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April 6, 2011

Delivered by E-mail and Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: EB-2010-0131
Horizon Utilities Corporation
Application to the Ontario Energy Board for Electricity Distribution
Rates and Charges as of January 1, 2011**

Introduction:

We are counsel to Horizon Utilities Corporation (“Horizon Utilities”) in the above captioned matter. We are writing to you today with respect to the Board’s Decision on Confidentiality dated March 30, 2011. Horizon Utilities offers the following comments on the Decision. For the Board’s assistance, they are organized according to the order of interrogatories as set out in the Decision.

Board Staff Question 25:

Horizon Utilities confirms that its response to this interrogatory will remain confidential.

Board Staff Question 30:

Horizon Utilities confirms that its response to this interrogatory will remain confidential.

Board Staff Question 37:

Horizon Utilities acknowledges the Board’s comments with respect to transparency in relation to the material that is the subject of this interrogatory. Horizon Utilities notes that throughout this proceeding, it has made minimal requests for confidential treatment of its evidence.

The Board questioned the relevance of the material provided in response to this interrogatory, and Horizon Utilities agrees with the Board’s assessment in this regard. In this case, however, Horizon Utilities is prepared to provide unredacted copies of the e-mail correspondence produced in response to this interrogatory for the public record, and those copies accompany this letter.

CCC Question 8:

Horizon Utilities confirms that the Business Plan material (including business plans and related presentations, which consisted of information extracted from the business plans) filed in response to this interrogatory will remain confidential. Horizon Utilities has reviewed its records in light of the Board's comments with respect to the public nature and relevance of "other materials filed in response to CCC#8, including correspondence, between Horizon and its shareholders regarding the Z factor application and the 2011 rate application." While CCC requested material of this kind in its interrogatory, Horizon Utilities can confirm that there is no such material. Accordingly, there is no issue as to withdrawal of material provided in response to this interrogatory.

Energy Probe Question 26:

Horizon Utilities confirms that its response to this interrogatory will remain confidential.

SEC Question 3:

In its Decision, the Board made the following findings on Horizon Utilities' request for confidentiality in respect of the Solar Sunbelt Partnership Agreement:

The Board considers that the Partnership Agreement for the Sunbelt Solar General should "be treated as public information. The Board however does question the relevance of the Partnership Agreement. As such, Horizon has an opportunity to request that the information be withdrawn. If it does not do so within five business days of this Decision on Confidentiality, as set out in section 5.12 of the Practice Direction, the Board directs that the correspondence be placed on the public record.

The Board finds that what is relevant for the Board in this proceeding is not the partnership arrangement by which Horizon is indirectly engaging in competitive activities as allowed by legislation, but the implications of this with respect to Horizon's regulated business and the regulated rates on its distribution customers. For example, participation in riskier competitive activities can impact on the credit-worthiness of the regulated utility or its parent and affect the cost of capital.

The Board will allow exploration of Horizon's involvement in the Solar Sunbelt partnership to be explored with respect to the cost consequences on Horizon's revenue requirement and on rates to its distribution customers."

Horizon Utilities acknowledges and agrees with the Board's comments and requests the withdrawal of the Partnership Agreement.

As Horizon Utilities has submitted with respect to other material requested in this interrogatory, this generation activity is authorized by legislation; the manner in which the activity is carried on by the utility is not specified by legislation; and Horizon Utilities intends to comply with the Board's requirements for the accounting treatment of the generation activity, including the segregation of that activity from Horizon Utilities' regulated distribution activities. Horizon Utilities agrees with the Board that while cost consequences in respect of its revenue requirement and on distribution rates are relevant, the choice of the arrangement by which Horizon Utilities

will be carrying on the permitted renewable generation activity is not. The Partnership Agreement is not necessary for the exploration of the relevant issues in this proceeding.

Horizon Utilities requests that the Board and all individuals who have received copies of the Partnership Agreement by virtue of their execution of the Board's form of Declaration and Undertaking with respect to confidentiality return all copies of the Partnership Agreement forthwith.

SEC Question 6(a):

As directed by the Board, please find accompanying this letter a copy of the loan agreement referred to in Exhibit 1, Tab 3, Schedule 4 of the Application, between Horizon Holdings Inc. ("HHI") and Horizon Utilities (the "HHI/Horizon Credit Agreement"). As discussed in our correspondence of February 16, 2011, the HHI/Horizon Credit Agreement consists of two parts: the agreement itself, executed by HHI and Horizon Utilities; and Attachment A thereto. Attachment A is a June 30, 2010 Credit Agreement between HHI and a chartered Canadian bank (the "HHI/Bank Credit Agreement"). The HHI/Horizon Credit Agreement incorporates the terms of the HHI/Bank Credit Agreement, a \$100 million bank credit facility, as the terms of the HHI/Horizon Credit Agreement are "back-to-back" with the terms underlying the HHI/Bank Credit Agreement.

