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April 24, 2014

Delivered by Courier and Electronic Filing

Ontario Energy Board
2300 Yonge Street
26th Floor, Box 2319
Toronto, ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Horizon Utilities Corporation – Five Year Custom IR Cost of Service
Distribution Rate Application
Board File No. EB-2014-0002**

We are counsel to Horizon Utilities Corporation (“Horizon Utilities”) with respect to the above-captioned matter. Last week, Horizon Utilities filed its Five Year Custom IR Application for Electricity Distribution Rates and Charges for the five year period commencing January 1, 2015, together with the related Excel workbooks.

In the cover letter to the Application, Horizon Utilities identified certain material that was being filed in confidence, and provided the grounds for the confidentiality request. Some of that material constituted personal information, and this was also addressed in the cover letter.

In assembling unredacted versions of the confidential and personal information for filing in accordance with the Board’s *Practice Direction on Confidential Filings*, Horizon Utilities determined that the references in the cover letter to that material were not complete. Accordingly, we have prepared a revised cover letter (enclosed) containing a complete set of references to the material in respect of which confidentiality claims are being made. To be clear, the grounds for the requests have not changed – it is only the locations of the subject material that have been updated. We have also made a slight revision to confirm that none of the personal information referred to in the letter will be provided to individuals who have executed the Board’s form of undertaking with respect to confidentiality, and a typographical error in the salutation of the cover letter has been corrected.

Should you have any questions or require further information, please do not hesitate to contact me.

Yours very truly,
BORDEN LADNER GERVAIS LLP

Original signed by James C. Sidlofsky

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April 16, 2014 – **REVISED APRIL 24, 2014**

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Toronto, ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Horizon Utilities Corporation – Five Year Custom IR Cost of Service
Distribution Rate Application
Board File No. EB-2014-0002**

We are counsel to Horizon Utilities Corporation (“Horizon Utilities”) with respect to the above-captioned matter. Please find accompanying this letter an electronic version of Horizon Utilities’ Five Year Custom IR Application for Electricity Distribution Rates and Charges for the five year period commencing January 1, 2015, together with the following Excel versions of the models that Horizon Utilities is required to file in “live” form:

- Continuity Statements (2011 – 2019)
- Revenue Requirement Workforms (2015 – 2019)
- Smart Meter Model
- Load Forecast Data
- Cost Allocation Models (2015 – 2019)
- Deferral and Variance Account Continuity Schedule
- RTSR Model
- PILs Models (2015 – 2019)
- Appendix 2-W Bill Impacts (2015 – 2019)
- Appendix 2-Z Tariff of Rates and Charges (2015 – 2019)
- COS Checklist

Two paper copies of the Application will be delivered to the Board.

Horizon Utilities has redacted a limited amount of information from the public version of the pre-filed evidence, as follows, and requests that it be maintained in confidence pursuant to Rules 10.01 and 10.02 of the Board's *Rules of Practice and Procedure* and Sections 5.1.1 and 5.1.2 of the Board's *Practice Direction on Confidential Filings* (the "Practice Direction") for the reasons set out below:

- **Assumed Union Wage Increases**

[Exhibit 1, Tab 2, Schedule 6, pages 6, 21, 22, 23](#)

[Exhibit 4, Tab 1, Schedule 1, page 16](#)

[Exhibit 4, Tab 2, Schedule 2, pages 6, 8, 39, 42, 43, 45, 47, 48](#)

[Exhibit 4, Tab 4, Schedule 42, page 6](#)

[Exhibit 4, Tab 4, Schedule 42, page 8 - Table #4-54 \(APPENDIX 2-K\)](#)

Horizon Utilities has redacted certain information, including information in the Board's Appendix 2-K (Table 4-54), regarding assumed compensation and benefit increases for the 2015-2019 Test Years. More particularly, with respect to Table 4-54, Horizon Utilities has redacted certain 2015-2019 base wage and benefit-related information for the two employee categories (Executive/Management and Non-Union/Union), although total salary and benefit information would remain public.

Horizon Utilities' current collective agreement with the International Brotherhood of Electrical Workers (the "IBEW") expires on May 31, 2015. Negotiations between Horizon Utilities and the IBEW will be taking place in the months prior to that expiry date. As such, any reference to, or inclusion of, Union compensation information provided in this Application is sensitive and could prejudice the 2015 collective bargaining process. Appendix "A" to the Practice Direction sets out the Board's considerations in determining requests for confidentiality. Among the considerations set out in that Appendix are the following:

- (a)(i) prejudice to any person's competitive position;
- (a)(iii) whether the information could interfere significantly with negotiations being carried out by a party;
- (a)(iv) whether the disclosure would be likely to produce a significant loss or gain to any person; and
- (g) any other matters relating to FIPPA (the *Freedom of Information and Protection of Privacy Act*) and FIPPA exemptions.

