Borden Ladner Gervais LLP
Lawyers • Patent & Trade-mark Agents
Scotia Plaza, 40 King Street West
Toronto, Ontario, Canada M5H 3Y4
tel.: (416) 367-6000 fax: (416) 367-6749
www.blgcanada.com

JAMES C. SIDLOFSKY
direct tel.: 416-367-6277
direct fax: 416-361-2751
e-mail: jsidlofsky@blgcanada.com

BORDEN
LADNER
GERVAIS

[redacted]

February 2, 2010

Delivered by Courier

REDACTED PUBLIC

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

Dear Ms. Walli:

**Re: Horizon Utilities Corporation – Z-Factor Application
Board File No.EB-2009-0332**

We are counsel to Horizon Utilities Corporation ("Horizon Utilities") in the above captioned matter.

Please find accompanying this letter copies of Horizon Utilities' responses to undertakings given during the *in camera* hearing in this matter, conducted on Thursday, January 28, 2010. The enclosed versions of the undertaking responses are being delivered in confidence, as they are unredacted. Horizon Utilities will be providing redacted versions of the responses, but in the interest of providing the responses in as timely a manner as possible, we are distributing the unredacted versions now to Board staff and parties that have signed the Board's form of Declaration and Undertaking with respect to confidentiality.

Horizon Utilities will be delivering its Argument-in-Chief by Friday, February 5, 2010.

Should you have any questions or require further information, please do not hesitate to contact me.

Yours very truly,
BORDEN LADNER GERVAIS LLP

Original Signed by James Sidlofsky

James C. Sidlofsky
JCS
Encls.

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GERVAIS

cc. Martin Davies, Ontario Energy Board
John G. Basilio, Horizon Utilities Corporation
Indy J. Butany-DeSouza, Horizon Utilities Corporation

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[redacted]

EB-2009-0332

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Horizon Utilities Corporation for an order approving the recovery of certain amounts related to an unforeseen loss of revenue to be effective January 1, 2010.

HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES") [redacted] REDACTED RESPONSES TO UNDERTAKINGS DELIVERED FEBRUARY 2, 2010

Undertaking J1:

TO PROVIDE UPDATED TABLE TO REFLECT NEW PROPOSAL

Response:

In responding to Undertaking J1, Horizon Utilities has:

- recalculated both the fixed and variable riders using a twelve month recovery period recognizing that it is more customer-friendly to have this rider come into force coincident with Horizon Utilities' revised 3rd Generation IRM rates on May 1, 2010 for the 2010 rate year;

- incorporated the Subject Customer's actual November and December 2009 load data into the calculation, so that actuals are used for the May 2008 through December 2009 period; and

- based the forgone revenue estimate for the January 2010 – April 2011 period on the December 2009 actual demand of 44,000 kW, an increase over the demand figure used in Updated Revised Table 3 and Updated Revised Table 5 provided in response to VECC interrogatory #4.

To assist the Board and parties, Horizon Utilities' response to this undertaking includes a further updated Table 3 (Calculation of Subject Customer's Actual and Anticipated

Distribution Revenue Deficiency); an updated Table 4 (Allocation of Proposed Z-factor Adjustment); an updated Table 5 (Proposed Variable Rate Rider – based on recovery over the May 1, 2010 to April 30, 2011 period); and an updated Table 1 from Appendix B (Proposed Monthly Fixed Rate Rider – May 1, 2010 to April 30, 2011).

Horizon Utilities has also provided updated bill impact tables as Appendices A1 (variable) and A2 (fixed).

With these further updates, the total actual (May 2008 – December 2009) and estimated (January 2010 – April 2011) forgone revenue for the three rate years is $2,191,246.

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Total 2008 Rate Year	(744,824)
Total 2009 Rate Year	(791,582)
Total 2010 Rate Year	(654,840)
Total 2008-2010 Rate Year	(2,191,246)

Updated Revised Table 4
Allocation of Proposed Z-factor Adjustment

Customer Class	kWhs	% of kWhs	Z-Factor Amount
Residential	1,621,860,796	27.68%	$606,497
General Service <50 kW	593,721,422	10.09%	$221,022
General Service >50 kW	1,921,754,265	32.90%	$720,966
Large User	1,514,832,589	28.44%	$623,243
Unmetered & Scattered Load	12,897,864	0.21%	$4,700
Sentinel Lights	552,351	0.01%	$215
Street Lighting	39,427,420	0.67%	$14,603
Totals	5,705,046,707	100.00%	$2,191,246

Updated Revised Table 5
Proposed Variable Rate Rider - May 1, 2010 to April 30, 2011

Customer Class	Z-Factor Amount	Consumption/ Demand over 12 Months	Billing Determinant	Variable Distribution Rate (12 mos)
Residential	606,497	1,621,860,796	kWh	$0.0004
General Service <50 kW	221,022	593,721,422	kWh	$0.0004
General Service >50 kW	720,966	5,168,376	kW	$0.1395
Large User	623,243	2,974,735	kW	$0.2095
Unmetered & Scattered Load	4,700	12,897,864	kWh	$0.0004
Sentinel Lights	215	1,603	kW	$0.1342
Street Lighting	14,603	110,048	kW	$0.1327
Totals	2,191,246			

[redacted]

Updated Revised Table 1 (Appendix B)
Proposed Monthly Fixed Rate Rider - May 1, 2010 to April 30, 2011

Customer Class	Z-Factor Amount	Customer Count	Monthly Fixed Charge (12 months)
Residential	606,497	211,826	$0.24
General Service <50 kW	221,022	18,005	$1.02
General Service >50 kW	720,966	2,203	$27.27
Large User	623,243	12	$4,328.08
Unmetered & Scattered Load	4,700	3,170	$0.12
Sentinel Lights	215	502	$0.04
Street Lighting	14,603	52,177	$0.02
Totals	2,191,246		

1

Undertaking J2

TO ANSWER WHETHER NUMBER OF NEW HIRES AND FILLING OF VACANT POSITIONS IN THE AMOUNT OF $515,000 ARE DEFERRALS FROM 2008 TO 2010 OR BEYOND, BOARD STAFF INTERROGATORY NO. 5(A)

Response:

The human resource deferrals reflect the timing of new hires and the replacement of vacant positions in 2009, as well as the deferral of new and vacant hires from 2009 to 2010.

