



February 16, 2011

BY RESS AND BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON, M4P 1E4

Dear Ms. Walli:

RE: Horizon Utilities Corporation's Conservation and Demand Management Strategy Addendum - Board File No: EB-2010-0215

Please find attached the addendum to Horizon Utilities Corporation's ("Horizon Utilities") Conservation and Demand Management Strategy ("CDM Strategy"), as requested in the acknowledgement letter issued by the Ontario Energy Board (the "Board") on November 29th, 2010.

The figures included in the addendum reflect estimated budgets for Ontario Power Authority ("OPA")-Contracted Province-Wide Programs and Board-Approved CDM programs. Horizon Utilities anticipates filing a joint Application with other LDCs (some of whom are members of the Coalition of Large Distributors) for Board-Approved CDM Programs, in the future.

As such, the attached document reflects Horizon Utilities' anticipated budgets in reference to the noted programs.

Yours Truly,

Original signed by Indy Butany-DeSouza

Indy J. Butany-DeSouza
Vice-President, Regulatory and Government Affairs
Horizon Utilities Corporation
Tel: (905) 317-4765

OPA PROVINCE-WIDE CDM PROGRAMS

Horizon Utilities intends to leverage OPA-Contracted Province-Wide Programs in its delivery of CDM targets. Such programs are expected to deliver approximately 80% of the Horizon Utilities' total CDM targets of 60.36 MW and 281.42 GWh to the end of 2014. The estimated percentage was calculated through a customer-based analysis approach to ensure the integrity of the estimate. The budgets for the OPA-Contracted Province-Wide and proposed Board-Approved CDM programs were prepared with the best available information at the time of this submission.

Table 1 provides an overview of the projected budget for the OPA-Contracted Province-Wide programs which Horizon Utilities intends to undertake, exclusive of the low income program. Included in the table are estimates of the projected budget for each of the programs. The OPA is continuing to develop additional programs that are not in the current Program Administration Budget ("PAB"). Horizon Utilities will provide an update at the time of filing the first annual report in September 2012.

**Table 1 – OPA-Contracted Province-Wide CDM Programs – Horizon Utilities
Projected Budget (excluding Low Income).**

OPA-Contracted Province-Wide Programs	Projected Budget
<i>Consumer Program 2011-2014</i>	\$21,661,273
<i>Commercial Institutional Program 2011-2014</i>	\$22,871,391
<i>Industrial Program 2011-2014</i>	\$6,265,993
<i>Enabling Resources</i>	\$2,760,000
<i>Total</i>	\$53,558,657

The above-noted total of \$53.5MM is based on the OPA's projected budget for all three CDM programs.

BOARD-APPROVED PROGRAMS

Horizon Utilities has reviewed a range of programs as potential Board-Approved Programs. Based on an extensive review of potential programs, Horizon Utilities has prioritized 6 programs which may be part of a forthcoming application in early 2011.

Table 2 provides the projected budget for Horizon Utilities' proposed Board-Approved Programs. Included in the table are estimates of the projected budget for each program.

Table 2 – Board Approved Programs Projected Budget

Proposed Board Approved Programs	Projected Budget
<i>Neighbourhood Benchmarking Program</i>	\$1,685,000
<i>Small Commercial Energy Management and Load Control Program</i>	\$183,360
<i>Monitoring and Targeting Program</i>	\$4,020,800
<i>LED Lighting</i>	\$2,900,000
<i>Generation Conservation</i>	\$460,000
<i>Total</i>	\$9,249,160

As part of Horizon Utilities' process to develop the proposed Board-Approved Programs, it carried out preliminary cost effectiveness tests, further analysis is underway including Total Resource Cost ("TRC") and Program Administrative Cost ("PAC") tests. Such information was gathered in collaboration with Hydro One Networks Inc. ("HONI"). Further information in this regard will be provided through the submission of the aforementioned Application to the Board for Board Approved CDM Programs.

The Hot Water program referenced in Horizon Utilities' CDM Strategy (filed November 1, 2010) has now been removed from Horizon Utilities' list of proposed Board-Approved Programs as it appears to duplicate the new OPA Residential Demand Response initiative that will give customers the choice to invoke reduction of hot water tank load during peak time of use periods.

The program mix of the proposed Board-Approved Programs is essential for Horizon Utilities to meet its CDM target. The programs being considered but are not yet finalized will offer a range of benefits including CDM sustainability, engagement of all customer sectors, and market transformation.

CONCLUSION:

Horizon Utilities is pleased to support CDM throughout the province of Ontario. The CDM Strategy filed on November 1, 2010 and this Addendum reflect such commitment. However, this continues to be an evolving area particularly as the Province-Wide OPA-Contracted Programs emerge from the OPA. As such, this Addendum is based on the best information available now. Horizon Utilities anticipates filing a Tier Two Application for Board-Approved programs in the future. Horizon Utilities will provide further updates on its CDM initiatives as set out in the CDM Code, with the filing of its annual reports.