



June 15, 2012

Delivered by Courier and RESS

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

Dear Ms. Walli:

**Re: Horizon Utilities Corporation - Application to Amend Licensed Service Area
EB-2012-0047**

Horizon Utilities Corporation ("Horizon Utilities") is a licensed electricity distributor in Ontario and operates under License Number ED-2006-0031. Horizon Utilities serves the cities of Hamilton and St. Catharines.

Horizon Utilities is making an application to the Ontario Energy Board ("OEB" or the "Board") to amend its service area (the "Application") to include specific lands, currently located in the licensed distribution service area of Hydro One Networks Inc. ("Hydro One"), for the purpose of servicing these lands. The customer, Multi-Area Developments Inc. (the "Customer"), has requested that Horizon Utilities supply electricity to the subject lands. As noted above, Horizon Utilities is not the geographic distributor for that area.

The Board has previously granted Horizon Utilities' amendments to its service area in order to facilitate the Customer's connection for earlier phases of the same residential development. The proposed amendment to Horizon Utilities' service area will service the next phase of the development.

Horizon Utilities understands from the Customer that it has attempted to obtain an Offer to Connect ("OTC") from Hydro One and that the initial request for such was made on March 18, 2012. To date, Horizon Utilities has been advised by the Customer that no OTC from Hydro One has been received. Horizon Utilities understands that Hydro One has provided the Customer with a Planning Level Estimate. Horizon Utilities provided the Customer with its OTC on June 5, 2012. A copy of Horizon Utilities' OTC is included in the pre-filed evidence attached herein.

This matter is now of some urgency to the Customer and Horizon Utilities is therefore advancing its application for an amendment to its service area. It is not clear at this time whether Hydro One will be providing the Customer with an OTC or consenting to this Application. In the absence of a position from Hydro One, Horizon Utilities is treating this Application as contested. To the extent that it is able to do so, Horizon Utilities is providing the additional information required by the Board in contested applications. Horizon Utilities notes that the filing of a service area amendment application that is incomplete is contemplated in Chapter 7 of the Board's *Filing Requirements for Transmission and*

Distribution Applications (the “Filing Requirements”). At page 3 of Chapter 7 of the Filing Requirements, the Board states:

“For the purposes of these filing requirements, it is assumed that the applicant is a distributor who requires a service area amendment to its licence. Some of the information required by these filing requirements may be third-party information that the applicant does not have in its possession. In such cases, the applicant will be expected to use its best efforts to obtain the third-party information and comply with all provisions of these filing requirements. The Board may continue to process the SAA application notwithstanding the fact that the third-party information is not included with the filed SAA application. However, the Board will not determine the SAA application until all of the required information is filed during the course of the proceeding regardless of whether the information is provided by the applicant, the incumbent distributor (i.e., the distributor that currently has the region that is the subject of the SAA application in its service area), the customer, or other relevant third party. In appropriate cases, the Board may direct the relevant third parties to file the information required by the Board.”

As noted above, the Board has previously approved amendments to Horizon Utilities’ service area, to allow for the servicing of earlier phases of this Customer’s development. Specifically, in 2005, the Board approved the application for the amendment of the service area of the former Hamilton Hydro Inc. (EB-2005-0262, decision attached as Appendix 1 to this letter), in order to provide distribution service to phase 1 of this development. In that proceeding, Hydro One advised that it was not contesting the proposed amendment and indicated its agreement to proceed without a hearing.

In 2006, the Board approved the application for the further amendment of the Horizon Utilities’ service area (EB-2006-0216, decision attached as Appendix 2 to this letter), in order to provide service to phase 3 of this development. In that proceeding, Hydro One advised the Board of its support for the application. In doing so, Hydro One stated that Horizon Utilities has an existing distribution system already constructed to serve phases 1 and 2 of the development, which was contiguous with phase 3.

Horizon Utilities requests that the Board proceed with this Application in an expeditious manner, and by way of written hearing. In the event that Hydro One consents to Horizon Utilities’ proposed service area amendment, Horizon Utilities would ask that this matter be disposed of without a hearing, pursuant to subsection 21(4) of the *Ontario Energy Board Act, 1998*.

Two hard copies of this letter and the Application will be delivered by courier.

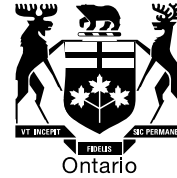
Yours truly,

Original signed by Jamie Gribbon for

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

cc: Yoon Kim, Applications Analyst – Regulatory Affairs
Hydro One Networks Inc.

Appendix 1 – Decision of the Ontario Energy Board - EB-2005-0262



EB-2005-0262

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

AND IN THE MATTER OF an application pursuant to
section 74 of the *Ontario Energy Board Act*, 1998 by
Hamilton Hydro Inc. to amend its Distribution Licence
Number ED-2002-0566.

By delegation, before: Mark C. Garner

DECISION AND ORDER

On April 4, 2005, Hamilton Hydro Inc. filed an application with the Ontario Energy Board pursuant to section 74 of the *Ontario Energy Board Act*, 1998. In its application, Hamilton Hydro sought an order of the Board to serve the customer, Multi-Area Developments Inc., by excluding from Hydro One's distribution licence and including in its own licence, lands described as:

The former Township of Binbrook in the former Township of Glanbrook as of December 31, 1973, now in the City of Hamilton and described as Part of Township Lots Six (6) and Seven (7), Block Five (5) in the First Concession of the Geographic Township of Binbrook and known as Summit Park Phase 1 on Plan 62M. These lands are bounded to the north by Rymal Road East, to the east by Fletcher Road, to the west by Dakota Boulevard and to the south by a Hydro One Networks Inc. high voltage transmission line right of way.

This service area amendment is granted.

Background

The application is for a subset of the service area previously proposed to be amended to Hamilton Hydro's licence in its application EB-2004-0536. The previous proposal was rejected because: (1) the incumbent utility, Hydro One, indicated that the long-term cost of

serving the area would not be significantly different as between the two utilities; (2) Hydro One indicated that the proposal could lead to embedded customers within the amended service territory of Hamilton Hydro; (3) Hydro One submitted that Hamilton Hydro was seeking service areas for which it had no immediate plans for service; and, (4) the service area would not form a contiguous border with Hamilton Hydro. The application was dismissed without prejudice to file a reformed proposal.

The current application involves the same Summit Park project that was associated with the previous application, and it is being developed by the same organization, Multi-Area Developments Inc. The scale of the project, however, has been significantly reduced. The project being proposed involves only the first phase, representing approximately 200 lots, of a project that may see as many as 3200 lots developed.

A Letter of Direction was sent to Hamilton Hydro on May 12, 2005. This letter requested that Hamilton Hydro serve notice of the application on Hydro One, Multi-Area Developments and any customers or landowners in the proposed amendment area.

Letters in response to the Notice of Application were as follows:

- On May 13, 2005, a letter from Multi-Area Developments stating it was in agreement with the Application and indicating its agreement to proceed without a hearing;
- On May 15, 2005, a letter from Hamilton Hydro stating that the project developer was the only landowner in the proposed amendment area;
- On May 19, 2005, a letter from Hydro One stating it was not contesting the proposed amendment and indicating its agreement to proceed without a hearing;
- On May 19, 2005, a letter from the Power Workers' Union expressing concerns about Hamilton Hydro's application and requesting that the Board hold a hearing on the matter. In the alternative, the PWU asked that it be provided with copies of the filings related to the application and that it have the opportunity to make written submissions prior to a decision by the Board; and,
- On June 7, 2005, a letter from the Power Workers' Union withdrawing their request for a hearing.

Licensed Service Area

Pursuant to subsection 6(1) of the *Ontario Energy Board Act, 1998*, I have been delegated the powers and duties of the Board with respect to the determination of applications made under section 74 of that *Act*. This Order is made under the authority of that delegation and is based on the evidence filed in support of the application and the submissions of interested parties.

Multi-Area Developments agrees to have Hamilton Hydro provide service to the development. Hydro One stated that it would not contest this licence amendment and it made no other submissions in respect to the substance of the application.

Hamilton Hydro has demonstrated that it has adequate distribution infrastructure in the area to provide service for this phase of the development. There are two high capacity distribution feeders adjacent to the proposed amendment area. Hamilton Hydro also offered Multi-Area Developments a lower cost of connection than Hydro One. The Applicant provided supporting evidence of the cost of connection.

There are no existing customers of Hydro One in the proposed amendment area. Hamilton Hydro has stated the revised service area proposal results in no stranded assets or embedded customers of Hydro One.

The Power Workers' Union raised concern that service to future phases of the development could run counter to the principles in respect to service area amendments as set out in the Board's decision RP-2003-0044. However, they chose not to make a specific submission in respect to the application before the Board.

