

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

4 **DELIVERED: April 11, 2011**

5
6 **NO. J2.7: TO EXPLAIN VARIANCE IN ACCOUNT 5020 FROM 2009 TO 2011**

7 **Response:**

8 Account 5020, Miscellaneous Distribution Expenses, is used by Horizon Utilities to
9 record the following expenditures:

- 10
- 11 • The overall allocation of facilities costs to the distribution operations and
12 maintenance activities;
 - 13 • Trouble department (reactive maintenance) wages, benefits and operating
14 expenditures during time periods whereby trouble department staff are not
15 working on planned or reactive maintenance activities (referred to as
16 “downtime”); and
 - 17 • Various other miscellaneous expenditures related to the operations and
18 maintenance of the distribution system that are not specifically assigned to
any other Operations and Maintenance USofA account.

19 As noted in response to Energy Probe Interrogatory 25(f), Horizon Utilities identified that
20 the increase in account 5020 from 2010 to 2011 of \$488,000 principally reflects the
21 reclassification of labour associated with the Trouble Department (reactive
22 maintenance). In 2010, such costs were budgeted as part of Operations and
23 Maintenance costs in various accounts.

24 In addition to this change, the increase from 2009 to 2011 would also reflect an overall
25 increase in facilities costs, including maintenance and utilities costs.