



August 10, 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  
Board File No. EB-2012-0047**

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

On June 15, 2012, Horizon Utilities filed an application with 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.

Multi-Area Developments Inc. (the "Customer") has requested that Horizon Utilities supply electricity to the subject lands, which represent a new and seventh phase of a larger residential development where Horizon Utilities connected the previous six phases without contest from Hydro One. As noted above, Horizon Utilities is not the geographic distributor for the subject area. The Board has, however, approved service area amendment applications made by Horizon Utilities and its predecessor, Hamilton Hydro Inc., that have allowed the six earlier phases of this development to be served by Horizon Utilities.

In addition, two additional service area amendment applications made by Horizon Utilities and its predecessor, Hamilton Hydro Inc., have allowed commercial parcels of land at the east end of this larger geographical area, (located east of the Summit Park Phase 7 development at Swayze Road), to be serviced by Horizon Utilities. If Hydro One were to supply Summit Park Phase 7 from its proposed newly constructed expansion, it would introduce a barrier to having a contiguous electrical system that provides value from an economic perspective as well as security and reliability for the customers in this area.

For the record, Hydro One's network of lines in the area is essentially the same as for the previous six phases of Multi-Area Development's Summit Park development. The absence of lines in those previous applications were the grounds for Hydro One not contesting these earlier phases of the development

and allowing the development to be connected to Horizon Utilities. Horizon Utilities now has underground lines on the edge of the development in an adjacent phase from having connected the previous subdivision phases from its original licensed service territory.

On June 27, 2012, Horizon Utilities received an acknowledgement letter from the Board indicating that the application was incomplete. Horizon Utilities filed a letter of response to the Board's letter on July 27, 2012 in which it provided clarity to the Board on how the service area amendment application will affect Schedule 1 of the Horizon Utilities Licence ED-2006-0031 and the Hydro One Licence ED-2003-0043.

In its letter of response, Horizon Utilities identified that it would require some additional time in order to address the other issues in the Board's letter, specifically, i) providing Hydro One's Offer to Connect ("OTC") and complete information as required by sections 7.5.3 to 7.5.5 of the Chapter 7 Filing Requirements (the "Filing Requirements"); ii) providing comparable outage statistics for Hydro One for 2011 per Section 7.5.6 of the Filing Requirements and, iii) providing comparable quality and reliability of service statistics for Hydro One for 2011 per Section 7.5.7 of the Filing Requirements.

Horizon Utilities has received Hydro One's OTC from the Customer on Wednesday of this week (August 8, 2012), and a copy of the OTC accompanies this letter as Appendix 1. Horizon Utilities is also now able to provide the information set out in items ii) and iii), above. Horizon Utilities has enclosed copies of the outage, quality and reliability of service statistics with this letter as Appendix 2. Horizon Utilities respectfully requests that the Board issue its Letter of Direction and Notice of Application regarding this matter. The timing of this Application is of particular importance to the Customer who requires service, as soon as possible. The customer has completed homes without power connections to either Horizon Utilities or Hydro One.

In the Board's letter of June 27, 2012, the Board identified the three items noted above as outstanding for this Application. Section 7.2.1 of the Filing Requirements also directs the Applicant to provide *"the economic and engineering efficiency for the applicant and the incumbent distributor to serve the area that is the subject of the SAA application"*. At the time of preparation of the Application, Hydro One had not provided its OTC. Consequently, Horizon Utilities was not in a position to provide this comparison. Having received the Hydro One OTC only two days ago, Horizon Utilities has had an opportunity to review it and offers the following comments in respect of the comparison required in Section 7.2.1.

**7.2.1 (a) - The location of the point of delivery and the point of connection**

Horizon Utilities has underground lines adjacent to this development from a previous phase of the development that are fed from underground and overhead 27.6 kV distribution feeders surrounding the whole development. These lines are complete with interconnection ties with adjacent feeders for security and reliability of the customers in the case of an emergency outage condition. The exact point of connection will be at the west side of the subject property on Fletchers Road from the adjacent phase of the development, approximately 30 metres south of Rymal Road.

Horizon Utilities is able to connect this development with its own existing infrastructure today because Horizon Utilities' installed plant is positioned to connect Summit Park Phase 7 from the existing

developments without further investment outside of what would be required to continue the electrical system from Summit Park Phase 1-6.

By contrast, Hydro One is proposing to build a new expansion consisting of an overhead distribution system of approximately 1.65 km in length to reach the edge of Summit Park Phase 7. Hydro One intends that the line connection point of this new expansion will be connected to the express feeder that currently delivers 100% Horizon Utilities load. This express feeder is 0.34 km inside Horizon's service territory, meaning Hydro One will be duplicating assets in Horizon's service territory.

The connection to the express feeder also has negative cost implications for Horizon Utilities because the existing metering registration for the M3 feeder will no longer be considered as an "express" feeder. Hydro One does not propose to install new metering. From a billing perspective, the difference between the radial line loss factor which is currently applied, and applying Hydro One's Total Loss Factor of 3.4% on M3 would result in additional energy and demand billing equivalent to approximately 145,000 kWh and 300 kW per month more for Horizon Utilities.

More alarming to Horizon Utilities is that Hydro One is aware that the existing capacity on this feeder, which had previously been exclusively used by Horizon, has surpassed the maximum levels. This new load from Hydro One would create an unacceptable operating condition, and introduce a high risk of service disruption to both utilities due the overload condition. Horizon Utilities does not consider this a best utility practice.

In particular, the Nebo Transformer Station (TS), owned by Hydro One Transmission, is slated for rebuilding in future years. The M3 and M4 feeders from this TS service Horizon Utilities' territory on Stoney Creek Mountain at 27.6 kV . This area is the primary region experiencing growth in Horizon Utilities' service territory.

In 2009, through the normal forecasting and planning process with Hydro One Transmission, Horizon Utilities projected the load to exceed their 10-day LTR<sup>1</sup>, which clearly indicates a lack of capacity on these feeders. This forecast was re-confirmed with Hydro One in 2011. Hydro One acknowledged the lack of capacity at Nebo TS through the development of a plan to upgrade Nebo TS in late 2013.

As indicated above, Hydro One plans to connect the new expansion to the express feeder that currently serves 100% Horizon Utilities load. Horizon Utilities submits that Hydro One does not have the discretion to use an "express" feeder embedded in the service territory of another LDC to connect customers inside or outside that LDC. An express feeder is a feeder used to provide supply to another LDC or to a sub-station of another LDC.

Hydro One owns express feeders for a unique historical reason; one unrelated to its need to service individual residential or commercial customers. Prior to industry restructuring in 1998, a municipal utility

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<sup>1</sup> 10-day LTR is the industry standard rating for a transformer station that has dual elements (i.e. two power transformers). It assumes a scenario where one transformer has failed and all the load must be supplied by a single transformer for up to 10 days, which is the estimated length of time needed to change out a failed transformer with a spare unit.

could only own assets in its own service territory. As a result, if an Ontario Hydro (now Hydro One Networks) high-voltage transmission station was located outside an LDC's (MEU's) service territory, Ontario Hydro would build and own the line into the LDC (MEU); even if the line was wholly in two LDC service territories and not in Hydro One's service territory. The ability to provide these lines into what were franchised service areas of LDCs, and now licensed service areas, was for the sole purpose of allowing the provincial transmission service provider to discharge its obligations of supplying distributors not to use these assets competitively as that of another LDC serving residential or commercial customers within the heart of an existing LDC service area. For these historical reasons, no other licensed entity in Ontario has this unique role in the current LDC landscape.

This issue is further aggravated in an amalgamated municipality, such as the City of Hamilton, where Hydro One has continued to own assets fully embedded in what is now a single franchise area of a municipal LDC, including Horizon Utilities and many others. With the municipal amalgamation in Hamilton and the utility amalgamation that was a component part, the provincial government-owned LDC, Hydro One, continues to own express feeders inside Ontario's most industrial city to serve one of Ontario's largest LDCs where the rationale for doing so no longer exists.

