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Please Reply to the TORONTO OFFICE

BY EMAIL

November 25, 2008
Our File No. 2080002

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Horizon Utilities 2008 – EB-2007-0697

We are writing this letter on behalf of the School Energy Coalition to respond to Horizon's comments on the cost claims.

Horizon has complained that our cost claim is substantially higher than those of the other intervenors, and by implication has said that the amount of our claim does not represent "reasonably incurred costs". We have the following responses to those allegations:

1. School Energy Coalition took the lead in this proceeding. As the Board is aware, an arrangement to allocate workloads has been formalized between regular intervenors for 2009, building on our experience in cases like Horizon, where with the consent of the other parties SEC took a leading role. This meant that SEC had to read and evaluate all of the evidence, while other intervenors could focus on particular areas of interest. It meant that in most Board processes, including in particular oral hearing and argument, we had to spend considerably more time than other intervenors. This is not to say that other intervenors did nothing. Quite the contrary. But, in the interests of minimizing duplication/overlap, the SEC took a broader role and commitment in this case. In this regard, we draw the Board's attention to the letter written April 2, 2008 by counsel to VECC, specifically noting that they were relying on SEC to take the lead in the oral hearing for Horizon. The Board can also look at the RESS, where the filings by SEC, and the involvement of SEC in all aspects of the proceeding, is clearly evident.
2. The final total of filed evidence in this proceeding ran to thousands of pages, far more than many other cost of service applications. This is not a criticism of Horizon, which tried to be thorough, but an indication of the time involved in reviewing all of the evidence.

GREAT LAKES
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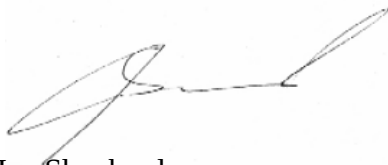
3. Counsel for Horizon engaged in a running battle with intervenors about the process, including lengthy letters to the Board on several occasions which required responses. As lead amongst the intervenors on these issues, it was SEC that had to respond most fully. The cost of the surprisingly time-intensive participation in the process by Horizon's counsel has not been disclosed to the Board, but it certainly created a lot of extra work for the intervenors, and in particular SEC.
4. As the Board saw in the oral hearing, one of the key issues on the cost of debt involved a review that had to be more "forensic" than normal, a time-consuming exercise fought very hard by the Applicant. Ultimately, SEC, which took the lead in that investigation and cross-examination, was able to force full disclosure to the Board of the historical basis of the debt, resulting in an order correcting the problem.
5. The Applicant was seeking an order from the Board that it collect more than \$400 million from ratepayers over the four year IRM period. To cavil about \$172,000 in cost claims for the public process seems to us to be unreasonable. This is particularly true since, as things unfolded, it is clear that a less adversarial approach by the utility could well have resulted in a much less expensive process.
6. Except for one docket, which appears to have been in fact consultation with another intervenor on a related issue (we're checking), the Applicant has not alleged that any of the work done by SEC was either a) not done, or b) unnecessary/wasted. The Board has lots of experience with the work of SEC in Board proceedings, and it is submitted that there is no reason to doubt any of our work.

For these, reasons, we believe that the complaints of Horizon about the cost claim of SEC are ill-founded and the Board should order payment in full of our reasonably incurred costs in this proceeding.

All of which is respectfully submitted.

Yours very truly,

SHIBLEY RIGHTON LLP

A handwritten signature in dark ink, appearing to read 'Jay Shepherd', with a stylized, sweeping flourish extending from the end of the name.

Jay Shepherd

cc: Bob Williams, SEC (email)
Wayne McNally, SEC (email)
Jamie Sidlofsky, BLG (email)
Cameron McKenzie, Horizon (email)
Maureen Helt, OEB (email)
Interested Parties (email)