



# Strategic Partnership Discussion: COLLUS Power



September 19, 2011

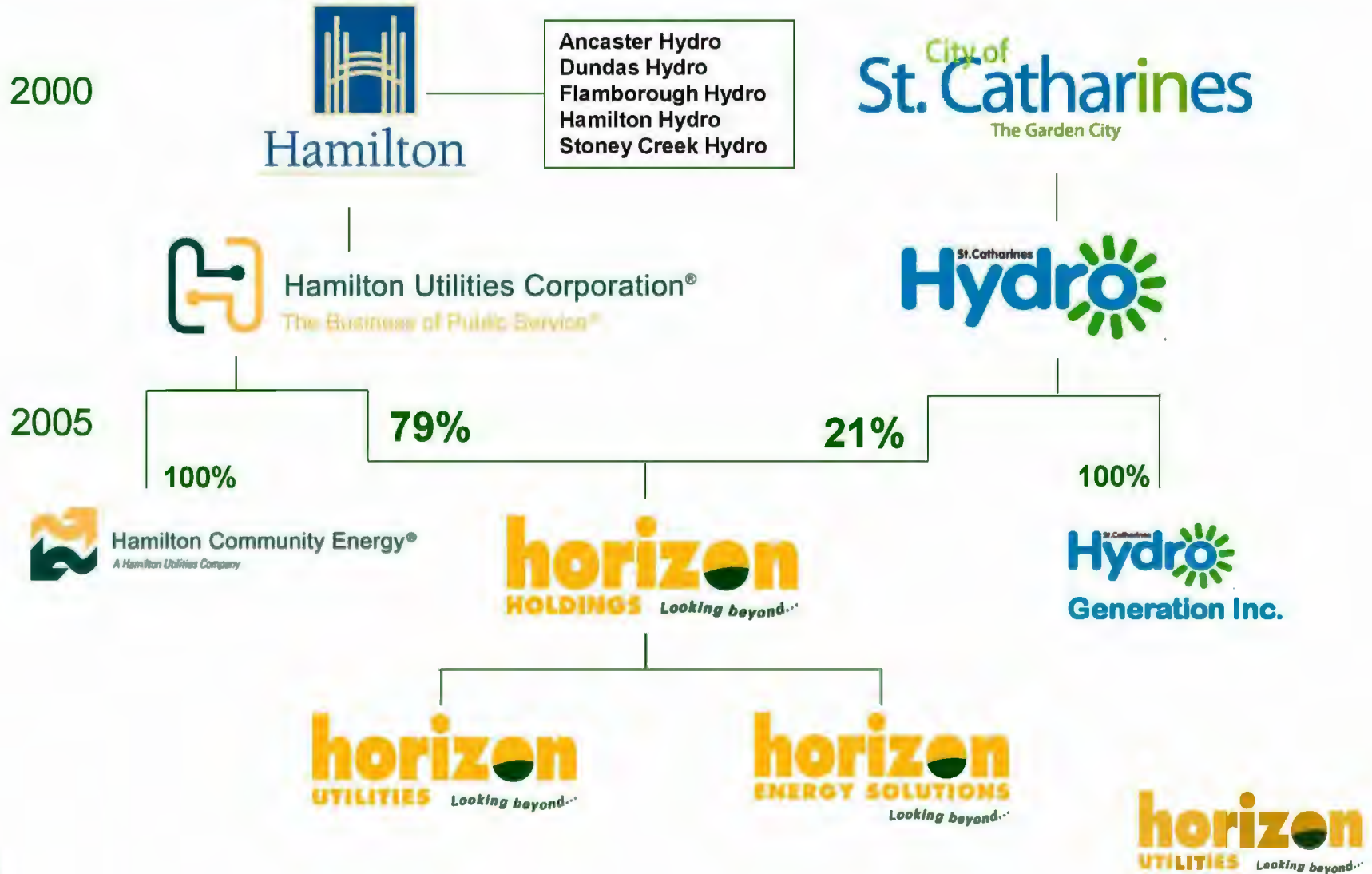
# Who is Horizon?

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- Award winning industry leader in sustainable development
- Pioneer of province-wide conservation programs
- Highest credit rating of all municipal utilities
- Low residential and commercial rates
- Low operating costs
- 237,000 customers
- 400 talented employees
- \$470 million in assets
- Municipally-owned 100%
- Generating full returns for shareholders
- Deep seated commitment to community and involvement
- Serving residents and businesses in Hamilton and St. Catharines
- Optimal strategic partner for other LDCs



# Horizon – historical development



# Horizon's corporate mission and vision

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- Our employees create value for shareholders, customers and the communities we serve through the safe and reliable delivery of electricity and innovative energy solutions
- Our vision is to be the leader in providing innovative energy solutions to the communities we serve

# The culture of Horizon



# Industry recognition / awards

## Sustainability Company of the Year Canadian Electricity Association



**2010 SUSTAINABILITY COMPANY OF THE YEAR AWARD**

**HONORED: HORIZON UTILITIES CORPORATION**  
**PRESIDENT AND CEO: MR. MAX CANANZI**

Horizon Utilities Corporation was selected for this award for its exemplary performance in all three areas of sustainable development — environment, social and economic. In 2010, Horizon Utilities became the first local distribution company (LDC) in Canada to achieve an A+ rating through the Green Reporting Initiative™ (GRI).

With respect to conservation and sustainability, Horizon continued to demonstrate a leadership role, fostering a culture of conservation internally through employee involvement and outwardly by enhancing its environmental controls and outputs. In the community, Horizon launched a successful outreach program which resulted in large commercial customers significantly reducing their energy costs.

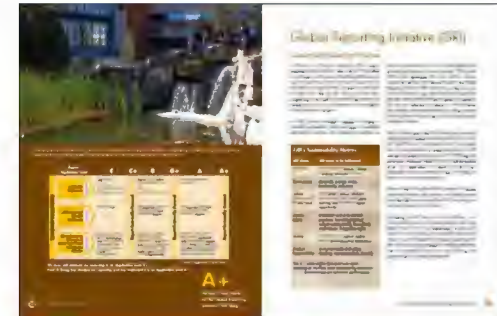
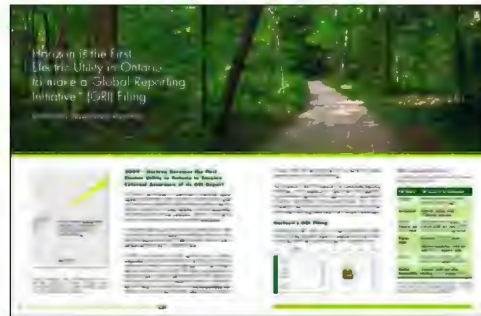
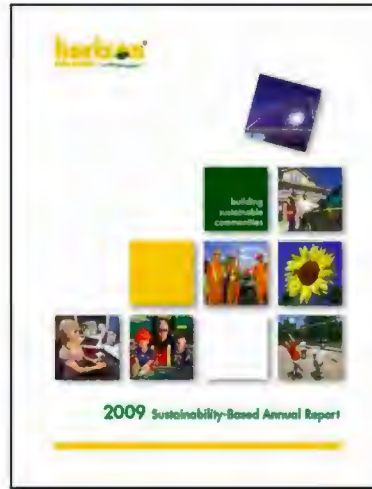



