DRAFT ISSUES LIST – EB-2014-0002

# 1.0 CUSTOM APPLICATION

1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

1.2 Has Horizon responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

1.3 What actions should the Board require Horizon take at or near the end of the 5-year rate term (e.g. rebasing, plan assessment, measurement of customer satisfaction)?

1.4 Do any of Horizon’s proposed rates require rate smoothing or mitigation?

# 2.0 OUTCOMES AND INCENTIVES

2.1 Does Horizon’s Custom Application promote and incent acceptable outcomes for existing and future customers (including, for example, cost control, system reliability, service quality, and bill impacts)?

2.2 Does the Custom Application adequately incorporate and reflect the four outcomes identified in the RRFE Report: customer focus, operational effectiveness, public policy responsiveness and financial performance?

2.3 Is the monitoring and reporting of performance proposed by Horizon adequate to demonstrate whether the planned outcomes are achieved?

2.4 Are Horizon’s proposed off-ramps, reopeners, annual adjustments and annual adjustments outside the normal course of business appropriate? Has Horizon demonstrated adequately its ability and commitment to manage within any rates set via this proceeding, given that actual costs and revenues will vary from those forecast?

# 3.0 REVENUE REQUIREMENT

3.1 Is the rate base component of the revenue requirement for 2015 – 2019 as set out in the Custom Application appropriate?

3.2 Are the capital expenditures and the capital additions component of the revenue requirement for 2015 – 2019 as set out in the Custom Application appropriate and is the rationale for planning choices appropriate and adequately explained and supported, considering:;

1. customer feedback and preferences;
2. productivity and sharing of benefits:
3. benchmarking of costs;
4. reliability and service quality;
5. impact on distribution rates;
6. trade-offs with OM&A spending;
7. government-mandated obligations; and
8. the applicant’s objectives?

3.3 Is the proposal to leave stranded meters in rate base appropriate?

3.4 Is the capital structure and cost of capital component of the revenue requirement for 2015 – 2019 as set out in the Custom Application appropriate?

3.5 Is the depreciation component of the revenue requirement for 2015 – 2019 as set out in the Custom Application appropriate?

3.6 Is the taxes / PILs component of the revenue requirement for 2015 – 2019 as set out in the Custom Application appropriate?

3.7 Is the OM&A component of the revenue requirement for 2015 – 2019 as set out in the Custom Application appropriate and is the rationale for planning choices appropriate and adequately explained and supported considering:

1. customer feedback and preferences;
2. productivity and sharing of benefits
3. benchmarking of costs;
4. reliability and service quality;
5. impact on distribution rates;
6. trade-offs with capital spending;
7. government-mandated obligations; and
8. the applicant’s objectives?

3.8 Is the compensation strategy for 2015 – 2019 appropriate and does it result in reasonable compensation costs?

3.9 Are the proposed other operating revenues for 2015 – 2019 appropriate?

3.10 Is the customer and load forecast a reasonable reflection of the energy and demand requirements of the applicant for 2015 – 2019?

# 4.0 COST ALLOCATION AND RATE DESIGN

4.1 Are the rate classes and their definitions proposed by Horizon appropriate, including the new LU (2) class?

4.2 Are the inputs to the cost allocation model appropriate?

4.3 Are the costs appropriately allocated?

4.4 Are the revenue-to-cost ratios for all rate classes over the 2015-2019 period appropriate?

4.5 Are Horizon’s proposed charges for street lighting appropriate?

4.6 Are the proposed fixed and variable charges for all rate classes over the 2015-2019 period appropriate?

4.7 Are the proposed charges for miscellaneous services over the 2015-2019 period reasonable?

4.8 Are the proposed line losses over the 2015-2019 period appropriate?

# 5.0 DEFERRAL AND VARIANCE ACCOUNTS

5.1 Should the existing deferral and variance accounts proposed for continuation be continued, and should those proposed for termination be terminated?

5.2 Are any proposed new deferral and variance accounts reasonable?

5.3 Are the balances and the proposed methods for disposing of the balances in the deferral and variance accounts appropriate?