EB-2010-0131

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

AND IN THE MATTER OF an Application by Horizon Utilities Corporation to the Ontario Energy Board for an Order or Orders approving of fixing just and reasonable rates and other service charges for the distribution of Electricity as of January 1, 2011.

HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES") RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

TECHNICAL CONFERENCE QUESTIONS

DELIVERED: February 23rd, 2011

QUESTION TC# 1

Reference: Energy Probe Interrogatory # 9, Part b provides an updated Table 3-5 (Exhibit 3, Tab 2, Schedule 1) with 2010 Actuals.

Table 3-5 in the evidence shows a forecasted 4.2 % increase in billed GWh in 2010 compared to 2009 Actual and a 2.7% decrease in billed GWh forecasted for 2011. The updated Table provided in the interrogatory response shows a 6% actual increase in billed GWh in 2010 compared to 2009.

What impact will the 2010 Actuals have on Horizon's 2011 Proposed Load Forecast?

Response:

Please see Horizon Utilities' response to AMPCO Technical Conference Question 6.

EB-2010-0131

HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES")
RESPONSES TO
ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

TECHNICAL CONFERENCE QUESTIONS

DELIVERED: February 23rd, 2011

QUESTION TC# 2

Reference: Energy Probe Interrogatory # 9, Part b provides an updated Table 3-6 (Exhibit 3, Tab 2, Schedule 1) with 2010 Actuals.

Table 3-6 in the evidence shows the billed energy for the Large Use customer as 693.7 GWh for both 2010 and 2011. The updated Table 3-6 provided in the above interrogatory response shows an increase in the 2010 actual to 704.1 GWh.

Please explain why the 2011 test year forecast for billed energy for the Large Use customer has not been updated so that the volume is the same for 2010 and 2011.

Response:

Please see Horizon Utilities' response to AMPCO Technical Conference Question 6.

EB-2010-0131

HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES")
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TECHNICAL CONFERENCE QUESTIONS

DELIVERED: February 23rd, 2011

QUESTION TC# 3

Reference: Board Staff Interrogatory # 5 b

In the response to Board Staff interrogatory 5 Part b, a Table showing Capital Projects that were deferred in 2008 or 2009 is provided. Other Miscellaneous Capital shown on the Table has a budgeted project value of $318,000 which represents approximately 9% of the total value of $3,576,000 for deferred projects.

Please provide a breakdown and description of the projects under "Other Miscellaneous Capital".

Response:

The following is a breakdown of the other miscellaneous capital deferrals of $318,000:

Distribution plant assets – Meter Services (OEB account 1855)	$309,000
Communications Equipment – Telephones	4,000
Office furniture – Photocopier	5,000

HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES")
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TECHNICAL CONFERENCE QUESTIONS

DELIVERED: February 23rd, 2011

QUESTION TC# 4

Reference: Board Staff Interrogatory # 15 a, ii)

The response to the above Board Staff interrogatory provides actual large use consumption in GWh by month for January 1 to December 30, 2010.

a) Please confirm the monthly data provided totals 715.05 GWh.

b) In the response to Energy Probe interrogatory #11 g, Table 3-23 (Large Use Forecast) has been updated and 704.1 GWh is shown as the actual energy consumption in 2010. Please reconcile the difference between 715.05 GWh (above) and 704.1 GWh.

c) Please explain the 27% increase in 2010 actual energy consumption compared to 2009.

d) Please explain the variance between the 2010 actual energy consumption and the 2010 forecast.

e) Please provide the monthly data that underlies the 2010 Actual Large Use Demand of 2,884,523 kW shown in updated Table 3-23 (Energy Probe interrogatory response #11 g).

f) Please explain why the 2010 actual demand is lower than the forecast amount of 3,044,901 kW.

g) The forecast summary has been updated to reflect 2010 actual data in Energy Probe interrogatory #11 j. Under the Large Use customer line, the kWh (without WMP) and Kw (with WMP) values are provided. What does WMP stand for?

Response:

a) Horizon Utilities noted an error in the table provided in its response to Board Staff interrogatory 15a ii). That table showed Large Use consumption for 2010 totalling 715.05 GWh. The actual Large Use consumption in GWh by month for January 1 to December 30, 2010 is 704.1 "raw", i.e. not uplifted GWh. Horizon Utilities has provided a corrected table below.

2010 Large Use Consumption	Raw
Jan	61.5
Feb	58.9
Mar	64.7
Apr	61.8
May	63.3
Jun	61.9
Jul	61.9
Aug	67.1
Sep	60.2
Oct	52.6
Nov	46.9
Dec	43.2
Total	704.1

b) Horizon Utilities' response to Energy Probe Interrogatory 11 g), Table 3-23 (Large Use Forecast) correctly shows Large Use consumption for 2010 as 704.1 GWh.

c) Horizon Utilities noted in its response to Board Staff Interrogatory 15 b), that it had experienced a material decline in consumption in its commercial classes and particularly in its Large Use class in 2008 and 2009. In 2010, there was a partial recovery of load in the Large Use customer class resulting in a 27% increase in 2010 actual energy consumption compared to 2009. However, such was still 54.6% lower than the Board approved Large Use consumption in Horizon Utilities' 2008 Cost of Service application (1,088.8 GWh).

d) The 2010 Large Use consumption forecast of 693.7 GWh was based on the best information available at that time. Actual GWh consumption for 2010 is 704.1 GWh and is 1.5% higher than forecast.

e) The Large Use customer total kW for 2010 shown in Table 3-23, updated in the response to Energy Probe Interrogatory 11 g) was incorrectly stated as 2,884,523 kW and should read 2,853,449 kW. The table below shows the monthly data that underlies the updated 2010 Actual Large Use Demand of 2,853,449.

Actual 2010 Large Use Demand	
Month	**kW**
Jan	245,932
Feb	229,801
Mar	257,196
Apr	255,029
May	249,311
Jun	245,378
Jul	248,715
Aug	251,550
Sep	248,465
Oct	233,500
Nov	195,127
Dec	193,445
Total	**2,853,449**

f) The 2010 Large Use demand forecast of 3,044,901 kW was based on the best information available at that time as noted in the response to d) above with regard to the energy consumption. As shown in the table above, kW usage declined significantly in the last quarter of 2010. As noted in Horizon Utilities' response to Board Staff Interrogatory 15 b), one of Horizon Utilities' Large Use customers shut down their operations in October 2010 and locked out workers as of November 7, 2010. While these events account for a significant portion of the decline that Horizon Utilities is experiencing, Horizon Utilities does not have specific information for the balance of the difference between forecast and actual demand for Large Use customers for 2010.

g) WMP is an acronym for Wholesale Market Participant.

HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES")
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TECHNICAL CONFERENCE QUESTIONS

DELIVERED: February 23rd, 2011

QUESTION TC# 5

Reference: Board Staff Interrogatory # 15 c

Horizon's response to Board Staff Interrogatory# 15 Part c states the following, "This past fall, one of Horizon's Large Use customers, U.S. Steel Canada Inc. ("USSC"), announced the idling of its Hamilton Works blast furnace. An October 1, 2010 article from the Globe and Mail reported USSC's shutdown of its Hamilton steelmaking operations. More recently, USSC's Hamilton employees have been locked out of USSC's facilities. That lockout, which began on November 7, 2010, continues. Recently, Max Aicher North America acquired from USSC the bar and bloom mills that the former Stelco had closed in the months after it came out of bankruptcy protection. Such acquisition represents only a small fraction of USSC's facilities and an even smaller share of Horizon Utilities' lost load."

a) Please provide an update on the lock out at USSC.

b) Has Horizon had any recent contact or meetings with USSC? If so, please describe.

c) Does Horizon have any other new information with respect to this member or its Large User Class that would affect this application?

