



July 4, 2014

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319, 27th Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Re: Horizon Utilities Corporation 2015-2019 Distribution Rate Application  
AMPCO Interrogatories  
Board File No. EB-2014-0002

Dear Ms. Walli:

Attached please find AMPCO's interrogatories in the above proceeding. Please do not hesitate to contact me if you have any questions or require further information.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Adam White', with a long horizontal flourish extending to the right.

Adam White  
President  
Association of Major Power Consumers in Ontario

Copy to: Horizon Utilities Corporation

**Horizon Utilities Corporation  
2015-2019 Custom IR Application  
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**1.0 ADMINISTRATIVE DOCUMENTS**

1-AMPCO-1

**Ref: Exhibit 1, Tab 9, Schedule 1, Page 1**

- a) Please provide the current organization structure below each of the executives provided in Figure 5-1 and include the total number of FTEs under each executive.

1-AMPCO-2

**Ref: Exhibit 1, Tab 10, Schedule 1, Page 3**

- a) Please provide the budget for the Board of Directors 2010 to 2013 actual and the forecast costs for 2014 to 2019.

**2.0 RATE BASE**

2-AMPCO-3

**Ref: Exhibit 2, Tab 1, Schedule 1, Page 9**

- a) Capital Additions – Please provide a summary of budget vs. actual capital additions for the years 2010-2013 (providing both CGAAP & MIFRS in 2011) and 2014 budget vs. 2014 year to date and forecast to year end.

2-AMPCO-4

**Ref: Exhibit 2, Tab 1, Schedule 1, Page 10**

Preamble: Horizon indicates 30% of the assets within 6 of the 22 asset groups have a health index of poor or very poor.

- a) Please confirm the % of assets within 6 of the 22 asset groups that have a health index of poor.  
b) Please confirm the % of assets within 6 of the 22 asset groups that have a health index of very poor.

2-AMPCO-5

**Ref: Exhibit 2, Tab 1, Schedule 1, Page 12**

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Preamble: Horizon indicates its buildings and infrastructure systems are at or nearing end of life.

- a) Please provide end of life for each building and explain how this is arrived at.

2-AMPCO-6

**Ref: Exhibit 2, Tab 6, Schedule 1**

- a) Page 12 - Customer Impacts - Please discuss further how Horizon balanced distribution risks and customer bill impacts to arrive at the proposed increase for 2015 and the increases thereafter.
- b) Page 16 -Table 2-26 – Please provide the historical failure rates for the Substations provided in the table for the years 2006 to 2013.
- c) Page 17 - Please provide the net economic benefit calculation of \$22,500,000.
- d) Page 22 – Table 2-47 - Please provide the proposed metres of underground XLPE renewal for each year by operating area shown.
- e) Page 22 – Please provide historical failure rate data for underground XLPE in the operating areas shown.
- f) Page 23 – XLPE - Please compare costs per metre for reactive replacement compared to proactive replacement.
- g) Page 34 – How does Horizon define an overcrowded work environment?
- h) Page 62-Table 2-58 – Please provide the number of light duty and heavy duty vehicle replacements for each location by year.

2-AMPCO-7

**Ref: Exhibit 2, Tab 6, Schedule 3**

- a) Page 2-Table 2-63- Please provide 2014 year to date capital expenditures and forecast to year end.

2-AMPCO-8

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**Ref: Exhibit 2, Tab 6, Appendix 2-4 , Page 5**

Preamble: The evidence indicates that it has determined a need to perform a condition assessment of its key distribution assets. Such an undertaking resulted in a quantifiable evaluation of asset condition, aiding in prioritizing and allocating sustainment resources, as well as further and facilitated development of the DSP. Horizon indicates this approach is aligned with the performance-based rate setting established in the Board's RRFE.

- a) Please explain further how this approach is aligned with the performance-based rate setting of the RRFE.