Hamilton Hydro has addressed those deficiencies raised in the original application and I therefore find that it is in the public interest to amend the distribution licence as proposed by the Applicant.

IT IS ORDERED THAT:

Hamilton Hydro Inc.'s Distribution Licence (ED-2002-0566) is amended as per Schedule 1 as attached to this order.

Under section 7(1) of the *Ontario Energy Board Act, 1998*, this decision may be appealed to the Board within 15 days.

DATED at Toronto, June 15, 2005

ONTARIO ENERGY BOARD

Mark C. Garner
Managing Director Market Operations

Appendix 2 – Decision of the Ontario Energy Board - EB-2006-0216



EB-2006-0216

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

AND IN THE MATTER OF an application pursuant to
section 74 of the *Ontario Energy Board Act, 1998* by Horizon
Utilities Corporation to amend its Electricity Distribution
Licence ED-2006-0031.

By delegation, before: Mark C. Garner

DECISION AND ORDER

Horizon Utilities Corporation (“Horizon”) filed an application with the Ontario Energy Board (the “Board”) under section 74 of the *Ontario Energy Board Act 1998*, (the “Act”) for an order of the Board to amend its licensed service area in Schedule 1 of its distribution licence ED-2006-0031. The application was received by the Board on September 12, 2006.

This service area amendment is required in order for Horizon to supply electricity to the Summit Park Phase Three development project, which is currently located within Hydro One Networks Inc.’s (“Hydro One”) licensed service area. These lands are described as:

The former Township of Binbrook in the former Township of Glanbrook as of December 31, 1973, now in the City of Hamilton and described as Part of Township Lot Seven (7), Block Five (5) in the First Concession of the Geographic Township of Binbrook and known as Summit Park Phase 3, on Plan 62M except for the following addresses (which are excluded);

- 70 Fletcher Road East, Hannon, Ontario, L0R 1P0
- 80 Fletcher Road East, Hannon, Ontario, L0R 1P0

The service area amendment is granted.

Background

Pursuant to subsection 6(1) of the Act, I have been delegated the powers and duties of the Board with respect to the determination of applications made under section 74 of the Act. This order is made under the authority of that delegation and is based on the evidence filed in support of the application and the submissions of interested parties.

Horizon applied for a service area amendment for the purpose of supplying electricity to a proposed residential development known as Summit Park Phase Three. This development is the third phase of the development project. Phase Three consists of forty-nine (49) residential homes. Once all phases are completed, the development will consist of thirty-two hundred (3,200) residential homes and commercial properties. The project is being developed by Multi-Area Developments Inc.

Hydro One supported this service area amendment application. In its letter of support, Hydro One stated that Horizon has an existing distribution system already constructed in Summit Park Phases One and Two (which is contiguous with Phase Three). Hydro One also stated that there are two Hydro One customers on the western boundary but they are not embedded as Hydro One continues to service the area further west and therefore continues to service these two customers.

Horizon served notice of this application to Hydro One, Multi-Area Developments Inc., Power Workers' Union and the two Hydro One customers on the western boundary of the proposed service area amendment. Hydro One was the only party to request intervenor status. Hydro One's submission on November 1, 2006 reiterated its support for Horizon's application, as originally stated in Hydro One's September 7, 2006 letter.

Licensed Service Area

Horizon already serves Phases One and Two of the Summit Park Development. Phase Three is contiguous with the earlier phases and Horizon has demonstrated that it has adequate distribution infrastructure in the area to provide service for this phase of the development. Horizon stated that it offered its customer, Multi-Area Developments Inc., a lower cost of connection than Hydro One. Also, Horizon stated that it has an existing distribution system already constructed in Phase One and Phase Two. As a result, Multi-Area Developments did not approach Hydro One for an offer to connect Phase Three.

There are no existing customers of Hydro One in the proposed amendment area. Horizon has stated that the revised service area proposal results in no stranded assets or embedded customers of Hydro One.

Since there are no objections to allowing the proposed service area amendment and since the proposed amendment is consistent with the Board's policies regarding service area amendments, I find that it is in the public interest to amend Horizon's electricity distribution

licence as proposed by Horizon.

IT IS ORDERED THAT:

Horizon Utilities Corporation's Distribution Licence (ED-2006-0031) is amended as per Appendix A, which is attached to this Decision and Order.

Under section 7(1) of the *Ontario Energy Board Act, 1998*, this decision may be appealed to the Board within 15 days.

DATED at Toronto, November 23, 2006

ONTARIO ENERGY BOARD

Original signed by

Mark C. Garner
Managing Director
Market Operations

Appendix A

AMENDED SCHEDULE 1: DEFINITION OF DISTRIBUTION SERVICE AREA

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with condition 8.1 of this Licence.

1. The former Police Village of Ancaster in the former Town of Ancaster as of December 31, 1973, now in the City of Hamilton and described as:
 - NW corner of Concession 1, Lot 42 and Old Railway Line
 - Directly NNE to middle of Concession I, Lot 46
 - North to Dundas boundary, along boundary NE to Hamilton boundary, along Dundas/Hamilton boundary
 - SW across Filman Road to include 1245 Filman, travel SW parallel with Hwy 2 to the escarpment
 - S along escarpment (include Ancaster heights survey)
 - S to W border of Concession II, Lot 49 to Railway Right of Way (behind Mohawk Road)
 - SW to Cayuga Drive, W to Railway Right of Way
 - West along Right of Way to far west boundary of Concession III, Lot 47
 - South between Lot 46 and 47 to include 38 Chancery Drive West
 - West, parallel with Golf Links Road to back lot of 23 Cameron Drive in Concession III, Lot 44
 - Follow back of Cameron Drive back lot to 35 Cameron, go south parallel to end of 209 Rosemary Drive, East to the back of 206 Rosemary Drive
 - North along back lots to 104 Rosemary, East to back lot of 103 Rosemary
 - North along back lots of St. Margarets Road to Hwy 2
 - Direct line SW, crossing over Fiddlers Green to middle of Concession III, Lot 41 North back lot of Rembrandt Court to Jerseyville Road W
 - SW along Jersey ville through back lots of Blair, Terrence Park and Oakhill to back lot lien of 211/220 Colleen Crescent
 - NE to division of back lot along border of Concession III, Lots 41 & 42

- SW along border to lot line of 145 Terrence Park, across Terrence Park to include back lots of 51 and 55
 - SE over Terrence Park between houses 94 and 90
 - N along the rear lots of Terrence Park and McGregor Crescent
 - NE between houses 69 & 65 McGregor, across McGregor between houses 74 and 62
 - Continue rear lots East between houses 54 and 50 McGregor
 - North in direct line to Sulphur Springs Road
 - West 100 metres, directly NW to Concession II, Lot 42 to Old Railway Line
2. The former Town of Dundas as of December 31, 1980, now in the City of Hamilton.
 3. The former Police Village of Lynden in the former Town of Ancaster as of December 31, 1973, now in the City of Hamilton.
 4. The former Village of Waterdown in the former Township of Flamborough as of December 31, 1980, now in the City of Hamilton.
 5. The expansion area as set out in By-law No. 96-17-H in the former Township of Flamborough as of December 31, 1980, now in the City of Hamilton and defined as :

East Boundary: Concession 3 East – Centreline of Kerns Road extending north along east boundary of 60' Interprovincial Pipeline easement continuing north along boundary line between Town of Flamborough and City of Burlington.

North Boundary: Concession 5 East – Centreline of the 50' wide Sun Canadian Pipeline Company easement – extending across Hwy. No. 6, along boundary line between properties 25.50.200.430.56400 and 25.30.200.430.56800/ 25.30.200.430.56600.

West Boundary: Boundary line between Lots 19 and 20 on Concession 1, Concession 2, Concession 3, and Concession 4 proceeding northerly to north boundary as described above.

South Boundary: Flamborough/Burlington/Dundas boundaries where the electrical distribution systems of Ontario Hydro and Burlington Hydro are already separated.

Includes to the East: The boundaries of the Town of Lynden as defined in 1. above.
 6. The City of Hamilton as of December 31, 2000.

