

**IN THE MATTER OF** the *Ontario Energy Board Act 1998*,  
Schedule B to the *Energy Competition Act*, 1998, S.O. 1998,  
c.15;

**AND IN THE MATTER OF** an Application by Horizon  
Utilities Corporation for an Order or Orders approving or  
fixing just and reasonable rates and other service charges for  
the distribution of electricity as of January 1, 2015.

## **TECHNICAL CONFERENCE QUESTIONS**

### **FROM THE**

### **SCHOOL ENERGY COALITION**

#### **1-SEC-53TC**

[1-SEC-2] Please explain the zero-based approach. Please explain how top-down limits are placed on budgets, if they are. Please explain how the first year budget is used as the basis for the subsequent year budgets, including how economies of scale, changes in workforce demographics, and effects of capital spending are taken into account.

#### **1-SEC-54TC**

[1-SEC-8 and 1-Staff-4] Please review the first attachment to these question, a list of Efficiency Assessments and other data for Ontario LDCs, a subset of the information in the PEG Benchmarking Update filed August 15, 2014, and confirm that the data for the Applicant is accurate. The data shows that the Applicant's efficiency has been declining over the last four years. Please provide details of the steps the Applicant is taking to ensure that this decline will be halted and then reversed, and to ensure that costs during each of the years of the IRM period will not exceed benchmark costs.

#### **1-SEC-55TC**

[1-Staff-3] Please confirm that, under the Applicant's proposal, there are no regulatory limits on the amount the Applicant can spend on capital, whether above or below the forecasts in the Application.

#### **1-SEC-56TC**

[1-Staff-6] Please explain more fully the proposed materiality threshold for reopeners, and how it would operate in practice.

**1-SEC-57TC**

[1-Staff-8, p. 3] Please explain why the Applicant should have greater rate increases than the “many other distributors.. confronted with similar requirements”. Please identify how the responses of those distributors to these requirements differ from the response of the Applicant.

**1-SEC-58TC**

[1-Staff-9] Please confirm that average annual productivity under the previous IR, 2011-2014 was \$1,247,500, while proposed average annual productivity under Custom IR, 2015-2019, is \$331,000 per year.

**1-SEC-59TC**

[1-Staff-11, Table 1] Please confirm that, but for these projects, SAIDI would be in aggregate 2.906 higher.

**1-SEC-60TC**

[1-Staff-11, p. 5] Please advise what savings resulting from “reduction in outages.. and decreased emergency and reactive maintenance” have been assumed in the Application, and show where those assumed savings are reflected in the cost forecasts.

**1-SEC-61TC**

[1-Staff-12, p. 4] Please explain the 30% per annum data growth rate. Please provide the actual rate of data growth in each of the last five years.

**1-SEC-62TC**

[1-Staff-15, Table 1] Please split this table into savings in OM&A, and savings in capital, and for the capital component provide an annual estimate of the revenue requirement impact.

**1-SEC-63TC**

[1-Staff-16] With respect to the Applicant’s productivity:

- a. Please review the second attachment to these questions, a list of data for the twenty largest LDCs in the province. Please advise if any of the data relating to the Applicant appears to be inaccurate. Please provide a detailed plan for how the Applicant plans to improve its total factor productivity of -0.15% over the period of the Custom IR plan.
- b. Attachment 1. Please confirm that the productivity amounts in the table include both OM&A and capital. Please explain how the capital productivity is integrated into the OM&A figures.

**1-SEC-64TC**

[1-Energy Probe-3] Please provide a fuller explanation of the Attachments at the Technical Conference.

**2-SEC-65TC**

[2-SEC-17] Please identify where institutional customers such as schools fit in Table 1. Please provide whatever data the Applicant has on the Value of Service applicable to schools.

**2-SEC-66TC**

[2-SEC-18, Attachment 2] Please provide a list of all institutional customers, including school boards, interviewed as part of the key account interviews. Please identify any representatives of school boards that participated in any focus groups. Please provide all written or online materials provided to customers who were interviewed individuals or in focus groups.

**2-SEC-67TC**

[2-SEC-19] Please provide a fuller explanation of Table 1 orally during the Technical Conference.

