September 24, 2010

BY RESS AND BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON, M4P 1E4

Dear Ms. Walli:

RE: Electricity Distribution Licence ED-2006-0031
Application for a Smart Meter Funding Adder

Horizon Utilities Corporation ("Horizon Utilities") is a licensed electricity distribution company operating in the City of Hamilton and the City of St. Catharines under Ontario Energy Board (the "OEB" or the "Board") Electricity Distribution Licence ED-2006-0031. Horizon Utilities Corporation is making an Application to the Ontario Energy Board for the consideration and approval of a Utility-Specific Smart Meter Funding Adder in accordance with the Smart Meter Funding and Cost Recovery Guideline G-2008-0002.

Please find attached the application for the above-captioned request.

Two hard copies of this Application are being submitted by courier.

Yours truly,

[*Original signed by*]

Indy J. Butany-DeSouza, MBA
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Application to the Ontario Energy Board by Horizon Utilities Corporation Distribution Licence ED-2006-0031 for a Smart Meter Funding Adder

September 24th, 2010

Indy J. Butany-DeSouza
Vice President, Regulatory
and Government Affairs
Horizon Utilities Corporation
55 John Street North
PO Box 2249, Station LDC 1
Hamilton, Ontario, L8N 3E4

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APPENDICES

INTRODUCTION

Horizon Utilities Corporation ("Horizon Utilities") herein submits its Application to the Ontario Energy Board ("the Board") for the consideration and approval of a Utility Specific Smart Meter Funding Adder (the "Adder") in accordance with the Smart Meter Funding and Cost Recovery Guideline (G-2008-0002).

In support of this Application, Horizon Utilities is providing:

- a detailed meter installation plan which includes the number of meters proposed to be installed and an annual installation schedule for the period the funding adder is expected to be in effect;

- the actual historical and forecast estimated costs in total and on a per meter basis that includes:
    1. Procurement and installation of the components of the Automated Meter Interrogation ("AMI") system;
    2. Customer Information System ("CIS");
    3. Incremental operating and maintenance activities; and
    4. Changes to ancillary systems;

- business plan justification for any smart meter or AMI costs that are incurred to support functionality that exceeds the minimum functionality adopted in O. Reg. 425/06, and an estimate of those costs; and

- a statement as to whether the distributor has incurred, or expects to incur, costs associated with functions for which the Smart Meter Entity ("SME") has the exclusive authority to carry out pursuant to O. Reg. 393/07.

The current Board approved Adder for Horizon Utilities is $1.56 per metered customer per month. This Application for a revised funding adder is consistent with the Board's Decision resulting from the Combined Proceeding related to Smart Meters (EB-2007-0063).

Horizon Utilities has calculated the smart meter revenue requirement based on the actual Capital and OM&A expenditures to the end of 2009, forecasted Capital and OM&A expenditures for 2010, 2011,

and beyond. The revenue requirements for each year have been calculated using the Smart Meter Funding Adder Model (the "SM Model").

The total smart meter revenue requirement is reduced by the amounts billed through the current and previous Smart Meter Funding Adder. Horizon Utilities has calculated the smart meter recovery to the end of November 2010 under the assumption that the Adder requested in this Application is approved for recovery commencing December 1st, 2010.

Horizon Utilities is requesting approval of an Adder of $2.45 per metered customer per month for the remainder of Horizon Utilities' Smart Meter Implementation program from December 1st, 2010 to December 31st, 2011; a period of 13 months.

1.0 SMART METER PROGRAM

The Province's Smart Meter initiative provides for Smart Meters to be installed for all residential and General Service ("GS") customers <50 kW by the end of 2010. Additionally, Time-Of-Use ("TOU") billing must be in place for Horizon Utilities for all residential and GS<50 kW customers by June 2011, as per the Board's Final Determination Under Section 1.2.1 of the Standard Supply Service Code to Mandate Time-of-Use Pricing for Regulated Price Plan Consumers (EB-2010-0218, the "Final Determination"). In accordance with the Final Determination, Horizon Utilities has filed a detailed plan for the implementation of TOU rates for each qualifying customer class with the Board.

Horizon Utilities is requesting an increase in the Adder from $1.56 to $2.45 to complete the Smart Meter program and implement TOU rates. This includes additional Operations, Maintenance, and Administrative ("OM&A") costs associated with managing the TOU migration, as well as additional staff, training, and customer communications. Capital costs included in the Adder are associated with converting the remaining hard-to-reach meters ("HTR"), which includes meters that have not yet been replaced due to a customer refusal, lack of access to the meter, or space limitations, and continuing with the conversion of commercial and industrial three phase meters (as approved by the Board in Horizon Utilities' prior Adder application, EB-2009-0158).

Horizon Utilities anticipates meeting the Province's timetable for implementing Smart Meters. Horizon Utilities completed its initial mass deployment of Smart Meters for the single phase residential and GS<50 kW customers at the end of 2009. As of December 31st, 2009, 220,082 residential and GS<50 kW single phase Smart Meters have been installed. This leaves approximately 6,060 hard-to-reach residential and GS<50 kW single phase meters, as well as 8,788

three-phase meters for the residential, GS<50, GS>50 and industrial sectors as still to be deployed. At the end of 2009, Horizon Utilities had completed 94.6% of installations for customers requiring Smart Meters. Horizon Utilities commenced its Smart Meter conversion program in 2006 with 7,000 installations financed through Horizon Utilities' Third Tranche of Incremental Market Adjusted Revenue Requirement ("MARR") related to conservation and demand management ("CDM") initiatives, consistent with Board Procedural Order RP-2004-0203, as it relates to approval of expenditures for CDM expenditures. Installations will continue throughout 2010, with the remaining 1,700 HTR residential and GS<50 kW single-phase meters to be installed in 2011 and beyond. The remaining 7,288 three-phase meters will be converted to smart meters when they require re-verification (between 2010 and 2015), as prescribed by *the Electricity and Gas Inspection Act, R.S.C, 1985*.

Horizon Utilities began registration of meters with the provincial Meter Data Management Repository ("MDM/R") in July 2009 and will continue with further registrations based on the Independent Electricity System Operators ("IESO") approved approach. Such registration is scheduled for completion in the first quarter of 2011.

Horizon Utilities has undertaken significant CIS and Operational Data Store ("ODS") system development and changes, in order to support the MDM/R requirements and to provide in-house data management functionality and timely web presentment services to Horizon Utilities' Smart Meter customers.

Horizon Utilities began migrating residential and GS <50 customers to TOU rates in December 2009. As noted above, such migration is scheduled for completion by June 2011. Horizon Utilities expects to have a limited number of exceptions should the MDM/R functionality not be available to support certain types of metering configurations. These exceptions could include circumstances in which the meter multiplier is greater than one, the 15-minute interval data is received, or where a three-phase meter is required.

Horizon Utilities expects that the IESO will file an application with the Board for the recovery of costs associated with its development and management of the MDM/R from distributors. The IESO is authorized to recover costs related to the Smart Meter Initiative pursuant to *Ontario Regulation 453/06* ("SME charges'). Horizon Utilities anticipates that the Board will further approve the recovery of IESO charges to electricity distributors for their customers. Such costs are not included in this Application. Horizon Utilities expects that the Board will address such costs and associated cost recovery through a generic proceeding.

In accordance with the Smart Meter Funding and Cost Recovery Guideline G-2008-0002, Table 1 below illustrates the actual results of Horizon Utilities' Smart Meter Implementation to December 31, 2009.

Table 1

Actual / Forecast of Smart Meters Implementation

	Total Customers at Dec 31 2009 requiring smart meters	Actual meters installed to December 31 2009	%	Forecasted Meters to be installed in 2010	%	Forecasted meters 2011 and beyond	%
Residential	212,580	210,410	99.0	3,764	100.7	800	101.1
GS< 50kW single phase	8,595	7,099	82.6	596	89.5	900	100.0
GS< 50kW poly phase	9,383	1,630	17.4	1,200	30.2	6,553	100.0
Total Res GS<50 kW	230,558	219,139	95.0	5,560	97.5	8,253	101.0
GS>50 kW	1,978	943	47.7	300	62.8	735	100.0
Total	232,536	220,082	94.6	5,860	97.2	8,988	101.0

***Note Number of Meters does not equal number of customers due to inclusion of inactive accounts**

Table 2 below provides the 2010 and 2011 forecasted Smart Meter deployment schedule.

Table 2

Monthly Schedule of Meters to be installed

Meters to be installed in 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential and GS < 50 kW class (single phase)	982	641	414	397	338	449	105	165	218	217	217	217	**4,360**
GS < 50kW and >50 kW (three phase)	120	120	120	120	120	100	100	100	150	150	150	150	**1,500**
Total	**1102**	**761**	**534**	**517**	**458**	**549**	**205**	**265**	**368**	**367**	**367**	**367**	**5,860**

Meters to be installed in 2011 and Beyond

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential and GS < 50 kW class (single phase)	142	142	142	142	142	142	142	142	142	142	142	142	**1,700**
GS < 50kW and >50 kW (three phase)	607	607	607	607	607	607	607	607	607	607	607	607	**7,288**
Total	**749**	**749**	**749**	**749**	**749**	**749**	**749**	**749**	**749**	**749**	**749**	**749**	**8,988**

2.0 CAPITAL EXPENDITURES

The following Table 3 represents the 2007 to 2009 actual, 2010 Budgeted and 2011 and beyond forecast capital expenditures for Smart Meters. The 2006 costs are not included in this Adder as such were addressed, as noted previously, in the Third Tranche CDM expenditures consistent with the Board's Procedural Order RP-2004-0203.

Table 3
Capital Spending by Calendar Year

	2007 Actual	2008 Actual	2009 Actual	2010 Budget	2011 and Beyond Budget	Grand Total
Total	**$ 7,679,948**	**$ 10,547,660**	**$ 6,043,663**	**$ 701,000**	**$ 4,186,525**	**$ 29,158,796**

*2010 costs are lower than other years, as residential costs only include the meter installation costs by our service provider. Residential meters were purchased in 2009 & the installation cost for hard-to-reach meters installed by Horizon Utilities are not included in the Adder.

* The 2011 and beyond forecast costs primarily represent the installation of three-phase meters from 2011 to 2015 (further detail provided in Table 4).

As identified in Table 1, Horizon Utilities completed 95% of its Smart Meters installations for all Residential and GS <50 kW customers by the end of 2009 through mass deployment. As previously discussed, certain HTR meters remain outstanding for conversion, which is planned in 2010 and 2011. Horizon Utilities has continued to use an outside service provider for Smart Meter installations. Such provider was selected through a competitive bid process. Horizon Utilities purchased the 7,700 single phase meters in the fall of 2009 to complete its hard-to-reach program. In 2006, Horizon Utilities collaborated with the Coalition of Large Distributors ("CLD") to establish vendor selection options, leading to a joint procurement process. The Board deemed that the procurement process used by the CLD was prudent, as detailed in the Smart Meter Funding and Cost Recovery Guideline (G-2008-0002). In 2008, Toronto Hydro Electric System Limited's ("THESL") issued a new request for proposal ("RFP") for metering. From this RFP, THESL obtained a new and reduced per unit pricing arrangement from Elster Canadian Meter Company Inc. ("Elster"). Elster agreed to provide this same pricing arrangement to Horizon Utilities. Such is the basis for Horizon Utilities' procurement in 2008, 2009 and 2010.

