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October 28, 2010

VIA MAIL and 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: Vulnerable Energy Consumers Coalition (VECC)
Notice of Intervention: EB-2010-0131
Horizon Utilities Corporation – 2011 Electricity Distribution Rate
Application

Please find enclosed the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

cc: Horizon Utilities Corporation
Attention: Ms. Indy Butany-DeSouza

HORIZON UTILITIES CORPORATION

2011 RATE APPLICATION (EB-2010-0131)

VECC INTERROGATORIES RE: PRELIMINARY ISSUE

QUESTION #1

Reference: Exhibit 1/Tab 2/Schedule 1, pages 6 - 7

- a) Please provide a schedule that sets out the following based on 2008 OEB approved values, 2008 actual values, 2009 actual values, 2010 forecast values and 2011 forecast values:
 - Distribution Revenues – separately reporting revenues from customer distribution rates vs. miscellaneous revenues.
 - OM&A and Property Taxes
 - Amortization
 - Income Tax (PILs)
 - Interest Expense
 - Net Income
 - Rate Base – separately reporting average net fixed assets in-service and working capital allowance.
- b) With respect to page 6 (line 27), please explain what is meant by “calendar year adjusted return on equity”.
- c) Please provide schedules that show the derivation of the return on equity for 2008, 2009 and 2010.
- d) How much of the “reduced” ROE for each year (2008-2010) is due to the rates not being effective until May 1st?
- e) Please provide a schedule setting out the derivation of the 2.0% to 5.0% range estimated for 2011 ROE (page 7).
- f) Was the 2011 ROE calculated using existing rates to determine 2011 revenues or were the existing rates adjusted according to the Board’s IRM formula? If the former, please re-calculate assuming 2011 rates based on IRM.
- g) What is the impact of the May 1st vs. January 1st effective date on the quoted ROE for 2011?

QUESTION #2

Reference: Exhibit 1/Tab 3/Schedule 4, Appendix 1-14

- a) The Appendix reports Horizon Holdings Inc.'s current credit rating as "A/Stable/-". Please provide the history of Horizon Holding Inc.'s credit ratings since 2006.

QUESTION #3

Reference: Exhibit 1/Tab 2/Schedule 1, pages 8 - 10

- a) With respect to page 8 (lines 29-32), please provide a schedule setting out actual shareholder distributions for 2006-2009 as well as any year to date distribution for 2010.
- b) On page 8, Horizon states that it has been deferring capital and OM&A spending since 2009 so as to manage spending relative to available income. However, on page 9, Horizon describes how it has significantly increased capital spending since 2008. Please reconcile.

QUESTION #4

Reference: Exhibit 1/Tab 2/Schedule 1, page 7

- a) Please provide a schedule that sets out the 2009, 2010 and 2011 capital spending for any project where the objective is to increase the capacity/capability of Horizon's distribution system. For each project, please indicate why the spending is required in light of Horizon's declining load.