**2-SEC-68TC**

[2-SEC-20(a)] Please explain the phrase “exclusive of productivity savings” and its impact.

**2-SEC-69TC**

[2-SEC-20(c)] Please provide details of the \$335,000 of savings. Please provide a table showing, for each year from 2011 to 2019, the number of stations, and the O&M related to those stations.

**2-SEC-70TC**

[1-Staff-12, p. 5] Please identify all amounts included in capital budgets presented to the Board in prior years relating to building renovations that had not yet been completed by December 31, 2013.

**2-SEC-71TC**

[2-Staff-17(c)] Please provide details of the “rate increases to fund system renewal” proposition approved by customers. Please advise which customer groups agreed with that proposition, in which proportions, and based on what level of rate increases for what level of system renewal. Please confirm that the key account customers, other than the LU(2) customers, agreed that they should pay higher rates so that Horizon could increase its system renewal spending.

**2-SEC-72TC**

[2-Staff-20(b)] Please confirm that, the longer the Productive Asset Investment Ratio for Distribution Plant remains high:

- a. The average age of the Applicant’s distribution plant declines;
- b. The need to maintain a high Productive Asset Investment Ratio for Distribution Plant is reduced; and
- c. The OM&A costs associated with operating and maintaining the distribution plant declines.

**4-SEC-73TC**

[4-SEC-29] Please describe the reasons for the material variances between updated Tables 4-22 and 4-23, and the original tables.

#### **4-SEC-74TC**

[4-SEC-30] Please confirm that the Applicant expects to implement additional productivity initiatives during the IRM period, over and above those planned today and included in the Application.

#### **4-SEC-75TC**

[4-SEC-34] Please identify the dollar impact of the IFRS (or MIFRS) accounting change for each year impacted.

#### **4-SEC-76TC**

[4-SEC-25, Attachment] With respect to the GIS Business Case:

- a. P. 5. Please provide the dollar savings associated with the costs that are “lower on a per unit basis”, and show where they are reflected in the cost forecasts in the Application. Please identify and quantify the increases in service levels forecast, and show where they are reflected in the Application.
- b. P. 7. Please explain the first paragraph in “Financial Summary”. Please identify the “improvements in efficiency” forecast, and show where they are reflected in the cost forecasts in the Application.
- c. P. 9. Please provide the “GIS needs” document referred to.
- d. P. 9. Please provide details on all of the “major IT upgrade projects” planned, and all incremental costs arising out of those initiatives.
- e. P. 13. Please provide the dollar savings associated with the “dramatic savings in time and effort for field operations”, and show where they are reflected in the cost forecasts in the Application.
- f. P. 18. Please provide a list of “Horizon information systems” with which the GIS will not be interoperable.
- g. P. 19-21. For each of the dollar amounts on these pages, please identify whether they are OM&A, or capital, and show where they are reflected in the relevant forecasts in the Application.
- h. P. 21. Please confirm that each of the “annual benefits” are dollar savings that result in lower revenue requirement.
- i. If any of the costs or benefits included in this business case are out of date, or have been updated, please provide the updated figures.
- j. P. 22. Please provide a list of the “many improvements” the departments at Horizon are expecting from the GIS.
- k. Please reconcile the savings in the business case with the response to 1-Staff-15, p. 2.

**4-SEC-77TC**

[1-Staff-12, p. 6] Please provide details of all OM&A savings that are assumed to arise due to the John Street repairs, including utility costs, repairs and maintenance, staff disruption, and other savings, and show where these savings have been reflected in the cost forecasts in the Application.

**4-SEC-78TC**

[1-Staff-15, p. 2] Please provide further details of the e-mobile productivity savings.

**4-SEC-79TC**

[4-Staff-28, Table 2-28] Please provide details of how the Loss on Derecognition of PP&E has affected, or will affect, revenue requirement for ratemaking purposes in each of the years listed, and the basis for the financial and regulatory accounting treatments.

**4-SEC-80TC**

[Ex.4-3-3-p.1] Please provide 2014 year-to-date actuals for Table 4-22 and 4-23.