## Company of the Year - 2009 Ontario Energy Association



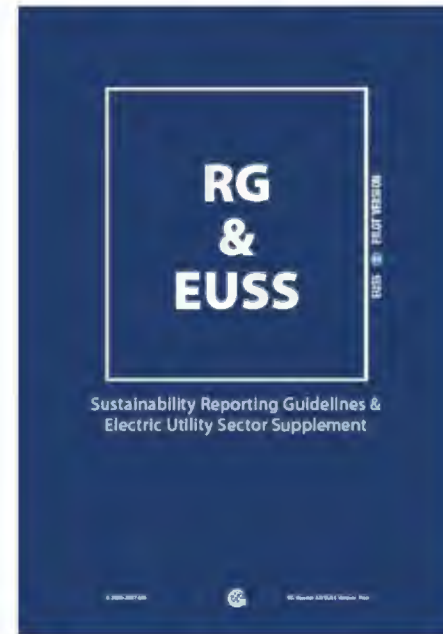
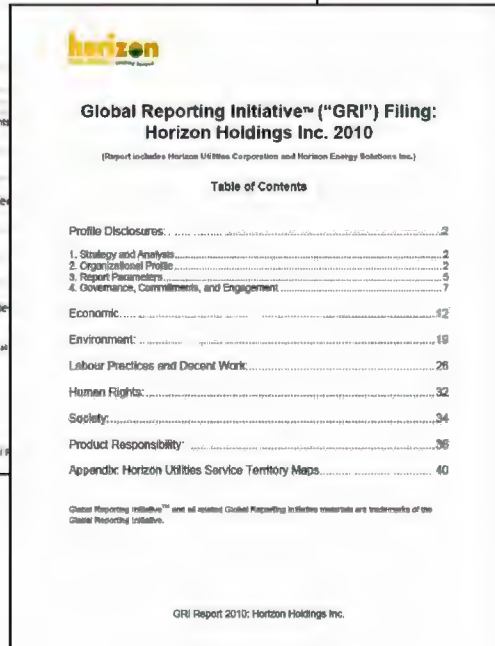
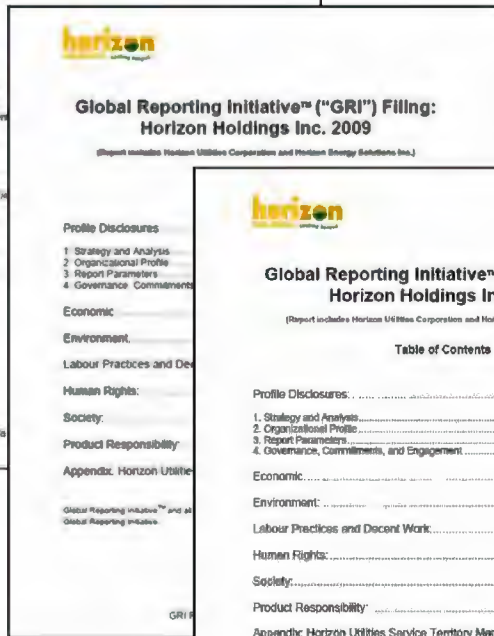
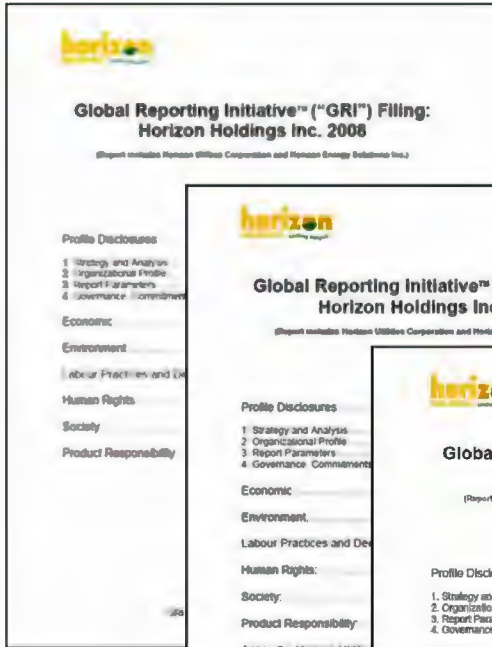
- 1<sup>st</sup> winner of EDA/OPG Operational Excellence Award (2007)

# Sustainability-based annual reports



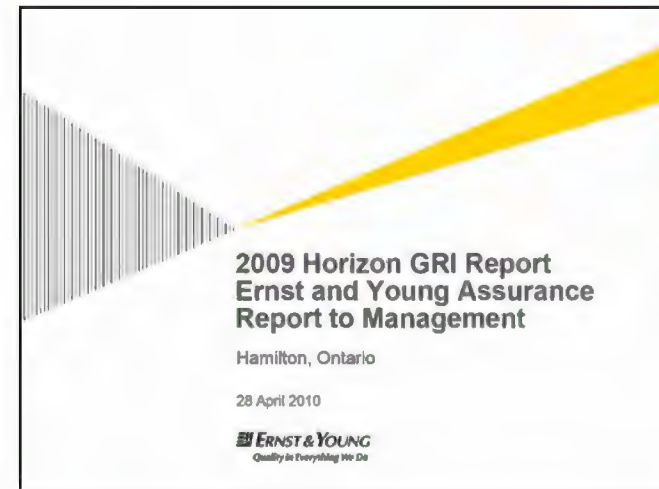
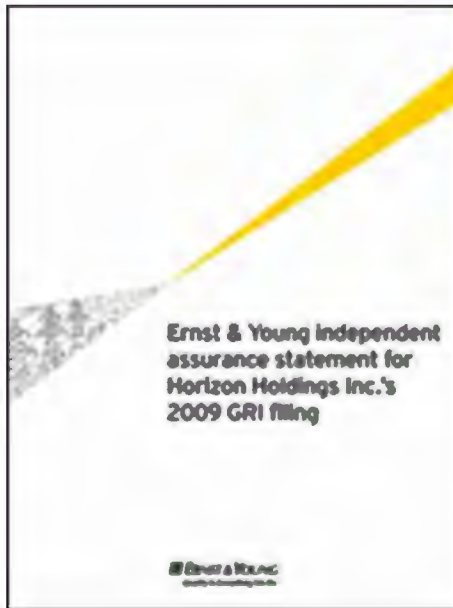
- Social, environmental, economic
- Triple bottom line approach

# Global reporting initiative filings





# Ernst & Young assurance review – GRI A+



Horizon is:

- First electricity distributor in Canada to earn "A+" from GRI
- Only electric utility in Ontario to earn "A+" from GRI

# Internalizing sustainability / environmental management



- On schedule to receive 14001 Environmental Management Certification in November 2011
- Two-year process
- Third-party Internal Audit complete
- Stage I Audit – complete
- Stage II Audit – scheduled