With respect to item (g) above, the OEB has provided a summary of pertinent FIPPA provisions at Appendix E of the Practice Direction. That summary provides, in part, as follows:

"Under section 17(1), the Board must not, without the consent of the person to whom the information relates, disclose a record where:

- (a) the record reveals a trade secret or scientific, technical, commercial, financial or labour relations information;
- (b) the record was supplied in confidence implicitly or explicitly; and

- (c) disclosure of the record could reasonably be expected to have any of the following effects:
- i. prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons or organization;
 - ...
 - iii. result in undue loss or gain to any person, group, committee or financial institution or agency;
 - ...”

Horizon Utilities submits that the disclosure of assumed 2015-2019 wage and benefit increases for the Union employee group could reasonably be expected to prejudice Horizon Utilities’ negotiating position in the upcoming collective bargaining process and interfere significantly with those negotiations. Horizon Utilities acknowledges that the current version of Appendix 2-K has been streamlined, in part by grouping the information for Executive and Management compensation and benefits and the information for Non-Union and Union compensation and benefits. However, Horizon Utilities has redacted information related to all employee groups (although it has disclosed values for total salary and benefits) for the 2015-2019 Test Years because, without those redactions, the budgeted adjustments to Union wages and benefits for the 2015-2019 period will be easier to estimate, nullifying the effect of any specific Union-related redactions.

- **Physical Security**

Exhibit 2, Tab 6, Schedule 1, pages 40, 41, 55 and 57

Exhibit 2, Tab 6, Schedule 3, page 132

Exhibit 2, Tab 6, Appendix 2-4 – Distribution System Plan, Pages [195–185](#) and [272262](#); [Appendix A, Pages 47, 50, 51, 76](#); Appendix G, pages 99, 100, 101, 118, 220, 221, 222, 427 and 429; and Appendix L – Physical Security Report

Certain text is being redacted from the public version of these pages, and Appendix L to the Distribution System Plan is being filed in confidence in its entirety, on the basis that this material contains information regarding the security of Horizon Utilities’ facilities, and Horizon Utilities’ current and planned measures to protect those facilities. The compromising of Horizon Utilities’ physical facilities could reasonably be expected to result in unauthorized access to and release of personal information with respect to Horizon Utilities’ customers and employees; the creation of risks to the safety of customers and staff of Horizon Utilities; and unauthorized access to and interference with Horizon Utilities’ electricity distribution system.

Among the Board’s considerations in determining requests for confidentiality set out in Appendix A to its *Practice Direction on Confidential Filings* (the “Practice Direction”) are the following:

- (a)(i) prejudice to any person’s competitive position;
- (a)(iv) whether the disclosure would be likely to produce a significant loss or gain to any person;

- (c) whether the information pertains to public security; and
- (g) any other matters relating to FIPPA and FIPPA exemptions.

Section 20 of FIPPA provides:

Danger to safety or health

A head may refuse to disclose a record where the disclosure could reasonably be expected to seriously threaten the safety or health of an individual.

Section 13 of the *Municipal Freedom of Information and Protection of Privacy Act* is identical to Section 20 of FIPPA.

- **Personal Information - Corporate Tax Returns**

Exhibit 4, Appendix 4-12.1 and 4-12.2

Horizon Utilities has made a small number of redactions of personal information from the corporate income tax documents discussed below in the Application, and is requesting that the Board allow the redacted information to remain in confidence in this proceeding. As discussed below, Horizon Utilities submits that the redacted information constitutes personal information, as that term is defined in FIPPA, and accordingly, it should not be disclosed to any parties to this proceeding, in accordance with Rule 9A.02 of the Board's Rules of Practice and Procedure and Section 4.3 of the Board's Practice Direction.