**6-SEC-81TC**

[6-SEC-38(d)] Please provide the Applicant's ranking in revenue per customer by rate class, using 2013 data. Please provide any data the Applicant has available comparing the vintage of its assets to the vintages of similar assets of other LDCs.

**6-SEC-82TC**

[6-SEC-39 and 6-SEC-40] Please confirm that no written materials were provided by KPMG to the Applicant relating to these analyses. If any written materials were provided, please provide copies. If no written materials were provided, please explain why.

**7-SEC-83TC**

[7-SEC-44] Please confirm that, on average, GS>50 distribution bills would be increased, on an ongoing basis, by 11.7% as a result of the introduction of the LU(2) class.

**8-SEC-84TC**

[8-SEC-51] Please confirm that, in light of the August 15, 2014 decision of the Board in EB-2013-0116 on fixed charges, the Applicant will keep the fixed charge for GS>50 at \$302.77 throughout the IRM period, rather than move it further above the maximum of the range. Please provide the volumetric rates for each of the five years based on a fixed charge of \$302.77 throughout.

**8-SEC-85TC**

[8-Staff-32] Please explain how the proposed increases in fixed charges are consistent, for each class, with the demand-based fixed charges proposed as part of the Revenue Decoupling consultation.

**9-SEC-86TC**

[9-Staff-37 (a)] Please explain how the Applicant's answer is consistent with current Board policy.

Submitted by the School Energy Coalition on this 15<sup>th</sup> of August, 2014.

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Jay Shepherd  
Counsel for the School Energy Coalition

