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Barristers and Solicitors

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January 31, 2013

BY COURIER AND RESS

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

Dear Ms. Walli:

**Re: Horizon Utilities Corporation
Service Area Amendment Application
Board File: EB-2012-0047**

We are counsel to Horizon Utilities Corporation ("**Horizon Utilities**") in respect of the above noted matter.

We are writing in response to Hydro One Networks Inc.'s ("**Hydro One**") letter dated January 25, 2013 ("**Letter**") to the Ontario Energy Board ("**Board**") and to advise parties in respect of the witnesses which Horizon Utilities intends to call next week during the oral proceeding.

Horizon Utilities Witnesses

Currently, it is Horizon Utilities intention to produce a panel comprised of Indy Butany-DeSouza, MBA, Vice President, Regulatory Affairs; Kathy Lerette, Vice President, Utility Operations; Daniel Roberge, P. Eng., Manager, Capital Projects; Neil Freeman, Vice President, Business Development; and expert witness, Bart Burman, MBA, P. Eng.

Response to Hydro One's Letter

The Letter inaccurately suggests that Horizon Utilities did not answer certain questions fully or at all. It is evident that Hydro One is seeking an opportunity to ask supplementary questions primarily in respect of questions that it did not ask in the first instance by means of an interrogatory. While such a request is not provided for in the Procedural Orders issued by the Board and is certainly unusual, Horizon Utilities is voluntarily providing the following additional information in the hope that it will expedite the oral hearing in this matter.

It should be noted that many of the supplementary interrogatories by Hydro One relate to whether or not Horizon Utilities has made efforts to communicate with Hydro One in respect of the service area amendments in question. Certainly, if Hydro One believes that aspects of Horizon Utilities' SAA Application could be resolved without resort to the Board,

Horizon Utilities has always been and remains willing to meet to discuss appropriate arrangements. Horizon Utilities has received no such request from Hydro One in respect of any of the five Parts of its SAA Application. It certainly appears to Horizon Utilities that Hydro One has no intention of consenting to or compromising in respect of any of the service area amendments. If this is incorrect, perhaps Hydro One could set out its proposals, in writing, before the oral hearing so as to avoid unnecessary time being spent on matters that might be capable of resolution.

The following are Horizon Utilities' responses to the supplementary interrogatories asked by Hydro One.

Horizon Utilities' Responses to Hydro One

Interrogatory No. 3:

As identified in Horizon Utilities' response, Horizon Utilities uses a figure for estimated OM&A based upon a 5-year rolling historical average for OM&A costs. These costs include OM&A costs associated with expansion work undertaken during the 5-year historic period. It is therefore not possible to give a detailed breakdown as requested.

Interrogatory No. 14

In addition to Horizon Utilities' inability to technically undertake what Hydro One requested, which is to transpose onto a small scale planning map all of the boundaries between Horizon Utilities and Hydro One, Horizon Utilities questions the relevance of this exercise. It has provided in its evidence the details of the service areas which are the subject of this application. Specifically, in Exhibit KM1 (the Google map which has been filed in evidence), the boundary between the Horizon Utilities' and Hydro One's service areas to the east and west of the Summit Park lands are identified. The specifics of the service areas within the Summit Park lands which are the subject of all five Parts of Horizon Utilities' SAA Application are set out in the other maps filed as part of its evidence.

Horizon Utilities' Responses to Board Staff

Interrogatory No. 6

This answer is complete.

Interrogatory No. 8 (b)

Horizon Utilities included in its response to Board Staff No. 1 a copy of an email dated February 22, 2012, from the Supervisor, Planning and Design, Hydro One, Gordon Messervey, which Horizon Utilities received from the developer, Multi-Area Developments Inc. ("**Multi-Area**").

In addition, we attach the additional email correspondence between Multi-Area, Hydro One, and Horizon Utilities which relates to Summit Park 7. These emails support Horizon Utilities' response.

Interrogatory 11 (b)

Horizon Utilities has fully responded to this question by means of its answer at both 11(a) and 11(b) and its pre-filed evidence which notes the oral rescission by Hydro One of its request that Horizon Utilities accept the transfer of customers on Fletcher Road.

