to the*
10 *Energy Probe submission dated May 6, 2011 in this proceeding]*". These revised rates result
11 in the kWh for Non-RPP Customers data outlined in the column "Uplifted" of the table titled
12 "Detailed Cost of Power Calculation" on page 7 of the Response to Comments on Draft Rate
13 Order filed on July 28, 2011 of Horizon Utilities' 2011 Cost of Service (EB-2010-0131). The
14 table titled "Detailed Cost of Power Calculation" is extracted below from page 7 of the
15 Response to Comments on Draft Rate Order filed on July 28, 2011:

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DETAILED COST OF POWER CALCULATION

Electricity - Commodity		2011 Loss Factor	2011		
Class per Load Forecast	2011 Forecasted Metered kWhs		Uplifted	Cost Of Energy	Total Cost
Residential	1,539,676,965	1.0407	1,349,011,593	0.05736	\$90,869,421
- Rpp			253,330,245	0.05466	\$16,380,334
GS<50kW	537,886,860	1.0407	472,509,332	0.05736	\$31,828,229
- Rpp			87,269,524	0.05466	\$5,642,847
GS>50kW	1,745,006,174	1.0407	205,211,156	0.05736	\$13,823,023
- Rpp			1,610,816,769	0.05466	\$104,155,412
Large User	538,061,868	1.0078	0	0.05736	\$0
- Rpp			542,278,907	0.05466	\$35,063,754
Unmetered Scattered Load	12,541,586	1.0407	12,197,121	0.05736	\$821,598
- Rpp			854,908	0.05466	\$55,278
Sentinel Lighting	502,459	1.0407	508,373	0.05736	\$34,244
- Rpp			14,537	0.05466	\$940
Street Lighting	40,006,298	1.0407	220,663	0.05736	\$14,864
- Rpp			41,413,891	0.05466	\$2,677,822
TOTAL	4,413,702,230		4,575,637,018		\$301,367,767
Transmission - Network		Volume	2011		
Class per Load Forecast		Metric			
Residential		kWh	1,602,341,838	\$0.0071	\$11,324,455
GS<50kW		kWh	559,778,856	\$0.0062	\$3,486,823
GS>50kW		kWh	4,758,680	\$2.4643	\$11,726,629
Large User		kWh	2,500,000	\$2.8151	\$7,037,793
Unmetered Scattered Load		kWh	13,052,029	\$0.0063	\$82,864
Sentinel Lighting		kWh	1,421	\$2.0478	\$2,910
Street Lighting		kWh	111,295	\$1.9400	\$215,907
TOTAL					\$33,877,380
Transmission - Connection		Volume	2011		
Class per Load Forecast		Metric			
Residential		kWh	1,602,341,838	\$0.0057	\$9,110,593
GS<50kW		kWh	559,778,856	\$0.0052	\$2,922,970
GS>50kW		kWh	4,758,680	\$2.0584	\$9,795,149
Large User		kWh	2,500,000	\$2.3654	\$5,913,520
Unmetered Scattered Load		kWh	13,052,029	\$0.0053	\$69,668
Sentinel Lighting		kWh	1,421	\$1.6564	\$2,354
Street Lighting		kWh	111,295	\$1.6150	\$179,741
TOTAL					\$27,993,594
Wholesale Market Service		Volume	2011		
Class per Load Forecast		Metric			
Residential		kWh	1,602,341,838	\$0.0052	\$8,332,178
GS<50kW		kWh	559,778,856	\$0.0052	\$2,910,850
GS>50kW		kWh	1,816,027,925	\$0.0052	\$9,443,345
Large User		kWh	542,278,907	\$0.0052	\$2,819,850
Unmetered Scattered Load		kWh	13,052,029	\$0.0052	\$67,871
Sentinel Lighting		kWh	508,373	\$0.0052	\$2,644
Street Lighting		kWh	41,634,554	\$0.0052	\$216,500
TOTAL					\$23,793,237
Rural Rate Assistance		Volume	2011		
Class per Load Forecast		Metric			
Residential		kWh	1,602,341,838	\$0.0013	\$2,083,044
GS<50kW		kWh	559,778,856	\$0.0013	\$727,713
GS>50kW		kWh	1,816,027,925	\$0.0013	\$2,360,836
Large User		kWh	542,278,907	\$0.0013	\$704,963
Unmetered Scattered Load		kWh	13,052,029	\$0.0013	\$16,968
Sentinel Lighting		kWh	508,373	\$0.0013	\$661
Street Lighting		kWh	41,634,554	\$0.0013	\$54,125
TOTAL					\$5,948,309
2011					
4705-Power Purchased	\$301,367,767				
4709-Charges-WMS	\$23,793,237				
4714-Charges-NW	\$33,877,380				
4716-Charges-CN	\$27,993,594				
4730-Rural Rate Assistance	\$5,948,309				
4750-Low Voltage	\$294,965				
TOTAL	393,275,654				

Estimated kW for Non-RPP Customers: The Estimated kW for Non-RPP Customers data is calculated in the 2013 IRM3 Rate Generator Model by dividing the Metered kW's by the Metered kWh's multiplied by the Billed kWh's for Non-RPP Customers for each customer class. The 2013 IRM3 Rate Generator Model is a protected file which does not allow Horizon Utilities to adjust this equation.

