PUBLIC INTEREST ADVOCACY CENTRE

LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7
Tel: (613) 562-4002 ext. 26 Fax: (613) 562-0007 e-mail: mjanigan@piac.ca

July 04, 2014

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: EB-2014-0002 Horizon Utilities Corporation
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Thank you.

Yours truly,

Michael Janigan
Counsel for VECC

cc: Horizon - Indy J. Butany-DeSouza -indy.butany@horizonutilities.com
J. Mark Rodger - mrodger@blg.com
James Sidlofsky - jsidlofsky@blg.com

REQUESTOR NAME	**VECC**
INFORMATION REQUEST ROUND NO:	**# 1**
TO:	**Horizon Utilities Corporation**
DATE:	**July 4, 2014**
CASE NO:	**EB-2014-0002**
APPLICATION NAME	**2015-2019 Electricity Distribution Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0 – VECC - 1
Reference: All

a) Please explain what incentives, benchmarks or other efficiency metrics are used to encourage cost reductions during the proposed rate period.
b) Please explain Horizon's proposal if it over earns during the rate period.
c) Please provide Horizon's annual reporting proposal during the rate period.

1.0-VECC-2
Reference: E1/T12/S4

a) Are any costs included in this application for the elimination of long-term load transfers? If so please provide these.
b) What precludes Horizon Utilities from eliminating all or some of its load transfers through mutually agreed to service area amendments?

1.0-VECC-3
Reference: E1/

a) Please explain how this application differs from a 5 year cost of service plan.

1.0-VECC-4
Reference: E1/

a) Please explain how variations in capital spending/rate base from proposed are to be addressed during the five year period of the plan. What is the consequence if Horizon significantly under or over spends on projected projects or spends on different projects than anticipated?

2.0 RATE BASE (EXHIBIT 2)

2.0 – VECC - 5
Reference: E2/T1/S2

a) Please provide the salvage value of disposed assets for 2010, 2011, 2012 and 2013.

2.0-VECC-6
Reference: E2/T4/Appendix 2-3 Lead/Lag Study

a) Please provide the billing cycle for each customer class.
b) Please show the calculation of the service lag, by providing a table which shows for all customer class the number of customers, customer weighting, frequency of meter read, service mid-point and the resulting service lag.
c) Did Navigant sample Horizon's database to determine the billing lag? If yes please explain the size and type of sample, sample month etc. If not please explain why not.
d) Other studies have shown a payment processing lag of between 1 and 1.1 days (Ottawa Hydro, Verdian). Please provide the derivation of 1.54 days for the payment processing lag.

2.0-VECC-7
Reference: E2/T5/S1/pg.4 & E9/T7/S1

a) Please provide the rate riders and total amount collected on the assumption that Horizon removed the net value of stranded meters from rate base in 2015 and collected the costs over 3 years.
b) Horizon refers to G-2008-0002 as guidance for leaving stranded meters in rate base, however G-2011-0001, which supersedes that report states in part:

> Consequently, starting in the 2012 EDR process, distributors seeking recovery of stranded meter costs should bring forward these requests in a cost of service application. It is preferable for the Board to review concurrently a distributor's smart meter and stranded meter costs in the same application where all the required adjustments to the rate base and the revenue requirement are reflected in rates at the same time. Requests for the recovery of stranded meter costs should be in accordance with the guidance provided in this section of the guideline and the cost of service filing requirements previously issued by the Board. Also, the stranded meter costs should be removed from any Cost Allocation run. (Guideline G-2011-0001 pages 21-22)

c) This suggests that stranded meters should be removed from rate base at the time a utility applies for rebasing. Has Horizon considered these Guidelines and has it removed the stranded meters from its cost allocation run?