7. The former City of Stoney Creek as of December 31, 2000, now in the City of Hamilton.
8. Plan 62 R-15706, Part of Lot 3, Block 1, Concession 1, former Geographic Township of Binbrook, in the former Township of Glanbrook, now in the City of Hamilton, comprising Part 1 to Part 11 inclusive.
9. Land located "in the former Township of Binbrook, in the former Township of Glanbrook, as of December 31, 1973, now in the City of Hamilton and described as Block 1, Block 2 and Street 'A' part of a plan of "The Brooks of Rymal/20 Phase 1", being a subdivision of Part of Lots 1 and 2 - Block 4, Concession 1".
10. The former Township of Binbrook in the former Township of Glanbrook as of December 31, 1973, now in the City of Hamilton and described as Part of Township Lots Six (6) and Seven (7), Block Five (5) in the First Concession of the Geographic Township of Binbrook and known as Summit Park Phase 1 on Plan 62M. These lands are bounded to the north by Rymal Road east, to the east by Fletcher Road, to the west by Dakota Boulevard and to the south by a Hydro One Networks Inc. high voltage transmission line right of way.
11. The former Township of Binbrook in the former Township of Glanbrook as of December 31, 1973, now in the City of Hamilton and described as Part of Township Lots Six (6) and Seven (7), Block Five (5) in the First Concession of the Geographic Township of Binbrook and known as Summit Park Phase 2, on Plan 62M except for the following addresses (which are excluded):
 - 1898 Rymal Road East, RR # 1, Hannon, Ontario, L0R 1P0
 - 1912 Rymal Road East, RR # 1, Hannon, Ontario, L0R 1P0
 - 1900 Rymal Road East, RR # 1, Hannon, Ontario, L0R 1P0
 - 1910 Rymal Road East, RR # 1, Hannon, Ontario, L0R 1P0
12. The City of St. Catharines as at December 31, 1990.
13. The former Township of Binbrook in the former Township of Glanbrook as of December 31, 1973, now in the City of Hamilton and described as Part of Township Lot Seven (7), Block Five (5) in the First Concession of the Geographic Township of Binbrook and known as Summit Park Phase 3, on Plan 62M except for the following addresses (which are excluded):
 - 70 Fletcher Road East, Hannon, Ontario, L0R 1P0
 - 80 Fletcher Road East, Hannon, Ontario, L0R 1P0

Service Area Amendment Application

Horizon Utilities Corporation

Date: June 15, 2012

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ATTACHMENTS

1. AREA MAP
2. FACILITIES MAP
3. REQUEST FROM DEVELOPER
4. HORIZON UTILITIES' OFFER TO CONNECT

7.0 INTRODUCTION

This application (the “Application”) is structured to follow the minimum filing requirements for Service Area Amendments as specified by the Ontario Energy Board (“OEB” or the “Board”) in *Chapter 7 of the Filing Requirements for Transmission and Distribution Applications* (the “Filing Requirements”). The section numbering follows that of the Filing Requirements.

Horizon Utilities Corporation (“Horizon Utilities”) is a licensed electricity distributor and holds Electricity Distribution License No. ED-2006-0031. Horizon Utilities provides service to customers in the Cities of Hamilton and St. Catharines. Horizon Utilities is making application to the OEB for the purpose of amending Horizon Utilities’ service area as described in Schedule 1 of its Distribution License (ED-2006-0031) to include the lands owned by Multi-Area Developments Inc (the “Customer”). These lands are described as Summit Park Phase 7, located at the South East corner of Fletcher’s Road and Rymal Road East, in the City of Hamilton and designated as part of Lots 4 and 5, Block 4 of Concession 1 of the geographic Township of Binbrook. The vacant land is by default deemed to be located in the service area of Hydro One Networks Inc. (“Hydro One”).

7.1 BASIC FACTS

7.1.1

Provide the contact information for each of the following persons: Contact information includes the name, postal code, telephone number, and, where available, the email address and fax number of the persons listed below.

7.1.1 (a)

The applicant

Horizon Utilities Corporation
55 John Street North
PO Box 2249, Station LCD 1
Hamilton, Ontario
L8N 3E4

Indy J. Butany-DeSouza
Vice-President, Regulatory Affairs
Telephone: (905) 317-4765
Facsimile: (905) 522-6570

Email: indy.butany@horizonutilities.com

7.1.1 (b)

The incumbent distributor

Hydro One Networks Inc.
483 Bay Street, 8th Floor, South Tower
Toronto, Ontario,
M5G 2P5

Yoon Kim
Applications Analyst – Regulatory Affairs
Telephone: (416) 345-5228
Facsimile: (416) 345-5866

Email: yoona.kim@Hydroone.com

7.1.1 (c)

Every affected customer, landowner, and developer in the area that is the subject of the SAA application

Multi Area Developments Inc. is the only affected customer.

Multi-Area Developments Inc.
Attention: Mr. Steve Spicer
Development Manager
301 Fruitland Road, Unit 10
Stoney Creek, Ontario L8E 5M1
Telephone: 905-664-2623
Facsimile: 905-662-8401

Email: spicer@multi-area.com

7.1.1 (d)

Any alternate distributor other than the applicant and the incumbent distributor, if there are any alternate distributors bordering on the area that is the subject of the SAA application

NOT APPLICABLE

7.1.1 (e)

Any representative of the persons listed above including, but not limited to, a legal representative

NOT APPLICABLE

7.1.2

Indicate the reasons why this amendment should occur and identify any load transfers eliminated by the proposed SAA

Multi-Area Developments Inc., the developer within the area of the amendment, has requested that Horizon Utilities provide an underground electrical distribution system for this development. Horizon Utilities has sufficient capacity on its existing distribution facilities bordering the development to supply the proposed load for the new development. Hydro One's distribution facilities in the area are currently not sufficient to supply the load for the development and would

require additional investment. No increase in rates for either Horizon Utilities' or Hydro One's existing customers will be required to service the proposed development as a result of this Application. Therefore, as a result of this proposed amendment for Horizon Utilities to supply the development, no party is disadvantaged. There are no load transfers involved with this property and therefore no load transfers will be eliminated by the proposed amendment.

DESCRIPTION OF PROPOSED SERVICE AREA

7.1.3

Provide a detailed description of the lands that are the subject of the SAA application. For SAA applications dealing with individual customers, the description of the lands should include the lot number, the concession number, and the municipal address of the lands. The address should include the street number, municipality and/or county, and postal code of the lands. For SAA applications dealing with general expansion areas, the description of the lands should include the lot number and the concession number of the lands, if available, as well as a clear, description of the boundaries of the area (including relevant geographical and geophysical features).

The subject lands are described as Summit Park Phase 7 and are located at the South East corner of Fletcher's Road and Rymal Road East in the City of Hamilton and designated as part of Lots 4 and 5, Block 4 of Concession 1 of the geographic Township of Binbrook.

7.1.4

Provide one or more maps or diagrams of the area that is the subject of the SAA application. The maps or diagrams must identify the following information:

7.1.4 (a)

The borders of the applicant's service area

See Attachment 1

7.1.4 (b)

The borders of the incumbent distributor's service area

See Attachment 1

7.1.4 (c)

The borders of any alternate distributor's service area, if applicable

NOT APPLICABLE

7.1.4 (d)

The territory surrounding the area for which the applicant is making the SAA application

See Attachment 1

7.1.4 (e)

The geographical and geophysical features of the area including, but not limited to, rivers and lakes, property borders, roads, and major public facilities

See Attachment 1

7.1.4 (f)

The existing facilities supplying the area that is the subject of the SAA application, if applicable, as well as the proposed facilities which will be utilized by the applicant to supply the area that is the subject of the SAA application (Note: if the proposed facilities will be utilized to also provide for expansion of load in the area that is the subject of the SAA application, identify that as well)

See Attachment 2. Horizon Utilities has a 27.6 kV feeder with 20 MVA of capacity immediately adjacent to the subject area of this Application. Currently, there are no existing Hydro One facilities in the area capable of supplying the Customer.

DISTRIBUTION INFRASTRUCTURE IN AND AROUND THE PROPOSED AMENDMENT AREA

7.1.5

Provide a description of the proposed type of physical connection (i.e., individual customer, residential subdivision commercial or industrial development, or general service area expansion)

Summit Park Phase 7 will be a Residential subdivision with some small Commercial development. There will be connections to each lot.

7.1.6

Provide a description of the applicant's plans, if any, for similar expansions in lands adjacent to the area that is the subject of the SAA application. Provide a map or diagram showing the lands where expansions are planned in relation to the area that is the subject of the SAA application

See Attachment 1.

There are lands adjacent to the subject area that have not been developed but have been zoned Residential by the City of Hamilton. In 2011, the City of Hamilton approved these adjacent lands for development under Site Development Plans 25T200208, 25T200303, and 25T200213.

7.2 EFFICIENT RATIONALIZATION OF THE DISTRIBUTION SYSTEM

7.2.1

In light of the above, provide a comparison of the economic and engineering efficiency for the applicant and the incumbent distributor to serve the area that is the subject of the SAA application. The comparison must include the following

7.2.1 (a)

The location of the point of delivery and the point of connection

Horizon Utilities has a 27.6 kV feeder running adjacent to Rymal Road immediately north of the subject property. The point of connection will be at the west side of the subject property on Fletchers Road, approximately 30 meters south of Rymal Road.