Company	Year	Efficiency Assessment					Cost per Customer	Cost per km of Line
		2010	2011	2012	2013	Three Year		
HYDRO HAWKESBURY INC.	2013	-61.8%	-59.4%	-55.8%	-51.1%	-55.5%	284	23,045
WASAGA DISTRIBUTION INC.	2013	-46.8%	-46.3%	-37.8%	-41.6%	-42.1%	407	20,238
HEARST POWER DISTRIBUTION COMPANY LIMITED	2013	-26.3%	-30.1%	-28.4%	-33.1%	-30.6%	414	16,980
HALTON HILLS HYDRO INC.	2013	-27.2%	-24.9%	-27.5%	-35.7%	-29.5%	642	9,034
E.L.K. ENERGY INC.	2013	-28.2%	-26.2%	-25.4%	-33.2%	-28.3%	401	29,697
NORTHERN ONTARIO WIRES INC.	2013	-38.5%	-35.7%	-25.8%	-21.5%	-27.6%	687	11,268
HALDIMAND COUNTY HYDRO INC.	2013	-27.6%	-24.1%	-18.7%	-23.7%	-22.2%	681	8,310
COOPERATIVE HYDRO EMBRUN INC.	2013	-19.3%	-16.9%	-26.4%	-18.9%	-21.2%	568	39,819
KITCHENER	2013	-22.9%	-22.8%	-20.7%	-19.3%	-21.1%	466	22,062
NEWMARKET	2013	-14.6%	-21.0%	-19.5%	-19.5%	-20.1%	543	22,272
ESPANOLA REGIONAL HYDRO DISTRIBUTION CORPORATION	2013	-22.6%	-21.8%	-15.5%	-19.3%	-18.9%	612	14,642
OSHAWA PUC NETWORKS INC.	2013	-21.7%	-18.0%	-14.5%	-17.4%	-16.7%	505	27,050
MILTON HYDRO DISTRIBUTION INC.	2013	-4.1%	-3.0%	-37.6%	-4.5%	-15.7%	654	22,402
ESSEX POWERLINES CORPORATION	2013	-17.0%	-17.1%	-12.6%	-17.2%	-15.7%	482	29,323
GRIMSBY POWER INCORPORATED	2013	-23.1%	-18.6%	-9.6%	-16.9%	-15.2%	538	23,739
WELLAND HYDRO-ELECTRIC SYSTEM CORP.	2013	-19.6%	-16.2%	-10.4%	-15.2%	-14.0%	472	23,533
LAKEFRONT UTILITIES INC.	2013	-14.7%	-12.5%	-18.7%	-7.4%	-12.9%	465	39,825
ENERSOURCE HYDRO MISSISSAUGA INC.	2013	-9.5%	-16.1%	-9.5%	-10.7%	-12.3%	692	26,742
Entegrus Powerlines	2013	-13.1%	-13.4%	-10.9%	-12.5%	-12.3%	531	22,407
LONDON HYDRO INC.	2013	-16.8%	-10.1%	-11.1%	-11.0%	-10.8%	466	24,430
LAKELAND POWER DISTRIBUTION LTD.	2013	-7.5%	-10.0%	-13.6%	-6.4%	-10.1%	700	22,852
RIDEAU ST. LAWRENCE DISTRIBUTION INC.	2013	-10.6%	-13.8%	-6.7%	-7.2%	-9.3%	489	27,552
HORIZON UTILITIES CORPORATION	2013	-13.0%	-13.7%	-6.9%	-5.5%	-8.8%	499	35,054
BURLINGTON HYDRO INC.	2013	-7.6%	-7.1%	-9.0%	-7.5%	-8.0%	587	25,773
HYDRO ONE BRAMPTON NETWORKS INC.	2013	-5.8%	-7.4%	-9.2%	-5.7%	-7.8%	586	27,565
COLLUS POWER CORPORATION	2013	-8.2%	-9.5%	-1.2%	-12.3%	-7.7%	500	23,849
KENORA HYDRO ELECTRIC CORPORATION LTD.	2013	-11.5%	-4.6%	-5.2%	-11.2%	-6.8%	532	30,201
HYDRO 2000 INC.	2013	-14.8%	-12.2%	-0.8%	-1.0%	-4.7%	531	30,838
WHITBY HYDRO ELECTRIC CORPORATION	2013	0.4%	-3.0%	-7.0%	-0.9%	-4.1%	642	24,806
INNISFIL HYDRO DISTRIBUTION SYSTEMS LIMITED	2013	-7.1%	-6.2%	-2.4%	-2.8%	-3.9%	732	14,168
CAMBRIDGE and NORTH DUMFRIES HYDRO INC.	2013	-10.1%	-7.8%	-3.3%	0.5%	-3.7%	624	28,714
ORILLIA POWER DISTRIBUTION CORPORATION	2013	-3.5%	-1.9%	-3.7%	-4.7%	-3.5%	591	32,280
VERIDIAN CONNECTIONS INC.	2013	-4.7%	-4.5%	2.4%	-4.5%	-2.3%	529	23,757
CENTRE WELLINGTON HYDRO LTD.	2013	-8.7%	-4.9%	0.4%	0.4%	-1.5%	614	27,271
POWERSTREAM INC.	2013	-7.4%	-6.4%	1.2%	3.0%	-1.0%	653	29,912
