

HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)
SUBMISSION OF ORAL HEARING UNDERTAKING

DELIVERED: April 11, 2011

UNDERTAKING NO. J2.1:

TO RECONCILE REVISED TABLE 4-37 TO THE TOTAL PILS AMOUNT FOR 2011 AND REVISED TABLE 4-37 TO LINE NUMBER 9, “PILS TAX ALLOWANCE” IN THE REVENUE REQUIREMENT WORK FORM AND RECONCILE THAT TO ITEMS 4 AND 7 ON PAGE 6 OF 7 TO THE RESPONSE TO VECC NO 37.

Response:

Horizon Utilities’ response to VECC Interrogatory 37 to the Revised Evidence indicated a number of updates to its evidence including a change to the Class 52 assets. This is indicated by Adjustment #4 Tax Updates. The resulting Table 4-37 with the revised tax figures is shown below.

Table with 3 main sections: 2011 Capital Taxes, 2011 PILs Schedule, and 2011 Total Taxes. It contains columns for Description, OCT, LCT, Source or Input, Tax Payable, and Tax Payable.

The figure of \$6,448,166 agrees to line 9 of the Taxes-PILS Tab of the Revenue Requirement Work Form submitted on April 1, 2011.

Subsequent to the filing of the answers to the questions on the Refiled Evidence on April 1, 2011, Horizon Utilities became aware that the credits available under the

1 Apprenticeship Job Creation Tax Credit program had not been included. As a result,
 2 Horizon Utilities submitted further evidence on April 6, 2011 that included the
 3 appropriate credits. This is indicated as Adjustment #7, Inclusion of Apprenticeship
 4 Credits. Table 4-37, which incorporates the aforementioned credits, is provided below.

2011 Capital Taxes			2011 PILs Schedule			2011 Total Taxes	
Description	OCT	LCT	Description	Source or Input	Tax Payable	Description	Tax Payable
Total Rate Base	376,336,209	371,727,640	Accounting Income	10' Rev Def	20,462,968	Total PILs	5,921,337
Exemption	0	0	Tax Adj to Accounting Income	10' Rev Def	1,835,569	Net Capital Tax Payable	-
Deemed Taxable Capital	376,336,209	371,727,640	Taxable Income		22,298,537	PILs including Capital Taxes	5,921,337
Rate	0.000%	0.000%	Combined Income Tax Rate	PILs Rates	28.250%		
Gross Tax Payable	0	0	Total Income Taxes		6,299,337		
Surtax	0	0	Investment Tax Credits				
Net Capital Tax Payable	0	0	Apprentice Tax Credits		378,000		
			Other Tax Credits		-		
			Total PILs		5,921,337		

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 6 The figure of \$5,920,262 appears on line 9 of the Taxes-PILs Tab of the Revenue
 7 Requirement Work Form submitted on April 6, 2011. The difference of \$1,075 is due to
 8 rounding.