In the current case of Multi-Area Development's Summit Park 7 development, Hydro One proposes to connect to an express feeder that runs from the former City of Hamilton into the former City of Stoney Creek to run back into Hydro One's service territory in the former Township of Glanbrook. The total length of the proposed "radial" expansion line from is 1.65 km from the dedicated express feeder to the edge of the development. The initial 0.34 km is wholly within Horizon's licensed service territory. The next 1.31 km bypasses the earlier phases of the development that Hydro One left uncontested and were added to Horizon Utilities licensed service territory.

For the first six phases of this development, over several years, Hydro One has not chosen to contest Horizon Utilities' connection due to readily evident economic considerations. For the seventh, Hydro One now calls upon the logic of using an express feeder, originally constructed in its role as the provincial transmission provider, for competitive advantage in its current role as a provincially owned distributor. They make this proposition despite being aware that Horizon Utilities has underground services in all six phases of the development to support Phase 7 of the development, which is adjacent to the earlier phases.

If the OEB were to permit this use of an express feeder, this would be tantamount to creating a new precedent. Until now Hydro One has not used its role as the owner of Ontario Hydro's legacy express feeders to make competitive offers to connect. This is particularly egregious when the point of connection is fully inside the service territory of Horizon Utilities. Either situation would be applicable in every LDC with "LV" (sub-transmission) connections from Hydro One.

***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. Horizon Utilities already has in place 27.6 kV feeders in position to service the subject property.

The first six phases of Summit Park that Horizon Utilities connected were designed and constructed for interconnection between the phases in order to provide security for the customers. This same security will be available for Phase 7 and any future phases. Redundancies have been built into this area to provide alternate feeds in case of any equipment failures. These redundancies are equally available now, without new cost, for Phase 7.

By contrast, Hydro One's new expansion, does not have back-up supplies for this area. Hydro One intends to service this subdivision with a radial feed with no back up or redundancy capability. If Summit Park 7 were to be supplied by Hydro One, a vehicle accident with a pole (a common issue), for instance could disrupt power to this subdivision for several hours or days, depending on the severity, with no alternative supply. This would not be in keeping with the level of service in the first six phases supplied by Horizon Utilities.

**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 cost is unnecessary for the proposed SAA (Note: the Board will determine if the reason provided is acceptable)**

As noted above, Horizon Utilities' lines are immediately adjacent to the development that is the subject of this Application. In order to service Summit Park – Phase 7, Hydro One would need to extend its lines by approximately 1.65 km. 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	\$ 1,088,150	(\$ 174,400)

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' revised Offer to Connect (as discussed in Horizon Utilities' July 27, 2012 letter to the Board) is provided herewith as Appendix 3.

It is important to consider these costs in the context of the existing security and redundancy benefits described in 7.2.1(b) that Horizon Utilities is presently able to offer this customer at no incremental cost. Hydro One is unable to offer the same, which would result in a higher risk distribution service for residents of this new development.

As noted above, Horizon Utilities includes with this letter Hydro One's OTC as Appendix 1.

The following table provides a summary of Hydro One costs, according to the OTC.

	Hydro One Networks	
	Option A	Option B
Contestable Distribution System Installation	\$ 850,665.11	\$ 533,596.80
Non-Contestable Distribution System Installation	\$ 520,719.30	\$ 520,719.30
Upstream Charge	\$ -	\$ -
Subtotal	\$ 1,371,384.41	\$ 1,054,316.10
Less: NPV of Revenues net of OM&A and Taxes	-\$ 312,376.08	\$ 4,692.23
Total estimated Capital Contributions required	\$ 1,059,008.33	\$ 1,059,008.33

A direct and fair comparison of the two OTCs is not possible for a number of reasons. In particular, Hydro One has not included upstream or expansion costs in its OTC. Since Hydro One has not included these costs in its OTC, such cost will have to be socialized across all Hydro One customers. As identified in 7.2.1 (a), Not only has Hydro One not included such costs in its OTC, but it also has not included any and all civil costs. Horizon Utilities' OTC is inclusive of all costs to service this development. Additionally, the Hydro One's transfer price to the Customer appears extremely low due to this lack of inclusion of the civil costs. Hydro One's transfer price is \$4,600 whereas that of Horizon Utilities to the Customer is \$231,000.

**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 if Horizon Utilities is successful in this Application. Horizon Utilities has the flexibility in its network in this area to feed from more than one direction and more than one point of supply.

However, if Hydro One connects these customers, both Horizon Utilities' customers and Hydro One's customer will be at risk for service outages. The reason is that Hydro One proposes to put additional capacity on a feeder that is already over the capacity limit and do so without an alternative point of supply. If there was a loss of supply resulting from Hydro One's proposed connection and overloading of the feeder without alternative supply, Horizon Utilities would be forced into a position of having to protect its customers by transferring load even beyond the affected area. This is an unreasonable reliability risk under Hydro One's proposed solution.

**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 limited growth potential in the area of and surrounding the service area amendment. This is a small area of land that has been added to Hamilton's "Urban" Official Plan from the former Township of Glanbrook. For Horizon Utilities, this growth potential can be accommodated in a cost efficient manner

by utilizing its existing 27.6 kV distribution system in the adjacent phases of the development. Horizon Utilities will not have to expand its existing infrastructure to supply this area.

By contrast, Hydro One will have to construct a system expansion of 1.65 km of new overhead line in order to service the area in question. This will also create an island of Hydro One customers between two areas that Hydro One did not contest and are now serviced by Horizon Utilities. This is not desirable from engineering and a customer reliability perspective.

***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 already in place due to the servicing of the first six phases of Summit Park. If Horizon Utilities is successful in this Application, there is no need for any additional proposed infrastructure to service this connection.

Hydro One, by contrast, would need to construct 1.65 km of line to reach the edge of the development.

Horizon Utilities has certain additional comments on the Hydro One material and, where applicable, Horizon Utilities has provided references to relevant sections of the Board's Filing Requirements.

***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 if Horizon Utilities is the successful applicant.

If Hydro One connects this Customer, there will be a rate impact to the customers as Hydro One rates are considerable higher than Horizon Utilities' rates. In addition, there will be a decrease in service quality and increased reliability risks for customers due to the feeder capacity issue described in section 7.2.1a), above.

Furthermore, Horizon Utilities submits that Hydro One has used an incorrect rate class for the computation of rates in the OTC. Hydro One is using the Urban High Density ("UR/UG") rate, but should be using its Rural high-density ("R1") for the OTC. Similarly, it is not appropriate for Hydro One to offer the UR/UG rate to these customers.

Despite the use of the use of an incorrect rate class, Horizon Utilities' rates, as illustrated in the table below, are lower and more advantageous to customers than either of the Hydro One rates.

	Horizon Utilities (2012)	Hydro One UR (2011)	Hydro One R1 (2011)
<b>Example 1: Residential 1,000 kWh</b>			
Service Charge	\$14.53	\$18.44	\$23.64
Distribution Volumetric Rate	0.0143	0.02918	0.03317
Low Voltage Charge	0.00006		
Transmission Rate - Network Service rate	0.0072	0.00575	0.00585
Transmission Rate - Line and Tx Connection Rate	0.0054	0.00456	0.00464
Standard Supply Service – Administrative Charge	\$0.25	\$0.25	\$0.25
Total "distribution cost" only - without riders	<b>\$29</b>	<b>\$48</b>	<b>\$57</b>
Total "Transmission cost" only - without riders	<b>\$13</b>	<b>\$10</b>	<b>\$10</b>
Total "Distribution and Transmission Cost" only - without riders	<b>\$42</b>	<b>\$58</b>	<b>\$68</b>

Horizon Utilities nonetheless suggests the proposed development does not meet Hydro One's UR/UG rate definition. By Hydro One's own criteria, as approved in rate orders and as stated in its Conditions of Service and on its website under Rate Classes, Hydro One would need *"an area containing 3,000 or more customers with a line density of at least 60 customers per kilometre"* for such a rate to apply.

This same criteria has been applicable since the creation of this rate by Ontario Hydro in the 1990s and is the criteria Hydro One recently used to consolidate all of its acquired utility rates to either its urban or rural rates (EB-2009-0096). It would be unreasonable now for Hydro One to have the discretion to arbitrarily apply the urban rate where there is not 3,000 customers and 60 customers per kilometre.<sup>2</sup>

If Hydro One is permitted the discretion to use this rate for competitive purposes where it is not applicable, Hydro One would be cross-subsidizing these customers from its other customers.