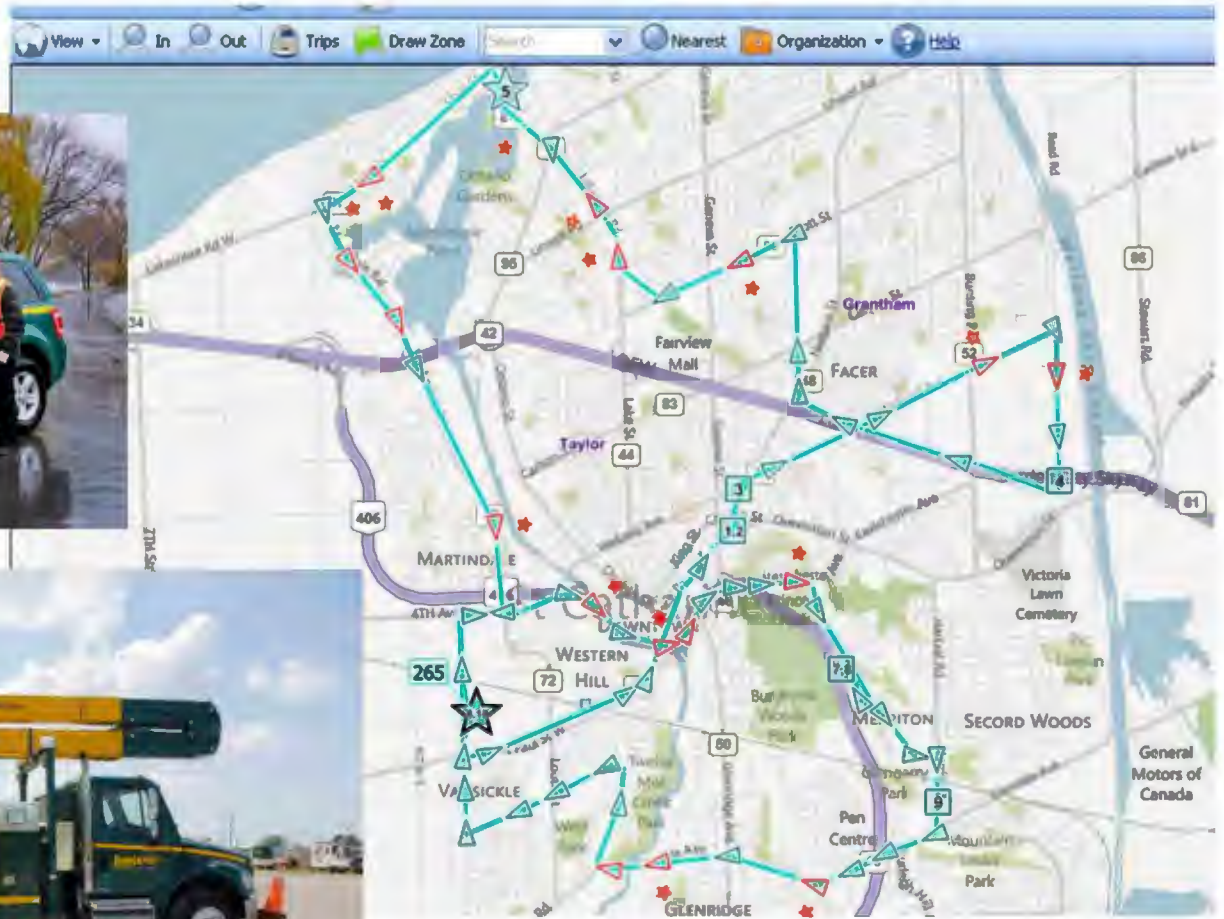
# Safety successes and achievements

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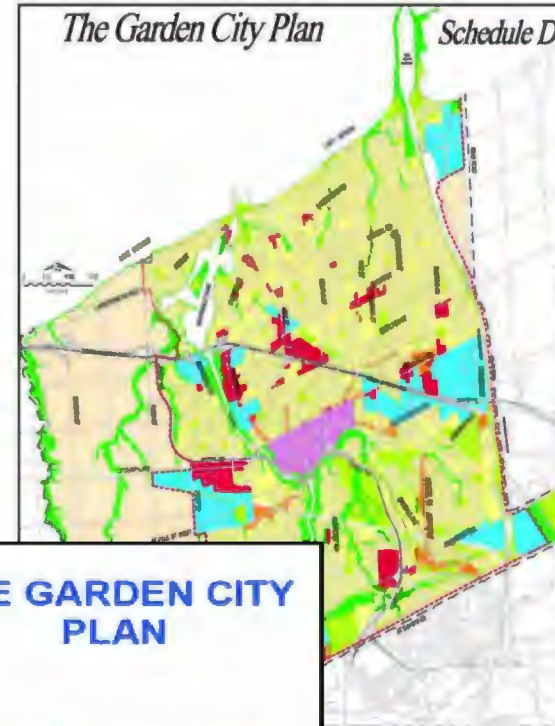
- Performance:
  - Over 1 year without lost time incident (390 days)
  - Achieved 1 million hours without LTI in 2009
  - No Ministry of Labour orders for contractors
- Programs:
  - Formal OHSMS – CSA Z1000 in place – working towards accreditation
  - Horizon's Leading Indicator Safety Program recognized by WSIB/EUSA for best practices
  - Stringent safety training for all employees
  - Internal and external audit teams
  - Highly recognized Manager of Safety
  - Dedicated resources for supervising contractors



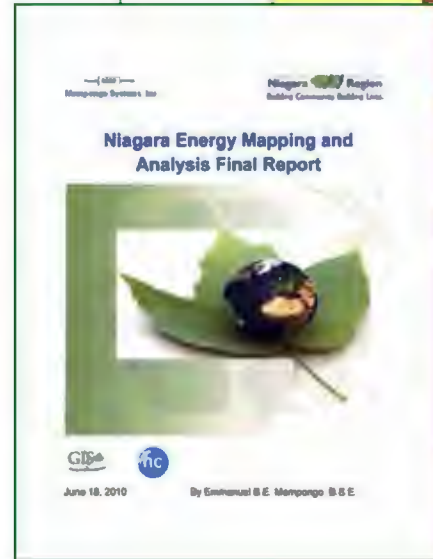
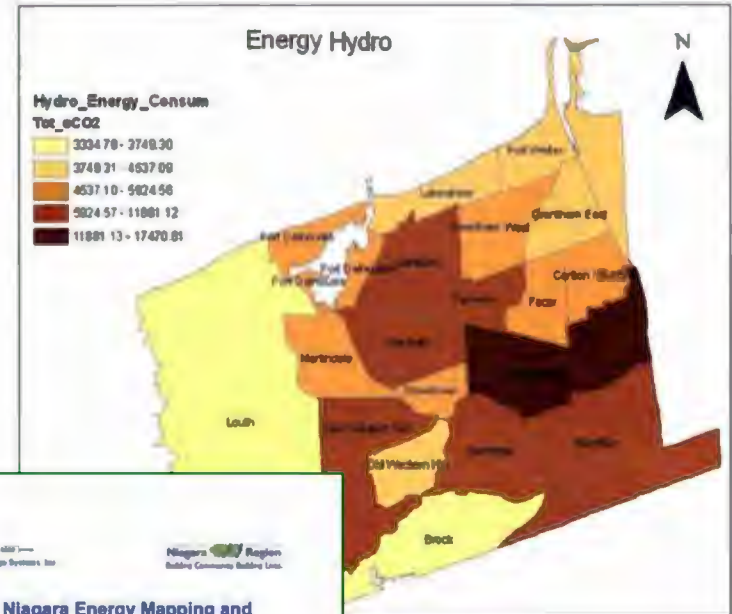
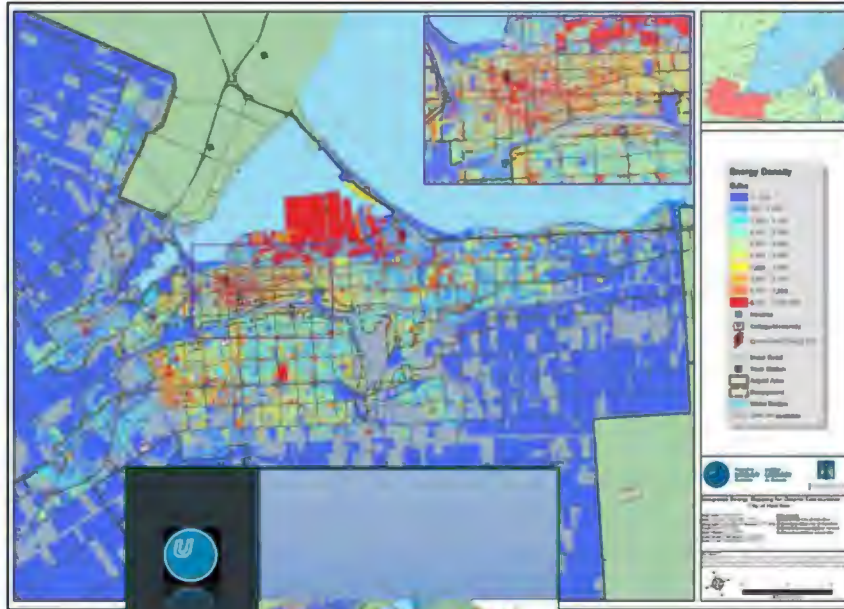
# GPS of all fleet vehicles