Distribution Revenue: The Distribution Revenue data is obtained from Horizon Utilities' 2011 Cost of Service (EB-2010-0131) Revised Table 9 on Page 13 of the Response to Comments on Draft Rate Order filed July 28, 2011. In the Response to Comments on Draft Rate Order, Revised Table 9 outlines the Base Revenue per Decision by customer class for the 2011 Test Year that aligns with the Distribution Revenue provided in the 2013 IRM3 Rate Generator Model, Sheet 6. The following table is the Revised Table 9 extracted from Page 13 of the Response to Comments on Draft Rate Order filed July 28, 2011:

Revised Table 9 – Rate Design

Class	Revenue Requirement - 2011 Cost Allocation Model	2010 Base Revenue Allocated based on Porportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2011 Cost Allocation Model	Total Revenue	Starting Point Revenue to Cost Ratio	Revenue to Cost Ratio per Decision	Revenue per Decision	Miscellaneous Revenue	Base Revenue per Decision
Residential	\$ 58,034,239	\$ 60,811,098	\$ 3,726,717	\$ 64,537,815	111.2%	108.4%	\$ 62,881,094	(\$3,726,717)	\$ 59,154,377
GS < 50 kW	\$ 11,949,011	\$ 11,456,614	\$ 905,555	\$ 12,362,169	103.5%	103.5%	\$ 12,362,169	(\$905,555)	\$ 11,456,614
GS >50	\$ 20,101,816	\$ 16,036,353	\$ 850,867	\$ 16,887,220	84.0%	84.0%	\$ 16,887,220	(\$850,867)	\$ 16,036,353
Large Use	\$ 8,066,771	\$ 4,845,995	\$ 256,630	\$ 5,102,624	63.3%	85.0%	\$ 6,856,755	(\$256,630)	\$ 6,600,125
Sentinel Lights	\$ 57,144	\$ 33,555	\$ 1,865	\$ 35,420	62.0%	80.0%	\$ 45,715	(\$1,865)	\$ 43,850
Street Lighting	\$ 2,963,843	\$ 2,136,477	\$ 86,671	\$ 2,223,148	75.0%	75.0%	\$ 2,223,148	(\$86,671)	\$ 2,136,477
USL	\$ 534,372	\$ 652,582	\$ 49,766	\$ 702,348	131.4%	108.4%	\$ 579,001	(\$49,766)	\$ 529,235
Standby Power	\$ 639,542	\$ 478,063	\$ 17,929	\$ 495,992	77.6%	80.0%	\$ 511,634	(\$17,929)	\$ 493,704
TOTAL	\$ 102,346,736	\$ 96,450,735	\$ 5,896,000	\$102,346,735	100.0%		\$102,346,735	(\$5,896,000)	\$ 96,450,735

HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES")
RESPONSES TO
ONTARIO ENERGY BOARD STAFF ("BOARD STAFF")
DELIVERED: October 3, 2012

QUESTION 3

Reference: Retail Transmission Service Rates

Ref: A portion of the 2012 IRM3 RTSR Work form, Sheet 4 is reproduced below.

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Load Factor	Loss Adjusted Billed kWh	Billed kW
Residential	kWh	1,657,856,641		1.0407		1,725,331,406	-
General Service Less Than 50 kW	kWh	587,424,820		1.0407		611,333,010	-
General Service 50 to 4,999 kW	kW	1,851,889,540	5,289,672		47.98%	1,851,889,540	5,289,672
Large Use	kW	529,799,392	2,276,683		31.90%	529,799,392	2,276,683
Unmetered Scattered Load	kWh	11,893,816		1.0407		12,377,894	-
Standby Power	kW					-	-
Sentinel Lighting	kW	494,369	1,401		48.36%	494,369	1,401
Street Lighting	kW	39,350,325	109,877		49.09%	39,350,325	109,877

a) Please confirm that the amounts entered into the columns "Non-Loss Adjusted Metered kWh" and "Non-Loss Adjusted Metered kW" have not been adjusted by Horizon's Board-approved loss factor.

Response:

a) Horizon Utilities confirms that the amounts entered into the columns "Non-Loss Adjusted Metered kWh" and "Non-Loss Adjusted Metered kW" of the 2013 IRM3 RTSR Work form, Sheet 4 have not been adjusted by Horizon Utilities' Board-approved loss factors.

**HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)
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QUESTION 4

Reference: Manager’s Summary, Tab 1, Page 8 of 9, LRAM

Horizon notes that upon receipt of its final 2011 CDM results from the OPA, it will quantify the 2011 LRAM claim and examine its impact on the LRAMVA with the possibility for disposition of the amount through rates.

- a)** Please discuss if Horizon plans on seeking disposition of LRAMVA amounts as an update to this application.
- b)** If Horizon is anticipating seeking disposition of 2011 LRAMVA amounts in this application, please discuss when it will file for disposition.
- c)** If Horizon is not anticipating disposition of 2011 LRAMVA amounts in this application, please discuss Horizon’s plans for future disposition.

Response:

- a)** Horizon Utilities does not plan on seeking disposition of the balance recorded in the LRAMVA account as an update to this application.
- b)** Not applicable. - Please see Horizon Utilities’ response to Board staff Interrogatory 4(a), above.
- c)** The OPA provided its “2011 Final Annual Report Data - Horizon Utilities Corporation” in August 2012. Horizon Utilities is using this report to quantify its LRAMVA balance. Horizon Utilities will assess the significance of the amounts recorded in the LRAMVA before applying for the disposition of this account in a future application. Horizon Utilities understands that, in accordance with the *Conservation and Demand Management Code for Electricity Distributors*, Section 13.4 and Appendix B, it is expected to seek disposition of the balance recorded in this account no later than its next Cost of Service Application.