

November 16, 2016

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
P.O. Box 2319  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: EB-2016-0077 – Horizon Utilities Corporation – Annual Filing for Distribution Rates - 2017**

These are the submissions of the Consumers Council of Canada (“Council”) regarding Horizon Utilities Corporation’s (“Horizon”) application to the Ontario Energy Board (“OEB”) for approval of its distribution rates for 2017.

The Council has reviewed the pre-filed evidence and interrogatory answers and has the following comments:

1. The Council agrees with the issue identified by Board Staff in its submissions regarding the calculation of net income. Horizon has excluded an out of period tax adjustment (a refund) for the purposes of calculating its net income and the amounts to be shared through the earnings sharing mechanism (“ESM”). The Settlement Proposal, dated September 22, 2014, did not make any provisions for adjustments to out of period tax adjustments. Therefore, from the Council’s perspective the tax adjustment should be included in the calculation of net income. This would require Horizon to record an amount in the ESM deferral account for disposition to customers.
2. With respect to all other aspects of the application the Council is of the view that Horizon’s proposals are consistent with the Settlement Proposal.

Yours truly,

*Julie E. Girvan*

Julie E. Girvan

CC: Indy Butany-DeSouza, Horizon  
All parties