WESTARIO POWER INC.	2013	-3.1%	-0.2%	-1.4%	2.2%	0.2%	550	24,220
ST. THOMAS ENERGY INC.	2013	-6.4%	-4.5%	6.8%	-0.3%	0.6%	533	33,412
ORANGEVILLE HYDRO LIMITED	2013	-2.7%	1.6%	0.8%	0.1%	0.7%	577	32,555
BRANTFORD POWER INC.	2013	3.8%	-2.5%	4.7%	0.7%	0.9%	507	39,373
NORFOLK POWER DISTRIBUTION INC.	2013	-1.8%	-2.6%	6.0%	1.2%	1.5%	689	16,915
OTTAWA RIVER POWER CORPORATION	2013	-2.9%	2.7%	0.0%	4.3%	2.3%	505	32,410
NIAGARA-ON-THE-LAKE HYDRO INC.	2013	7.6%	6.5%	2.7%	-0.7%	2.7%	699	18,516
KINGSTON HYDRO CORPORATION	2013	0.1%	2.2%	2.4%	3.7%	2.8%	517	38,667
SIoux LOOKOUT HYDRO INC.	2013	0.6%	-1.4%	7.2%	2.9%	2.9%	802	7,845
GUELPH HYDRO ELECTRIC SYSTEMS INC.	2013	12.4%	14.7%	-2.0%	0.8%	4.2%	608	28,952
THUNDER BAY HYDRO ELECTRICITY DISTRIBUTION INC.	2013	9.6%	8.0%	-2.8%	8.2%	4.4%	585	25,631
HYDRO OTTAWA LIMITED	2013	-0.1%	-2.6%	7.8%	8.5%	4.5%	579	33,222
BLUEWATER POWER DISTRIBUTION CORPORATION	2013	-3.2%	1.7%	6.4%	5.9%	4.6%	646	29,017
NIAGARA PENINSULA ENERGY INC.	2013	5.4%	5.2%	10.2%	1.1%	5.4%	672	17,408
NORTH BAY HYDRO DISTRIBUTION LIMITED	2013	3.6%	5.5%	5.8%	5.4%	5.5%	614	25,228
WATERLOO NORTH HYDRO INC.	2013	-3.1%	6.4%	4.3%	10.6%	7.0%	728	25,066
PARRY SOUND POWER CORPORATION	2013	4.7%	4.6%	2.4%	13.9%	7.0%	805	21,599
ERIE THAMES POWERLINES CORPORATION	2013	14.9%	14.4%	3.9%	7.9%	8.7%	610	32,792
FORT FRANCES POWER CORPORATION	2013	14.8%	10.5%	11.7%	6.4%	9.6%	622	30,237
PUC DISTRIBUTION INC.	2013	-8.5%	-5.2%	13.4%	22.7%	10.2%	687	30,950
GREATER SUDBURY HYDRO INC.	2013	-2.4%	14.1%	16.7%	4.8%	11.9%	560	26,887
OAKVILLE HYDRO ELECTRICITY DISTRIBUTION INC.	2013	7.6%	12.4%	10.6%	13.8%	12.0%	730	26,377
BRANT COUNTY POWER INC.	2013	15.6%	22.4%	11.5%	5.5%	13.0%	731	13,939
CANADIAN NIAGARA POWER INC.	2013	16.4%	15.6%	10.0%	13.8%	13.2%	726	20,275
TILLSONBURG HYDRO INC.	2013	13.5%	10.7%	12.2%	19.5%	14.1%	736	32,796
PETERBOROUGH DISTRIBUTION INCORPORATED	2013	14.0%	15.6%	13.2%	14.5%	14.4%	562	35,731
WELLINGTON NORTH POWER INC.	2013	7.4%	18.0%	12.8%	17.7%	16.1%	785	38,175
ENWIN UTILITIES LTD.	2013	17.8%	16.8%	23.9%	10.3%	16.9%	652	48,500
RENFREW HYDRO INC.	2013	15.3%	18.3%	18.3%	15.7%	17.4%	561	39,493
ATIKOKAN HYDRO INC.	2013	14.9%	7.7%	32.9%	11.6%	17.5%	908	16,430
MIDLAND POWER UTILITY CORPORATION	2013	16.4%	17.0%	19.6%	18.6%	18.2%	662	34,376
FESTIVAL HYDRO INC.	2013	20.5%	18.0%	20.2%	19.6%	19.2%	627	49,466
CHAPLEAU PUBLIC UTILITIES CORPORATION	2013	17.5%	14.8%	24.0%	20.5%	19.8%	653	30,175
WOODSTOCK HYDRO SERVICES INC.	2013	33.5%	32.9%	29.0%	28.1%	30.0%	739	48,418
WEST COAST HURON ENERGY INC.	2013	14.4%	16.0%	34.8%	41.4%	30.7%	820	50,545
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	2013	41.7%	47.7%	45.1%	48.4%	47.0%	924	66,793
HYDRO ONE NETWORKS INC.	2013	58.6%	57.3%	58.7%	27.6%	47.8%	1,046	10,682
ALGOMA POWER INC.	2013	62.0%	68.1%	66.4%	71.2%	68.5%	1,952	12,302

