

EB-2004-0543

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Chapleau Public Utilities Corp.

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ONTARIO ENERGY BOARD

December 9, 2004

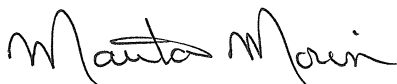
Mr. John Zych
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2601
Toronto, Ontario

**Re: Conservation and Demand Management Plan Deferral Account
Application – RP-2004-0203**

Dear Mr. Zych:

This Application is made by Chapleau Public Utilities Corporation (the “Company”) for an interim order of the Ontario Energy Board (“Board”) to permit the establishment of a deferral account or accounts within which to track expenditures on conservation and demand management initiatives pursuant to the Minister of Energy’s open letter to electricity distribution companies dated May 31, 2004.

The Company plans to begin work on the most appropriate conservation and demand management initiatives immediately and looks forward to the Board’s interim order.



Marita Morin
Secty-Treas.

APPLICATION

RP-2004-0203

IN THE MATTER OF the *Ontario Energy Board Act, 1009*, S. O. 1998, c.15, Schedule B of the *Energy Competition Act, 1998*:

AND IN THE MATTER OF an Application by Chapleau Public Utilities Corporation to establish deferral accounts within which to track expenditures on conservation and demand management initiatives, pursuant to section 79.6 of the *Ontario Energy Board Act 1998*.

1. Introduction

- 1.1 Chapleau Public Utilities Corporation (the “Company”) is a licensed electricity distribution business operating in the Town of Chapleau.
- 1.2 The Company submits this Application for an interim order in accordance with the Preliminary Guidelines issued by the Ontario Energy Board (“Board”) dated July 16, 2004, to establish deferral accounts within which to track expenditures on conservation and demand management initiatives.
- 1.3 In this application, the Company intends to propose the introduction of various conservation and demand management initiatives that requires an expenditure equal to the Company’s one tranche of MARR of \$43,807.27, to be spent by September 30, 2007 and recovered through a rate adjustment effective March 1, 2005.

2. Initiatives

- 2.1 The Company proposes to introduce both short-term and long-term initiatives that will reduce customers’ overall energy demand through energy efficiency. The following initiatives will, in management’s judgment, achieve energy efficiencies within our community and are fully endorsed by the Company’s Board of Directors:
 - An electricity distribution efficiency study to minimize losses including determination of an appropriate capital component (est. cost \$12K – 15K);
 - Information and promotional programs (including incentives) and measures for customers to encourage energy savings through positive changes in consumption patterns, operations and behavior that will reduce GHG production (est. cost \$2K – 3K):

- Determination of the appropriate cost effective technical options for conservation and demand management behind customers meters for all customer classes (est. cost \$2K – 3K); and
- Examine the application and the roll-out of smart metering technology and support infrastructure (est. cost \$20K – 25K).

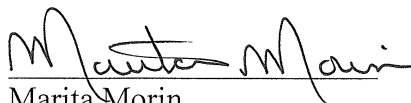
2.2 Prior to implementing any or all these initiatives Chapleau Public Utilities Corporation will consider the following:

- The cost-effectiveness of each initiative what will allow for the broadest range of customers to participate and share in the benefits of conservation and demand management investment by the Company;
- Determine and measure the expected results of each initiative to ensure consistency with government policy;
- Cooperate with other distributors as appropriate to coordinate various initiatives; and
- Take advantage of other government and/or community initiatives where these apply.
- Consider the viability and timeliness of future conservation projects that may satisfy corporate objectives.

3. Next Steps

The approval for the establishment of the deferral account or accounts will permit the Company to begin this work immediately.

Dated at Chapleau, Ontario this 9th day of December, 2004.



Marita Morin
Secty-Treas.