In keeping with the Board's findings, the public copy of the HHI/Horizon Credit Agreement, including the HHI/Bank Credit Agreement, is in a redacted form with the name and any identifying information of the subject bank redacted. The terms and conditions of the Loan Agreement are unredacted. Horizon Utilities confirms that the unredacted version shall remain confidential.

SEC Questions 13(h), 18(f) and 30(f):

Horizon Utilities confirms that its responses to these interrogatories will remain confidential.

SEC Question 22:

As noted in the Board's Decision, in this interrogatory Horizon Utilities was asked to provide "whatever data is in [Horizon's] possession benchmarking the age of [Horizon's] assets or any asset category, to the ages of similar assets in use by other LDCs." In its response, Horizon Utilities filed a copy of a Kinectrics Inc. study that was prepared several years ago in the context of merger discussions between Horizon and Guelph Hydro Electric Systems Inc. That merger did not proceed. The Board's finding with respect to the confidentiality of this material was as follows:

"The Board considers that such information should generally be on the public record. Because of the vintage of the study and the fact that information is supplemented by more current information on the age and condition of Horizon's assets in this proceeding (i.e. Horizon's Asset Management Plan filed in Exhibit 2/Tab 2/Schedule 2/Appendix 2-1), the Board finds that the commercial sensitivity of the information is lessened and that it should therefore be placed on the public record. That being said, Board finds that the

value of aged information is questionable, given the availability of updated information elsewhere on the record.

If Horizon believes that, because of the age of the information the information is not relevant and material for the Board to reach a determination with respect to Horizon's application for 2011 rates, Horizon should have an opportunity to request the withdrawal of the information and to suitably amend its interrogatory response."

Horizon Utilities has considered the Board's comments and requests the withdrawal of the Kinectrics material. As the Board correctly observed, the Kinectrics material has been superseded by the asset condition information provided in Horizon Utilities' 2011 Application. Not only is it no longer relevant to this proceeding, but its continued use may create confusion with the more current information. With respect to the amendment of its interrogatory response, Horizon Utilities can confirm that it has no information which would benchmark the current information about its assets against the assets of other distributors.

Horizon Utilities requests that the Board and all individuals who have received copies of this material by virtue of their execution of the Board's form of Declaration and Undertaking with respect to confidentiality return all copies of the material forthwith.

SEC Question 26:

Horizon Utilities confirms that its response to this interrogatory will remain confidential.

March 14, 2011 Evidence Update:

In its update, Horizon Utilities requested that the Board confirm that certain customer-specific information will remain confidential. That information was contained in Horizon Utilities' updated load forecast and in its new Table 3-24A. No submissions were received opposing this request. In its Decision, the Board noted that similar information had been filed publicly in Horizon Utilities' Application. In reviewing this matter, Horizon Utilities confirms that the public version of its load forecast model contained in its August 26, 2010 Application did contain information similar to that in respect of which confidentiality was requested. Horizon Utilities regrets that this information was made public at that time; its disclosure was inadvertent.

The information filed in August of last year contained only actual load information through December 2009. The information filed in the March 14th update included actual load data through February of this year, and therefore gives a much more accurate indication of the subject customers' loads and their current conditions. While Horizon Utilities' preference remains to maintain this new information in confidence for the reasons set out in the letter accompanying the update, it acknowledges that this could create challenges in the management of the hearing, and Horizon Utilities has therefore enclosed an unredacted version of Table 3-24A. An Excel version of the load forecast model will be provided to the Board through the RESS system and sent to parties by e-mail.

Summary:

To summarize the foregoing, we confirm that Horizon Utilities is taking the following approaches with respect to the material addressed in the Board's Decision on Confidentiality:

Board Staff Question 25: This material will remain confidential.

Board Staff Question 30: This material will remain confidential.

Board Staff Question 37: Unredacted versions of the subject material are enclosed.

CCC Question 8: This material will remain confidential.

Energy Probe Question 26: This material will remain confidential.

SEC Question 3: Horizon Utilities requests the withdrawal of the Partnership Agreement and the return of all copies thereof.

SEC Question 6(a): A redacted version of the subject material is enclosed.

SEC Questions 13(h), 18(f) and 30(f): This material will remain confidential.

SEC Question 22: Horizon Utilities requests the withdrawal of the subject material and the return of all copies thereof.

SEC Question 26: This material will remain confidential.

March 14, 2011 Evidence Update: Unredacted versions of the subject material are enclosed.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Original Signed by James C. Sidlofsky

James C. Sidlofsky

JCS/ac

Encl.

- cc. Keith Ritchie, Ontario Energy Board (electronic version only)
John G. Basilio, Horizon Utilities Corporation (electronic version only)
Indy J. Butany-DeSouza, Horizon Utilities Corporation (electronic version only)
Intervenors of Record (electronic version only)