With the number of lots specified in Multi-Area Development's Summit Park 7 being perfectly clear, Hydro One should be fully aware that there are not 3,000 customers in the area. The only other Hydro One customers in the "area" are legacy rural residential customers, typically sparse as these residences are in rural Ontario.

Hydro One cannot legitimately seek to claim that the 3,000 customers are in a larger "area" without diminishing the term "area". Moreover, if it were to do so, Hydro One could not claim that it can justify having 60 customer per kilometre within the "area". In addition, there is limited potential for future urban development in the area to justify the suggestion there will be 3,000 lots. The City of Hamilton has an Urban Official Plan and a Rural Official Plan, with the area in question a small parcel of the Rural that

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<sup>2</sup> Hydro One had acquired approximately 87 MEUs totalling about 160,000 customers after the passage of the Energy Competition Act in 1998. In its EB-2009-0096 rate case, Hydro one rigorously applied the criteria of using areas with 3,000 customers and 60 customers per kilometre to decide which acquired MEUs / LDCs received urban and rural rates. For instance, Hydro One bought the Quinte West MEU, but moved the Trenton portion to its urban rates and the Frankford portion to its rural rates. Despite every acquisition but Caledon involving an urban community, Hydro One moved only 11 of the 87 acquired utilities to urban rates, and then only the portion that met the urban criteria in some cases.



has been added to the Urban. The remaining number of lots available is unknown, but the area used for the number of lots in the first six phases of this development suggests that there will not be 3,000 lots. This is especially the case because Horizon connected the first six phases of Summit Park.

Horizon Utilities will file updated pages of the Application consistent with the comments set out above by August 16, 2012. Horizon Utilities trusts that this information will assist the Board in considering this Application and thanks the Board in advance for its consideration of this matter.

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

Yours truly,

*Original signed by Jamie Gribbon*

*for*

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

Encls.

cc: Yoon Kim, Applications Analyst – Regulatory Affairs, Hydro One Networks Inc.  
Judith Fernandes, Board Staff

**EB-2012-0047**

**Appendix 1 to Horizon Utilities Correspondence of August 10, 2012**

**Hydro One Networks Inc. Offer to Connect**

**MULTI-SERVICE CONNECTION COST AGREEMENT**

Between

**Multi- Area Development Inc.**

And

**Hydro One Networks Inc.**



for

Summit Park Phase 7

MULTI- AREA DEVELOPMENT INC. (the “Developer”) has requested and HYDRO ONE NETWORKS INC. (“Hydro One”) has agreed to perform certain work pertaining to the connection of the project described below, on the terms and conditions set forth in this Multi-Service Connection Cost Agreement dated this 27rd day of July 2012, (the “Agreement”). The attached Standard Terms and Conditions for Multi-Service Connection Projects V1 06-2011 (the “**Standard Terms and Conditions**”) and the following schedules, as amended, supplemented or restated from time to time, are to be read with and form part of the Agreement:

- Schedule “A” (Description of the Non-Contestable Work and the Contestable Work);
- Schedule “B” (Description of Civil Work);
- Schedule “C” (Specifications);
- Schedule “D” (Hydro One Design - Drawing # 00351-12-116 Rev 06 )
- Schedule “E” (Developer’s Load Forecast)”
- Schedule “F” (Economic Evaluation Results)
- Schedule “G” (Option A/Option B Chart)
- Schedule “H” (Form of Transfer of Ownership of Primary Distribution System, Secondary Distribution System, Line Expansion and Residential Service Cables)
- Schedule “I” – certified copy of the Band Council resolution where the Developer is a Band of Indians, authorizing the execution of this Agreement and the issuance of any permits required under Section 28(2) of the *Indian Act* (Canada).

Unless otherwise defined herein, all capitalized terms herein shall have the meaning ascribed to them in the Standard Terms and Conditions.

## **I. Project Summary**

The Developer is planning to:

expand or develop a residential subdivision known as Summit Park Phase 7 at the property located at Part of Lots 4 & 5, Block 4, Conc. 1, Binbrook in the City of Hamilton in the as more particularly described in PIN \_\_\_\_\_, and where a plan of subdivision has been registered as \_\_\_\_\_ at \_\_\_\_:\_\_\_\_ a.m./p.m. on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the foregoing being hereinafter described as “**Project**”).

**The Developer hereby agrees to proceed with one of the following options:**

**Option A:** Hydro One performs the Non-Contestable Work and the Contestable Work; or

**Option B:** The Developer performs the Contestable Work and Hydro One performs the Non-Contestable Work,

**by confirming its' selection of the appropriate option contained in below:**

The Developer hereby elects Option A by checking the box below and initialling where specified below and agrees with and accepts all the figures contained in the Option A Chart set out in Schedule "C".

Option A    ☐ \_\_\_\_\_ (Developer's Signatories' Initials)

The Developer hereby elects Option B by checking the box below and initialling where specified below and agrees with and accepts all the figures contained in the Option B Chart set out in Schedule "C".

Option B    ☐ \_\_\_\_\_ (Developer's Signatories' Initials)

## **II. Term**

Except as expressly set out in this Agreement; this Agreement shall be in full force and effect and binding on the parties upon execution by both parties and shall terminate on the 7<sup>th</sup> anniversary of the Energization Date. Termination of the Agreement for any reason shall not relieve either party of its liabilities and obligations existing under the Agreement at the time of termination. Termination of this Agreement for any reason shall be without prejudice to the right of either party, including the terminating party, to pursue all legal and equitable remedies that may be available to it including, but not limited to, injunctive relief.

## **III. Impact on Agreement if Developer Fails to Execute the Agreement by the Required Execution Date**

All amounts quoted in the applicable Option A Chart or the Option B Chart (including, but not limited to, the Firm Offer and the estimate of Available Support and the estimate of the Capital Contributions will only be remain valid until the Required Execution Date (see Part IV below).

This Agreement shall be null and void and neither party shall have any further liability or obligation to the other if the Developer fails to do any of the following by the Required Execution Date:

- (i) execute and deliver this Agreement to Hydro One; or
- (ii) Deliver the Capital Contribution to Hydro One upon the execution of the Agreement by the Developer; or
- (iii) Deliver the Expansion Deposit to Hydro One upon the execution of the Agreement by the Developer; or
- (iv) Deliver proof of insurance as required under the terms of this Agreement upon the execution of the Agreement by the Developer; or
- (v) Deliver a certified copy of the Band Council resolution upon the execution of the Agreement by the Developer where the Developer is a Band of Indians with such Band Council Resolution authorizing the execution of this Agreement and the issuance of any permits required under Section 28(2) of the *Indian Act* (Canada).

#### **IV. Miscellaneous:**

**Developer's HST Registration Number:**<sup>1</sup>

**Expansion Deposit:**<sup>2</sup>

\$1,425,258.67

**Easement Date:**<sup>3</sup>

05th day of September 2012

**Customer Connection Horizon:**

5 years

**Required Execution Date:**

27rd day of January 2013

**Revenue Horizon:**

25 years

**Developer Notice Info:**<sup>4</sup>

Multi- Area Development Inc.  
10-301 fruitland Road, Stoney Creek, ON., L8E 5M1

**Attention:** Steve Spicer

**Fax:** 905-662-8401

#### **V. Entire Agreement**

Subject to Section 2.4 of the Standard Terms and Conditions, this Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement.

**[SIGNATURE PAGE FOLLOWS]**

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<sup>1</sup> See Subsection 1.1(e) of the Standard Terms and Conditions.

<sup>2</sup> See Sections 6.1 and 6.2 of the Standard Terms and Conditions.

<sup>3</sup> See Subsections 5.2(l) of the Standard Terms and Conditions.

<sup>4</sup> See Section 13.5 of the Standard Terms and Conditions.