Of the $515,000 in deferred costs, $320,000 is in respect of vacant positions or new hires that were included in the 2008EDR. The balance of $195,000 is in respect of new positions budgeted for 2009.

With respect to the $320,000 of costs included in the 2008EDR, it is important to note that approximately $180,000 relates to deferrals in the hiring of skilled trade positions, particularly line maintainer apprentices. In the absence of these new hires, operating maintenance programs planned by Horizon Utilities have been deferred and will still be required in a future period. Without these new hires, the maintenance work will need to be contracted out to a third party.

Undertaking J3

TO ADVISE WHEN HORIZON BOARD OF DIRECTORS WAS FIRST NOTIFIED ABOUT Z-FACTOR APPLICATION, AND TO PROVIDE ANY MATERIALS THAT PROVIDED TO BOARD IN CONNECTION WITH THAT NOTIFICATION

Response:

Horizon Utilities first informed its Board of Directors of the shut down at the Subject Customer's facilities in Hamilton in late Q1 2009. Horizon Utilities' CEO, Max Cananzi, circulated the information to the Horizon Board of Directors via email on March 4, 2009. The excerpt of that email is provided below:

Dear Board Members

This morning you are likely aware that [redacted] *has decided to temporarily, but for an indefinite period, shut down all operations* [redacted] *The impact on job losses is determined to be* [redacted]

With regard to how Horizon Utilities Corporation is impacted the following are key points:

- [redacted]
- [redacted]
- [redacted]

We have informed the OEB that we will file for recovery in rates for this lost distribution revenue. This will likely be held in a variance account until they dispose of it through a ruling.

Sincerely,

Max Cananzi
President & CEO
Horizon Utilities Corporation

The Q1 2009 Financial Report to the Horizon Board, a relevant extract of which is attached as Appendix B, outlines the decline in commercial load. Further, it discusses the possibility of "regulatory mechanisms", including Z-Factor. The Horizon Board of Directors would have received this document via email in April 2009.

Horizon Utilities' management reported "Potential Regulatory Mitigation" mechanisms to the Horizon Board at its regular meeting on May 14, 2009. That report was a component of a "Financial Results – First Quarter" presentation. A relevant extract of the presentation, which also contained information regarding the overall distribution load decline, is provided as Appendix C.

The presentation identified the Z-Factor application as a potential regulatory mechanism that might partially mitigate historical and anticipated revenue shortfalls resulting from commercial and other customer consumption that was materially below consumption forecasts underlying the Distribution Revenue Requirement approved by the OEB for Horizon Utilities in its 2008 electricity distribution rate application. The presentation did not provide any specific details on the potential Z-factor application other than that its scope might include the "Subject Customer" and/ or the broader Large User Class.

Undertaking J4

TO ADVISE WHICH PROJECTS WERE DIRECTLY RELATED TO THIS SPECIFIC LARGE CUSTOMER AND THE LARGE CUSTOMER GROUP

Response:

There were no projects from the 2008EDR that related to the Subject Customer. Further, none of the projects in the 2008EDR directly related to any of Horizon Utilities' 12 Large Use Customers.

Undertaking J5

TO PROVIDE ESTIMATE OF EQUITY COMPONENT EMBEDDED IN REVENUE LOSS FIGURES IN VECC INTERROGATORY NO. 4(A), UPDATED REVISED TABLE 3.

Response:

The following table summarizes the ROE deficiency by rate year related to the Subject Customer based on the following:

(a) Revised Table 3 (Vecc 4(a))
(b) Updated Revised Table 3 (Undertaking J1)

Redacted

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APPENDIX A1

BILL IMPACTS (VARIABLE)

Reference: Undertaking J1

VARIABLE RATE RIDER BILL IMPACTS *(Monthly Consumptions)*

RESIDENTIAL

		Existing Rates			Proposed Z-Factor			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge (&SSS)			12.90			12.90	0.00	0.00%	0.00%
250 kWh	Distribution (kWh)	250	0.0127	3.18	250	0.0127	3.18	0.00	0.00%	0.00%
	Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
	LRAM & SSM Rider (kWh)	250	0.0002	0.05	250	0.0002	0.05	0.00	0.00%	0.00%
	Z-Factor Rider	250	0.0000	0.00	250	0.0004	0.10	0.10		0.26%
	Regulatory Assets (kWh)	250	(0.0003)	-0.08	250	(0.0003)	(0.08)	0.00	0.00%	0.00%
	Sub-Total			16.87			16.97	0.10	0.59%	0.26%
	Other Charges (kWh)	261	0.0233	6.07	261	0.0233	6.07	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	261	0.0570	14.85	261	0.0570	14.85	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	0	0.0660	0.00	0	0.0660	0.00	0.00		0.00%
	Total Bill			37.79			37.89	0.10	0.26%	0.26%

