

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

October 12, 2016

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Horizon Utilities Corporation (Horizon Utilities)
Application for Third Year Update for its Custom IR Application
OEB Staff Interrogatories
Ontario Energy Board File Number: EB-2016-0077**

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Horizon Utilities and all intervenors have been copied on this filing.

Horizon Utilities' responses to interrogatories are due by November 2, 2016.

Yours truly,

Original Signed By

Donald Lau
Project Advisor – Rates Major Applications

Attach.

OEB Staff Interrogatories
Application for Third Year Update for its Custom IR Application
Horizon Utilities Corporation (Horizon Utilities)
EB-2016-0077
October 12, 2017

RTSR Work Form

1-Staff-1

Large Use customer Non-loss Adjusted Metered kWh

Ref: RTSR Work Form – 4. RRR

Ref: DVA Continuity Schedule

Horizon provided class determinants in the RTSR Work Form with values from RRR and also provided class determinants in DVA Continuity Schedule with values from RRR.

- a) Please explain the difference in Non-loss Adjusted Metered kWh for Large Use and Large Use – Regular rate class and the billing determinants in the DVA work sheet.
- b) Please explain the difference in Non-loss Adjusted Metered kW for Large Use rate class and the billing determinants in the DVA work sheet.

1-Staff-2

Historical Hydro One Network, Line Connection, and Transformation Connection Rate

Ref: RTSR Work Form – 6. Historical Wholesale

Horizon provided Hydro One Sub-Transmission Rates for January - April for 2015 and May 2015 – January 2016 in tab “5. UTRs and Sub-Transmission”. 2015 rates were also calculated in tab “6. Historical Wholesale”.

- a) Please explain the difference in rates calculated between the months January to April for Hydro One Network, Line Connection, and Transformation Connection in tab “6. Historical Wholesale” (\$3.41, \$0.79, and \$1.80 respectively) and the rate provided in tab “5. UTR and Sub-Transmission”. (\$3.23, \$0.65, and \$1.62 respectively).

Annual Adjustments

1-Staff-3

Capital Investment Variance Account

Ref: Table 3 – 2015 Capital Additions – 2015 Actual vs. Custom IR Application

- a) Please confirm the approved Capital Additions used for the calculation of Capital Investment Variance Account calculation is the same as the approved Capital Expenditures in the settlement proposal EB-2014-0002.
- b) If not the same, please provide the approved capital additions for 2015 in the settlement proposal.
- c) Please explain why the actuals capital additions are \$8,328,692 higher than the forecasted amount.
- d) Were all of the projects proposed in the Capital Expenditure Plan for 2015 completed?
- e) If not, please provide details of forecasted projects versus completed projects.

Cost Allocation

1-Staff-4

Street Lighting Adjustment Factor

Ref: Table 4 – 2017 Street Lighting Adjustment Factor

Horizon provided 2017 number of customers for the residential rate class for calculating average NCP4 per customer.

- a) Please explain the difference in number of residential customers used in Table 4 and the 2017 load forecast in the EB-2014-0002 settlement agreement.

1-Staff-5

2017 Proposed Revenue Requirement

Ref: Table 7 – 2017 Base and Service Revenue Requirement by Class

Horizon had referenced the Total Base Revenue Requirement approved by the Board in 2017 to be \$121,162,742.

- a) Please explain the decrease in service revenue requirement from \$121,316,177 in the settlement proposal to \$121,162,742 in the application.
- b) Please also clarify if the total in table 7 is Base Revenue Requirement or Service Revenue Requirement.

New Distribution Rate Design

1-Staff-6

New Distribution Rate Design

Ref: Page 33 of 69 line 17

Ref: Table 25 – Base Revenue Requirement by Rate Class

On page 33 Horizon had stated “The Residential portion of the proposed 2017 base revenue requirement to which the new distribution rate design applies is \$71,374,149 as identified in the table below.” In Table 25 the Residential portion of the 2017 proposed revenue requirement is \$71,373,807.

- a) Please confirm which is the correct number for residential revenue requirement \$71,374,149 or \$71,373,807.

Summary of Adjustments to the Revenue Requirement

1-Staff-7

Cost of Power 2017 Annual Filing

Ref: Table 31 – Cost of Power 2017 Annual Filing vs Custom IR

Horizon stated “The updated Cost of Power amounts incorporate (i) the RPP price increase effective May 1, 2016; (ii) Hydro One 2016 UTRs and STRs approved by the OEB January 14, 2016; (iii) an update to Horizon Utilities’ demand from 2014 to 2015 actuals in the RTSR model; (iv) an increase to the SME charge as a result of an update to the number of customers; (v) a change in the ratio of RPP to non-RPP volumes; (vi) a decrease in the Wholesale Market Service Rate of \$0.0008/kWh from \$0.0044/kWh to \$0.0036/kWh as approved by the OEB on November 2015; and (vii) the inclusion of the Ontario Electricity Support Program (“OESP”) Charge of \$0.0011/kWh.”

- a) Please provide the customer class determinants used to calculate the 2017 Cost of Power in Table 31 – Cost of Power 2017 Annual Filing vs Custom IR.
- b) Please provide the calculation for the 2017 Cost of Power column in Table 31 – Cost of Power 2017 Annual Filing vs Custom IR.

1-Staff-8

Cost of Power 2017 Annual Filing

Ref: Table 32 – Impact to Revenue Requirement due to Cost of Power Update

Horizon provided cost parameters for long-term, short-term, and return on equity for revenue requirement components in Table 32.

- a) Please explain why the January 2015 cost parameters are used to calculate the revenue requirement for the Cost of Power Update and not the January 2016 parameters.

1-Staff-9

Cost of Power 2017 Annual Filing

Ref: Table 33 – Impact to Revenue Requirement due to Update of Cost of Capital Parameters

Horizon provided the long-term debt interest rate to be 3.47%.

- a) Has Horizon acquired any additional debt subsequent to the settlement proposal?
- b) If so, please confirm the rate for this new long-term debt and the updated weighted cost of long term debt.

Earnings Sharing Mechanism

1-Staff-10

Merger Cost Tax Rate

Ref: Table 36 – Calculation of Current Taxes

Horizon provided the Tax rate to be 1.95% for the Merger Costs in Table 36.

- a) Please explain why the merger cost tax rate is not at the standard 26.5%.

Stranded Meter Rate Rider

1-Staff-11

Adjustment to the Stranded Meter Rate Rider

Ref: Table 39 – Calculation of Stranded meter Rate Rider

Horizon provided number of customers for Residential, GS<50kW, and GS>50kW for 2017 in Table 39.

- a) Please explain why the number of customers for each customer class is different from the numbers in the Settlement Agreement.