

EB-2012-0047

Service Area Amendment Application

Horizon Utilities Corporation

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Table of Contents

7.0	INTRODUCTION	3
7.1	BASIC FACTS	4
7.2	EFFICIENT RATIONALIZATION OF THE DISTRIBUTION SYSTEM	9
7.3	IMPACTS ARISING FROM THE PROPOSED AMENDMENT	17
7.4	CUSTOMER PREFERENCE	22
7.5	ADDITIONAL INFORMATION REQUIREMENTS FOR CONTESTED APPLICATIONS	22
	METHOD OF DISPOSITION	25
	CONCLUSION	25

ATTACHMENTS

1. AREA MAP
2. FACILITIES MAP
3. REQUEST FROM DEVELOPER
4. HORIZON UTILITIES' OFFER TO CONNECT
5. HORIZON UTILITIES' REVISED OFFER TO CONNECT
6. HYDRO ONE'S OFFER TO CONNECT
7. LETTER FROM THE CUSTOMER DATED JULY 24, 2012
8. MATERIAL RELATED TO SECTIONS 7.5.6. AND 7.5.7 OF THE BOARD'S FILING REQUIREMENTS FOR SERVICE AREA AMENDMENT APPLICATIONS

7.0 INTRODUCTION

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

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

7.1 BASIC FACTS

7.1.1

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

7.1.1 (a)

The applicant

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

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

Email: indy.butany@horizonutilities.com

7.1.1 (b)

The incumbent distributor

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

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

Email: yoona.kim@Hydroone.com

7.1.1 (c)

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

Multi Area Developments Inc. is the only affected customer.

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

Email: spicer@multi-area.com

7.1.1 (d)

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

NOT APPLICABLE

7.1.1 (e)

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

NOT APPLICABLE

7.1.2

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

Multi-Area Developments Inc., the developer within the area of the amendment, has requested that Horizon Utilities provide an underground electrical distribution system for this development. Horizon Utilities has sufficient capacity on its existing distribution facilities, which are located in the adjacent phases bordering on the new phase development, to supply the proposed load for

the new development. Hydro One's distribution facilities in the area are currently not sufficient to supply the load for the development and would require additional investment.

Hydro One's network of lines in the area is essentially the same as for the previous six phases of Multi-Area Developments' Summit Park development. Hydro One did not contest Service Area Amendment applications by Horizon Utilities or its predecessor that allowed the earlier phases of the development to be connected to Horizon Utilities' system. Horizon Utilities now has underground lines on the edge of the current development in an adjacent phase from having connected the previous subdivision phases from its original licensed service territory and through these prior service area amendments.

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

DESCRIPTION OF PROPOSED SERVICE AREA

7.1.3

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

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

7.1.4

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

7.1.4 (a)

The borders of the applicant's service area

Horizon Utilities service area includes the areas on the north side of Rymal Rd. and Phases 1 to 6 of the development on the south side of Rymal Rd., immediately west of the proposed new Phase 7 of the development. Horizon Utilities also serves areas on the south side of Rymal Rd. to the east of the development that were similarly added to Horizon Utilities' service area like Phases 1 to 6. See details in Attachment 1.

7.1.4 (b)

The borders of the incumbent distributor's service area

See Attachment 1

7.1.4 (c)

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

NOT APPLICABLE

7.1.4 (d)

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

See Attachment 1

7.1.4 (e)

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

See Attachment 1

7.1.4 (f)

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

See Attachment 2. Horizon Utilities has a 27.6 kV feeder with 20 MVA of capacity immediately adjacent to the subject area of this Application. Currently, ~~there are no existing~~ Hydro One's existing facilities in the area are not capable of supplying the Customer.

DISTRIBUTION INFRASTRUCTURE IN AND AROUND THE PROPOSED AMENDMENT AREA

7.1.5

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

Summit Park Phase 7 has 287 lots, of which 286 are ~~will be a~~ Residential subdivision and with ~~some small one is lot designated~~ Commercial for the specific purpose of a "passive park", which means power for lighting in the park ~~development~~. There will be connections to each lot.

7.1.6

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

See Attachment 1.