The cost of meters has declined over the course of the Smart Meter implementation due to increasing strength in the Canadian dollar combined with lower supplier pricing. Horizon Utilities'

average capital cost per meter of $124.12 (based on 234,930 meters with a capital cost of $29,158,796) compares favourably to the sector average capital cost of $186.76, as derived from the "Sector Market Meter Audit Review Report" issued by the Regulatory Audit and Accounting group of the Board on March 31st, 2010 (based on 3,053,931 meters with a capital cost of $570,339,200).

Horizon Utilities continues to install Smart Meters at the premises of its three-phase commercial and industrial customers. At the end of 2009, 31% of the three phase meters were converted to Smart Meters and the remaining meters will be changed by 2015 as they come due to for re-verification.

In 2009, an analysis of the metering communications "backbone" was undertaken to improve data collection efficiency. The results of the analysis identified instances where certain collectors needed to be relocated or additional collector installations were required. In collaboration with the manufacturer, it was determined that a collector upgrade was required to improve the efficiency of the meter data collection process, enhance communications, and to enable an upgrade of the meter firmware. Horizon Utilities is completing the required collector enhancements and meter firmware upgrades through 2010 and 2011.

In order to address the outstanding need to process data for meter specific scenarios, including meter multipliers that are greater than 1 and three-phase meter types, additional system enhancements to Horizon Utilities' CIS and ODS systems are required. Such enhancements cannot be completed until the SME defines the MDM/R interface requirements. Additional outstanding programming requirements are needed to ensure compliance with Measurement Canada's legislation, as prescribed by *the Electricity and Gas Inspection Act, R.S.C, 1985,* in which utilities are required to display end-of-interval register reads on invoices for TOU billed customers. Horizon Utilities is participating in industry working groups, composed of both utilities and the SME in order to devise reasonable solutions to these aforementioned issues.

Smart Meter data is the source data for customer billing and related cash processes. The integrity of such important data must be maintained on a continuous and uninterrupted basis. In order to manage related disaster recovery and business continuity processes related to such data, back up redundancy servers have been implemented at Horizon Utilities' disaster recovery data centre.

Table 4 below summarizes Horizon Utilities' 2009 and prior actual capital expenditures, 2010, and 2011 and beyond forecasted capital expenses.

Table 4

Planned Capital Expenditures 2009 (Prior), 2010, and 2011 and Beyond

	2009 and prior	2010	2011 and beyond	Grand Total
Residential and GS < 50 kW class (single phase)	$22,332,963	$51,800	$303,891	$22,688,654
GS < 50kW and >50 kW (three phase)	$1,448,423	$649,200	$3,562,634	$5,660,257
MDM/R Integration	$55,376	$0	$128,000	$183,376
SM TOU Web Enhancements and Back Office Functionality	$434,509	$0	$192,000	$626,509
Total	$24,271,271	$701,000	$4,186,525	$29,158,796

Table 5 below, summarizes the planned capital expenditures, both total and per meter for 2009 actual, 2010 and 2011 and beyond forecasted expenses, by expenditure type.

Table 5

Capital Expenditures Total and per Meter ($)

	2009 & Prior Capital Expenditures per ($000)	2009 & Prior Capital Expenditures per meter ($)	2010 Capital Expenditures per ($000)	2010 Capital Expenditures per meter ($)	2011 & Beyond Capital Expenditures per ($000)	2011 & Beyond Capital Expenditures and OM&A per meter ($)	Total Capital Expenditures per ($000)	Total Capital Expenditures per meter ($)
Residential and GS < 50kW class (single phase)	$22,332	$102.68	$51	$11.88	$303	$178.76	$22,688	$101.48
GS < 50kW and >50 kW (three phase)	$1,448	$562.93	$649	$432.80	$3,562	$488.84	$5,660	$498.22
MDM/R Integration	$55	$0.25	$0	$0.00	$128	$0.54	$183	$0.78
SM TOU Web Enhancements and Back Office Functionality	$434	$1.97	$0	$0.00	$192	$0.82	$626	$2.67

*2010 Residential costs only include the meters installation cost of our service provider. The meters were purchased in 2009. The installation costs for hard to reach meters is not included in the Adder.

*Costs for commercial three phase meters are higher than single phase meters.

3.0 OPERATIONS, MAINTENANCE, AND ADMINISTRATION ("OM&A")

Horizon Utilities is completing delivery of the roll-out strategy to migrate all residential and GS<50 kW customers to TOU rates by June 2011 as per the Board's Final Determination as set out in EB-2010-0218.

Table 6 below summarizes the OM&A expenditures on a total and per meter basis for 2009 and prior actual costs, 2010, and 2011 and beyond forecasted costs.

Table 6

OM&A Expenditures Total and per Meter

	2009 & Prior OM&A Expenditures per ($000)	2009 & Prior OM&A Expenditures per meter ($)	2010 OM&A Expenditures per ($000)	2010 OM&A Expenditures per meter ($)	2011 & Beyond OM&A Expenditures per ($000)	2011 & Beyond OM&A Expenditures per meter ($)	Total OM&A Expenditures per ($000)	Total OM&A Expenditures per meter ($)
OM&A	$2,822.99	$12.83	$1,551.64	$6.87	$1,680.31	$7.15	$6,054.94	$25.77

*OM&A includes additional call center staff, training and customer communications. OM&A per meter cost based on total number of meters installed

Table 7 below provides a summary of OM&A forecasted expenditures for 2010 and 2011 and beyond.

Table 7

OM&A Expenses - 2010 and 2011 and Beyond

	2010	2011 & Beyond	Total
Labour & Benefits	$610,467	$621,394	$1,231,861
IT maintenance Contracts/software	$347,000	$604,098	$951,098
Media Communications	$300,000	$200,000	$500,000
Outside Services	$156,000	$110,000	$266,000
Data Communications	$115,310	$119,500	$234,810
Training / Change Management Cost	$8,500	$20,217	$28,717
Miscellaneous Administration	$14,360	$5,100	$19,460
Total	$1,551,637	$1,680,309	$3,231,946

There are significant operating costs that have and will continue to be incurred with regard to the migration of all residential and GS<50 kW customers to the new TOU rate structure, including:

- installation of Smart Meters and the associated refinement of communication infrastructure;
- new systems such as the AMI must be evaluated, installed, implemented, and tested;
- development or modification of existing systems, such as CIS, ODS and web presentment;
- business processes must be developed or modified;
- the interactions between Horizon Utilities' systems and the provincial MDM/R must be developed and tested;
- resourcing needs must be addressed to manage the back-office transactional work related to the increase in meter reads from 1.4 million to over 2 billion annually;
- change management and training programs must be developed and delivered to affected employees; and
- the development and implementation of a customer communication plan that includes educational materials and tools.

One of the challenges with a vast network of meters and communication devices has been to optimize the AMI system components to ensure consistent retrieval of meter reads and associated data. The Ministry of Energy's "Functional Specification for an Advanced Metering Infrastructure (Version 2)" indicates that AMI systems must read meters with a 98% daily success rate. Horizon Utilities is focusing efforts to meet this regulated target, which includes software upgrades to the AMI system, the installation of additional collection units to enhance the communications backbone, and software and hardware upgrades to collectors and modems.

The volume of hourly meter read data and meter and system status updates received from the AMI necessitates the development of an internal data warehouse to centralize the management, verification, and accessibility of data. Horizon Utilities commenced the development of such in 2007 and the current functionality includes the read management and customer web presentment for more than 210,000 residential customers.

The functionality of the ODS system with regard to the data repository will be expanded to accommodate the management of Smart Meters, where the multiplier is greater than 1, where the data collection is in 15-minute intervals and for customers with 50 to 200 kilowatts of demand.

After internal testing and the completion of an initial business process review, Horizon Utilities completed System Integration Testing ("SIT") and Qualification Testing ("QT") with the MDM/R in 2009. Horizon Utilities confirmed connectivity with the MDM/R by registering 10,000 initial metering

points in July,2009. An incremental approach to enrolments has been undertaken since the original implementation of 100,000 metering points registered as of August 2010. Additional programming and business process reviews are on-going to support changes to the MDM/R's Technical Interface Specifications Document ("TIS").

The deployment of Smart Meters and the implementation of TOU rates have required significant incremental human resources. A contract Project Manager was retained in 2009 to ensure that deliverables from multiple departments were met as per the project timelines. In addition, two new permanent positions were created in 2010 to manage the meter data collection process through the AMI.

A Call Centre Strategy for TOU Implementation was developed in 2008 to address the deployment of TOU rates and in contemplation of common industry assumptions regarding call volume expectations. Recommendations resulting from such strategic planning included the acquisition of 5 full time contract staff to support managing the expected escalation in call volumes through the 18 to 24-month TOU migration period.

Horizon Utilities continues to invest in the training required to address new processes associated with the utilization of the MDM/R and expansion of TOU rates, as project team functions move to the production environment. Horizon Utilities developed a change management strategy in 2006 to enable its employees to support new business systems and processes, through the development of new procedures and general Smart Metering and TOU work instructions. The training components offered in Customer Service included a general TOU backgrounder for all Customer Service employees, 3 call-centre specific training modules, MDM/R Graphic User Interface ("GUI") training, MDM/R user training, AMI user training, and TOU billing training.

Horizon Utilities developed a Customer Communications plan in 2009. The plan provided for educational materials for residential and commercial customers and the introduction of the Horizon Utilities Time-Of-Use Community Road show.

The customer education materials comprised as follows:
(further detail provided in Appendix B, C, D and E of this Application)

- a brochure providing that "Horizon is moving to TOU rates", which was included with every customer invoice in late 2009 or early 2010 (Appendix B);

- a direct mail package including a letter of explanation; “Introducing TOU rates” brochure and two cling-films. Such was provided 30 days in advance of the account migration to TOU rates (Appendix C);
- a bill insert titled “It’s time to think differently”, included with the customer’s last conventional bill (Appendix D) ;
- and a brochure titled “Managing on TOU rates” and included with the first TOU bill assisting customers with (Appendix E).

The materials were designed to provide customers with an awareness and understanding of TOU rates and inform customers of tools that are available to assist them such as the web presentment features provided on the Horizon Utilities’ website, provide simple and helpful conservation tips, and inform customers of the available conservation and demand management initiatives.

