



November 15, 2013

Via: RESS and Courier

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

Dear Ms. Walli;

**Re: Horizon Utilities Corporation ED-2006-0031
EB-2013-0137 2014 Electricity Distribution Rates Incentive Regulation Mechanism
Application**

On August 15 2013, Horizon Utilities Corporation ("Horizon Utilities") filed its 2014 Electricity Distribution Rates ("EDR") Incentive Regulation Mechanism ("IRM") Application with the Ontario Energy Board ("OEB" or the "Board") for rates effective January 1, 2014. The OEB issued the Notice of Application on September 6, 2013.

Horizon Utilities received interrogatories from Board staff on October 8, 2013. Horizon Utilities filed its responses to interrogatories on October 24, 2013. On November 5, 2013, Board staff filed its submission in respect of the above-captioned proceeding.

Please find attached Horizon Utilities' submission in the above-captioned proceeding.

All of which is respectfully submitted.

Yours truly,

Original signed by Indy J. Butany-DeSouza

Indy J. Butany-DeSouza, MBA
Vice President, Regulatory Affairs
Horizon Utilities Corporation
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IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
being Schedule B to the *Energy Competition Act, 1998* S.O.
1998, c. 15;

AND IN THE MATTER OF an Application by Horizon Utilities
Corporation to the Ontario Energy Board for an Order or
Orders approving of fixing just and reasonable rates and
other service charges for the distribution of Electricity as of
January 1, 2014.

HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)

**REPLY SUBMISSION
DELIVERED: NOVEMBER 15, 2013**

Introduction

Horizon Utilities Corporation (“Horizon Utilities”) is a licensed electricity distribution company operating in the City of Hamilton and the City of St. Catharines under Ontario Energy Board (the “OEB” or the “Board”) Electricity Distribution License ED-2006-0031.

On August 15, 2013, Horizon Utilities filed an application with the OEB (the “Application”) for an order or orders pursuant to Section 78 of the *Ontario Energy Board Act, 1998* (the “OEB Act”) for approval of its electricity distribution rates and other charges, effective January 1, 2014. Based on the Application as filed, a typical Residential customer with a monthly consumption of 800 kWh/month would experience a bill decrease of \$0.82, or 0.66% per month. A typical General Service <50 kW customer with a monthly consumption of 2,000 kWh would experience a bill decrease of \$1.25, or 0.42% per month.

The Application included a Price Cap Adjustment of 0.48% consisting of a Price Escalator of 1.60% less a Productivity Factor of 0.72% and less a Stretch Factor of 0.40%. In addition, the Application included adjustments to Retail Transmission Service Rates (“RTSRs”) in accordance with the *Guideline on Retail Transmission Service Rates* (G-2008-0001”) issued on June 22, 2011. Also included were the following changes to rate riders:

- A disposition of certain Regulatory Liabilities of \$10.4MM to customers

- A Shared Tax Savings rate rider that refunds approximately \$0.3MM to customers, resulting from a reduction in the effective Ontario corporate tax rate for 2013 as compared to the underlying 2011 CoS Application.
- Continuation of the Green Energy Act ("GEA") rate rider of \$0.04/customer/month to recover amounts approved as part of Horizon Utilities' 2011 GEA Plan included in the 2011 EDR Cost of Service application (EB-2010-0131).

Pursuant to the Notice of Application, Horizon Utilities received interrogatories from Board staff on October 8, 2013. Horizon Utilities filed responses to interrogatories that it had received from Board staff October 24, 2013.

On November 5, 2013, Horizon Utilities received a submission on the Application from Board staff.

In its submission, Board staff commented that the discrepancies in the original data filed with the Application that were identified during the interrogatory phase, were appropriately explained or corrected in the response to the interrogatories submitted by Horizon Utilities on October 24, 2013. Horizon Utilities acknowledges Board staff's confirmation that the discrepancies were appropriately addressed.

Retail Transmission Service Rates

Horizon Utilities provided detailed data supporting the proposed changes to the Retail Transmission Service Rates. Board staff confirmed that there were no concerns with the data provided. Board staff also confirmed that pursuant to the Board's *Guideline on Electricity Distribution Retail Transmission Service Rates* (G-2008-0001), updated on July 8, 2010, the Board would update the Application for any available updated Uniform Transmission Rates, at the time of the Decision. Horizon Utilities agrees that any known changes to the Uniform Transmission Rates at the date of the Decision should be reflected in the rates approved.

GEA Rider

Board staff confirmed that the GEA Rate Rider as provided by Horizon Utilities has been calculated in a manner consistent with the Draft Rate Order in Horizon Utilities' 2011 Cost of Service Application (EB-2010-0131). Horizon Utilities has no further submission in this regard.

Disposition of Group 1 Deferral and Variance Accounts

Horizon Utilities provided supporting tables and reconciliations to dispose of total credit balances of \$10.4MM in Group 1 Deferral and Variance Accounts at December 31, 2013 including forecast carrying charges to December 31, 2013. Board staff had no concerns with the balances proposed for disposition or with the carrying charges applied.

Conclusion

Horizon Utilities submits that the relief requested in this Application, as updated and provided in its responses to interrogatories filed October 24, 2013, is just and reasonable, and requests that the Board direct Horizon Utilities to prepare a draft Rate Order that implements the requested relief with an effective date of January 1, 2014.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 15TH DAY OF NOVEMBER, 2013.

Original Signed by Indy J. Butany-DeSouza

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