

**HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)  
RESPONSES TO  
CONSUMERS COUNCIL OF CANADA  
TECHNICAL CONFERENCE QUESTIONS  
DELIVERED: February 24, 2011**

**QUESTION TC #4**

**Reference:** REF CCC # 27

With respect to the answer in e) Please explain the following:

- What is the cause of the significant increase in BD & Sustainability from 2010 to 2011?
- What is the cause of the significant increase in Communications from 2010 to 2011?
- What is the cause of the significant increase in Facilities from 2010 to 2011?
- What is the cause of the significant increase in "Other" from 2010 to 2011?

1 **Response:**

- 2 • The increase in Business Development & Sustainability reflects a Management fee  
3 charged by Horizon Holdings Inc. to the regulated utility in 2011 as described in  
4 pages 2-5 of Exhibit 4, Tab 2, Schedule 11.
- 5 • The increase in Corporate Communications is primarily due to:
- 6 ○ Non-recurring operating expenses for the redesign of the corporate  
7 website (\$215K) and intranet (\$80K);<sup>1</sup>
- 8 ○ Incremental public relations costs for customer communications on time-  
9 of-use pricing (\$200K) and conservation awareness (\$50K); and
- 10 ○ Costs previously budgeted under the “Other” (\$95K).<sup>2</sup>
- 11 • The increase in Facilities is primarily due to the transfer of responsibility for the  
12 maintenance of substation buildings from Construction & Maintenance Services  
13 (\$700K) and the inclusion in 2011 of property taxes (\$325K).
- 14 • The increase in “Other” OM&A is primarily due to:
- 15 ○ 2010 OM&A bridge year includes general cost mitigation across the  
16 organization that was not specifically allocated to individual departments  
17 (\$860K);
- 18 ○ Increased cost of general liability insurance (\$220K) – 2010 insurance  
19 costs include a significant one-time premium refund received from the  
20 Corporation’s insurance provider related to favourable historical claims  
21 experience; and
- 22 ○ Incremental costs for the new Director, Project Management Office as

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<sup>1</sup> The estimated cost of intranet work was revised from \$40K at the time the Corporate Communications business plan (Exhibit 1/2/2, Appendix 1.9(b), page 14) was prepared, as the project scope became clearer.

<sup>2</sup> Annual Report production costs (\$50K), FP Infomart news subscription service (\$25K) and employee promotions (\$20k)

- 1           described on page 20 of Exhibit 4, Tab 2, Schedule 10 (\$130K).
- 2           ○ These increases were partially offset by costs transferred to Corporate
- 3           Communications.<sup>2</sup>
- 4