Response:

a) Horizon Utilities makes reference to recent media coverage that the lock out continues and is currently in its fourth month. Please see the attached article from the Hamilton Spectator dated January 29, 2011 as an example of the ongoing coverage of the USSC lock out.

Hamilton Spectator

The ghosts at the gate; Locked-out steelworkers fight for 9,000 pensioners

Sat Jan 29 2011
Page: WR4
Section: Weekend Reader
Byline: Steve Buist The Hamilton Spectator
Illustrations: Stelco pensioner Brivio Frate, seen here with his wife Louisa in their east Hamilton home, went through four strikes at Stelco. Joan Thompson, 65, whose husband Bill died in 2007, is one of the many widows who draws a widow's pension from Stelco - U.S. Steel. The pensions fight has been long. Here, pensioner Lou Henderson in 1981 pickets outside Jackson Square. In 1990, Stelco had so many workers the ratification vote had to be held at Ivor Wynne stadium. Picketing workers at U.S. Steel hold up a bus full of managers Friday during the weekly switchover of inside management. Cathie Coward, The Hamilton Spectator Cathie Coward, The Hamilton Spectator Hamilton Spectator file photo Hamilton Spectator file photo Cathie Coward, The Hamilton Spectator

There are ghosts haunting this fight on the waterfront.

Nine hundred workers locked out by U.S. Steel Canada have been walking the picket line outside the sprawling Hamilton Works plant since Nov. 7.

On their shoulders, they carry the burden of 9,000 ghosts - those retired Stelco workers who walked before them, fought the good fight and, ironically, won the very benefits that are now under attack.

Joan Thompson was married to one of those ghosts. She's the widow of Bill Thompson, a Stelco pensioner who died in 2007.

She never worked a day at the steelmaker but like hundreds of other Stelco widows, she finds herself with a stake in this fight.

Pensions, not wages, are the battleground in this dispute.

Nine hundred workers are now faced with the impossible task of deciding the future for 9,000 pensioners who can no longer fight back against the company.

Lost in the dispute so far, however, is the fact that this is also a fight between U.S. Steel and, to put it indelicately, a bunch of little old ladies.

"Hey, watch it," Thompson said sharply. "I just reached the milestone of 65 and I don't really like that term, thank you."

Of the 2,000 lowest-paying pensions on the books from the former Stelco, said Local 1005 president Rolf Gerstenberger, nearly 1,600 of them are being collected by the survivors of deceased workers - almost all of them widows.

"I more than appreciate what they're doing," Thompson said of the locked-out workers. "It says so much for these guys.

"It took a helluva lot for 900 people to stand up for 9,000," she added. "As Winston Churchill said, so few have given so much for so many."

The company is demanding workers accept a two-tier pension plan moving forward that would provide a different payment scheme for any new workers hired in the future.

More importantly, U.S. Steel also wants to end the practice of indexing pensions for current retirees and their survivors so they keep pace with inflation.

A monthly pension dating back to 1990, for example, when indexing was first introduced at Stelco, has grown by nearly 37 per cent since then.

Thompson calls the current impasse "a bloody disgrace."

"You know what I find here in Canada? We don't stand up for ourselves," Thompson said. "If the rest of us pensioners don't stand up and say something, nobody's going to know about it."

U.S. Steel Canada did not respond to The Spectator's requests for an interview.

What if you shut down a company that was once the city's backbone - and no one noticed?

It's not far off what's happening now in Hamilton as U.S. Steel's stare-down with workers nears the three-month mark with surprisingly few ripples on the local landscape.

How times have changed.

Thirty years ago, an action like this would have nearly paralyzed the city and dominated news coverage daily.

That's not just a guess. Thirty years ago, that's exactly what happened when Stelco went through its painful 125-day strike in 1981.

At that time, the company was at its zenith in terms of jobs. Local 1005 alone had more than 12,000 members and the company had more than 20,000 employees.

As the strike dragged through November, the city's retailers worried about how badly Christmas shopping would be affected.

Union membership was so large the ratification vote had to be held at Ivor Wynne Stadium. Steelworkers were told to visit local shopping malls to obtain the contract's details.

Now, 900 workers are locked out. It's as if a '0' is missing from the number.

"I think it reflects the declining influence of unions like the United Steelworkers who, at one time in many ways, were the dominant force in our city," said Wayne Lewchuk, a labour studies professor at McMaster University.

"They're just not nearly the force they were 25 years ago," he added. "They might have had 25,000 members in this city. I bet they're lucky to have 5,000 now."

Unions still play an important role in Hamilton's labour picture but the pendulum has swung from private-sector unions to those of the public sector, such as McMaster University, the hospitals and school boards.

What's ominous, Lewchuk said, is that the strikes and lockouts taking place in the unionized private sector are getting longer and longer.

There's already a precedent for what's happening in Hamilton. U.S. Steel locked out workers in Nanticoke for eight months from August 2009 to last April.

Brazilian mining giant Vale endured a year-long strike at its operations in Port Colborne and Sudbury that ended last summer, while workers at the Voisey's Bay mine in Labrador are 18 months into a strike.

"These kind of strikes are happening with some regularity and they all have the same feature," said Lewchuk. "It's a company that's part of a larger multinational trying to change the rules of the game at the workplace.

"What we're seeing is a really different type of collective bargaining in industrial relations than we've been used to in the last 25 years," Lewchuk added.

"This is collective bargaining where the workers may be unionized but they have shockingly little clout and that's because they're part of these big multinationals."

Look no further than the front gate at Wilcox Street to see how the game has changed.

The one weapon that unionized workers have always had in their arsenal was the ability to withdraw their services when necessary to stop production.

In this case, it was U.S. Steel that stopped its own production and then locked its workers out.

The workers' weapon was turned against them, and they now have no control over the outcome other than to accept the company's demands.

"When these companies have relatively easy alternative sources of product, they hold most of the cards," said Lewchuk.

When Stelco was a stand-alone company, the mechanics were pretty simple - steel was made either in Hamilton or Nanticoke, and disputes between the company and its workers were local.

Four years ago, U.S. Steel purchased Stelco, not long after it exited bankruptcy protection. Hamilton joined the company's long list of mills scattered across five American states - even Slovakia and Serbia.

Steel production from the Hamilton Works site now represents about 6 per cent of U.S. Steel's total global capacity.

"You're part of their empire," said Rolf Gerstenberger, the head of Local 1005. "As long as they don't really need the steel, if they still have excess capacity, they can play with us.

"It was bad enough trying to influence things when the head office was on Wilcox Street or Stelco Tower," he said.

"Now, when it's in Pittsburgh, I mean, literally, they couldn't care less.

"I remember during the bankruptcy they had that one guy, Colin Osborne, he was like second in command, but he was a Hamilton guy," said Gerstenberger.

"He actually said, 'Oh God, I don't want to be in charge if Stelco actually goes bankrupt because people will look at me and say 'There's the guy that did it.'

