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June 18, 2008

Delivered by E-mail and Courier

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

Dear Ms. Walli:

Re: EB-2007-0697
Horizon Utilities Corporation
Application to the Ontario Energy Board (the "OEB") for Electricity
Distribution Rates and Charges as of May 1, 2008

We are counsel to Horizon Utilities Corporation ("Horizon Utilities") with respect to the above-captioned matter. Please find accompanying this letter Horizon Utilities' response to Undertaking J1.8 given during the oral hearing in this proceeding. The remaining response, to Undertaking J1.6, will follow shortly under separate cover.

Yours very truly,
BORDEN LADNER GERVAIS LLP

Original Signed by James C. Sidlofsky

James C. Sidlofsky
JCS/dp

Encls.

cc: Maureen Helt, OEB
Khalil Viraney, OEB
Theodore Antonopoulos, OEB
Max Cananzi, Horizon Utilities Corporation
John Basilio, Horizon Utilities Corporation
Cameron McKenzie, Horizon Utilities Corporation
Intervenors of Record

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UNDERTAKING J1.8

To calculate the proposed change from Bridge Year to Test Year in labour costs for operations and labour costs for maintenance.

Response:

Horizon Utilities has provided the following table of labour costs for the 2007 Bridge Year and the 2008 Test Year broken out for operations, maintenance and capital. As is evident in the table labour costs have decreased slightly for operations and increased for maintenance. Labour costs are capitalized based on the actual time spent on capital projects as recorded on employee timesheets. Horizon Utilities has planned for more capital work projects as identified in its Capital and Maintenance Programs document.

Horizon Utilities Corporation		
Total Labour included in Operations, Maintenance and Capital		
2007 Bridge Year to 2008 Test Year		
Notes:		
(1) Includes only hourly paid employees, including supervisors		
(2) Excludes management employees		
	2007	2008
	<u>Bridge</u>	<u>Test</u>
Operations	\$ 2,059,579	\$ 2,001,530
Maintenance	2,419,056	2,584,430
Distributed Labour Costs (Operations, Maintenance and Capital)	674,438	677,597
Capital	6,637,029	8,296,946
Total	\$ 11,790,102	\$ 13,560,502