There are lands adjacent to the subject area that have not been developed but have been zoned Residential by the City of Hamilton. In 2011, the City of Hamilton approved these adjacent lands for development under Site Development Plans 25T200208, 25T200303, and 25T200213. These lands are part of a small section of the former Township of Glanbrook that were added to the “urban” official plan of the new City of Hamilton. The south side of these lands is the border of Ontario’s Greenbelt, which are lands protected from development by provincial government legislation.

7.2 EFFICIENT RATIONALIZATION OF THE DISTRIBUTION SYSTEM

7.2.1

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

7.2.1 (a)

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

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

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 Utilities' 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 LTR¹, 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.

¹ 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.

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 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 Developments’ 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 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 chosen not to contest Horizon Utilities' connection. For the seventh, Hydro One now advances that it is appropriate for it to use 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. Hydro One makes 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)

<i>The proximity of the proposed connection to an existing, well-developed electricity distribution system</i>
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The subject property is located on the south side of Rymal Road, and Horizon Utilities already has in place a 27.6 kV feeders in position to service running adjacent the north side of Rymal Road approximately 30 meters from 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 costs is unnecessary for the proposed SAA (Note: the Board will determine if the reason provided is acceptable)

Horizon Utilities' lines are immediately adjacent to the development that is the subject of this Application. In order to service Summit Park – Phase 7, ~~whereas these of Hydro One would need to be extended~~ its lines ~~by approximately 1.652 km~~ in order to service the customer. Horizon Utilities' fully allocated connection costs for supplying Summit Park – Phase 7 are as follows:

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

Revised July 27

	Horizon Utilities	
	Option A	Option B
Contestable Distribution System Installation	\$ 1,212,750	\$ -
Non Contestable Distribution System Installation	\$ 182,020	\$ 182,020
Upstream Charge	\$ 127,953	\$ 127,953
Subtotal	\$ 1,522,723	\$ 309,973
Less: NPV of Revenues net of OM&A and Taxes	(\$ 478,973)	(\$ 478,973)
Total estimated Capital Contribution required	\$ 1,043,750	(\$ 169,000)

Under Option A above, all contestable and non-contestable distribution system installation costs are paid by Horizon Utilities and the Customer makes a capital contribution toward these costs.

Under Option B, all contestable distribution system installation costs are paid by the Customer and non-contestable costs are paid by Horizon Utilities. Any excess of the NPV of Revenues less operating costs, taxes, and non-contestable costs, are paid to the Customer. Horizon Utilities' Offer to Connect is provided in Attachment 4. -Horizon Utilities is also providing its revised Offer to Connect (as submitted in its July 27, 2012 letter) as Attachment 5. The capital contribution for the revised Offer to connect is slightly lower than the original.

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 results in a higher risk distribution service for residents of this new development.

Horizon Utilities includes with this letter Hydro One's OTC as Attachment 6. 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 section 7.2.1 (a), above, 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 (d)

The amount of any capital contribution required from the customer

The Customer has indicated a preference to perform all contestable work on the electrical distribution system and will transfer the assets to Horizon Utilities upon the payment by Horizon Utilities of an estimated \$478,973,808 less estimated costs incurred by Horizon Utilities. This is subject to final true-up of the costs listed above. While the Customer has indicated this preference, Horizon Utilities has included the cost of the contestable work in its OTC and this Application as per the requirements of the DSC. Hydro One's OTC does not include the contestable portion of the work, but needs to if there is to be a fair and direct comparison of the respective offers.

7.2.1 (e)

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

NOT APPLICABLE

7.2.1 (f)

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

There will be no negative effect on the reliability of the infrastructure in the area that is the subject of the Application or in the regions adjacent to the area that is the subject of the Application over the long term- 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 higher 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 growth potential can be accommodated in a cost efficient manner by the existing Horizon Utilities 27.6 kV feeder running alongside the north side of Rymal Road. Horizon Utilities will not have to expand its existing infrastructure to supply this area.~~ 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 an 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 the 27.6 kV feeder running along the north side of Rymal Road which is already in place. There is no need for any additional proposed infrastructure to service this connection.~~

already in place due to the servicing by Horizon Utilities 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.

7.3 IMPACTS ARISING FROM THE PROPOSED AMENDMENT

DESCRIPTION OF IMPACTS

7.3.1

Identify any affected customers or landowners

See Section 7.1.1 (c) above.