"So at least you had that local concern about what's happening to Hamilton," he added. "Now, that's all gone. They don't care."

All along, Gerstenberger said, he has framed the stakes of this dispute in very clear, stark terms for his members.

"If you don't think a pension plan is important, then do what the company wants," he said. "If you think that it is important, we have to dig in now."

According to Lewchuk, U.S. Steel appears to have picked a fight in this case with the weakest members of its herd.

"To my mind at least, these pensions were implicit promises and U.S. Steel knew what it was getting into when it took over the plants," said Lewchuk.

They may have been more than implicit promises.

Three weeks before U.S. Steel took control of the former Stelco in 2007, Gretchen Haggerty, CFO for U.S. Steel, wrote a letter to the editor in The Spectator.

"U.S. Steel has agreed to significantly improve the security of the Stelco pension plans," wrote Haggerty as she tried to soothe the fears of pensioners.

"We want Stelco's employees and retirees to know that we understand the fundamental importance of sound pension funding," she continued.

"We have had a large defined-benefit pension plan for decades. We take our obligations very seriously and are proud of the fact that today that plan is fully funded.

"We will honour our commitment to the Stelco pension plans," she wrote. "That is our history and track record."

No one who has ever worked at Stelco will ever forget the first day they walked through the steelmaking part of the plant.

"Ooohh, God bless America," Brivio Frate said with a sigh. "You see the crane go by, they ring the bell, you see the steel go in and you see the sparks flying all over the place. You think, 'Oh my God, this is the end of the world.'"

For Frate, that first day came in 1955, three years after he had left Italy for a better life in Canada.

Like many immigrants, he ended up on Stelco's doorstep.

"I went there every day for a month in the wintertime and the lineup was maybe a quarter of a mile long," Frate recalled.

"The guy there, he was a Scotchman, he would look for the guys with the fair hair," said Frate. "As soon as he sees the ones with the black hair - 'Naw, we've got nothing for you guys.'"

An acquaintance gave him a reference letter that got him a job on the labour gang - straight days, too, which was a bonus.

"Compared to what we were doing back home, this was a piece of cake," said Frate.

Frate is 81 years old and retired from Stelco in 1992 after nearly 38 years with the company. His starting wage in 1955 was $1.52 an hour, enviable at the time.

"God-darned right it was

because outside it was a dollar," he said. "Plus, we got benefits."

He went through four strikes at the steelmaker and for him, the worst one was in 1958.

"I got married on the 12th of July and at the end of July we went on strike," he said.

"In 1957, I bought a house and furniture and everything, so they got me with my pants around my knees."

Now, he's one of the pensioners watching nervously from the sidelines, and he appreciates the sacrifices being made by those workers still left at the company.

"Sure, I feel sorry for the guys," said Frate.

"We went through four strikes to try to get some benefits for our future, and now those guys from the U.S.A. come over here and wipe all that out for us and I don't feel good. Everyone's worried."

When U.S. Steel announced it was buying Stelco, Frate recalled a conversation he had with another pensioner.

"He told me, 'Hey, that's the best thing that ever happened. You know how big that company is?'" said Frate. "I said, 'Look, you're going to end up eating dandelions.'

"About three of four months ago, he saw me again and he started laughing," said Frate. "'You were right,' he said.

"The company doesn't care," Frate added with a dismissive wave of the hand. "When they bought the place, they bought because they want to close it up, because they've got to make the steel in Pittsburgh."

He's equally scornful of the Canadian government.

"The animals from Ottawa, they let them do whatever they want over here," Frate said.

"We put them there and pay their salaries to protect the people," he said.

"They don't protect the people, they don't do nothing. I think they're just puppets of Washington."

Brian Dow is walking the picket line at the Wilcox Street entrance on a bitter Friday afternoon.

A couple of dozen pickets are milling around, and a fire burns in a big drum. Road hockey sticks are piled on top of hockey nets, goalie pads are stacked along the curb and a big Canadian flag is fastened to an electrical tower. "Steel, Not Steal," reads one sign on the gate.

Dow remembers his first day at Stelco. It was 1977 and he was fresh out of high school in Burlington. His brother already worked there, so he decided to give it a try as well.

"I came in and filled out the application and the woman said, 'Do you want an interview?'" Dow recalled. "I said, 'Yeah, I guess so.'

"I walked right in and talked to this guy and he basically asked, 'Can you walk and chew gum at the same time?' and I said, 'Yeah, I think so' and he said, 'OK, go for a medical.'

"We were almost 13,000 strong, we were tripping over guys," said Dow. "You could literally get a job and disappear and nobody would miss you, depending on where you worked."

Back then, the main parking lot at Wilcox was so jammed that shuttle buses would ferry workers into the plant.

Dow's uncle was a general foreman, which meant he had extra privileges in Stelco's class structure.

"He had this big Buick and he could drive right in," said Dow. "Sometimes my brother and I would wait for him at the main gate. We'd get to jump into his car and that was a big deal."

Dow is 52 years old now and he has spent nearly 34 of them inside that gate.

"I bet you I've done a hundred jobs here," said Dow.

His first was in the 12/10 mill, named for the size of the steel bars it handled. It's gone now, just like many of the other finishing mills that have either been closed or sold over the years - "slow death by a thousand cuts," as Gerstenberger puts it.

"When I started in the 12/10, it was actually a good place to work," said Dow. "It was almost like a retirement home. We had some wartime guys there with wartime service.

"We even had a few scabs from '46 who were still in there - guys that nobody wanted to work with, nobody would talk to."

Dow remembers a time when he was 19 or so, working with men older than his father. He was up in the mill pulpit, learning a job from an old veteran, when he made a mistake.

"The stranders on the mill, they were the tough respected guys of the mill, they'd grab the steel, tilt it and put it in the mill when it was red hot," he said.

"I guess I pissed off this one strander and he took his tongs and threw them at the glass of the pulpit. I ducked and they started screaming at me.

"I was almost ready to cry," said Dow. "The old guy said, 'Listen, son, you'd better toughen up, you better get a thick skin.'"

He has heard the talk from those who think the Hamilton plant will never produce another piece of steel. He doesn't believe it.

"I'm quite optimistic we'll go back to work," Dow said. "Whether it's for U.S. Steel or not, I don't know."

Martin Gray's first day at Stelco was just five years ago.

Now he's a picket captain, bundled up against a cold January wind at the Wilcox gate.

"I can remember when they took me on my plant tour," he said. "I was in awe.

"I went home from my first day, my wife asked me, 'Well, what did you think?' I said, 'The only way I can explain it is that it was a combination of Jurassic Park meets Mad Max,'" said Gray.

"Everything is big and metal and at any given time you swear there's going to be a dinosaur poke its head out."

Gray is following in the footsteps of his late father-in-law, who spent nearly three decades at Stelco.

"I'm still fighting for him," said Gray. "He fought for us for 29½ years to get where we are today, and now we're fighting to continue it.

"The community needs to wake up and understand that this is what's going to happen to every company out here if we don't stop it now."

When his father-in-law started in 1965, Gray said, "there was a big line of guys standing here, and if you didn't like it here, you walked next door and you started there the next day. Unfortunately, it's not like that any more."

More discouraging, he said, is the fact that he's spoken to people over the past three months who don't even realize the steelmaker is shut down.