## **VI. Amendments**

It is recognised that from time to time during the currency of the Agreement the parties hereto may mutually, unless otherwise provided for in the Agreement, alter, amend, modify or vary the provisions of the Agreement and such alteration, amendment, modification, variation or substitution shall be effected in writing and attached hereto and shall be deemed to form part hereof and shall, from the date agreed upon, alter, amend, modify, vary or substitute the Agreement in the manner and to the extent set forth in writing by the parties. Subject to the foregoing, no amendment, modification or supplement to the Agreement shall be valid or binding unless set out in writing and executed by the parties with the same degree of formality as the execution of the Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Agreement.

### **HYDRO ONE NETWORKS INC.**

\_\_\_\_\_  
Name: Gordon Messervey  
Title: Supervising Planning & Design  
Date:  
I have the authority to bind the Corporation

### **Multi- Area Development Inc.**

\_\_\_\_\_  
Name:  
Title:  
Date:

\_\_\_\_\_  
Name:  
Title:  
Date:  
I/We have the authority to bind the Corporation

## **Schedule "A" Description of the Contestable and Non-Contestable Work**

**See attached Drawing 00351-12-116 Rev 06**

### **Description of Non-Contestable Work Hydro One MUST perform:**

#### **For Underground Lines (Including Submarine):**

1. Perform make ready work on existing Hydro One facilities (dip pole or existing transformer or kiosk )
2. Termination of all primary and secondary cables within the Electrical Distribution System
3. Installation of transformers and kiosks including inserts, elbows, insulating caps, arrestors and feed through
4. Install kiosks including insulating caps
5. Install numbering, signs, locks and phase markings on transformers and kiosks
6. Connection of grounds to transformers and kiosks
7. Install switching/isolation of existing Hydro One facilities
8. Perform Inspection

#### **For Overhead Lines:**

1. Perform make ready work on existing Hydro One facilities
2. Termination of all primary cables at transformer and switch locations and secondary cables transitioning to underground within the Electrical Distribution System
3. Install transformers and transformer framing
4. Install switches

### **Description of Contestable Work Hydro One or Developer/Contractor can perform (Unless otherwise stated on Drawing):**

#### **For Underground Lines (Including Submarine):**

1. Supply and install primary and secondary cables
2. Install secondary splices

#### **For Overhead Lines:**

1. Install new poles, primary and secondary conductor, guys and anchors
2. Install primary and secondary framing
3. Install grounding (Plates and Rods)



## **Schedule “B” – Description of Civil Work**

The Developer shall perform the following Civil Work, at its own expense, in accordance with the terms of this Agreement, including, the applicable Hydro One Specifications and standards:

### **For Underground Lines:**

- Excavate trenches;
- Install sand padding with masonry sand;
- Supply and install pre-cast concrete vaults and backfill;
- Install bollards if specified by Hydro One in the design of the Electrical Distribution System;
- Install grounding (Rods);
- Install a crushed stone base for transformers and kiosks;
- Install partial and complete duct banks as specified on drawing (Direct Buried and or Concrete Encased);
- Install road crossing ducts (Including Road Cuts and Bores) complete with pull rope and caps for spares; and
- Perform any other Civil Work referenced in the applicable Hydro One Specifications and standards.

### **For Sub-cable work (In addition to requirements for Underground Lines):**

- Install poured pads (when specified on drawing) in accordance with Hydro One’s Standard DU-06-302;
- Supply and install pre-cast concrete vaults and or aluminum vaults;
- Install grounding (Rods or Plates);
- Install masonry sand padding and crushed stone; and
- Perform any other Civil Work referenced in the applicable Hydro One specifications and standards.

### **All Forestry work outside of operating clearances around existing lines**

**Schedule “C” - Specifications**

The following will be provided to the Developer on a CD-ROM:

The Hydro One Overhead and Underground Distribution Standards – 2011 Editions

**Schedule “D” - Hydro One Design - Drawing # 00351-12-116 Rev 06**

**Schedule “E” –“Developer’s Load Forecast”**

**Residential Services**

<b>Rate Class</b>	<b>#of Lots</b>	<b>Sq. Ftge</b>	<b>Load Type</b>	<b>Service Size (Amps)</b>
UR	101	2500 sqft	Base + AC	200 amps
UR	185	1500 sqft	Base + AC	200 amps

**Commercial Services**

<b>Rate Class</b>	<b>#of Lots</b>	<b>Secondary Voltage</b>	<b>Service Size (Amps)</b>	<b>Usage</b>	<b>Business Type</b>
Gse	1	120/240V	200 amps	Single Shift	Commercial

**Submitted by the Developer on this** 12th day of June 2012.

**Multi- Area Development Inc.**

\_\_\_\_\_  
Name:  
Title:  
Date:

\_\_\_\_\_  
Name:  
Title:  
Date:  
I/We have the authority to bind the Corporation

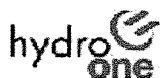


## Basic Discounted Cash Flow Calculation

<b>Capital Costs and Charges</b>				<b>Hydro One does all the work (Option A)</b>	<b>Alternative Bid Option (Option B)</b>
Subdivision Expansion Cost	Length	2477	metres	\$ 757,154.26	\$ 473,214.43
Line Expansion Cost	Length	0	metres	\$ -	\$ -
Subtotal				\$ 757,154.26	\$ 473,214.43
Overheads and Interest During Construction				\$ 93,510.86	\$ 60,382.38
Total Capital Cost				\$ 850,665.11	\$ 533,596.80

<b>Operating and Maintenance (O&amp;M) Costs over 25 Year Revenue Horizon</b>					
Estimated Connection O & M per year		\$	34,180.06		
Estimated Expansion O & M per year					
Line Expansion O&M (OH Line)	0 m	\$	-		
Line Expansion O&M (UG Line)	0	\$	-		
Subdivision Line (OH Line)	0	\$	-		
Subdivision (UG Line)	2477	\$	2,558.74		
Estimated System Reinf. O&M per year		\$	31,776.61		
Estimated Yearly O&M		\$	68,515.41		
Estimated Total O&M Over F 25 Years		\$	1,712,885.16	PV \$ 886,979.63	\$ 886,979.63

<b>Total Cost of Connection</b>			
Total Capital Cost	\$	850,665.11	\$ 533,596.80
Total PV of O&M	\$	886,979.63	\$ 886,979.63
Total Cost Of Connection	\$	1,737,644.75	\$ 1,420,576.44



## Basic Discounted Cash Flow Calculation

### Summary of Revenues over Horizon

Residential Energy Kilowatt hours (kWh) ##### Energy Billed at a Rate of 2.918 cents per kWh  
 Combined Averages for 286 UR Rate Class customer(s)

Residential Energy Kilowatt hours (kWh)

Commercial Energy Kilowatt hours (kWh) 1892.1600 Energy Billed at a Rate of 3.938 cents per kWh  
 Combined Averages for 1 GSe Rate Class customer(s)

Commercial Demand Kilowatts (kW)

Monthly Combined Revenue	\$	5,665.65		
Service Charges Totaled for the project	\$	4,188.21		
Total	\$	9,853.86		
Yearly Revenue	\$	118,246.36		
Total Revenue Over 25 Years	\$	2,956,159.02	PV \$	1,530,781.46 \$ 1,530,781.46

### Taxes, Tax Credits and Other Adjustments

PV Income Taxes	\$	181,874.01		
CCA Tax Shield, and Municipal Taxes	\$	(130,709.12)		
PV Working Capital	\$	6,349.69		
Capital Contribution Adjustment	\$	47,998.21		
	\$	105,512.79	PV \$	105,512.79 \$ 105,512.79
Revenue After Tax	\$		\$	1,425,268.67 \$ 1,425,268.67

### Summary of Costs and Revenues

Total Cost of Connection	\$	1,737,644.75	\$	1,420,576.44
Less Applicable Revenue After Tax	\$	1,425,268.67	\$	1,425,268.67
Customer Pays This Amount* plus Excluded Items and HST	\$	(312,376.08)	\$	4,692.23

\*Difference between the Total Cost of Connection and Revenue After Tax (note negative number indicates Capital Contribution is required)

\*\* In the case of a credit, the maximum amount of this value is equal to the Contestable support of Option A

PV = Present Value

Rev 07/2011



## Basic Discounted Cash Flow Calculation

This is how the Calculation relates to Sections 2.0, 3.0, 5.0A and 5.0B of your contract.