7.3.2

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

There are no impacts on costs, rates, service quality, or reliability for customers in the area that is the subject of the Application or that arise as a result of the proposed service area amendment -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 considerably higher than Horizon Utilities' rates. In addition, there is a high likelihood of 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)
Example 1: Residential 1,000 kWh			
Service Charge	\$14.53	\$16.44	\$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	\$29	\$48	\$57
Total "Transmission cost" only - without riders	\$13	\$10	\$10
Total "Distribution and Transmission Cost" only - without riders	\$42	\$58	\$68

Horizon Utilities nonetheless submits that 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 kilometre².

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 clear, Hydro One should be fully aware that there are not 3,000 customers in the area. The only other Hydro

² Hydro One had acquired approximately 87 MEUs totaling 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 kilometer 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.

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 customers 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 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 Utilities connected the first six phases of Summit Park.

7.3.3

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

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

7.3.4

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

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

7.3.5

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

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

7.3.6

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

There is no requirement to transfer any assets.

7.3.7

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

There is no requirement to transfer any customers.

7.3.8

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

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

7.3.9

Identify any new load transfers or retail points of supply that will be created as a result of the proposed SAA. If a new load transfer will be created, has the applicant requested leave of the Board in accordance with section 6.5.5 of the Distribution System Code ("DSC")? If not, indicate when the applicant will be filing its request for leave under section 6.5.5 of the DSC with the

Board. If a new retail point of supply will be created, does the host distributor (i.e., the distributor who provides electricity to an embedded distributor) have an applicable Board approved rate? If not, indicate when the host distributor will be filing an application for the applicable rate.
Evidence of Consideration and Mitigation of Impacts

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

7.3.10

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

There are no other customers other than the developer, Multi-Area Developments Inc. Attachment 3 contains a letter from the Customer. Attachment 7 contains a further letter from the Customer dated July 24, 2012 outlining the urgency in having its construction site energized to begin building by mid-September of this year.

7.3.11

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

NOT APPLICABLE

7.3.12

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

See Attachment 3.

7.3.13

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

NOT APPLICABLE

7.4 CUSTOMER PREFERENCE

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

7.4.1

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

~~See Attachment 3.~~ Attachment 3 is a copy of a letter from the Customer dated January 24, 2012 in which the Customer requests that Horizon Utilities service the subject lands and expresses support for this Application. Attachment 7 is a copy of a letter from the Customer dated July 24, 2012 outlining the urgency in having its construction site energized to begin building by mid-September.

7.5 ADDITIONAL INFORMATION REQUIREMENTS FOR CONTESTED APPLICATIONS

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

7.5.1

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

Horizon Utilities understands from the Customer that it requested an Offer to Connect from Hydro One on March 18, 2012. Horizon Utilities ~~notes~~ identifies that at the time of filing this Application on June 15, 2012, no OTC hads been provided by Hydro One. Horizon Utilities

understands from the Customer that it has received a Planning Level Estimate from Hydro One. Horizon Utilities received a copy of the Hydro One Offer to Connect from the Customer on August 8, 2012. A copy of that Offer to Connect accompanies this updated Application as Attachment 6.

7.5.2

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

Attachment 4 contains a copy of Horizon Utilities' Offer to Connect. Attachment 5 contains an updated copy of Horizon Utilities' Offer to Connect. There are no other bordering distributors other than Hydro One and Horizon Utilities.

7.5.3

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

Attachment 4 contains a copy of Horizon Utilities' Offer to Connect. Attachment 5 contains an updated copy of Horizon Utilities' Offer to Connect.

7.5.4

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

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

Horizon Utilities' comparison of its updated Offer to Connect and the Offer to Connect from Hydro One has been provided in section 7.2, above.

7.5.5

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

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

Horizon Utilities has provided the required comparison of the electrical infrastructure necessary for each distributor to serve the subject area in section 7.2, above.

7.5.6

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

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

Please refer to Attachment 8.

7.5.7

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

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

Please refer to Attachment 8.