# Smart grid & smart growth – making the link

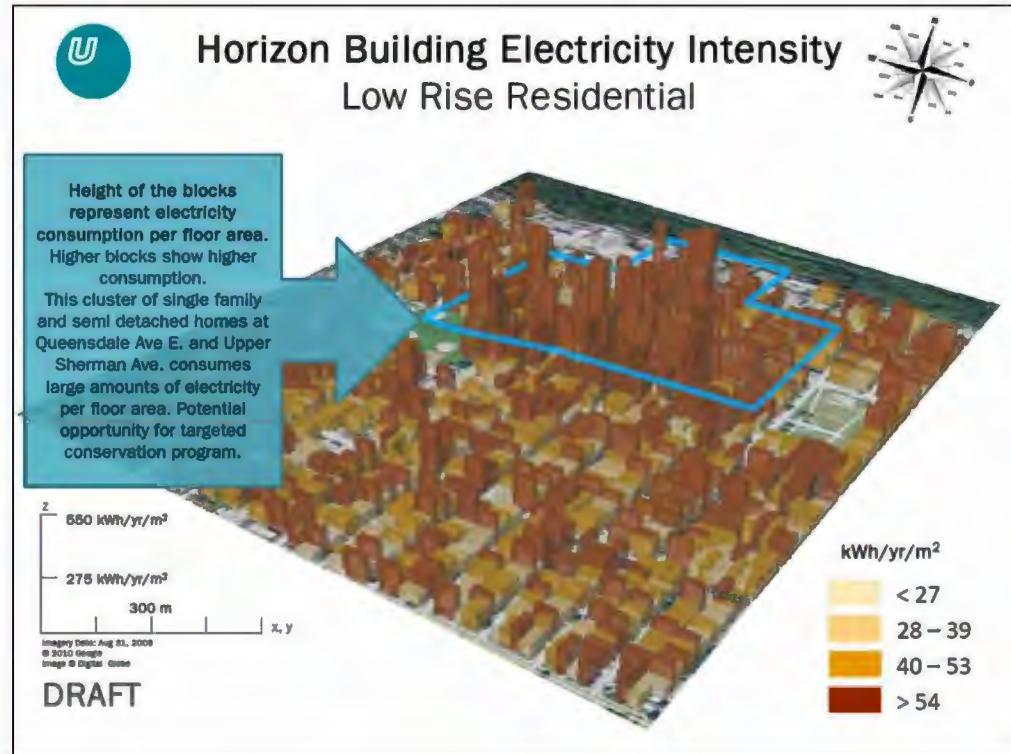


# Energy mapping – planning for smart grid



# Energy mapping pilot for CDM role out

- Horizon receiving \$500,000 from OPA's Conservation Fund
- Pilot focuses on energy density mapping – kWh per square metre
- Develop CDM best practices for LDCs
- Focus is all of Horizon – Hamilton and St. Catharines
- Partners providing \$250,000 of “in-kind” services
  - MPAC, Teranet, Canadian Urban Institute, NRCan, StatCan, Environics, Hamilton, St. Catharines, Niagara



# CDM for residential customers



### saveONenergy FOR HOME

Take advantage of a wide range of opportunities that will help you understand and manage the amount of energy you use throughout your entire home. You can reduce your household's energy consumption while also helping the environment. And by participating, you'll be working with thousands of households across the province.

**peak/saver™**



**horizon**  
UTILITIES *Looking beyond...*



# CDM for small business through BIAs

saveONenergy<sup>™</sup>  
SMALL BUSINESS LIGHTING

saveONenergy<sup>™</sup>  
SMALL BUSINESS LIGHTING



## Up to \$1,000 in energy efficient retrofits for your business

The Power Savings Blitz  
program provides:

- No obligation funding for up to \$1,000 for energy efficient retrofits
- Free energy assessment of your business. The assessment may show energy retrofit opportunities above the \$1,000 funding that we provide. You may choose to do them and save even more on your electricity bill, but that is completely your option.
- Turn-key lighting retrofits and water heating enhancements – covers all material and labour
- On average, these retrofits deliver electricity savings up to \$400 per year

horizon<sup>™</sup>  
UTILITIES  
Looking beyond...

### THREE SIMPLE STEPS TO ONGOING SAVINGS

**STEP 1: Call us so we can assess how your business uses electricity**

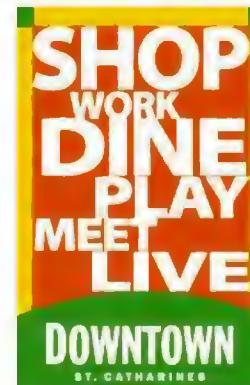
An energy advisor will set an appointment to come to your business and conduct an assessment. You will receive a list of recommended energy upgrades. Call us for an appointment at 1-877-321-1111.

**STEP 2: We'll identify your best retrofit options**

After the assessment is completed, you can decide how much work you want done. We will identify a project with a value of \$1,000 or less, so if you choose to have that done, there is absolutely no cost for you. There may be opportunities for further retrofits above our \$1,000 contribution. We will identify the costs and potential savings should you want to proceed.

**STEP 3: We install and upgrade**

A licensed electrical contractor will make an appointment to complete your retrofit at your convenience.




horizon<sup>™</sup>  
UTILITIES  
Looking beyond...

# CDM municipal & commercial leadership

save **ON**energy  
PROCESS & SYSTEMS

PLAN ON  
**ERIP**



 **AIR LIQUIDE**



Hamilton Health Sciences



**horizon**  
UTILITIES *Looking beyond..*



# CDM services for other LDCs

- Horizon houses 3 CDM Key Account managers for needs of 9 LDCs
- Dedicated to the needs of 30 large use customers
- Horizon is running whole process, from customer contact to application approval




- Horizon Energy Solutions Inc. is managing and delivering all OPA CDM programming under contract for Oakville Hydro
- Horizon Energy Solutions is actively seeking additional business

# Partnering for economic development

## STATE OF THE NATION

### The Good, Bad and Ugly of Canadian Politics



ONE OF CANADA'S TOP COLUMNISTS AND AWARD WINNING AUTHORS.





ENGAGING, INSIGHTFUL AND ENTERTAINING.

### JEFFREY SIMPSON

National affairs columnist with The Globe and Mail, Simpson has been recognized with Canada's top literary awards: the Governor-General's award for non-fiction writing, the National Magazine Award for political writing, and the National Newspaper Award for his newspaper columns.

**MONDAY, NOVEMBER 29**  
**Limited Seating**  
 11:45 AM to 1:30 PM  
 White Oaks Conference Resort & Spa



"I had the opportunity to attend a luncheon hosted by the Canadian Chamber of Commerce featuring Mr. Simpson, and he was wonderful. His insights into Canadian politics were both informative and entertaining."  
 Walter Bendzik, CEO of St. Catharines-Thorold Chamber of Commerce

www.sctchamber.com    905-684-2361

## MAYOR'S NETWORKING LUNCHEON SERIES

### PARTNERS FOR PROSPERITY

**Event Details:**  
**Date:** Thursday Nov. 25, 2010    **Ticket:** \$62.15 (Includes HST)  
**Time:** 11:30 am - 1:30 pm    **Tables (of 8):** \$497.20 (Includes HST)  
**Location:** Liuna Station - 360 James St. N, Hamilton


**Registration Details:**  
**Online:** [www.investinhamilton.ca](http://www.investinhamilton.ca)    **Call:** (905) 546-2424 ext 5376  
**Registration Deadline:** Friday Nov. 20, 2010

### "Why Your World Is About To Get a Whole Lot Smaller"

According to Jeff Rubin, we are on the brink of massive change. The future may not see the kind of economic growth that globalization has brought, but local economies will be revitalized, as will our cities and neighbourhoods. Whether we like it or not, our world is about to get a whole lot smaller.