RESIDENTIAL

		Existing Rates			Proposed Z-Factor			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge (&SSS)			12.90			12.90	0.00	0.00%	0.00%
500 kWh	Distribution (kWh)	500	0.0127	6.35	500	0.0127	6.35	0.00	0.00%	0.00%
	Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
	LRAM & SSM Rider (kWh)	500	0.0002	0.10	500	0.0002	0.10	0.00	0.00%	0.00%
	Z-Factor Rider	500	0.0000	0.00	500	0.0004	0.20	0.20		0.31%
	Regulatory Assets (kWh)	500	(0.0003)	-0.15	500	(0.0003)	(0.15)	0.00	0.00%	0.00%
	Sub-Total			20.02			20.22	0.20	1.00%	0.31%
	Other Charges (kWh)	521	0.0233	12.14	521	0.0233	12.14	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	261	0.0570	14.85	261	0.0570	14.85	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	261	0.0660	17.19	261	0.0660	17.19	0.00	0.00%	0.00%
	Total Bill			64.21			64.41	0.20	0.31%	0.31%

RESIDENTIAL

		Existing Rates			Proposed Z-Factor			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge (&SSS)			12.90			12.90	0.00	0.00%	0.00%
800 kWh	Distribution (kWh)	800	0.0127	10.16	800	0.0127	10.16	0.00	0.00%	0.00%
	Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
	LRAM & SSM Rider (kWh)	800	0.0002	0.16	800	0.0002	0.16	0.00	0.00%	0.00%
	Z-Factor Rider	800	0.0000	0.00	800	0.0004	0.32	0.32		0.33%
	Regulatory Assets (kWh)	800	(0.0003)	-0.24	800	(0.0003)	(0.24)	0.00	0.00%	0.00%
	Sub-Total			23.80			24.12	0.32	1.34%	0.33%
	Other Charges (kWh)	834	0.0233	19.42	834	0.0233	19.42	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	261	0.0570	14.85	261	0.0570	14.85	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	573	0.0660	37.83	573	0.0660	37.83	0.00	0.00%	0.00%
	Total Bill			95.90			96.22	0.32	0.33%	0.33%

RESIDENTIAL

		Existing Rates			Proposed Z-Factor			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge (&SSS)			12.90			12.90	0.00	0.00%	0.00%
1,000 kWh	Distribution (kWh)	1,000	0.0127	12.70	1,000	0.0127	12.70	0.00	0.00%	0.00%
	Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
	LRAM & SSM Rider (kWh)	1,000	0.0002	0.20	1,000	0.0002	0.20	0.00	0.00%	0.00%
	Z-Factor Rider	1,000	0.0000	0.00	1,000	0.0004	0.40	0.40		0.36%
	Regulatory Assets (kWh)	1,000	(0.0003)	-0.30	1,000	(0.0003)	(0.30)	0.00	0.00%	0.00%
	Sub-Total			26.32			26.72	0.40	1.52%	0.36%
	Other Charges (kWh)	1,042	0.0233	24.28	1,042	0.0233	24.28	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	800	0.0570	45.60	800	0.0570	45.60	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	242	0.0660	15.96	242	0.0660	15.96	0.00	0.00%	0.00%
	Total Bill			112.18			112.58	0.40	0.36%	0.36%

GENERAL SERVICE < 50 kW

Consumption		Existing Rates			Proposed Z-Factor			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
2,000 kWh	Monthly Service Charge (&SSS)			27.63			27.63	0.00	0.00%	0.00%
	Distribution (kWh)	2,000	0.0073	14.60	2,000	0.0073	14.60	0.00	0.00%	0.00%
	Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
	Z-Factor Rider	2,000	0.0000	0.00	2,000	0.0004	0.80	0.80		0.36%
	Regulatory Assets (kWh)	2,000	(0.0005)	-1.00	2,000	(0.0005)	(1.00)	0.00	0.00%	0.00%
	Sub-Total			42.05			42.85	0.80	1.90%	0.36%
	Other Charges (kWh)	2,084	0.0223	46.48	2,084	0.0223	46.48	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	750	0.0570	42.75	750	0.0570	42.75	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	1,334	0.0660	88.06	1,334	0.0660	88.06	0.00	0.00%	0.00%
	Total Bill			219.33			220.13	0.80	0.36%	0.36%

GENERAL SERVICE < 50 kW

Consumption		Existing Rates			Proposed Z-Factor			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
5,000 kWh	Monthly Service Charge (&SSS)			27.63			27.63	0.00	0.00%	0.00%
	Distribution (kWh)	5,000	0.0073	36.50	5,000	0.0073	36.50	0.00	0.00%	0.00%
	Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
	Z-Factor Rider	5,000	0.0000	0.00	5,000	0.0004	2.00	2.00		0.39%
	Regulatory Assets (kWh)	5,000	(0.0005)	-2.50	5,000	(0.0005)	(2.50)	0.00	0.00%	0.00%
	Sub-Total			62.45			64.45	2.00	3.20%	0.39%
	Other Charges (kWh)	5,211	0.0223	116.19	5,211	0.0223	116.19	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	750	0.0570	42.75	750	0.0570	42.75	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	4,461	0.0660	294.39	4,461	0.0660	294.39	0.00	0.00%	0.00%
	Total Bill			515.79			517.79	2.00	0.39%	0.39%

GENERAL SERVICE > 50 kW

Consumption		Existing Rates			Proposed Z-Factor			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
15,000 kWh	Monthly Service Charge (&SSS)			249.95			249.95	0.00	0.00%	0.00%
60 kW	Distribution (kWh)			0.00			0.00	0.00		0.00%
	Distribution (kW)	60	1.8167	109.00	60	1.8167	109.00	0.00	0.00%	0.00%
	Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
	Z-Factor Rider	60	0.0000	0.00	60	0.1395	8.37	8.37		0.47%
	Regulatory Assets (kW)	60	(0.2502)	-15.01	60	(0.2502)	-15.01	0.00	0.00%	0.00%
	Sub-Total			344.76			353.13	8.37	2.43%	0.47%
	Other Charges (kWh)	15,632	0.0135	211.03	15,632	0.0135	211.03	0.00	0.00%	0.00%
	Other Charges (kW)	60	3.5029	210.17	60	3.5029	210.17	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	750	0.0570	42.75	750	0.0570	42.75	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	14,882	0.0660	982.18	14,882	0.0660	982.18	0.00	0.00%	0.00%
	Total Bill			1,790.89			1,799.26	8.37	0.47%	0.47%

