

**Board Staff Interrogatories  
2012 Electricity Distribution Rates  
Horizon Utilities Corporation  
EB-2011-0172**

**Shared Tax Savings Rate Rider**

1. Ref: EB-2010-0131 Draft Rate Order: Revised Revenue Requirement Workform  
Ref: 2012 IRM3 Tax Savings Workform

In its revised Draft Rate Order for EB-2010-0131, Horizon submitted a revised Revenue Requirement Workform on July 28, 2011 which included a 2011 corporate tax rate of 26.45%. Board Staff is unable to reconcile certain inputs on the 2012 Tax Savings Workform, Sheet 5 with Horizon's Draft Rate Order from EB-2010-0131.

- a) Please confirm that Horizon's rates for the year 2011 were based on the calculations contained in the above noted Draft Rate Order, including a tax rate of 26.45%.
- b) Please provide supporting evidence for the 2011 tax rate of 28.25% as contained in Horizon's 2012 IRM3 Tax Savings Workform.
- c) The 2012 Tax Savings Workform contains Tax Credits of \$378,000. Please confirm that Horizon incorporated further tax credits of \$36,250 in the calculation of its 2011 rates in accordance with the Board's Decision in EB-2010-0131.
- d) Please recalculate the Shared Tax Savings using the 2011 tax rate of 26.45% and total tax credits of \$414,250.

**Special Purpose Charge Rate Rider**

2. Ref: 2012 IRM3 Rate Generator, Sheet 9  
Ref: Manager's Summary, page 11

Board Staff is unable to reconcile the 2.1.7 RRR balance as at December 31, 2010 for Account 1521 with the 2010 Closing Principle and Interest Balances as reported in the Continuity Schedules at Sheet 9 of the IRM3 Rate Generator.

a) Please complete the following table:

SPC Assessment (Principal balance)	Amount recovered from customers in 2010	Carrying Charges for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charges Balance	Amount recovered from customers in 2011	Carrying Charges for 2011	Forecasted December 31, 2011 Year End Principle Balance	Forecasted December 31, 2011 Carrying Charges Balance	Total for Disposition (Principal & Interest)

b) Please provide a copy of the original SPC Assessment invoice.

### Group 1 Deferral and Variance Accounts

3. Ref: 2012 IRM3 Rate Generator Sheet 9, 2011 Continuity Schedule  
Ref: December 31, 2010 2.1.7 RRR

Board Staff is unable to reconcile the 2.1.7 RRR balance as at December 31, 2010 as shown in Sheet 9 of the Rate Generator for Accounts 1584, 1586 and 1588 with the information previously submitted by Horizon in its RRR filings.

- a) If Horizon believes that these are the appropriate amounts to use, please provide supporting evidence for these amounts. If not, Board Staff will make the necessary corrections in the model.
4. Ref: Manager's Summary, page 6  
Ref: Ref: 2012 IRM3 Rate Generator Sheet 9, 2011 Continuity Schedule

Horizon states that the variance of \$1,937 in Table 4 represents the difference between projected 2010 interest calculated for its 2011 EDR Application and actual carrying charges based on OEB prescribed interest rates. Horizon also states that it "absorbed" this amount in August 2011.

- a) Please describe what Horizon means when it says it "absorbed" this variance amount.
- b) Is it Horizon's normal practice to "absorb" the variance amounts arising from the differences between forecast and actual carrying charges?

### Green Energy Act initiatives Funding Adder

5. Ref: Manager's Summary, page 13  
Ref: Horizon Draft Rate Order EB-2010-0131

Board Staff notes that Horizon proposes to include the GEA Rate Rider of \$0.0395/customer/month in its 2012 Tariff of Rates and Charges as approved in EB-2010-0131.

- a) Please provide a status update of proposed 2012 activities and forecast Green Energy Plan costs.
- b) Please confirm that Horizon's Draft Rate Order as approved by the Board in EB-2010-0131 included \$530,000 in OM&A expenditures in Horizon's 2011 revenue requirement, and that there were no capital expenditures included in the first year of Horizon's GEA Plan. This resulted in a GEA rate rider of \$0 and no recovery of Provincial Rate Protection in the first year.
- c) Please confirm that the Provincial Rate Protection amount calculated in EB-2010-0131 for 2012 is \$8,480, or \$707 per month, to be paid by IESO.
- d) Is Horizon requesting that the Board include these Provincial Rate Protection amounts in the 2012 Renewable Generation Connection Protection compensation from the IESO?

### **LRAM Rate Rider**

- 6. Ref: Tab 7 / Pg. 5  
Appendix G / ERIP Program Calculation Comparison

Horizon noted that the total LRAM claim of \$1,608,274 includes an amount of \$258,190 based on its specific net CDM results for the Electricity Retrofit Incentive Program (ERIP). Horizon also noted that this amount differs from the OPA methodology for determining 2008 to 2010 ERIP CDM savings, which is based on allocating to each LDC a proportion of Province wide reported gross demand savings.

- a) Please describe in detail the rationale for using Horizon's specified net CDM results and not the OPA methodology.
- b) Please explain why when the ERIP LRAM amount is calculated using Horizon's specified net CDM results and not the OPA methodology, the resulting variance is \$193,100.