2-AMPCO-9

**Ref: Exhibit 2, Tab 6, Appendix 2-4**

- a) Page 7- Please confirm the savings in the test period related to the decommissioning of nine substations.
- b) Page 20 – Please provide the comparator set of 20 urban utilities in Southern Ontario that Horizon uses to establish its annual SAIDI target.
- c) Page 21 – Please discuss if Horizon plans to implement and report CEMI & CELDI in the test period and if any targets will be set and when.
- d) Pages 21-22 – Please provide targets and results to date for the following metrics: Cost Performance Index, Schedule Performance Index and Request for Change.
- e) Page 22 – Health Index – Please provide a list of the numerous condition based parameters that Horizon uses to quantify equipment condition.
- f) Page 28 – Please provide the actual SAIDI, SAIFI and CAIDI results with loss of supply and excluding loss of supply for the years 2006 to 2008.
- g) Page 28 – Please discuss SAIDI and SAIFI trends in 2014 based on year to date results and provide Horizon's 2014-2019 SAIDI targets.

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- h) Page 28 – Interruptions by Cause – Please provide a breakdown of the specific causes that contribute to equipment & material failures.
- i) Page 29 – Figure 10 - Please provide the annual data that makes up the 30% of customer minutes (5 year average) related to equipment & material breakdown.
- j) Page 29 - Please provide further outage data (% of customer minutes) for each cause of equipment & material failures for the past 5 years.
- k) Page 37 – Horizon’s evidence references investment decisions related to the long term stewardship of the assets to provide an acceptable level of customer service. Please define an acceptable level of customer service.
- l) Page 42 – Kinetrics recommends a twenty year investment level of \$693,000,000. Please explain the basis for 20 years. Was a longer term timeframe considered such as 40 years? If not, why not?
- m) Page 50 – Results Reporting – Horizon indicates that in 2014 it will develop and implement key indicators to gauge the effectiveness of the Facilities Asset Management Planning Process. Please provide an update on the status of this work, the key indicators under consideration and when these indicators will be implemented.
- n) Page 66 – Horizon provides a map of seven operating areas in Hamilton. Please confirm the proposed investment amount (\$) by year for the years 2015 -2019 for each operating area under the categories System Access, System Renewal, System Service.
- o) Pages 70-98 – Please provide a breakdown of the specific causes that contribute to equipment & material breakdown for each operating area that contribute to the outages (% of customer minutes) provided in Figures 25, 27, 29, 31, 34, 36, 38.
- p) Page 100 – For St. Catharine’s, please provide a breakdown of the specific causes that contribute to equipment & material breakdown percentage of customer minutes shown in Figure 40.
- q) Page 100 – For St. Catharines, please provide the proposed investment amount (\$) by year for the 2015-2019 timeframe for System Renewal and System Service work.

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- r) Page 104 – Horizon indicates the Health Index distribution of substation transformers and circuit breakers has markedly improved and the Health Index distribution is now at an acceptable level. Please confirm what Horizon considers to be an acceptable level.
- s) Page 106 – Horizon indicates its capital investment programs were determined to consider the renewal investment requirements for all assets with a poor or very poor health index distribution. What would be the reduction in the proposed investment level over the 2015-2019 timeframe if only assets with a very poor health index distribution were included in the proposed capital investment program?
- t) Page 126 – Figure 64 - Horizon provides the Material /Equipment Configuration. Please provide the basis for this Figure, i.e. the timeframe used to develop the percentages shown.
- u) Page 127 – Horizon indicates reactive renewal is more costly than planned proactive renewal. Please provide a cost comparison.
- v) Page 129 – Horizon indicates that based on the Health Index Distribution and Reliability analysis proactive replacement of PILC cable is not needed at this point. Please explain how the reliability analysis was undertaken.
- w) Page 129 – Please discuss if Horizon has established a threshold level of forecast Health Index Distribution that triggers future investment.
- x) Page 136 – To address the availability of meeting room space, has Horizon opted to rent space in last five years? If so, please provide the annual cost.
- y) Page 138 – The evidence indicates Horizon has developed standards for office space. Please explain on what basis these standards were developed.
- z) Page 138 – Table 19 – Please provide the guidelines Horizon is relying on in its determination of average square foot per employee post renovation.
- aa) Page 139 – Please explain why shower and locker facilities are required at four of the buildings.

