



PUBLIC INTEREST ADVOCACY CENTRE
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October 14, 2015

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-2015-0075 – Horizon Utilities Corporation
2016 Distribution Rates
Technical Conference Questions of Vulnerable Energy Consumers Coalition (VECC)**

In accordance with Procedural Order No.1 please find attached specific questions with respect to the above noted application. At the Technical Conference scheduled for October 23, VECC may pursue further questions related to the issue of re-openers under the approved settlement agreement and the proposals in this application related to fixed distribution charges and monthly billing.

Yours truly,

Michael Janigan
Counsel for VECC

Indy J. Butany-DeSouza, Vice-President, Regulatory Affairs
Email: indy.butany@horizonutilities.com

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REQUESTOR NAME	VECC
TO:	Horizon Utilities Corp. (Horizon)
DATE:	October 14, 2015
CASE NO:	EB-2015-0075
APPLICATION NAME	2016 Distribution Rate Application

2.0 ANNUAL ADJUSTMENTS (Pages 5-10)

2.0 – VECC - 1

Reference: Annual Update Filing, Tab 2, pages 9-10
EB-2014-0002 Settlement Proposal, page 56

Preamble: From EB-2014-0002 Settlement Proposal, page 56:

For the purposes of settlement, the Parties have agreed that Horizon Utilities' proposed charges for miscellaneous services over the 2015-2019 periods are reasonable. However, the Parties have also agreed that Horizon Utilities will retain an external consultant to conduct a study of its Specific Service Charges for the purposes of determining appropriate levels of charges. The intention of the study is to ensure that the charges incorporate the costs of providing the services and avoid, to the extent possible, subsidization of customers who are subject to such charges by those customers who are not. The Parties have agreed that Horizon Utilities will consult with intervenor representatives in the current proceeding in establishing the Terms of Reference for the study. Horizon Utilities agrees to explore opportunities to collaborate with other utilities on the study including the sharing of costs.

- a) What are Horizon's current plans as to when it will initiate the referenced study and, in particular, consultation with intervenors regarding the Terms of Reference?

3.0 MODELS (Pages 10-11)

3.0 –VECC -2

Reference: Annual Update Filing, Tab 2, page 10
2016 Cost Allocation Model, Tab I6.1
2016 Revenue Requirement Work Form, Rev_Def_Suff Tab

- a) The 2016 Revenue at Current Rates as set out in the Cost Allocation Model (\$109,100,990) does not equal the 2016 Revenue at Current Rates as set out in the Revenue Requirement Work Form (\$109,258,404). Please reconcile and provide corrected models as required.

4.0 COST ALLOCATION (Pages 11-33)

4.0 -VECC -3

Reference: Annual Update Filing, Tab 2, page 13
2016-2019 Cost Allocation Models, Tab I6.1, I6.2 and I8
EB-2014-0002 Horizon December 18, 2014 Draft Rate Order,
Appendix G, 2016-2019 Cost Allocation Models, Tab I6.1 & I8

- a) Please provide a schedule that identifies the four Street Lighting customers and the number of Street Light devices forecast to be owned by each in 2016 (totaling 52,356 per Tab I6.2 of the 2016 CA model filed with the Application).
- b) The Annual Update filing states that the City of Hamilton's LED street light conversion was to be completed prior to September 30, 2015. Please confirm whether the work has been completed and, if not, what the new completion date is.
- c) Please provide justification supporting the 1,600 kW reduction claimed by the City of Hamilton (e.g., # of devices to be converted and anticipated watts use/device before and after conversion).
- d) It is noted that the 2016 billing kW for Street Lighting as included in the EB-2014-0002 Draft Rate Order was 109,948 and that the value in the current 2016 Cost Allocation model is 88,948. Please explain how the current 2016 value of 88,948 was derived from the 1,600 kW savings claimed.
- e) Please explain how the kWh and NCP values for Street Lighting as used in the current 2016 Cost Allocation (Tabs I6.1 and I8) were derived. Were they simply calculated by using the same % reduction as determined for billing kW? If not, why not?
- f) Please explain the basis for the change in the 2017-2019 kW and kWh values used in the Cost Allocation models (Tab I6.1) as between the EB-2014-0002 Draft Rate Order and the current Application.

4.0 -VECC -4

Reference: Annual Update Filing, Tab 2, page 14
2016 Cost Allocation Model, Tab I6.1; I6.2 and I8
EB-2014-0002 Horizon Draft Rate Order, Appendix G,
2016 Cost Allocation Tab I6.1; I6.2 and I8

- a) Apart from Street Lighting, have the 2016 load and customer count values

for any of the other customer classes changed as between EB-2014-0002 Draft Rate Order and the current Application? If so, please indicate what the changes are and why they were made.