	Hydro One does all the work (Option A)	Alternative Bid Option (Option B)
<b>Customer Contribution Required For The Connection (From Above)</b>	\$ 312,376.08	\$ (4,692.23)
<b>Less Pre Paid Amounts</b>		
Line 1.1 Engineering Design Fees Paid	\$ 14,800.00	\$ 14,800.00
Line 3.4 Miscellaneous Approvals Paid	\$ -	\$ -
<b>Plus Items Excluded From Receiving Support</b>		
Incremental Cost For Pad-Mounted Transformer (NonContestable)	\$ -	\$ -
Work Site Inspector	\$ -	\$ 38,253.60
Returned Materials Charge	\$ -	\$ -
Sub Total	\$ 297,576.08	\$ 18,761.37
HST	\$ 38,684.89	\$ 2,438.98
<b>Amount Due*</b>	<b>\$ 336,260.97</b>	<b>\$ 21,200.35</b>

Average Support per Service		Option A	Option B
Residential Energy		\$ 4,928.42	\$ 4,435.58
Commercial Energy		\$ 15,741.45	\$ 14,167.31
Commercial Demand		\$ -	\$ -
Note: Option B Average Support Includes 10% Holdback for Warranty			

\* Note: Section 4.0 charges are in addition to these amounts.

Rev 06/2011

3.2 The Developer hereby elects Option A by checking the box below and agrees and accepts all the figures contained in the Option A chart below:

Option A – Hydro One Networks Performs Non-Contestable Work and Contestable Work				
Part 1 Non-Contestable Work Firm Offer		TOTAL	PAID	DUE
<b>1.0 Engineering &amp; Design</b>				
1.1	Design Costs (subject to GST)	\$ -	\$ -	\$ -
	Design Costs (subject to HST)	\$ 12,877.50	\$ (14,800.00)	\$ (1,922.50)
	<b>Total Cost Section 1.1</b>	\$ 12,877.50	\$ (14,800.00)	\$ (1,922.50)
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	<b>Remaining Balance Section 1.1</b>	\$ 12,877.50	\$ (14,800.00)	\$ (1,922.50)
<b>2.0 Cost of Non-Contestable Work Other Than Line Expansion</b>				
		TOTAL	PAID	DUE
2.1	Non-Contestable Subdivision Secondary Costs			
	Material	\$ 146,723.85	\$ -	\$ 146,723.85
	Labour	\$ 124,161.12	\$ -	\$ 124,161.12
	Equipment	\$ 70,279.88	\$ -	\$ 70,279.88
	Other Miscellaneous	\$ 16,398.64	\$ -	\$ 16,398.64
	Administration & Overheads	\$ 23,426.63	\$ -	\$ 23,426.63
	400A Meterbase Credit	\$ -	\$ -	\$ -
	<b>Total Cost Section 2.1</b>	\$ 380,990.11	\$ -	\$ 380,990.11
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 380,990.11	\$ -	\$ 380,990.11
	<b>Remaining Balance Section 2.1</b>	\$ -	\$ -	\$ -
2.2	Non-Contestable Subdivision Primary Costs			
	Material	\$ 95,874.57	\$ -	\$ 95,874.57
	Labour	\$ 23,242.95	\$ -	\$ 23,242.95
	Equipment	\$ 13,156.39	\$ -	\$ 13,156.39
	Other Miscellaneous	\$ 3,069.82	\$ -	\$ 3,069.82
	Administration & Overheads	\$ 4,385.46	\$ -	\$ 4,385.46
	Cost To Connect To An Existing Powerline	\$ -	\$ -	\$ -
	Forestry Cost (If Applicable)	\$ -	\$ -	\$ -
	<b>Total Cost Section 2.2</b>	\$ 139,729.19	\$ -	\$ 139,729.19
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	<b>Remaining Balance Section 2.2</b>	\$ 139,729.19	\$ -	\$ 139,729.19
Continued				



3.2 Continued

The Developer hereby elects Option A by checking the box below and agrees and accepts all the figures contained in the Option A chart below:

Option A – Hydro One Networks Performs Non-Contestable Work and Contestable Work				
3.0 Cost Of Non-Contestable Line Expansion (If Applicable)				
		TOTAL	PAID	DUE
3.1	Non-Contestable Line Expansion Costs			
	Material	\$ -	\$ -	\$ -
	Labour	\$ -	\$ -	\$ -
	Equipment	\$ -	\$ -	\$ -
	Other Miscellaneous	\$ -	\$ -	\$ -
	Administration & Overheads	\$ -	\$ -	\$ -
3.2	Cost To Connect To An Existing Powerline	\$ -	\$ -	\$ -
3.3	Forestry Cost (If Applicable)	\$ -	\$ -	\$ -
3.4	Miscellaneous Approvals Such As Water Crossing, Railway Crossing, Pipeline Crossing, etc.	\$ -	\$ -	\$ -
3.5	Easements, Permits and Approvals	\$ -	\$ -	\$ -
	<b>Total Cost Section 3.1 to 3.5</b>	\$ -	\$ -	\$ -
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	<b>Remaining Balance Section 3.1 to 3.5</b>	\$ -	\$ -	\$ -
4.0 Cost of Contestable Work Other Than Line Expansion				
		TOTAL	PAID	DUE
4.2	Contestable Subdivision Secondary Costs			
	Material	\$ 96,914.95	\$ -	\$ 96,914.95
	Labour	\$ 62,015.99	\$ -	\$ 62,015.99
	Equipment	\$ 35,103.39	\$ -	\$ 35,103.39
	Other Miscellaneous	\$ 8,190.79	\$ -	\$ 8,190.79
	Administration & Overheads	\$ 11,701.13	\$ -	\$ 11,701.13
	<b>Total Cost Section 4.1</b>	\$ 213,926.25	\$ -	\$ 213,926.25
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 157,298.92	\$ -	\$ 157,298.92
	<b>Remaining Balance Section 4.1</b>	\$ 56,627.33	\$ -	\$ 56,627.33
4.2	Contestable Subdivision Primary Costs			
	Material	\$ 63,274.69	\$ -	\$ 63,274.69
	Labour	\$ 21,129.70	\$ -	\$ 21,129.70
	Equipment	\$ 11,960.21	\$ -	\$ 11,960.21
	Other Miscellaneous	\$ 2,790.72	\$ -	\$ 2,790.72
	Administration & Overheads	\$ 3,986.74	\$ -	\$ 3,986.74
	<b>Total Cost Section 4.2</b>	\$ 103,142.06	\$ -	\$ 103,142.06
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	<b>Remaining Balance Section 4.2</b>	\$ 103,142.06	\$ -	\$ 103,142.06
Continued				

3.2 Continued

The Developer hereby elects Option A by checking the box below and agrees and accepts all the figures contained in the Option A chart below:

<b>Option A – Hydro One Networks Performs Non-Contestable Work and Contestable Work</b>				
<b>5.0 Contestable Cost Of Line Expansion (If Applicable)</b>				
5.1	Contestable Cost of Line Expansion	TOTAL	PAID	DUE
	Material	\$ -	\$ -	\$ -
	Labour	\$ -	\$ -	\$ -
	Equipment	\$ -	\$ -	\$ -
	Other Miscellaneous	\$ -	\$ -	\$ -
	Administration & Overheads	\$ -	\$ -	\$ -
	<b>Total Cost Section 5.1</b>	\$ -	\$ -	\$ -
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	<b>Remaining Balance Section 5.1</b>	\$ -	\$ -	\$ -
<b>Remaining balance on Non-Contestable and Contestable Work (Sections 1.0 through 5.0)</b>		\$ 312,376.08	\$ (14,800.00)	\$ 297,576.08
<b>Part 3 Non-Contestable and Contestable Work Above Standard Connection</b>				
		TOTAL	PAID	DUE
6.0	Items Excluded From Receiving Support			
6.1	Pad-mount Transformer Incremental Cost (NonCont.)	\$ -	\$ -	\$ -
6.2	Returned Materials Charge	\$ -	\$ -	\$ -
	<b>Total Cost Section 6.1 to 6.2</b>	\$ -	\$ -	\$ -
<b>Part 4 Totals</b>				
<b>Revenue Shortfall (if applicable)</b>		\$ -		\$ -
Sub-Total (without Tax) for Option A		\$ 312,376.08	\$ (14,800.00)	\$ 297,576.08
GST on Engineering and Design for Option A		\$ -	\$ -	\$ -
HST on Engineering and Design for Option A		\$ 1,674.08	\$ (1,924.00)	\$ (249.93)
HST on Remaining Items for Option A		\$ 38,934.82	\$ -	\$ 38,934.82
Grand Total (with GST & HST) for Option A		\$ 352,984.97	\$ (16,724.00)	\$ 336,260.97
GST/HST# 870865821RT0001				
A-1	The Developer has paid the cost of Design and Staking, incurred by Hydro One Networks in the amount of =		\$ (16,724.00)	
A-2	The Developer shall pay 100% of the Remaining Cost to be incurred by Hydro One Networks at the time of signing of this Agreement, in the amount of =			\$ 336,260.97
A-3	Refund After Hydro One Networks Support Applied			\$ -
I Elect To Choose Option A <input type="checkbox"/> <div style="text-align: right;"> Signature  </div>				