Customer education and awareness is critical to the successful implementation of TOU rates. Horizon Utilities engaged a research firm to measure the success of the above materials in achieving customer education and awareness through a 3-phase survey. Customers were randomly selected and surveyed in stages following each of: i) receiving the initial brochure; ii) receiving the direct mail package, and iii) after receiving two TOU invoices. The results indicated that Horizon Utilities’ customers have an increasing awareness of TOU rates based on their staged receipt of the education materials and that they were able to recall key messages therein. 79% of the customers were aware that they were invoiced on TOU rates and 100% of these customers recalled at least one key message without any prompting.

The deployment of the communication plan continues into 2011 for both residential and GS<50 kW customers.

The Time-of-Use Community Road Show has participated in more than 40 events to date with over 30 events planned in 2010 and beyond. Specially trained Horizon Utilities staff deliver the road show at community malls, big box stores, and community centres. Such staff is available to inform customers about TOU rates, demonstrate the web presentment system, and advise customers of conservation tips and programs to assist them in managing their electricity costs.

4.0 EXPENDITURES BEYOND MINIMUM FUNCTIONALITY

Horizon Utilities' previous Adder Application (EB-2009-0158) provided for the installation of smart meters for the GS <50 kW customers in order to meet the provincial requirements for conversion. Such installations continue and are provided for in this Application. Additionally, Horizon Utilities will install three-phase smart meters for all commercial customers greater than 50 kW without interval meters at the time such are next scheduled for re-verification. Included in the total capital expenditure for 2010 is $649,200 to install 1,700 three-phase Smart Meters as identified in Table 4 and 1 above. Approximately 1,200 of these meters are for GS <50 kW customers and exceed the minimum functionality adopted in O. Reg. 425/06. Horizon Utilities submits this as a proactive approach consistent with the objectives the *Green Energy and Green Economy Act, Ontario, 2009* and that, in any event, such expenditures will otherwise be required to achieve the objectives of the Smart Metering program.

Horizon Utilities has incurred costs to deliver functionality which is under the exclusive jurisdiction of the SME, pursuant to O. Reg. 393/07. Certain Customer Information System programming costs have been incurred to allow Horizon Utilities to participate in the testing of the MDM/R with the IESO, to manage the volume of data as supplied by the AMI system, and to provide web presentment capabilities to its customers. Horizon Utilities manages the Smart Meter data in its Customer Information System ("CIS") in order to test the data received from the SME thus ensuring that the data from the MDM/R is synchronous with Horizon Utilities' meter data.

5.0 FUNDING ADDER

The revenue requirements for each year were calculated using the Smart Meter Funding Adder Model (the "SM Model"), which is summarized in Table 7 below, and also provided in Attachment A of this Application.

Table 8

Summary of Smart Meter Revenue Requirement and Smart Meter

Horizon Utilities Corporation
2010 Smart Meter Funding Adder Application

Revenue Requirement:	
2006 Rate Year Entitlement	$100,750
2007 Rate Year Entitlement	$1,341,857
2008 Rate Year Entitlement	$2,307,973
2009 Rate Year Entitlement	$4,296,560
2010 Rate Year Entitlement	$5,285,101
2011 Rate Year Entitlement	$5,617,646
	$18,949,886
Smart Rate Rider Billed:	
2006 Rate Year Billed May 1/06 - April 30/07	($1,056,251)
2007 Rate Year Billed May 1/07 - April 30/08	($2,099,320)
2008 Rate Year Billed May 1/08 - April 30/09	($2,435,242)
2009 Rate Year Billed May 1/09 - July 31/10	($4,469,143)
2010 Rate Year Billed Aug 1/10 - Nov 30/10	($1,458,332)
	($11,518,288)
Revenue Requirement for Recovery Dec 1/10 to Dec 31/11	$7,431,599
Number of Customers currently being billed the Adder	233,707
Number of Months	13
Funding Adder	$2.45

Horizon Utilities was a named participant in the Combined Proceedings EB-2007-0063 and is implementing its Smart Meter Program in accordance with the Board's Decision with Reasons dated August 8, 2007. Horizon Utilities will continue to track costs in the Smart Meter variance accounts 1555 and 1556 and as such is not proposing to clear these variance accounts at this time.

6.0 STRANDED METERS

The Board addressed stranded meters in its August 8, 2007 Decision with Reasons (EB-2007-0063). In such decision, the Board accepted that stranded meter costs are to remain in rate base and will be further reviewed once the parties have better information on costs and offsetting benefits.

Horizon Utilities has not included the costs of stranded meters in the calculations of its Smart Meter revenue requirement and, in accordance with the Board Decision, Horizon Utilities will continue to include stranded meters in rate base.

7.0 SUMMARY

Horizon Utilities filed its Smart Meter Investment Plan ("SMIP") with the Board on December 15, 2006. In the SMIP, Horizon Utilities provided its capital and incremental operating costs based on the information provided in Appendix C-2, Table 2 of the Board's Smart Meter Investment Plan dated January 26, 2005

Subsequent to the filing of its SMIP, Horizon Utilities filed its 2007 EDR Smart Meter Rate Application on February 9, 2007 (EB-2007-0538). This application provided for a rate adder of $0.82 per metered customer per month based on a cost of $146.84 per smart meter installed and a total smart meter cost including computer requirements and incremental operating costs of $179.26.

On May 21st, 2009 Horizon Utilities filed a Utility Specific Smart Meter Funding Adder Application (EB-2009-0158). The application sought an increase in the existing Smart Meter Funding Adder from $0.82 to $1.56 per metered customer per month. The revised Smart Meter Funding Adder was required to provide financing for previous and incremental Smart Meter investments and clear large balances in the Smart Meter Variance Accounts.

Horizon Utilities submits that the revised Adder is required to complete the implementation of its SMIP. Horizon Utilities submits that this Application for approval of an Adder, in the amount of $2.45

per metered customer per month, meets the requirements of Smart Meter Funding and Cost Recovery Guideline (G-2008-0002).

Horizon Utilities further submits that its investment in Smart Meters and the recovery of revenue requirement through the Adder will be tracked in the Smart Meter Variance Accounts for disposition at a future date.

Horizon Utilities requests approval of its Application for an Adder in the amount of $2.45 per metered customer per month for implementation effective December 1st, 2010.

All of which is respectfully submitted,

Original signed by Indy J. Butany-DeSouza

Indy J. Butany-DeSouza
Vice-President, Regulatory and Government Affairs
Horizon Utilities Corporation

APPENDIX A

SMART METER COST RECOVERY MODEL

Horizon Utilities Corporation
2010 Smart Meter Rate Rider Application

Revenue Requirement:

2006 Rate Year Entitlement	$100,750
2007 Rate Year Entitlement	$1,341,857
2008 Rate Year Entitlement	$2,307,973
2009 Rate Year Entitlement	$4,296,560
2010 Rate Year Entitlement	$5,285,101
2011 Rate Year Entitlement	$5,617,646
	$18,949,886

Smart Rate Rider Billed:

2006 Rate Year Billed May 1/06 - April 30/07	($1,056,251)
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	($11,518,288)
Revenue Requirement for Recovery Dec 1/10 to Dec 31/11	$7,431,599
Number of Customers currently being billed the Adder	233,707
Number of Months	13
Funding Adder	$2.45

Horizon Utilities Corporation
2010 Smart Meter Rate Rider Application
Revenue Requirement Calculations

Average Fixed Asset Values	**Actual 2006**			
OH & UG Services	$ -			
General Office	$ -			
Building Renovations	$ -			
Smart meters	$ -			
Computer Hardware	$ -			
Computer Software	$ -			
Stores & Tools	$ -	$ -		
Working Capital				
Operation Expense	$ 99,285			
15% Working Capital	$ 14,893	$ 14,893		
Smart Meters Fixed Assets in Rate Base		$ 14,893		
Return on Rate Base				
Deemed Debt - Long Term	56%	$ 8,340		
Deemed Debt - Short Term	4%	$ 596		
Deemed Equity	40%	$ 5,957		
		$ 14,893		
Weighted Debt Rate - Long Term	7.00%	$ 584		
Short Term Debt Rate	7.00%	$ 42		
Equity Rate	9.00%	$ 536		
Return on Rate Base		$ 1,162	$	1,162
Operating Expenses				
Incremental Operating Expenses			$	99,285
Amortization Expenses			$	-
Revenue Requirement before PILs			$	100,447
Calculation of Taxable Income				
Incremental Operating Expenses			$	(99,285)
Depreciation Expense			$	-
Interest Expense			$	(625)
Taxable Income for PILs			$	536
Grossed up PILs				303
Revenue Requirement before PILs				100,447
Grossed up PILs				303
2008 Revenue Requirement for Smart Meters				100,750
2008 Smart Meter Rate Adder				
Revenue Requirement for Smart Meters				100,750
March 2009 Total Metered Customers				232,482
Annualized amount required per metered customer				0.43
Number of months in year				12
2008 Smart Meter Rate Adder				0.04

Smart Meter Deferral Account Balance - PILs Calculation

Income Tax

Net Income	536
Amortization	-
CCA	-
Revised Taxable Income	536
Tax Rate	36.12%
Income Taxes Payable	194

Ontario Capital Tax

Smart Meter Related Fixed Assets	-
Less: Exemption	-
Deemed Taxable Capital	-
Ontario Capital Tax Rate	0.300%
NET OCT Amount	-

	PILs Payable	**Gross Up**	**Grossed Up PILs**
Change in Income Taxes Payable	194	36.12%	303
Change in OCT	-		-
PIL's	194		303

Horizon Utilities Corporation
2010 Smart Meter Rate Rider Application
Revenue Requirement Calculations

Average Fixed Asset Values	**Actual 2007**		
OH & UG Services	$ -		
General Office	$ -		
Building Renovations	$ -		
Smart meters	$ 3,665,497		
Computer Hardware	$ 52,383		
Computer Software	$ 13,128		
Stores & Tools	$ 430	$ 3,731,437	
Working Capital			
Operation Expense	$ 814,248		
15% Working Capital	$ 122,137	$ 122,137	
Smart Meters Fixed Assets in Rate Base		$ 3,853,575	
Return on Rate Base			
Deemed Debt - Long Term	56%	$ 2,158,002	
Deemed Debt - Short Term	4%	$ 154,143	
Deemed Equity	40%	$ 1,541,430	
		$ 3,853,575	
Weighted Debt Rate - Long Term	7.00%	$ 151,060	
Short Term Debt Rate	7.00%	$ 10,790	
Equity Rate	9.00%	$ 138,729	
Return on Rate Base		$ 300,579	$ 300,579
Operating Expenses			
Incremental Operating Expenses			$ 814,248
Amortization Expenses			$ 217,074
Revenue Requirement before PILs			$ 1,331,901
Calculation of Taxable Income			
Incremental Operating Expenses			$ (814,248)
Depreciation Expense			$ (217,074)
Interest Expense			$ (161,850)
Taxable Income for PILs			$ 138,729
Grossed up PILs			9,956
Revenue Requirement before PILs			1,331,901
Grossed up PILs			9,956
2008 Revenue Requirement for Smart Meters			1,341,857
2008 Smart Meter Rate Adder			
Revenue Requirement for Smart Meters			1,341,857
March 2009 Total Metered Customers			232,482
Annualized amount required per metered customer			5.77
Number of months in year			12
2008 Smart Meter Rate Adder			0.48