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- bb) Please discuss if Horizon considered a later timeframe or staggered timeframe to renovate its five buildings given the significant increase in other capital investments in the 2015-2019 timeframe.
- cc) Page 150 - Please identify any changes in the frequency of Horizon's maintenance, testing and inspection programs since 2011.
- dd) Page 160 – Please provide the typical frequency of insulator washing.
- ee) Page 161 – Horizon indicates that assets that exceed Horizon's ability to address pose a high level of risk. Please confirm if ability to address refers to Horizon's maintenance activities.
- ff) Page 163 – The evidence indicates for the areas Hamilton Downtown and Hamilton Waterfront Industrial, investment may be required in the construction of additional feeders or modification of existing feeders to service redevelopment in the area. In what year is this work contemplated, and are any funds for this work included in the proposed 2015 to 2019 capital budget.
- gg) Page 171 – Figure 77 - Please provide Horizon's Renewal Investment Profile if only those assets with a health index of very poor were addressed.
- hh) Page 173 – Table 31 – For each of the asset groups listed, please provide the spending levels for each of the years 2010 to 2013 and the number of units addressed in each group by year.
- ii) Page 173 – Table 31 – For each of the asset groups listed, please provide the spending levels for each of the years 2015 to 2019 and the number of units addressed in each group by year.
- jj) Page 186 – Horizon indicates its forecast is based on \$18 per square foot which is consistent with industry comparators. Please provide the data for the industry comparators.
- kk) Page 186 – Please confirm the age and end of life of the head office windows.

2-AMPCO-10

**Ref: DSP Appendix F, Page 42, Horizon Renewal Schedule**

Preamble: AMPCO summarizes the list of substations planned for renewal in 2015-2019.

<b>Station</b>	<b>Assessment Station</b>
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	<b>Health Index</b>
Aberdeen	53
Baldwin	84
Central	56
Highland	52
John	83
Strad's Lane	62
Whitney	63
York	85
Grantham	58

AMPCO notes the health index for five substations is above 60. Please provide further details on the rationale for including these stations in the 2015-2019 renewal program.

2-AMPCO-11

**Ref: Exhibit 2, Tab 8, Schedule 1**

Preamble: Horizon indicates its entire service territory is trimmed on a 3-year cycle.

- a) When did Horizon commence tree trimming on a 3 year cycle?
- b) Is Horizon aware of other electricity distributors that trim on a 3 year cycle?
- c) Please provide Horizon's budget vs. actual amounts for 2010 to 2013 and budget and year to end and end of year forecast for 2014.

**3.0 OPERATING REVENUE**

3-AMPCO-12

**Ref: Exhibit 3, Tab 1, Schedule 1**

- a) Page 3 - Please reproduce Table 3-1, Table 3-2 to include 2011 Actual MIFRS.
- b) Page 4 - Please reproduce Table 3-3 to include 2011 Actual MIFRS.



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3-AMPCO-13

**Ref: Exhibit 3, Tab 3, Schedule 1, Page 1, Table 3-40**

- a) Page 3 – Please reproduce Table 3-40 to include 2011 Actual MIFRS.

**4.0 OPERATING COSTS**

4-AMPCO-14

**Ref: Exhibit 4, Tab 1, Schedule 1, Page 10, Table 4-5**

- a) Please reproduce Table 4-5 to include 2011 Actual MIFRS.

4-AMPCO-15

**Ref: Exhibit 4, Tab 1, Schedule 1, Page 15, Table 4-6**

- a) Please explain the variance in property taxes for 2011 Board approved compared to 2011 actual, 2011 actual compared to 2012 actual and 2012 actual compared to 2013 actual.

4-AMPCO-16

**Ref: Exhibit 4, Tab 2, Schedule 2, Page 5, Table 4-13**

- a) Page 5, Table 4-13 - The Table references footnote (1). Please provide the footnote.
- b) Page 6 – Please provide the annual non-union wage increases for 2011-2014 and proposed for 2015-2019.
- c) Page 7 – Please provide a breakdown of the increase in 20 FTEs over the 2011 to 2015 period by year and job function.