2.0-VECC-8
Reference: E2/T6/S1

a) Please provide a table showing the SAIDI and SAIFI indices related to each of:
    a. 4kV/8kV plant failure
    b. Underground XPLE Cable failure

2.0 - VECC - 9
Reference: E2

a) Please provide a breakdown of the service reliability performance metrics into the different category of reasons for the outage (excluding supply loss Code 2 outages). The table below provides an example format.

.

Description	2010 Totals	2011 Totals	2012 Totals	2013 Totals
Scheduled				
Supply Loss				
Tree Contact				
Lightning				
Def. Equip.(other than				
Pole Failure				
Weather				
Animals, Vehicle				
Unknown				
Total				

2.0-VECC-10
Reference: E2/T6/S3

a) For the years 2014 – 2015 Please provide the details of the forecast customer connections shown in Table 2-72 in the format of Table 2-73 and which shows the average cost of connection for each rate class.
b) Please provide the average cost of connection for each rate class shown in Table 2-73

2.0-VECC-11
Reference: E2/T6/S3

a) Please provide a list of road relocations forecast for each of the years 2014 through 2019. For each road please provide the basis for believing the project will be need to be completed in that year.

2.0-VECC-12
Reference: E2/T6/S3/

a) Substation infrastructure renewal has been identified as a major project by Horizon. Table 2-80 shows a significant increase in spending as compared to past years. Given these circumstances please explain why in 2013 Horizon spent considerably less on this project category as compared to prior and post years.
b) Similarly pole replacement between 2011 and 2013 was significantly below the proposed spending during the 5 year rate plan. Why?
c) For XPLE Cable renewal projects Table 2-99 shows a similar pattern of significantly lower spending in the years preceding 2015. Please explain.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC - 13
Reference: E3/T1/S1/pg.4

Table 3.4 reports Load Transfer Revenue for 2012 and 2013 but not for 2011.

a) Please explain more fully the basis for the 2012 and 2013 load transfer revenues.
b) Are load transfer revenues expected to occur over the 2015-2019 period? If yes, how much and, if not, why not?
c) If yes, how are they accounted for in Horizon's Application?

3.0 –VECC - 14
Reference: E3/T1/S2/pg.3

a) Did Horizon's billing system record actual monthly sales by customer class for the years 2007-2013?
b) If not, how were the "monthly class-specific sales from 2007 to 2013" determined?

3.0 –VECC - 15
Reference: E3/T1/S2/pg.3-4
EB-2014-0002 Horizon_3.4 Price Data Excel File

a) Please explain more fully how the retail price of electricity for each historic month was determined and provide a sample calculation. In doing so please clarify if the historic and forecast values were expressed in nominal or real terms (i.e. adjusted for inflation).
b) Please explain why the retail price variable used only includes the commodity cost as opposed to the full cost of electricity to residential customers.
c) Page 4 states that the "number of customers" is captured in the population explanatory variable. However, per page 3, none of the equations estimated include population as an explanatory variable. Please reconcile.

3.0 –VECC - 16
Reference: 3/T1/S2/pg.7

a) What is the electricity price forecast used for 2014 through 2019 and what is its source/basis?

3.0 –VECC - 17
Reference: E3/T1/S2/pg.9
E4/T9/Appendix 4-13/pg.8

a) The 2011 and 2012 CDM program saving shown in Table 3-5 do not match those in the OPA's Report (Appendix 4-13). Please reconcile.
b) What is the basis for the 2013 and 2014 CDM programs savings shown in Table 3-5?
c) Please provide a version of Table 3-5 where the savings (kWh) for programs undertaken in 2011-2014 are also shown for the years 2015-2019.
d) With respect to the last section of Table 3-5, please explain why the LRAM for 2014 is not the 2011 through 2014 savings reported in the earlier sections, i.e. 110,619,741 kWh.
e) With respect to the last section of Table 3-5, please explain why the 2014 manual adjustment to the 2014 load forecast isn't 14,071,000 kWh (i.e. based on the ½ year rule).
f) Please provide copies of any OPA Reports regarding Horizon's CDM achievements in 2013.