Interrogatory 13 (a) (c) and (d)

The response to these questions is complete. It should be noted that the reference to the evidence which is filed under the attachments to Part II of the SAA Application also relates to Part III. The attachment under Part II, Attachment 7, being the Affidavit of Indy Butany-DeSouza, sworn December 13, 2012, confirms that each of the customers which are the subject of Parts II and III of Horizon Utilities' SAA Application have been put on notice of the Application as required by the Board pursuant to its Procedural Order No. 1. Each customer also received a letter from Horizon Utilities advising of its intention to proceed with the Application. The Affidavit confirms that Horizon Utilities has not received any oral or written communications from any of the owners of the subject properties indicating any disagreement with or concern of being transferred to Horizon Utilities.

In respect of Hydro One's request for confirmation about whether Horizon Utilities informed Hydro One of its intention to file Part III of its application before the SAA Application was filed, given Hydro One's rescission of its request to Horizon Utilities to assume the transfer of the customers on Fletcher Road, and Hydro One's conduct commencing construction on the proposed Rymal Road East 27.6 kV circuit in the face of a live SAA Application filed in June 2012, Horizon Utilities did not give Hydro One advance notice.

As noted earlier in this response, Horizon Utilities remains prepared to meet and discuss relevant matters with Hydro One in respect of all five parts of Horizon Utilities' SAA Application if this would result in a resolution of matters. It does, however, appear to Horizon Utilities that Hydro One has no intention of altering its position in respect of the service areas that are the subject of this Application.

Interrogatory No. 14

This interrogatory, as filed, inadvertently included the response to Hydro One's Interrogatory No. 14. The correct interrogatory response has now been filed with the Board.

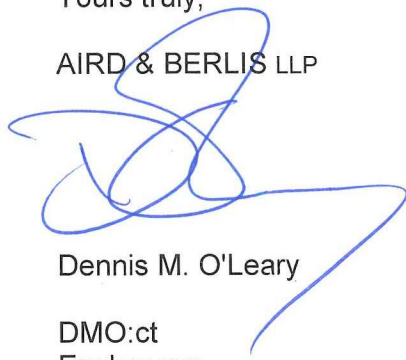
Interrogatory No. 18

Horizon Utilities believes that its response to this interrogatory was appropriate.

January 31, 2013
Page 4

Yours truly,

AIRD & BERLIS LLP

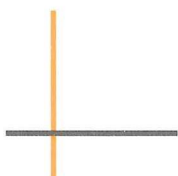


Dennis M. O'Leary

DMO:ct
Enclosures

cc Intervenor

13987514.1



Sent: Wednesday, February 22, 2012 12:51 PM
To: DAVIDSON Robert
Cc: spicer@multi-area.com <spicer@multi-area.com>
Subject: Contact Information for Developer for Summit Phase 7

Rob Davidson
Hydro One
(905) 681-4281 (Work)

As per our telephone conversation last Friday, please find below the contact information for the developer for the Summit 7 property:

Mr. Steve Spicer
Multi-Area Developments Inc
301 Fruitland Road, Unit 10
Stoney Creek, Ontario
L8E 5M1
(905) 664-2623
spicer@multi-area.com

Regards,

Daniel Roberge, P.Eng.,
Manager, Capital Projects
Horizon Utilities Corporation
55 John Street North, Hamilton, Ontario, L8N 3E4
Tel: (905) 521-4904
Fax: (905) 523-5764
daniel.roberge@horizonutilities.com

From: DAVIDSON Robert
Sent: Wednesday, February 22, 2012 1:03 PM
To: HALL James
Subject: Fw: Contact Information for Developer for Summit Phase 7

James;

I'm out of office

Can you forward this info asap to internal Dx contacts as previously advised so they in turn can forward to developer the project set up package that was referenced.

Robert

From: HALL James
Sent: Wednesday, February 22, 2012 1:18 PM
To: MESSERVEY Gordon
Cc: YAKIMCHUK Michael
Subject: FW: Contact Information for Developer for Summit Phase 7

Gord,

Please see email forwarded by Robert Davidson with contact information for the developer wrt a SAA approach from Horizon. The Dx Issues group declined to accept the SAA without information regarding the development and instructed Horizon to inform the developer to apply for an offer to connect (i.e. follow the process). Would you please see that the developer receives a package.

