



November 11, 2016

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Re: Horizon Utilities Corporation Second Annual Filing – 5 Year Custom IR
Board File No. EB-2016-0077
AMPCO Submissions

Dear Ms. Walli:

Horizon Utilities Corporation (Horizon) filed an application for its annual update to its 2015-2019 Custom Incentive Regulation (Custom IR) application (EB-2014-0002) with the Ontario Energy Board (OEB) on August 11, 2016 under section 78 of the Ontario Energy Board Act, 1998.

AMPCO reviewed Horizon's application to ensure the approvals being sought were based on annual adjustments as agreed upon in the approved Settlement Proposal and the Decision in EB-2014-0002; Horizon's Custom IR proceeding.

Specifically, Horizon seeks approval of the following:

- New distribution rates effective January 1, 2017
- Approval of the calculation for 2015 regulated Return on Equity for the purpose of the earning sharing mechanism
- Approval of the calculation for 2015 capital additions for the purpose of the 2015 Capital Investment Variance Account
- Approval for the continuation of the implementation of the New Distribution Rate Design for residential customers
- Approval to reduce the 2017 Street Lighting Class revenue-to-cost ratio (RCR) by 6.67% to 113.33% from the 2016 RCR of 120%
- Approval to recover the remaining balance of stranded meter assets including a return on those assets equal to the short term debt rate as established by the OEB in its 2017 Cost of Capital parameters
- Approval for clearance of the Group 1 deferral and variance accounts by class specific rate riders effective January 1, 2017 to December 31, 2017 with the exception of 1580 Sub-account RSVA – Wholesale Market Service Charge CBR Class A
- Approval for the clearance of the balance in Account 1589 RSVA - Global Adjustment attributed to new Class A customers as of July 1, 2015 by means of customer specific bill adjustments

AMPCO has reviewed Board Staff's submissions and is in agreement with those submissions.

Association of Major Power Consumers in Ontario

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Capital Investment Variance Account (CIVA)

The Settlement Agreement refunds to ratepayers any difference in the revenue requirement should in-service capital additions be lower than, or the pacing of capital additions is slower than, forecast over the 2015-2019 period. Horizon will track variances in the revenue requirement due to variances in the capital budget. Over the term of the Plan, if Horizon spends less than its capital forecast, the reduced revenue requirement impact will be returned to ratepayers. The CIVA balance will be disposed of following the end of the 5-year Custom IR Term.

AMPCO notes Horizon's 2015 in-service additions are \$8,328,692 above the \$46,643,216 net capital addition amount approved by the Board in EB-2014-0002. AMPCO accepts the 2015 capital additions for the purposes of the calculation of the 2015 CIVA. AMPCO does not agree that this constitutes acceptance of the prudence of the additional amount spent. AMPCO submits a prudence review of this capital variance needs to be undertaken when the CIVA balance is disposed of.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely yours,

(ORIGINAL SIGNED BY)

Colin Anderson
President
Association of Major Power Consumers in Ontario

Copy to: Horizon Utilities Corporation