7.2.1 (b)

The proximity of the proposed connection to an existing, well-developed electricity distribution system

The subject property is located on the south side of Rymal Road and Horizon Utilities has a 27.6 kV feeder running adjacent the north side of Rymal Road approximately 30 meters from the subject property.

7.2.1 (c)

The fully allocated connection costs for supplying the customer (i.e., individual customers or developers) unless the applicant and the incumbent distributor provide a reason why providing the fully allocated connection costs is unnecessary for the proposed SAA (Note: the Board will determine if the reason provided is acceptable)

Horizon Utilities' lines are immediately adjacent to the development whereas those of Hydro One would need to be extended by approximately 2 km in order to service the customer. Horizon Utilities' fully allocated connection costs for supplying Summit Park – Phase 7 are as follows:

	Horizon Utilities	
	Option A	Option B
Contestable Distribution System Installation	\$ 1,262,550	\$ -
Non Contestable Distribution System Installation	\$ 184,780	\$ 184,780
Upstream Charge	\$ 130,628	\$ 130,628
Subtotal	\$ 1,577,958	\$ 315,408
Less: NPV of Revenues net of OM&A and Taxes	(\$ 489,808)	(\$ 489,808)
Total estimated Capital Contribution required	<u>\$ 1,088,150</u>	<u>(\$ 174,400)</u>

Under Option A above, all contestable and non-contestable distribution system installation costs are paid by Horizon Utilities and the Customer makes a capital contribution toward these costs. Under Option B, all contestable distribution system installation costs are paid by the Customer and non-contestable costs are paid by Horizon Utilities. Any excess of the NPV of Revenues less operating costs, taxes, and non-contestable costs, are paid to the Customer. Horizon Utilities' Offer to Connect is provided in Attachment 4.

7.2.1 (d)

The amount of any capital contribution required from the customer

The Customer has indicated a preference to perform all contestable work on the electrical distribution system and will transfer the assets to Horizon Utilities upon the payment by Horizon Utilities of an estimated \$489,808 less estimated costs incurred by Horizon Utilities. This is subject to final true-up of the costs listed above.

7.2.1 (e)

The costs for stranded equipment (i.e., lines, cables, and transformers) that would need to be de-energized or removed

NOT APPLICABLE

7.2.1 (f)

Information on whether the proposed SAA enhances, or at a minimum does not decrease, the reliability of the infrastructure in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application over the long term

There will be no negative effect on the reliability of the infrastructure in the area that is the subject of the Application or in the regions adjacent to the area that is the subject of the Application over the long term.

7.2.1 (g)

Information on whether the proposed infrastructure will provide for cost-efficient expansion if there is growth potential in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application

There is growth potential in the area of and surrounding the service area amendment. This growth potential can be accommodated in a cost efficient manner by the existing Horizon Utilities 27.6 kV feeder running alongside the north side of Rymal Road. Horizon Utilities will not have to expand its existing infrastructure to supply this area.

7.2.1 (h)

Information on whether the proposed infrastructure will provide for cost-efficient improvements and upgrades in the area that is the subject of the SAA application and in regions adjacent to the area that is the subject of the SAA application

The infrastructure needed to supply the subject development is the 27.6 kV feeder running along the north side of Rymal Road which is already in place. There is no need for any additional proposed infrastructure to service this connection.

7.3 IMPACTS ARISING FROM THE PROPOSED AMENDMENT

DESCRIPTION OF IMPACTS

7.3.1

Identify any affected customers or landowners

See Section 7.1.1 (c) above.

7.3.2

Provide a description of any impacts on costs, rates, service quality, and reliability for customers in the area that is the subject of the SAA application that arise as a result of the proposed SAA. If an assessment of service quality and reliability impacts cannot be provided, explain why.

There are no impacts on costs, rates, service quality, or reliability for customers in the area that is the subject of the Application or that arise as a result of the proposed service area amendment.

7.3.3

Provide a description of any impacts on costs, rates, service quality, and reliability for customers of any distributor outside the area that is the subject of the SAA application that arise as a result of the proposed SAA. If an assessment of service quality and reliability impacts cannot be provided, explain why.

There are no impacts on costs, rates, service quality, or reliability for customers of any distributor outside the area that is the subject of the Application or that arise as a result of the proposed service area amendment.

7.3.4

Provide a description of the impacts on each distributor involved in the proposed SAA. If these impacts have already been described elsewhere in the application, providing cross-references is acceptable

There are no impacts on Horizon Utilities because there is an existing feeder adjacent to this property with ample capacity to supply this development. No existing Hydro One customers will be affected by this Application; as a result there is no impact on Hydro One as a distributor. The only impact is to the service area boundaries.

7.3.5

Provide a description of any assets which may be stranded or become redundant if the proposed SAA is granted

There will be no stranded or redundant assets resulting from this service area amendment.

7.3.6

Identify any assets that are proposed to be transferred to or from the applicant. If an asset transfer is required, has the relevant application been filed in accordance with section 86 of the Act? If not, indicate when the applicant will be filing the relevant section 86 application

There is no requirement to transfer any assets.

7.3.7

Identify any customers that are proposed to be transferred to or from the applicant

There is no requirement to transfer any customers.

7.3.8

Provide a description of any existing load transfers or retail points of supply that will be eliminated

There are no existing load transfers or retail points of supply that will be eliminated.

7.3.9

Identify any new load transfers or retail points of supply that will be created as a result of the proposed SAA. If a new load transfer will be created, has the applicant requested leave of the Board in accordance with section 6.5.5 of the Distribution System Code ("DSC")? If not, indicate when the applicant will be filing its request for leave under section 6.5.5 of the DSC with the Board. If a new retail point of supply will be created, does the host distributor (i.e., the distributor who provides electricity to an embedded distributor) have an applicable Board approved rate? If not, indicate when the host distributor will be filing an application for the applicable rate.
Evidence of Consideration and Mitigation of Impacts

There will be no new load transfers or retail points of supply created as a result of this Application.

7.3.10

Provide written confirmation by the applicant that all affected persons have been provided with specific and factual information about the proposed SAA. As part of the written confirmation, the applicant must include details of any communications or consultations that may have occurred between distributors regarding the proposed SAA

There are no other customers other than the developer, Multi-Area Developments Inc. Attachment 3 contains a letter from the Customer.

7.3.11

Provide a letter from the incumbent distributor in which the incumbent distributor indicates that it consents to the application.

NOT APPLICABLE

7.3.12

Provide a written response from all affected customers, developers, and landowners consenting to the application, if applicable

See Attachment 3.

7.3.13

Provide evidence of attempts to mitigate impacts where customer and/or asset transfers are involved (i.e., customer rate smoothing or mitigation, and compensation for any stranded assets).

NOT APPLICABLE

7.4 CUSTOMER PREFERENCE

The Board, in the RP-2003-0044 decision, stated that customer preference is an important, but not overriding consideration when assessing the merits of an SAA.

7.4.1

An applicant who brings forward an application where customer choice may be a factor must provide a written statement signed by the customer (which includes landowners and developers) indicating the customer's preference.

See Attachment 3.

7.5 ADDITIONAL INFORMATION REQUIREMENTS FOR CONTESTED APPLICATIONS

If there is no agreement among affected persons regarding the proposed SAA, the applicant must file the additional information set out below.

7.5.1

If the application was initiated due to an interest in service by a customer, landowner, or developer, evidence that the incumbent distributor was provided an opportunity to make an offer to connect that customer, landowner, or developer.

Horizon Utilities understands from the Customer that it requested an Offer to Connect from Hydro One on March 18, 2012. Horizon Utilities notes that at the time of this Application, no OTC has been provided by Hydro One. Horizon Utilities understands from the Customer that it has received a Planning Level Estimate from Hydro One.

7.5.2

Evidence that the customer, landowner, or developer had the opportunity to obtain an offer to connect from the applicant and any alternate distributor bordering on the area that is the subject of the SAA application.

Attachment 4 contains a copy of Horizon Utilities' Offer to Connect. There are no other bordering distributors other than Hydro One and Horizon Utilities.

7.5.3

Actual copies of, as well as a summary of, the offer(s) to connect documentation (including any associated financial evaluations carried out in accordance with Appendix B of the Distribution System Code). The financial evaluations should indicate costs associated with the connection including, but not limited to, on-site capital, capital required to extend the distribution system to the customer location, incremental up-stream capital investment required to serve the load, the present value of incremental OM&A costs and incremental taxes as well as the expected incremental revenue, the amount of revenue shortfall, and the capital contribution requested.