Thanks,

Jim

From: MESSERVEY Gordon
Sent: Wednesday, February 22, 2012 3:47 PM
To: HALL James
Cc: YAKIMCHUK Michael
Subject: RE: Contact Information for Developer for Summit Phase 7

Hi Jim,

I have no problems sending the customer a package and this will most likely be sent out to them tomorrow.

Based on the information I have seen on this site would this project not fall into the category or be considered one that we would support the SAA on? Isn't there approx \$400K of expansion/enhancement just to get our supply to the site?

Gordon Messervy

Supervisor Planning & Design

Hydro One Networks Inc.

420 Welham Road, BAF

Barrie, Ontario, L4N 8Z2

☎ (705) 719-5774

✉ <mailto:gordon.messervy@HydroOne.com>

From: HALL James
Sent: Friday, February 24, 2012 2:14 PM
To: JORDAN Cheryl
Cc: DAVIDSON Robert
Subject: FW: Contact Information for Developer for Summit Phase 7
Importance: High

Cheryl,

I noticed in an email chain that Gord sent me that you were the one sending out a package to a developer – would Gord have also asked you to send out this package? Robert Davidson has been contacted by the developer and it seems that they have not yet received a package. Would you be in a position to track down the person Gord would have asked to forward the package or to send a package to the developer? You'll see the email address of the developer below. I believe Robert would appreciate being copied on that email.

Thanks,

Jim

From: DAVIDSON Robert
Sent: Friday, February 24, 2012 2:18 PM
To: HALL James; JORDAN Cheryl
Subject: RE: Contact Information for Developer for Summit Phase 7

To clarify, I don't know if the developer has been contacted.

He called me and in return I only left a message with him.

But we should be concerned if he has not yet been contacted about the "package".

Robert

From: cheryl.jordan@HydroOne.com [<mailto:cheryl.jordan@HydroOne.com>] **On Behalf Of**
subdivision@HydroOne.com
Sent: February-24-12 2:46 PM
To: rob.davidson@HydroOne.com; jim.hall@HydroOne.com
Cc: spicer@multi-area.com; subdivision@HydroOne.com; gordon.messervey@HydroOne.com
Subject: RE: Contact Information for Developer for Summit Phase 7

Pls see the attached email where Dale Webster has sent your developer our initial subdivision package.

Thanks,

Cheryl Jordan

Hydro One

Engineering Support Assistant

Distribution Planning

420 Welham Road, Barrie, ON L4N 8Z2

phn - 1-705-719-5739

phn - 1-866-272-3330 ext 5739

From: Steve Spicer [<mailto:spicer@multi-area.com>]
Sent: February 24, 2012 3:58 PM
To: subdivision@HydroOne.com
Cc: rob.davidson@HydroOne.com; jim.hall@HydroOne.com; subdivision@HydroOne.com;
gordon.messurvey@HydroOne.com
Subject: RE: Contact Information for Developer for Summit Phase 7

Hi Cheryl

Thanks for the email. I received the package from Dale yesterday.

We really don't want to go through this process. It is a time consuming and expensive process for us. We went through it for the first phase of Summit Park about 7 years ago. Since then all 6 plans of subdivision and 2 plans of condominium have been serviced by Horizon. It doesn't make sense to us to change service providers part way through our development.

We have requested that Horizon apply to the OEB for a service area amendment. (letter attached).

We ask that you please consider not opposing the application.

Please let me know your thoughts on this matter.

Thanks

Steve Spicer



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

From: Steve Spicer [<mailto:spicer@multi-area.com>]
Sent: March 19, 2012 9:51 AM
To: Roberge, Daniel
Subject: Summit Park Phase 7

Hi Dan,

I spoke with Gordon Messervey at Hydro One on Friday afternoon. He seems to understand the situation and would like another week to finish reviewing our request.

Steve

From: Roberge, Daniel [<mailto:daniel.roberge@horizonutilities.com>]
Sent: March-19-12 9:54 AM
To: Steve Spicer
Subject: RE: Summit Park Phase 7

Do you feel that Hydro One could potentially reply with a position where they will not contest?

