

Horizon Utilities Corporation
2008 Distribution Application Proceeding EB-2007-0697
Revised and Reduced Issues List

(W) = Written submissions only (O)= Oral evidence, followed by written submissions

1. REVENUES

- 1.1 Is the load forecast and methodology appropriate and have the impact of Conservation and Demand Management initiatives been suitably reflected? (W)
- 1.2 Are the forecasts for average use and numbers of customers in each customer class appropriate? (W)
- 1.3 Is the proposed amount for 2008 Other Revenues, including the methodology used to cost and price these services, appropriate? (W)

2. COST OF CAPITAL/DEBT

- 2.1 Is the proposed Capital Structure and Rate of Return on Equity for Horizon's distribution business appropriate? (W)
- 2.2 Are Horizon's proposed costs and mix for its short and long-term debt for the 2008 test year appropriate? Are the interest rate and other terms of Horizon's affiliate debt appropriate, and should the interest payable on that debt be fully recoverable from ratepayers? (O)

3. COST OF SERVICE

- 3.1 Are the overall levels of the 2008 Operation, Maintenance and Administration budgets appropriate? (O)
- 3.2 Is the 2008 vegetation management budget appropriate? (O)
- 3.3 Is the proposed level of 2008 Other O&M spending appropriate? (O)
- 3.4 Are the proposed amounts payable to, and receivable from, affiliates and shareholders in 2008 appropriate? (O)
- 3.5 Are the 2008 Human Resources related costs (wages, salaries, benefits, incentive payments, labour productivity and pension costs) including employee levels, appropriate? (O)
- 3.6 Are the proposed expenditures on ERP appropriate, and is the proposed method of recovering those expenditures from the ratepayers appropriate? (O)
- 3.7 Is Horizon's depreciation expense appropriate? (O)
- 3.8 Are the amounts proposed for capital and property taxes appropriate? (W)
- 3.9 Is the amount proposed for income taxes, including the methodology, appropriate? (W)

4. RATE BASE

- 4.1 Are the amounts proposed for Rate Base appropriate? (O)
- 4.2 Are the amounts proposed for 2008 Capital Expenditures appropriate? (O)
- 4.3 Are the 2008 sustaining capital expenditures proposed for Asset Replacement appropriate? (O)
- 4.4 Are the 2008 amounts proposed for Development capital appropriate? (O)
- 4.5 Are the amounts proposed for ERP capital expenditures appropriate? (O)
- 4.6 Is the proposed level of 2008 Other Capital expenditures appropriate? (O)
- 4.7 Are the methodology and assumptions used to determine the Working Capital component of the Rate Base appropriate, and is the resulting Working Capital component of Rate Base appropriate? (W)

5. REVENUE REQUIREMENT

- 5.1 Is the calculation of the proposed revenue requirement for 2008, and the resulting deficiency or sufficiency, appropriate? (W)

6. COST ALLOCATION AND RATE DESIGN

- 6.1 Is Horizon's cost allocation appropriate? (W)
- 6.2 Are Horizon's proposed rates, including all adjustments to reflect cost allocation results, appropriate? (W)
- 6.3 Are the proposed revenue to cost ratios appropriate? (W)
- 6.4 Are the fixed-variable splits for each class appropriate? (W)
- 6.5 Is Horizon's proposal to charge its affiliates and shareholders for distribution service for sentinel lights and street lights at less than cost appropriate and in compliance with the Affiliate Relationships Code? (W)

7. SMART METERS

- 7.1 Is the 2008 smart meter O&M budget appropriate? (W)
- 7.2 Is the proposed 2008 capital spending for the Smart Meter program appropriate? (W)
- 7.3 Are the amounts for Smart Meter related variance accounts appropriate? (W)
- 7.4 Is the treatment of stranded meter costs appropriate? (W)
- 7.5 Is Horizon's regulatory treatment of Smart Meter costs appropriate? (W)

8. CDM

- 8.1 Has Horizon complied with the Filing Requirements for its CDM evidence? (W)
- 8.2 Is the level of Horizon initiated and/or delivered CDM activity and budget appropriate and should it be funded by OPA or in rates? (W)
- 8.3 Are the methodology and assumptions used in calculating the LRAM and SSM, and the resulting LRAM and SSM amounts, appropriate? (W)