



February 6, 2013

BY EMAIL AND COURIER

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 ("Horizon Utilities") recent Electricity Distribution Rates ("EDR") Incentive Regulation Mechanism ("IRM") Application (EB-2012-0132)

On August 2, 2012, Horizon Utilities filed a 3rd Generation IRM EDR Application (the "Application") with the Ontario Energy Board ("OEB" or the "Board"), in accordance with Chapter 3 of the OEB's *Filing Requirements for Transmission and Distribution Applications*, revised June 28, 2012. The Application was for electricity distribution rates effective January 1, 2013. As part of that Application, Horizon Utilities sought disposition of its Group 1 Deferral and Variance account ("DVA") balances to December 31, 2011 by way of a credit of approximately \$4.7 million to Horizon Utilities' customers.

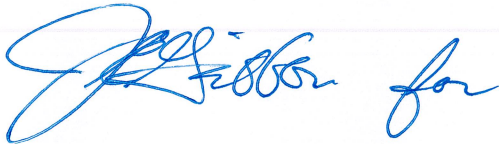
By its Decision and Order issued December 6, 2012, the Board approved, on a final basis, "the disposition of a credit balance of \$4,966,768 as of December 31, 2011, including interest as of December 31, 2012 for Group 1 accounts. These balances are to be disposed over a one year period from January 1, 2013 to December 31, 2013."

The Group 1 DVA account balances approved for disposition included a credit adjustment of \$271,738 booked in October 2011 related to the period of October 2008 to December 2010. This could be considered as an "out-of-period" adjustment for Horizon Utilities' DVA balances arising in 2011. The credit adjustment of \$271,738 related to Account 1588 RSVA power and Account 1588 Sub-account Global Adjustment. While Horizon Utilities included this amount in the Group 1 DVA balances to be returned to customers, it regrets that it inadvertently neglected to highlight this in the 2013 IRM Application. Horizon Utilities confirms that the adjustment of \$271,738 was included in

Column A (2.1.7 RRR as at Dec 31, 2011) of Table 4 - Group 1 Accounts Reconciled to RRR 2.1.7 in the 2013 EDR IRM Application and that the credit balance is being returned to customers as part of its 2013 electricity distribution rates.

If you have any questions, please do not hesitate to contact me.

Yours Truly,



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