- 3.3 The Developer hereby elects Option B by checking the box below and agrees and accepts all the figures contained in the Option B chart below:

Option B – Hydro One Networks Performs Non-Contestable Work Only				
Part 1 Non-Contestable Work Firm Offer		TOTAL	PAID	DUE
<b>1.0 Engineering &amp; Design</b>				
1.1	Design Costs (subject to GST)	\$ -	\$ -	\$ -
	Design Costs (subject to HST)	\$ 12,877.50	\$ (14,800.00)	\$ (1,922.50)
	<b>Total Cost Section 1.1</b>	\$ 12,877.50	\$ (14,800.00)	\$ (1,922.50)
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	<b>Remaining Balance Section 1.1</b>	\$ 12,877.50	\$ (14,800.00)	\$ (1,922.50)
<b>2.0 Cost of Non-Contestable Work Other Than Line Expansion</b>				
		TOTAL	PAID	DUE
2.1	Non-Contestable Subdivision Secondary Costs			
	Material	\$ 146,723.85	\$ -	\$ 146,723.85
	Labour	\$ 124,161.12	\$ -	\$ 124,161.12
	Equipment	\$ 70,279.88	\$ -	\$ 70,279.88
	Other Miscellaneous	\$ 16,398.64	\$ -	\$ 16,398.64
	Administration & Overheads	\$ 23,426.63	\$ -	\$ 23,426.63
	400A Meterbase Credit	\$ -	\$ -	\$ -
	<b>Total Cost Section 2.1</b>	\$ 380,990.11	\$ -	\$ 380,990.11
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ 380,990.11	\$ -	\$ 380,990.11
	<b>Remaining Balance Section 2.1</b>	\$ -	\$ -	\$ -
	2.2	Non-Contestable Subdivision Primary Costs		
Material		\$ 95,874.57	\$ -	\$ 95,874.57
Labour		\$ 23,242.95	\$ -	\$ 23,242.95
Equipment		\$ 13,156.39	\$ -	\$ 13,156.39
Other Miscellaneous		\$ 3,069.82	\$ -	\$ 3,069.82
Administration & Overheads		\$ 4,385.46	\$ -	\$ 4,385.46
Cost To Connect To An Existing Powerline		\$ -	\$ -	\$ -
Forestry Cost (If Applicable)		\$ -	\$ -	\$ -
<b>Total Cost Section 2.2</b>		\$ 139,729.19	\$ -	\$ 139,729.19
Less: Revenue Support Applied To This Section (to a maximum of the cost above)		\$ -	\$ -	\$ -
<b>Remaining Balance Section 2.2</b>		\$ 139,729.19	\$ -	\$ 139,729.19
Continued				

### 3.3 Continued

The Developer hereby elects Option B by checking the box below and agrees and accepts all the figures contained in the Option B chart below:

Option B – Hydro One Networks Performs Non-Contestable Work Only				
3.0	Non-Contestable Cost Of Line Expansion (If Applicable)	TOTAL	PAID	DUE
3.1	Non-Contestable Line Expansion Costs			
	Material	\$ -	\$ -	\$ -
	Labour	\$ -	\$ -	\$ -
	Equipment	\$ -	\$ -	\$ -
	Other Miscellaneous	\$ -	\$ -	\$ -
	Administration & Overheads	\$ -	\$ -	\$ -
3.2	Cost To Connect To An Existing Powerline	\$ -	\$ -	\$ -
3.3	Forestry Cost (If Applicable)	\$ -	\$ -	\$ -
	Miscellaneous Approvals Such As Water Crossing, Railway Crossing, Pipeline Crossing, etc.			
3.4		\$ -	\$ -	\$ -
3.5	Easements, Permits and Approvals	\$ -	\$ -	\$ -
	<b>Total Cost Section 3.1 to 3.5</b>	\$ -	\$ -	\$ -
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	<b>Remaining Balance Section 3.1 to 3.5</b>	\$ -	\$ -	\$ -
	<b>Remaining balance on Non-Contestable and Contestable Work (Sections 1.0 through 3.0)</b>	\$ 152,606.69	\$ (14,800.00)	\$ 137,806.69
	<b>Total Unused Support Available For Contestable Work</b>	\$ 157,298.92	\$ -	\$ 157,298.92
	<b>Total Remaining Balance</b>	\$ (4,692.23)	\$ (14,800.00)	\$ (19,492.23)
<b>Part 2 Non-Contestable Work Above Standard Connection</b>				
4.0	Items Excluded From Receiving Support			
4.1	Pad-mount Transformer Incremental Cost	\$ -	\$ -	\$ -
4.2	Work Site Inspection (If Applicable)	\$ 38,253.60	\$ -	\$ 38,253.60
4.3	Returned Materials Charge	\$ -	\$ -	\$ -
	<b>Total Cost Section 4.1 to 4.2</b>	\$ 38,253.60	\$ -	\$ 38,253.60
<b>Part 3 Totals</b>				
	<b>Revenue Shortfall (if applicable)</b>	\$ -	\$ -	\$ -
	<b>Sub-Total (without Tax) for Option B</b>	\$ 33,561.37	\$ (14,800.00)	\$ 18,761.37
	<b>GST on Engineering and Design for Option B</b>	\$ -	\$ -	\$ -
	<b>HST on Engineering and Design for Option B</b>	\$ 1,674.08	\$ (1,924.00)	\$ (249.93)
	<b>HST on Remaining Items for Option B</b>	\$ 2,688.90	\$ -	\$ 2,688.90
	<b>Grand Total (with GST &amp; HST) for Option B</b>	\$ 37,924.35	\$ (16,724.00)	\$ 21,200.35
GST/HST# 870865821RT0001				
Continued				

3.3 Continued

The Developer hereby elects Option B by checking the box below and agrees and accepts all the figures contained in the Option B chart below:

<b>Option B – Hydro One Networks Performs Non-Contestable Work Only</b>				
<b>Part 3 Totals Unused Support Available For Contestable work</b>				
		TOTAL	PAID	DUE
B-1	The Developer has paid the cost of Design and Staking, incurred by Hydro One Networks in the amount of =		\$ (16,724.00)	
B-2	The Developer shall pay 100% of the Remaining Cost to be incurred by Hydro One Networks at the time of signing of this Agreement, in the amount of =			\$ 21,200.35
B-3	Refund After Hydro One Networks Support Applied			\$ -

I Elect To Choose Option B ☐

← Signature \_\_\_\_\_

**Schedule “H” – Form of Transfer of Ownership of Primary Distribution System, Secondary Distribution System, Line Expansion and Residential Service Cables**

**TRANSFER OF OWNERSHIP OF PRIMARY DISTRIBUTION SYSTEM, SECONDARY DISTRIBUTION SYSTEM, LINE EXPANSION AND RESIDENTIAL SERVICE CABLES  
(CONSTRUCTED BY HYDRO ONE NETWORKS INC. OR DEVELOPER)**