3.0 –VECC - 18
Reference: E3/T1/S2/pg.10-11

a) Please confirm that Horizon is not making any adjustments to its 2015-2019 load forecast for CDM programs that may be initiated in 2015-2019. If any such adjustments are made, please set out what they are.
b) Please confirm that Table 3-6 shows the persistence of the savings assumed to be achieved from 2014 CDM programs over the subsequent years 2015-2019.
c) If the assumption stated in part (b) is incorrect, please explain what the values shown for the years 2015-2019 represent and how they were determined.

d) Please complete the following table based on the CDM assumptions used for the 2015-2019 load forecast:

	Forecast Year – Total CDM Savings Assumed					
CDM Program Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
2014						
2015	-					
2016	-	-				
2017	-	-	-			
2018	-	-	-	-		
2019	-	-	-	-	-	
Total						

3.0 –VECC - 19
Reference: E3/T1/S2/pg.11-14

a) What is the basis for the Residential CDM adjustments used in Table 3-8 (i.e., the difference between the second and the fourth columns) for the years 2014-2019?
b) Please reconcile the CDM adjustments used in Table 3-8 for 2015-2019 with the CDM savings reported in Tables 3-6 and 3-7 for the same years.
c) With respect to page 13 (lines 7-8), how high does the Adjusted R-squared value need to be before it is “indicative of a good fit”?
d) With respect to page 13 (lines 11-12), what value does the T-Statistic have to be before it is considered to be “statistically significant”?
e) What does the explanatory variable “MA(1)” represent and why is a negative coefficient intuitively appropriate?
f) Please provide the data file that contains the determination of the actual regression equation and the calculation of the Residential forecast kWh for 2015-2019.

3.0 –VECC - 20
Reference: E3/T1/S2/pg.15-18

a) What is the basis for the GS<50 CDM adjustments used in Table 3-10 for the years 2014-2019?
b) Please reconcile the CDM adjustments used in Table 3-10 for 2015-2019 with the CDM savings reported in Tables 3-6 and 3-7 for the same years.
c) Please explain what the explanatory variable “mEcon.GDP Trend” represents and why a negative coefficient is intuitively appropriate.
d) Please provide the data file that contains the determination of the actual regression equation and the calculation of the GS<50 forecast kWh for 2015-2019.

3.0 –VECC - 21
Reference: E3/T1/S2/pg.18-22

a) What is the basis for the GS>50 CDM adjustments used in Table 3-12 for 2014-2019?
b) Please reconcile the CDM adjustments used in Table 3-12 with the CDM savings for 2015-2019 reported in Tables 3-6 and 3-7.
c) At page 21 the Application states that each of the T-statistics in the regression equation developed for the GS>50 class is statistically significant. Please reconcile this statement with the T-value reported for “mEcon.GDP Trend”.
d) Please provide the data file that contains the determination of the actual regression equation and the calculation of the GS>50 forecast kWh for 2015-2019.

3.0 –VECC - 22
Reference: E3/T1/S2/pg.26-28

a) Please provide a schedule that sets out the kWh use per device for Street Lighting for the years 2008-2013 and the projected values for 2014-2019.

3.0 –VECC - 23
Reference: 3/T1/S2/pg.28-29

a) Please provide a schedule that sets out for 2008-2013:

   i. The average kW of Standby Reserved annually.
   ii. The amount of Standby Power provided annually.
   iii. The amount of Standby Billed annually (i.e. which should be (i) – (ii) and equal to the values in Table 3-22)

b) How many standby customers did Horizon have in each customer class in each of the years 2008-2013?

