Filed: 2012/11/29
EB-2012-0047
Horizon Utilities
Motion Document
Brief

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an application under section 74 of the Act by Horizon Utilities Corporation for a licence amendment;

AND IN THE MATTER OF A MOTION by Hydro One Networks Inc.

HORIZON UTILITIES CORPORATION

DOCUMENT BRIEF

MOTION NOVEMBER 30, 2012

Dennis M. O'Leary
AIRD & BERLIS LLP
Barristers and Solicitors
181 Bay Street, Suite 1800
Toronto, On M5J 2T9

Lawyers for Horizon Utilities Corporation

I N D E X

TAB #	DESCRIPTION	
1.	January 24, 2012	Multi-Area Developments Inc. letter to Horizon Utilities Corporation Re: Request for Electrical Supply
2.	July 24, 2012	Multi-Area Developments Inc. letter to Horizon Utilities Corporation Re: Request for Electrical Supply
3.	June 2011	Multi-Service Connection Cost Agreement between Multi-Area Development Inc. and Hydro One Networks Inc. for Summit Park Phase 7 (unsigned copy)
4.	August 10, 2012	Horizon Utilities letter to Kirsten Walli, Board Secretary (without enclosure)
5.	September 26, 2012	Email from Rob Davidson, Hydro One to Richard Bassindale (Horizon Utilities Corporation) Re: Summit Park Phase 7: transfer of 3 Customers
6.	November 27, 2012	Burman Energy Consultants Group Inc. Report
7.	November 28, 2012	Affidavit of Eileen Campbell, Vice President, Customer Services, Horizon Utilities Corporation
8.	November 28, 2012	Observer request letter: Hamilton-Wentworth Catholic District School Board to Ontario Energy Board
9.	November 29, 2012	Letter of Comment from Brant County Power, Enwin Utilities, and Essex Powerline Corporation
10.	Approved March 16, 2011	Urban Hamilton Official Plan, Rymal Road, Secondary Plan, Land Use Plan Map B.5.2-1
11.	Approved March 16, 2011	Urban Hamilton Official Plan, Schedule E-1, Urban Land Use Designations

TAB 1

Attachment 3 – Request from Developer

MULTI-AREA
DEVELOPMENTS INC.

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

301 FRUITLAND RD, UNIT 10, STONEY CREEK, ONTARIO L8E 5M1 / TEL. 905-664-2623 / FAX 905-662-8401
WEBSITE www.multi-area.com E-MAIL desantis@multi-area.com

TAB 2

MULTI-AREA
DEVELOPMENTS INC.

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

301 FRUITLAND RD. UNIT 10, STONEY CREEK, ONTARIO L8E 5M1 / TEL. 905-664-2623 / FAX 905-662-8401
WEBSITE www.multi-area.com E-MAIL desantis@multi-area.com

TAB 3

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]

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[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

hydro one

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

hydro one

Basic Discounted Cash Flow Calculation

Summary of Revenues over Horizon

Residential Energy Kilowatt hours (kWh)	#########	Energy Billed at a Rate of	2.918	cents per kWh	
Combined Averages for 286 UR	Rate Class customer(s)				
Residential Energy Kilowatt hours (kWh)					
Commercial Energy Kilowatt hours (kWh)	**1892.1600**	Energy Billed at a Rate of	3.938	cents per kWh	
Combined Averages for 1 GSe	Rate Class customer(s)				
Commercial Demand Kilowatts (kW)					

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

Taxes, Tax Credits and Other Adjustments

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

Summary of Costs and Revenues

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

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

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

PV = Present Value

Rev 07/2011

hydro one

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 maximun 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 maximun 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 maximun 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			$ -
I Elect To Choose Option A ☐			← Signature _____	

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

TAB 4

horizon UTILITIES Looking beyond...

August 10, 2012

Delivered by Courier and RESS

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

Dear Ms. Walli:

Re: Horizon Utilities Corporation - Application to Amend Licensed Service Area
Board File No. EB-2012-0047

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

On June 15, 2012, Horizon Utilities filed an application with the Board to amend is service area (the "Application") to include specific lands, currently located in the licensed distribution service area of Hydro One Networks Inc. ("Hydro One"), for the purpose of servicing these lands.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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[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.

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

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

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

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

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

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

The subject property is located on the south side of Rymal Road. Horizon Utilities already has in place 27.6 kV feeders in position to service the subject property.

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

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

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

As noted above, Horizon Utilities' lines are immediately adjacent to the development that is the subject of this Application. In order to service Summit Park – Phase 7, Hydro One would need to extend its lines by approximately 1.65 km. Horizon Utilities' fully allocated connection costs for supplying Summit Park – Phase 7 are as follows:

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

Under Option A above, all contestable and non-contestable distribution system installation costs are paid by Horizon Utilities and the Customer makes a capital contribution toward these costs. Under Option B, all contestable distribution system installation costs are paid by the Customer and non-contestable costs are paid by Horizon Utilities. Any excess of the NPV of Revenues less operating costs, taxes, and non-contestable costs, are paid to the Customer. Horizon Utilities' revised Offer to Connect (as discussed in Horizon Utilities' July 27, 2012 letter to the Board) is provided herewith as Appendix 3.

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

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

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

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

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

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

There will be no negative effect on the reliability of the infrastructure in the area that is the subject of the Application or in the regions adjacent to the area that is the subject of the Application over the long term if Horizon Utilities is successful in this Application. Horizon Utilities has the flexibility in its network in this area to feed from more than one direction and more than one point of supply.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Horizon Utilities (2012)	Hydro One UR (2011)	Hydro One R1 (2011)
Example 1: Residential 1,000 kWh			
Service Charge	$14.53	$18.14	$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 suggests the proposed development does not meet Hydro One's UR/UG rate definition. By Hydro One's own criteria, as approved in rate orders and as stated in its Conditions of Service and on its website under Rate Classes, Hydro One would need "*an area containing 3,000 or more customers with a line density of at least 60 customers per kilometre*" for such a rate to apply.

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

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

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

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

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

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

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

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

Yours truly,

Original signed by Jamie Gribbon

for

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

Encls.

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

TAB 5

Part II - Attachment 4 – Email from Hydro One

From: rob.davidson@HydroOne.com [mailto:rob.davidson@HydroOne.com]
Sent: September 26, 2012 12:11 PM
To: Bassindale, Richard
Cc: Tammy.O'Sullivan@HydroOne.com
Subject: Summit Park Phase 7: transfer of 3 Customers

Richard:

We would like to move forward ASAP with Horizon regarding the taking over of the 3 customers on Fletcher Road which Horizon has previously agreed to do.

Ideally once a project gets going the speediest way forward is for the field people to talk directly and keep us cc'd on any correspondence.

Can you provide the name of the contact Tammy should talk to at Horizon (possibly Jaime Gribbon) to get this process started or should we continue to correspond through you ?

Robert Davidson
Account Executive
Customer Business Relations
Burlington T.S. N03
Office (905) 681-4281
Mobile (905) 517-8638

Filed: 2012-11-27
EB-2012-0047

Distribution System Assessment

Service Area Amendment Application EB-2012-0047

Horizon Utilities Corporation

November 27, 2012

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Executive Summary

Burman Energy Consultants Group ("Burman Energy") undertook an independent assessment of the current and proposed electrical distribution systems in existence and proposed by Horizon Utilities Corporation ("Horizon Utilities") and Hydro One Networks Inc. ("HONI") in respect of the five Parts which constitute Horizon Utilities' Service Area Amendment Application (EB-2012-0047) ("SAA Application"). All five Parts fall within what has been described as the Summit Park Development.

Specifically, Part I of the SAA Application deals with Phase 7 of the Summit Park residential development, which will involve more than 280 residences and may involve two schools.

Part II of the SAA Application deals with three legacy properties on Fletcher Road which are served by HONI. These legacy properties are now part of a residential subdivision which is served by Horizon Utilities, and the developer has given a commitment to remove the legacy HONI poles and pay for underground service to these homes.

Part III of the SAA Application deals with a number of residential and small commercial properties on the south side of Rymal Road, which are also legacy HONI customers. Several are embedded within Horizon Utilities' service area, being surrounded by a new residential subdivision. These are the residences west of Fletcher Road. The properties east of Fletcher Road exist between the proposed Summit Park Phase 7 subdivision and the two commercial plazas to the east, both of which are served by Horizon Utilities.

Part IV of the SAA Application consists of two parcels – one being the Bishop Ryan Catholic Secondary School, the construction of which is well advanced. A smaller parcel of this Part IV, at the southeast corner of Trinity Church Road and Rymal Road East, is proposed as a small commercial development by the developer of Summit Park, Multi-Area Development Inc. ("Developer"). The Hamilton-Wentworth Catholic District School Board has requested service from Horizon Utilities.

Part V constitutes the remainder of the Summit Park Development lands running east from the earlier Phase 6 residential subdivision which has been built and is in Horizon Utilities' service territory and the proposed Phase 7. These are lands immediately south of the two commercial plazas which are served by Horizon Utilities. These lands are zoned for future residential subdivision development.

All of the Summit Park Development is bounded on the south by a HONI high voltage transmission corridor. To the south of the corridor are rural lands, much of which are restricted in terms of development under the *Greenbelt Act.*

Burman Energy considered all factors it considered relevant, including those identified in the Ontario Energy Board's ("OEB" or "Board") Decision with Reasons in the Combined

Proceeding (RP-2003-0044) with a view to offering an opinion as to the preferred distributor for the five Parts in question. Our review involved the examination of the materials filed by Horizon Utilities and HONI with the OEB, a detailed examination of the existing electrical distribution system infrastructure, and a site visit to examine the placement and location of relevant assets.

Our conclusion is that the factors which we examined and analyzed heavily favour Horizon Utilities' expansion of its dense urban 27.6/16kV system into the balance of all of the Summit Park lands.

Introduction

Retention of Burman Energy

Burman Energy was retained by Aird & Berlis LLP to conduct an independent assessment of the electricity distribution system serving commercial and residential loads in proximity to the customer locations identified, and to provide an opinion with supporting analyses on the best way to serve existing and new loads. By means of an introduction, the primary author of this report is Bart Burman, P. Eng., a former member of senior management with Ontario Hydro/HONI with more than 30 years' experience in the consideration of distribution system planning and asset management alternatives.

Mr. Burman started working at Ontario Hydro in 1981 and took the position of a Distribution Planning Engineer for the Niagara and northwestern Ontario operating regions in 1983. In this position, his job involved analyzing system configurations for the purposes of addressing supply constraints and required system expansions.

Several years later, Mr. Burman moved to the Finance Group as a Senior Business Analyst valuating and analyzing proposed projects. In the early 1990s he transferred to Energy Management with significant responsibility for ensuring field implementation of energy management programs (the forerunner of Conservation and Demand Management ("CDM") programs today).

He was then transferred to Ontario Hydro's Orangeville office as the Supply Planning Manager for Ontario Hydro's Newmarket, Bowmansville, Orangeville, Guelph, Listowel and Dundas operating centres. He remained there until 1997 and had responsibility for planning and developing the Ontario Hydro infrastructure in these operating areas. In 1997, he was named Director, Distribution System Engineering and Sustainment, with responsibility over existing assets in all of Ontario. In 1998, Mr. Burman was named Director of Investment Strategy with responsibility to analyze, monitor and approve proposed investments in new expansion assets. These two successive roles carried the "designation" of chief engineer of Ontario Hydro's distribution system. About one year later, Mr. Burman was named Director of Distribution Operations Management, where his role was pivotal in creating the first centralized operations management centre for Ontario Hydro's distributions system province wide.

