



EB-2007-0109

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

AND IN THE MATTER OF an application by Chatham-
Kent Hydro Inc. for a Decision granting an extension of
Conservation and Demand Management programs.

BEFORE: Paul Sommerville
Presiding Member

Paul Vlahos
Member

Ken Quesnelle
Member

DECISION

Chatham-Kent Hydro Inc. ("Chatham-Kent") is a licensed distributor providing electrical service to consumers within its licensed service area. Chatham-Kent filed an application dated March 26, 2007 (EB-2007-0109) with the Ontario Energy Board (the "Board") for approval of an extension to the third tranche spending in conjunction with its approved Conservation and Demand Management ("CDM") plan.

Chatham-Kent is requesting an extension to April 30, 2008 of its Distribution System Optimization and Line Loss Reduction program with a budget of \$50,000 and its School Conservation Program with a budget of \$15,000. These CDM programs were part of the original CDM plan approved by the Board on March 28, 2005 (EB-2004-0459).

The Board had issued a letter on March 1, 2007 setting out the process for distributors to apply for incremental funding for CDM programs to be included in 2007 distribution rates. In the letter, the Board indicated that it would use an expedited approach for the

approval of additional funding for CDM programs that are currently undertaken as part of the third tranche of the MARR-based CDM Programs.

The letter also stated:

“For funding requests received before March 23, 2007, the funds will be included in 2007 rates for implementation on May 1 (provided that the TRC analysis requirement is met) but all amounts collected in rates in relation to the costs of the MARR-based CDM Program will be booked into a variance account. The Board will subsequently hold a hearing in relation to the approval of the extended MARR-based CDM Program. If the extended Program is approved, the variance account will be closed. If the Program is not approved, the variance account will remain and be the subject of disposition in the future, the expectation being that the Program would be discontinued”.

In the Board’s April 12, 2007 decision dealing with Chatham-Kent’s 2007 rates and incremental CDM requests (EB-2007-0517), the Board indicated that the utility had satisfied the minimum requirements set out in the March 1, 2007 letter for its incremental CDM plan. In that decision the Board reflected in rates the incremental CDM amounts, it authorized the establishment of a new sub-account within Account 1508 to track these expenditures.

A notice of application and hearing was issued on April 17, 2007. There were no interventions in this proceeding. The Board proceeded by way of a written hearing.

Board Findings

The Distribution System Optimization and Line Loss program is a voltage conversion program to reduce line losses. In its application for extension, Chatham-Kent proposed the installation of capacitors on the 27,600-volt system to improve load factor. In the decision dated April 12, 2007 the Board noted that the Distribution System Optimization and Line Loss Reduction programs may be viewed as system improvements that will be considered in relation to their coincidence with the distributor’s normal asset lifecycle replacement program.

In the Board's view, the additional work proposed to be undertaken by Chatham-Kent is additional work above that in which the utility would normally undertake as part of its capital replacement program. The Board views the inclusion of capital projects as a part of CDM plans as any incremental or additional capital work undertaken by the utility over and above the capital replacement work it would normally incur. For this reason, the Board approves Chatham-Kent's request for extension of the Distribution System Optimization and Line Loss program as applied for by Chatham-Kent with a budget of \$50,000.

Chatham-Kent has proposed to extend The School Conservation Program to April 30, 2008. The School Conservation Program is an education program that targets grade 5 students in the Chatham-Kent area that aims to illustrate the importance of energy conservation. The Board is satisfied as to the merits of the program and approves its extension as applied for by Chatham-Kent with a budget of \$15,000.

DATED at Toronto, July 31, 2007

Original signed by

Paul Sommerville
Presiding Member

Original signed by

Paul Vlahos
Member

Original signed by

Ken Quesnelle
Member