

Corporation de distribution électrique de Hearst
Hearst Power Distribution Company Limited

925 rue Alexandra Street
HEARST, ONTARIO

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ONTARIO ENERGY BOARD

September 19, 2005

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 26th Floor
Toronto ON
M4P 1E4


Attention: Mr. John Zych, Secretary

Dear Sir,

Re: Hearst Power Distribution Company Limited
Conservation and Demand Management Plan
Ontario Energy Board File no.: RP-2004-0203

In response to the Ontario Energy Board's letter dated May 24, 2005 in regards to the above, please find enclosed Hearst Power Distribution Company Limited Conservation and Demand Management Plan.

Yours truly,


Nicole C. Leduc
General Manager

Encl.

**Hearst Power Distribution Company Limited /
Corporation de distribution électrique de Hearst**

Conservation and Demand Management Plan

Ontario Energy Board File No. RP-2004-0203

Introduction

Hearst Power Distribution Company Limited (Hearst Power) has developed a preliminary Conservation and Demand Management (CDM) Plan in response to the request by Ontario's Minister of Energy for electricity distribution companies in the province to invest in CDM programs and the subsequent Ontario Energy Board (OEB) procedural order RP-2004-0203 setting out the filing requirements for a distributor's CDM plan.

Hearst Power developed the CDM Plan following consultation with OEB staff which provided clarification on eligibility and budget potential for the plan. The consultation was necessary given that Hearst Power did not have a third tranche MARR. OEB staff have confirmed that Hearst Power could budget approximately \$70,000 (\$69,842) based on its original 2001 rate filing (RP-2000-0257 / RP-2001-0557). This figure represents 1/3 of Hearst Power's Revenue Requirement established in that 2001 filing.

Hearst Power's CDM Plan is therefore based on investing approximately \$70,000 in a combination of capital and operating expenses during the period from July 1, 2005 to September 30, 2007.

Hearst Power hereby requests the Board's approval and final order authorizing its CDM plan.

CDM Expense Recovery in Rates

Given that 2005 rate schedules have already been approved and issued, Hearst Power seeks approval for an accounting order to establish a deferral account in which to track CDM expenditures.

CDM Programs

The *Price Response* and *Meter Retrofit* programs detailed below are intended to be consistent with the guidelines provided in the OEB's January 26, 2005 Smart meter implementation plan. While perhaps being classified as one of the phase 2 utilities in the rollout considerations of the OEB plan, Hearst Power proposes to be proactive wherever possible.

1. Price Response Program

To fully capture the demand reduction and energy savings opportunities, interval meters / smart meters will be installed on all new residential and commercial construction following clarification of smart meter program requirements. Initially modifications will be made to existing CIS software in order to accommodate the smart meter program.

Estimated investment - \$30,000

2. Meter Retrofit Program

Hearst Power currently has 35 *over 50 kW* customers without interval/smart meters. Of these 5 are over 200 kW, and 9 are over 100 kW customers. Hearst will develop a retrofit program for the installation of interval/smart meters for these customers. In keeping with guidelines in the Smart Meter Implementation Plan, over 200 kW customers will have their meters converted to interval meters by 2007. Hearst Power will install these meters (along with any other over 200 kW customers that may develop over the period) during the 2005/6/7 period with expenditures as indicated in the table below.

Interval Meters \$K	2005	2006	2007	Totals
Capital	3.25	5	1.5	9.75
Operating	.5	2.5	3.25	6.25
Annual Total	3.75	7.5	4.75	16

Estimated investment - \$16,000

3. Customer Information

a.) Hearst Power will provide customers with energy saving tips through bill inserts and advertisements. These tips will target customer behaviors or suggest implementation of energy efficiency measures to help customers reduce their electricity consumption.

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Conservation & Demand Management Plan
2005

Estimated investment - \$8,000

b.) Hearst Power will create a bilingual website that will contain information to assist customers in understanding their smart / interval meters and how to use them to reduce their energy costs. The site will also contain useful information allowing customers to calculate an appliance's consumption and associated costs.

Estimated investment - \$16,000

CDM Plan Budget

Given that the OEB has authorized distributor CDM spending during the 2004 to 2007 time frame, Hearst Power plans to invest up to \$70,000 in a combination of capital and operating expenses during the period from July 1, 2005 to September 30, 2007 as outlined in the budget table below.

Budget Table

Program	Investment
1. CIS software modification to adapt to smart meters	\$30,000
2. Meters Retrofit	\$16,000
3a. Creation of a website	\$16,000
3b. Customer Information – Ads / bill inserts	\$ 8,000
Total	\$70,000.

Contact Information

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