GENERAL SERVICE > 50 kW

Consumption		Existing Rates			Proposed Z-Factor			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
100,000 kWh	Monthly Service Charge (&SSS)			249.95			249.95	0.00	0.00%	0.00%
350 kW	Distribution (kWh)			0.00			0.00	0.00		0.00%
	Distribution (kW)	350	1.8167	635.85	350	1.8167	635.85	0.00	0.00%	0.00%
	Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
	Z-Factor Rider	350	0.0000	0.00	350	0.1395	48.83	48.83		0.56%
	Regulatory Assets (kW)	350	(0.2502)	-87.57	350	(0.2502)	(87.57)	0.00	0.00%	0.00%
	Sub-Total			799.05			847.87	48.83	6.11%	0.56%
	Other Charges (kWh)	104,210	0.0135	1,406.84	104,210	0.0135	1,406.84	0.00	0.00%	0.00%
	Other Charges (kW)	350	3.5029	1,226.02	350	3.5029	1,226.02	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00		0.00%
	Cost of Power Commodity (kWh)	104,210	0.0500	5,210.50	104,210	0.0500	5,210.50	0.00	0.00%	0.00%
	Total Bill			8,642.40			8,691.22	48.83	0.56%	0.56%

LARGE USER (> 5000 kW)

Consumption
2,800,000 kWh
6,500 kW

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge (&SSS)			11,123.44			11,123.44	0.00	0.00%	0.00%
Distribution (kWh)			0.00			0.00	0.00		0.00%
Distribution (kW)	6,500	1.0331	6,715.15	6,500	1.0331	6,715.15	0.00	0.00%	0.00%
Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
Z-Factor Rider	6,500	0.0000	0.00	6,500	0.2095	1,361.75	1,361.75		0.61%
Regulatory Assets (kW)	6,500	(0.1972)	-1,281.80	6,500	(0.1972)	(1,281.80)	0.00	0.00%	0.00%
Sub-Total			16,557.61			17,919.36	1,361.75	8.22%	0.61%
Other Charges (kWh)	2,818,760	0.0135	38,053.26	2,818,760	0.0135	38,053.26	0.00	0.00%	0.00%
Other Charges (kW)	6,500	4.0132	26,085.80	6,500	4.0132	26,085.80	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00	-	0.00%
Cost of Power Commodity (kWh)	2,818,760	0.0500	140,938.00	2,818,760	0.0500	140,938.00	0.00	0.00%	0.00%
Total Bill			221,634.67			222,996.42	1,361.75	0.61%	0.61%

LARGE USER (> 5000 kW)

Consumption
20,000,000 kWh
40,000 kW

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge (&SSS)			11,123.44			11,123.44	0.00	0.00%	0.00%
Distribution (kWh)			0.00			0.00	0.00		0.00%
Distribution (kW)	40,000	1.0331	41,324.00	40,000	1.0331	41,324.00	0.00	0.00%	0.00%
Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
Z-Factor Rider	40,000	0.0000	0.00	40,000	0.2095	8,380.00	8,380.00		0.56%
Regulatory Assets (kW)	40,000	(0.1972)	-7,888.00	40,000	(0.1972)	(7,888.00)	0.00	0.00%	0.00%
Sub-Total			44,560.26			52,940.26	8,380.00	18.81%	0.56%
Other Charges (kWh)	20,134,000	0.0135	271,809.00	20,134,000	0.0135	271,809.00	0.00	0.00%	0.00%
Other Charges (kW)	40,000	4.0132	160,528.00	40,000	4.0132	160,528.00	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00		0.00%
Cost of Power Commodity (kWh)	20,134,000	0.0500	1,006,700.00	20,134,000	0.0500	1,006,700.00	0.00	0.00%	0.00%
Total Bill			1,483,597.26			1,491,977.26	8,380.00	0.56%	0.56%

Street Lighting

Billing Determinants
36,000 Connections
2,400,000 kWh
6,800 kW

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge (&SSS)	36,000	1.9700	70,920.00	36,000	1.9700	70,920.00	0.00	0.00%	0.00%
SSS Administration			0.25			0.25	0.00	0.00%	0.00%
Distribution (kWh)			0.00			0.00	0.00		0.00%
Distribution (kW)	6,800	5.3687	36,507.16	6,800	5.3687	36,507.16	0.00	0.00%	0.00%
Z-Factor Rider	6,800	0.0000	0.00	6,800	0.1327	902.36	902.36		0.28%
Regulatory Assets (kW)	6,800	(0.2276)	-1,547.68	6,800	(0.2276)	(1,547.68)	0.00	0.00%	0.00%
Sub-Total			105,879.73			106,782.09	902.36	0.85%	0.28%
Other Charges (kWh)	2,501,040	0.0135	33,764.04	2,501,040	0.0135	33,764.04	0.00	0.00%	0.00%
Other Charges (kW)	6,800	2.7531	18,721.08	6,800	2.7531	18,721.08	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	750	0.0570	42.75	750	0.0570	42.75	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	2,500,290	0.0660	165,019.14	2,500,290	0.0660	165,019.14	0.00	0.00%	0.00%
Total Bill			323,426.74			324,329.10	902.36	0.28%	0.28%