Smart Meter Deferral Account Balance - PILs Calculation

Income Tax

Net Income	138,729
Amortization	217,074
CCA	- 350,734
Revised Taxable Income	5,069
Tax Rate	36.12%
Income Taxes Payable	1,831
Ontario Capital Tax	
Smart Meter Related Fixed Assets	7,462,875
Less: Exemption	-
Deemed Taxable Capital	7,462,875
Ontario Capital Tax Rate	0.285%
NET OCT Amount	7,090

	PILs Payable	**Gross Up**	**Grossed Up PILs**
Change in Income Taxes Payable	1,831	36.12%	2,866
Change in OCT	7,090		7,090
PIL's	8,921		9,956

Horizon Utilities Corporation
2010 Smart Meter Rate Rider Application
Revenue Requirement Calculations

Average Fixed Asset Values	**Actual 2008**		
OH & UG Services	$ -		
General Office	$ -		
Building Renovations	$ -		
Smart meters	$ 12,214,894		
Computer Hardware	$ 121,829		
Computer Software	$ 40,021		
Stores & Tools	$ 4,531	$ 12,381,275	
Working Capital			
Operation Expense	$ 689,859		
15% Working Capital	$ 103,479	$ 103,479	
Smart Meters Fixed Assets in Rate Base		$ 12,484,753	
Return on Rate Base			
Deemed Debt - Long Term	56%	$ 6,991,462	
Deemed Debt - Short Term	4%	$ 499,390	
Deemed Equity	40%	$ 4,993,901	
		$ 12,484,753	
Weighted Debt Rate - Long Term	6.10%	$ 426,479	
Short Term Debt Rate	4.47%	$ 22,323	
Equity Rate	8.57%	$ 427,977	
Return on Rate Base		$ 876,779	$ 876,779
Operating Expenses			
Incremental Operating Expenses			$ 689,859
Amortization Expenses			$ 710,861
Revenue Requirement before PILs			$ 2,277,499
Calculation of Taxable Income			
Incremental Operating Expenses			$ (689,859)
Depreciation Expense			$ (710,861)
Interest Expense			$ (448,802)
Taxable Income for PILs			$ 427,977
Grossed up PILs			30,474
Revenue Requirement before PILs			2,277,499
Grossed up PILs			30,474
2008 Revenue Requirement for Smart Meters			2,307,973
2008 Smart Meter Rate Adder			
Revenue Requirement for Smart Meters			2,307,973
March 2009 Total Metered Customers			232,482
Annualized amount required per metered customer			9.93
Number of months in year			12
2008 Smart Meter Rate Adder			0.83

Smart Meter Deferral Account Balance - PILs Calculation

Income Tax

Net Income	427,977
Amortization	710,861
CCA	- 1,104,101
Revised Taxable Income	34,737
Tax Rate	33.50%
Income Taxes Payable	11,637

Ontario Capital Tax

Smart Meter Related Fixed Assets	17,299,674
Less: Exemption	-
Deemed Taxable Capital	17,299,674
Ontario Capital Tax Rate	0.225%
NET OCT Amount	12,975

	PILs Payable	**Gross Up**	**Grossed Up PILs**
Change in Income Taxes Payable	11,637	33.50%	17,499
Change in OCT	12,975		12,975
PIL's	24,612		30,474

Horizon Utilities Corporation
2010 Smart Meter Rate Rider Application
Revenue Requirement Calculations

Average Fixed Asset Values	**Actual 2009**			
OH & UG Services	$ -			
General Office	$ -			
Building Renovations	$ -			
Smart meters	$ 19,433,938			
Computer Hardware	$ 120,555			
Computer Software	$ 39,239			
Stores & Tools	$ 7,758	$	19,601,491	
Working Capital				
Operation Expense	$ 1,219,599			
15% Working Capital	$ 182,940	$	182,940	
Smart Meters Fixed Assets in Rate Base		$	19,784,431	
Return on Rate Base				
Deemed Debt - Long Term	56%	$	11,079,281	
Deemed Debt - Short Term	4%	$	791,377	
Deemed Equity	40%	$	7,913,772	
		$	19,784,431	
Weighted Debt Rate - Long Term	6.10%	$	675,836	
Short Term Debt Rate	4.47%	$	35,375	
Equity Rate	8.57%	$	678,210	
Return on Rate Base		$	1,389,421	$ 1,389,421
Operating Expenses				
Incremental Operating Expenses				$ 1,219,599
Amortization Expenses				$ 1,440,031
Revenue Requirement before PILs				$ 4,049,051
Calculation of Taxable Income				
Incremental Operating Expenses				$ (1,219,599)
Depreciation Expense				$ (1,440,031)
Interest Expense				$ (711,211)
Taxable Income for PILs				$ 678,210
Grossed up PILs				247,510
Revenue Requirement before PILs				4,049,051
Grossed up PILs				247,510
2008 Revenue Requirement for Smart Meters				4,296,560
2008 Smart Meter Rate Adder				
Revenue Requirement for Smart Meters				4,296,560
March 2009 Total Metered Customers				232,482
Annualized amount required per metered customer				18.48
Number of months in year				12
2008 Smart Meter Rate Adder				1.54

Smart Meter Deferral Account Balance - PILs Calculation

Income Tax	
Net Income	678,210
Amortization	1,440,031
CCA	- 1,649,074
Revised Taxable Income	469,167
Tax Rate	33.00%
Income Taxes Payable	154,825
Ontario Capital Tax	
Smart Meter Related Fixed Assets	21,903,307
Less: Exemption	-
Deemed Taxable Capital	21,903,307
Ontario Capital Tax Rate	0.225%
NET OCT Amount	16,427

	PILs Payable	**Gross Up**	**Grossed Up PILs**
Change in Income Taxes Payable	154,825	33.00%	231,082
Change in OCT	16,427		16,427
PIL's	171,252		247,510

Horizon Utilities Corporation
2010 Smart Meter Rate Rider Application
Revenue Requirement Calculations

Average Fixed Asset Values	**Forecast 2010**		
OH & UG Services	$ -		
General Office	$ -		
Building Renovations	$ -		
Smart meters	$ 21,283,313		
Computer Hardware	$ 83,883		
Computer Software	$ 12,346		
Stores & Tools	$ 6,872	$ 21,386,414	
Working Capital			
Operation Expense	$ 1,551,637		
15% Working Capital	$ 232,746	$ 232,746	
Smart Meters Fixed Assets in Rate Base		$ 21,619,159	
Return on Rate Base			
Deemed Debt - Long Term	56%	$ 12,106,729	
Deemed Debt - Short Term	4%	$ 864,766	
Deemed Equity	40%	$ 8,647,664	
		$ 21,619,159	
Weighted Debt Rate - Long Term	6.10%	$ 738,510	
Short Term Debt Rate	2.07%	$ 17,901	
Equity Rate	9.85%	$ 851,795	
Return on Rate Base		$ 1,608,206	$ 1,608,206
Operating Expenses			
Incremental Operating Expenses			$ 1,551,637
Amortization Expenses			$ 1,734,786
Revenue Requirement before PILs			$ 4,894,629
Calculation of Taxable Income			
Incremental Operating Expenses			$ (1,551,637)
Depreciation Expense			$ (1,734,786)
Interest Expense			$ (756,411)
Taxable Income for PILs			$ 851,795
Grossed up PILs			390,472
Revenue Requirement before PILs			4,894,629
Grossed up PILs			390,472
2008 Revenue Requirement for Smart Meters			5,285,101
2008 Smart Meter Rate Adder			
Revenue Requirement for Smart Meters			5,285,101
March 2009 Total Metered Customers			232,482
Annualized amount required per metered customer			22.73
Number of months in year			12
2008 Smart Meter Rate Adder			1.89

Smart Meter Deferral Account Balance - PILs Calculation

Income Tax

Net Income	851,795
Amortization	1,734,786
CCA	- 1,740,692
Revised Taxable Income	845,889
Tax Rate	31.00%
Income Taxes Payable	262,226

Ontario Capital Tax

Smart Meter Related Fixed Assets	20,869,521
Less: Exemption	-
Deemed Taxable Capital	20,869,521
Ontario Capital Tax Rate	0.150%
NET OCT Amount	10,435

	PILs Payable	**Gross Up**	**Grossed Up PILs**
Change in Income Taxes Payable	262,226	31.00%	380,037
Change in OCT	10,435		10,435
PIL's	272,660		390,472

Horizon Utilities Corporation
2010 Smart Meter Rate Rider Application
Revenue Requirement Calculations

Average Fixed Asset Values	**Forecast 2011**			
OH & UG Services	$ -			
General Office	$ -			
Building Renovations	$ -			
Smart meters	$ 21,972,631			
Computer Hardware	$ 47,210			
Computer Software	$ -			
Stores & Tools	$ 5,986	$ 22,025,828		
Working Capital				
Operation Expense	$ 1,680,309			
14% Working Capital	$ 235,243	$ 235,243		
Smart Meters Fixed Assets in Rate Base		$ 22,261,071		
Return on Rate Base				
Deemed Debt - Long Term	56%	$ 12,466,200		
Deemed Debt - Short Term	4%	$ 890,443		
Deemed Equity	40%	$ 8,904,428		
		$ 22,261,071		
Weighted Debt Rate - Long Term	5.80%	$ 723,040		
Short Term Debt Rate	2.07%	$ 18,432		
Equity Rate	9.85%	$ 877,086		
Return on Rate Base		$ 1,618,558	$	1,618,558
Operating Expenses				
Incremental Operating Expenses			$	1,680,309
Amortization Expenses			$	1,873,910
Revenue Requirement before PILs			$	5,172,777
Calculation of Taxable Income				
Incremental Operating Expenses			$	(1,680,309)
Depreciation Expense			$	(1,873,910)
Interest Expense			$	(741,472)
Taxable Income for PILs			$	877,086
Grossed up PILs				444,868
Revenue Requirement before PILs				5,172,777
Grossed up PILs				444,868
2008 Revenue Requirement for Smart Meters				5,617,646
2008 Smart Meter Rate Adder				
Revenue Requirement for Smart Meters				5,617,646
March 2009 Total Metered Customers				232,482
Annualized amount required per metered customer				24.16
Number of months in year				12
2008 Smart Meter Rate Adder				2.01

Smart Meter Deferral Account Balance - PILs Calculation

Income Tax

Net Income	877,086
Amortization	1,873,910
CCA	- 1,786,606
Revised Taxable Income	964,391
Tax Rate	31.00%
Income Taxes Payable	298,961