Hydro One Networks Inc. Expansion/Connection #: 00351-12-116 Rev 06

Summit Park Phase 7

In accordance with the Multi-Service Connection Cost Agreement made between the undersigned Developer (the “**Developer**”) and Hydro One Networks Inc. dated the 27rd day of July 2012 (the “**Agreement**”), the Developer hereby irrevocably conveys all rights, title and interest, free and clear of all present and future mortgages, liens, demands, charges, pledges, adverse claims, rights, title, retention agreements, security interests, or other encumbrances of any nature and kind whatsoever in the:

- (a) Primary Distribution System and any Line Expansion as described in Schedule “D” of the Agreement and as referred to in the said Agreement; and
- (b) that part of the Secondary Distribution System as described in Schedule “D” of the Agreement and as referred to in the said Agreement that has been installed as of the Energization Date of the Primary Distribution System; and
- (c) any Residential Service cables connected to the Secondary Distribution System described in (b) above on the Energization Date of the Primary Distribution System,

to Hydro One Networks Inc. with effect as of the Energization Date of the Primary Distribution System;

**AND:**

- (1) any addition to the Secondary Distribution System as described in Schedule “E” of the Agreement and as referred to in the said Agreement that is installed following the Energization Date of the Primary Distribution System; and
- (2) any Residential Service cables connected to the Secondary Distribution System ,

to Hydro One Networks Inc. with effect as of the Energization Date of the addition to the Secondary Distribution System described in (1) above.

**Schedule "H" – Form of Transfer of Ownership of Primary Distribution System, Secondary Distribution System, Line Expansion and Residential Service Cables**

**Multi- Area Development Inc.**

\_\_\_\_\_  
Name:

Title:

Date:

\_\_\_\_\_  
Name:

Title:

Date:

I/We have the authority to bind the Corporation

Hydro One Networks Inc. hereby agrees to assume ownership and responsibility for operation and maintenance of the Primary Distribution System, the Secondary Distribution System, the Line Expansion and the Residential Service cables (all as described above) and as referred to in the said Agreement above on the respective Energization Dates described above.

**HYDRO ONE NETWORKS INC.**

\_\_\_\_\_  
Name: Gordon Messervey

Title: Supervising Planning & Design

Date:

I have the authority to bind the corporation

**EB-2012-0047**

**Appendix 2 to Horizon Utilities Correspondence of August 10, 2012**

**Material related to Sections 7.5.6 and 7.5.7 of the Board's  
Filing Requirements for Service Area Amendment Applications**



## EB-2012-0047

### Outage, Quality and Reliability of Service Statistics as Required by the Ontario Energy Board's Filing Requirements for Service Area Amendment Applications

#### 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.*

- **Horizon Utilities:**

The existing lines adjacent to the property (M4) experienced 29 outages in 2011, of which 5 were scheduled and three were auto reclose outages (less than 1 minute).

- **Hydro One:**

The existing line adjacent to the development is not capable of supplying the customer and therefore Hydro One has not provided reliability information on the existing line. Hydro One has reported that there were no forced interruptions that affected M3 or M4 in 2011. This information is incorrect (see 7.5.7), but may be Hydro One's perception due to the fact that no Hydro One customers are connected to either feeder.

#### 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.*

- **Horizon Utilities:**

Customers supplied from a similar feeder (M3) with similar customers and density, experienced 33 outages in 2011, of which 13 were auto reclose outages (less than 1 minute).

- **Hydro One:**

Hydro One has reported that there were no forced interruptions that affected M3 or M4 in 2011. This information is incorrect (see 7.5.6), but may be Hydro One's perception due to the fact that no Hydro One customers are connected to either feeder.

**EB-2012-0047**

**Appendix 3 to Horizon Utilities Correspondence of August 10, 2012**

**Horizon Utilities' Revised Offer to Connect**

## Subdivision – Offer to Connect

---

July 27, 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**

---

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	\$627,646.50
Labour	\$418,431.00
Equipment	\$278,954.00
Engineering & Administration	\$69,738.50
Work Order Costs	\$1,394,770.00
Upstream Electrical Distribution System Costs	\$127,953.45

Horizon Utilities Corporation  
55 John Street North, Hamilton, ON • Tel: 1-866-458-1236  
Mail to: P.O. Box 2249 STN LCD 1, Hamilton, ON L8N 3E4  
[www.horizonutilities.com](http://www.horizonutilities.com)



## Subdivision – Offer to Connect

Total Project Costs

\$1,522,723.45

Based upon the enclosed economic evaluation of the estimated costs and forecast revenues, the initial Capital Contribution required from the Customer is **\$1,179,437.40** (including HST).

The initial Capital Contribution includes \$149,182.60 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:	\$588,296.50
(ii) Labour (including design, engineering and construction):	\$278,631.00
(iii) Equipment:	\$276,084.00
(iv) Overhead (including administration):	<u>\$69,738.50</u>
Total:	\$1,212,750.00

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
- Acquiring all required permissions, permits and easements and obtaining any **certifications required under Ontario Regulation 22/04**

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## Subdivision – Offer to Connect

- 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 \$130,670.38.

### 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:	\$39,350.00
(ii) Labour (including design, engineering and construction):	\$139,800.00
(iii) Equipment:	\$2,870.00
(iv) Overhead (including administration):	\$0.00
Total:	\$182,020.00

### 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.

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

### Subdivision – Offer to Connect

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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.

Regards,



Paige Webb  
Engineering Technician  
Horizon Utilities Corporation

Cc:

RTG Systems Inc.  
3518 Mainway - Suite 203  
Burlington, ON  
L7M 1A8  
Attn: Mr. H. Marfisi, CET



**Subdivision – Offer to Connect**

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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	287	\$3,750	Year 3
Number of Transformers	25	\$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	\$1,262,750
Services & Metering	\$132,020
<b>Total Estimated Project Costs</b>	<b>\$1,394,770</b>

#### 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	627,646.50
Labour Costs @ 30% of Direct Project Costs	418,431.00
Equipment @ 20% of Direct Project Costs	278,954.00
Engineering & Admin. @ 5% of Direct Project Costs	69,738.50
<b>Sub-Total</b>	<b>1,394,770.00</b>
 Upstream Electrical Distribution System Costs	 127,953.45
 Total Project Costs	 1,522,723.45
 Capital Contribution	 1,043,749.91
 H.S.T. on Capital Contribution @ 13%	 135,687.49
 Total Capital Contribution Required including H.S.T.	 1,179,437.40



	A	B	C	D	E	F	G	H	I	J	K	
1		Project name	SUMMIT PARK - PHASE 7									
Table		Customer Name				New Customer Model						
No.			MULTI - AREA DEVELOPMENTS									
3	1	Forecasted customer additions (non-cumulative)										
4		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5					
5		Residential			287							
6		General Service < 50kW										
7		General Service > 50kW (non-TOU)										
8			287									
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	19,132.46	-	-	-	-					
46		Distribution feeders	108,820.99	-	-	-	-					
47		Distribution lines	1,126,250.00									
48		Distribution transformers	136,500.00									
49		Credit for previous work on service										
50		Services & metering (Residential Only)	-	-	132,020.00	-	-					
51		Services & metering										
52		Upstream cost credit (where applicable)										
53		Total	1,390,703.45	-	132,020.00	-	-					
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	19,132.46	0.00	0.00	19,132.46
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
287	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	19,132.46	0.00	0.00	19,132.46

Distribution Feeders Upstream Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Residential (kWh)	0.00	0.00	108,820.99	0.00	0.00	108,820.99
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	108,820.99	0.00	0.00	108,820.99

Discount rate	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	0.06289	
Present value factor - end of year	0.94083	0.88516	0.83279	0.78351	0.73715	0.69353	0.65250	0.61389	0.57756	0.54339	0.51124	0.48099	0.45253	0.42575	0.40056	0.37686	0.35456	0.33358	0.31384	0.29527	0.27780	0.26136	0.24590	0.23135	0.21766
Present value factor - mid-year	0.96996	0.91257	0.85857	0.80777	0.75998	0.71501	0.67270	0.63290	0.59545	0.56022	0.52707	0.49588	0.46654	0.43893	0.41296	0.38853	0.36554	0.34391	0.32356	0.30441	0.28640	0.26946	0.25351	0.23851	0.22440
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
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