Street Lighting

Billing Determinants
15,000 Connections
850,000 kWh
2,400 kW

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge (&SSS)	15,000	1.9700	29,550.00	15,000	1.9700	29,550.00	0.00	0.00%	0.00%
SSS Administration			0.00			0.00	0.00		0.00%
Distribution (kWh)			0.00			0.00	0.00		0.00%
Distribution (kW)	2,400	5.3687	12,884.88	2,400	5.3687	12,884.88	0.00	0.00%	0.00%
Z-Factor Rider	2,400	0.0000	0.00	2,400	0.1327	318.48	318.48		0.27%
Regulatory Assets (kW)	2,400	(0.2276)	-546.24	2,400	(0.2276)	(546.24)	0.00	0.00%	0.00%
Sub-Total			41,888.64			42,207.12	318.48	0.76%	0.27%
Other Charges (kWh)	885,785	0.0135	11,958.10	885,785	0.0135	11,958.10	0.00	0.00%	0.00%
Other Charges (kW)	2,400	2.7531	6,607.44	2,400	2.7531	6,607.44	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	750	0.0570	42.75	750	0.0570	42.75	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	885,035	0.0660	58,412.31	885,035	0.0660	58,412.31	0.00	0.00%	0.00%
Total Bill			118,909.24			119,227.72	318.48	0.27%	0.27%

Unmetered/Scattered Load

Billing Determinants
1 Connections
511 kWh

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge (&SSS)	1	9.8100	9.81	1	9.81	9.81	0.00	0.00%	0.00%
Distribution (kWh)	511	0.0150	7.67	511	0.0150	7.67	0.00	0.00%	0.00%
LRAM & SSM Rider (kWh)	511	0.0001	0.05	511	0.0001	0.05	0.00	0.00%	0.00%
Z-Factor Rider	511	0.0000	0.00	511	0.0004	0.20	0.20		0.34%
Regulatory Assets (kWh)	511	(0.0006)	-0.31	511	(0.0006)	(0.31)	0.00	0.00%	0.00%
Sub-Total			17.22			17.42	0.20	1.19%	0.34%
Other Charges (kWh)	533	0.0225	11.98	533	0.0225	11.98	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	533	0.0570	30.35	533	0.0570	30.35	0.00	0.00%	0.00%
Total Bill			59.56			59.76	0.20	0.34%	0.34%

APPENDIX A2

BILL IMPACTS (FIXED)

Reference: Undertaking J1

FIXED RATE RIDER BILL IMPACTS *(Monthly Consumptions)*

RESIDENTIAL

Consumption		Existing Rates			Proposed Z-Factor			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
250 kWh	Monthly Service Charge (&SSS)			12.90			12.90	0.00	0.00%	0.00%
	Distribution (kWh)	250	0.0127	3.18	250	0.0127	3.18	0.00	0.00%	0.00%
	Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
	LRAM & SSM Rider (kWh)	250	0.0002	0.05	250	0.0002	0.05	0.00	0.00%	0.00%
	Z-Factor Rider			0.00			0.24	0.24		0.63%
	Regulatory Assets (kWh)	250	(0.0003)	-0.08	250	(0.0003)	(0.08)	0.00	0.00%	0.00%
	Sub-Total			16.87			17.11	0.24	1.42%	0.63%
	Other Charges (kWh)	261	0.0233	6.07	261	0.0233	6.07	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	261	0.0570	14.85	261	0.0570	14.85	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	0	0.0650	0.00	0	0.0660	0.00	0.00		0.00%
	Total Bill			37.79			38.03	0.24	0.64%	0.63%

RESIDENTIAL

Consumption		Existing Rates			Proposed Z-Factor			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
500 kWh	Monthly Service Charge (&SSS)			12.90			12.90	0.00	0.00%	0.00%
	Distribution (kWh)	500	0.0127	6.35	500	0.0127	6.35	0.00	0.00%	0.00%
	Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
	LRAM & SSM Rider (kWh)	500	0.0002	0.10	500	0.0002	0.10	0.00	0.00%	0.00%
	Z-Factor Rider			0.00			0.24	0.24		0.37%
	Regulatory Assets (kWh)	500	(0.0003)	-0.15	500	(0.0003)	(0.15)	0.00	0.00%	0.00%
	Sub-Total			20.02			20.26	0.24	1.20%	0.37%
	Other Charges (kWh)	521	0.0233	12.14	521	0.0233	12.14	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	261	0.0570	14.85	261	0.0570	14.85	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	261	0.0650	17.19	261	0.0660	17.19	0.00	0.00%	0.00%
	Total Bill			64.21			64.45	0.24	0.37%	0.37%

RESIDENTIAL

Consumption		Existing Rates			Proposed Z-Factor			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
800 kWh	Monthly Service Charge (&SSS)			12.90			12.90	0.00	0.00%	0.00%
	Distribution (kWh)	800	0.0127	10.16	800	0.0127	10.16	0.00	0.00%	0.00%
	Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
	LRAM & SSM Rider (kWh)	800	0.0002	0.16	800	0.0002	0.16	0.00	0.00%	0.00%
	Z-Factor Rider			0.00			0.24	0.24		0.25%
	Regulatory Assets (kWh)	800	(0.0003)	-0.24	800	(0.0003)	(0.24)	0.00	-0.00%	0.00%
	Sub-Total			23.80			24.04	0.24	1.01%	0.25%
	Other Charges (kWh)	834	0.0233	19.42	834	0.0233	19.42	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	261	0.0570	14.85	261	0.0570	14.85	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	573	0.0650	37.83	573	0.0660	37.83	0.00	0.00%	0.00%
	Total Bill			95.90			96.14	0.24	0.25%	0.25%