**Performance Comparisons of Twenty Largest LDCs**

Utility	TFP	Customers		OM&A/Customer		Dx Revenue/Customer		Capital Assets/Customer		CapAdds/Dep		
		Current	Growth	% Residential	Current	Change	Current	Change	Current	Change	2012	Average
HYDRO ONE BRAMPTON NETWORKS INC.	1.84%	141,789	12.51%	92.86%	\$144.24	13.67%	\$436.65	-14.44%	\$2,114.53	-10.02%	356.86%	241.14%
ENWIN UTILITIES LTD.	1.46%	85,611	1.01%	90.34%	\$306.78	-10.94%	\$599.96	11.38%	\$2,269.37	9.79%	249.20%	143.55%
VERIDIAN CONNECTIONS INC.	1.10%	115,276	5.54%	91.56%	\$238.24	46.29%	\$484.38	14.65%	\$1,654.29	30.57%	145.62%	189.36%
OAKVILLE HYDRO ELECTRICITY DISTRIBUTION INC.	1.01%	64,106	7.05%	90.92%	\$223.21	27.78%	\$543.19	1.08%	\$2,394.56	40.62%	110.61%	216.15%
ENERSOURCE HYDRO MISSISSAUGA INC.	0.93%	197,737	7.63%	88.95%	\$267.42	5.46%	\$591.92	-6.65%	\$2,550.98	15.36%	213.82%	156.45%
KITCHENER-WILMOT HYDRO INC.	0.73%	89,023	7.78%	90.33%	\$189.02	25.64%	\$497.09	20.31%	\$1,938.38	18.94%	212.20%	199.16%
THUNDER BAY HYDRO ELECTRICITY DISTRIBUTION INC.	0.36%	49,998	1.17%	89.89%	\$262.57	7.62%	\$442.66	26.75%	\$1,548.54	26.02%	172.73%	182.23%
CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.	0.20%	51,980	6.20%	89.52%	\$266.21	49.00%	\$502.48	11.31%	\$1,848.38	12.39%	345.48%	192.06%
OSHAWA PUC NETWORKS INC.	0.14%	53,360	4.67%	91.81%	\$210.65	20.83%	\$361.05	-7.03%	\$1,325.10	38.55%	413.59%	251.93%
POWERSTREAM INC.	0.02%	340,342	11.68%	89.56%	\$244.47	44.85%	\$495.01	2.17%	\$2,555.63	29.37%	334.54%	227.02%
BURLINGTON HYDRO INC.	-0.05%	65,377	5.83%	90.57%	\$252.49	22.97%	\$555.14	18.74%	\$1,561.11	21.94%	214.62%	199.13%
HYDRO OTTAWA LIMITED	-0.09%	309,523	7.85%	91.17%	\$234.64	56.58%	\$505.21	12.94%	\$1,987.47	19.58%	214.90%	181.90%
HORIZON UTILITIES CORPORATION	-0.15%	237,174	2.01%	91.39%	\$217.04	36.37%	\$465.14	22.13%	\$1,697.10	30.85%	288.21%	193.27%
LONDON HYDRO INC.	-0.19%	149,739	5.37%	90.85%	\$208.64	17.02%	\$432.43	12.20%	\$1,551.44	25.09%	156.38%	170.73%
GREATER SUDBURY HYDRO INC.	-0.25%	46,879	8.60%	90.50%	\$298.74	-16.71%	\$537.59	9.82%	\$1,435.52	4.41%	147.58%	163.29%
GUELPH HYDRO ELECTRIC SYSTEMS INC.	-0.30%	51,548	8.02%	91.48%	\$266.86	18.75%	\$521.65	1.05%	\$2,494.31	39.32%	240.55%	276.87%
NIAGARA PENINSULA ENERGY INC.	-0.67%	50,986	1.58%	89.97%	\$289.67	10.19%	\$564.86	2.32%	\$2,038.52	22.13%	159.26%	179.62%
WATERLOO NORTH HYDRO INC.	-0.76%	53,386	7.72%	88.47%	\$219.96	25.39%	\$639.53	23.96%	\$3,227.03	71.50%	221.12%	282.65%
HYDRO ONE NETWORKS INC.	-2.24%	1,221,036	4.06%	90.23%	\$439.77	7.19%	\$1,032.86	18.52%	\$4,811.59	43.07%	245.83%	227.77%
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED	-2.47%	718,609	5.69%	88.77%	\$338.71	46.88%	\$759.44	10.84%	\$3,602.32	37.39%	219.92%	223.20%
Averages	0.03%		6.10%	90.46%	\$255.97	22.74%	\$548.41	9.60%	\$2,230.31	26.34%	233.15%	204.87%