Starting in 2000, Mr. Burman was Director of Corporate Development, with significant responsibilities for the acquisition of more than 80 LDCs by HONI. In this role, on various occasions, Mr. Burman had responsibility to undertake a due diligence-type assessment of the various systems under consideration for acquisition to assess their state of repair, state of congruency relative to HONI's existing systems, and the value that should be placed on the assets.

Since leaving HONI, Mr. Burman has worked with dozens of utilities across the province undertaking analyses of system adequacies and loss mitigation, support for regulatory rates submissions, CDM program implementation and customer impact assessments of

connections to distribution assets required for proposed new generating facilities.

In summary, Mr. Burman has several decades of experience and indeed became one of HONI's most senior engineers with responsibility for reviewing, analyzing and considering various distribution electrical system configurations and the economics, reliability and other factors associated with expansion and sustainment projects.

Scope of Undertaking

Burman Energy was retained by Aird & Berlis LLP to undertake an independent assessment of five Parts of the Service Area Amendment Application made by Horizon Utilities. For the purposes of this assessment, Burman Energy interviewed employees at Horizon Utilities, assessed information gleaned from public and internal sources, and attended a site visit with Horizon Utilities on November 5, 2012. The scope of this assessment was to:

- Review Horizon Utilities' SAA Application and relevant associated correspondence and documents filed with the Ontario Energy Board;
- Provide an opinion with supporting analyses on the best way to serve existing and new loads in the identified locations, given their proximity to two possible service providers HONI and Horizon Utilities;
- Examine the economic efficiency of the two possible service providers providing service; and
- Render a complete analysis of all factors considered, including those raised in OEB RP-2003-0044 Decision with Reasons of the Board, dated February 27, 2004 re: Amendments to LDC Licensed Service Areas

Disclaimers

This report and the conclusions herein reflect the reasonable application of recognized engineering principles and practices in the Province of Ontario taking into account the purpose for which it was prepared.

This report may only be relied on for the purpose for which it was prepared except with the prior written authorization of Burman Energy Consultants Group Inc.

This report and its supporting analyses are based on documentation available in the public domain (including materials filed in the Horizon Utilities SAA Application), technical supporting information obtained from Horizon Utilities staff, a site visit, and interviews with Horizon Utilities' staff members. It should be noted that Burman Energy Consultants Group Inc. did not independently verify any of such documentation, materials, or information.

Burman Energy shall have no liability arising from this report except to the party to whom this report is addressed. Burman Energy's liability is limited to damages that arise directly out of the gross negligence or the willful misconduct of Burman Energy.

Under no circumstances whatsoever will Burman Energy be liable for any indirect, incidental, speculative, remote, or consequential damages, or for loss of profit or

revenues, business interruption losses, loss of contract, or loss of goodwill, special damages, punitive or exemplary damages, whether any of the said liability, loss or damages arises in contract, tort, or otherwise, even if Burman Energy has been advised of the possibility of such damages in advance. In any event Burman Energy total liability arising out of this report shall not exceed the amount paid to Burman Energy.

Factors Considered

This report has been organized into the following subheadings which represent the major factors considered:

- Distribution Systems Configuration and Development
- Infrastructure
- Economic Efficiency
- Customer Impact
- Service Reliability
- Other Contributing Factors

SAA Locations

Specific locations considered under this assessment were as specified in the Horizon Utilities Service Area Amendment Application EB-2012-0047, identified as Parts I through V. Recent uncontested additions to Horizon Utilities service area, known as Summit Park Phases 1-6, and two commercial developments on the south side of Rymal Road East were also considered in conjunction with distribution system facilities supplying customer loads in these areas.

Approximate boundaries for the above are the plans which were included in Horizon Utilities SAA Application filings. Specific references to distribution system facilities outside these boundaries were made, as necessary.

Historical Development

There have been a series of SAA Applications by Horizon Utilities and its predecessor with respect to the lands generally described as Summit Park. These include 6 earlier phases of the Summit Park development and 2 commercial developments on the south side of Rymal Road East, just west of Swayze Road. These commercial developments consist of a SmartCentres commercial plaza and another commercial development described as the Brooks of Rymal/20. The Decisions of the OEB with respect to each of the SAA Applications indicate that HONI either consented to or did not oppose each of these 8 Applications.

The only system expansion work of relevance undertaken by HONI are HONI's efforts made in the summer of 2012 initiating work on a new 27.6 /16kV supply line commencing at the M3 and M4 feeders tracking east along Rymal Road East on the south side.
By comparison, Horizon Utilities has continued with its expansion into the Summit Park lands south of Rymal Road East in accordance with each of the 8 earlier SAA Applications. It would appear that the distribution system has been planned and constructed anticipating further residential development. The balance of Summit Park are lands which have been primarily zoned as residential by the City of Hamilton, with the exception of certain parcels designated for schools and additional commercial businesses.

Distribution Systems Configuration

Nebo Road Transmission Station

The distribution system supplying the areas under review and adjacent pre-existing customer loads is energized through the Nebo Road Transmission Station ("Nebo TS") at 27.6/16kV shown in Figures 1 and 2. Plans are currently in place to increase capacity at Nebo TS with an intended in-service date of October 31, 2013.

Figure 1: Express Feeders M3 and M4 tracking east out of Nebo TS and two circuits of 27.6/16kV tracking south

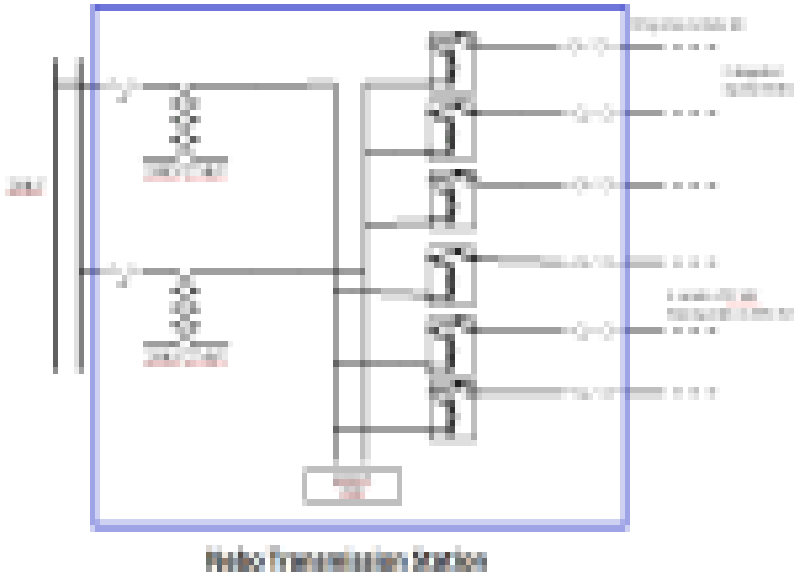

Figure 2: Nebo Transmission Station. Six circuits at 27.6/16kV

Distribution Systems Configuration, continued

27.6kV Circuits & Dickenson Road Distribution Station

A total of 6 circuits egress from Nebo TS; 4 are routed south to supply HONI facilities including the Dickenson Road Distribution Station ("Dickenson DS") which transforms 27.6/16 kV to 8.32/4.8kV rural distribution voltage shown in Figures 3 and 4.

Figure 3: Four circuits tracking south

Figure 4: Dickenson DS

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Distribution System Configuration, continued

Supply to Horizon Utilities' Express Feeders

Two express 27.6/16kV circuits track east and then north out of Nebo TS. These circuits are owned by HONI up to the demarcation point of supply to Horizon Utilities, approximately 3 km from Nebo TS shown in Figures 5 and 6.

Figure 5: Express circuit indicated in black. The express circuits continue eastward from the NEBO TS along the HONI transmission corridor until they meet Glover Road. As the feeders turn north along Glover Road, they enter Horizon Utilities' service area. The point of demarcation between HONI and Horizon Utilities in respect of these feeders is located approximately at the top right corner of the above figure.

Supply to Horizon Utilities' Express Feeders, continued

Figure 6: Demarcation point. Primary metering

These circuits are sub-transmission (ST) feeders which have exclusively served Horizon Utilities and its predecessors. By HONI's definition, these circuits are classified as express feeders because they serve only one LDC, which, in this case, is Horizon Utilities. Beyond the demarcation point, all 27.6/16kV assets and infrastructure belong to Horizon Utilities, which provides service to all 27.6/16kV supplied customers in the area assessed and as noted in the Plans filed as part of Horizon Utilities' SAA Application.

Horizon Utilities' Connection Access to Customer Loads

Horizon Utilities' 27.6/16kV network is extensive in the area assessed and provides connection access to those customers who were the subject of prior Horizon Utilities' SAA Applications and the prospective customers in Parts I to V of the current Horizon Utilities Application.

HONI 8.32kV Circuit

Tracking south out of Nebo TS, the remaining four 27.6/16kV circuits continue into the HONI rural distribution network, one of which supplies Dickenson DS where 27.6/16kV is stepped down to 8.32/4.8kV as shown on Figure 7.

Figure 7:Dickenson DS and 27.6/16kV supply circuit

Dickenson Road Distribution Station and 8.32/4.8 kV supply

Feeders that egress from Dickenson DS (Figure 8) provide supply to HONI's 8.32/4.8kV distribution network within its geographically established boundaries, south of Horizon Utilities' current geographical service area. Customers are typically served by a rural 8.32/4.8kV service as shown in Figures 9 and 10.

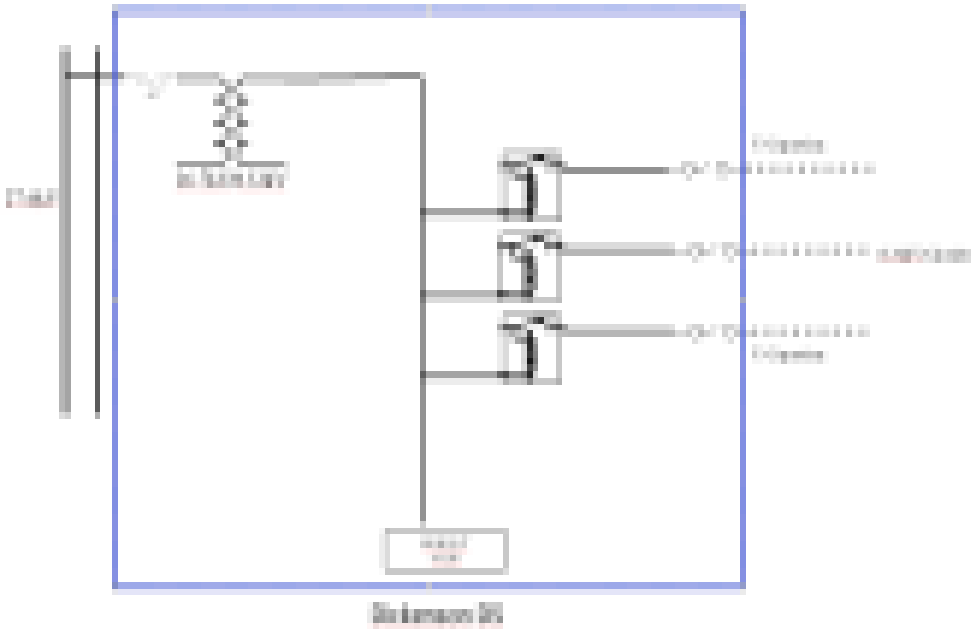

Figure 8: Dickenson DS Single Line Diagram Representation

Dickenson Road Distribution Station and 8.32/4.8 kV supply, continued

Figure 9: Rural 8.32/4.8 kV distribution system

Figure 10: 8.32/4.8kV feeder along Dickenson Road

Distribution System Configuration, continued

HONI 8.32kV Circuit, continued

From the Dickenson DS a single 8.32/4.8kV HONI feeder continues east on Dickenson Road for approximately one kilometre shown as Figure 11.