Attachment 4 contains a copy of Horizon Utilities' Offer to Connect.

7.5.4

If there are competing offers to connect, a comparison of the competing offers to connect the customer, landowner, or developer.

A comparison is not available as an Offer to Connect has not been provided by Hydro One.

7.5.5

A detailed comparison of the new or upgraded electrical infrastructure necessary for each distributor to serve the area that is the subject of the SAA application, including any specific proposed connections.

Summit Park Phase 7 is located at the South East corner of Fletcher's Road and Rymal Road East in the City of Hamilton. Horizon Utilities has a 27.6 kV feeder running adjacent to Rymal Road immediately north of the subject property. The point of connection will be at the west side of the subject property on Fletchers Road, approximately 30 meters south of Rymal Road.

7.5.6

Outage statistics or, if outage statistics are not available, any other information regarding the reliability of the existing line(s) of each distributor that are proposed to supply the area that is the subject of the SAA application.

The existing lines adjacent to the property experienced 29 outages in 2011, of which 5 were scheduled and three were auto reclose outages (less than 1 minute).

7.5.7

Quantitative evidence of quality and reliability of service for each distributor for similar customers in comparable locations and densities to the area that is the subject of the SAA application.

Customers supplied from a similar feeder (341X) with similar customers and density, experienced 33 outages in 2011, of which 13 were auto reclose outages (less than 1 minute).

METHOD OF DISPOSITION

Horizon Utilities requests that the Board proceed with this Application in an expeditious manner, and by way of written hearing. In the event that Hydro One consents to Horizon Utilities' proposed service area amendment, Horizon Utilities would ask that this matter be disposed of without a hearing, pursuant to subsection 21(4) of the *Ontario Energy Board Act, 1998*.

CONCLUSION

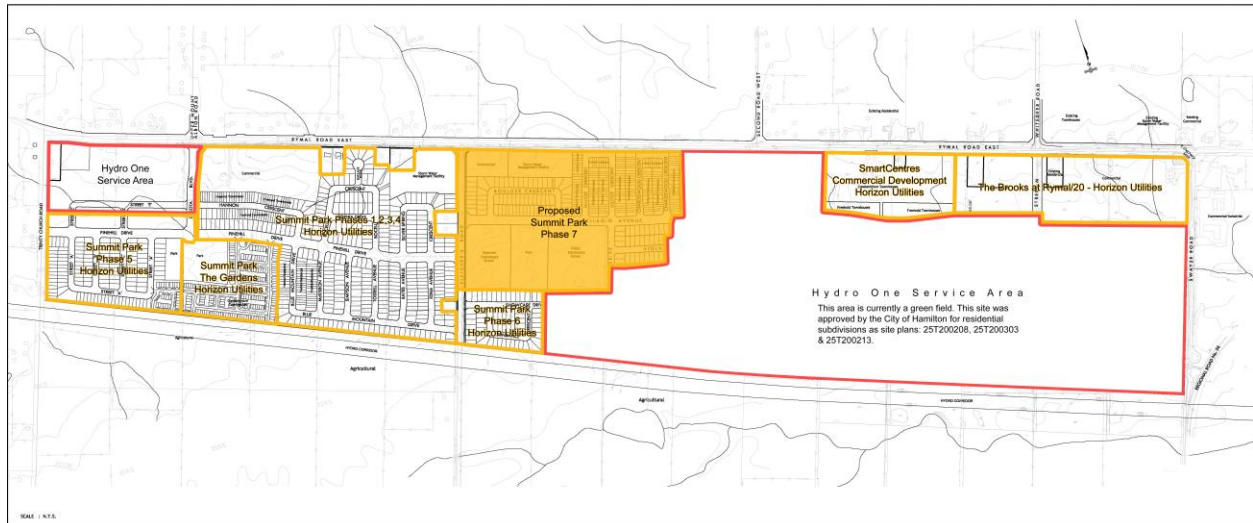
The evidence filed with this Application confirms that it is economically efficient for Horizon Utilities to serve the proposed development. Summit Park Phase 7 is a natural extension to Horizon Utilities' existing urban distribution system. Horizon Utilities already serves Phases One through Six and the Gardens at Summit Park; Horizon Utilities has surplus capacity on existing 27.6 kV circuits that are contiguous to the Summit Park development. Horizon Utilities has sufficient capacity on its existing distribution facilities bordering the development to supply the proposed load for the new development. Hydro One's distribution facilities in the area are currently not sufficient to supply the load for the development and would require additional investment. No increase in rates for either Horizon Utilities' or Hydro One's existing customers will be required to service the proposed development as a result of this Application. Therefore, Horizon Utilities requests the approval of the OEB for this service area amendment.

All of which is respectfully submitted this 15th day of June, 2012.

Original signed by Jamie Gribbon for

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

Email: indy.butany@horizonutilities.com



Attachment 3 – Request from Developer



January 24, 2012

Attn: Mr. Daniel Roberge
Manager, Capital Projects
Horizon Utilities Corporation
P.O. Box 2249 Station LCD 1
Hamilton, ON L8N 3E4

Dear Daniel,

RE: Request for Electrical Supply

This letter will confirm the request of Multi-Area Developments Inc. to Horizon Utilities Corporation for the supply of electricity to lands at the South East corner of Rymal Road East and Fletcher's Road. The anticipated date that power is requested is April 1, 2012.

Multi-Area Developments Inc. supports Horizon Utilities Corporation intention to proceed with a Service Area Amendment application to the Ontario Energy Board without a hearing.

We understand that Hydro One Networks Inc. is aware of this request for a Service Area Amendment.

Should you require any additional information, please contact me at your convenience.

Sincerely,

Steve Spicer
Development Manager

Attachment 4 – Horizon Utilities' Offer to Connect

Subdivision – Offer to Connect

June 5, 2012

Multi-Area Developments Inc.
301 Fruitland Road, Suite 10
Stoney Creek, ON L8E 5M1

Attention: Mr. Steve Spicer

RE: "Summit Park- Phase 7"
Fletcher Road – Hamilton, ON
HORIZON UTILITIES CORPORATION PROJECT – 11683

Based on the preliminary information provided, please find enclosed Horizon Utilities Corporation (**Horizon Utilities**) required Capital Contribution and Expansion Deposit to connect to Horizon Utilities' electrical distribution system (**Offer to Connect**). This Offer to Connect is based upon the estimated costs and forecast revenues of connecting the Customer in accordance with the five-year load projection of the forecasted consumption for each metered service, and the Approved for Construction electrical system design approved by Horizon Utilities Corporation. If the Customer or Customer's Consultant submits revised plans, Horizon Utilities may provide, at the Customer's expense, a new Offer to Connect based on the revised plans. This is an estimate only. Please refer to the bottom of each Schedule B attached for a summary of costs for each of the two construction options available to the Customer.

Once the Customer facilities have been commissioned into service and are energized, Horizon Utilities will carry out a final economic evaluation based on the forecasted revenues and actual costs incurred in accordance with the methodology set out by the Ontario Energy Board (**OEB**) in the Distribution System Code (**Code**). In accordance with the Code, the capital contribution that will be charged to the Customer will not exceed the difference between the present value of the projected capital costs and on-going maintenance costs of the facilities and the present value of the projected revenue for distribution services provided by those facilities.

The estimated Capital Contribution and the actual Capital Contribution will be calculated at no expense to the Customer.

Horizon Utilities will provide the preliminary planning, design and engineering specifications for the connection. These costs will be included in the capital cost calculation for the work.

1. INITIAL CAPITAL CONTRIBUTION

The estimated cost of the work necessary to connect the Customer is:

Material	\$651,298.50
Labour	\$434,199.00
Equipment	\$289,466.00
Engineering & Administration	\$72,366.50
Work Order Costs	\$1,447,330.00

Subdivision – Offer to Connect

Upstream Electrical Distribution System Costs	\$130,628.44
Total Project Costs	\$1,577,958.44

Based upon the enclosed economic evaluation of the estimated costs and forecast revenues, the initial Capital Contribution required from the Customer is **\$1,229,609.99** (including HST).

The initial Capital Contribution includes \$152,301.40 that represents the basic connection charge to non-residential Customers (service and metering costs).

2. ALTERNATIVE BIDS

Where section 1 above indicates that an initial Capital Contribution is payable by the Customer, the Customer requesting the connection has the option of obtaining alternative bids (**Alternative Bid Option**) for any work that either Horizon Utilities or the Customer will perform (**Contestable Work**).

If the Customer chooses the Alternative Bid Option, the customer will be responsible for the Contestable Work and responsibilities as described below.