OPERATIONS

Customer revenue - fixed charge rate																								
Residential	287	0	0	24,883	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766
General Service < 50kW	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Service > 50kW (non-TOU)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Service > 50kW (TOU)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Large User	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unmetered & scattered - (non-demand)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Street lighting	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total fixed charge revenue	287	0	0	24,883	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766	49,766
Customer revenue - variable charge rate																								
Residential	716,626	0	0	15,925	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850
General Service < 50kW	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Service > 50kW (non-TOU)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Service > 50kW (TOU)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Large User	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unmetered & scattered - (non-demand)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Street lighting	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Variable Charge Revenue	716,626	0	0	15,925	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850	31,850
Customer revenue - Total	716,913	0	0	40,808	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616
Present Value of Customer Revenue	858,021	0	0	35,036	65,927	62,026	58,356	54,903	51,655	48,598	45,723	43,017	40,472	38,077	35,824	33,704	31,710	29,834	28,069	26,408	24,845	23,375	21,992	20,690

\* Revenues received for the balance of the revenue horizon beyond year 6 are the same as year 5

Incremental Operating & Maintenance																										
Residential	812,138	0	0	18,048	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	
General Service < 50kW	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	
General Service > 50kW (non-TOU)	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	
General Service > 50kW (TOU)	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	
Large User	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	
Unmetered & scattered - (non-demand)	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	
Street lighting	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	
Total Incremental O & M	812,138	0	0	18,048	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	36,095	
Present Value of O & M	379,464	0	0	15,495	29,156	27,431	25,808	24,281	22,845	21,493	20,221	19,025	17,899	16,840	15,843	14,906	14,024	13,194	12,413	11,679	10,988	10,338	9,726	9,150	8,609	

\* Current year customer additions are divided by two in order to recognize level activities throughout the year.

CAPITAL COSTS																											
New facilities and/or reinforcement investments	1,522,723	1,390,703	0	132,020	0	0																					
Incremental Overheads at project level																											
Residential	0	0	0	0	0	0																					
General Service < 50kW	0	0	0	0	0	0																					
General Service > 50kW (non-TOU)	0	0	0	0	0	0																					
General Service > 50kW (TOU)	0	0	0	0	0	0																					
Large User	0	0	0	0	0	0																					
Unmetered & scattered - (non-demand)	0	0	0	0	0	0																					
Street lighting	0	0	0	0	0	0																					
Total incremental overheads	0	0	0	0	0	0																					
Land and land rights	0	0	0	0	0	0																					
Annual Total Capital Costs	1,522,723	1,390,703	0	132,020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Capital Costs excluding land	1,522,723	1,390,703	0	132,020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
* There is assumption made here that there are no up front capital costs in the first year, that Costs in the first year are incurred evenly during the year.																											
Present Value Of Annual Capital Costs	1,462,275	1,348,927	0	113,348	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	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		1,390,703	333,075	306,429	408,654	375,962	345,885	318,214	292,757	269,336	247,790	227,966	209,729	192,951	177,515	163,313	150,248	138,229	127,170	116,997	107,637	99,026	91,104	83,816	77,110	70,941
Less: Contributed Capital		(1,043,750)																								
Less: Capital cost allowance	413,707	13,878	26,646	29,795	32,692	30,077	27,671	25,457	23,421	21,547	19,823	18,237	16,778	15,436	14,201	13,065	12,020	11,058	10,174	9,360	8,611	7,922	7,288	6,705	6,169	5,675
Closing undepreciated capital cost		333,075	306,429	408,654	375,962	345,885	318,214	292,757	269,336	247,790	227,966	209,729	192,951	177,515	163,313	150,248	138,229	127,170	116,997	107,637	99,026	91,104	83,816	77,110	70,941	65,266
CCA Annual Income Tax Savings		3,671	7,048	7,881	8,647	7,955	7,319	6,733	6,195	5,699	5,243	4,824	4,438	4,083	3,756	3,456	3,179	2,925	2,691	2,476	2,278	2,095	1,928	1,774	1,632	1,501
Present Value of CCA Tax Shield	66,547	3,560	6,432	6,766	6,985	6,046	5,233	4,530	3,921	3,394	2,937	2,542	2,201	1,905	1,649	1,427	1,235	1,069	925	801	693	600	519	450	389	337

Present Value of Operating Cash Flow																										
Present Value of Net Operating Cash																										
Customer revenue - total	716,913	0	0	40,808	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616	81,616
Less: Total Incremental O & M	(812,138)	0	0	(18,048)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)	(36,095)
Net (Wires) Operating Cash before Income Tax	(95,225)	0	0	22,760	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521	45,521
Present value of Net Operating Cash	478,557	0	0	19,541	36,770	34,595	32,548	30,622	28,810	27,105	25,502	23,993	22,573	21,237	19,980	18,798	17,686	16,640	15,655	14,729	13,857	13,037	12,266	11,540	10,857	10,215
Present Value of Taxes																										
Income Taxes	270,906	0	0	6,020	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040
Provincial 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	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	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	0
Total Taxes	270,906	0	0	6,020	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040	12,040
PV of Taxes	126,578	0	0	5,169	9,726	9,150	8,609	8,099	7,620	7,169	6,745	6,346	5,971	5,617	5,285	4,972	4,678	4,401	4,141	3,896	3,665	3,448	3,244	3,052	2,872	2,702
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	0

Net Present Value Summary

1.		
PV of Operating Cash Flow	478,557.00	
a) PV of Net Operating Cash Flow	(126,578.33)	
b) PV of Taxes		
PV of Operating Cash Flow	351,978.68	
2.		
PV of Capital	(1,462,275.13)	
3.		
PV of CCA Tax Shield	66,546.55	
NET PRESENT VALUE	(1,043,749.91)	Capital Contribution required from Customer



# 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:

	287	Contestable	Uncontestable	Total
i. Material		588,296.50	39,350.00	627,646.50
ii. Labour		278,631.00	139,800.00	418,431.00
iii. Equipment		276,084.00	2,870.00	278,954.00
iv. Engineering & Administration		69,738.50		69,738.50
Work Order Costs		1,212,750.00	182,020.00	1,394,770.00
Upstream Electrical Distribution System Costs			127,953.45	127,953.45
Total Project Costs			\$	1,522,723.45

Number of Residential Customers To Be Connected

287

Developer has chosen to have Horizon Utilities construct the project

#### Initial Capital Contribution

##### NPV Components

Capital Expenditures - Project costs & upstream costs	-\$1,395,728.58
Incremental Operating, Maintenance & Administration Costs	-\$506,042.60
Distribution Revenue	858,021.28
Net Present Value	-\$1,043,749.91
HST @ 13%	-\$135,687.49
Total Initial Capital Contribution	-\$1,179,437.40

#### Expansion Deposit

\$351,020.09

#### 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)	\$1,179,437.40	Execution of Agreement
	- Expansion Deposit	\$351,020.09	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

# 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:

	287	Contestable	Uncontestable	Total
i. Material	588,296.50	39,350.00		627,646.50
ii. Labour	278,631.00	139,800.00		418,431.00
iii. Equipment	276,084.00	2,870.00		278,954.00
iv. Engineering & Administration	69,738.50			69,738.50
<b>Work Order Costs</b>	<b>1,212,750.00</b>	<b>182,020.00</b>		<b>1,394,770.00</b>
<b>Upstream Electrical Distribution System Costs</b>		127,953.45		<b>127,953.45</b>
<b>Total Project Costs</b>				<b>\$ 1,522,723.45</b>

**Number of Residential Customers To Be Connected**

287

**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%

\$58,137.50

\$65,637.50

**\$115,637.50**

HST @ 13%

\$15,032.88

**Prepayments Required**

**\$130,670.38**

**Expansion Deposit**

**\$1,212,750.00**

**Transfer Price (estimated - not including HST)**

To be finalized at the time of final economic evaluation

**\$416,657.59**

**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	\$130,670.38	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	\$121,275.00	Prior to Energization
	- Portion to complete, repair or bring up to standard the facilities		
	(v) Service and Metering Costs @ \$460 per Residential Customer	\$149,182.60	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