RESIDENTIAL

Consumption		Existing Rates			Proposed Z-Factor			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
1,000 kWh	Monthly Service Charge (&SSS)			12.90			12.90	0.00	0.00%	0.00%
	Distribution (kWh)	1,000	0.0127	12.70	1,000	0.0127	12.70	0.00	0.00%	0.00%
	Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
	LRAM & SSM Rider (kWh)	1,000	0.0002	0.20	1,000	0.0002	0.20	0.00	0.00%	0.00%
	Z-Factor Rider			0.00			0.24	0.24		0.21%
	Regulatory Assets (kWh)	1,000	(0.0003)	-0.30	1,000	(0.0003)	(0.30)	0.00	0.00%	0.00%
	Sub-Total			26.32			26.56	0.24	0.91%	0.21%
	Other Charges (kWh)	1,042	0.0233	24.28	1,042	0.0233	24.28	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	800	0.0570	45.60	800	0.0570	45.60	0.00	0.00%	0.00%
	Cost of Power Commodity (kWh)	242	0.0660	15.98	242	0.0660	15.98	0.00	0.00%	0.00%
	Total Bill			112.18			112.42	0.24	0.21%	0.21%

GENERAL SERVICE < 50 kW

Consumption
2,000 kWh

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge (&SSS)			27.63			27.63	0.00	0.00%	0.00%
Distribution (kWh)	2,000	0.0073	14.60	2,000	0.0073	14.60	0.00	0.00%	0.00%
Smart Meter Rider (per month)			0.62			0.62	0.00	0.00%	0.00%
Z-Factor Rider			0.00			1.02	1.02		0.46%
Regulatory Assets (kWh)	2,000	(0.0005)	-1.00	2,000	(0.0005)	(1.00)	0.00	0.00%	0.00%
Sub-Total			42.05			43.07	1.02	2.43%	0.46%
Other Charges (kWh)	2,084	0.0223	46.48	2,084	0.0223	46.48	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	750	0.0570	42.75	750	0.0570	42.75	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	1,334	0.0660	88.06	1,334	0.0660	88.06	0.00	0.00%	0.00%
Total Bill			219.33			220.35	1.02	0.47%	0.46%

GENERAL SERVICE < 50 kW

Consumption
5,000 kWh

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge (&SSS)			27.63			27.63	0.00	0.00%	0.00%
Distribution (kWh)	5,000	0.0073	36.50	5,000	0.0073	36.50	0.00	0.00%	0.00%
Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
Z-Factor Rider			0.00			1.02	1.02		0.20%
Regulatory Assets (kWh)	5,000	(0.0005)	-2.50	5,000	(0.0005)	(2.50)	0.00	0.00%	0.00%
Sub-Total			62.45			63.47	1.02	1.63%	0.20%
Other Charges (kWh)	5,211	0.0223	116.19	5,211	0.0223	116.19	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	750	0.0570	42.75	750	0.0570	42.75	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	4,461	0.0660	294.39	4,461	0.0660	294.39	0.00	0.00%	0.00%
Total Bill			515.79			516.81	1.02	0.20%	0.20%

GENERAL SERVICE > 50 kW

Consumption
15,000 kWh
60 kW

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge (&SSS)			249.95			249.95	0.00	0.00%	0.00%
Distribution (kWh)			0.00			0.00	0.00		0.00%
Distribution (kW)	60	1.8167	109.00	60	1.8167	109.00	0.00	0.00%	0.00%
Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
Z-Factor Rider			0.00			27.27	27.27		1.50%
Regulatory Assets (kW)	60	(0.2502)	-15.01	60	(0.2502)	-15.01	0.00	0.00%	0.00%
Sub-Total			344.76			372.03	27.27	7.91%	1.50%
Other Charges (kWh)	15,632	0.0135	211.03	15,632	0.0135	211.03	0.00	0.00%	0.00%
Other Charges (kW)	60	3.5029	210.17	60	3.5029	210.17	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	750	0.0570	42.75	750	0.0570	42.75	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	14,882	0.0660	982.18	14,882	0.0660	982.16	0.00	0.00%	0.00%
Total Bill			1,790.89			1,818.16	27.27	1.52%	1.50%

GENERAL SERVICE > 50 kW

Consumption
100,000 kWh
350 kW

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge (&SSS)			249.95			249.95	0.00	0.00%	0.00%
Distribution (kWh)			0.00			0.00	0.00		0.00%
Distribution (kW)	350	1.8167	635.85	350	1.8167	635.85	0.00	0.00%	0.00%
Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
Z-Factor Rider			0.00			27.27	27.27		0.31%
Regulatory Assets (kW)	350	(0.2502)	-87.57	350	(0.2502)	(87.57)	0.00	0.00%	0.00%
Sub-Total			799.05			826.32	27.27	3.41%	0.31%
Other Charges (kWh)	104,210	0.0135	1,406.84	104,210	0.0135	1,406.84	0.00	0.00%	0.00%
Other Charges (kW)	350	3.5029	1,226.02	350	3.5029	1,226.02	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00		0.00%
Cost of Power Commodity (kWh)	104,210	0.0500	5,210.50	104,210	0.0500	5,210.50	0.00	0.00%	0.00%
Total Bill			8,642.40			8,669.67	27.27	0.32%	0.31%

LARGE USER (> 5000 kW)

Consumption
2,800,000 kWh
6,500 kW

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge (&SSS)			11,123.44			11,123.44	0.00	0.00%	0.00%
Distribution (kWh)			0.00			0.00	0.00		0.00%
Distribution (kW)	6,500	1.0331	6,715.15	6,500	1.0331	6,715.15	0.00	0.00%	0.00%
Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
Z-Factor Rider			0.00			4,328.08	4,328.08		1.92%
Regulatory Assets (kW)	6,500	(0.1972)	-1,281.80	6,500	(0.1972)	(1,281.80)	0.00	0.00%	0.00%
Sub-Total			16,557.61			20,885.69	4,328.08	26.14%	1.92%
Other Charges (kWh)	2,818,760	0.0135	38,053.26	2,818,760	0.0135	38,053.26	0.00	0.00%	0.00%
Other Charges (kW)	6,500	4.0132	26,085.80	6,500	4.0132	26,085.80	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00		0.00%
Cost of Power Commodity (kWh)	2,818,760	0.0500	140,938.00	2,818,760	0.0500	140,938.00	0.00	0.00%	0.00%
Total Bill			221,634.67			225,962.75	4,328.08	1.95%	1.92%