3.0 –VECC - 24
Reference: E3/T1/S2/pg.29-32

a) Why was the 2014 forecast for LU(1) and LU(2) set equivalent to 2013 use and not escalated by the forecast GDP rate of change for 2014?
b) For each of the LU(1) and LU (2) classes please provide a schedule that compares the year to date 2014 kWh usage with the usage in 2013 for the same period.
c) For purposes of forecasting 2015-2019 kWh usage was GDP-All Industries or GDP-Manufacturing used? Please explain the basis for the choice.
d) Did Horizon test whether past growth in LU(1) or LU(2) usage was correlated with GDP growth? If yes, what were the results? If not, please do so and provide the results.

3.0 –VECC - 25
Reference: E3/T2/S1/pg.1-2

a) How many Standby customers does Horizon forecast having in each year 2014-2019?
b) What accounted for the significant drop in number of Sentinel customers and connections in 2013?
c) Please explain why, for Sentinel and USL, the customer count is forecast to remain unchanged for 2014-2019 even though the number of connections is declining.

3.0 –VECC - 26
Reference: 3/T2/S1/pg.2-5

a) Please provide the customer count regression equations developed for the Residential, GS<50 and GS>50 classes including the associated regression statistics for each (e.g. similar to Table 3-9 done for Residential sales).
b) Please provide the actual customer count by class (including Standby) for the most recent month available.

3.0 –VECC - 27
Reference: E3/T2/S1/pg.5-9

a) Using the HDD and CDD coefficients from Table 3-9 and the difference between the actual and weather normal degree days for each year 2010-2013, please estimate the weather normalized Residential use for each year and the resulting weather normal average use per customer.
b) Please confirm that in Figures 3-6, 3-8 and 3-9 the values show for 2014 are forecast and not actual values.
c) Please confirm that for the GS<50 and GS>50 classes average use per customer has been increasing since 2010 for those years where actual usage is available.

3.0 –VECC - 28
Reference: 3/T3/S1

a) Please explain why the Miscellaneous Service Revenues (Acct #4235) decreased in 2013 as compared to 2012.
b) What is the basis for the 2015-2019 forecast for the Miscellaneous Service Revenues (Acct #4235)?
c) Please explain the significant increase in Rent from Electric Property (Acct. #4210) in 2013 and why this higher level is not forecast to continue for 2015-2019.
d) Please explain why there is no Interest and Dividend Income (Acct. #4405) reported for 2015-2019 when there are actual values shown for 2011-2013.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC - 29
Reference: E4/T2/S1/pg.2

a) Please restate Table 4-8 to show 2011 MIFRS without smart meters.

4.2-VECC-30
Reference: E4/T2/S2

a) Please explain the $100,000 in 2015/2018 for collective bargaining.

4.2-VECC-31
Reference: E4/T2/S2/pg.32

a) Please provide separately the corporate communication and stakeholder/public relations costs for Horizon for the years 2009 through 2019.
b) Horizon states that since 2011 it has sought to have HHI provide these services. Please show the reduction in costs and FTEs that has occurred at Horizon since the transfer of these responsibilities.

4.2-VECC-32
Reference: E4/T2/S2

a) What is the basis for the increases in overtime in the 2015 through 2019 rate period?

4.2-VECC-33
Reference: E4/T2/S2

a) Please provide details as to the $427,950 in labour costs that are initially capitalized and subsequent to 2010 expensed. Specifically how many FTEs are involved and are all permanent staff of Horizon?

4.2-VECC-34
Reference: E4/T2/S2

a) Please provide the amounts budgeted for storm damage for each of the years 2014 through 2019. Please explain how the amount is derived.
b) Please provide the amount spent on storm damage repairs for 1009 through 2013. Please explain what qualifies as storm damage as opposed to maintenance.

4.2-VECC-35
a) Please explain what steps Horizon is taking to reduce labour costs.