"The whole community is part of this," Gray said. "We've got 9,000 pensioners out there.

"Now they want 900 guys to make a decision for 9,000 people out there?"

You don't have to go back 30 years to find a time when Stelco's every move was front-page news, according to Courtney Pratt, a former Stelco CEO.

He should know. He lived it.

It was seven years ago to the day that Stelco filed for bankruptcy protection under the Companies' Creditors Arrangement Act.

"I think everybody in Hamilton knew what was going on then," said Pratt, who was at the helm then. "The change is amazing.

"I've heard and read literally nothing about this for several months."

Since the lockout began on Nov. 7, there have been 55 items in The Spectator that have made reference to U.S. Steel.

In the same time span following Stelco's swerve into CCAA protection in 2004, there were 280 items in the Spec.

"When I think back to Stelco and CCAA, it was 24-hour-a-day coverage almost," said Pratt.

"It literally became part of my daily life for years. It was almost as if Hamilton was a one-employer town and it was Stelco."

Seven years ago, in the day-to-day chaos of bankruptcy talk, it seemed inconceivable that mighty

Stelco, the reliable employer of fathers and grandfathers and great-grandfathers, might cease to be.

Even the bankruptcy process was filled with turmoil. Shortly after the CCAA filing, the price of steel shot through the roof and Stelco made $100 million in profits over two quarters.

"This one guy, he was a right-wing business guy, I remember he said Stelco couldn't even go bankrupt the right way," Gerstenberger said with a laugh.

"They filed for bankruptcy ... and six months after they filed, Stelco had their record quarter in their history.

"We're in bankruptcy and we get a bonus," said Gerstenberger. "It was like the weirdest thing."

But it was also the CCAA proceedings that squarely focused attention on the company's pension situation - a festering sore that lingers today.

"There was no success in changing the pension arrangements particularly in terms of trying to establish a two-tier pension plan, which is where a lot of the world has gone," said Pratt. "We weren't able to do anything like that."

As the man who watched from the eye of the hurricane, Pratt says he's not surprised to see that pensions have become the line in the sand for both sides in the current dispute.

"You have to sit back and say 'Well, if everyone else is going there, at some stage this has to happen here,' so yes, I knew it was going to be an issue at some stage," said Pratt.

The industry trend was for large multinational steelmakers to scoop up smaller companies that had bottomed out in bankruptcy and had been able to shed the so-called "legacy costs" of their pensioners. Shedding those pensioner costs became the quickest - some would say only - route to profitability.

"To be blunt, if we didn't have 9,000 pensioners, then this place would be a jewel," said Gerstenberger. "Everybody would want it.

"But you've got to get rid of your pensioners," he added. "Of course, they don't want to talk like that's the end game here, so then they've got to say you're an old decrepit mill. That's bull."

Since U.S. Steel arrived, both Gray and Dow say that the relationship between the workers and the company has steadily deteriorated.

"You feel intimidated the minute you walk in through this gate every morning," said Gray.

"Looking back, we thought Stelco was a big nasty mean employer at times too," said Dow. "Stelco was a Fortune 500 company compared to these guys.

"These guys are big bullies."

There was a time when more than just the steel mills were bustling with people. There was life around the factories on Burlington Street as well.

"You went there at 4:30 in the afternoon when they came out of work and you couldn't even walk on the sidewalk on Sherman by Barton," said Frate.

Thirty years ago, the Sherman Tavern sat at the corner of Sherman and Burlington, a couple of doors up was Sherman Variety and a little farther yet was a Pioneer gas station.

On the other side of Sherman, there was a Brewer's Retail and next door to that, not far from Burlington Street, was Mori's Lunch and Snacks.

The sign still hangs from the second storey - "Open 5 a.m. to 9 p.m. Licensed by the LLBO" - but the lunch counter is gone and so is Mori.

By all accounts, Americo Mori was a colourful character, particularly when it came time for the creative payoffs of the annual $100 Grey Cup bet he'd make with his cousin, Ray Paradisi.

According to Mori's obituary in 2001, Paradisi once paid him off with $100 frozen inside a 110-kilogram block of ice. One time it was by a cheque written on a toilet seat. Another time, Paradisi sent his cousin two $50 bills wrapped in tinfoil encased in a cement-filled toilet.

And in 1979, when Mori lost for the first time, he spent two days cracking open 50 walnuts, hid the $100 bill in one of them, 49 messages of "Try again" in the others, then glued each of them shut and mixed them into a big bushel of walnuts.

The tavern, the variety store, the beer store, the gas station, they're all gone, too.

They're some of the other ghosts in this fight.

Not long ago, Frate took a trip down memory lane. It was 5:30 in the afternoon and he decided to take Burlington Street to get home from an outing.

"Back in my time, you couldn't even move at that time of the day," said Frate. "Now, it's deserted. You don't see nothing.

"I felt like crying," he said. "I had been there so long and it was so active. Now ..."

His voice trails off.

"I never thought that would happen."

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b) Horizon Utilities meets with its Large Use customers as a good business practice or as result of a request by the customer. It is inappropriate to disclose the nature of any discussion affecting a specifically-named customer. It is understood that when these discussions take place, they remain confidential between the customer and the utility.

c) As noted in its response to a) above, Horizon Utilities does not have any new information with respect to this member that would affect the Application.

Horizon Utilities references two articles from the St Catharines Standard that identify that General Motors is in the process of shutting down Plant 1 in St. Catharines.

GM's last days on Ontario Street — PART 1

END OF THE LINE — First in a 3-part series

By Matthew Van Dongen, Standard Staff

Updated 2 months ago [December 2010]

Don Steele is good with tools, but he just can't hammer into his head the idea of an empty General Motors factory.

The massive tangle of old brick buildings on Ontario St. will remain forever busy in the mind of the 90 year old, even after GM shuts down the plant this month. When the lights go out, nearly 110 years of manufactured mobility — from horse-drawn wagons to four-speed transmission parts — will finally grind to a halt.

Steele finds it hard to imagine silence in the third-floor tool room that once screamed with grinding steel, day and night. The components plant buzzed with activity in the early 1980s when Steele ended his 29-year on-again, off-again career as a toolmaker there.

But more than 70 years ago, the 19-year-old Steele was afraid it was too busy when he first showed up with empty pockets, looking for a job.

After being turned down for work in Hamilton, the Sarnia native spent what little money remained to him on a train ticket to St. Catharines in the fall of 1940, where friends told him the GM plant — then called McKinnon Industries — was ramping up with wartime work.

"The problem was, when I got there I was at the tail end of a line of about 100 people who had the same idea as me," said Steele, who recalls a painstakingly slow shuffle past the foundry at the foot of Carlton St.

When his chance came, Steele announced he wanted to be a toolmaker.

"The next thing I know, they're telling me to be back at 6 p.m. I started work that night, 11 hours a night, six days a week, 25 cents an hour. That was more money than I'd ever thought to see in my life."

McKinnon was already a Garden City institution when Steele walked into the main three-storey brick building on the west side of Ontario St. in 1940.

Started on St. Paul St. as McKinnon and Mitchell Hardware in 1878, the company focused on saddlery and wagon hardware. By 1900, the plant was important enough to convince the city to pass a special bylaw designed to help McKinnon Dash and Metal Work set up shop on Ontario St., on the banks of

Twelve Mile Creek. The so-called McKinnon Bylaw gave the company $4,000 a year in grants and a tax exemption for up to 15 years in return for job guarantees.