We may want to postpone our application until then.

Please let me know your thoughts,

Daniel

From: Steve Spicer [<mailto:spicer@multi-area.com>]
Sent: March 19, 2012 10:00 AM
To: Roberge, Daniel
Subject: RE: Summit Park Phase 7

Hi Dan

Yes, I believe that there's a good chance that they'll decide not to contest.

Steve

From: Roberge, Daniel
Sent: Monday, March 19, 2012 10:05 AM
To: Innis, Ian; Gribbon, Jamie
Cc: Lerette, Kathy; Butler, Jim
Subject: FW: Summit Park Phase 7

Based on Steve's note below, I suggest we give Hydro One a few more days to respond to Steve since the SAA would have to be re-submitted.

Daniel

From: Innis, Ian
Sent: March 19, 2012 10:14 AM
To: Butany-DeSouza, Indy
Subject: FW: Summit Park Phase 7

Indy,

FYI.

Ian

From: Roberge, Daniel [mailto:daniel.roberge@horizonutilities.com]
Sent: March-27-12 11:14 AM
To: Steve Spicer
Subject: RE: Summit Park Phase 7

Hi Steve:

Any developments from Hydro One?

Daniel

From: Steve Spicer [mailto:spicer@multi-area.com]
Sent: March 27, 2012 11:22 AM
To: Roberge, Daniel
Subject: RE: Summit Park Phase 7

Sent an email to Gordon Messervey yesterday but haven't heard back.

I'll let you know as soon as I've heard something.

Steve

From: Roberge, Daniel
Sent: April 16, 2012 9:43 AM
To: 'Steve Spicer'
Subject: RE: Summit Park Phase 7

Good morning Steve,

Any updated from Hydro One?

Please let me know,

Daniel Roberge, P.Eng.,
Manager, Capital Projects
Horizon Utilities Corporation
55 John Street North, Hamilton, Ontario, L8N 3E4
Tel: (905) 521-4904
Fax: (905) 523-5764
daniel.roberge@horizonutilities.com



From: Roberge, Daniel [mailto:daniel.roberge@horizonutilities.com]
Sent: April-17-12 7:37 AM
To: Steve Spicer
Subject: RE: Summit Park Phase 7

Hi Steve:

I just listened to your voicemail. I will be at our Nebo facilities this morning for some meetings. I will call between meetings.

I can come see you also, if that works for you.

Daniel

From: Steve Spicer [<mailto:spicer@multi-area.com>]
Sent: April 18, 2012 12:19 PM
To: Roberge, Daniel
Subject: RE: Summit Park Phase 7

FYI

Hi Steve,

As promised here is a Planning Level estimate for the costs to service the development known as Summit Phase 7. As discussed if you would like us to prepare the detailed design and costing we would require you to pay the \$50/lot upfront but we would refund these fees if this service territory was to be changed to Horizon.

Planning Level Estimate

Connection Assumptions (Please note Revenue and O&M \$'s will change if different Values are used)

Rate Class - R1, Home Size - 2000sqft, Loading - Base Load +AC

Capital Costs for Installation Work

U/G Internal Installation Ball Park Average \$3000/lot (Excluding Civil costs)

Revenue and O&M Calculations

PV Revenue/Lot based on Connection Assumptions = Approx \$6250

PV O&M/Lot based on Connection Assumptions = Approx \$4300

Hydro One will have \$1950/lot to contribute towards offsetting developer capital costs

Scenario Assuming all primary and secondary installed UG

Capital Costs \$3000/lot X 284 lots = \$852,000

Hydro Contribution \$1950/lot X 50 lots = \$553,800

Developer's Capital Contribution \$852,000 - \$553,800 = **\$298,200**

Please let me know if you have any questions.

Regards,

Gordon Messervey

Supervisor Planning & Design

Hydro One Networks Inc.