4.2-VECC-36
Reference: E4/T2/S3/pg.2/Table 4-20

a) Please provide the OM&A cost per customer and OM&A cost per FTE for 2011 on a CGAAP basis

4.2-VECC-37
Reference E4/T2/S2/pg.32 & E4/T3/S2/pgs.2-6

a) Please provide the total amount paid for customer care services for each years 2009 through 2019.
b) Please provide the total cost of HHI's customer care operations.
c) Horizon states that it contracts for these services expires as of the end of 2014. Please explain what due diligence Horizon is undertaking to ensure it will purchase the required services at a competitive price. Specifically please indicate if Horizon will be tendering for this service and if not why not.

4.2-VECC-38
Reference: E4/T3/S2/pg.9

a) Will Horizon have any manual meter reading costs post 2014 reading costs and after is anticipates installing the remaining smart meters

4.2-VECC-39
Reference: E4/T3/S2/pg.11

a) Please provide the actual bad debt (credit loss) for 2007 through 2013. Please provide the calculation (including economic projects, customer growth etc.) that Horizon used to calculate bad debt costs for 2016-2019.

4.2-VECC-40
Reference: E4/T3/S2/pg.12

a) Please provide further detail on Horizon's "Asset Management Program." Specifically address the cost of the program (to Horizon and the affected customer(s)) and how the program works in conjunction with the Board mandated LEAP program.

4.2-VECC-41
Reference: E4/T3/S3/pg.11

a) Please provide the annual total Human Resource costs as shown in Table 4-28 if the cost increase were limited to (1) Horizon's annual inflation assumption (please provide inflation assumptions) + (2) Horizon's assumed percentage annual increase in FTEs.

4.2-VECC-42
Reference: E4/T3/S3/pg.21

a) Why is there an increase in regulatory costs during the rate period when presumably Horizon will be filing no/or limited number of applications?

4.2-VECC-43
Reference: E4/T3/S3/pg.26

a) Please explain what "PC Services" entail and why the costs for this category of IT costs more than doubles over the term of the rate plan.

4.2 - VECC - 44
Reference: E4/

For each of the years 2010 through 2014 please provide:

a) EDA membership fees
b) All other corporate membership fees
c) Please confirm that EDA fees are included in the annual prepaid category of the Lead-Lag Study

4.2-VECC-45
Reference: E4/

a) Please provide all training and conference costs for the 2011-2019 period broken down into the following categories
   i. Training – operations/maintenance
   ii. Training – other
   iii. Conferences

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0 – VECC - 46
Reference: E5/T1

a) Is it Horizon's proposal that the annual Cost of Capital adjustment be calculated based on actual rate base or the deemed rate base arising out of the Board's approval of a 5 year plan?
b) If the former than please explain what regulatory process is anticipated for consideration of any over or under spending (higher or lower rate base than anticipated) during the rate plan.

5.0-VECC-47
Reference: E5/T1/S3

a) Horizon states that it anticipates issuing new long-term debt within the 2015-2019 rate period. Given that it is proposing a five year capital plan and interest rates are at historically low rates, why is the Utility not issuing debt in the immediate or near future?
b) Has Horizon investigated private market debt placement or borrowings? If so what were the results?

6.0 CALCULATION OF REVENUE DEFICIENCY OR SURPLUS

6.0 – VECC - 48
Reference: E6/T2/S1/pgs. 20-22

a) Horizon has a discussion with respect to issue of IFRS accounting changes on PILs and the accounting rates of return. Does Horizon have a preferred solution to the issues it raises? If so please explain.

7.0 COST ALLOCATION AND RATE DESIGN

7.0 – VECC – 49
Reference: E7/T1/S1, pg. 2 and pg. 6

a) For each of the customers in the proposed LU(2) class please describe the supply arrangements (i.e. how supply is obtained from Hydro One and the Horizon facilities used to deliver the power to the customer), including those circumstance where there is a unplanned or maintenance outage on their main supply facilities. In each case, please indicate whether any of the facilities used also provide (or can provide in the case other equipment outages) power to customers not in the LU(2) class.
b) Page 6 states that 100% of the customers in this rate class (LU(2)) are served "almost exclusively by dedicated conduit". Please indicate what the exceptions are. If some assets are "shared" with other classes, what are they and how is this treated in the cost allocation?
c) Do the LU(2) customers also have dedicated back-up "conduit" to ensure supply in cases of either an unplanned or maintenance outage of their main supply facilities?
    - If yes, is this also directly allocated?
    - If not, how are they supplied during such outages? If supply is made from non-dedicated facilities, how is this addressed in the cost allocation?