METHOD OF DISPOSITION

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

CONCLUSION

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

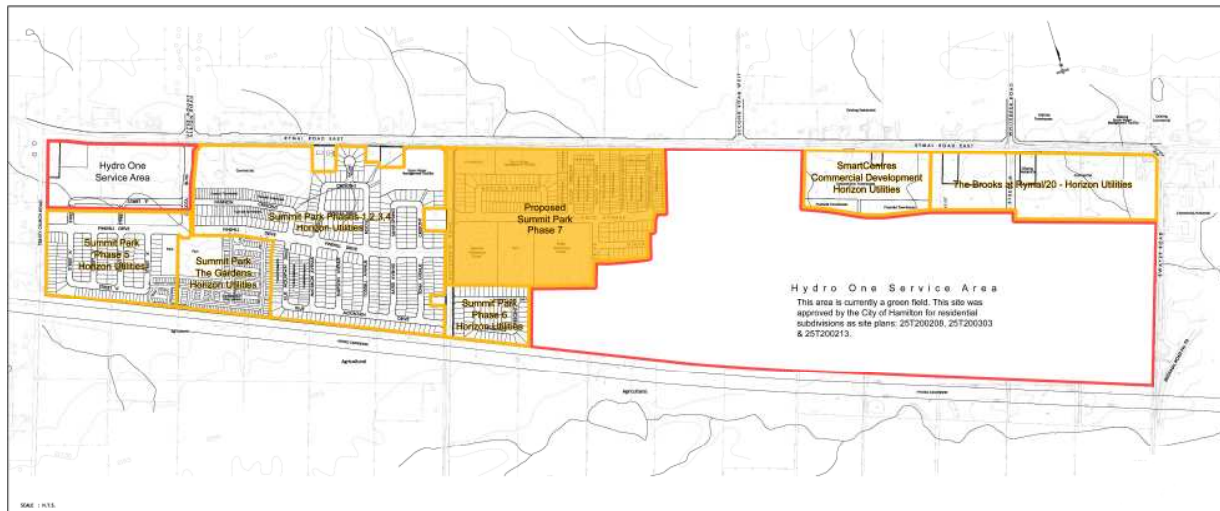
All of which is respectfully submitted this 15th day of June, 2012, and revised this 16th day of August, 2012.

Original signed by Jamie Gribbon for

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

Email: indy.butany@horizonutilities.com

Attachment 1 – Area Map



Attachment 3 – Request from Developer



January 24, 2012

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

Dear Daniel,

RE: Request for Electrical Supply

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

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

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

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

Sincerely,

Steve Spicer
Development Manager

Attachment 4 – Horizon Utilities’ Offer to Connect

Subdivision – Offer to Connect

June 5, 2012

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

Attention: Mr. Steve Spicer

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

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

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

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

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

1. INITIAL CAPITAL CONTRIBUTION

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

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

Subdivision – Offer to Connect

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

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

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

2. ALTERNATIVE BIDS

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

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

Contestable Work:

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

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

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

In addition, the customer is responsible to:

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

Subdivision – Offer to Connect

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

Uncontestable Work:

Horizon Utilities will perform the following Uncontestable Work:

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

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

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

3. CAPITAL COST RECOVERY AGREEMENT

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

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

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

Subdivision – Offer to Connect

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

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

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

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

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

Regards,



Scott Beaudrie
Supervisor, Engineering Design
Horizon Utilities Corporation

Cc:

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

Attn: Mr H. Marfisi, CET

Subdivision – Offer to Connect

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

Signature

Date

-OR-

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

Signature

Date

Horizon Utilities

Expansion Summary From Economic Evaluation

PROJECT SUMMARY INPUTS

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

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

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

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

Fully Recoverable Costs

Total Street lighting Costs

-

Other Recoverable Work:

1.	
2.	
3.	

Total Other Recoverable Work

-

Total Recoverable Work

-

Total Estimated Project Costs

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

Upstream Electrical Distribution System Costs

130,628.44

Total Project Costs

1,577,958.44

Capital Contribution

1,088,150.44

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

141,459.56

Total Capital Contribution Required including H.S.T.