**Jeff Rubin**  
Economist & Author

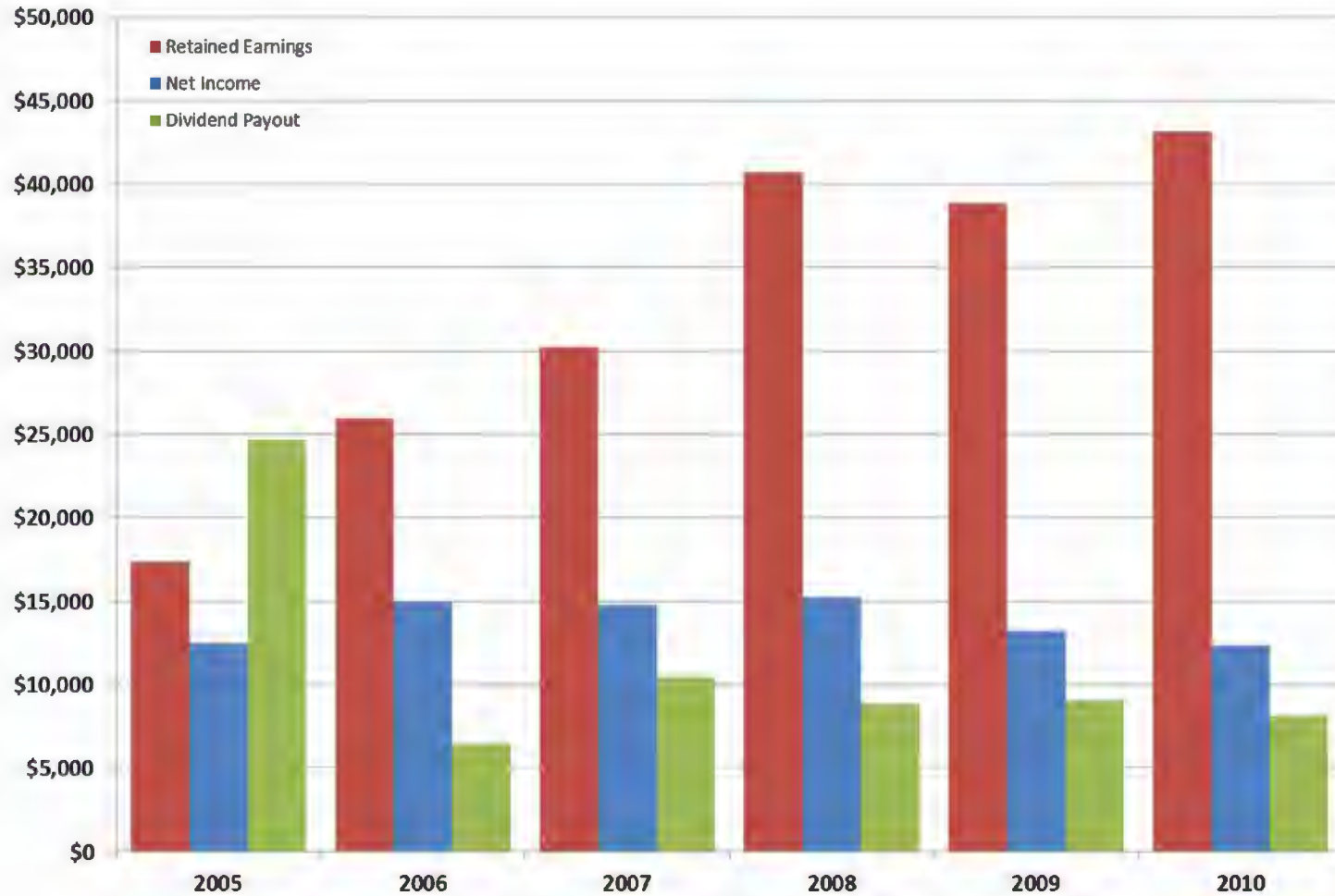




# Assisting economic development departments

2010 Rates	Horizon Utilities			LDC X			LDC Y		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$
Monthly Service Charge			250.33			290.63			849.91
Distribution (kW)	3,100	1.7875	5,541.25	3,100	2.5570	7,926.70	3,100	3.1597	9,795.07
Low Voltage Rider (kW)	3,100	0.0121	37.51	3,100	0	0.00	3,100	0.0228	70.68
Smart Meter Rider (per month)			1.56			2.07			1.00
LRAM & SSM Rider (kW)	3,100		0.00	3,100		0.00	3,100		0.00
Smart Meter Entity (\$/Month)			0.00			0.00			0.00
Late Payment (kWh)	750,000	0.0000	0.00	0	0.0000	0.00	0	0.0000	0.00
Deferral & Variance Acct (kW)	3,100	(1.0002)	(3,100.62)	3,100	(1.4642)	(4,539.02)	3,100	(1.6446)	(5,098.26)
<b>Distribution Sub-Total</b>			<b>2,730.03</b>			<b>3,680.38</b>			<b>5,618.40</b>
Retail Transmission - Network Service Rate (kW)	3,100	2.0572	6,377.32	3,100	2.2939	7,111.09	3,100	1.9645	6,089.95
Retail Transmission - Line and Tx connection Rate (kW)	3,100	1.7739	5,499.09	3,100	1.7255	5,349.05	3,100	1.4527	4,503.37
<b>Transmission Sub-Total</b>			<b>11,876.41</b>			<b>12,460.14</b>			<b>10,593.32</b>
<b>Total Distribution &amp; Transmission</b>			<b>14,606.44</b>			<b>16,140.52</b>			<b>16,211.72</b>
<b>Total Distribution &amp; Transmission without Deferral &amp; Variance Acct</b>			<b>17,707.06</b>			<b>20,679.54</b>			<b>21,309.98</b>

# Horizon – financial performance and strength



# Horizon's credit worthiness – S&P “A” rating

**STANDARD & POOR'S** Global Credit Portal  
RatingsDirect®

April 28, 2011

**Research Update:**  
Horizon Holdings Inc. 'A' Ratings  
Affirmed On Strength Of Stable  
Regulated LDC Business; Outlook  
Stable

**Primary Credit Analyst:**  
Greg Poir, Toronto (1) 416-507-2518; greg\_poir@standardandpoor.com

**Secondary Contact:**  
Faye Lee, Toronto (1) 416-507-2588; faye\_lee@standardandpoor.com

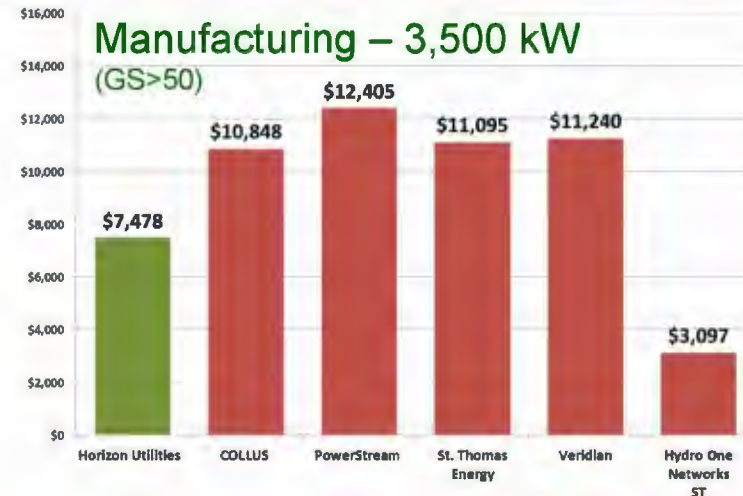
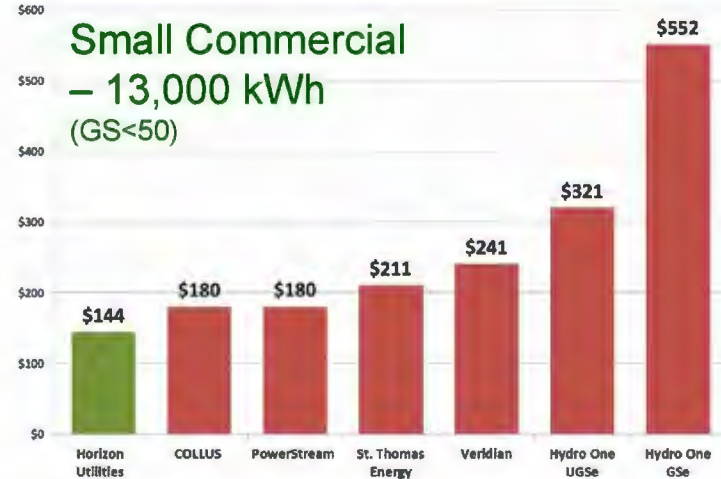
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Overview  
Rating Action  
Rationale  
Outlook  
Related Criteria And Research  
Ratings List