Figure 11: 1.6km – continues east along Dickenson Road

Over this distance, HONI provides service to customers currently within HONI's service area. It then continues east through the HONI high voltage transmission line right-of-way until it intersects Highway 56 shown as Figures 12, 13, 14, and 15.

Figure 12: HONI's customers along Dickenson Road

HONI 8.32kV Circuit, continued

Figure 13: Rural distribution following transmission line right of way

Figure 14: 8.32/4.8kV feeder coming from the west to Highway No. 56

Figure 15: 8.32/4.8kV feeder reaches Highway No. 56

HONI 8.32kV Circuit, continued

At Municipal address 1314 Highway 56, the 8.32/4.8kV continues north to Rymal Road East as shown in Figure 16.

Figure 16: 8.32kV line along Highway No. 56 between municipal address 1314, Highway 56 and Rymal Road East

HONI 8.32kV Circuit, continued

Figure 17: Showing Customers that exist along the approximate 3.1 km stretch between 1314 Highway 56 and Rymal Road East.

The distance from the transmission line right-of-way north to Rymal Road East is approximately 3.1 kilometers. Over this distance, HONI serves approximately 30 customers, as shown in Figure 17.

HONI 8.32kV Circuit, continued

The circuit then continues west on the south side of Rymal Road past Summit Park Phase 7 paralleling Horizon Utilities' 27.6/16kV distribution system located on the north side of Rymal Road, as shown in Figure 18.

Figure 18: HONI's 8.32kV line on the south side (left) of Rymal Road paralleling Horizon Utilities' 27.6/16kV line along the north side (right).

There are no other 8.32/4.8kV sources in the vicinity.

HONI Step Up "Rabbit"

HONI does not currently supply customers in the assessment area at any voltage other than 8.32/4.8kV. The exception is the use of a single phase step up "rabbit" to transform 4.8kV to 16kV.

This "rabbit" transformer is connected just east of Fletcher Road on the south side of Rymal Road East, which steps up the voltage from 4.8kV to 16kV. This temporary facility is assumed to provide supply to the several model homes for the Phase 7 subdivision which are built on the east side of Fletcher Road immediately adjacent to Horizon Utilities' current service area. The "rabbit" transformer (Figure 19) also appears to feed all legacy customers west of Summit Park Phase 7, as these customers are now supplied from 16kV transformers.

Figure 19: 4.8kV to 16kV "Rabbit" located east of Fletcher Road on the south side of Rymal Road East.

HONI proposed 27.6/16kV circuit

During the summer of 2012, HONI began construction of several spans of wood pole circuit framed for 27.6/16kV supply, part of which was observed to be utilizing the existing 35-foot Class 5 poles[1] on the south side of Rymal Road as shown in Figures 20 and Figure 21. Some of these poles exist within Horizon Utilities' current service area.

Figure 20: HONI's pre-existing 35-foot class 5 pole with newly constructed 27.6/16 kV crossarm framing on south side of Rymal Road East.

[1] 35-foot Class 5 poles do not normally meet most current 27.6/16kV pole standards.

HONI proposed 27.6/16kV circuit, continued

Figure 21: HONI pole with 27.6kV on the south side of Rymal Road East.

To date, these 27.6/16kV HONI assets remain disconnected from a permanent 27.6/16kV point of supply from Nebo TS, which are the express feeders (M3 & M4) to Horizon Utilities.

Distribution Systems Configuration, continued

Summary of Distribution System Configuration

Overall, Burman Energy finds that, of the two separate supply voltage levels, the Horizon Utilities' 27.6/16 kV supply configuration represents the most extensive in the assessed area.

No further development or extension of the HONI 8.32/4.8 kV system is apparent. In all cases, extension of the 27.6/16 kV supply to new and future potential customer loads would appear to be preferred over further development of 8.32/4.8 kV supply. This is evidenced by the utilization of the step up 4.8 kV to 16 kV "rabbit". These types of facilities are generally temporary, and remain in service until permanent supply at the higher voltage level can be established.

Horizon Utilities advises that because the bus at the Nebo TS is at or near capacity, particularly at peak periods, it has concern about its 10-day LTR should HONI connect to the M3 feeder. As the in-service date for the Nebo TS upgrades are scheduled for late 2013, and with the work proceeding rapidly on Summit Park Phase 7, HONI's connection to the M3 will give rise to 10-day LTR issues at peak periods in 2013. With a high probability of exceeding capacity, HONI would likely contact Horizon Utilities requesting that Horizon Utilities reduce its load on the M3/M4 feeders by transferring it, through normal open point manipulation of their current supply configuration, to other areas of Horizon Utilities' system. Although this sequence of events would transpire regardless of operational control in the supply area, the operational flexibility of Horizon Utilities would be compromised, unnecessarily complicating the coordination of such events between the two parties, and potentially impacting supply conditions to Horizon Utilities' customers outside the area under consideration. This is less desirable than allowing one utility to operationally manage the distribution system comprehensively and adjust configurations to meet peak load demand using its inherent system flexibility.

It is also my understanding that the Nebo TS upgrade will necessitate that the M3 feeder be taken offline for about one week to proceed with the upgrades. Whereas a short term load transfer to adjacent parts of its 27.6/16 kV supply are possible for Horizon Utilities, there is no apparent replacement of supply, from HONI's current configuration, to those new and legacy customers which will be attached to the new circuit which HONI is proposing along the south side of Rymal Road East from the M3/M4 feeders.

Historically, progression of the 27.6/16 kV system configuration has resulted from extensive development of these facilities by Horizon Utilities. Until recently, no new extension or further development of HONI's 8.32/4.8 kV has taken place since supply was established to legacy customer loads, many currently within Horizon Utilities' service area. HONI has only recently begun development of what would appear to be its own alternate 27.6/16 kV supply configuration. Given the proximity of Horizon Utilities' much more extensive 27.6/16kV system, a rationale for this work from a distribution system configuration perspective is not apparent.

Infrastructure Comparative Analysis

Infrastructure: HONI & Horizon Utilities

The following table provides a comparison of the advantages and disadvantages between HONI's and Horizon Utilities' existing infrastructures.

HONI Infrastructure	Horizon Utilities Infrastructure
• Primarily an 8.32/4.8kV supply to a legacy low customer density rural area by design, installed well before the Summit Park development and other nearby recent subdivision developments. • HONI has no current capability for 8.32/4.8kV loop feeds limiting operational flexibility in response to emergency and/or fault conditions. • Given the proximity and extent of Horizon Utilities' 27.6/16kV supply, constructing additional 8.32/4.8kV supply to connect new customer loads in the area would be redundant and would promote more embedded supply voltage "pocketing". • HONI currently serves approximately 15 legacy residential and commercial customers in the areas under consideration. As 27.6/16 kV supply is readily available, continuing to serve these customers at 8.32/4.8 kV would run counter to the configuration design and operational benefits of a homogeneous voltage supply. • Since all HONI load is currently supplied indirectly from Nebo TS, through Dickenson DS, additional load on either 27.6/16kV or 8.32/4.8kV supply system will face similar capacity constraints (i.e.the Nebo TS LTR). • The capability of HONI's 8.32/4.8 kV system to add additional load without increasing upstream capacity (of Dickenson DS or relevant supply circuits) is unknown. There is no load transfer capability should HONI establish permanent supply at 27.6/16 kV. Load transfer capability to neighboring HONI 8.32/4.8 kV	• Horizon Utilities' 27.6/16kV feeders are, in all cases, directly adjacent to required points of supply for all parts of the Summit Park development area. • These assets provide readily accessible connection points to Horizon Utilities' 27.6/16kV supply for virtually any part of the area's existing or planned customer loads. • From inception, Horizon Utilities' distribution network within the area assessed has been designed solely for 27.6/16kV supply. • As a result, Horizon Utilities' supply affords significant flexibility for load transfers to adjacent supply facilities for operational and/or emergency situations. • No significant or immediate upstream system infrastructure improvements are required in order to connect customer loads associated with Parts I to V of the SAA. • Through discussions with Horizon Utilities' technical staff, there are no capacity constraints on their current 27.6/16 kV supply facilities that would prohibit connecting additional customer load. The most restricting element of supply to the area is the capacity of Nebo TS. In the short term, until capacity is increased at Nebo TS, Horizon Utilities has the flexibility, through connectivity with other parts of its 27.6/16 kV distribution system, to transfer some load to alleviate capacity issues.

supply is unknown, but is expected to be less than Horizon Utilities' in proportion to the relative loading limits of 27.6/16 kV and 8.32/4.8 kV supply respectively.

Historical Perspective

- HONI did not have a well-developed 27.6kV infrastructure to enable standardization when each of the prior phases of the Summit Park development was unveiled.

- The required system infrastructure improvements to bring about this standardization would be considerable.

Summary of Infrastructure Comparative Analysis

Overall, there would appear to be no compelling reasons to promote continued 8.32/4.8 kV supply to the area assessed. 27.6/16 kV supply to the area is extensive and abundant if sourced from Horizon Utilities current infrastructure.

It is anticipated that considerable upstream infrastructure investment would be required by HONI to establish permanent 27.6/16 kV supply to the area from their current facilities. From a conceptual perspective, given no apparent net benefits to the distribution system overall and the potential for poorer overall system performance (e.g., lack of loop feeds). It is not clear how HONI 27.6/16 kV supply could be preferred over Horizon Utilities.

Horizon Utilities currently provides 27.6/16kV service to an existing dense urban customer load. Continuing to extend this service into the balance of the Summit Park lands would be consistent with its existing types of service. By comparison, HONI serves predominantly rural customers and to now provide a service to a new urban subdivision would not be consistent with the service HONI generally provides to the majority of its customers south of the Horizon Utilities' service area.

Economic Efficiency Comparative Analysis

Economic Efficiency Analysis

There are several factors which should be considered for the purposes of undertaking a comparative analysis. Key to the analysis is the work that is required by each of Horizon Utilities and HONI to provide service to the various future customers contemplated by Parts I through V of Horizon Utilities' SAA Application. The objective under this heading is to determine which of the two utilities is able to provide service to each of the perspective customers in the most economically efficient fashion.

The analysis begins with a consideration of the attributable and incremental contribution to costs related to existing distribution system configuration of each of Horizon Utilities and HONI and the requirements of each to serve each of the future customers. The following comparative analysis by cost element compares the work that will be required of each utility.