7.0 – VECC - 50
Reference: E7/T1/S1/pg.3

a) Please indicate which accounts were impacted by the Elenchus recommendation (lines 22-24) and, using 2015 as the example, provide the asset values for each (gross book value) that were reassigned form primary to secondary.

7.0 – VECC - 51
Reference: E7/T1/S1/pg.6

a) With respect to Footnote 2, please confirm that for the new allocators described with the suffix "SU" the suffix should be LU2. If not please reconcile this footnote with page 9 of the Elenchus Report on Cost Allocation.
b) Why are there no wholesale meter costs (Acct. 1820-3) assigned/allocated to the LU(2) class (i.e. use of CENexLU2)?

7.0 – VECC - 52
Reference: E7/T1/S1/pg.7
Cost Allocation Model, Tab I5.2 Weighting Factors

a) Please explain why there are no Services weighing factors for the LU(1), LU(2), Sentinel Light, Street Lighting, USL or Backup/Stand By classes.
b) Please explain why there is no Billing and Collecting weighting factor for the Backup/Stand By class but Tab I6.2 reports bills issued to this class.

7.0 – VECC - 53
Reference: E7/T1/S1/pg.7
Cost Allocation Model, TabI6.2, Tab I7.1 and Tab I7.2

a) With respect to Tab I6.2, for each year 2015-2019, please reconcile the number of bills reported (CNB) with the number of customers (CCA) for the Sentinel and USL classes.
b) With respect to Tab I6.2, the number of bills reported for the Standby Class in 2015 (84) suggests there are 7 customers. However, Tab I7.1 reports only 6 meters for 2015. Please reconcile this for 2015 and any other years showing a similar inconsistency.

c) Please explain why Tab I6.2 does not show any customer count (CCA) for the Standby class.
d) Please explain why in Tab I7.2, for the LU(1) and LU(2) classes, the meter reading units are linked to number of bills (i.e., number of customers x number of bills annually per customer) as opposed to number of meter readings (I.e. number of meters x number of bills annually per customer).

7.0 –VECC - 54
Reference: Cost Allocation Model, Tab I3

a) Please explain why there are no costs reported for Meter Reading Expense (Acct. 5310) or Customer Billing (Acct. 5315).
b) Where in the Trial Balance are these costs included.
c) Please break these costs out and revise the Cost Allocation Model accordingly.

7.0 –VECC - 55
Reference: E7/T1/S2/pg.1-2
E8/T3/S2/pg.9

The tariff sheet states that the standby charge is applied to the amount of reserve load transfer capacity contracted or the amount of monthly peak load displaced by a generating facility

a) Must all Standby customers contract for an “amount of load transfer capacity”?
b) With respect to Exhibit 8, please explain how Horizon determines whether or not Standby Power has been provided in a particular month.
c) How does Horizon determine whether the charge is to be applied to the load transfer capacity contracted or the amount of monthly peak load displaced?
d) If the later value (i.e. the amount of monthly peak load displaced) is used, how is it determined?
e) Do any of Horizon’s current Large Use customers have load displacement generation? If so, do any of them currently contract for Standby power?
f) With respect to the proposed new deferral accounts for the LU(1) and LU(2) classes, please confirm that the actual loads in 2015-

2019 could exceed the forecast for reasons that are totally unrelated to the fact these customers have load displacement generation.

g) With respect to the proposed new deferral account, why is it appropriate to establish such deferral accounts for the two Large Use classes that would return excess revenue if loads in the future exceed the forecast and not do the same for other customer classes?

