



August 8, 2011

By EMAIL and Courier

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

Dear Ms. Walli;

Re: EB-2011-0172 - Horizon Utilities Corporation ("Horizon Utilities") Application to the Ontario Energy Board for Electricity Distribution Rates and Charges as of January 1, 2012 through Incentive Regulation Mechanism ("IRM")

On March 1, 2011, the Ontario Energy Board (the "Board") issued a Letter to all local distribution companies ("LDCs") identifying those LDCs that it expected would file a Cost of Service Application in respect of their 2012 electricity distribution rates. The remaining LDCs would be expected to file electricity distribution rate ("EDR") applications through the Incentive Regulation Mechanism ("IRM"). Horizon Utilities is in the latter group, and will therefore be filing an IRM application for 2012 distribution rates.

In its July 7, 2011 Decision on Horizon Utilities' 2011 EDR Cost of Service Application, the Board approved the realignment of Horizon Utilities' rate year with its fiscal year. Horizon Utilities' 2012 rates will therefore be effective January 1, 2012. According to the Board's letter on the Process for 2012 Incentive Regulation Mechanism ("IRM") Distribution Rate Applications dated August 2, 2011, those LDCs that seek distribution rates effective January 1, 2012 must file their IRM applications by August 15, 2011.

As the Board is aware, Horizon Utilities' 2011 Cost of Service Application process has just concluded on August 5, 2011 with the submission by Horizon Utilities of its updated Draft Rate Order. The Board has not yet issued Horizon Utilities' Final Rate Order, although Horizon Utilities anticipates that the Board will do so later this week. In the absence of a Final Rate Order, however, Horizon Utilities cannot complete its IRM Application.

Following receipt and implementation of its Final Rate Order for its 2011 EDR Cost of Service Application, Horizon Utilities will work diligently to complete its IRM Application in compliance with the recently updated Chapter 3 of the Board's Filing Requirements for Transmission and Distribution Applications (dated June 22, 2011).

Horizon Utilities' 2012 IRM application will include a Lost Revenue Adjustment Mechanism application related to the recovery of amounts for Horizon Utilities' 2009 and

2010 Conservation and Demand Management activities; and an application for the final disposition of account 1562 (Deferred PILs) pursuant to the Decision of the Board on Account 1562 Deferred PILs dated June 24, 2011.

By way of this correspondence, Horizon Utilities advises the Board that it anticipates filing the IRM application by September 30, 2011.

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

Yours Truly,

Original signed by Indy Butany-DeSouza

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

Encl.

cc. Lynne Anderson, Ontario Energy Board (electronic version only)
Pascale Duguay, Ontario Energy Board (electronic version only)