LARGE USER (> 5000 kW)

Consumption
20,000,000 kWh
40,000 kW

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge (&SSS)			11,123.44			11,123.44	0.00	0.00%	0.00%
Distribution (kWh)			0.00			0.00	0.00		0.00%
Distribution (kW)	40,000	1.0331	41,324.00	40,000	1.0331	41,324.00	0.00	0.00%	0.00%
Smart Meter Rider (per month)			0.82			0.82	0.00	0.00%	0.00%
Z-Factor Rider			0.00			4,328.08	4,328.08		0.29%
Regulatory Assets (kW)	40,000	(0.1972)	-7,888.00	40,000	(0.1972)	(7,888.00)	0.00	0.00%	0.00%
Sub-Total			44,560.26			48,888.34	4,328.08	9.71%	0.29%
Other Charges (kWh)	20,134,000	0.0135	271,809.00	20,134,000	0.0135	271,809.00	0.00	0.00%	0.00%
Other Charges (kW)	40,000	4.0132	160,528.00	40,000	4.0132	160,528.00	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	0	0.0500	0.00	0	0.0500	0.00	0.00		0.00%
Cost of Power Commodity (kWh)	20,134,000	0.0500	1,006,700.00	20,134,000	0.0500	1,006,700.00	0.00	0.00%	0.00%
Total Bill			1,483,597.26			1,487,925.34	4,328.08	0.29%	0.29%

Street Lighting

Billing Determinants
36,000 Connections
2,400,000 kWh
6,800 kW

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge (&SSS)	36,000	1.9700	70,920.00	36,000	1.9700	70,920.00	0.00	0.00%	0.00%
SSS Administration			0.25			0.25	0.00	0.00%	0.00%
Distribution (kWh)			0.00			0.00	0.00		0.00%
Distribution (kW)	6,800	5.3687	36,507.16	6,800	5.3687	36,507.16	0.00	0.00%	0.00%
Z-Factor Rider	36,000	0.0000	0.00	36,000	0.0200	720.00	720.00		0.22%
Regulatory Assets (kW)	6,800	(0.2276)	-1,547.68	6,800	(0.2276)	(1,547.68)	0.00	0.00%	0.00%
Sub-Total			105,879.73			106,599.73	720.00	0.68%	0.22%
Other Charges (kWh)	2,501,040	0.0135	33,764.04	2,501,040	0.0135	33,764.04	0.00	0.00%	0.00%
Other Charges (kW)	6,800	2.7531	18,721.08	6,800	2.7531	18,721.08	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	750	0.0570	42.75	750	0.0570	42.75	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	2,500,290	0.0660	165,019.14	2,500,290	0.0660	165,019.14	0.00	0.00%	0.00%
Total Bill			323,426.74			324,146.74	720.00	0.22%	0.22%

Street Lighting

Billing Determinants
15,000 Connections
850,000 kWh
2,400 kW

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge (&SSS)	15,000	1.9700	29,550.00	15,000	1.9700	29,550.00	0.00	0.00%	0.00%
SSS Administration			0.00			0.00	0.00		0.00%
Distribution (kWh)			0.00			0.00	0.00		0.00%
Distribution (kW)	2,400	5.3687	12,884.88	2,400	5.3687	12,884.88	0.00	0.00%	0.00%
Z-Factor Rider	15,000	0.0000	0.00	15,000	0.0200	300.00	300.00		0.25%
Regulatory Assets (kW)	2,400	(0.2276)	-546.24	2,400	(0.2276)	(546.24)	0.00	0.00%	0.00%
Sub-Total			41,888.64			42,188.64	300.00	0.72%	0.25%
Other Charges (kWh)	885,785	0.0135	11,958.10	885,785	0.0135	11,958.10	0.00	0.00%	0.00%
Other Charges (kW)	2,400	2.7531	6,607.44	2,400	2.7531	6,607.44	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	750	0.0570	42.75	750	0.0570	42.75	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	885,035	0.0660	58,412.31	885,035	0.0660	58,412.31	0.00	0.00%	0.00%
Total Bill			118,909.24			119,209.24	300.00	0.25%	0.25%

Unmetered/Scattered Load

Billing Determinants
1 Connections
511 kWh

	Existing Rates			Proposed Z-Factor			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge (&SSS)	1	9.8100	9.81	1	9.81	9.81	0.00	0.00%	0.00%
Distribution (kWh)	511	0.0150	7.67	511	0.0150	7.67	0.00	0.00%	0.00%
LRAM & SSM Rider (kWh)	511	0.0001	0.05	511	0.0001	0.05	0.00		0.00%
Z-Factor Rider	1	0.0000	0.00	1	0.1200	0.12	0.12		#DIV/0!
Regulatory Assets (kWh)	511	(0.0006)	-0.31	511	(0.0006)	(0.31)	0.00	0.00%	0.00%
Sub-Total			17.22			17.34	0.12	0.70%	0.20%
Other Charges (kWh)	533	0.0225	11.98	533	0.0225	11.98	0.00	0.00%	0.00%
Cost of Power Commodity (kWh)	533	0.0570	30.35	533	0.0570	30.35	0.00	0.00%	0.00%
Total Bill			59.55			59.67	0.12	0.20%	0.20%

APPENDIX B

EXCERPTS FROM MANAGEMENT'S FINANCIAL REPORT

Reference: Undertaking J3

Looking beyond...

Excerpts from:

Horizon Holdings Inc.
Management's Financial Report to the
Board of Directors

Consolidated Financial Results
Three Months Ended March 31, 2009

horizon HOLDINGS Looking beyond...