Cost Element	HONI	Horizon Utilities
Upstream upgrade	It is apparent that HONI must undertake a significant degree of work to provide a 27.6/16kV service to any of the Part I through V potential customers. It has currently started work on a new circuit to just west of the Phase 7 development. Presumably, if it were to provide service at 27.6kV to points east of this, it will have to extend the circuit east. For comparative purposes, a conservative estimate of the cost to construct new 27.6/16kV line is between $150,000 and $200,000, per kilometer. This would generate a cost at the lower end of the range of approximately $540,000 if a new 27.6/16kV circuit with adequate structures and standard framing was extended the full distance from the M3/M4 feeders to Swayze Road. $150,000/km x 3.6km = $540,000	There are no immediate infrastructure upgrades which appear necessary. Horizon Utilities has the ability to provide supply points from the north side of Rymal Road East and from the west side of Fletcher Road from an earlier already built Phase of Summit Park.
Connection cost (This is the actual cost to connect the utilities'	• Removal of existing 4.8kV customer transformers (as required) • Installation of l6kV customer	• Removal of existing 4.8kV customer transformers (as required) • Installation of 16kV customer

assets to the new assets of the subdivision)	transformers • Connect at 16kV Assuming that HONI has a 27.6/16kV circuit in place, the connection costs should be approximately the same as Horizon Utilities.	transformers • Connect at 16kV
Operations, Maintenance and Administration costs	It is not clear that these costs have been fully considered. Should HONI retain part of its 8.32kV circuits, it will then face the additional costs of having to service two voltages which complicates maintenance, servicing and operations.	Blended 27.6/16kV maintenance rate consistent with existing system.

Summary of Economic Efficiency Comparative Analysis	Based upon the above, it appears that Horizon Utilities offers the more economically efficient means of servicing the customers that exist at Parts I through V of the SAA Applications. Unlike HONI, Horizon Utilities will not incur significant upstream costs to serve any of Parts I through V.

Service Reliability Comparative Analysis

Service Reliability Analysis

Service reliability considerations are outlined in the table below:

HONI	Horizon Utilities
System Average Interruption Duration Index (SAIDI) at December 31, 2011 Annual (2011): 21.17	System Average Interruption Duration Index (SAIDI) at December 31, 2011 Annual (2011): 2.23
Customer Average Interruption Duration Index (CAIDI) at December 31, 2011 Annual (2011): 5.38	Customer Average Interruption Duration Index (CAIDI) at December 31, 2011 Annual (2011): 1.28
One of the lowest customer densities in the province (number of customers per kilometer of line): as of December 31, 2011: 10.31	One of the highest customers densities (number of customers per kilometer of line): at December 31, 2011: 68.93
Minimal configuration flexibility in response to supply interruptions (e.g., the Nebo TS Upgrades)	Horizon Utilities has significantly more flexibility than HONI given its existing system configuration
Supply to legacy loads consistent with a rural distribution network	Homogeneous 27.6/16kV supply system contiguous supply from an urban centre LDC. Summit Park is dense urban development.
Higher exposure to outage-causing elements (animal interference, vehicle accidents, equipment failure, weather conditions such lightning, wind, ice, etc.)	
HONI's Service Centre is located in Dundas, approximately 24 kilometres to Summit Park Phase 7	ServiceCentres is approximately three kilometres to the center of the Summit Park Development. The distance to all Parts I through V of the SAA Application is much closer than HONI.
Kilometres of exposed line from source to load point: approximately 12.5 km.	Kilometres of exposed line from source to load point: approximately 3 km.
Limited load transfer capability due to lack of additional 8.32kV in proximity to existing legacy supply	Flexibility in load transfer capability (e.g. to offload upstream facilities nearing capacity limits)

Summary of Service Reliability Comparative Analysis

HONI's legacy supply poses a number of limitations that may negatively impact service reliability in the study area, as is supported by the 2011 SAIDI and CAIDI comparisons. These indices indicate that the average length of interruptions to HONI's customers is many hours greater than those experienced by Horizon Utilities' customers.

Due to the rural nature of HONI's distribution network, it is more exposed to outage-causing elements and is configured to support lower customer density. In contrast, Horizon Utilities' homogeneous urban-based 27.6kV contiguous supply system is more flexible and is equipped to support a higher customer density.

Customer Impact Comparative Analysis

Customer Impact Analysis

Customer impacts are described in the table below:

	HONI	Horizon Utilities
Customer Confusion	If HONI serves customers in Parts I through V of the SAA Application, given the surrounding Horizon Utilities service territory, HONI customers may be confused about who is the incumbent supplier.	If Horizon Utilities' SAA Applications are granted, there will be no customer confusion.
Rate comparison[2]	<u>Medium Density Zone[3] Delivery Rates</u> Monthly Service Charge: $23.64 Distribution Volume Charge: (¢/kWh) 3.317¢ Transmission Network Charge: (¢/kWh) 0.585¢ Transmission Connection Charge: (¢/kWh) 0.464¢ Adjustment Factor: 1.085 <u>Urban High Density Zone[4] Delivery Rates</u> Monthly Service Charge: $18.44 Distribution Volume Charge: (¢/kWh) 2.918¢ Transmission Network Charge: (¢/kWh) 0.575¢ Transmission Connection Charge: (¢/kWh) 0.456¢ Adjustment Factor: 1.078 NB: HONI has used the high-density rate in its OTC, but the total number of customers in the area and line density do not meet the high density criteria.	<u>Residential</u> Monthly Distribution Charge: $15.43 Variable Distribution Charge (RPP) (¢/kWh) 1.426¢ Variable Distribution Charge (Non-RPP) (¢/kWh) 1.496¢ Transmission Connection Charge: (¢/kWh) 0.54¢ Transmission Network Charge: (¢/kWh) 0.72 Adjustment Factor: 1.0407

[2] HONI does not currently have approved 2012 rates and is thereby still applying its 2011 approved rates in connection offers. Horizon Utilities has 2012 approved rates. Comparisons of offers to connect should recognize this difference.
[3] Defined as areas containing 100 or more customers with a line density of at least 15 customers per kilometer
[4] Defined as areas containing 3,000 or more customers with a line density of at least 60 customers per kilometer

	General Service <50kW [GSe] Monthly Distribution Charge: $39.41 Variable Distribution Charge: ($/kW $0.03938 Transmission Connection Charge: ($/kW) $0.00431 Transmission Network Charge: ($/kW) $0.00329 Adjustment Factor: 1.09 General Service 50kW and above [GSd] Monthly Distribution Charge: $51.64 Variable Distribution Charge ($/kW) $10.499 Transmission Connection Charge: $/kW) $1.45 Transmission Network Charge ($/kW) $1.09 Adjustment Factor: 1.061 Sub-Transmission[5] Monthly Distribution Charge: $292.56 Monthly Metering Charge $466.14 Variable Distribution Charge ($/kW) $0.668 Transmission Connection Charge: $/kW) $1.50 Transmission Network Charge ($/kW) $2.65 Adjustment Factor: 1.034	General Service <50kW Monthly Distribution Charge: $43.62 Variable Distribution Charge (Non-RPP): ($/kWh) $0.00826 Variable Distribution Charge (RPP): ($/kWh) $0.00746 Transmission Connection Charge: ($/kWh) $0.0049 Transmission Network Charge: ($/KWh) $0.0062 Adjustment Factor: 1.0407 or 1.0303 for primary metered customers General Service >50kW Monthly Distribution Charge: $311.03 Variable Distribution Charge (Non-RPP): ($/kW) $1.68519 Variable Distribution Charge (RPP): ($/kW) $1.40399 Transmission Connection Charge: ($/kW) $1.9492 Transmission Network Charge: ($/KW) $2.4817 Adjustment Factor: 1.0407 or 1.0303 for primary metered customers
Customer Certainty	To the extent that any of the legacy residences and businesses are not converted to Horizon Utilities, they will remain outposts largely embedded within Horizon Utilities' service territory and may be the subject of an Application in future.	In the event that all Parts I through V of the SAA Application are granted, this will create customer certainty and avoid the cost and delay associated with any further SAA Applications in respect of the Summit Park development lands.
Supplier consistency	Service dispatch complexities, in event of emergency situations and/or power outages Rural service utility – customers receive rural type service standards and utility only required to provide "rural" outage response time	Homogeneous urban service – utility expected to provide "urban" responsiveness in outages
Customer Density	One of the lowest line kilometer customer densities in the province	Less equipment required for smaller geographic area
Designation of Express M3/M4 Feeders	Attached at Appendix A is a description of LDC feeder supply types published by HONI. I am advised that the M3/M4 feeders have never served any other customer other than Horizon Utilities and its predecessors. Because these	

[5] Sub-transmission is load for customers, other than LDCs that meet the following requirements only: "i) is three-phase; and ii) is directly connected to and supplied from Hydro One Distribution assets between 44 kV and 13.8 kV inclusive; the meaning of "directly" includes HONI not owning the local transformation; and iii) is greater than 500 kW (monthly measured maximum demand averaged over the most recent calendar year or whose forecasted monthly average demand over twelve consecutive months is greater than 500 kW)".

Designation of Express M3/M4 Feeders, continued

feeders have been utilized solely for supply to Horizon Utilities and no other load, they therefore meet the definition of "express feeder". HONI's rates for sub-transmission (ST) are different for "common ST lines" and "specific ST lines". The basis for charging a customer utilizing a common ST line is the customer's monthly maximum demand; whereas the basis of the charge for a specific ST line (i.e., an express feeder) is the length of the line within the supplied LDC's service area solely supplying the LDC.

The per kilometer charge for a specific or express feeder in HONI's approved rates is $633.28. Assuming that the M3/M4 feeders are approximately 3 kilometers in length, the monthly charge would be about $1,900, per feeder. By comparison, the charge for a common ST is $0.668 per kW. I am advised by Horizon Utilities that by its calculations, if one of the M3 or M4 feeders is used by HONI to provide service to Summit Park, HONI could then take the position that the feeder no longer remains a specific ST line and should be charged out at the common ST rate. Horizon Utilities' calculates the resulting increase to be between approximately $4,000 and $8,900 per month. The estimated annual impact is estimated to be more than $73,000. This additional amount would then become payable by Horizon Utilities' ratepayers and would constitute a customer impact.

Summary of Customer Impact Comparative Analysis

It is understood that Multi-Area Developments initially requested service from Horizon Utilities for its Phase 7 subdivision development, having received service for the first six phases from Horizon Utilities. After it later received an OTC from HONI, Multi-Area accepted HONI's OTC. While this fact or weighs in HONI's favour, it should be considered in light of the rate impacts on future customers.

The Phase 7 development will consist of more than 280 residences. It is also slated for the construction of two schools. The customers that will purchase the residences, businesses and operate the schools in the Phase 7 subdivision will face higher rates under HONI than under Horizon Utilities.

As well, with the removal of the legacy 8.32/4.8kV service and the legacy poles, the streetscape will be improved.

Overall, the customer impact assessment favours Horizon Utilities.

Other Considerations

Factors Specific to Parts 1 through V of the SAA Application

While the analysis earlier in this report applies generally to each of Parts I through V of Horizon Utilities' SAA Application, there are certain factors specific to several of the Parts of the Application. These are discussed in this section of the report.

