



October 24, 2013

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: Electricity Distribution License ED-2006-0031
Electricity Distribution Rate Application (EB-2013-0137)

On August 15, 2013, Horizon Utilities Corporation (“Horizon Utilities”) filed an Application with the Ontario Energy Board (the “OEB” or the “Board”) for an Incentive Regulation Mechanism (“IRM”) Electricity Distribution Rate (“EDR”) Application (the “Application”), under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B) for rates effective January 1, 2014. On September 6, 2013, the OEB issued its Notice of Application and Hearing (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 October 11, 2013 and that Horizon Utilities was to file responses to the interrogatories by October 25, 2013.

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 J. Butany-DeSouza]

Indy J. Butany-DeSouza, MBA
Vice President, Regulatory Affairs
Horizon Utilities Corporation
Tel: (905) 317-4765
Indy.Butany@Horizonutilities.com

1 **IN THE MATTER OF** the *Ontario Energy Board Act*, 1998, S.O.
 2 1998, c. 15, (Schedule B);
 3 **AND IN THE MATTER OF** an application by Horizon Utilities
 4 Corporation for an Order or Orders approving or fixing just and
 5 reasonable rates and other charges for the distribution of
 6 electricity as of January 1, 2014.

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 8 **HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)**
 9 **RESPONSES TO**
 10 **ONTARIO ENERGY BOARD STAFF (“BOARD STAFF”) INTERROGATORIES**
 11 **DELIVERED: October 24, 2013**

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 14 **Interrogatory #1**

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 16 **Ref: Tax-Sharing Workform, Tab 3 – “Re-Based Bill Det & Rates”**

17 **Last COS Re-based Year was in 2011**

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	214,658	1,539,676,985		14.53	0.0143	
GSLT50	General Service Less Than 50 kW	Customer	kWh	17,931	537,886,860		32.35	0.0084	
GSGT50	General Service 50 to 4,999 kW	Customer	kW	2,279	1,745,006,174	4,758,680	294.96		2.0459
LU	Large Use > 5000 kW	Customer	kW	12	538,081,868	2,500,000	22,773.42		1.3436
USL	Unmetered Scattered Load	Connection	kWh	52,388	40,006,298		9.16	0.0142	
Sen	Sentinel Lighting	Connection	kW	3,228	12,541,586	1,421	4.45		12.2103
SL	Street Lighting	Connection	kW	501	502,459	111,295	2.32		6.1961
SB	Stand-By	Connection	kW			199,012			2.4952

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 20 Board staff believes the figures entered in columns A, B and C for Horizon Utilities’ Unmetered
 21 Scattered Load, Sentinel Lighting and Street Lighting rate classes have been transposed. Board
 22 staff believes that the figures, which reconcile to Horizon Utilities’ previous cost of service Draft
 23 Rate Order (EB-2010-0131), should be as follows:

Rate Class	Re-based Billed Customers or Connections	Re-based Billed kWh	Re-based Billed kW
Unmetered Scattered Load	3,228	12,541,586	
Sentinel Lighting	501	502,459	1,421
Street Lighting	52,388	40,006,298	111,295

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 26 (A) If Horizon Utilities agrees, please confirm, and Board staff will make the necessary
 27 adjustments to the workform.
 28 (B) If the answer to (A) is no, please provide evidence for the figures entered.
 29

1 Board staff is also unable to reconcile the data entered in columns D, E and F to Horizon
 2 Utilities' current Board-approved Tariff of Rates and Charges (i.e. effective January 1, 2013).

3
 4 (C) Please provide evidence for the figures entered in columns D, E and F.

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 6 (D) If changes are required, please confirm, and Board staff will update the model with the
 7 rates as found in Horizon Utilities' current Tariff of Rates and Charges.

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 9 **Response:**

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 11 (A) Horizon Utilities confirms that the figures entered in columns A, B and C for Unmetered
 12 Scattered Load, Sentinel Lighting and Street Lighting rate classes have been transposed
 13 as identified by Board staff, above.

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 15 (B) Please see Horizon Utilities' response to Board staff interrogatory 1 (A), above.

16
 17 (C) Horizon Utilities identifies that the figures entered in columns D, E and F were based on
 18 Horizon Utilities' 2012 Board approved Tariff of Rates and Charges.