MANAGEMENT'S FINANCIAL REPORT

Results of Operations for the Quarter ended March 31, 2009
(in thousands of dollars)

HIGHLIGHTS

Electricity Distribution Operations (EDO)

- **Management has forecast 2009 distribution revenue to be [redacted] less than budget. Such forecast is based on a review of several scenarios providing for distribution revenue reductions within a range of [redacted] for the year.** The scenario selected for the forecast assumes that: i) [redacted] will remain shut-down for the balance of the year (impact of approx. [redacted]); ii) the commercial load forecast continues to trend consistent with the results experienced in the first quarter; iii) a decline in consumption by [redacted]; and iv) no recoveries or mitigation of i) through iii) from z-factor or LRAM/SSM applications to the Ontario Energy Board ("OEB")

  Management will be making application to the OEB for a z-factor adjustment to recover distribution revenue loss both resulting and anticipated from the shut-down of US Steel. Additionally, Management will be making application to the OEB for recovery of distribution revenue loss related to 2007 and 2008 conservation and demand management initiatives. Both of these applications are in preliminary stages. It is premature to assess the likelihood that such applications might mitigate the forecast revenue variance.

APPENDIX C

EXCERPTS FROM FINANCIAL RESULTS FIRST QUARTER 2009

Reference: Undertaking J3

horizon UTILITIES Looking beyond...

Excerpts from: Financial Results First Quarter

($000's)

March 31, 2009

Distribution Revenue Analysis

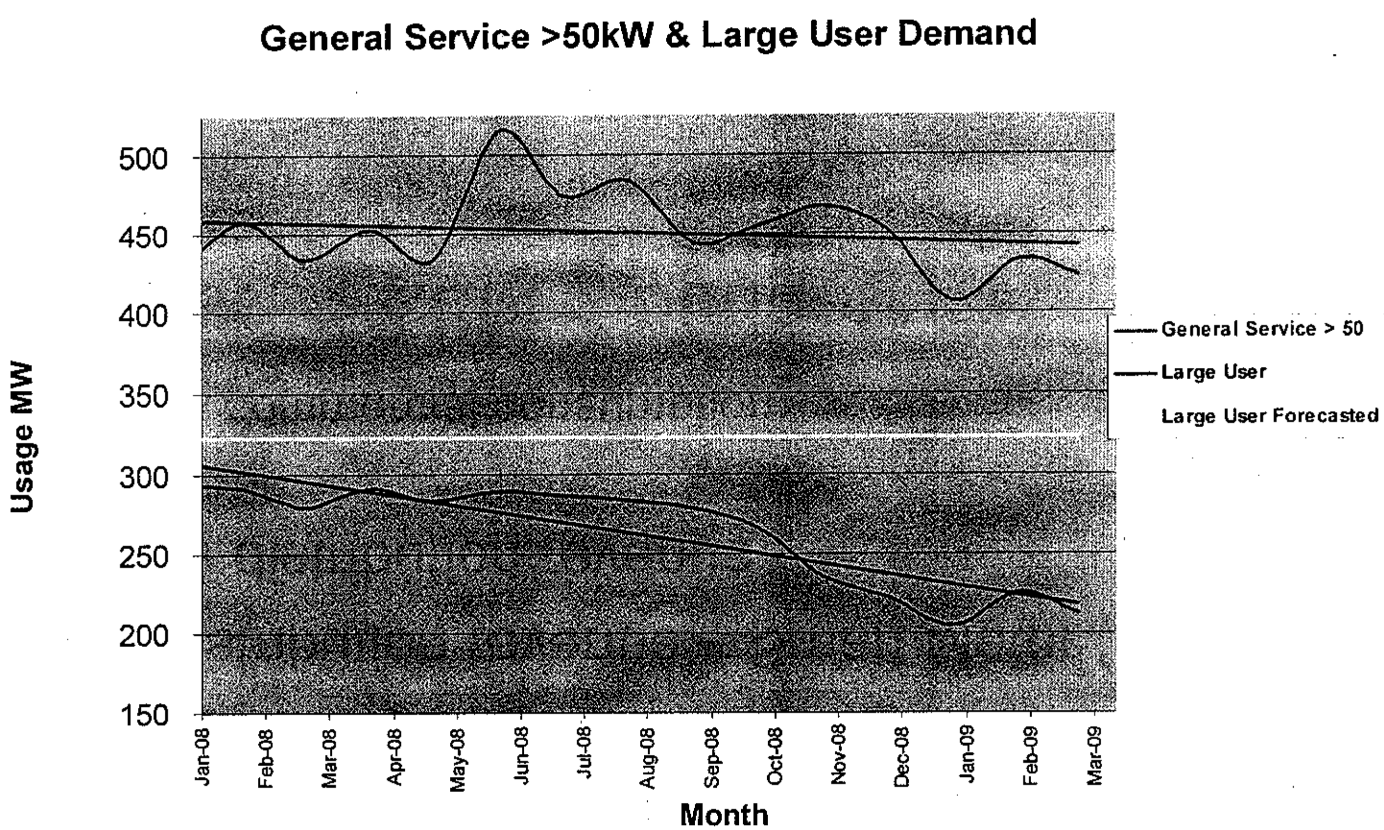
Q1 variance - $1.4M < budget

- Fixed distribution revenue – Smart Meter (timing)
- Variable distribution revenue
  - [redacted]
    - Lower commercial consumption

[redacted]

horizon UTILITIES Looking beyond...

Distribution Revenue Analysis



G.S. >50 kW $1,818/MW/month

Large User $1,034/MW/month

horizon UTILITIES Looking beyond

Potential Regulatory Mitigation

- Z-factor Application(s)
  - [redacted]
  - —Large User Class load reduction
- LRAM/SSM Application
- Accelerate Full Cost of Service Application in advance of 2012
- Revisit consumption assumptions in 2008EDR with OEB

horizon UTILITIES Looking beyond