PART I

Part I consists of the Summit Park development, Phase 7. It was the subject of Horizon Utilities' June 2012 SAA Application filing. From the materials, it initially appeared that the Developer supported Horizon Utilities' SAA Application. However, after receiving HONI's OTC later, the Developer apparently signed the OTC back.

It is not possible to compare the HONI OTC "as is" to Horizon Utilities' for several reasons. First, the HONI OTC does not appear to include any connection charge. Regardless of whether the Developer elects HONI's Option A or B, HONI will incur costs connecting its system to the Summit Park subdivision and it is not apparent that these costs have been included in its OTC.

Second, HONI does not appear to have included any upstream costs, despite the fact that it has been expanding its system to accommodate Phase 7.

Third, because HONI generally serves rural areas, its specifications permit a less expensive installation of underground wires by the direct-bury method, whereas Horizon Utilities requires developers to use duct work because this will ultimately reduce O&M costs in future. In respect of the Developer and Phase 7, I have been advised by Horizon Utilities that it has agreed to allow the Developer to proceed with the direct-bury method of the underground wires so as to not cause any delay in the completion of the Project. In other words, in the event that Part I of Horizon Utilities SAA Application is granted, it will not require the Developer to convert the underground wiring system to a duct-based system. It is my understanding that the costs of the civil work associated with the direct bury of the wires necessary for Phase 7 as quoted by the contractor pertaining to the work, Conelco, is approximately $562,000 and would be common to both alternative supply options.

Finally, the HONI OTC apparently does not include any costs associated with the steps that it will take in future to make its connection permanent through, for example, the construction of an additional feeder from NEBO TS and the connection of the new 27.6 / 16 kV line to the new feeder. The HONI OTC also does not include any costs for the movement of the poles that will be necessitated along the south side of Rymal Road as required during the planned road widening.

Horizon Utilities informs me that the City of Hamilton plans to widen Rymal Road East to four lanes in or around 2013 and that many of the poles which have recently been framed by HONI will have to be moved. In many instances, it is probable that the existing legacy poles will be replaced with the larger and higher class poles appropriate

PART I, continued

for 27.6 /16 kV circuits. I am advised by Horizon Utilities that the location of the poles it installed 5 years go on the north side of Rymal Road East was selected to avoid having to relocate them later for the road widening.

The Table below is a comparison of the two OTCs as they appear in the SAA Application materials. This Table only includes the figures that each of the utilities have included in their respective OTC, with the exception of the contestable work. The latter will be the same for both utilities. I am advised by Horizon Utilities that it has agreed to accept the direct-bury method of construction. It is understood that the contestable costs to complete the Phase 7 subdivision totals approximately $562,171, according to a quote from Conelco.

SUMMIT PARK RESIDENTIAL DEVELOPMENT, PHASE 7
COMPARISON OF OFFERS TO CONNECT

HORIZON UTILITIES		HONI
$0	Design Costs	$12,877
50,000	Connection Costs	Not Included
127,953	Expansion Costs	Not Included
182,020	Non-Contestable Costs	520,719
562,171	Contestable Costs	562,171
506,042	OM&A (Present Value)	886,979 (does not include any OM&A on connection or expansion work)
0	Cost due to Rymal Road Widening	Not Included
65,637	Inspection Costs	38,253
1,493,823		2,020,999

Horizon Utilities understands that the non-contestable work included in the HONI OTC includes costs for transformers, switches, elbows and associated labour which, under Horizon Utilities' methodology is passed along to the developer customer. Horizon Utilities therefore believes that the following costs should be added to its OTC to assist in the comparison:

Transformer costs (25 transformers)	$ 106,000
SF6 switches (3)	$ 114,000
Primary elbows (50)	$ 5,000
Labour to install	$ 33,000
Total	$258,000

PART I, continued

Horizon Utilities further believes it is appropriate to make a further adjustment to its OTC to assist in the comparison. Horizon Utilities includes an allocated cost for system expansion in its OTCs based upon a pooled approach for such costs. It would appear that HONI does not adopt such an approach and has therefore not included any amount for expansion costs in its OTC. Horizon Utilities therefore believes that the expansion costs in its OTC of $127,953 should be removed for the purposes of the comparison.

The end result is that HONI's OTC acknowledges costs to serve Summit Park Phase 7 which total more than $2 million, whereas the Horizon Utilities' OTC, with the above adjustments, indicates that Horizon Utilities can provide service to Phase 7 for approximately $400,000 less than HONI.

PART II

Part II deals with three single-family legacy homes on Fletcher Road. The SAA Application materials indicate that HONI earlier requested that Horizon Utilities assume these customers, but it is my understanding that HONI has orally rescinded this request. No reason has been given for this change.

Burman Energy understands that the Developer has committed to pay for the conversion to an underground connection to these homes and remove the HONI legacy poles. 134 Fletcher Road is completely embedded within Horizon Utilities' service territory. 70 and 80 Fletcher Road are surrounded on the north, south and west sides. They would be completely embedded within Horizon Utilities' service territory if Part I dealing with Summit Park, Phase 7 is approved. Currently these houses are served by HONI using legacy overhead 4.8 kV wires from the south. Horizon Utilities already has underground services along Fletcher Road. For HONI to supply these houses, it would have to provide an underground connection beneath Fletcher Road from Summit Park, Phase 7 (assuming that it is successful in its opposition to Part I of the Horizon Utilities SAA Application). This would involve a road cut of a newly paved road. By comparison Horizon's existing underground line is nearby on the west side of the street and fronts 134 Fletcher Road. In respect of 134 Fletcher Road, HONI would have to bury supply cable to approximately four (4) houses inside Horizon Utilities' service territory and cut across Fletcher Road.

PART III

There are a total of 12 properties along an approximate 2 km stretch on the south side of Rymal Road East which are legacy customers of HONI. The four (4) customers west of Fletcher Road – 1898, 1900, 1910 and 1912 Rymal Road East – are all completely embedded within Horizon Utilities' service territory. Horizon Utilities' 27.6/16kV system exists on the north side of Rymal Road East. There are no economic or system configuration reasons why these customers should remain outposts of HONI. They are no longer rural properties. They now exist within a subdivision of the City of Hamilton.

It is appropriate, in my view, that these customers be transferred to Horizon Utilities for a number of reasons. By converting these customers to Horizon Utilities, there will be no confusion as to which utility has responsibility for servicing the residences. There will also be no confusion in respect of rates, whereas confusion may arise with some neighbours paying the lower Horizon Utilities' rates and the legacy HONI

customers paying the higher HONI (medium density) rates, even though these residences are no longer in a rural setting. Horizon Utilities offers a more reliable service in comparison to HONI's legacy connections to these properties based on reliability data published by the OEB as noted in the Service Reliability section of this report.

In respect of the properties on the south side of Rymal Road East to the east of Fletcher Road, I note that these properties exist immediately to the east of the Summit Park, Phase 7 residential development and are immediately west to the two large commercial developments which are already served by Horizon Utilities. Horizon Utilities has the capacity and currently has the connection points to provide service to these properties. It is also noteworthy that HONI's 27.6 / 16 kV line from the M3 and M4 feeders which would be required to serve Summit Park, Phase 7 has not been extended east to these properties. Accordingly, HONI would necessarily incur upstream expansion costs to serve these legacy residences that Horizon Utilities would not.

PART IV

This Part of the SAA Application consists primarily of the Bishop Ryan Catholic Secondary School which is under construction and scheduled for completion in the spring of 2013. It also includes a square parcel of land at the south east corner of Rymal Road East and Trinity Church Road where the Developer contemplates a small commercial plaza. The Catholic Secondary School Board has requested that Horizon Utilities provide service to the high school. Horizon Utilities' OTC to the School Board is included in the October 24, 2012 SAA Application materials. It is my understanding that the School Board has requested a comparison OTC from HONI a number of weeks ago, but the comparison OTC has not been received.

This property is embedded entirely within Horizon Utilities' service territory. If this Part of Horizon Utilities' SAA Application is not granted and HONI remains the incumbent distributor, it would become another outpost or island within Horizon Utilities' service territory. Horizon Utilities has a fully developed distribution system surrounding the property and I am advised that no material upstream expansion is required. It is my understanding from correspondence from the School Board that the ownership and future operations and maintenance obligations associated with the required transformer is an important issue. The School Board is desirous of the service provider owning and being responsible for the transformer. HONI earlier informed the School Board that the School Board must supply the transformer. As well, the School Board has indicated a preference for the rates of Horizon Utilities and its quality of service relative to HONI.

PART V

This Part of the SAA Application involves all of the remaining lands east of the Summit Park, Phase 7 development and the earlier built Summit Park subdivision immediately south of Phase 7. Given the likelihood of future development, and in the interest of regulatory efficiency, rendering a decision regarding preferred supply authority at this time would be prudent.

Given all of the past Phases of the Summit Park development and the two commercial plazas which are currently served by Horizon Utilities, for the reasons stated in this

report, Horizon Utilities would appear to be the preferred distributor for these lands. From an economic efficiency perspective, by providing for Horizon Utilities to be the distributor for these lands, HONI would then be in a position to retire its legacy 8.32/4.8 kV line all along the south side of Rymal Road East. This would free up capacity for its remaining 8.32/4.8 kV supply system. It is also anticipated that this would reduce OM&A costs of maintaining this legacy line to the several remaining outposts. This benefit may be offset, at least in part, by recognizing the value of the stranded 8.32/4.8 kV assets, however, assuming an average asset vintage of greater than 25 years, the stranded asset value would be minimal.

Conclusions

The economics of Horizon Utilities providing service to each of Parts I through V of its SAA Application has been compared against that of HONI. It appears that the economics favour Horizon Utilities. This is self-evident given the existence of an extensive 27.6/16kV system which is already in place serving Horizon Utilities' customers, all of which is accessible to provide service to Parts I through V.

In respect of the several HONI legacy customers, it appears that the "do nothing" option is not a feasible alternative. For system reliability reasons and given the fact that these legacy customers are now virtually embedded within a dense urban framework, leaving them as legacy customers of HONI will only necessitate further applications to the Board for SAA Applications in future. This, in and of itself, is not economically efficient.

Part V of Horizon Utilities' SAA Application consists of the balance of the lands which make up the Summit Park development running west of Swayze Road and that have not as yet been approved as Horizon Utilities' service area. Given the zoning of the area for future dense residential and commercial use and the existence of Horizon Utilities' dense 27.6/16kV system, it is my view that the most economically efficient supplier and the most administratively efficient means of dealing with these lands is to approve the SAA Application at this time. This will save the ratepayers of Horizon Utilities and HONI the cost of involvement in yet further SAA Applications.

Generally, for the area being assessed, Horizon Utilities' distribution system is more developed than HONI's. Consequently, customer loads are in much closer proximity to Horizon Utilities' 27.6/16kV facilities than they are to HONI's facilities. Considerable efficiencies are anticipated from the mitigation of the need for additional redundant supply to the area. As well, it is preferable for service to be provided at 27.6/16kV rather than at 8.32/4.8kV. The latter has service limitations over extended distances. It will incur greater losses, in turn reducing supply voltage to new customer loads at the end of the feeder thereby advancing the need for increases to the 8.32/4.8 kV supply capacity.