Ontario Capital Tax

Smart Meter Related Fixed Assets	23,182,135
Less: Exemption	-
Deemed Taxable Capital	23,182,135
Ontario Capital Tax Rate	0.150%
NET OCT Amount	11,591

	PILs Payable	**Gross Up**	**Grossed Up PILs**
Change in Income Taxes Payable	298,961	31.00%	433,277
Change in OCT	11,591		11,591
PIL's	310,552		444,868

Smart Meter Fixed Asset Continuity

For Accounting

	Amortization Period	Opening NBV Balance	Actual 2007 Additions	Actual Amortization For 2007	2007 Net Book Value	2007 Average NBV
OH & UG Services		-	-	-	-	-
Smart meters-1860		-	7,528,822.31	197,829.25	7,330,993.06	3,665,496.53
Computers-1921		-	113,867.66	9,101.30	104,766.36	52,383.18
Computers-1925		-	36,353.62	10,098.23	26,255.39	13,127.70
Tools, Shops - 1940		-	905.31	45.27	860.04	430.02
		-	7,679,948.90	217,074.05	7,462,874.85	3,731,437.43

	Opening NBV Balance	Actual 2008 Additions	Actual Amortization For 2008	2008 Net Book Value	2008 Average NBV
OH & UG Services	-	-	-	-	-
Smart meters-1860	7,330,993.06	10,419,279.83	651,478.12	17,098,794.77	12,214,893.92
Computers-1921	104,766.36	69,496.09	35,370.65	138,891.80	121,829.08
Computers-1925	26,255.39	50,929.85	23,398.73	53,786.51	40,020.95
Tools, Shops - 1940	860.04	7,954.34	613.06	8,201.32	4,530.68
	7,462,874.85	10,547,660.11	710,860.56	17,299,674.40	12,381,274.63

		Opening NBV Balance	Actual 2009 Additions	Actual Amortization For 2009	2009 Net Book Value	2009 Average NBV
OH & UG Services	25	-	-	-	-	-
General Office	10			-	-	-
Building Renovations	30			-	-	-
Smart meters-1860	15	17,098,794.77	6,043,663.33	1,373,377.58	21,769,080.52	19,433,937.65
Computers-1921	5	138,891.80		36,672.75	102,219.05	120,555.43
Computers-1925	3	53,786.51		29,094.49	24,692.02	39,239.27
Tools, Shops - 1940	10	8,201.32	-	885.97	7,315.36	7,758.34
		17,299,674.40	6,043,663.33	1,440,030.79	21,903,306.95	19,601,490.67

		Opening NBV Balance	Forecast 2010 Additions	Forecast Amortization For 2010	2010 Net Book Value	2010 Average NBV
OH & UG Services	25	-	-	-	-	-
General Office	10	-	-	-	-	-
Building Renovations	30	-	-	-	-	-
Smart meters-1860	15	21,769,080.52	701,000.00	1,672,535.57	20,797,544.95	21,283,312.73
Computers-1921	5	102,219.05	-	36,672.75	65,546.30	83,882.68
Computers-1925	3	24,692.02	-	24,692.02	-	12,346.01
Tools, Shops - 1940	10	7,315.36	-	885.97	6,429.39	6,872.37
		21,903,306.95	701,000.00	1,734,786.31	20,869,520.64	21,386,413.79

		Opening NBV Balance	Forecast 2011 Additions	Forecast Amortization For 2011	2011 Net Book Value	2011 Average NBV
OH & UG Services	25	-	-	-	-	-
General Office	10	-	-	-	-	-
Building Renovations	30	-	-	-	-	-
Smart meters-1860	15	20,797,544.95	4,186,524.63	1,836,351.67	23,147,717.91	21,972,631.43
Computers-1921	5	65,546.30	-	36,672.75	28,873.55	47,209.93
Computers-1925	3	-	-	-	-	-
Tools, Shops - 1940	10	6,429.39	-	885.97	5,543.43	5,986.41
		20,869,520.64	4,186,524.63	1,873,910.38	23,182,134.89	22,025,827.76

29,158,796.97

Smart Meter Fixed Asset Continuity

For Tax Purposes

	CCA Class	CCA Rate	Opening UCC Balance	2007 Actual Additions	CCA For Opening UCC	CCA For 2007 Additions	Total CCA - 2007	Closing UCC Balance
OH & UG Services	Class 47	8%	0	-	-	-	-	-
Smart meters-1860	Class 47	8%	0	7,528,822.31	-	301,152.89	301,152.89	7,227,669.42
Computers-1921	Class 45.1	55%	0	113,867.66	-	31,313.61	31,313.61	82,554.05
Computers-1925	Class 12	100%	0	36,353.62	-	18,176.81	18,176.81	18,176.81
Tools, Shops - 1940	Class 8	20%	0	905.31	-	90.53	90.53	814.78
			0	7,679,948.90	-	350,733.84	350,733.84	7,329,215.06

	CCA Class	CCA Rate	Opening UCC Balance	2008 Actual Additions	CCA For Opening UCC	CCA For 2008 Additions	Total CCA - 2008	Closing UCC Balance
OH & UG Services	Class 47	8%	-	-	-	-	-	-
Smart meters-1860	Class 47	8%	7,227,669.42	10,419,279.83	578,213.55	416,771.19	994,984.75	16,651,964.50
Computers-1921	Class 45.1	55%	82,554.05	69,496.09	45,404.73	19,111.42	64,516.15	87,533.99
Computers-1925	Class 12	100%	18,176.81	50,929.85	18,176.81	25,464.93	43,641.74	25,464.93
Tools, Shops - 1940	Class 8	20%	814.78	7,954.34	162.96	795.43	958.39	7,810.73
			7,329,215.06	10,547,660.11	641,958.05	462,142.98	1,104,101.03	16,772,774.14

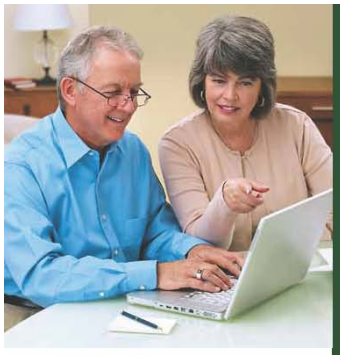
	CCA Class	CCA Rate	Opening UCC Balance	2009 Actual Additions	CCA For Opening UCC	CCA For 2009 Additions	Total CCA - 2009	Closing UCC Balance
OH & UG Services	Class 47	8%	-	-	-	-	-	-
General Office	Class 8	20%	-	-	-	-	-	-
Building Renovations	Class 6	10%	-	-	-	-	-	-
Smart meters-1860	Class 47	8%	16,651,964.50	6,043,663.33	1,332,157.16	241,746.53	1,573,903.69	21,121,724.14
Computers-1921	Class 45.1	55%	87,533.99	-	48,143.69	-	48,143.69	39,390.30
Computers-1925	Class 12	100%	25,464.93	-	25,464.93	-	25,464.93	-
Tools, Shops - 1940	Class 8	20%	7,810.73	-	1,562.15	-	1,562.15	6,248.58
			16,772,774.14	6,043,663.33	1,407,327.93	241,746.53	1,649,074.46	21,167,363.02

	CCA Class	CCA Rate	Opening UCC Balance	2010 Forecast Additions	CCA For Opening UCC	CCA For 2010 Additions	Total CCA - 2010	Closing UCC Balance
OH & UG Services	Class 47	8%	-	-	-	-	-	-
General Office	Class 8	20%	-	-	-	-	-	-
Building Renovations	Class 6	10%	-	-	-	-	-	-
Smart meters-1860	Class 47	8%	21,121,724.14	701,000.00	1,689,737.93	28,040.00	1,717,777.93	20,104,946.21
Computers-1921	Class 45.1	55%	39,390.30	-	21,664.66	-	21,664.66	17,725.63
Computers-1925	Class 12	100%	-	-	-	-	-	-
Tools, Shops - 1940	Class 8	20%	6,248.58	-	1,249.72	-	1,249.72	4,998.87
			21,167,363.02	701,000.00	1,712,652.31	28,040.00	1,740,692.31	20,127,670.71

	CCA Class	CCA Rate	Opening UCC Balance	2011 Forecast Additions	CCA For Opening UCC	CCA For 2011 Additions	Total CCA - 2011	Closing UCC Balance
OH & UG Services	Class 47	8%	-	-	-	-	-	-
General Office	Class 8	20%	-	-	-	-	-	-
Building Renovations	Class 6	10%	-	-	-	-	-	-
Smart meters-1860	Class 47	8%	20,104,946.21	4,186,524.63	1,608,395.70	167,460.99	1,775,856.68	22,515,614.15
Computers-1921	Class 45.1	55%	17,725.63	-	9,749.10	-	9,749.10	7,976.53
Computers-1925	Class 12	100%	-	-	-	-	-	-
Tools, Shops - 1940	Class 8	20%	4,998.87	-	999.77	-	999.77	3,999.09
			20,127,670.71	4,186,524.63	1,619,144.57	167,460.99	1,786,605.55	22,527,589.78

APPENDIX B

"HORIZON IS MOVING TO TIME-OF-USE RATES" BROCHURE



We will give you plenty of advance notice

Since we will be migrating customers to Time-of-Use rates in batches, we will send you a letter advising you of your changeover date in advance of the change.*

Then, watch for a bill insert to be enclosed with your last hydro bill on the old rates. This bill insert will remind you that all electricity consumed in the future will be charged at Time-of-Use rates.

Please note that this changeover to Time-of-Use rates will happen automatically. There is no need for you to do anything.

* If you currently purchase your electricity on a contract with an energy retailer, you will not receive a letter and will continue to be charged according to the terms and prices stated in your contract.

See for yourself!

Access your account online at **www.horizonutilities.com** to see how much off-peak, mid-peak and on-peak power your household is using.

Save money!

Visit **www.horizonutilities.com/tou** or **www.ontario.ca/powersmarter** for energy conservation tips designed to help you to shift your energy use and save money on your electricity bill.

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Ontario

Visit: **www.ontario.ca/powersmarter**

horizon UTILITIES Looking beyond

To learn more about Time-of-Use rates for electricity, visit **www.horizonutilities.com/tou** or call 905-522-9200 in Hamilton, 905-984-8961 in St. Catharines.
Email: timeofuse@horizonutilities.com

www.horizonutilities.com

horizon UTILITIES Looking beyond

Coming soon!

A new way to manage your electricity costs

Learn about Time-of-Use rates for electricity and how to shift to save.

Ontario is moving to Time-of-Use rates for electricity

Ontario is introducing smart meters and Time-of-Use rates for electricity to encourage residents to reduce their electricity use during peak times and help the environment.

Horizon Utilities customers will shift to Time-of-Use rates throughout 2010

Now that all Horizon Utilities customers have a smart meter installed, we will begin migrating groups of households over to Time-of-Use rates for the electricity they consume.* All customers will be switched over to this new rate structure by the end of 2010.** Other utilities across the province are following this same process.

* Until your household is migrated to Time-of-Use rates, you will not see a change on your electricity bill.