Contestable Work:

- **Transformation:** Supply and install all pad-mounted transformers and required concrete foundations.
- **Primary Cable & Terminations:** Supply and install high voltage cables and terminations from the point of supply to the transformers.
- **Primary and Secondary Cable Duct Bank:** Supply and install all primary and secondary cable duct bank per the approved construction drawing.

Horizon Utilities estimates that the costs of the Contestable Work will be:

(i) Material:	\$611,648.50
(ii) Labour (including design, engineering and construction):	\$291,999.00
(iii) Equipment:	\$286,536.00
(iv) Overhead (including administration):	<u>\$72,366.50</u>
Total:	\$1,262,550.00

In addition, the customer is responsible to:

- Provide notice in writing to Horizon Utilities that the Customer is proceeding with the Alternative Bid Option
- The complete construction of all Contestable Work
- Choosing contractors that have been pre-qualified by Horizon Utilities to perform Contestable Work
- Purchasing materials required for the Contestable Work from a Horizon Utilities approved supplier
- Selecting, hiring and paying the contractor
- Administering any contract with the contractor

Subdivision – Offer to Connect

- Acquiring all required permissions, permits and easements and obtaining any **certifications required under Ontario Regulation 22/04**
- Completing all of the Contestable Work
- Ensuring that the Contestable Work is done in accordance with Horizon Utilities design and technical standards and specifications
- Once the system has been accepted and commissioned into service, provide a warranty for the Contestable Work for a period of two (2) years after completion
- Paying Horizon Utilities for all costs incurred by Horizon Utilities associated with the expansion including, but not limited to, all costs associated with any additional design, engineering or installation of the facilities required to complete the project and any costs of inspection or approval of the work performed by the contractor. The additional costs that will occur as a result of the Alternative Bid being chosen are estimated at \$133,484.08.

Uncontestable Work:

Horizon Utilities will perform the following Uncontestable Work:

- **Connection:** Final connection of the expansion to the distribution system.
- **Site-Specific Costs:** None required for this project.

Horizon Utilities estimates that the costs of the Uncontestable Work will be:

(i) Materials:	\$39,650.00
(ii) Labour (including design, engineering and construction):	\$142,200.00
(iii) Equipment:	\$2,930.00
(iv) Overhead (including administration):	<u>\$0.00</u>
Total:	\$184,780.00

3. CAPITAL COST RECOVERY AGREEMENT

The Customer will be required to enter into a Capital Cost Recovery Agreement with Horizon Utilities. Horizon Utilities will forward the Capital Cost Recovery Agreement upon the Customer's written acceptance of this Offer to Connect. Execution of the Capital Cost Recovery Agreement, including payment of the initial Capital Contribution, Expansion Deposit and any other amount specified therein, is required prior to Horizon Utilities commencing with any portion of the work, including procurement of long-lead materials.

A **\$1,500.00** Non-Refundable Engineering Fee will be charged for any significant (as determined by Horizon Utilities) Customer requested redesign(s). Horizon Utilities must receive this fee prior to the commencement of any redesign(s).

When the Customer transfers the facilities that it constructed under the Alternative Bid Option to Horizon Utilities, Horizon Utilities will pay the Customer a transfer price calculated in accordance with the Capital Cost Recovery Agreement.

Subdivision – Offer to Connect

This Offer to Connect is valid for six (6) months from the date hereof.

The Customer will be required to enter into the Capital Cost Recovery Agreement within six (6) months of the date hereof failing which this Offer to Connect shall become null and void.

Please acknowledge the acceptance of this Offer to Connect by indicating the construction option preferred on the following page and returning mail or fax (905-523-5764) to our office.

*This offer to connect is subject to a service area amendment approved by the OEB.

*The information provided herein is confidential and should not be shared with other parties without the express written consent of Horizon Utilities Corporation.

Regards,



Scott Beaudrie
Supervisor, Engineering Design
Horizon Utilities Corporation

Cc:

RTG Systems Inc.
3518 Mainway - Suite 203
Burlington, ON
L7M 1A8

Attn: Mr H. Marfisi, CET

Subdivision – Offer to Connect

I, Mr./Ms. _____ of _____
acknowledges and accepts the terms and conditions of this "Offer to Connect" provided by Horizon Utilities to
service **Summit Park- Phase 7** in Hamilton. **In accepting this Offer to Connect the Customer's Consultant
requests Horizon Utilities undertake the Contestable Work and Uncontestable Work as described within.**
The initial Capital Contribution and Expansion Deposit as required by the Customer shall be as noted above.

Signature

Date

-OR-

I, Mr./Ms. _____ of _____
acknowledges and accepts the terms and conditions of this "Offer to Connect" provided by Horizon Utilities to
service the **Summit Park- Phase 7** in Hamilton and will be **pursuing the Alternative Bid Option**. The initial Capital
Contribution and Expansion Deposit as required by Horizon Utilities shall be as noted above. The Customer will be
required to pay the associated costs as outlined in Section 9 above in addition to a Capital Contribution and/or
Expansion Deposit as required.

Signature

Date

Horizon Utilities

Expansion Summary From Economic Evaluation

PROJECT SUMMARY INPUTS

Project Number:	11683
Subdivision Name:	SUMMIT PARK - PHASE 7
Developer Name:	MULTI - AREA DEVELOPMENTS

Direct Project Costs	Quantity	Avg Unit Cost	
Detached Home / Townhouse Connections	293	\$3,750	Year 3
Number of Transformers	30	\$5,460	
Subdivision Connection Costs - Uncontestable		\$50,000	
Costs in Excess of Unit Costing - Contestable			

Street lighting Costs	Quantity	Avg Unit Cost	
Regular Streetlights		\$3,500	Year 1
Pedestal Streetlights		\$3,500	Year 1
Developer Supplied & Installed		\$0	Year 1

Direct Project Costs	\$
Distribution Lines & Transformers	\$1,312,550
Services & Metering	\$134,780
Total Estimated Project Costs	\$1,447,330

Fully Recoverable Costs

Total Street lighting Costs

-

Other Recoverable Work:

1.	
2.	
3.	

Total Other Recoverable Work

-

Total Recoverable Work

-

Total Estimated Project Costs

Direct Project Costs	\$
Material Costs @ 45% of Direct Project Costs	651,298.50
Labour Costs @ 30% of Direct Project Costs	434,199.00
Equipment @ 20% of Direct Project Costs	289,466.00
Engineering & Admin. @ 5% of Direct Project Costs	72,366.50
Sub-Total	1,447,330.00

Upstream Electrical Distribution System Costs

130,628.44

Total Project Costs

1,577,958.44

Capital Contribution

1,088,150.44

H.S.T. on Capital Contribution @ 13%

141,459.56

Total Capital Contribution Required including H.S.T.

1,229,609.99

Horizon Utilities Corporation

Capital Cost Recovery Agreement – Alternative Bid Subdivision

Schedule B - Cost and Revenue

COST

Horizon Utilities Corporation's Work Estimate

Horizon Utilities Corporation Work Estimate of total costs:

	Contestable	Uncontestable	Total
i. Material	611,648.50	39,650.00	651,298.50
ii. Labour	291,999.00	142,200.00	434,199.00
iii. Equipment	286,536.00	2,930.00	289,466.00
iv. Engineering & Administration	72,366.50		72,366.50
Work Order Costs	1,262,550.00	184,780.00	1,447,330.00
Upstream Electrical Distribution System Costs		130,628.44	130,628.44
Total Project Costs			\$ 1,577,958.44

Number of Residential Customers To Be Connected

293

Developer has Elected To Use The Alternative Bid Option

No Capital Contribution currently, this will be determined once final Transfer Price is known.