The historical development of existing infrastructure is relevant. Horizon Utilities has built out its system using a standardized 27.6/16kV supply. It represents the most efficient opportunity to provide a standardized service to all of Parts I through V of the Horizon Utilities' SAA Application. As a result of Horizon Utilities' existing system configuration, considerable efficiencies are anticipated from the mitigation of directly attributable and immediate upstream work which the HONI system will require.

By comparison, the Horizon Utilities' infrastructure requires no major or immediate system infrastructure improvements to accommodate the additional customers' loads.

From a service reliability standpoint, HONI's legacy supply poses a number of limitations that may negatively impact service reliability as is supported by the 2011 SAIDI and CAIDI comparisons. Due to the rural nature of HONI's distribution network, it is more exposed to outage-causing elements and is configured to support lower customer density. In contrast, Horizon Utilities' homogenous urban based 27.6/16kV contiguous supply system is more flexible and equipped to support a higher customer density. The elimination of two separate voltage level protocols is a matter of good operating practice and will lead to the rationalization of unneeded duplicate and/or redundant supply points.

A rough visual inspection of the HONI legacy wood poles leads to the conclusion that the 8.32/4.8kV assets are likely nearing the end of their depreciable life. With the anticipated widening of Rymal Road East, the removal of these poles from the south side represents an opportunity to retire this portion of the circuit.

All of HONI's rate classes which might be applicable are materially higher than that of Horizon Utilities. It should be noted that it does not appear that the HONI Urban High Density Zone rate is applicable as the Summit Park Phase 7 development does not contain 3,000 or more customers. It appears that the more costly Medium Density Zone rate would be applicable. Moreover, HONI's general service (commercial) rates must be compared with transformation included so there is no confusion to the school as a customer.

One must also consider the added operational complexity of allowing pockets of HONI customers to exist embedded within Horizon Utilities' service territory and potential for customer confusion. These are also factors which tend to favour Horizon Utilities being the preferred service provider.

In conclusion, it is my opinion that the factors considered weigh in favour of granting the Service Area Amendment Application, Parts I to V, to Horizon Utilities.

LDC Feeder Supply Types

LDC owned

- Owned by the LDC up to the TS
- Billed by the IESO
- Listed in TCA Schedule A
- Monitoring for > 500 kW

Shared

- Hydro One owned to LDC boundary
- Supplies other H1 customers
- Listed in DCA Schedule D
- Monitoring for > 250 kW

Express

- Hydro One owns a section from the TS (usually outside LDC)
- Only serves one LDC (no other load)
- Listed in DCA Schedule D
- Monitoring for > 500 kW

hydro one

Bart Burman, B.A.Sc., MBA, P.Eng.

98 Archibald Road
RR2 Kettleby, Ontario L0G 1J0 Email: bart.burman@rogers.com
H) 905-939-8529 Cell) 416-219-9976

PROFESSIONAL PROFILE

- Extensive progressive current operational, financial and business management experience within the electricity distribution sector; 25+ years progressive senior management knowledge and expertise,
- Well honed sense of industry issues which allows for applicable and effective action from strategic development to ultimate resolution and implementation.
- Technologically "fluent"; team leader of "state of the art" business approaches such as task cycle approach to work management, various process and improvement techniques.
- Highly developed project management and multi-tasking skills using portfolio management techniques.
- Acute comprehension of regulatory requirements to enable LDC compliance; experienced with regulatory filings.
- Initiated, designed and implemented Ontario Hydro's first distribution operation's management centre to better meet customer needs and improve operations.
- A fair and involved team leader and player; enthusiastic and dedicated to excellence; creative, "out of the box" visionary.
- Quick study; effectively determine and leverage key business drivers for maximum value; lead highly skilled work forces toward goal achievement
- Attentive to needs/delivered presentations to many LDC Boards

CAREER HISTORY

President, Burman Energy Consultants Group Inc. Dec 2009 – pres.

- Successfully transformed the business into a Corporate entity, while seamlessly providing continuity of services to clients,
- Grew annual business revenues from $150,000 to over $4.5M within 3 fiscal years,
- Organically increased staff complement, and acquired contract resources to meet client needs,
- Invested in staff cross training to be able to respond to variations in client work demands,
- Grew client base primarily by maintaining an exceptionally high industry performance standard,
- Sustained a value based suite of service offerings across a broad spectrum of LDC functional areas, ensuring uncompromising due diligence at a competitive market price,
- Ensured safety mission, policies, subcontractor WSIB clearances and all other aspects of requisite client safety due diligence are in place and adhered to.

Career History, continued

Managing Partner, EnerSpectrum Group Dec 2002 –2009.

- Delivered commercially viable suite of product offerings to meet LDC needs including system optimization modeling and analysis, conservation and demand management (CDM) services, total resource cost test, economic model and application services.
- Prepared a $820,000 CDM program plan for Aurora Hydro; co-coordinating its implementation.
- Prepared supporting material for regulatory rates submissions, including responses to interrogatories,
- Initiated and managed all aspects of new service offerings,
- Acquired additional resources, increasing staff complement to 5 to meet new demand for services,
- Presented power point presentations to EDA, OEB, OPA, ADM of Energy, Commissioner for Alternate Energy on industry issues and their solutions.

Hydro One 1981 - 2002
Director, Corporate Development 2000- 2002

- Spearheaded project management of Hydro One's call centre, finance, HR payroll and IT service outsourcing ensuring time lines and budgets were met.
- Delivered effective presentations, key strategies and frameworks; managed information and made practical linkages with key business imperatives.
- Led asset management process design and implementation teams.
- Established practical process inputs/outputs, handoffs, quality/quantity and change management criteria.

Director, Distribution Operation Management 1999-2000

- Designed and implemented emergency event response organization and led operations teams through several response and restoration efforts.
- Analyzed Ontario Hydro's distribution operations, worked with direct reports to identify necessary changes for improvement, worked as a team to brainstorm restructuring of functional areas, design and implement organizational structures, facilities, support I.T., and execution of changes. Held direct report managers accountable for execution and provided coaching and support along the way.
- Managed an annual operating budget of $30M with a staff complement of 150.
- Piloted the first Ontario Hydro distribution network specific GIS system to predict outage cause and effective feedback to the customer.

Director, Investment Strategy 1998-1999
Director, Distribution System Engineering and Sustainment 1997-1998

- Designated chief engineer for the Ontario Hydro distribution system; directed investment planning, asset sustainment and engineering departments.
- Analyzed business decisions to ensure viability of new investments, thereby securing value delivery of the distribution network.
- Developed long range business plans and annual budgets for the distribution network $200M annually. Monitored actual budget performance and projections and adjusted direction as required.

Career History, continued

- Directed implementation and ongoing provision of a province wide computer standard and operating system platform.

Customer Supply Planning Manager, Field Operations 1993-1997
Retail System Utility, Central Bay Utility, Orangeville

- Implemented a process perspective as a management tool to facilitate continuous improvement and extract optimal team and individual performance. Managed 11 Direct Reports.
- Introduced a customer transaction feedback system, which tracked service performance and enabled better response to needs of the end use customer.
- Concluded several supply negotiations with large customers

Held a series of progressive positions prior to 1993.

EDUCATION/COURSES

Masters of Business Administration, University of Toronto	1988
Bachelor of Applied Science, Electrical Engineering, University of Toronto	1981

Coaching for Performance	2002
Covey Leadership Week	2000
Selling Breakthroughs Certification	2000
Process re-engineering – Boston, Mass.	1996
Service Quality/Process Improvement Facilitator Certification	1993

BUSINESS AFFILIATIONS

Professional Engineers of Ontario
EDA Commercial Steering Committee Member

COMMUNITY INVOLVEMENT

Coach boys' baseball
Director of ski program

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an application under section 74 of the Act by Horizon Utilities Corporation for a licence amendment;

AND IN THE MATTER OF A MOTION by Hydro One Networks Inc.

AFFIDAVIT

I, EILEEN CAMPBELL, of the City of Hamilton, in the Regional Municipality of Hamilton-Wentworth, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the Vice-President, Customer Services, of Horizon Utilities Corporation ("Horizon Utilities"), and as such have knowledge of the matters hereinafter deposed to.

2. Pursuant to the Notice of Application and Notice of Motions and Procedural Order No. 1 ("**Notice**") issued by the Ontario Energy Board ("**OEB**") on November 21, 2012, Horizon Utilities was required to serve a copy of the Notice on the owners of each of the properties identified in Parts II, III, IV and V of Horizon Utilities' Service Area Amendment. In compliance, a copy of the Notice, an explanatory covering letter, and a further copy of the information circular earlier forwarded to these property owners was sent by courier and by regular mail.

3. Subsequent to the forwarding of the Notice and other materials, I had a telephone conversation with one of the property owners in question. On November 26th I spoke with Mr. B. Marzilla of 134 Fletcher Road. Mr. Marzilla was supportive of becoming a Horizon Utilities customer and was seeking more information on timing and the underground connection process I also received a telephone message from a

women indicating that she was calling from 80 Fletcher Road, however a name or return telephone number was not provided. The woman was seeking further information regarding the transfer of her service to Horizon Utilities.

SWORN before me at Hamilton, Ontario, this 29th day of November, 2012.

Eileen Campbell.

Eileen Campbell

A Commissioner for Taking Affidavits

13574123.1

November 28, 2012

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4

ATTN: BOARD SECRETARY

As the representative of the Hamilton-Wentworth Catholic District School Board (HWCDSB), the Board wishes to comment on Ontario Energy Board file #B-2012-0047 and ask for observer status in this matter.

The HWCDSB is currently constructing the Bishop Ryan Catholic Secondary School at the corner of Rymal and Dakota Streets in the City of Hamilton. This building is scheduled for completion in the Fall of 2013. The issue of the designation of our electrical service provider is threatening to severely disrupt the construction schedule and interrupt the education of over 1000 secondary students..

The HWCDSB would much prefer Horizon Utilities to be our service provider for a variety of reasons, including but not limited to the following:

1. Horizon Utilities has provided timely technical information and service with regards to the design of our power connection for Bishop Ryan CSS and the requisite equipment. This is further enhanced by Horizon Utilities being willing and able to supply and maintain a 1.5 KV transformer at no installation cost or maintenance cost to the Board.

2. Hydro One was sent an NCCI request for service to Bishop Ryan on September 24, 2012. As of today's date, no service connection response package has been received, in contravention of the required 60 day response time. This has now severely affected our ability to maintain construction schedules.

3. To the best of our knowledge, Hydro One requires the Board to own and maintain the transformer for the site. This is an onerous unplanned capital cost and a piece of equipment we lack the expertise to effectively manage and maintain.

.../2

4. The Board has approximately 70 electrical services of which all but 6 are with Horizon Utilities. Horizon and the Board have a strong customer service relationship including:

   -Horizon Utilities support for energy management helping the HWCDSB with MUSH sector legislation requiring reduction in energy usage
   -Solar projects in planning stages with Horizon Utilities subsidiaries
   -Excellent communication and support in dealing with electrical and water issues.

   No such relation exists with Hydro One.

