

March 29, 2007

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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NOTICE OF PARTICIPATION

**Re: Self-nomination for 2008
Multi-year Electricity Distribution Rate Setting Plan
Selection of Electricity Distributors for Rebasing
Board File Number EB-2006-0330**

Horizon Utilities Corporation ("Horizon"), a regulated distributor of electricity, was created on March 1, 2005 through the amalgamation of the former Hamilton Hydro Inc. ("HHI"), and St. Catharines Hydro Utility Services Inc. ("SCHUSI"); both of which were also former regulated electricity distribution corporations.

This letter is to advise the Ontario Energy Board ("the OEB") that Horizon self-nominates to rebase electricity distribution rates in 2008.

On March 5, 2007, OEB staff issued a Staff Discussion Paper: Rate-making Policies Associated with Distributor Consolidation. Horizon believes this discussion paper to be a good start on rate-making policies and will provide its comments by April 5, 2007. The discussion paper addresses two issues: rate harmonization and rate rebasing.

Horizon filed its 2006 Electricity Distribution Rate Application on August 26, 2005. As part of this rate application, Horizon made the decision to harmonize distribution rates for its Hamilton and St. Catharines service areas. The rate application, based on 2004 historical data, resulted in rate reductions for the majority of customers across both service territories.

The OEB Staff Discussion Paper, referred to above, provides for a maximum time frame of five years for an amalgamated or merged distribution company to rebase on a harmonized rate base. Horizon's current harmonized rate base has been calculated on 2004 historical data. With the merger successfully completed, Horizon believes that it is now prudent to update its rate base to reflect the changes that have occurred as a result of the merger.

In addition, in the preparation of the Cost Allocation Informational filing, Horizon's revenue to cost ratio for the Residential customer class identifies an over contribution by the Residential class to the cost of servicing this class. To rebase rates, including the cost of service results, will clearly align distribution rates across Horizon's customer classes.

Horizon submits that the filing of its distribution rate application for 2008 meets the criteria outlined in the proposed OEB staff Discussion paper and the implementation of the Cost Allocation results further supports the alignment of distribution rates.

Horizon Utilities Corporation respectfully requests to be included on the Ontario Energy Board's list of LDC's to be rebased for purposes of 2008 rates, to be issued April 2, 2007.

Please direct all questions and correspondence to me at 905-317-4785 or cameron.mckenzie@horizonutilities.com.

Yours truly,

Original signed

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