420 Welham Road, BAF

Barrie, Ontario, L4N 8Z2

☎ (705) 719-5774

✉ <mailto:gordon.messervey@HydroOne.com>

From: Roberge, Daniel [<mailto:daniel.roberge@horizonutilities.com>]
Sent: Wednesday, April 25, 2012 2:20 PM
To: URBANOWICZ Alex
Cc: spicer@multi-area.com
Subject: FW: Summit Park Phase 7

Alex,

As per our telephone conversation, Horizon Utilities would like to know Hydro One's position on this application.

Mr. Spicer of Multi-Area needs to enter into an agreement soon with an LDC to support his construction dates.

My understanding is that Hydro One does not have the assets in place to support this development.

Do you have any more actions planned beyond providing the high-level estimate below?

Please let me know,

Daniel Roberge, P.Eng.,
Manager, Capital Projects
Horizon Utilities Corporation
55 John Street North, Hamilton, Ontario, L8N 3E4
Tel: (905) 521-4904
Fax: (905) 523-5764
daniel.roberge@horizonutilities.com



From: alex.urbanowicz@hydroone.com [<mailto:alex.urbanowicz@hydroone.com>]
Sent: April 26, 2012 3:30 PM
To: Roberge, Daniel
Cc: spicer@multi-area.com; rob.davidson@HydroOne.com
Subject: RE: Summit Park Phase 7

Daniel

Thanks for the information. I have checked into the situation and found out that Horizon's Neil Freeman and Jamie Gribbon have also been involved in this matter. Jamie Gribbon has been advised that Hydro One doesn't have any details regarding Horizon's offer to connect and that we need this information as part of our due diligence process.

We need this information to compare to our own information before a decision can be made. Please provide me with the information and I'll ensure that it gets to the appropriate Hydro One parties. Thanks.

Alex Urbanowicz
Account Executive
Hydro One
850 Pond Mills Rd.
London On
N5Z 4R2
office: 519-649-3727
cell: 519-671-3233
fax: 519-690-3044

From: Roberge, Daniel
Sent: April 27, 2012 3:26 PM
To: Gribbon, Jamie
Cc: Innis, Ian; Butler, Jim; Lerette, Kathy; Freeman, Neil; Butany-DeSouza, Indy
Subject: FW: Summit Park Phase 7

Do we need to provide Hydro One with a copy of the Offer to Connect?

Please keep in mind that Hydro One has not provided an Offer to Connect. What they have provided is a Planning Level estimate.

Please advise,

Daniel

From: Butany-DeSouza, Indy
Sent: Friday, April 27, 2012 04:11 PM
To: Roberge, Daniel; Gribbon, Jamie
Cc: Innis, Ian; Butler, Jim; Lerette, Kathy; Freeman, Neil
Subject: RE: Summit Park Phase 7

Daniel

We do not need to provide Hydro One an Offer to Connect. Hydro One does however need to provide such to the customer. We would obtain this from the load customer (Steve Spicer) and include it in our application. We need such for the application to be complete.

I have attached a very old decision for all, FYI. If you look at the second to last page, there is a bulleted list under Section 2: Additional Information Filing Requirements for Contested Applications

Hydro One has to provide the customer with the Offer to connect – we then get it from the customer. The requirement per the DSC is the provision of the Offer to Connect to the customer within 60 days of the request. At this stage it looks to me as if 30days has already elapsed (if not more) – I do not know when the customer first made the request. Can you advise on this last point?

Thanks IJBD

Indy J. Butany-DeSouza, MBA
Vice President, Regulatory Affairs
Horizon Utilities Corporation
Tel: (905) 317-4765
Cel: (416) 451-1822
indy.butany@horizonutilities.com



From: Butany-DeSouza, Indy
Sent: May 9, 2012 8:40 AM
To: Roberge, Daniel; Gribbon, Jamie
Cc: Innis, Ian; Butler, Jim; Lerette, Kathy; Freeman, Neil
Subject: Re: Summit Park Phase 7

Daniel and Jamie,

Can you confirm when the customer made the request to HONI for the Offer to Connect?

Thanks, IJBD

Indy J. Butany-DeSouza, MBA
Vice President, Regulatory Affairs
Horizon Utilities Corporation
Tel: (905) 317-4765 Cel: (416) 451-1822
indy.butany@horizonutilities.com