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 20 (D) Horizon Utilities confirms that the rates used in columns D, E and F should be based on
 21 Horizon Utilities' 2013 Board approved Tariff of Rates and Charges, as provided below.
 22

Last COS Re-based Year was in 2011

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed			Rate ReBal	Rate ReBal	Rate ReBal
				Customers or Connections	Re-based Billed kWh	Re-based Billed kW	Base Service Charge	Base Distribution Volumetric Rate	Base Distribution Volumetric Rate
				A	B	C	D	E	F
RES	Residential	Customer	kWh	214,658	1,539,676,985		14.69	0.0145	
GSLT50	General Service Less Than 50 kW	Customer	kWh	17,931	537,886,860		32.70	0.0085	
GSGT50	General Service 50 to 4,999 kW	Customer	kW	2,279	1,745,006,174	4,758,680	298.15		2.0680
LU	Large Use	Customer	kW	12	538,081,868	2,500,000	23,019.37		1.3581
USL	Unmetered Scattered Load	Connection	kWh	3,228	12,541,586		9.26	0.0144	
Sen	Sentinel Lighting	Connection	kW	501	502,459	1,421	4.50		12.3422
SL	Street Lighting	Connection	kW	52,388	40,006,298	111,295	2.35		6.2630
SB	Stand-By	Connection	kW			199,012			2.5221

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**HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)
 RESPONSES TO
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**Interrogatory #2
 Ref: Tax-Sharing Workform, Tab 5 – “Z-Factor Tax Changes”**

Summary - Sharing of Tax Change Forecast Amounts

For the 41481 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)				\$ 414,250
1. Tax Related Amounts Forecast from Capital Tax Rate Changes	2008	2009	2010	2011
Taxable Capital				\$ 369,052,367
Deduction from taxable capital up to \$15,000,000				\$ 15,000,000
Net Taxable Capital				\$ 354,052,367
Rate				
Ontario Capital Tax (Deductible, not grossed-up)				

Board staff is unable to reconcile the \$414,250 amount entered for tax credits from the previous cost of service tax calculation.

- (A) Please provide evidence from Horizon Utilities’ previous cost of service rate proceeding for the figure entered.
- (B) If changes are required, please confirm, and Board staff will make the necessary adjustment to the workform.

Response:

- (A) In Horizon Utilities’ 2011 Cost of Service Application (EB-2010-0131): 2011 Revenue Requirement, Capital Tax & Expense Schedule, this amount was recorded as Apprentice Tax Credits and other Tax Credits. The table below is an excerpt from the above-noted schedule and identifies Apprentice Tax Credits at \$378,000 and Other Tax Credits at \$36,250, the sum of which is \$414,250.

2011 PILs Schedule

Description	Source or Input	Tax Payable
Accounting Income	10' Rev Def	20,235,950
Tax Adj to Accounting Income	10' Rev Def	2,801,581
Taxable Income		23,037,531
Combined Income Tax Rate	PILs Rates	28.250%
Total Income Taxes		6,508,103
Investment Tax Credits		378,000
Apprentice Tax Credits		36,250
Total PILs		6,093,853

Source: Horizon Utilities' 2011 Cost of Service Application (EB-2010-0131) Revenue Requirement Model

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 4 **(B)** Please see Horizon Utilities' response to Board Staff interrogatory 2(A) above to support
 5 the amount entered in the workform. There are no changes required.

**HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)
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 DELIVERED: October 24, 2013**

RTSR Model

Interrogatory #3

Ref: RTSR Model, Tab 3 – “Rate Classes”

Residential	kWh	\$	0.0070	\$	0.0053
General Service Less Than 50 kW	kWh	\$	0.0061	\$	0.0048
General Service 50 to 4,999 kW	kW	\$	2.4273	\$	1.9016
Large Use > 5000 kW	kW	\$	2.7728	\$	2.1852
Unmetered Scattered Load	kWh	\$	0.0062	\$	0.0049
Stand-By	kW				
Sentinel Lighting	kW	\$	2.0170	\$	1.5302
Street Lighting	kW	\$	1.9109	\$	1.4919

Horizon Utilities has listed Large Use > 5000 kW on tab 3 of the RTSR Model. In Horizon Utilities’ current Tariff of Rates and Charges, it lists the rate class as Large Use.

(A) Please confirm if this is an error. If so, Board Staff will make the necessary adjustments to the model.

Response:

(A) Horizon Utilities confirms that the rate class should be identified as Large Use, per Horizon Utilities’ current Tariff of Rates and Charges.