www.standardandpoor.com/ratingsdirect

- Horizon has consistently had the highest rating of Ontario's LDCs
  - Third-party validation of sound short-term & long-term fiscal management
- Benefits of Horizon's solid rating performance:
  - Provision of low-cost debt
  - Access to public debt markets of Horizon's choosing

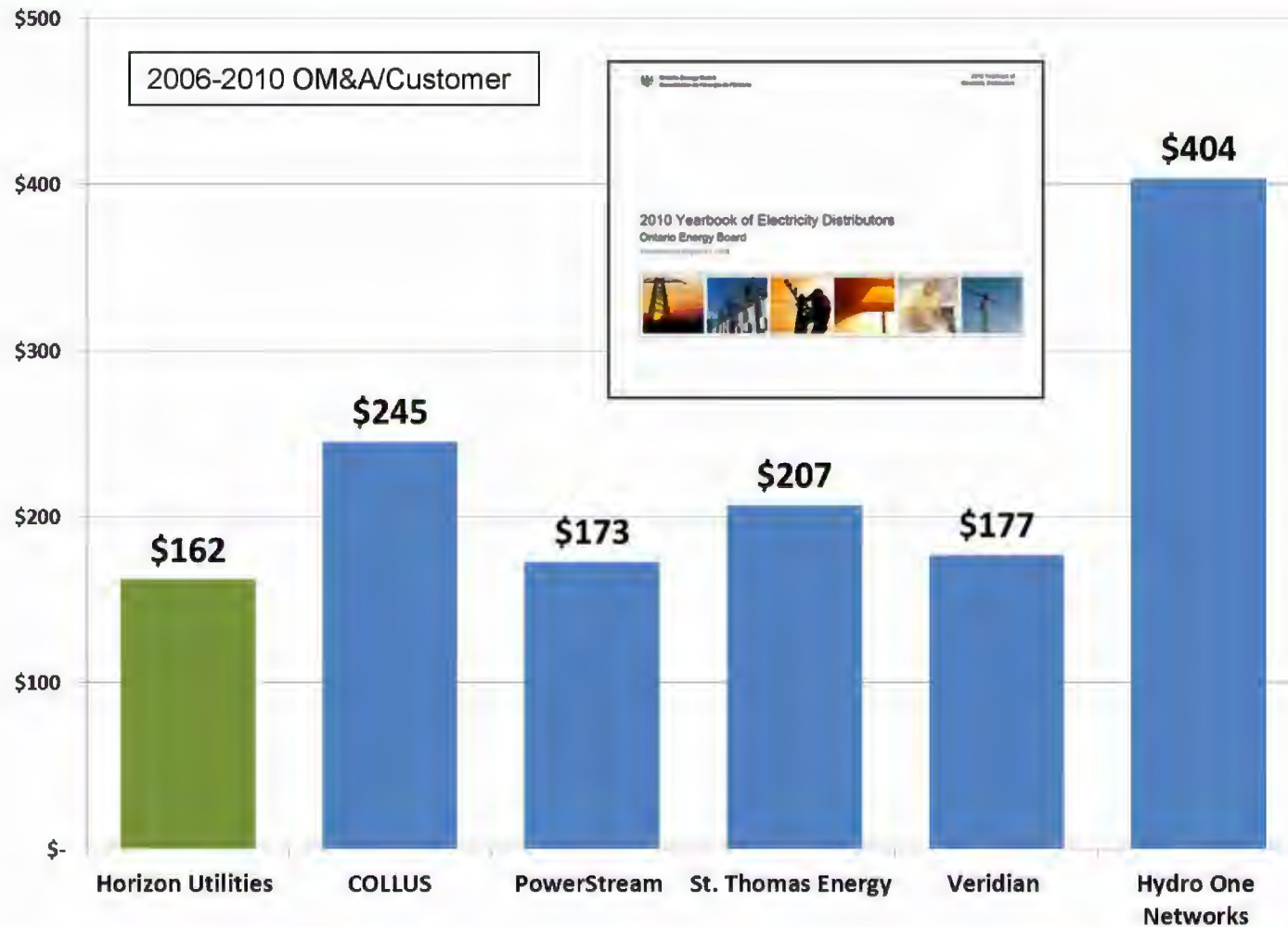
# Rates – distribution only comparisons – 2011



NB: (1) Base distribution rates –“without” riders – are shown. Customers pay rates “with” riders, but riders are only short-term pluses or minuses to the base rate. (2) HON urban rates would apply in Collingwood and rural rates would apply in Creemore, Stayner and Thornbury.