The First World War doubled the number of workers in the factory to 1,200, with shell and fuse production beginning in 1916.

At the end of the war, the plant literally switched gears and became a player in the auto industry, making radiators and transmission gears.

General Motors bought the company in 1929, six years after founder Lachlan Ebenezer McKinnon's death.

McKinnon began to grow in leaps and bounds the next year, with the erection of the well-known Delco building on the east side of Ontario St. and an expansion that allowed for the eventual manufacture of starting motors, generators, shock absorbers, steering gears and wheel cylinders.

Steele joined during the second wartime boom, when floor space doubled to more than 27,000 square metres for a military manufacturing spree that began even before the roof was added to the expanded east-side building. At the time, a streetcar line ran up Ontario St. but Steele said he usually made his way from his Welland House hotel room by the cheaper "shanks pony method — that means I walked."

Steele had poor circulation in his hands, which nixed his army prospects.

But he and more than 4,600 wartime McKinnon workers — including about 1,200 women — did their part for the war effort.

McKinnon's production list included army trucks, percussion fuses, two-way radios, torpedo drives and anti-aircraft gun elevators, to name a few examples. After six months on the job, Steele was shaping tools and dies used to make everything from sparkplug shells to bomb fuses in a third-floor tool room packed with close to 100 people.

The young Steele later tried his luck working for the railroad and a company in Niagara Falls, but "always came back" to GM.

He married the love of his life, Hilda, 68 years ago — not long after convincing his boss to give him a raise to 82 cents an hour. Steele still has mementos of his earliest times at GM, including bits and pieces of cut metal, old micrometers and his first wooden toolbox.

"The company was always good to me, even though I was pretty low on the totem pole. It will be sad to see those buildings empty," he said. "That's where I got my start."

One of the city's biggest union movements started on Ontario St., too.

McKinnon's was the birthplace of what would eventually become Canadian Auto Workers Local 199, said Peter Scott, the union's education committee chairman.

The local began its life in 1936 — just a week or so after the first Canadian local signed its charter in Windsor — as a chapter of the U.S-based United Auto Workers. (It split from the U.S. union decades later to form what would become Canada's largest private sector union.)

It wasn't an easy birth, as Scott has found through his research preparing for the local's 75th anniversary next December.

The first labour agreement between the union and McKinnon was ratified in 1937, after a 17-day strike. Scott has dug up newspaper articles detailing a tense wartime strike in 1941, when the RCMP showed up to stop mass picketing and machine guns could be found at both ends of Ontario St.

"There is a lot of history at that site, some of it hard to imagine," he said. "But what really strikes me is the community accomplishments, what these people who worked there achieved together."

Scott lists fair wages and pensions among the early gains for unionized plant workers. But he also points to massive autoworker efforts on behalf of the Community Chest and Red Feather campaigns, precursors of the modern United Way. More than $500,000 raised in 1965 for the city's first higher institution, Brock University. An army of teams involved in community hockey, lacrosse and baseball.

"The history is not really in the buildings," he said. "It's in the people who filled the place."

The empty buildings are mostly filled with memories, now.

"It's just full of ghosts," said Scott, a toolmaker by trade who recently walked the darkened complex to pick up his old toolbox. "I think of all the personalities, all the people who used to work there. … When you're walking through this big, empty building you can almost see the shadows of the people, still doing their jobs."

Not everyone has left the building yet.

The third-floor tool room Steele worked in 70 years ago — which still boasts a couple of McKinnon-labelled machines — will see sporadic activity until the end of the year, mostly making or repairing machine parts used at the Glendale engine plant. Until mid-December, the old forge was still making upper control arms for trucks. On the east side of the street, final drive components for the four-speed transmission were still rolling off the line this month, destined for vehicles like the Chevy Impala.

All those components will be phased out of production, said plant co-ordinator Brian Campbell.

That's been the trend since 2000 at the Ontario St. plant, with product lines "maturing" and not being replaced. Perhaps the post-war plant's biggest claim to fame — 80 years of rear axle production — finally ended in 2002.

John Hildebrandt started at GM, fresh out of college, when most people called the Ontario St. facility "the axle plant."

In the early 1980s, the facility was cranking out around 3,600 rear axles a day and had recently added a final drive component to the mix.

Those were heady days for the Garden City, with about 9,700 local auto workers on the GM payroll.

"It was hard just getting to the plant," recalled Hildebrandt, a pipefitter by trade and a team leader in the Ontario St. maintenance department. "They had to stagger the shifts so that everyone could park. Finding a parking space was a real feat."

The St. Catharines man recalls feeling "a little intimidated" by the sheer size of the sprawling facility — about 56,700 square metres of space on each side of the road on 17.2 hectares.

"It was loud and confusing and so big — trying to get from one end of the plant to the other without getting lost was a challenge," he recalled.

"It was like a maze, in places … Aisles and aisles of machines, sort of sporadically placed. You could walk 10 steps and then figure out there's no way of getting from where you are to where you need to be."

Like most of the remaining components factory workers, the pipefitter is moving on to the Glendale plant after wind-down operations at Ontario St. cease.

He'll take plenty of memories with him. Like the "face plant" that followed his bicycle collision with a forklift in the mid-80s. (Cycling around the plant was later forbidden.)

Or the distinctive "Ontario St. smell" that permeated the facility in the early '80s.

"It was the very first thing I noticed, that sort of coolant smell. I'll never forget it," he said, laughing.

Hildebrandt is sad to see the once-bustling plant shut down. But as a maintenance worker, he's seen nearly every corner of the facility and "slapped Band-Aids all over the place" to try and keep the machines and infrastructure running.

"It was getting to be a challenge, certainly, to keep up with repairs," he said. "You look up at the ceilings and the windows in some areas, you really see the history. I think parts of it have just reached their life expectancy."

GM spawned other businesses around Ontario St. — END OF THE LINE, PART 2

By Don Fraser, Standard Staff

Posted 2 months ago

Since 1900, General Motors and its previous incarnation McKinnon Industries has been a centre for a thriving business family.

Eateries, shops, small manufacturers and services sprang up around an Ontario St. complex that once employed thousands.

As the GM population there dwindled over the past 15 years, some closed or moved. Other dependent companies switched their focus to the engine plant on Glendale Ave.

And there are those — like Niagara Precision Ltd. — that got a kick-start from the auto giant and never looked back.

Even as GM winds down its St. Catharines components complex, Precision forges ahead.

Norm Kiddy was a machinist at GM before he and two others started Precision.

Kiddy rented an empty unit on Hiscott St. in February 1975, swept up the dust bunnies, opened his toolbox and got going.

"After the equipment was installed, I had to go out and get that work," he said.

In his first month, Kiddy invoiced $93.

The next month, he billed an impressive $3,000.

"Making it succeed demanded hard work and perseverance," said the 80-year-old, who still owns half of the precision machining firm.

"And GM was a fairly good customer, but you had to diversify to survive when the company would turn the taps off from time to time."

Precision eventually relocated in 1996 to larger digs at Seapark Dr. Mike Whatling is its plant manager and also the founder of the Niagara Industrial Association interest group.

"Many of our long-established shops around here originally did a lot of work for Ontario St.," Whatling said.