** If you currently purchase your electricity on a contract with an energy retailer, you will continue to be charged according to the terms and prices stated in your contract.

What is Time-of-Use pricing?

The vast majority of Ontario residents pay for their electricity under Ontario's Regulated Price Plan. Under this plan, you pay the same amount for electricity no matter what time of the day you use it.

Under Time-of-Use rates, the cost of electricity will vary based on when you use it.† Rates will be different depending on the time of day, day of the week and season of the year.

Consumers who take steps to shift some of their energy use to mid-peak or off-peak times will reduce their electricity costs while helping to improve the environment.

4.4¢ per kWh* **Off-peak** Demand is lowest

8.0¢ per kWh* **Mid-peak** Demand is moderate

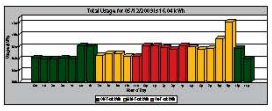
9.3¢ per kWh* **On-peak** Demand is highest

Low rates on evenings, weekends and holidays

† If you currently purchase your electricity on a contract with an energy retailer, you will continue to be charged according to the terms and prices in your contract.

How much will my electricity bill be under Time-of-Use pricing?

To clearly understand the effect Time-of-Use rates will have on your bill, we encourage you to go online at **www.horizonutilities.com** to find out how much electricity your household uses within each Time-of-Use rate period.



Visit www.horizonutilities.com to see your household's electricity use online. No Internet access? Call our Customer Care Centre at 1-866-458-1236.

How much can I save by shifting my electricity use?

One way to benefit from Time-of-Use rates is to shift some of your electricity use to off-peak or mid-peak periods when rates are lower. The chart below shows some examples of the cost to run various appliances during off-peak, mid-peak and on-peak time periods.

Appliance	Time-of-Use Rate Examples		
	Off-peak 4.4¢* per kWh	Mid-peak 8.0¢* per kWh	On-peak 9.3¢* per kWh
Clothes Dryer (1 load)	10¢	18¢	20¢
Washing Machine (1 load)**	34¢	62¢	73¢
Electric Stove (1 family meal)	22¢	40¢	47¢
Dishwasher (1 load)**	16¢	29¢	33¢
Central A/C 25°C/77°F (1 hour)	12¢	22¢	26¢
Central A/C 20°C/68°F (1 hour)	14¢	26¢	30¢

* Rates change twice a year. Visit the Ontario Energy Board at **www.oeb.gov.on.ca** for current pricing details.
** Cost of electrical water heating included.

Energy saving tips!

Clothes Washing and Drying

- Do some or all of your laundry on weekends or weekdays during mid-peak or off-peak times.
- Wash in cold water and hang laundry out to dry.

Dishwashing

- Set your dishwasher to run after 9 p.m. or on weekends.
- Always run full loads and use the air-dry setting.

Heating and Cooling

- Install a programmable thermostat and set it to reduce your energy use when you are away from home or sleeping. Sign up for ***peaksaver***® and get a programmable thermostat installed for FREE*, plus receive a $25 credit on your account. Simply call 1-866-323-0206 or visit **www.horizonutilities.com** to enroll.
- Install programmable baseboard thermostats and set them to lower the temperature by a degree or two during peak times.

Around the House

- Unplug battery chargers as soon as devices are fully charged or when the charger is not being used. Avoid charging batteries during peak periods.
- Create a charging station for battery chargers. Plug chargers into a single power bar equipped with a built-in timer. Set the timer to come on during off-peak times and shut off after only a few hours of charging.
- Plug large-screen TVs, DVD players, game consoles and computer equipment into a power bar. Turn the power bar off when not in use.
- Turn off your computer and monitor when they are not being used. Activate power management features on computers and monitors so that they enter sleep mode when inactive for a short period of time.

* Including cost of installation. Offer valid for new *peaksaver*® signups. Terms and conditions apply.
peaksaver® is a registered trademark of Toronto Hydro Corporation. Used under license.

APPENDIX C

“INTRODUCING TIME-OF-USE RATES” DIRECT MAIL PACKAGE

AN IMPORTANT NOTICE
ABOUT YOUR ELECTRICITY RATES

Your Household is Moving to Time-of-Use Rates for Electricity

As part of the Ontario Government's plan to create a culture of energy conservation in the province, all Ontario residents and small businesses are having a smart meter installed and shifting over to Time-of-Use pricing for electricity.* This letter is to advise you that your household will begin to be billed on Time-of-Use pricing for electricity commencing on the date noted in the box above.
Please note: This changeover will happen automatically. There is no need for you to take any action.

What are Time-of-Use Prices for Electricity?

Under the current system, the majority of Ontario residents pay for their electricity under Ontario's Regulated Price Plan. Rates for electricity under the Regulated Price Plan are set by the Ontario Energy Board and are adjusted every six months. With the new Time-of-Use prices, the cost of the electricity you use will vary based on when you use it.* Rates will be different depending on the time of the day, day of the week and season of the year. Time-of-Use rates are set by the Ontario Energy Board. Current rates are detailed below:

Time-of-Use Rates for Electricity**	
Off-peak	5.3¢
Mid-peak	8.0¢
On-peak	9.9¢

The time periods that correspond to off-peak, mid-peak and on-peak hours are outlined in the enclosed pamphlet entitled, *Introducing Time-of-Use Rates*.

How to Take Advantage of Time-of-Use Rates

Time-of-Use pricing rewards you for using electricity during low-demand periods. Whenever you shift some of your household's electricity use to off-peak or mid-peak times, you will be saving money. For example, if you run your dishwasher or do laundry after 9 p.m. or on weekends (off-peak), you will pay the lowest rate for electricity. To help remind you to take advantage of off-peak or mid-peak hours, we have enclosed two static-cling decals that may be affixed to your dishwasher and dryer to serve as a quick and easy reference.

Watch for more tips for shifting your energy use to off-peak or mid-peak hours enclosed with your next electricity bill.

Questions?

***To find out more about how Time-of-Use rates can help you manage your electricity costs, visit the Time-of-Use section on our website at:* www.horizonutilities.com/tou.**

If you have any questions about smart meters or Time-of-Use pricing for electricity, please visit our website at **www.horizonutilities.com/tou,** send an email to timeofuse@horizonutilities.com or contact our Customer Care Centre at 1-866-458-1236.

Sincerely,

Eileen Campbell

Eileen Campbell
Vice President, Customer Services
Horizon Utilities Corporation

Horizon Utilities Corporation
Customer Services Department
55 John Street, Hamilton, ON L8R 3M8 – (905) 522-9200
340 Vansickle Road, St. Catharines, ON L2R 6P7 – (905) 984-8961
Mail to: PO Box 2249 STN LCD 1, Hamilton, ON L8N 3E4

www.horizonutilities.com

* Consumers who currently purchase their electricity on a contract through an energy retailer will continue to be charged according to the terms and prices stated in their contract.
** Electricity prices change every six months in May and November. Time-of-Use prices for electricity are posted on the Ontario Energy Board website at www.oeb.gov.on.ca.

AN IMPORTANT NOTICE
ABOUT YOUR ELECTRICITY RATES

Your Business is Moving to Time-of-Use Rates for Electricity

As part of the Ontario Government's plan to create a culture of energy conservation in the province, all Ontario residents and small businesses are having a smart meter installed and shifting over to Time-of-Use pricing for electricity.* This letter is to advise you that your business will begin to be billed on Time-of-Use pricing for electricity commencing on the date noted in the box above.
Please note: This changeover will happen automatically. There is no need for you to take any action.

What are Time-of-Use Prices for Electricity?

Under the current system, the majority of Ontario residents pay for their electricity under Ontario's Regulated Price Plan. Rates for electricity under the Regulated Price Plan are set by the Ontario Energy Board and are adjusted every six months. With the new Time-of-Use prices, the cost of the electricity you use will vary based on when you use it.* Rates will be different depending on the time of the day, day of the week and season of the year. Time-of-Use rates are set by the Ontario Energy Board. Current rates are detailed below:

Time-of-Use Rates for Electricity**	
Off-peak	5.3¢
Mid-peak	8.0¢
On-peak	9.9¢

The time periods that correspond to off-peak, mid-peak and on-peak hours are outlined in the enclosed pamphlet entitled, *Introducing Time-of-Use Rates*.

Make Time-of-Use Rates Work for Your Business

Here are some tips of ways to prepare your business for moving to Time-of-Use rates:

- Read the enclosed Introducing *Time-of-Use Rates - A Quick Guide* for more information and tips on conserving electricity or shifting some of your electricity use to mid-peak or off-peak times.
- Educate your staff on Time-of-Use rates and work together to develop new processes to conserve electricity.
- Contact Horizon Utilities to inquire about energy conservation incentive programs for small businesses – 1-866-458-1236.

Questions?

To find out more about how Time-of-Use rates can help you manage your electricity costs, visit the Time-of-Use section on our website at: **www.horizonutilities.com/tou.**

If you have any questions about smart meters or Time-of-Use pricing for electricity, please visit our website at **www.horizonutilities.com/tou,** send an email to timeofuse@horizonutilities.com or contact our Customer Care Centre at 1-866-458-1236.

Sincerely,

Eileen Campbell
Vice President, Customer Services
Horizon Utilities Corporation

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Customer Services Department
55 John Street, Hamilton, ON L8R 3M8 – (905) 522-9200
340 Vansickle Road, St. Catharines, ON L2R 6P7 – (905) 984-8961
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www.horizonutilities.com

* Consumers who currently purchase their electricity on a contract through an energy retailer will continue to be charged according to the terms and prices stated in their contract.
** Electricity prices change every six months in May and November. Time-of-Use prices for electricity are posted on the Ontario Energy Board website at www.oeb.gov.on.ca.

Energy shifting and saving tips you can use right now!

Take advantage of Time-of-Use rates by shifting some of your electricity use to off-peak or mid-peak times.

For energy-saving tips, visit **www.horizonutilities.com/tou**

Clothes Washing and Drying

- Do some or all of your laundry on weekends or weekdays during mid-peak or off-peak times.
- Wash in cold water and hang laundry out to dry.

Dishwashing

- Set your dishwasher to run after 9 p.m. or on weekends.
- Always run full loads and use the air-dry setting.

Heating and Cooling

- Install a programmable thermostat and set it to reduce your energy use when you are away from home or sleeping. Sign up for **peaksaver®** and get a programmable thermostat installed for FREE*, plus receive a $25 credit on your account. Simply call 1-866-313-0206 or visit **www.horizonutilities.com** to enroll.
- In the summer, avoid running your air conditioner from 11 a.m. to 5 p.m. weekdays, as much as possible.
- Close curtains and blinds to keep out the midday sun.
- Use a portable fan in conjunction with your air conditioner and set the thermostat to 26–28°C (78–82°F).

