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December 23, 2014

BY FAX & BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2014-0002
Horizon Utilities Corporation --- 2015 – 2019 Custom IR Cost of Service
Energy Probe – Comments on Draft Rate Order

Pursuant to the Decision and Order, issued December 11, 2014, please find attached the Comments of Energy Probe Research Foundation (Energy Probe) in respect of the Draft Rate Order in the EB-2014-0002 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

- cc. Indy Butany-DeSouza, Horizon Utilities (By email)
J. Mark Rodger, Borden Ladner Gervais LLP (By email)
James C. Sidlofsky, Borden Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (By email)
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Ontario Energy Board

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

AND IN THE MATTER OF an application by Horizon
Utilities Corporation for an order approving just and reasonable
rates and other charges for electricity distribution to be
effective January 1, 2015, and for each following year through
to December 31, 2019.

**COMMENTS ON DRAFT RATE ORDER OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

December 23, 2014

**HORIZON UTILITIES CORPORATION
2015 RATES REBASING CASE
EB-2014-0002**

**ENERGY PROBE RESEARCH FOUNDATION
DRAFT RATE ORDER COMMENTS**

The following are comments on the Draft Rate Order ("DRO") filed by Horizon Utilities Corporation ("Horizon") on December 18, 2014, along with the additional information filed on December 22, 2014.

Energy Probe has reviewed the draft rate order and provides the following comments with respect to specific issues that it has identified.

Overall, Energy Probe believes that the DRO accurately reflects the Ontario Energy Board ("Board") Decision and Order ("Decision") dated December 11, 2014.

a) Revenue Requirement and Deficiency Calculations

Energy Probe has reviewed the changes in the revenue requirement and the deficiency as a result of the Board's Decision as compared to the Settlement Agreement that was approved and adopted by the Board on October 10th, 2014. There have been three sets of changes made. Each is discussed below.

i) Increase in Rate Base Associated with Updated RTSRs

Horizon has updated the transmission rates to reflect actual 2014 rates in place of their forecasted figures which were escalated in 2015 through 2019 based on their own forecast. Based on the figures provided, Energy Probe submits that the figures appear accurate.

ii) Cost of Capital Parameter Updates

The cost of capital parameter updates were the result of the Board's updated cost of capital parameters that was issued on November 20th, 2014. Energy Probe has reviewed these changes, along with the associated change in PILs and believes they are accurate.

iii) Reduction in Revenue at Existing Rates

As reflect in the RRWFs for each of 2015 through 2019, there has been a reduction in the revenue at existing rates in each year. Energy Probe, with the assistance of Horizon, has reviewed this decrease and believes the changes are appropriate. The changes reflect a combination of changes including the revised load profiles as directed by the Board in the cost allocation model, the movement of one additional customer from the Large Use (1) class to the Large Use (2) class, and the reduction in the revenue requirement across all five years as a result of the cost of capital parameter updates.

b) Allocation of Costs and Rate Design

Energy Probe has reviewed the allocation of costs and the rate design and believes they correctly reflect the Board's Decision in both of these areas.

c) Wording of Appendix A

Energy Probe notes that Appendix A is labeled a "Partial Settlement Proposal" in the cover letter to the DRO, and is referred to as the "Board-approved Settlement Agreement" on page 2 of the DRO at lines 8 and 9.

However, at line 25 on page 2 of the DRO, Appendix A is labeled as a "Partial Board-approved Settlement Agreement" which is the same as the label included on Appendix A to the DRO.

Energy Probe submits that this labeling is misleading in that it implies that there was partial Board approval on the settlement agreement, when in fact the Board approved the complete settlement proposal.

To avoid confusion, Energy Probe submits that all references to Appendix A should be the same and should be the "Board-approved Settlement Agreement". This would ensure consistency in the document and eliminate any confusion around partial Board approval.