However, the drawn-out downsizing at GM's St. Catharines operations has changed that landscape, he said.

Many manufacturers that relied on GM have adjusted to doing less business with the auto giant.

Precision itself recently moved away from supplying the auto-parts sector and currently isn't doing work for the company.

While the shutting of GM on Ontario St. might especially alarm other businesses directly linked to the plant, few have any trepidation.

We saw this coming, they say.

While official confirmation of its closing only came this year, the evaporating workforce at Ontario St. made its demise seem inevitable.

Life carries on, said Jack Kizera, the cheerful owner of The Golden Pheasant on Ontario St.

The Pheasant — better known as "The Duck" — has been a welcoming, folksy watering hole for GM workers since 1952.

"It has been a General Motors bar since I can remember," said Kizera, who worked at GM for 31 years, most of it inside the Ontario St. plant.

Over the years, as that crowd thinned The Duck widened its appeal to become a happening St. Catharines music venue.

Leading jazz and blues acts and local bands now raise the roof on many evenings.

GM's final departure "makes no difference, there's nobody there now," Kizera said. "But I still get some of the retirees."

"We'll survive."

At that point, Duck manager Bill Wong chimes in: "Oh, I know so."

Walter Sendzik, general manager for the St. Catharines-Thorold Chamber of Commerce, acknowledges GM's "huge and significant role in the economic underpinning of our community for 50 to 60 years."

That said, a neighbourhood economy has more resilience than you'd think, he added.

He points to other local areas that have lost major employers like Domtar in Merritton and Gallaher Thorold Paper in Thorold.

The sites eventually get torn down, are refurbished or used for new purposes, although that can take time.

Meanwhile, firms and services once linked to a closed plant and its workers find new business. Most carry on.

The community around Ontario St. "is a residential-urban area that is surrounded by different, diverse features," added Sendzik, whose family has enduring ties to the company and that neighbourhood.

Indeed, the Ontario St. strip remains a robust commercial area despite GM's dwindling presence.

Recently, a huge Performance Hyundai dealership was built at 342 Ontario St. Beside it is a new building for Performance's used cars and The Tire Discounter Auto Centre

EB-2010-0131

HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES") RESPONSES TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

TECHNICAL CONFERENCE QUESTIONS

DELIVERED: February 23rd, 2011

QUESTION TC# 6

Reference: Board Staff Interrogatory # 15 c

Board staff asked in the above interrogatory what the basis was for assuming that Large Use Demand (kW) and consumption (GWh) should be the same for both the 2010 Bridge and 2011 Test Years.

Horizon responded in part as follows: "At this time, it is not clear to Horizon Utilities when and at what capacity these facilities will be operating. Moreover, there is no certainty at this point as to whether the additional load will be of any significance for the 2011 Test Year or the extent to which it may be of significance thereafter. Based on these uncertainties and the insight from the Board in Horizon Utilities' Z-factor Decision, it is Horizon Utilities' view that the load forecast for the Large Use class should be determined with consideration for the significant volume and concentration risk associated with this class. As a result, the 2011 load forecast was held constant at the 2010 forecast level similar to the method approved by the Board in the 2008 Electricity Distribution Rate Cost of Service Application in which the Test Year forecast was the same as the Bridge Year forecast. However, in this Application, the 2010 Bridge Year forecast for the Large Use class has been adjusted upwards over the 2009 actual level to reflect the actual year to date experience in load growth from 2009 to 2010.

In response to Energy Probe Interrogatory # 11 g, the Large Use Forecast (Table 3-23) has been updated with 2010 Actuals.

Based on the above rationale to keep the load forecast for the Bridge year equal to the

Test Year for the Large User class, does Horizon have any plans to make adjustments to its 2011 Large Use forecast?

a) If not, why not?

b) If yes, please provide details.

Response:

Horizon Utilities now has available the actual 2010 demand and consumption data for the Large Use class and proposes to adjust its 2011 Large Use forecast to reflect the 2010 actual data. As a result, Horizon Utilities proposes that the total 2011 Large Use demand be updated to the 2010 actual value of 2,853,449 kW. Such will serve as the billing determinant for the class to determine the proposed distribution volumetric rate. Therefore, the proposed 2011 Large Use consumption is 704,134,030 kWh, which is the 2010 actual amount. This is compared to the pre-filed 2011 forecast of 3,044,901 kW and 693,689,836 kWh.

Please refer to Horizon Utilities' response to AMPCO Technical Conference Question 7 for the impact of this change.

EB-2010-0131

HORIZON UTILITIES CORPORATION (“HORIZON UTILITIES”)
RESPONSES TO
ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

TECHNICAL CONFERENCE QUESTIONS

DELIVERED: February 23rd, 2011

QUESTION TC# 7

Reference:

What is the impact on 2011 Large User rates if the charge determinants are the same as 2010 Actuals?

Response:

Please refer to Horizon Utilities’ response to AMPCO Technical Conference Question 6 in which Horizon Utilities indicated that the Large Use load forecast for 2011 would be adjusted to be equal to the actual demand and consumption for the Large Use class for 2010. Such is consistent with the approach to the Large Use load forecast employed in this Application.

Updated rate impacts at various demand and consumption levels consistent with those included in the pre-filed evidence are provided below.

LARGE USER (> 5000 kW)

Consumption
2,800,000 kWh
6,500 kW

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			11,151.32			26,728.57	15,577.25	139.69%	8.73%
Distribution (kW)	6,500	1.0123	6,579.95	6,500	1.3816	8,980.40	2,400.45	36.48%	2.93%
Low Voltage Rider (kW)	6,500	0.014	91.00	6,500	0.019320	125.58	34.58	38.00%	0.04%
Smart Meter Rider (per month)			1.56			1.56	0.00	0.00%	0.00%
LRAM & SSM Rider (kW)	6,500		0.00	6,500	0.0000	0.00	0.00	#DIV/0!	0.00%
Smart Meter Entity ($/Month)			0.00			0.00	0.00	#DIV/0!	0.00%
Late Payment (kWh)	2,800,000	0.0000	0.00	2,800,000	0.0000	0.00	0.00	#DIV/0!	0.00%
Deferrral & Variance Acct (kW)	6,500	(0.6827)	-4,437.55	6,500	(0.6020)	(3,913.00)	524.55	(11.82%)	(1.28%)
Distribution Sub-Total			**13,386.28**			**31,923.11**	**18,536.83**	**138.48%**	**10.43%**
Retail Transmisssion (kW)	6,500	4.3886	28,525.90	6,500	4.409	28,658.50	132.60	0.46%	9.36%
Delivery Sub-Total			**41,912.18**			**60,581.61**	**18,669.43**	**44.54%**	**19.79%**
Other Charges (kWh)	2,917,880	0.0072	21,008.74	2,913,960	0.0072	20,980.51	(28.22)	(0.13%)	6.85%
Cost of Power Commodity (kWh)	2,917,880	0.0650	189,662.20	2,913,960	0.0650	189,407.40	(254.80)	(0.13%)	61.86%
SPC (kWh)	2,917,880	0.0003725	1,086.91	2,917,880	0.0000000	0.00	(1,086.91)	(100.00%)	0.00%
Total Bill Before Taxes			**253,670.03**			**270,969.52**	**17,299.50**	**6.82%**	**88.50%**
HST		13.00%	32,977.10		13.00%	35,226.04	2,248.93	6.82%	11.50%
Total Bill			**286,647.13**			**306,195.56**	**19,548.43**	**6.82%**	**100.00%**