4.0 -VECC -5

Reference: Annual Update Filing, Tab 2, pages 18-22
2016 Cost Allocation Model, Tab O1

- a) Please provide the equivalent of the Board's Appendix 2-P consistent with the current 2016 application. For the Board Approved values use the 2016 Board Approved values as per EB-2014-0002.
- b) Please provide a schedule that sets out the derivation of the 2016 revenue to cost ratio changes for the other classes that are required to make up the revenue shortfall that results for the proposed changes to the Street Lighting and LU(2) ratios (per page 21, lines 12-18).
- c) Please provide an alternative version of the Board's Appendix 2-P, where the revenue to cost ratio for Street Lighting is set at 120% as opposed to 100%.

4.0 -VECC -6

Reference: Annual Update Filing, Tab 2, pages 23-33
2017-2019 Cost Allocation Models, Tab I6.1; I6.2; I8 and O1

- a) Please provide, for 2017-2019, the equivalent of the Board's Appendix 2-P for each year's cost allocation results and the proposed revenue to cost ratio changes consistent with the current application. For the Board Approved values use the 2017-2019 Board Approved values as per EB-2014-0002.
- b) For each year, please indicate those customer classes where the revenue to cost ratios have been specifically adjusted (as opposed to altered simply as a result of rounding).
- c) Are the Cost Allocation models and proposed revenue to cost ratio adjustments for 2017-2019 being provided: i) simply for information purposes or ii) for Board approval in terms of the inputs and approach used (exclusive of the revenue requirement)?
- d) Please confirm that, except for Street Lighting, the customer count, kWh, kW and NCP values used in the current cost allocations are the same as those approved for 2017-2019 in EB-2014-0002. If not, please explain the basis for any changes.

5.0 NEW RATE DESIGN AND BILL IMPACTS (Pages 33-41)

5.0-VECC-7

Reference: Annual Filing Update, Tab 2, page 40

- a) Please re-do the bill impact analysis based on 221 kWh per month but incorporate the following changes as between 2015 and 2016:
- The planned elimination of the Debt Retirement charge for 2016,
 - Include the OCEB for 2015 along with its planned elimination in 2016, and
 - The planned OESP charge (per Tab 2, page 3) to be implemented in 2016.

5.0-VECC-8

Reference: Annual Filing Update, Tab 2, page 41
Annual Filing Update, Amended Appendix C

- a) Please re-do the bill impact analysis in Appendix C but incorporate the following changes as between 2015 and 2016:
- The planned elimination of the Debt Retirement charge for 2016,
 - Include the OCEB for 2015 along with its planned elimination in 2016, and
 - The planned OESP charge (per Tab 2, page 3) to be implemented in 2016.
- b) Please re-do the Table 38 on page 41 based on the results from part (a).

5.0-VECC-9

Reference: Annual Filing Update, Tab 2, page 34
EB-2014-0002 Horizon Draft Rate Order, Appendix H

- a) Please provide a schedule that for the customer classes other than residential sets out the fixed-variable split as currently proposed for 2016 rates and compares them with the 2016 fixed-variable splits as included in the EB-2014-0002 Draft Rate Order.(Appendix H).
- b) Please provide the equivalent of the OEB's Appendix 2-V, setting out the revenue reconciliation for the proposed 2016 rates and revenue requirement.

7.0 NEW DEFERRAL ACCOUNTS (Page 44-45)

7.0 – VECC –10

Reference: Annual Filing Update, Tab 2, page 44
EB-2014-0002, Exhibit 2, Tab 4, Schedule 1, Appendix 2-3

- a) Please provide a schedule that breaks down the number of customers that are currently billed bi-monthly by customer class and, in each case, indicate the total number of customers currently in the class.
- b) It is noted from the Working Capital Study filed for EB-2014-0002 (page 8), the USL and Sentinel Light customers are also currently billed bi-monthly. Does Horizon plan to also convert these customers to monthly billing?
- c) When does Horizon expect to change to monthly billing?
- d) Does Horizon also intend to track in the proposed deferral account the impact of the change to monthly billing on working capital requirements and the subsequent change in carrying costs and taxes? If not, why not?
- e) It is noted that the Navigant Study on Determination of the Working Capital Requirements filed with the EB-2014-0002 Application assumed that all Residential, GS<50, USL and Sentinel customers were bi-monthly billed in deriving its 12.7% working capital percentage. What would the revised working capital percentage be if the customers Horizon is planning on converting to monthly billing were included in the working capital study as monthly billed?

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