1,229,609.99

Horizon Utilities Corporation

Capital Cost Recovery Agreement – Alternative Bid Subdivision

Schedule B - Cost and Revenue

COST

Horizon Utilities Corporation's Work Estimate

Horizon Utilities Corporation Work Estimate of total costs:

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

Number of Residential Customers To Be Connected

293

Developer has Elected To Use The Alternative Bid Option

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

\$0.00

Prepayments Required:

Estimated Final Connection Costs

\$50,000.00

Inspection & Engineering Administration:

First \$50,000 @ 15%

\$7,500.00

Balance @ 5%

\$60,627.50

\$68,127.50

\$118,127.50

HST @ 13%

\$15,356.58

Prepayments Required

\$133,484.08

Expansion Deposit

\$1,262,550.00

Transfer Price (estimated - not including HST)

To be finalized at the time of final economic evaluation

\$427,307.06

Fully Recoverable Work

Description of Fully Recoverable work and deposit required

\$0.00

\$0.00

\$0.00

\$0.00

Customer Acknowledges that:

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

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



Horizon Utilities Corporation

Capital Cost Recovery Agreement – Horizon Constructed Subdivision

Schedule B - Cost and Revenue

COST

Horizon Utilities Corporation's Work Estimate

Horizon Utilities Corporation Work Estimate of total costs:

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

Number of Residential Customers To Be Connected

293

Developer has chosen to have Horizon Utilities construct the project

Initial Capital Contribution

NPV Components

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

Expansion Deposit

\$359,179.56

Fully Recoverable Work

Description of Fully Recoverable work and deposit required

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

Customer Acknowledges that:

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

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

	A	B	C	D	E	F	G	H	I	J	K	
1		Project name	SUMMIT PARK - PHASE 7									
2	Table No.	Customer Name	MULTI - AREA DEVELOPMENTS				New Customer Model					
3	1	Forecasted customer additions (non-cumulative)										
4		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5					
5		Residential			293							
6		General Service < 50kW										
7		General Service > 50kW (non-TOU)										
8		General Service > 50kW (TOU)										
9		Large User										
10		Unmetered & scattered - (non-demand)										
11		Street lighting	0									
12	2	Estimate of average energy per added customer (monthly kWh)										
13		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25				
14		Residential	651.27	651.27	651.27	651.27	651.27	651.27				
15		General Service < 50kW	2,748.96	2,748.96	2,748.96	2,748.96	2,748.96	2,748.96				
16		Unmetered & scattered - (non-demand)	374.43	374.43	374.43	374.43	374.43	374.43				
17	3	Estimate of average demand per added customer kW										
18		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25				
19		General Service > 50kW (non-TOU)										
20		General Service > 50kW (TOU)										
21		Large User										
22		Street lighting	0.175	0.175	0.175	0.175	0.175	0.175				
23	4	Approved wires only rates per rate schedule - monthly fixed charge										
24		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25				
25		Residential	14.45	14.45	14.45	14.45	14.45	14.45				
26		General Service < 50kW	32.16	32.16	32.16	32.16	32.16	32.16				
27		General Service > 50kW (non-TOU)	293.26	293.26	293.26	293.26	293.26	293.26				
28		General Service > 50kW (TOU)	293.26	293.26	293.26	293.26	293.26	293.26				
29		Large User	22,642.10	22,642.10	22,642.10	22,642.10	22,642.10	22,642.10				
30		Unmetered & scattered - (non-demand)	9.11	9.11	9.11	9.11	9.11	9.11				
31		Street lighting	2.31	2.31	2.31	2.31	2.31	2.31				
32	5	Approved wires only rates per rate schedule - variable charge (per kWh)										
33		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25				
34		Residential	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142				
35		General Service < 50kW	0.0084	0.0084	0.0084	0.0084	0.0084	0.0084				
36		Unmetered & scattered - (non-demand)	0.0141	0.0141	0.0141	0.0141	0.0141	0.0141				
37	6	Approved wires only rates per rate schedule - demand charge (per kW)										
38		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25	Transformer Discount	Current Rate	Transformer Discount Rate	
39		General Service > 50kW (non-TOU)	2,0341	2,0341	2,0341	2,0341	2,0341	2,0341		2,0341	(0.73)	
40		General Service > 50kW (TOU)	2,0341	2,0341	2,0341	2,0341	2,0341	2,0341		2,0341	(0.73)	
41		Large User	1,3359	1,3359	1,3359	1,3359	1,3359	1,3359				
42		Street lighting	6,1604	6,1604	6,1604	6,1604	6,1604	6,1604				
43	7	New facilities and/or reinforcement investments										
44		Capital elements	Year 1	Year 2	Year 3	Year 4	Year 5					
45		Transformer stations	19,532.44	-	-	-	-					
46		Distribution feeders	111,096.00	-	-	-	-					
47		Distribution lines	1,148,750.00									
48		Distribution transformers	163,800.00									
49		Credit for previous work on service										
50		Services & metering (Residential Only)	-	-	134,780.00	-	-					
51		Services & metering										
52		Upstream cost credit (where applicable)										
53		Total	1,443,178.44	-	134,780.00	-	-					
54		Assessed value of land										
55	8	Incremental overheads at project level applicable to distribution system expansion (per customer addition)										
56		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25				
57		Residential										
58		General Service < 50kW										
59		General Service > 50kW (non-TOU)										
60		General Service > 50kW (TOU)										
61		Large User										
62		Unmetered & scattered - (non-demand)										
63		Street lighting										
64	9	Attributable incremental annual operating, maintenance and administration expenditures (per customer addition)										
65		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5	Year 25				
66		Residential	125.77	125.77	125.77	125.77	125.77	125.77				
67		General Service < 50kW	248.75	248.75	248.75	248.75	248.75	248.75				
68		General Service > 50kW (non-TOU)	-	-	-	-	-	-				
69		General Service > 50kW (TOU)	-	-	-	-	-	-				
70		Large User	-	-	-	-	-	-				
71		Unmetered & scattered - (non-demand)	6.32	6.32	6.32	6.32	6.32	6.32				
72		Street lighting	2.13	2.13	2.13	2.13	2.13	2.13				