LARGE USER (> 5000 kW)

Consumption
3,100,000 kWh
7,500 kW

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			11,151.32			26,728.57	15,577.25	139.69%	7.92%
Distribution (kW)	7,500	1.0123	7,592.25	7,500	1.3816	10,362.00	2,769.75	36.48%	3.07%
Low Voltage Rider (kW)	7,500	0.014	105.00	7,500	0.019320	144.90	39.90	38.00%	0.04%
Smart Meter Rider (per month)			1.56			1.56	0.00	0.00%	0.00%
LRAM & SSM Rider (kW)	7,500		0.00	7,500	0.0000	0.00	0.00	#DIV/0!	0.00%
Smart Meter Entity ($/Month)			0.00			0.00	0.00	#DIV/0!	0.00%
Late Payment (kWh)	3,100,000	0.0000	0.00	3,100,000	0.0000	0.00	0.00	#DIV/0!	0.00%
Deferrral & Variance Acct (kW)	7,500	(0.6827)	(5,120.25)	7,500	(0.6020)	(4,515.00)	605.25	(11.82%)	(1.34%)
Distribution Sub-Total			**13,729.88**			**32,722.03**	**18,992.15**	**138.33%**	**9.69%**
Retail Transmisssion (kW)	7,500	4.3886	32,914.50	7,500	4.409	33,067.50	153.00	0.46%	9.80%
Delivery Sub-Total			**46,644.38**			**65,789.53**	**19,145.15**	**41.04%**	**19.49%**
Other Charges (kWh)	3,230,510	0.0072	23,259.67	3,226,170	0.0072	23,228.42	(31.25)	(0.13%)	6.88%
Cost of Power Commodity (kWh)	3,230,510	0.0650	209,983.15	3,226,170	0.0650	209,701.05	(282.10)	(0.13%)	62.12%
SPC (kWh)	3,230,510	0.0003725	1,203.36	3,230,510	0.0000000	0.00	(1,203.36)	(100.00%)	0.00%
Total Bill Before Taxes			**281,090.57**			**298,719.00**	**17,628.44**	**6.27%**	**88.50%**
HST		13.00%	36,541.77		13.00%	38,833.47	2,291.70	6.27%	11.50%
Total Bill			**317,632.34**			**337,552.47**	**19,920.13**	**6.27%**	**100.00%**

LARGE USER (> 5000 kW)

Consumption
4,200,000 kWh
10,000 kW

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			11,151.32			26,728.57	15,577.25	139.69%	6.00%
Distribution (kW)	10,000	1.0123	10,123.00	10,000	1.3816	13,816.00	3,693.00	36.48%	3.10%
Low Voltage Rider (kW)	10,000	0.014	140.00	10,000	0.019320	193.20	53.20	38.00%	0.04%
Smart Meter Rider (per month)			1.56			1.56	0.00	0.00%	0.00%
LRAM & SSM Rider (kW)	10,000		0.00	10,000	0.0000	0.00	0.00	#DIV/0!	0.00%
Smart Meter Entity ($/Month)			0.00			0.00	0.00	#DIV/0!	0.00%
Late Payment (kWh)	4,200,000	0.0000	0.00	4,200,000	0.0000	0.00	0.00	#DIV/0!	0.00%
Deferrral & Variance Acct (kW)	10,000	(0.6827)	(6,827.00)	10,000	(0.6020)	(6,020.00)	807.00	(11.82%)	(1.35%)
Distribution Sub-Total			**14,588.88**			**34,719.33**	**20,130.45**	**137.98%**	**7.79%**
Retail Transmisssion (kW)	10,000	4.3886	43,886.00	10,000	4.409	44,090.00	204.00	0.46%	9.89%
Delivery Sub-Total			**58,474.88**			**78,809.33**	**20,334.45**	**34.77%**	**17.68%**
Other Charges (kWh)	4,376,820	0.0072	31,513.10	4,370,940	0.0072	31,470.77	(42.34)	(0.13%)	7.06%
Cost of Power Commodity (kWh)	4,376,820	0.0650	284,493.30	4,370,940	0.0650	284,111.10	(382.20)	(0.13%)	63.75%
SPC (kWh)	4,376,820	0.0003725	1,630.37	4,376,820	0.0000000	0.00	(1,630.37)	(100.00%)	0.00%
Total Bill Before Taxes			**376,111.65**			**394,391.20**	**18,279.55**	**4.86%**	**88.50%**
HST		13.00%	48,894.51		13.00%	51,270.86	2,376.34	4.86%	11.50%
Total Bill			**425,006.16**			**445,662.05**	**20,655.89**	**4.86%**	**100.00%**

LARGE USER (> 5000 kW)

Consumption
4,700,000 kWh
13,900 kW

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			11,151.32			26,728.57	15,577.25	139.69%	5.23%
Distribution (kW)	13,900	1.0123	14,070.97	13,900	1.3816	19,204.24	5,133.27	36.48%	3.76%
Low Voltage Rider (kW)	13,900	0.014	194.60	13,900	0.019320	268.55	73.95	38.00%	0.05%
Smart Meter Rider (per month)			1.56			1.56	0.00	0.00%	0.00%
LRAM & SSM Rider (kW)	13,900		0.00	13,900	0.0000	0.00	0.00	#DIV/0!	0.00%
Smart Meter Entity ($/Month)			0.00			0.00	0.00	#DIV/0!	0.00%
Late Payment (kWh)	4,700,000	0.0000	0.00	4,700,000	0.0000	0.00	0.00	#DIV/0!	0.00%
Deferrral & Variance Acct (kW)	13,900	(0.6827)	(9,489.53)	13,900	(0.6020)	(8,367.80)	1,121.73	(11.82%)	(1.64%)
Distribution Sub-Total			**15,928.92**			**37,835.12**	**21,906.20**	**137.52%**	**7.40%**
Retail Transmisssion (kW)	13,900	4.3886	61,001.54	13,900	4.409	61,285.10	283.56	0.46%	11.99%
Delivery Sub-Total			**76,930.46**			**99,120.22**	**22,189.76**	**28.84%**	**19.39%**
Other Charges (kWh)	4,897,870	0.0072	35,264.66	4,891,290	0.0072	35,217.29	(47.38)	(0.13%)	6.89%
Cost of Power Commodity (kWh)	4,897,870	0.0650	318,361.55	4,891,290	0.0650	317,933.85	(427.70)	(0.13%)	62.21%
SPC (kWh)	4,897,870	0.0003725	1,824.46	4,897,870	0.0000000	0.00	(1,824.46)	(100.00%)	0.00%
Total Bill Before Taxes			**432,381.13**			**452,271.36**	**19,890.23**	**4.60%**	**88.50%**
HST		13.00%	56,209.55		13.00%	58,795.28	2,585.73	4.60%	11.50%
Total Bill			**488,590.68**			**511,066.63**	**22,475.95**	**4.60%**	**100.00%**

HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES")
RESPONSES TO
ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

TECHNICAL CONFERENCE QUESTIONS

DELIVERED: February 23rd, 2011

QUESTION TC# 8

Reference: AMPCO Interrogatory #1

AMPCO asked if Horizon had discussions with any of the remaining 11 Large Use customers. Horizon responded that all Large Users were contacted by written letter on September 10, 2010, follow-up calls were made and five large user customers responded and scheduled meetings. Horizon further stated that "During the discussions with the Large Use customers, Horizon Utilities' staff reviewed the proposed changes to Large Use rates…"

a) Please provide a copy of the September 10, 2010 letter.

b) What was the reaction of Large Users to the proposed 139.4% increase in the fixed charge and 27.8% increase in the variable charge for 2011?