5. The Bishop Ryan CSS site is currently a Hydro One island completely surrounded by Horizon Utilities customers. It is our belief that a Hydro One power outage could be much more severe than Horizon Utilities supplied power outage. Bishop Ryan CSS site is isolated from other Hydro One facilities. Horizon Utilities would likely have more options to reduce power interruption due to the proximity of its facilities. Power interruption is a critical issue in a school setting.

6. The HWCDSB is currently supplied with power by Hydro One at the St. Matthew Catholic Elementary Site in Binbrook. There have been ongoing power quality supply issues that have frequently disabled portions of our HVAC system and caused considerable occupant discomfort. In addition, power quality issues can be devastating to our computer infrastructure. These power quality issues have not been prevalent at Horizon Utilities supplied schools.

It needs to be re-iterated that the Hamilton-Wentworth Catholic District School Board wishes an immediate resolution of this issue allowing us to choose Horizon Utilities as our preferred electrical supplier.

Regards,

David Morrissey,
Controller of Plant
Hamilton-Wentworth Catholic District School Board

/ic

cc: Dennis O'Leary, Legal Counsel-Horizon Utilities
Jay Shepherd, Canadian Energy Lawyers
Roy Drysdale, Manager of Physical Plant and Construction
Dan Duffie, Architect-Svedas Architects Inc.
Steve Swing, NRG Consultants

AIRD & BERLIS LLP
Barristers and Solicitors

Scott Stoll
Direct: 416.865.4703
E-mail: sstoll@airdberlis.com

November 29, 2012

VIA COURIER AND EMAIL

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Horizon Utilities – Service Area Amendment
Letter of Comment
Board Proceeding No.: EB-2012-0047

We are counsel to Brant County Power Inc., EnWin Utilities Ltd. and Essex Powerlines Corporation (the "**Distributors**").

The Distributors would like to make comments regarding the Motions being held in the Board's office on November 30th, 2012. Each of the Distributors' licensed distribution service area is adjacent to Hydro One Networks Inc. ("**Hydro One**") and each has been involved or will be involved in service area amendments in the not too distant future. Therefore, the Distributors have valuable insight into the process which we submit would be of interest to the Board. The Distributors do not intend to appear at such Motion. For clarity, the Distributors are not at this time taking a position on the merits of the Horizon Application or the motion regarding the sufficiency/quality of the evidence.

In short, the Distributors are very concerned about the motion to dismiss Horizon Utilities Corporation's application that has been brought by Hydro One and would submit to the Board that the motion to dismiss should not be granted for the reasons outlined herein. Further, assuming the Board does not dismiss the Horizon Application, the Distributors believe the underlying issues raised by this Service Area Amendment Application and other recent proceedings would benefit from the participation of other stakeholders.

Our comments have been organized into two sections: the test for granting a motion to dismiss; and (ii) the basis for the motion.

Motion to Dismiss

The Distributors understand that Hydro One has requested the Board dispose of this matter prior to considering all of the relevant evidence. Horizon has filed an application pursuant to section 74 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 Sched. B (the "**OEB Act**").

The Board's Rules of Practice and Procedure (the "**Rules**"), Rule 18.01, provides the basis upon which the Board may dispose of a proceeding without a hearing. Specifically, Rule 18 provides:

> 18.01 The Board may propose to dismiss a proceeding without a hearing on the grounds that:
>
> (a) the proceeding is frivolous, vexatious or is commenced in bad faith;
>
> (b) the proceeding relates to matters that are outside the jurisdiction of the tribunal; or
>
> (c) some aspect of the statutory requirements for bringing the proceedings has not been met.

From a review of the materials the Distributors are not aware of any allegation or evidence that would satisfy paragraph (a). Further, the matter is squarely within the Board's mandate, paragraph (b); and the Application has been properly brought forward by Horizon (paragraph (c)). As such, the pre-conditions for dismissal do not exist and the Board should proceed to consider the other motions and the proceeding based upon the relevant and necessary evidence.

Further, the Distributors would suggest the Board's Rules for dismissing a proceeding should be interpreted in a manner that is consistent with the court's approach in a summary judgment motion under Rule 20 of the Rules of Civil Procedure.

The Ontario Court of Appeal has recently clarified the test for summary judgment under the new Rule 20 established on January 1, 2010. The underlying question for a motion judge now is whether or not a trial is required in the "interest of justice" – a question that must be answered in light of whether the "full appreciation" of the evidence and issues that is required to make dispositive findings can be achieved by way of summary judgment, or whether this full appreciation can be achieved only at trial.[1]

Using the court's approach, the Distributors submit the Board should only dispose of a proceeding without a hearing where one of the pre-conditions exists and it determines the

[1] *Combined Air Mechanical Services Inc. v. Flesch*, 2011 ONCA 764 at para. 50

matter does not warrant consideration of the "full appreciation" of the evidence or order to fulfill the public interest. For the reasons outlined below, the Distributors submit the Board should proceed to consider the evidence.

Basis for the Motion to Dismiss

It appears from the materials filed to date that the basis for Hydro One's motion is premised solely on the fact that the "customer" has not requested service from Horizon. We understand that there may be some disagreement between the Parties about the underlying facts but that is not necessary for our purpose of commenting upon the analytical process and considerations of the Board in such proceedings.

In RP-2003-0044, the Board combined several service area proceedings and made comments regarding the various objectives provided in the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 Sched. B (the "**OEB Act**") and considerations of the Board in meeting those statutory objectives. The OEB Act, section 1, reproduced below, provides objectives for guiding the Board in carrying out its responsibilities under the Act.

> 1.(1)The Board, in carrying out its responsibilities under this or any other Act in relation to electricity, shall be guided by the following objectives:
>
> 1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.
>
> 2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.
>
> 3. To promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.
>
> 4. To facilitate the implementation of a smart grid in Ontario.
>
> 5. To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities. 2004, c. 23, Sched. B, s. 1; 2009, c. 12, Sched. D, s. 1.

The Application has been brought by Horizon pursuant to section 74 of the OEB and therefore the Board is obligated to be guided by these objectives. Many of these objectives have not changed since the Board issued the Decision with Reasons in RP-2003-0044 and

so the Distributors are of the view that the Board's findings and statements in RP-2003-0044 regarding customer choice and economic efficiency are still valid.

(a) Public Interest v. Customer Choice

In RP-2003-044, the Board considered, what is now objective 1 (then objective 3), and made the following findings and statements regarding customer choice in a service area amendment application:

> It was argued by some that the third objective reinforces the importance of customer preference in service area amendments. However, in the Board's view, the protection of consumer interests encompasses broader considerations than the immediate and narrow interest of a given consumer at a given point in time. In our view the term requires the Board to consider the protection of the interests of other consumers in the proposed amendment area, the remaining customers of each utility, and the interests of electricity consumers throughout the province, over a time period that includes more than the short-term implications of any given action. Individual customer preference must be balanced with the interests of all consumers with respect to prices and the reliability and quality of electricity service. The preference of a particular customer or group of customers cannot be relied upon to yield results that are necessarily in the overall public interest.
>
> The Board finds that the protection of the interests of the larger group of consumers affected by any service area amendment application must take precedence over the preference of any individual consumer. The more general interest of consumers will be protected through the rational optimization of existing distribution systems.[2]

As such, customer choice is but one factor and the Board specifically noted that the needs of the broader public come ahead of the wishes of a single customers. The Board is the regulator for the electricity and natural gas industry in the province of Ontario and has long considered its role to further the broader public interest. Service area amendments form the geographic basis for the utilities to serve customers and develop their infrastructure and the evolution of the electrical infrastructure should further such broader interest.

The notion of balancing the individual interest versus the broader public interest is not new to the Board and the courts have accepted the position that the broader public interest must trump the individual interest of a single customer.[3] Therefore, the mere fact that the customer has signed an agreement with Hydro One should not be dispositive of the matter.

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[2] RP-2003-0044, Ontario Energy Board, Decision with Reasons, paras. 63 and 64.
[3] *Union Gas Ltd. v. Dawn (Township)*, (1977) 2M.P.L.R. 23, 15 O.R. (2d) 722, 76 D.L.R.(3d) 613 (Ont. Div. Ct.).

(b) Economic Interest.

The Distributors would also note that not only was customer choice not dispositive of the matter but the Board in RP-2003-0044 stated that economic efficiency was the foremost consideration. Specifically, the Board made the following findings and statements:

> The promotion of economic efficiency in the distribution sector is one of the Board's guiding objectives in the regulation of the electricity sector. The Board is persuaded that economic efficiency should be a primary principle in assessing the merits of a service area amendment application. Economic efficiency would include ensuring the maintenance or enhancement of economies of contiguity, density and scale in the distribution network; the development of smooth, contiguous, well-defined boundaries between distributors; the lowest incremental cost connection of a specific customer or group of customers; optimization of use of the existing system configuration; and ensuring that the amendment does not result in any unnecessary duplication or investment in distribution lines and other distribution assets and facilities. The Board recognizes that there may be applications where all these components of economic efficiency do not apply.[4]
>
> In its consideration of the economic efficiency of any given amendment proposal, an important factor will be the extent to which a proposal builds upon existing, well-developed electricity distribution assets from high or medium density systems. In many instances this will favour proposals that represent the extension of an existing local distribution system into a contiguous area. Proposals that are attempts to stretch distribution assets to create outposts of service will not be favoured.[5]

Economic efficiency would therefore appear to be the primary concern of the Board and the only way in which the economic efficiency of the Horizon Application can reviewed is through the full consideration of the evidence in the matter. The dismissal of the Horizon Application at this stage would preclude the Board's consideration of the very issue that the Board has stated is the core consideration in a service area amendment application. As such, the fulfillment of the Board's mandate necessitates a full hearing.

Economic efficiency has been a fundamental consideration of the Board for many years and carrying out its mandate. The Provincial Government recently constituted the Ontario Distribution Sector Panel, to consider ways in which the distribution sector may realize short and long-term operational efficiencies. Therefore, the Distributors are of the view that the current policy of the Provincial Government would suggest that economic efficiency has been further entrenched as the pre-eminent consideration in such applications.

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[4] RP-2003-0044, Ontario Energy Board, Decision with Reasons, para. 84.
[5] RP-2003-0044, Ontario Energy Board, Decision with Reasons, para. 87.

Concluding Thoughts

The Distributors are not suggesting the Board is restricted to these only considerations but submits the Board's statements indicate that there is an issue to be considered on the basis of the evidence. Therefore, the Board should not dismiss the Horizon Application but rather should conduct a full review of the relevant evidence prior to rendering a decision.

If the Horizon Application was dismissed at this early stage on the basis that no customer request had been made, it would undermine the Board's earlier decisions in such proceedings and render the current service areas permanent. As a side note, such a position would likely render distributors helpless to deal with the long-term load transfers which the Board has been trying to eliminate.

As such, the Distributors submit the motion to dismiss should not be granted and the Board should consider the Horizon Application on the merits. Further, the Distributors feel the proceeding would benefit from a broader consideration of the process and considerations in service area amendment applications and the Board should provide the opportunity for other stakeholders to participate in the proceeding.

If the Board determines that it will grant the Distributors the opportunity to intervene and participate in the proceeding, the Distributors will take the record as it stands and will adhere to schedules set forth by the Board so that the parties not delayed or prejudiced.

Thank you for considering these comments.