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

Upstream Cost Calculations

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

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

	Total	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Present Value Of CCA Tax Shield																									
Opening undepreciated capital cost	1,443,176	340,827	313,561	417,865	384,435	353,681	325,368	299,355	275,407	253,374	233,104	214,456	197,300	181,518	166,994	153,838	141,544	130,036	119,634	110,063	101,256	93,157	85,705	78,848	72,540
Less: Contributed Capital	(1,088,150)																								
Less: Capital cost allowance	423,071	14,201	27,266	30,476	33,429	35,081	36,265	28,264	26,031	23,848	22,033	20,270	18,648	17,156	15,784	14,521	13,360	12,291	11,308	10,403	9,571	8,805	8,101	7,453	6,856
Closing undepreciated capital cost	340,827	313,561	417,865	384,435	353,681	325,368	299,355	275,407	253,374	233,104	214,456	197,300	181,518	166,994	153,838	141,544	130,036	119,634	110,063	101,256	93,157	85,705	78,848	72,540	66,737
CCA Annual Income Tax Savings	3,736	7,212	8,941	8,842	8,139	7,484	6,889	6,324	5,828	5,361	4,932	4,538	4,179	3,841	3,524	3,231	2,961	2,712	2,511	2,329	2,163	1,971	1,814	1,618	1,519
Present Value of CCA Tax Shield	68,056	3,643	6,581	6,921	7,142	6,182	5,351	4,632	4,009	3,479	3,004	2,609	2,250	1,949	1,688	1,459	1,263	1,093	948	819	709	614	531	450	398
Present Value of Operating Cash Flow																									
Present Value of Net Operating Cash																									
Costs/revenue - total	1,874,747	0	0	41,661	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322	83,322
Less: Total Income/loss O & M	(925,119)	0	0	(18,425)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)	(36,850)
Net (W/loss) Operating Cash before Income Tax	1,045,631	0	0	23,236	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472	46,472
Present value of Net Operating Cash	488,942	0	0	19,500	37,529	37,529	38,328	38,328	38,328	38,328	38,328	38,328	38,328	38,328	38,328	38,328	38,328	38,328	38,328	38,328	38,328	38,328	38,328	38,328	38,328
Present Value of Taxes																									
Income Taxes	278,568	0	0	6,146	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292
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
Federal Capital Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annual Municipal Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Taxes	278,568	0	0	6,146	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292	12,292
PV of Taxes	125,232	0	0	2,877	5,828	5,843	5,949	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959	5,959
PV of Municipal Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Net Present Value Summary