Around the House

- Unplug battery chargers as soon as devices are fully charged or when the charger is not being used. Avoid charging batteries during peak periods.
- Create a charging station for battery chargers. Plug chargers into a single power bar equipped with a built-in timer. Set the timer to come on during off-peak times and shut off after only a few hours of charging.
- Plug large-screen TVs, DVD players, game consoles and computer equipment into a power bar. Turn the power bar off when not in use.
- Turn off your computer and monitor when they are not being used. Activate power management features on computers and monitors so that they either sleep or power down when inactive for a short period of time.

Pools and Spas

- Try using timers where possible to operate pumps, filters and heaters during off-peak periods.
- Use a solar blanket on your pool.

Buying new appliances or home entertainment equipment? Look for the ENERGY STAR® label and models with timer functions that enable you to take advantage of off-peak rates.

* Including cost of installation. Other rebates, **peaksaver®** signup, terms and conditions apply.

peaksaver® is a registered trademark of Toronto Hydro Corporation. Used under license.
ENERGY STAR® mark is registered and promoted in Canada by Natural Resources Canada.

See for yourself!

The smart meter information for your home is now online! Simply log in at **www.horizonutilities.com** to view your household electricity consumption and see exactly when you are using off-peak, mid-peak and on-peak power.

Visit **10 Smart Meter Lane** on the Time-of-Use pages at **www.horizonutilities.com/tou** and learn how shifting your electricity use can make a difference on your electricity bill.

Power. Smarter.

Ontario

Visit: www.ontario.ca/powersmarter

horizon UTILITIES *Looking beyond.*

For more information, call:
Hamilton – 905-522-9200
St. Catharines – 905-984-8961
or visit: **www.horizonutilities.com**
Email: timeofuse@horizonutilities.com

Mixed Sources

Introducing Time-of-Use Rates

A Quick Guide

Introducing a new way to manage your electricity costs and be part of the province's energy conservation plan.

Smart meters and Time-of-Use rates are new energy management tools that will enable you to help smooth "peak demand."

When we're all using a lot of electricity at the same time, we create "peak demand" periods. Supplying electricity at those peak times has a range of impacts:

- It adds to our electricity costs because higher demand leads to higher prices.
- It's hard on the environment because meeting the peaks may require the building of additional electricity generation plants.
- It adds to the amount of new generation, transmission and distribution infrastructure Ontario must build; and consumers must pay for.
- It puts a strain on our electricity system.

So working together to reduce our use during peak times makes good sense.

Want to know more?

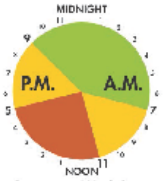
Read this quick guide to Time-of-Use rates, then go to **www.horizonutilities.com/tou** today and discover how Time-of-Use rates can help you manage your electricity needs.

Simple changes can bring real benefits.

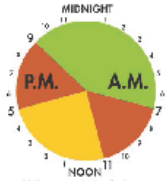
The price of your electricity use will now be calculated using new Time-of-Use rates.* By using Time-of-Use rates to manage your electricity costs, you can help reduce the need for additional power generation during peak periods. Simple changes to your regular routine can help smooth those peaks and create real supply and environmental benefits.

Putting you in control.

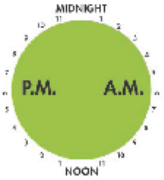
Time-of-Use pricing rewards you for using electricity during low-demand periods whenever possible (reflected in green). These Time-of-Use rates – off-peak, mid-peak and on-peak, will vary between summer and winter. As you can see from the seasonal charts below, the lowest rates are at night, on weekends and statutory holidays.



Summer – Weekdays
(May 1 – October 31)



Winter – Weekdays
(November 1 – April 30)



Weekends and Statutory Holidays

5.3¢ per kWh*	**Off-peak** Demand is lowest	8.0¢ per kWh*	**Mid-peak** Demand is moderate
9.9¢ per kWh*	**On-peak** Demand is highest		

* If you currently purchase your electricity from a retailer or energy marketer, you will continue to follow the terms and prices stated in your contract.

* Rates change twice a year. Visit the Ontario Energy Board at www.oeb.gov.on.ca for current pricing.

Choose your time. Manage your costs.

Your smart meter automatically records your household's electricity consumption on an hourly basis so you can take advantage of Time-of-Use pricing:

- During on-peak periods, when electricity demand and power generation costs are highest, prices will be higher.
- During mid-peak times, when demand is moderate, prices will be lower.
- During off-peak hours, the least busy periods of the day, prices will be the lowest.

Depending on when you choose to run your appliances, here are some sample costs for typical appliances. You can find out how much electricity your specific appliance/model consumes by visiting Natural Resources Canada's Office of Energy Efficiency's website at **www.oee.nrcan.gc.ca** or by calling NRCan's Office of Energy Efficiency at 1-800-387-2000 (toll-free).

	Time-of-Use Rate Examples		
Appliance	Off-peak 5.3¢* per kWh	Mid-peak 8.0¢* per kWh	On-peak 9.9¢* per kWh
Clothes Dryer (1 load)	12¢	18¢	22¢
Washing Machine (1 load)**	41¢	62¢	77¢
Electric Stove (1 family meal)	27¢	40¢	50¢
Dishwasher (1 load)**	19¢	29¢	36¢
Central A/C – 25°C/77°F (1 hour)	15¢	22¢	27¢
Central A/C – 20°C/68°F (1 hour)	17¢	26¢	32¢

* Rates change twice a year. Visit the Ontario Energy Board at www.oeb.gov.on.ca for current pricing.

** Cost of electric water heating included.

Prices shown here only reflect the electricity or commodity portion of your bill. They do not include delivery, regulatory or other charges as those are based on your consumption in one billing cycle, and do not reflect the Time-of-Use electricity pricing charge every six months. You can visit the Ontario Energy Board at www.oeb.gov.on.ca for current pricing.

Take control of your electricity costs.

Mark and Anita are small business owners. They're getting ready for the switch to Time-of-Use electricity rates.

They run a store and mail-order business, using six cash registers; 15 fluorescent lights; central air conditioning; computers and monitors; a soft-drink cooler; and a full-sized fridge in their basement. These appliances add up to an annual electricity bill of $2,500.

So, Mark and Anita have decided to make some changes. From now on, they will switch off some of the lights near the windows to take advantage of the natural light; use their programmable thermostat to reduce the amount of heating and cooling used when the store is closed; and turn off their computers at the end of the workday. These changes will reduce their energy use by eight per cent – and will help them better manage their electricity costs. They are also contacting their local electricity company to see if there are financial incentives to help with the costs of retrofits.

Becoming more energy efficient makes good business sense. Here are a few simple things you can do to reduce your electricity consumption:

- Train your staff so they are aware of the various Time-of-Use periods; then work together to develop a plan to conserve energy.
- Consider installing automatic timers, motion sensors and dimmers to help reduce lighting costs.
- Replace incandescent light bulbs with energy-efficient compact fluorescent light (CFL) bulbs. You may want to consider installing T8 fixtures for even greater efficiency.
- Maintain the right temperature in refrigerators and freezers. Refrigerators should be set between 1°C and 4°C; freezers should be set between -15°C and -18°C.
- Use a programmable thermostat. In the summer, set it to maintain the temperature at 25°C during business hours and raise it to 28°C when the business is closed.
- Restock drink refrigerators, bottle cabinets and freezers at the end of each day.

See for yourself!

Access your account online at **www.horizonutilities.com** to see how much off-peak, mid-peak and on-peak power your business is using.

Ontario

Visit: www.ontario.ca/powersmarter

horizon UTILITIES Leading Support

For more information, call:
Hamilton – 905-522-9200
St. Catharines – 905-984-8961
or visit: **www.horizonutilities.com**
Email: timeofuse@horizonutilities.com

FSC F.P.O.

Introducing **Time-of-Use Rates**

A Quick Guide

Get your business ready for Time-of-Use electricity rates

Introducing a new way to manage your electricity costs and be part of the province's energy conservation plan.

Smart meters and Time-of-Use rates are new energy management tools that will enable you to help smooth "peak demand."

When we're all using a lot of electricity at the same time, we create "peak demand" periods. Supplying electricity at those peak times has a range of impacts:

- It adds to our electricity costs because higher demand leads to higher prices.
- It's hard on the environment because meeting the peaks may require the building of additional electricity generation plants.
- It adds to the amount of new generation, transmission and distribution infrastructure Ontario must build; and consumers must pay for.
- It puts a strain on our electricity system.

So working together to reduce our use at peak times makes good sense.

Want to know more?

Read this *Introducing Time-of-Use Rates – A Quick Guide*, then go to **www.horizonutilities.com/tou** – and discover how Time-of-Use rates can help you manage your electricity costs.

Note: If you currently purchase your electricity on a contract with an energy retailer, you will continue to follow the terms and prices stated in your contract.

The bottom line on electricity use.

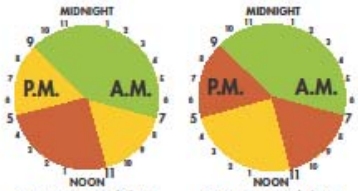
As a business owner, you're always looking for ways to cut costs. When you make the switch to Time-of-Use rates, you might want to take a few minutes to look for new ways to take control of your electricity use. You may find that there are only a few things you can do to shift your electricity use to off-peak times, but there are likely a number of ways you can become more energy efficient overall.

Look around you. Have you been meaning to replace some aging equipment? Are the lights often left on when no one's around? Can you operate some of your equipment at different times of the day? Just being aware of how much electricity you use and when you use it is the first step to taking control of your electricity use.

Timing is everything.

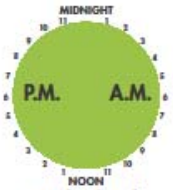
With Time-of-Use rates, there will be three different rates: off-peak, mid-peak and on-peak! These prices are regulated by the Ontario Energy Board and can change every May and November. The charts below show at what times of the day and week the new prices will apply.

Why are there three different prices? The price goes up when demand for electricity is high; the price is lowest when demand is at its lowest.



Summer – Weekdays
(May 1 – October 31)

Winter – Weekdays
(November 1 – April 30)



Weekends and
Statutory Holidays

5.3¢ per kWh*	**Off-peak** Demand is lowest	
8.0¢ per kWh*	**Mid-peak** Demand is moderate	
9.9¢ per kWh*	**On-peak** Demand is highest	

† If you currently purchase your electricity on a contract with an energy retailer, you will continue to follow the terms and prices stated in your contract.

* Rates change twice a year. Visit the Ontario Energy Board at www.oeb.gov.on.ca for current pricing.