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**Interrogatory #4
 Ref: RTSR Model, Tab 4 – “RRR Data”**

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	1,660,619,626		1.0407		1,728,206,845	-
General Service Less Than 50 kW	kWh	590,670,916		1.0407		614,711,222	-
General Service 50 to 4,999 kW	kW	1,840,367,888	5,410,653		46.62%	1,840,367,888	5,410,653
Large Use > 5000 kW	kW	599,769,067	2,502,409		32.85%	599,769,067	2,502,409
Unmetered Scattered Load	kWh	12,319,857		1.0407		12,821,275	-
Stand-By	kW					-	-
Sentinel Lighting	kW	500,444	1,401		48.96%	500,444	1,401
Street Lighting	kW	39,307,021	109,877		49.03%	39,307,021	109,877

(A) Please confirm that the data entered in columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” are not adjusted by Horizon Utilities’ Board approved loss factor.

Response:

(A) Horizon Utilities confirms that the data entered in the columns “Non Loss adjusted Metered kWh” and “Non Loss adjusted Metered kW” are not adjusted by Horizon Utilities’ Board approved loss factor.

**HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)
 RESPONSES TO
 ONTARIO ENERGY BOARD STAFF (“BOARD STAFF”) INTERROGATORIES
 DELIVERED October 8, 2013:**

**Interrogatory #5
 Ref: RTSR Model, Tab 4 – “RRR Data”**

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	1,660,619,626		1.0407		1,728,206,845	-
General Service Less Than 50 kW	kWh	590,670,916		1.0407		614,711,222	-
General Service 50 to 4,999 kW	kW	1,840,367,888	5,410,653		46.62%	1,840,367,888	5,410,653
Large Use > 5000 kW	kW	599,769,067	2,502,409		32.85%	599,769,067	2,502,409
Unmetered Scattered Load	kWh	12,319,857		1.0407		12,821,275	-
Stand-By	kW					-	-
Sentinel Lighting	kW	500,444	1,401		48.96%	500,444	1,401
Street Lighting	kW	39,307,021	109,877		49.03%	39,307,021	109,877

Board staff is unable to reconcile the figure entered for the Large Use rate class in the column “Non-Loss Adjusted Metered kWh” to Horizon Utilities’ most recent RRR 2.1.5 filing. Board staff believes the figure should be 1,373,125,985 kWh.

(A) If Horizon Utilities agrees, please confirm, and Board staff will make the necessary corrections to the model.

(B) If the answer to (A) is no, please provide evidence for the figure entered.

Response:

(A) Horizon Utilities confirms that the figures entered for Large Use rate class in the column “Non Loss adjusted Metered kWh” should be 1,373,125,985 kWh.

(B) Please see Horizon Utilities’ response to Board staff interrogatory 5(A), above.

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2 **RESPONSES TO**
3 **ONTARIO ENERGY BOARD STAFF (“BOARD STAFF”) INTERROGATORIES**
4 **DELIVERED: October 24, 2013**

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7 **Rate Generator Model**

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9 **Interrogatory #6**

10 **Ref: Rate Generator Model, Tab 10 – “Other Charges & LF”**
11

12 Request for other billing information

\$ 30.00

13 Board staff notes that under the “Customer Administration” section of Horizon Utilities’ proposed
14 Tariff of Rates and Charges, the line item from the currently approved Tariff of Rates and
15 Charges labelled as “Special meter reads” appears to be labelled “Request for other billing
16 information”.

17 (A) If Horizon Utilities agrees, and also agrees that this is in error, please confirm and Board
18 staff will update the model with the information as currently found in Horizon Utilities’
19 Board-approved Tariff of Rates and Charges.

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21 (B) If the answer to (A) is no to either part, please provide Horizon Utilities’ rationale.

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23 **Response:**

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25 **(A)** Horizon Utilities confirms that within the Rate Generator Model, Tab 10 – “Other Charges &
26 LF” updated August 27, 2013, under the “Customer Administration” section of Horizon
27 Utilities’ proposed Tariff of Rates and Charges, the line item from the currently approved
28 Tariff of Rates and Charges labelled as “Special meter reads” is incorrectly labelled
29 “Request for other billing information”. As Board staff identifies, this item should be labelled
30 “Special meter reads”.
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32 **(B)** Please see Horizon Utilities’ response to Board staff’s interrogatory 6(A), above.