\$0.00

Prepayments Required:

Estimated Final Connection Costs

\$50,000.00

Inspection & Engineering Administration:

First \$50,000 @ 15%

\$7,500.00

Balance @ 5%

\$60,627.50

\$68,127.50

\$118,127.50

HST @ 13%

\$15,356.58

Prepayments Required

\$133,484.08

Expansion Deposit

\$1,262,550.00

Transfer Price (estimated - not including HST)

To be finalized at the time of final economic evaluation

\$427,307.06

Fully Recoverable Work

Description of Fully Recoverable work and deposit required

\$0.00

\$0.00

\$0.00

\$0.00

Customer Acknowledges that:

1.	it has elected to use the Alternative Bid Option		
2.	it is responsible for the Capital Contribution, Expansion Deposit, any security or other payment, fee or costs specified herein		
3.	that the final Capital Contribution, Transfer Price, Expansion Deposit will be determined at the time of completing the final Economic Evaluation		
4.	they will be responsible for paying the amounts specified below as follows:		
	(i) Capital Contribution (initial as per Offer to Connect)	\$0.00	Execution of Agreement
	(ii) Fees and Costs	\$133,484.08	Execution of Agreement
	(iii) Fully Recoverable Work	\$0.00	Execution of Agreement
	(iv) Estimated Expansion Deposit (to be finalized prior to energization)		
	- 10% of Contestable Work for 2 year Maintenance	\$126,255.00	Prior to Energization
	- Portion to complete, repair or bring up to standard the facilities		
	(v) Service and Metering Costs @ \$460 per Residential Customer	\$152,301.40	Prior to Energization
5.	for the Transfer Price they have requested (An option must be selected):		
	<input type="checkbox"/> Distributor apply the Transfer Price against the required Expansion Deposit and the Services and Metering Costs (if any)		
	<input type="checkbox"/> Distributor not apply the Transfer Price against the required Expansion Deposit and the Services and Metering Costs		

* A Letter of Credit is acceptable as payment of the Expansion Deposit. Please refer to Schedule C - Form Letter of Credit



Horizon Utilities Corporation

Capital Cost Recovery Agreement – Horizon Constructed Subdivision

Schedule B - Cost and Revenue

COST

Horizon Utilities Corporation's Work Estimate

Horizon Utilities Corporation Work Estimate of total costs:

	Contestable	Uncontestable	Total
i. Material	611,648.50	39,650.00	651,298.50
ii. Labour	291,999.00	142,200.00	434,199.00
iii. Equipment	286,536.00	2,930.00	289,466.00
iv. Engineering & Administration	72,366.50		72,366.50
Work Order Costs	1,262,550.00	184,780.00	1,447,330.00
 Upstream Electrical Distribution System Costs		130,628.44	130,628.44
Total Project Costs		\$	1,577,958.44

Number of Residential Customers To Be Connected

293

Developer has chosen to have Horizon Utilities construct the project

Initial Capital Contribution

NPV Components

Capital Expenditures - Project costs & upstream costs	-\$1,447,487.55
Incremental Operating, Maintenance & Administration Costs	-\$516,621.89
Distribution Revenue	875,959.01
Net Present Value	-\$1,088,150.44
HST @ 13%	-\$141,459.56
Total Initial Capital Contribution	-\$1,229,609.99

Expansion Deposit

\$359,179.56

Fully Recoverable Work

Description of Fully Recoverable work and deposit required

Street lighting Deposit	\$0.00
	\$0.00
	\$0.00
	\$0.00
	\$0.00

Customer Acknowledges that:

1.	it has elected to have the Distributor construct the project		
2.	it is responsible for the Capital Contribution, Expansion Deposit, any security or other payment or costs specified herein		
3.	that the final Capital Contribution and Expansion Deposit will be determined at the time of completing the final Economic Evaluation		
4.	they will be responsible for paying the amounts specified below as follows:		
	- Capital Contribution (initial as per Offer to Connect)	\$1,229,609.99	Execution of Agreement
	- Expansion Deposit	\$359,179.56	Execution of Agreement
	- Fully Recoverable Work	\$0.00	Execution of Agreement

* A Letter of Credit is acceptable as payment of the Expansion Deposit. Please refer to Schedule C - Form Letter of Credit

	A	B	C	D	E	F	G	H	I	J	K
1		Project name	SUMMIT PARK - PHASE 7								
2	Table No.	Customer Name	MULTI - AREA DEVELOPMENTS				New Customer Model				
3	1	Forecasted customer additions (non-cumulative)									
4		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5				
5		Residential	651.27		293						
6		General Service < 50kW									
7		General Service > 50kW (non-TOU)									
8		General Service > 50kW (TOU)									
9		Large User									
10		Unmetered & scattered - (non-demand)									
11		Street lighting	0								
12	2	Estimate of average energy per added customer (monthly kWh)									
13		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25			
14		Residential	651.27	651.27	651.27	651.27	651.27	651.27			
15		General Service < 50kW	2,748.96	2,748.96	2,748.96	2,748.96	2,748.96	2,748.96			
16		Unmetered & scattered - (non-demand)	374.43	374.43	374.43	374.43	374.43	374.43			
17	3	Estimate of average demand per added customer kW									
18		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25			
19		General Service > 50kW (non-TOU)									
20		General Service > 50kW (TOU)									
21		Large User									
22		Street lighting	0.175	0.175	0.175	0.175	0.175	0.175			
23	4	Approved wires only rates per rate schedule - monthly fixed charge									
24		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25			
25		Residential	14.45	14.45	14.45	14.45	14.45	14.45			
26		General Service < 50kW	32.16	32.16	32.16	32.16	32.16	32.16			
27		General Service > 50kW (non-TOU)	293.26	293.26	293.26	293.26	293.26	293.26			
28		General Service > 50kW (TOU)	293.26	293.26	293.26	293.26	293.26	293.26			
29		Large User	22,642.10	22,642.10	22,642.10	22,642.10	22,642.10	22,642.10			
30		Unmetered & scattered - (non-demand)	9.11	9.11	9.11	9.11	9.11	9.11			
31		Street lighting	2.31	2.31	2.31	2.31	2.31	2.31			
32	5	Approved wires only rates per rate schedule - variable charge (per kWh)									
33		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25			
34		Residential	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142			
35		General Service < 50kW	0.0084	0.0084	0.0084	0.0084	0.0084	0.0084			
36		Unmetered & scattered - (non-demand)	0.0141	0.0141	0.0141	0.0141	0.0141	0.0141			
37	6	Approved wires only rates per rate schedule - demand charge (per kW)									
38		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25	Transformer Discount	Current Rate	Transformer Discount Rate
39		General Service > 50kW (non-TOU)	2.0341	2.0341	2.0341	2.0341	2.0341	2.0341		2.0341	(0.73)
40		General Service > 50kW (TOU)	2.0341	2.0341	2.0341	2.0341	2.0341	2.0341		2.0341	(0.73)
41		Large User	1.3359	1.3359	1.3359	1.3359	1.3359	1.3359			
42		Street lighting	6.1604	6.1604	6.1604	6.1604	6.1604	6.1604			
43	7	New facilities and/or reinforcement investments									
44		Capital elements	Year 1	Year 2	Year 3	Year 4	Year 5				
45		Transformer stations	19,532.44	-	-	-	-				
46		Distribution feeders	111,096.00	-	-	-	-				
47		Distribution lines	1,148,750.00								
48		Distribution transformers	163,800.00								
49		Credit for previous work on service									
50		Services & metering (Residential Only)	-	-	134,780.00	-	-				
51		Services & metering									
52		Upstream cost credit (where applicable)									
53		Total	1,443,178.44	-	134,780.00	-	-				
54		Assessed value of land									
55	8	Incremental overheads at project level applicable to distribution system expansion (per customer addition)									
56		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25			
57		Residential									
58		General Service < 50kW									
59		General Service > 50kW (non-TOU)									
60		General Service > 50kW (TOU)									
61		Large User									
62		Unmetered & scattered - (non-demand)									
63		Street lighting									
64	9	Attributable incremental annual operating, maintenance and administration expenditures (per customer addition)									
65		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25			
66		Residential	125.77	125.77	125.77	125.77	125.77	125.77			
67		General Service < 50kW	248.75	248.75	248.75	248.75	248.75	248.75			
68		General Service > 50kW (non-TOU)	-	-	-	-	-	-			
69		General Service > 50kW (TOU)	-	-	-	-	-	-			
70		Large User	-	-	-	-	-	-			
71		Unmetered & scattered - (non-demand)	6.32	6.32	6.32	6.32	6.32	6.32			
72		Street lighting	2.13	2.13	2.13	2.13	2.13	2.13			