For businesses looking to better manage their electricity costs, here are some options:

- **Don't pay for what you don't use.** Have a look around your business for any unnecessary electricity use. Is your air conditioner on high and the front door open? Are computers left on overnight when they are not being used? Turning equipment down or off when it is not needed means you only pay for what you use.
- **Make the shift.** See if there are ways you can shift energy-intensive activities to off-peak hours to take advantage of Time-of-Use rates. Prices are lowest on weekdays between 9 p.m. and 7 a.m., and all day on weekends.
- **Conserve and save.** Conserving energy can help reduce your overall costs. You can get more from your energy dollar by properly maintaining your existing equipment and switching to more energy-efficient equipment and lighting options.
- **Track your energy use.** Monitoring your energy use from bill to bill will also help you get a better sense of how to better manage your electricity costs. Login and view your business' electricity consumption online at **www.horizonutilities.com**.
- **Look for incentives.** Horizon Utilities offers energy efficiency programs to help small businesses reduce electricity demand. Contact our Customer Care Centre at 1-866-458-1236 to see if you qualify.

POWER. SMARTER.

Help your budget and the environment – run your dryer after 9 p.m., on weekends or holidays.

Put this removable decal on your dryer as a reminder of Time-of-Use (TOU) price periods.

Ontario Electricity Time-of-Use Price Periods

Summer
(May 1 - October 31)
weekdays

Winter
(November 1 - April 30)
weekdays

Weekends and
Statutory Holidays

¢ **Off-peak**
- demand is lowest

¢¢ **Mid-peak**
- demand is moderate

¢¢¢ **On-peak**
- demand is highest

For current TOU pricing, please go to www.oeb.gov.on.ca

Ontario

horizon UTILITIES Looking beyond

® Trademark of Horizon Holdings Inc.

POWER. SMARTER.

Help your budget and the environment – run your dishwasher after 9 p.m., on weekends or holidays.

Put this removable decal on your dishwasher as a reminder of Time-of-Use (TOU) price periods.

Ontario Electricity Time-of-Use Price Periods

Summer
(May 1 - October 31)
weekdays

Winter
(November 1 - April 30)
weekdays

Weekends and
Statutory Holidays

¢ **Off-peak**
- demand is lowest

¢¢ **Mid-peak**
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¢¢¢ **On-peak**
- demand is highest

For current TOU pricing, please go to www.oeb.gov.on.ca

Ontario

horizon UTILITIES Looking beyond

® Trademark of Horizon Holdings Inc.

APPENDIX D

"IT'S TIME TO THINK DIFFERENTLY" BILL INSERT

It's time to think differently about how you use electricity

We recently sent you a letter advising that your household would soon be switching to Time-of-Use rates for electricity. This is to confirm that you will begin to be billed on Time-of-Use rates for electricity this month.

Your next Horizon Utilities bill will look a little different – it will include three lines indicating the amount of electricity used by your household during off peak, mid peak and on peak periods as well as the rate applicable for each time period. (See reverse for Time-of-Use rates and time periods.)

How much will my electricity bill be under Time-of-Use pricing?

To understand the effect that Time-of-Use rates will have on your bill, we encourage you to go online at **www.horizonutilities.com** to view your household's daily energy use data.

To learn more about Time of Use rates for electricity, visit **www.horizonutilities.com/tou** or **www.ontario.ca/powersmarter**

Questions:

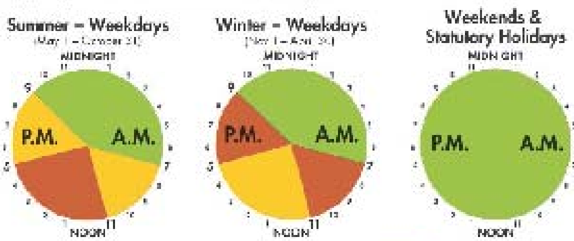
Call 905-522-9200 in Hamilton or 905-984-8961 in St. Catharines

Email: timeofuse@horizonutilities.com

horizon UTILITIES Looking Beyond

The Cost of Electricity Varies Depending on When You Use It.

With Time-of-Use prices for electricity, the cost of electricity varies based on when you use the electricity. Rates are different depending on the time of the day, day of the week and season of the year.



5.3¢ per kWh **Off-peak** Demand is lowest

8.0¢ per kWh **Mid-peak** Demand is moderate

9.9¢ per kWh **On-peak** Demand is highest

The chart below shows some examples of the cost to run various appliances during off-peak, mid-peak and on-peak time periods.

Appliance	Time-of-Use Rate Examples		
	Off peak 5.3¢* per kWh	Mid peak 8.0¢* per kWh	On peak 9.9¢* per kWh
Clothes Dryer (1 load)	12¢	18¢	22¢
Washing Machine (1 load)**	41¢	62¢	77¢
Electric Stove (1 family meal)	27¢	40¢	50¢
Dishwasher (1 load)**	19¢	29¢	36¢
Central A/C 25°C/77°F (1 hour)	15¢	22¢	27¢
Central A/C 20°C/68°F (1 hour)	17¢	26¢	32¢

Mixed Sources

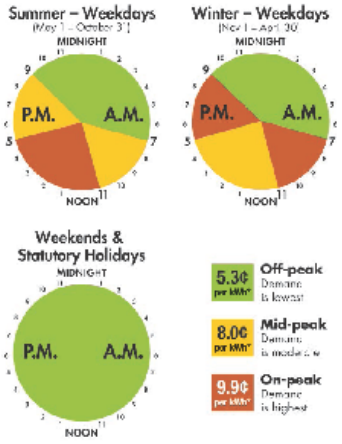
05/2010

APPENDIX E

“MANAGING ON TIME-OF-USE RATES” BROCHURE

How much can I save by shifting my electricity use?

One way to benefit from Time-of-Use rates is to shift some of your electricity use to off-peak or mid-peak periods when rates are lower.



The chart below shows some examples of the cost to run various appliances during off-peak, mid-peak and on-peak time periods.

Appliance	Time-of-Use Rate Examples		
	Off-peak 5.3¢* per kWh	Mid-peak 8.0¢* per kWh	On-peak 9.9¢* per kWh
Clothes Dryer (1 load)	124	184	224
Washing Machine (1 load)**	414	624	774
Electric Stove (1 family meal)	274	404	504
Dishwasher (1 load)**	174	264	344
Central A/C 35°C/27°F (1 hour)	124	424	274
Central A/C 20°C/68°F (1 hour)	174	264	324

* Rates change twice a year. Visit the Ontario Energy Board at www.oeb.gov.on.ca for current pricing details.

** Cycle times and rates for drying not shown.

See for yourself!

Access your account online at **www.horizonutilities.com** to see how much off-peak, mid-peak and on-peak power your household is using.

Save money!

Visit **www.horizonutilities.com/tou** or **www.ontario.ca/powersmarter** for energy conservation tips designed to help you to shift your energy use and save money on your electricity bill.

Power. Smarter.
Ontario

Visit: **www.ontario.ca/powersmarter**

horizon UTILITIES *Looking beyond*

To learn more about Time-of-Use rates for electricity, visit **www.horizonutilities.com/tou** or call 905-522-9200 in Hamilton, 905-984-8961 in St. Catharines.
Email: timeofuse@horizonutilities.com

www.horizonutilities.com

FSC Mixed Sources

5/2010

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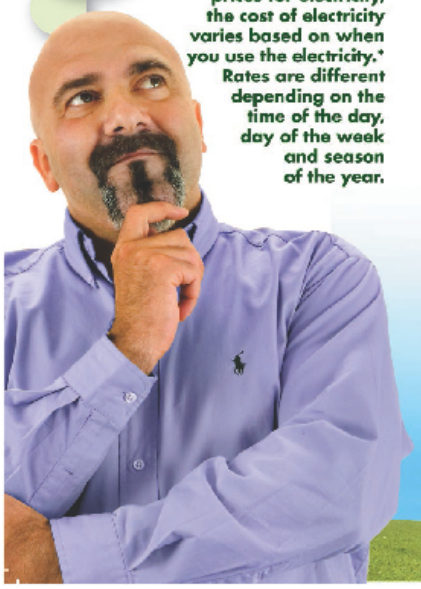
How can I **shift my electricity use** and save money?

Start shifting to take advantage of low rates on evenings, weekends and holidays



With Time-of-Use prices for electricity, the cost of electricity varies based on when you use the electricity.* Rates are different depending on the time of the day, day of the week and season of the year.

Think about Time-of-Use periods when conducting routine activities

Cooling

- As much as possible, avoid running your air conditioner from 7 a.m. to 5 p.m. weekdays.
- Consider a fan for cooling.
- Use portable fans in conjunction with your air conditioner and set the thermostat to 26-28°C (78-82°F).
- Keep blinds and curtains closed to keep out the midday sun.
- Install a programmable thermostat and set it to reduce your energy use when you are away from home or sleeping.
- Sign up for ***peaksaver***® and get a programmable thermostat installed for FREE!** Simply call 1-866-323-0206 or visit www.hydroottawa.com to enroll.

Laundry

- Do some or all of your laundry on weekends or weekdays during off-peak or mid-peak times.
- Hang laundry out to dry instead of using your dryer during peak times.

Lighting

- Consider installing compact fluorescent lightbulbs, automatic timers, motion sensors and dimmers to help reduce lighting costs.

Dishwashing

- Run dishwashers after 9 p.m.
- Use the air-dry setting.
- Always run full loads.

Heating

- Install a programmable thermostat and set it to reduce your energy use when you are away from home or sleeping.
- Check for drafts and air leaks. Caulking and weather-stripping are simple, inexpensive and effective ways to reduce heat loss.

Pools

- Set pool pumps and hot tub heaters to come on at night.
- Use a solar blanket on your pool.

* If you currently run on your electricity contract with an energy retailer, you will continue to be charged according to the terms and prices stated in your contract.

** Including pool or hot tub. Offer valid only for new ***peaksaver***® signups. Terms and conditions apply.

Electronics – Beware of "phantom load"

Many electronic items – for example, computers, televisions, game consoles and cell phone chargers – continue to use "standby power" even when they are turned off. Standby power, also known as "phantom load," accounts for 5 to 10 per cent of the electricity used in the average Canadian home. Take steps to reduce standby power consumption particularly during peak periods.

Around the House

- Unplug battery chargers as soon as devices are fully charged. Unplug chargers when not being used. Avoid charging batteries during peak periods.
- If you use a number of battery chargers (e.g. for cell phones), consider creating a charging station where all of the chargers are plugged into a single power bar equipped with an on/off timer. Set the timer to come on during off-peak times and shut off after only a few hours of charging.

In the Home Office

- Avoid using screen savers since they cause your monitor to consume the same amount of power as when it is running normally. Instead, activate power management features on computers and monitors so that they enter sleep mode when inactive for a short period of time.
- Turn off your computer and monitor when they are not being used. In the case of computers, most electricity waste occurs when they are left on overnight, on weekends or for extended periods of inactivity during peak periods during the day.
- Plug your home office equipment (computer, monitor, speakers, printer, scanner, etc.) into a power bar that can easily be turned off when the equipment is not in use.

In the Entertainment Room

- Large-screen televisions, DVD players and game consoles consume a significant amount of electricity. Plug these devices into a power bar. Turn the power bar off when not in use.

Buying appliances, home entertainment equipment or home office equipment?

Look for the ENERGY STAR® label and models with timer functions that enable you to take advantage of off-peak times.