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

Attachment 5 – 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

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**

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

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

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

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
Total Estimated Project Costs	\$1,394,770

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
Sub-Total	1,394,770.00
 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									
2	Table No.	Customer Name	MULTI - AREA DEVELOPMENTS				New Customer Model					
3	1	Forecasted customer additions (non-cumulative)										
4		Customer Class	Year 1	Year 2	Year 3	Year 4	Year 5					
5		Residential			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	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	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	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	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	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	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	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	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	8,100	

* 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
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 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

Attachment 6 – Hydro One’s 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 7th 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:¹

Expansion Deposit:²

\$1,425,258.67

Easement Date:³

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:⁴

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]

¹ See Subsection 1.1(e) of the Standard Terms and Conditions.

² See Sections 6.1 and 6.2 of the Standard Terms and Conditions.

³ See Subsections 5.2(l) of the Standard Terms and Conditions.

⁴ 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

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

Commercial Services

Rate Class	#of Lots	Secondary Voltage	Service Size (Amps)	Usage	Business Type
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

Capital Costs and Charges				Hydro One does all the work (Option A)	Alternative Bid Option (Option 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

Operating and Maintenance (O&M) Costs over 25 Year Revenue Horizon					
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

Total Cost of Connection			
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	Totalled 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)
Customer Contribution Required For The Connection (From Above)	\$ 312,376.08	\$ (4,692.23)
Less Pre Paid Amounts		
Line 1.1 Engineering Design Fees Paid	\$ 14,800.00	\$ 14,800.00
Line 3.4 Miscellaneous Approvals Paid	\$ -	\$ -
Plus Items Excluded From Receiving Support		
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
Amount Due*	\$ 336,260.97	\$ 21,200.35

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
1.0 Engineering & Design				
1.1	Design Costs (subject to GST)	\$ -	\$ -	\$ -
	Design Costs (subject to HST)	\$ 12,877.50	\$ (14,800.00)	\$ (1,922.50)
	Total Cost Section 1.1	\$ 12,877.50	\$ (14,800.00)	\$ (1,922.50)
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	Remaining Balance Section 1.1	\$ 12,877.50	\$ (14,800.00)	\$ (1,922.50)
2.0 Cost of Non-Contestable Work Other Than Line Expansion				
		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	\$ -	\$ -	\$ -
	Total Cost Section 2.1	\$ 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
	Remaining Balance Section 2.1	\$ -	\$ -	\$ -
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)	\$ -	\$ -	\$ -
	Total Cost Section 2.2	\$ 139,729.19	\$ -	\$ 139,729.19
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	Remaining Balance Section 2.2	\$ 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	\$ -	\$ -	\$ -
	Total Cost Section 3.1 to 3.5	\$ -	\$ -	\$ -
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	Remaining Balance Section 3.1 to 3.5	\$ -	\$ -	\$ -
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
	Total Cost Section 4.1	\$ 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
	Remaining Balance Section 4.1	\$ 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
	Total Cost Section 4.2	\$ 103,142.06	\$ -	\$ 103,142.06
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	Remaining Balance Section 4.2	\$ 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:

Option A – Hydro One Networks Performs Non-Contestable Work and Contestable Work				
5.0 Contestable Cost Of Line Expansion (If Applicable)				
5.1	Contestable Cost of Line Expansion	TOTAL	PAID	DUE
	Material	\$ -	\$ -	\$ -
	Labour	\$ -	\$ -	\$ -
	Equipment	\$ -	\$ -	\$ -
	Other Miscellaneous	\$ -	\$ -	\$ -
	Administration & Overheads	\$ -	\$ -	\$ -
	Total Cost Section 5.1	\$ -	\$ -	\$ -
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	Remaining Balance Section 5.1	\$ -	\$ -	\$ -
Remaining balance on Non-Contestable and Contestable Work (Sections 1.0 through 5.0)		\$ 312,376.08	\$ (14,800.00)	\$ 297,576.08
Part 3 Non-Contestable and Contestable Work Above Standard Connection				
		TOTAL	PAID	DUE
6.0	Items Excluded From Receiving Support			
6.1	Pad-mount Transformer Incremental Cost (NonCont.)	\$ -	\$ -	\$ -
6.2	Returned Materials Charge	\$ -	\$ -	\$ -
	Total Cost Section 6.1 to 6.2	\$ -	\$ -	\$ -
Part 4 Totals				
Revenue Shortfall (if applicable)		\$ -		\$ -
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			\$ -
<p>I Elect To Choose Option A <input type="checkbox"/> _____ ← Signature</p>				

