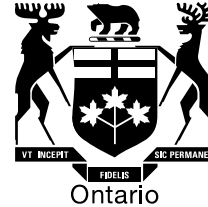


Ontario Energy
Board

Commission de l'Énergie
de l'Ontario



RP-2004-0203
EB-2004-0485
EB-2006-0145

IN THE MATTER of the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER of a request to vary its approved
Conservation and Demand Management plan to
authorize Toronto Hydro-Electric System Limited to
proceed with the implementation of a new 2006
Conservation and Demand Management Initiative and to
establish a deferral account to record related costs for
future disposition by the Ontario Energy Board.

BEFORE: Gordon Kaiser
Presiding Member and Vice Chair

Pamela Nowina
Member and Vice Chair

Paul Vlahos
Member

DECISION AND ORDER

Introduction

On June 15, 2006, Toronto Hydro-Electric System Limited (“Toronto Hydro” or the “Applicant”) filed an application with the Ontario Energy Board (the “Board”) for an Order authorizing Toronto Hydro to implement of a new Conservation and

Demand Management (“CDM”) initiative (the “10/10 Program”) on a pilot basis for the period July 15 to September 15, 2006. The Applicant also requested that the Board establish a deferral account to record related costs for future disposition by the Board. Toronto Hydro requested that the application be considered a motion to vary the approval of its original CDM plan approved by the Board in its decision of December 10, 2004.

The Board in Procedural Order No.1 issued on June 20, 2006 stated that it considered the proposed 10/10 Program to be an extension of Toronto Hydro’s approved CDM plan and would therefore hear a motion to review the 2004 decision. The Board also indicated that the scope of the review would be limited to the proposed 10/10 Program.

On June 28, 2006 the Board issued a Decision and Order finding the Toronto Hydro 10/10 Program to be prudent and in the public interest. The Board approved Toronto Hydro’s request to reallocate \$3,000,000 from its previously approved CDM plan to the 10/10 Program. Toronto Hydro was also directed to file the actual costs of the 10/10 Program with the Board by October 31, 2006.

In a letter dated July 7, 2006, Toronto Hydro requested that the filing date of October 31, 2006 be changed to January 5, 2007. The Board granted this request.

Proposed Cost Disposition

On January 5, 2007, Toronto Hydro filed the actual program costs and proposed a method for cost disposition. The actual program costs are broken down into \$3,140,300 for customer rebates and \$876,800 for promotion and administration for a total of \$4,017,100. The actual program costs for rebates exceed the previously approved amount of \$3,000,000 by \$1,017,100. The amount previously approved by the Board for promotion and administration was \$600,000.

The amount actually spent was \$876,800. Energy Probe argues that since funding for promotion and administration was a fixed amount of \$600,000 the excess amount of \$276,800 should not be recovered.

The Board finds that the cost disposition proposal by Toronto Hydro is acceptable. The excess costs will be recovered from Toronto Hydro's previously approved third tranche spending¹. Accordingly, there will be no negative impact on ratepayers as a result of spending that exceeds the previously allowed amounts. The Board has in a number of decisions allowed utilities to reallocate funds within third tranche spending to different programs and this reallocation by Toronto Hydro falls within this practice. The Board considered Energy Probe's comments regarding the excess spending of \$276,800 over the \$600,000 for promotion and administration to have some merit. If the excess costs were to be recovered through future rates, the Board would not have approved the additional amounts.

THE BOARD THEREFORE ORDERS THAT:

1. Toronto Hydro is approved to use remaining third tranche funds on the excess of total costs on the 10/10 Program over the previously approved \$3,000,000. The amount of excess total costs over \$3,000,000 is \$1,017,100.
2. Parties who intend to claim cost awards shall submit their cost claims by September 25, 2007. A copy of the cost claim must be filed with the Board and one copy is to be served on Toronto Hydro. The cost claims must be done in accordance with section 10 of the Board's Practice Direction on Cost Awards.

¹ In the Matter of Applications by Distributors for Approval of Conservation and Demand Management Plans, RP-2004-0203, December 10, 2004, Transcript p. 4.

3. Toronto Hydro will have until October 9, 2007 to object to any aspects of the costs claimed. A copy of the objection must be filed with the Board and one copy must be served on the party against whose claim the objection is being made. The party whose cost claim was objected to will have until October 16, 2007 to make a reply submission. Again a copy of the submission must be filed with the Board and one copy is to be served on Toronto Hydro.

Issued at Toronto, September 11, 2007.

ONTARIO ENERGY BOARD

Original Signed By

Peter H. O'Dell
Assistant Board Secretary