7.0 –VECC - 56
Reference: E7/T1/Appendix 7-1
Cost Allocation Model, Tabs I9 and O5

a) With respect to Appendix 7-1, page 7, how many years of smart meter data does Horizon currently have and how many years' data are needed in order for the information to be used to establish load profiles for cost allocation?
b) With respect to Tabs I9 and O5, please confirm that the LU(2) class has been directly assigned assets in accounts 1840 and 1845 but has not been assigned or allocated any O&M costs associated with these assets.
c) If part (b) is confirmed, please revise the allocators for the O&M costs to include directly assigned assets and provide a revised Cost Allocation.
d) Tab I9 does not appear to attribute any depreciation to the assets directly assigned to the LU(2) class. Please indicate if this is done elsewhere in the cost allocation model and, if so where and what is the depreciation cost associated with these assets?
e) If not, please indicate what the associated depreciation cost would be and re-do the cost allocation with this cost also directly assigned to the LU(2) class.

7.0 –VECC - 57
Reference: E7/T1/S2

a) Please confirm that if, in 2015, the fixed/variable split for the GS>50, LU(1) and LU(2) classes was adjusted to put more emphasis on the variable rate, then the revenue to cost ratio for the Standby class would improve.

b) What would be the resulting R/C ratios for 2015 if the revenue shortfall from reducing the ratios for LU(1), LU(2) and USL to the upper boundaries of their respective ranges was made up by first increasing the costs allocated to class with lowest value (i.e., Street Lighting – assuming Standby remains constant), until it reaches the value for the class with second lowest R/C, and then increasing both of these up to the third lowest class' value, etc. until the deficiency is eliminated?

8.0 RATE DESIGN

8.0 –VECC - 58
Reference: E8/T1/S2/pg.7

a) Please recalculate the 2015 rates for the residential class, keeping the fixed charge at the current level of $14.92.
b) Please re-do bill impact tables 8-44 to 8-50 using these alternative 2015 distribution rates.

8.0 –VECC - 59
Reference: E8/T1/S2/pg.12

a) What is the cost of providing the transformer ownership allowance in 2015, by customer class?
b) Where/how is the "cost" recovered? It is noted that the proposed rates for the GS>50 class in 8/T3/S4 are the same as those calculated on pages 8-12 using the base revenue requirement.

8.0 –VECC - 60
Reference: E8/T1/S4/pg.1

a) What is the basis for Horizon determining there is no need to change any of the retail service charges (i.e. do the current charges adequately cover costs)?

8.0 –VECC - 61
Reference: E8/T1/S7/pg.1

a) Please confirm that Paymentus does not handle transactions of more than $275.
b) For customers that do not use their credit card for payments to Horizon, how are such payments made and now are they processed
c) What is the cost to Horizon of processing such payments entirely itself as opposed to the cost of using Paymentus (including the $5.95 transaction fee)?
d) How many payments does Horizon process annually that are less than $275 and what are these payments typically for?

8.0 –VECC - 62
Reference: E8/T1/S2/pg.4-12
E8/T2/S1/Tables 8-35 to 8-39

a) For 2015, Tables 8-7 and 8-14 derive fixed and variable charges for the GS>50 class of $376.90 and $2.5408/kW respectively using a base revenue requirement of $21,400,734. However, Table 8-35 indicates that these same rates yield a revenue of $22,927,498. Please reconcile.

9.0 DEFERRAL AND VARIANCE ACCOUNTS

9.0 –VECC - 63
Reference: E9/T3/S1

a) Are the $226,339 in IFRS project management costs the allocated cost of a Horizon employee? If so please explain why this cost was not expensed in prior years.
b) Please identify all Horizon internal costs recorded in account 1508.
c) Please confirm that the $544,360 balance represents the final costs for the IFRS transition and that the account will be closed subsequent to disposition.

End of document