- 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
1.0 Engineering & Design				
1.1	Design Costs (subject to GST)	\$ -	\$ -	\$ -
	Design Costs (subject to HST)	\$ 12,877.50	\$ (14,800.00)	\$ (1,922.50)
	Total Cost Section 1.1	\$ 12,877.50	\$ (14,800.00)	\$ (1,922.50)
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	Remaining Balance Section 1.1	\$ 12,877.50	\$ (14,800.00)	\$ (1,922.50)
2.0 Cost of Non-Contestable Work Other Than Line Expansion				
		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	\$ -	\$ -	\$ -
	Total Cost Section 2.1	\$ 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
	Remaining Balance Section 2.1	\$ -	\$ -	\$ -
	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)		\$ -	\$ -	\$ -
Total Cost Section 2.2		\$ 139,729.19	\$ -	\$ 139,729.19
Less: Revenue Support Applied To This Section (to a maximum of the cost above)		\$ -	\$ -	\$ -
Remaining Balance Section 2.2		\$ 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)	\$ -	\$ -	\$ -
3.4	Miscellaneous Approvals Such As Water Crossing, Railway Crossing, Pipeline Crossing, etc.	\$ -	\$ -	\$ -
3.5	Easements, Permits and Approvals	\$ -	\$ -	\$ -
	Total Cost Section 3.1 to 3.5	\$ -	\$ -	\$ -
	Less: Revenue Support Applied To This Section (to a maximum of the cost above)	\$ -	\$ -	\$ -
	Remaining Balance Section 3.1 to 3.5	\$ -	\$ -	\$ -
	Remaining balance on Non-Contestable and Contestable Work (Sections 1.0 through 3.0)	\$ 152,606.69	\$ (14,800.00)	\$ 137,806.69
	Total Unused Support Available For Contestable Work	\$ 157,298.92	\$ -	\$ 157,298.92
	Total Remaining Balance	\$ (4,692.23)	\$ (14,800.00)	\$ (19,492.23)
Part 2 Non-Contestable Work Above Standard Connection				
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	\$ -	\$ -	\$ -
	Total Cost Section 4.1 to 4.2	\$ 38,253.60	\$ -	\$ 38,253.60
Part 3 Totals				
	Revenue Shortfall (if applicable)	\$ -	\$ -	\$ -
	Sub-Total (without Tax) for Option B	\$ 33,561.37	\$ (14,800.00)	\$ 18,761.37
	GST on Engineering and Design for Option B	\$ -	\$ -	\$ -
	HST on Engineering and Design for Option B	\$ 1,674.08	\$ (1,924.00)	\$ (249.93)
	HST on Remaining Items for Option B	\$ 2,688.90	\$ -	\$ 2,688.90
	Grand Total (with GST & HST) for Option 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:

Option B – Hydro One Networks Performs Non-Contestable Work Only				
Part 3 Totals Unused Support Available For Contestable work				
		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

Attachment 7 – Letter From the Customer dated July 24, 2012



July 24, 2012

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

Dear Daniel,

RE: Request for Electrical Supply

This letter will confirm the request of Multi-Area Developments Inc. to Horizon Utilities Corporation for the supply of electricity to lands at the South East corner of Rymal Road East and Fletcher's Road.(Summit Park Phase 7) The initial date that we requested power for was April 1, 2012. We have model homes that we have been forced to install temporary power to. The construction of homes is scheduled to start in mid-September. The servicing of the site should be at a stage where utility installations can begin about October 1, 2012. It is our intention to have the system energized in order to have street lighting by mid-November for security reasons.

Multi-Area Developments Inc. supports Horizon Utilities Corporation intention to proceed with a Service Area Amendment application to the Ontario Energy Board without a hearing. We hope that the OEB will look at all the costs involved in supplying not only services to the site, but also the administrative costs involved and the cost of power to our customers.

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

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

Sincerely,

Steve Spicer
Development Manager

**Attachment 8 – 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.