	A	B	C	D	E	F	G	H	I	J	K
73	10	Discount rate data									
74		Incremental after-tax cost of capital	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25			
75		Long Term Borrowing rate	5.79%	5.79%	5.79%	5.79%	5.79%	5.79%			
76		Short Term Borrowing rate	2.46%	2.46%	2.46%	2.46%	2.46%	2.46%			
77		Rate of return on common equity	9.58%	9.58%	9.58%	9.58%	9.58%	9.58%			
78		Long-Term debt outstanding (%)	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%			
79		Short-Term debt outstanding (%)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%			
80		Total common equity (%)	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%			
81		Marginal income tax rate	26.45%	26.45%	26.45%	26.45%	26.45%	26.45%			
82		Incremental after-tax weighted average cost of capital	6.2892%	6.2892%	6.2892%	6.2892%	6.2892%	6.2892%			
83	11	Tax rate data									
84		Type of tax	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25			
85		Municipal tax rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
86		Marginal income tax rate	26.45%	26.45%	26.45%	26.45%	26.45%	26.45%			
87		Federal capital tax rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
88		Federal surtax	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
89		Provincial capital tax rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
90		Capital cost allowance rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%			
91		Taxable capital employed in Canada	376,890,025.65	376,890,025.65	376,890,025.65	376,890,025.65	376,890,025.65	376,890,025.65			
92		Capital Deduction (Federal purposes)	-	-	-	-	-	-			
93		Base for Federal capital tax	376,890,025.65	376,890,025.65	376,890,025.65	376,890,025.65	376,890,025.65	376,890,025.65			
94	12	Measurement Quantities for Upstream Costs Calculations									
95		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25			
96		Residential	651,266	651,266	651,266	651,266	651,266	651,266			
97		General Service < 50kW	2,748,957	2,748,957	2,748,957	2,748,957	2,748,957	2,748,957			
98		General Service > 50kW (non-TOU)									
99		General Service > 50kW (TOU)									
100		Large User									
101		Unmetered & scattered - (non-demand)	374,427	374,427	374,427	374,427	374,427	374,427			
102		Street lighting	0.175	0.175	0.175	0.175	0.175	0.175			
103	13	Transformer Station Upstream Costs									
104		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5				
105		Residential (kWh)	0.1024	0.1024	0.1024	0.1024	0.1024				
106		General Service < 50kW (kWh)	0.0436	0.0436	0.0436	0.0436	0.0436				
107		General Service > 50kW (non-TOU) (kW)	13.3323	13.3323	13.3323	13.3323	13.3323				
108		General Service > 50kW (TOU) (kW)	13.3323	13.3323	13.3323	13.3323	13.3323				
109		Large User (kW)	13.3323	13.3323	13.3323	13.3323	13.3323				
110		Unmetered & scattered (kWh)	0.0185	0.0185	0.0185	0.0185	0.0185				
111		Street lighting (kW)	13.3323	13.3323	13.3323	13.3323	13.3323				
112	14	Distribution Feeders Upstream Costs									
113		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5				
114		Residential (kWh)	0.5822	0.5822	0.5822	0.5822	0.5822				
115		General Service < 50kW (kWh)	0.2480	0.2480	0.2480	0.2480	0.2480				
116		General Service > 50kW (non-TOU) (kW)	75.8300	75.8300	75.8300	75.8300	75.8300				
117		General Service > 50kW (TOU) (kW)	75.8300	75.8300	75.8300	75.8300	75.8300				
118		Large User (kW)	75.8300	75.8300	75.8300	75.8300	75.8300				
119		Unmetered & scattered (kWh)	0.1055	0.1055	0.1055	0.1055	0.1055				
120		Street lighting (kW)	75.8300	75.8300	75.8300	75.8300	75.8300				
121	15	Operations Maintenance & Administration Costs									
122		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25			
123		Residential (kWh)	0.1931	0.1931	0.1931	0.1931	0.1931	0.1931			
124		General Service < 50kW (kWh)	0.0905	0.0905	0.0905	0.0905	0.0905	0.0905			
125		General Service > 50kW (non-TOU) (kW)	12.1444	12.1444	12.1444	12.1444	12.1444	12.1444			
126		General Service > 50kW (TOU) (kW)	12.1444	12.1444	12.1444	12.1444	12.1444	12.1444			
127		Large User (kW)	12.1444	12.1444	12.1444	12.1444	12.1444	12.1444			
128		Unmetered & scattered (kWh)	0.0169	0.0169	0.0169	0.0169	0.0169	0.0169			
129		Street lighting (kW)	12.1444	12.1444	12.1444	12.1444	12.1444	12.1444			
130	16	Operations Maintenance & Administration Costs (Customer Owned Tx)									
131		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25			
132		General Service > 50kW (non-TOU) (kW)	11.76	11.76	11.76	11.76	11.76	11.76			
133		General Service > 50kW (TOU) (kW)	11.76	11.76	11.76	11.76	11.76	11.76			
134		Large User (kW)	11.76	11.76	11.76	11.76	11.76	11.76			
135	17	Services & Metering Standard Cost									
136		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25			
137		Residential (kWh)	460.00	460.00	460.00	460.00	460.00	460.00			

Upstream Cost Calculations

Transformer Station Upstream Costs		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Residential	(kWh)	0.00	0.00	19,532.44	0.00	0.00	19,532.44
General Service < 50kW	(kWh)	0.00	0.00	0.00	0.00	0.00	0.00
General Service > 50kW (non-TOU)	(kW)	0.00	0.00	0.00	0.00	0.00	0.00
General Service > 50kW (TOU)	(kW)	0.00	0.00	0.00	0.00	0.00	0.00
Large User	(kW)	0.00	0.00	0.00	0.00	0.00	0.00
Unmetered & scattered	(kWh)	0.00	0.00	0.00	0.00	0.00	0.00
Street lighting	(kW)	0.00	0.00	0.00	0.00	0.00	0.00
Total		0.00	0.00	19,532.44	0.00	0.00	19,532.44

Distribution Feeders Upstream Costs		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Residential	(kWh)	0.00	0.00	111,096.00	0.00	0.00	111,096.00
General Service < 50kW	(kWh)	0.00	0.00	0.00	0.00	0.00	0.00
General Service > 50kW (non-TOU)	(kW)	0.00	0.00	0.00	0.00	0.00	0.00
General Service > 50kW (TOU)	(kW)	0.00	0.00	0.00	0.00	0.00	0.00
Large User	(kW)	0.00	0.00	0.00	0.00	0.00	0.00
Unmetered & scattered	(kWh)	0.00	0.00	0.00	0.00	0.00	0.00
Street lighting	(kW)	0.00	0.00	0.00	0.00	0.00	0.00
Total		0.00	0.00	111,096.00	0.00	0.00	111,096.00

	Total	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Present Value Of CCA Tax Shield																										
Opening undepreciated capital cost	1,443,176	340,827	313,561	417,865	384,435	353,681	325,368	299,355	275,407	253,374	233,104	214,456	197,300	181,518	166,994	153,838	141,544	130,036	119,634	110,063	101,256	93,157	85,705	78,848	72,540	
Less: Contributed Capital	(1,088,150)																									
Less: Capital cost allowance	423,071	14,201	27,266	30,476	33,426	30,755	28,254	26,031	23,848	22,033	20,270	18,648	17,156	15,784	14,521	13,360	12,291	11,308	10,403	9,571	8,805	8,101	7,453	6,856	6,308	
Closing undepreciated capital cost	340,827	313,561	417,865	384,435	353,681	325,368	299,355	275,407	253,374	233,104	214,456	197,300	181,518	166,994	153,838	141,544	130,036	119,634	110,063	101,256	93,157	85,705	78,848	72,540	66,737	
CCA Annual Income Tax Savings	3,736	7,212	8,941	8,842	8,139	7,484	6,889	6,334	5,828	5,361	4,932	4,538	4,179	3,841	3,534	3,251	2,991	2,752	2,531	2,328	2,143	1,971	1,814	1,678	1,559	
Present Value of CCA Tax Shield	68,056	3,643	6,581	6,921	7,142	6,182	5,351	4,632	4,009	3,479	3,004	2,600	2,250	1,949	1,686	1,458	1,263	1,093	946	819	709	614	531	460	398	344
Present Value of Operating Cash Flow																										
Present Value of Net Operating Cash																										
Customer revenue - total	1,874,747	0	0	41,661	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322
Less: Total Investment O & M	(825,117)	0	0	(18,425)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	
Net (w/o) Operating Cash Before Income Tax	1,049,630	0	0	23,236	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	
Present value of Net Operating Cash	495,942	0	0	19,950	37,579	30,318	33,228	31,262	29,412	27,612	25,910	24,454	23,045	21,681	20,378	19,191	18,056	16,968	15,962	15,037	14,167	13,310	12,522	11,781	11,084	10,430
Present Value of Taxes																										
Income Taxes	276,548	0	0	6,146	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	
Proportional Capital Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Federal Capital Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Annual Municipal Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	276,548	0	0	6,146	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	
PV of Taxes	129,225	0	0	8,277	9,829	8,343	8,799	8,269	7,760	7,319	6,866	6,479	6,096	5,735	5,395	5,078	4,778	4,493	4,227	3,977	3,742	3,520	3,312	3,118	2,932	
PV of Municipal Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Net Present Value Summary

1.	
PV of Operating Cash Flow	488,561.68
a) PV of Net Operating Cash Flow	(129,224.59)
b) PV of Taxes	359,337.12
PV of Operating Cash Flow	
2.	
PV of Capital	(1,515,543.42)
3.	
PV of CCA Tax Shield	68,055.87
NET PRESENT VALUE	(1,088,150.46)

Capital Contribution required from Customer