



RP-2004-0203
EB-2004-0511

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

AND IN THE MATTER OF Application by Kenora Hydro Electric
Corporation Limited under the *Ontario Energy Board Act, 1998*
for approval of its Conservation and Demand Management
Plan.

INTERIM ORDER

Kenora Hydro Electric Corporation Limited (Kenora Hydro) filed an application dated November 24, 2004 with the Ontario Energy Board (the Board) for an interim order pre-approving its Conservation and Demand Management (CDM) Plan. The Board assigned File No. RP-2004-0203/EB-2004-0511 to this application.

On May 31, 2004, the Minister of Energy granted approval to all distributors in Ontario to apply to the Board for an increase in their 2005 rates by the third installment of their incremental market adjusted revenue requirement (MARR). This approval is conditional on a commitment to reinvest an equivalent amount in CDM initiatives.

Kenora Hydro elected not to recover the first two thirds of its incremental MARR during the 2001 and 2002 rate applications. Kenora Hydro has indicated its intent to recover all three installments of incremental MARR in their 2005 rates. On December 14, 2004, the Minister of Energy granted approval to Kenora Hydro to apply to the Board to recover an amount equivalent to the three installments of incremental MARR conditional on a commitment to reinvest an equivalent amount in CDM initiatives.

On October 5, 2004, the Board issued a Procedural Order (the Procedural Order) which addressed the opening of deferral accounts; the recovery of development expenses; the process for applying for plan approval; and the filing requirements for plan approval.

Pursuant to the Procedural Order all electricity distribution companies, including Kenora Hydro, received authorization to establish a deferral account.

The elements of Kenora Hydro's CDM Plan include: \$22,455 for a public awareness campaign; \$43,000 for a load control devices; \$25,000 for a 'Smart' meter program; \$25,000 for research in conservation and demand management; and \$26,000 for street and traffic light retrofits.

The Board finds that the activities and programs proposed by Kenora Hydro qualify as conservation and demand management activities and that the planned investments are eligible for tracking in the deferral account. Kenora Hydro's incremental Market Adjusted Revenue Requirement (MARR) is \$141,455. The total CDM budget proposed by Kenora Hydro is \$141,455.

The Board, at this time, approves on an interim basis the expenditure of \$141,455 for implementation of the CDM Plan, which is consistent with the amount of Kenora Hydro's incremental MARR. The Board requires that Kenora Hydro file with the Board quarterly and annual reports on the progress of the initiatives included in the approved CDM Plan.

The Board understands that the approved CDM Plan and the associated budget allocation to the individual programs may be subject to modifications. The Board requires that all modifications be identified in the quarterly and annual reports. In addition, Kenora Hydro shall apply to the Board for approval for modifications of spending above 20% of the approved budget.

IT IS ORDERED THAT:

1. Kenora Hydro Electric Corporation Ltd. is granted interim approval of the Conservation and Demand Management Plan as submitted for the Board's review in the application dated December 20, 2004. The approved total budget is \$141,152
2. Kenora Hydro Electric Corporation Ltd. shall file with the Board quarterly and annual reports on the progress of the initiatives within its Conservation and Demand Management Plan.
3. The quarterly reports shall be filed no later than 30 days after the end of each calendar quarter.
4. The annual reports shall be filed no later than March 31 of the following year. The annual reports shall be subject to public review. The annual report shall include a cost benefit analysis on the program included in the Conservation and Demand Management Plan.
5. Kenora Hydro Electric Corporation Ltd. shall apply to the Board for approval if cumulative fund transfers among programs exceed 20% of the approved budget.

DATED at Toronto, February 21, 2005.

ONTARIO ENERGY BOARD

Peter H. O'Dell
Assistant Board Secretary