Yours Respectfully,

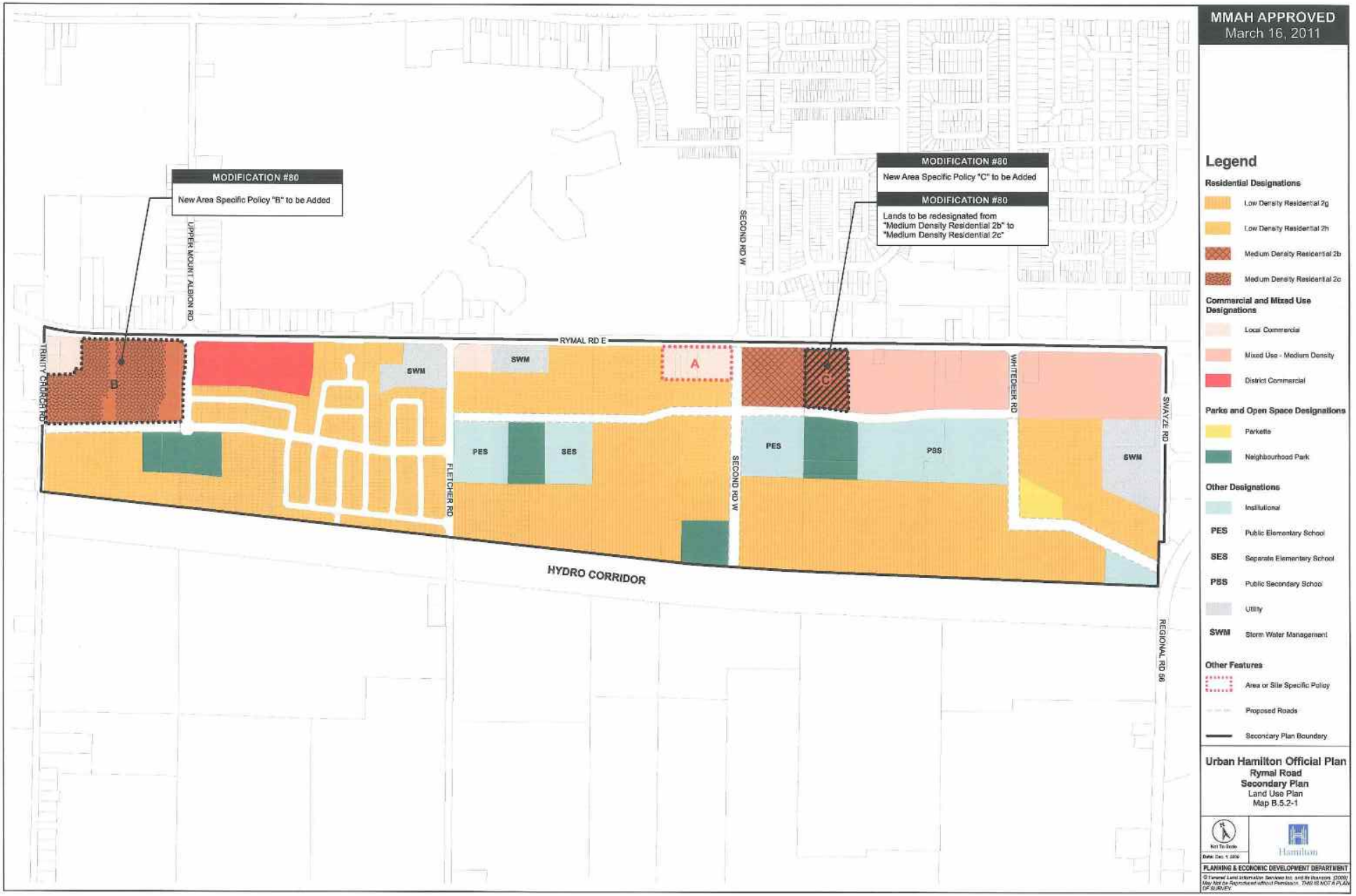
**BRANT COUNTY POWER INC., ENWIN UTILITIES LTD.
AND ESSEX POWERLINES CORPORATION**

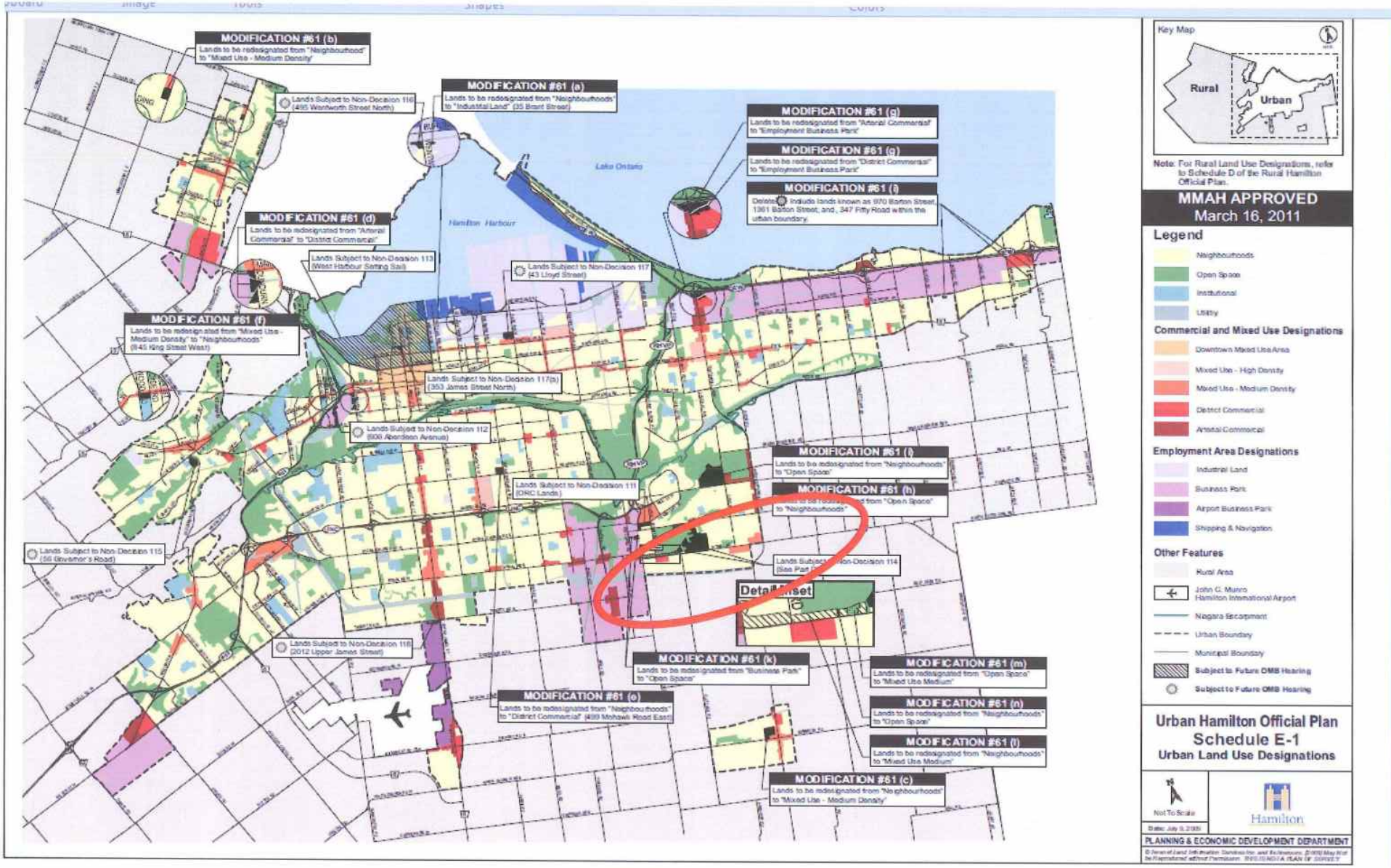
By Counsel

Scott Stoll
SAS

cc: EB-2012-0047, All Participants

13585773.1




MODIFICATION #61 (b)
Lands to be redesignated from "Neighbourhood" to "Mixed Use - Medium Density"
Lands Subject to Non-Decision 116 (495 Wentworth Street North)
MODIFICATION #61 (a)
Lands to be redesignated from "Neighbourhoods" to "Industrial Land" (35 Brant Street)
MODIFICATION #61 (g)
Lands to be redesignated from "Arterial Commercial" to "Employment Business Park"
MODIFICATION #61 (g)
Lands to be redesignated from "District Commercial" to "Employment Business Park"
MODIFICATION #61 (j)
Deletes Includs lands known as 970 Barton Street, 1361 Barton Street; and, 347 Fifty Road within the urban boundary.
Lake Ontario
Hamilton Harbour
MODIFICATION #61 (d)
Lands to be redesignated from "Arterial Commercial" to "District Commercial"
Lands Subject to Non-Decision 113 (West Harbour Setting Sail)
Lands Subject to Non-Decision 117 (43 Lloyd Street)
MODIFICATION #61 (f)
Lands to be redesignated from "Mixed Use - Medium Density" to "Neighbourhoods" (845 King Street West)
Lands Subject to Non-Decision 117(a) (353 James Street North)
Lands Subject to Non-Decision 112 (606 Aberdeen Avenue)
MODIFICATION #61 (i)
Lands to be redesignated from "Neighbourhoods" to "Open Space"
MODIFICATION #61 (h)
to "Neighbourhoods"
Lands Subject to Non-Decision 111 (OMC Lands)
Lands Subject to Non-Decision 115 (56 Governor's Road)
Lands Subject to Non-Decision 114
Detail Inset
Lands Subject to Non-Decision 118 (2012 Upper James Street)
MODIFICATION #61 (k)
Lands to be redesignated from "Business Park" to "Open Space"
MODIFICATION #61 (m)
Lands to be redesignated from "Open Space" to "Mixed Use Medium"
MODIFICATION #61 (e)
Lands to be redesignated from "Neighbourhoods" to "District Commercial" (499 Mohawk Road East)
MODIFICATION #61 (n)
Lands to be redesignated from "Neighbourhoods" to "Open Space"
MODIFICATION #61 (l)
Lands to be redesignated from "Neighbourhoods" to "Mixed Use Medium"
MODIFICATION #61 (c)
Lands to be redesignated from "Neighbourhoods" to "Mixed Use - Medium Density"
Key Map
Rural
Urban
Note: For Rural Land Use Designations, refer to Schedule D of the Rural Hamilton Official Plan.
MMAH APPROVED
March 16, 2011
Legend
Neighbourhoods
Open Space
Institutional
Utility
Commercial and Mixed Use Designations
Downtown Mixed Use Area
Mixed Use - High Density
Mixed Use - Medium Density
District Commercial
Arterial Commercial
Employment Area Designations
Industrial Land
Business Park
Airport Business Park
Shipping & Navigation
Other Features
Rural Area
John C. Munro Hamilton International Airport
Niagara Escarpment
Urban Boundary
Municipal Boundary
Subject to Future OMB Hearing
Subject to Future OMB Hearing
Urban Hamilton Official Plan
Schedule E-1
Urban Land Use Designations
Not To Scale
Hamilton
PLANNING & ECONOMIC DEVELOPMENT DEPARTMENT