4-AMPCO-17

**Ref: Exhibit 4, Tab 2, Schedule 3, Page 2, Table 4-20**

Preamble: Horizon provides OM&A cost per customer and OM&A cost per FTE.

- a) Please provide any analysis and results Horizon has undertaken to compare its historical data (2011-2013) to its comparators.

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4-AMPCO-18

**Ref: Exhibit 4, Tab 2, Schedule 3, Page 31**

- a) Please provide Human Resources costs/FTE for the 2011 to 2013 actuals and forecast costs for 2014 to 2019.

4-AMPCO-19

**Ref: Exhibit 4, Tab 2, Schedule 3, Page 37**

- a) Please provide Information Systems and Technology costs/customer for the 2011 to 2013 actuals and forecast costs for 2014 to 2019.

4-AMPCO-20

**Ref: Exhibit 4, Tab 3, Schedule 3, Page 38**

- a) Please provide Corporate Communications costs/customer for 2011 to 2013 actuals and forecast costs for 2014 to 2019.

4-AMPCO-21

**Ref: Exhibit 4, Tab 4, Schedule 2**

- a) Page 1 - Horizon indicates it participates in a variety of surveys and certain of these are of such a confidential nature that they cannot disclose the existence of such survey.
- i. Please provide a listing of the surveys Horizon has participated in since 2011.
  - ii. Please explain further why Horizon cannot disclose the existence of certain surveys.
- b) Page 1 – Please provide a summary of overtime costs from 2010 to 2013 (budget vs. actual) budget vs. year to date/end of year forecast for 2014 and forecast overtime costs for 2015-2019.
- c) Page 1 – Please explain further the additional premium payments for on-call and shift work and provide details of these costs for the years 2010 to 2013 (actuals) and budget 2014 to 2019.
- d) Page 1 – Please confirm the costs that are calculated as a percentage of employee wages.
- e) Page 2 – Please provide the pay grades for management employees.

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- f) Page 2 – Please explain how the pay grade is treated and merit increases work when an employee is at the top of their pay grade.
- g) Page 3 – Please provide the recent settlements in the Hamilton area and Ontario that Horizon typically considers in the collective bargaining process.
- h) Does Horizon consider the wage increases and benefits structure of the Ontario Public Service?
- i) Page 3 – Please identify the organizations that Horizon considers to be relevant comparators.
- j) Page 5 – Does Horizon’s formal performance review for Union employees include written documentation?
- k) Page 7 – Does Horizon’s calculation of FTE include overtime hours paid?
- l) Page 7 – Please provide a summary of vacancies for 2010 to 2013 actuals and forecast 2014.
- m) Please identify positions that have been vacant for longer than i) 6 months and ii) 12 months for the years 2011 to 2014.
- n) Page 7 – Please confirm if Appendix 2-K includes vacancy dollars.
- o) Page 7 – Please provide independent contractor amounts for the years 2010 to 2013 actuals and forecast 2014.
- p) Page 8 – Please reproduce Table 4-53 and Table 4-54 with Non-management - Union and Non-union shown separately.
- q) Page 8 – Please provide a summary of incentive pay amounts for management, union and non-union for 2011 to 2013 actuals and 2014-2019 forecast.
- r) Page 8 – Please describe how incentive pay is calculated for management, union and non-union employees.

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- s) Page 14 – Horizon provides a detailed explanation of additional new positions in 2014. Please link these positions to a division within Horizon’s organizational chart.
- t) Page 16 – Horizon references a decrease of 3 FTE in 2016 compared to 2015 (line 3) and 2.5 fewer FTE (line 6) in 2016 than 2015. Please reconcile.
- u) Page 18 – In Table 4-56 Horizon provides the cost of its employee benefits program. Is Horizon considering any benefit reform during the 2015-2019 period?
- v) Does Horizon survey its employees for feedback? If yes please provide details and the last year an employee survey was completed.