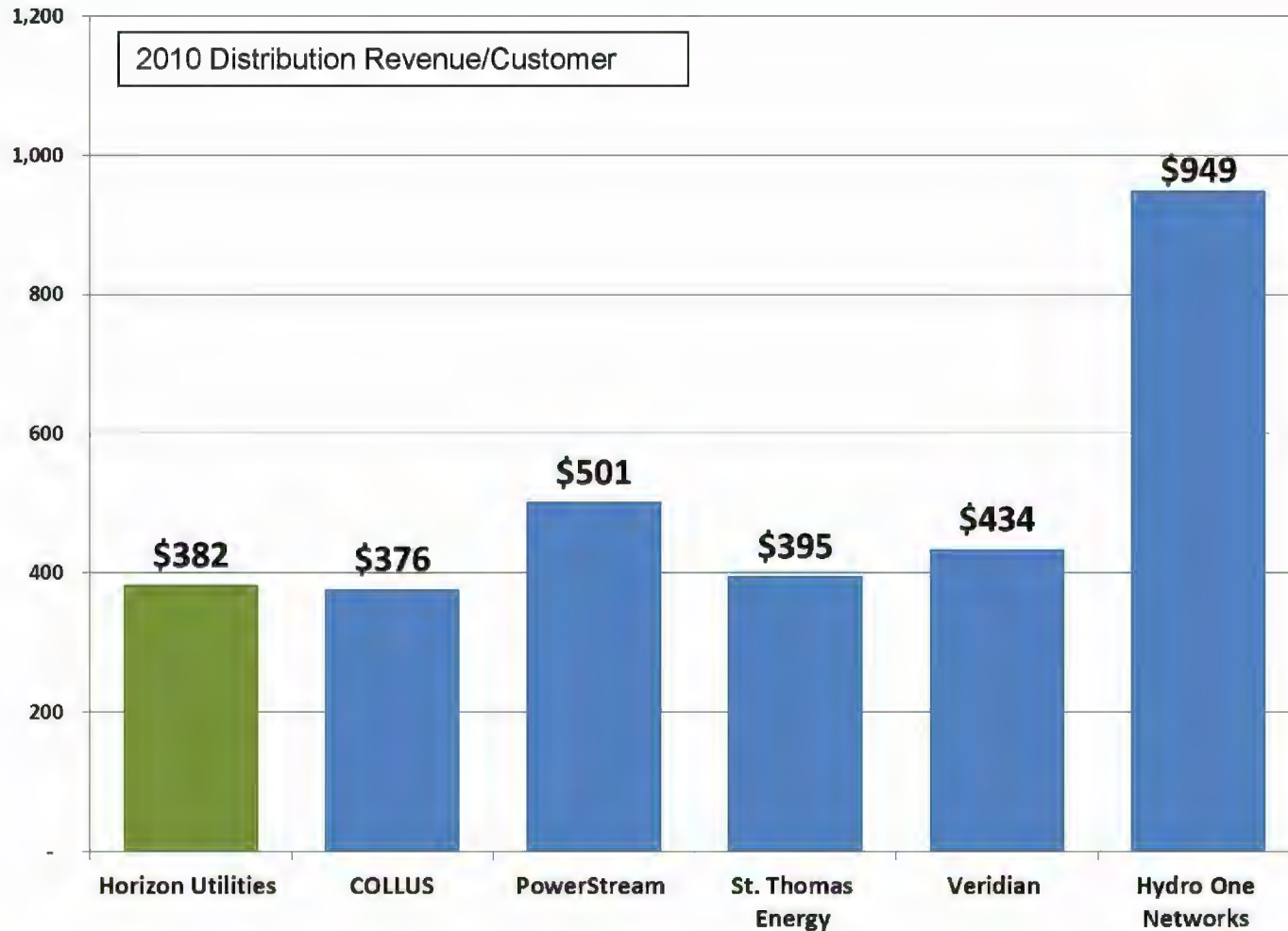


# Costs per customer comparison



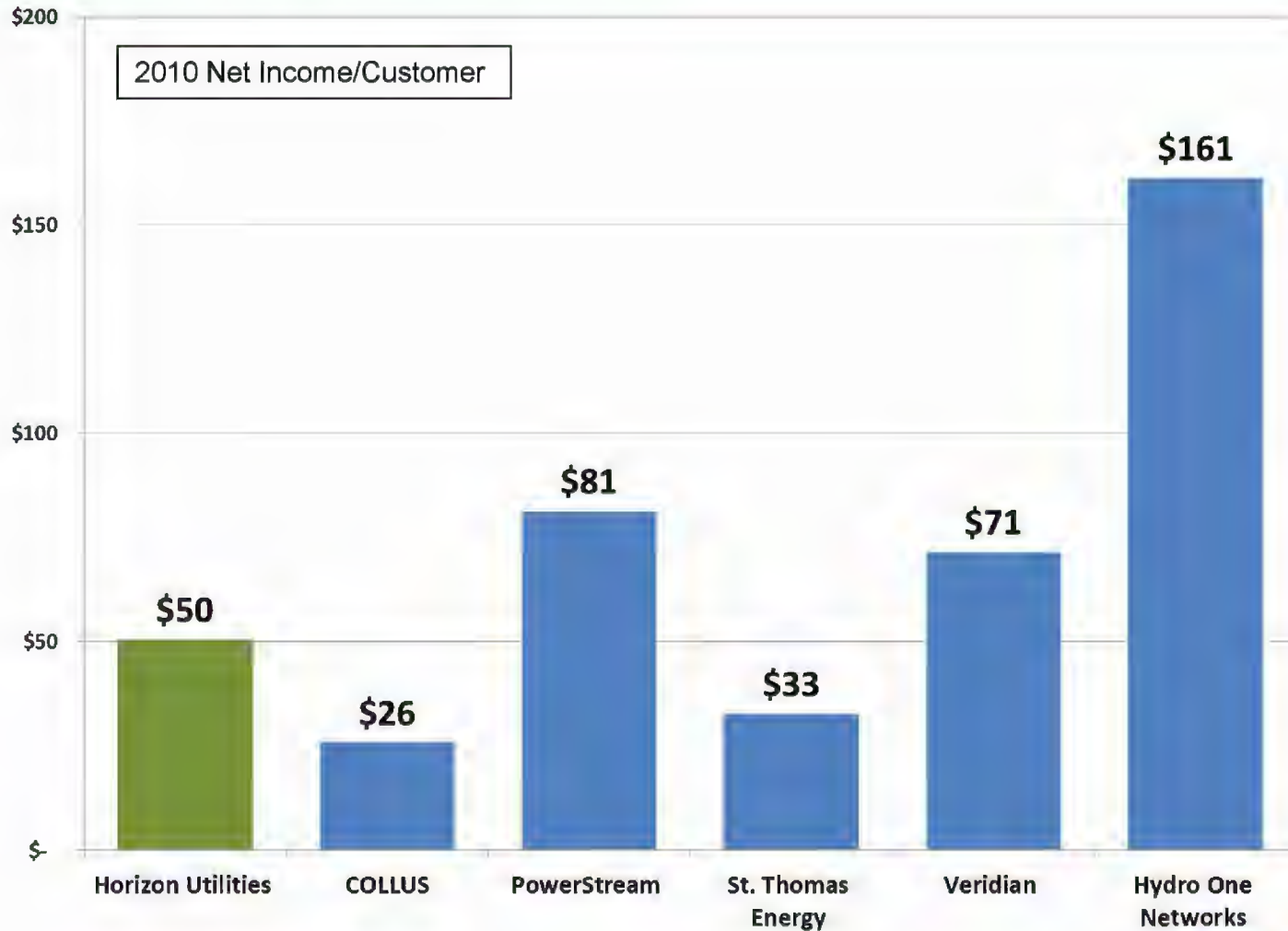
NB: Controllable Costs represent operations, maintenance and administration costs  
Source Data: OEB Yearbook, 2006 to 2010.

# Distribution revenue per customer



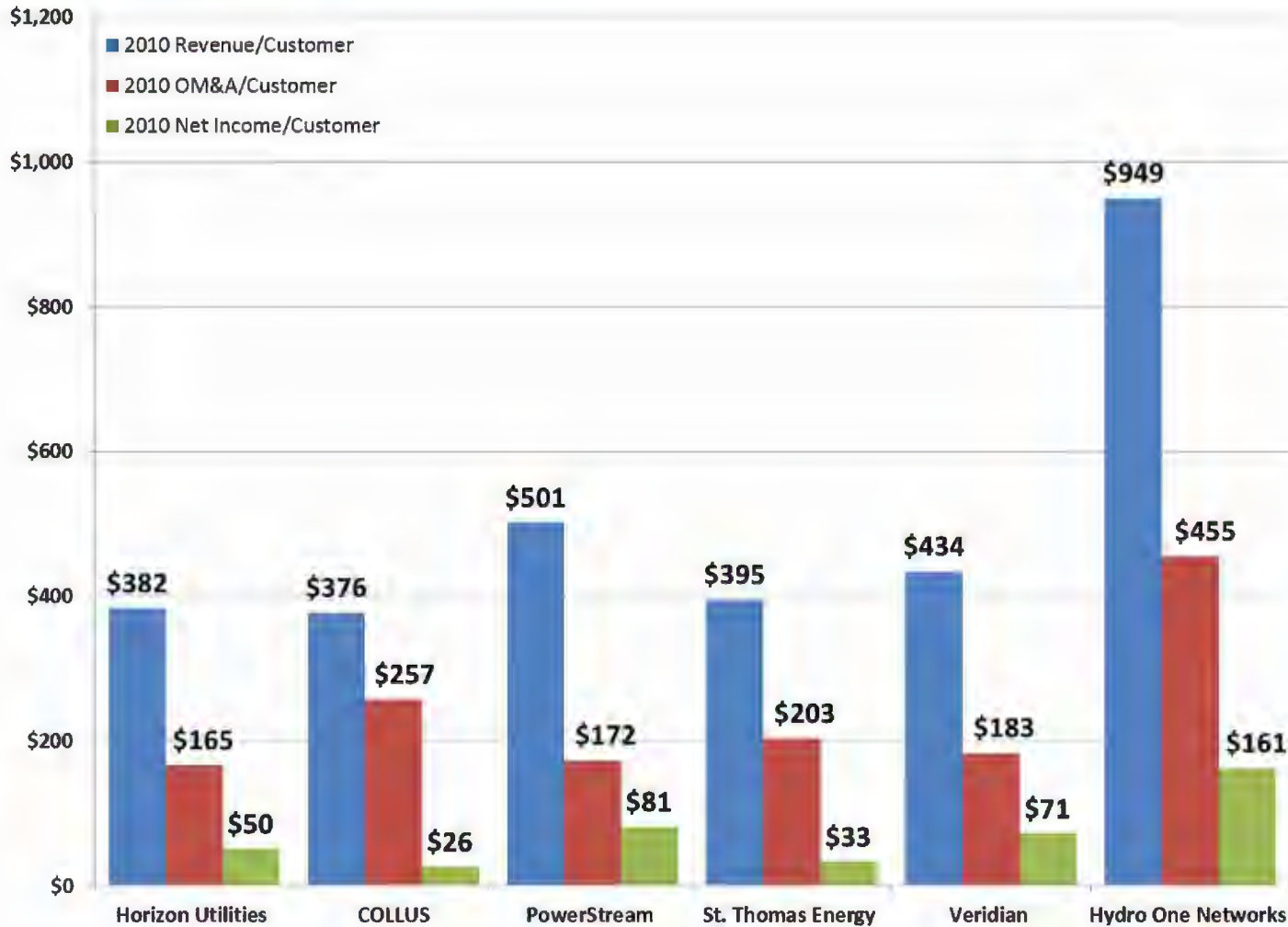
Source Data: OEB Yearbook, 2010.