The redactions are from 2011 and 2012 corporate tax returns filed as appendices 4-12.1 and 4-12.2 respectively, in Exhibit 4 of the Application. The redacted information consists of: the names and employment dates of co-op students who were the subject of the Ontario co-operative tax credit claims; the trade code, names, contract/training agreement numbers, original registration dates of apprenticeship contract or training agreement, employment dates of apprentices who were the subject of apprenticeship tax credit claims; and personal addresses of Directors and Officers of Horizon Utilities. The redactions have been made in the following areas of those documents:

2011 T2 Corporation Income Tax Return

- [Total current-year credit – ITC from apprenticeship job creation expenditures – Part 21, areas 601 and 602](#)
- Ontario Co-Operative Education Tax Credit, Part 4, areas 410, 430, and 435
- Ontario Apprenticeship Training Tax [Credit](#), Part 4, areas 400, 410, 420, 425, 430, and 435
- Director/Officer information – Part 7, areas 720, 730, 760, 770, 780, and 790

2012 T2 Corporation Income Tax Return

- [Total current-year credit – ITC from apprenticeship job creation expenditures – Part 21, areas 601 and 602](#)

- Calculation of the Ontario Apprenticeship Training Tax Credit – [Part 4, areas 400, 405, 410, 420, 425, 430, and 435](#)~~Part 21, areas 601 and 602~~
- Calculation of the Ontario Co-Operative Education Tax Credit – Part 4, areas ~~400, 405 and 410, 425, 430, and 435~~
- Director/Officer information – Part 7, areas 720, 730, 760, 770, 780, and 790

To be clear, Horizon Utilities has not redacted any monetary values in the forms, and Horizon Utilities respectfully submits that the redacted material is not relevant to this proceeding in any event. Horizon Utilities has redacted only personal information relating to identifiable individuals. The information falls within the definition of “personal information” contained in Section 2 of FIPPA. Specifically, the information is recorded information about identifiable individuals including information relating to the education and employment history of the individuals; identifying numbers assigned to the individuals; and the individuals’ names, which appear with other personal information relating to the individuals. As noted above, the information should not be disclosed to any parties to this proceeding.

Horizon Utilities will be filing confidential unredacted versions of the documents in accordance with Rule 9A.01.

- **Personal Information – Customer Names**

Exhibit 2, Appendix 2-4 – Distribution System Plan, Appendix H – Long Term Load Forecast

This Appendix to the Distribution System Plan contains Horizon Utilities’ 2013 Load Forecast Report. The report includes various references to the names of specific Horizon Utilities customers and transmission customers of Hydro One Networks Inc. The document identifies capital projects related to specific customers, and it identifies by name certain customers served by particular transformer stations in the Horizon Utilities service area. Horizon Utilities is not permitted to disclose customer information, and does not have the consent of the customers identified in the report to the disclosure of their identities. The redacted information should not be disclosed to any parties to the proceeding.

Horizon Utilities will be filing confidential unredacted versions of the documents in accordance with Rule 9A.01.

In light of the foregoing, Horizon Utilities requests the Board’s confirmation that this information shall remain confidential. Horizon Utilities is prepared to provide copies of the unredacted material (with the exception of the tax material [and other personal information](#) discussed above) to parties’ counsel and experts or consultants provided that they have executed the Board’s form of Declaration and Undertaking with respect to confidentiality and that they comply with the Practice Direction, subject to Horizon Utilities’ right to object to the Board’s acceptance of a Declaration and Undertaking from any person.

Documents marked as confidential that are being placed on the public record

Horizon Utilities notes that the following documents that are included in the Application have been provided to it in confidence by their authors, and they contain language confirming this. Horizon Utilities has contacted the authors and received their confirmation that their documents may be placed on the public record in this proceeding.

- Exhibit 1, Appendix 1-16 – HHI Shareholders Agreement
- Exhibit 2, Appendix 2-4 (Distribution System Plan), Appendix B – Kinectrics’ 2013 Asset Condition Assessment
- Exhibit 2, Appendix 2-4 (Distribution System Plan), Appendix C – KPMG Assurance Review of Kinectrics’ Asset Condition Assessment Review
- Exhibit 4, Appendix 4-1 – 15th Annual Electric Utility Customer Satisfaction Survey
- Exhibit 4, Appendix 4-2 – Contractors and Developers Satisfaction Survey
- Exhibit 4, Appendix 4-5 – Mercer Letters 2010, 2011, 2012, October 2013 (for 2012/2013), October 2013 (for 2014)
- Exhibit 4, Appendix 4-9 – Kinectrics’ Useful Life of Assets

We ask that copies of all correspondence and orders pertaining to this proceeding be delivered to the following individuals:

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Should you have any questions or require further information, please do not hesitate to contact me.

Yours very truly,
BORDEN LADNER GERVAIS LLP

Original signed by James C. Sidlofsky

James C. Sidlofsky
JCS
Encl.

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