Response:

a) Please find below the template copy of the September 10, 2010 letter that Horizon Utilities provided to all of its Large Use customers.

b) Please see Horizon Utilities' response to AMPCO Technical Conference Question 5 b).

horizon UTILITIES Looking beyond

September 10, 2010

Dear Sir:

IMPORTANT INFORMATION ON UPCOMING ELECTRICITY DISTRIBUTION RATE INCREASE

Horizon Utilities has applied to the Ontario Energy Board to make changes to their Distribution rates effective January 1, 2011.

A public notice of this Electricity Distribution Rate Application will be issued later this month in accordance with the Ontario Energy Board requirements. As previously discussed, we would like to arrange a meeting with you or other representatives of your company to discuss the impacts of the projected rate increase.

You will be contacted by Anita Trott to coordinate a convenient date and time to meet with representatives from Horizon Utilities. Alternatively, you may contact Anita directly at 905-317-4799 to complete these arrangements.

Sincerely,

Eileen Campbell
Vice President Customer Services
eileen.campbell@horizonutilities.com
905 317 4736

EB-2010-0131

HORIZON UTILITIES CORPORATION ("HORIZON UTILITIES")
RESPONSES TO
ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

TECHNICAL CONFERENCE QUESTIONS

DELIVERED: February 23rd, 2011

QUESTION TC# 9

Reference: AMPCO interrogatory #4

Horizon Utilities has 2,234 customers in the GS>50 kW Rate Class (2010 Actual). In response to AMPCO interrogatory # 4, Horizon indicated that it has 67 customers in excess of 1000 kW.

AMPCO notices that Horizon does not have an Intermediate Rate Class. Please explain why not.

Response:

Horizon Utilities' rate classifications, similar to those of other electricity utilities in the province, date back to the regulation of the municipally-owned electric utilities ("MEUs") by the former Ontario Hydro. As an example, the Large Use rate class was designed to include customers with demand greater than 5,000 kW. Horizon Utilities understands that this level was considered the "natural break", where users fell either substantially over or substantially below that level.

The "Intermediate Rate Class" was developed to accommodate Large Use customers that were below the 5,000 kW level but comprised more than 10% of the demand for a specific MEU. Notably, this was not a separate class; rather "Intermediate Rate Class" generally referred to steps or ranges within the General Service >50 kW rate class. For example, the ranges may have been 1,000 kW to 1,999 kW, 2,000 kW to 2,999 kW, or 3,000 kW to 4,999 kW.

As part of the OEB's Rate Design for the Recovery of Electricity Distribution Costs (EB-2007-0031) initiative, it was intended that the Board would issue a policy framework for electricity distribution rate classifications and rate design. The completion of that proceeding was deferred in April 2009, as the Board indicated that Board staff needed to conduct further research and expand the ability to model rate impacts.

The outcome of the Board's rate design review initiative notwithstanding, Horizon Utilities did not consider it necessary to propose any changes to its rate classification structure as it was preparing this Application.

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DELIVERED: February 23rd, 2011

QUESTION TC# 10

Reference: AMPCO interrogatory #9, 10, 11, 12)

AMPCO asked for a further breakdown of the GS > 50 Rate Class with respect to customer size and operating revenue, number of customers/connections, growth rate in customers/connections and load forecast.

Horizon indicated that it was not able to show more details as their statistics are aggregated based on the rate class GS>50 kW and further granularity of the data for the rate class is not available.

a) Please confirm that Horizon has metered data for all customers in the GS>50 kW rate class?

b) If not, how many GS > and equal to 250 kW are metered; how many GS> and equal to 500 kW are metered?

Response:

a) Horizon Utilities confirms that it has metered data for all customers in the GS>50kW rate class.

b) Not applicable.

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TECHNICAL CONFERENCE QUESTIONS

DELIVERED: February 23rd, 2011

QUESTION TC# 11

Reference: Energy Probe Interrogatory # 6 d)

a) The response to the above interrogatory shows the Non-RPP volume for the Large User class as 721,055,676 based on 2010 Actuals.

b) Please show how this number is calculated. Please explain how and why it differs from the 704.1 GWh shown in the updated Table 3-6 (Billed Energy) in the response to Energy Probe interrogatory # 9b.

Response:

b) The Non-RPP volume for the Large Use customer class should read 708,851,728 which is the uplifted value of 704,134,130. In reviewing the reference to the interrogatory response noted in this Technical Question, Horizon Utilities noted an error in the table provided in that response. The corrected table for Energy Probe Interrogatory 6 d) is below.

Spilt Between RPP and Non RPP based on Energy Analysis 2010 - YTD

RateClass	Total Billed kWh	Billed RPP kWh	RPP%	Billed Non RPP kWh	Non RPP%
Residential	1,745,123,242	1,469,134,723	84.19%	275,988,519	15.81%
General Svc < 50kW	605,562,981	511,157,294	84.41%	94,405,687	15.59%
General Svc > 50kW	1,921,645,911	217,109,798	11.30%	1,704,536,113	88.70%
Large Use	708,851,728	0	0.00%	708,851,728	100.00%
Unmetered	13,031,322	12,178,139	93.45%	853,183	6.55%
Sentinel	559,412	543,876	97.22%	15,536	2.78%
Street Lighting	42,016,168	224,760	0.53%	41,791,408	99.47%

EB-2010-0131

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DELIVERED: February 23rd, 2011

QUESTION TC# 12

Reference: Board Staff Interrogatory # 47

In response to the above interrogatory, Horizon indicates that Horizon considered a 100% fixed charge for the Large Use Class.

Please describe how this would work and what the proposed rate design would be for the 12 customers in the Large Use Class.

Response:

As referenced in Horizon Utilities’ response to Board staff Interrogatory 47, Horizon Utilities had considered a 100% fixed charge for the Large Use customers as a method by which to address the volume risk associated with this class. Horizon Utilities further submitted in its response to the above-noted interrogatory that there is support for such a position based on a statement that “The cost of energy distribution and customer care is driven, in the short run, chiefly by customer growth and is largely fixed with respect to system use.” (from EB-2010-0060, Consultation on Distribution Revenue Decoupling, the Executive Summary on the Review of Distribution Revenue Decoupling Mechanisms, commissioned by the Board and undertaken by Pacific Economics Group, p.iii, paragraph 2).

Such a fixed charge would be determined as follows:

Horizon Utilities’ proposed revenue from the Large Use class as set out in Exhibit 3, Tab 1, Schedule 2, Page 2, Table 3-1 Summary of Operating Revenue is $7,782,749. This revenue, divided by 12 Large Use customers, divided by 12 months would result in a monthly fixed charge of $54,046.87

Therefore, under a 100% fixed charge rate design each Large Use customer would pay $54,046.87 per month for distribution service and the distribution volumetric charge for the Large Use class would be zero.