# Net income per customer



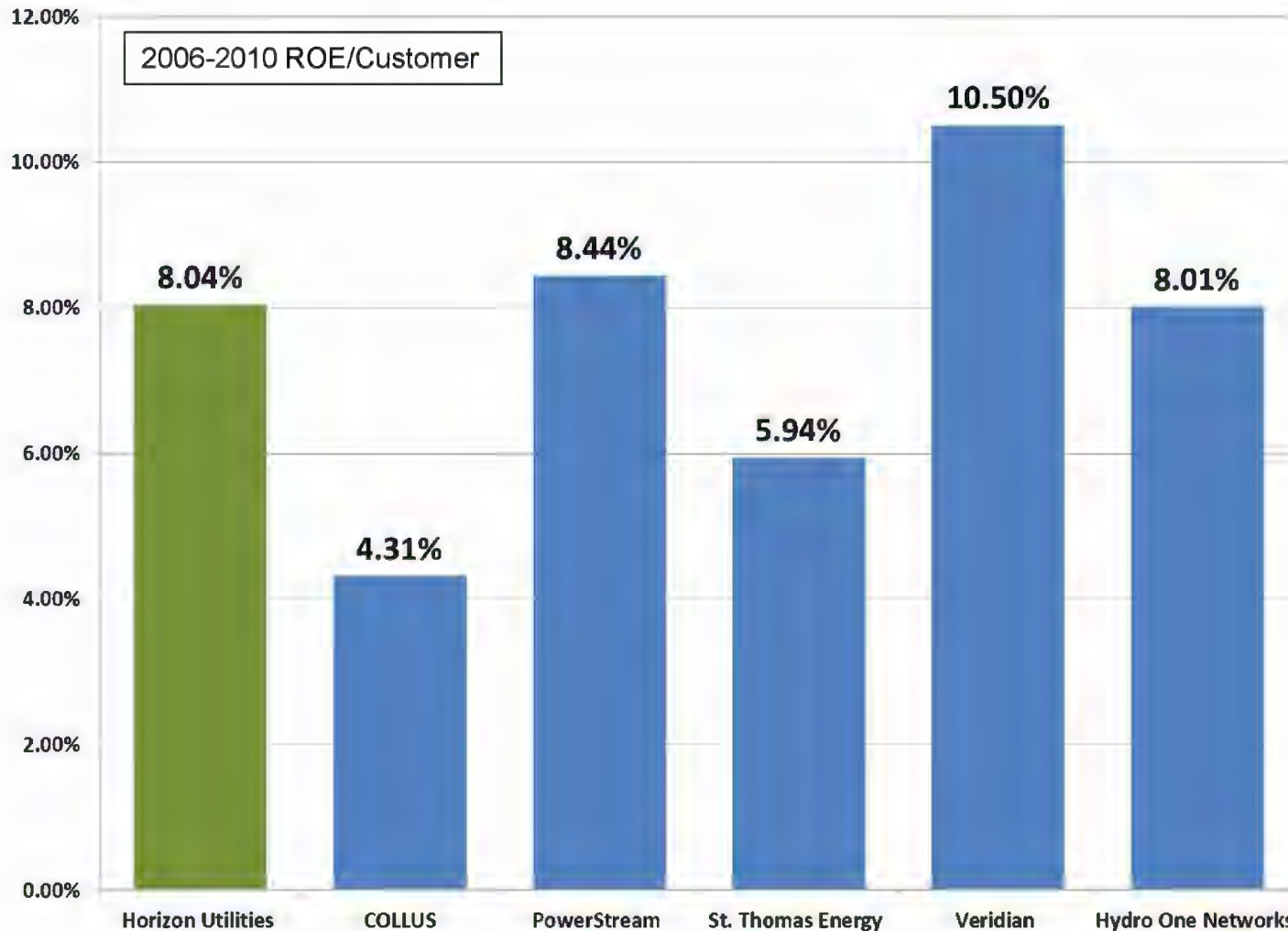
Source Data: OEB Yearbook, 2010.

# Consolidated metrics



Source Data: OEB Yearbook, 2006 to 2010 (<http://www.ontarioenergyboard.ca/>)

# Return on equity



# Strategic partnership – local electric distribution

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- Horizon can provide COLLUS with critical mass
  - Human resources, finance, regulatory, operating, engineering
- COLLUS could be headquarters to a larger LDC
  - Horizon could assist COLLUS with amalgamation of similar sized LDCs – Horizon would welcome such a partnership
- Rates
  - As the headquarters for an amalgamation of similar sized LDCs, COLLUS could benefit from the increased scale economies from additional amalgamations plus the fundamentals underlying Horizon's existing rate strength
  - In an amalgamation with Horizon, COLLUS would benefit from Horizon's existing rate strength – harmonization could occur when the rate bases are brought in line with each other

# Strategic partnership – water & wastewater

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- COLLUS has impressive, entrepreneurial record
- Horizon does water & wastewater billing for Hamilton and provide billing services for other LDCs
- Horizon welcomes opportunity to work with COLLUS to grow the business



# Strategic partnership – Collingwood presence

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- Employees
- Unions – successor rights and financial impacts
- COLLUS / Horizon are both IBEW 636
- Work locations
- Facilities



# Human resources – approach

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# Human approach to recruitment

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Insert video here

# Horizon's approach to community

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# Horizon's governance considerations

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# Summary – Horizon’s aspirations for COLLUS

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- COLLUS is a recognized innovator and industry leader
  - We think Horizon has much in common with COLLUS
  - COLLUS has well-earned brand reputation and value
- Horizon can provide COLLUS with critical mass
  - Human resources, finance, regulatory, operating, engineering
- COLLUS could be headquarters to a larger LDC
  - Horizon could assist COLLUS with amalgamation of similar sized LDCs – Horizon would welcome such a partnership
- COLLUS could be headquarters to larger utility business
  - Expand water/wastewater business to other communities – Horizon would appreciate the opportunity
- In sum, Horizon can provide COLLUS with strength and stability ...
  - COLLUS as a valued part of Horizon
  - COLLUS as centre of utility management and expertise