



RP-2004-0203
EB-2004-0484

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 Veridian Connections
Inc. for a Final Order Pre-approving its Conservation and Demand
Management Plan.

BEFORE: Gordon Kaiser
Vice Chair and Presiding Member

George Dominy
Member

Cathy Spoel
Member

FINAL ORDER

Veridian Connections Inc. (Veridian) filed an application along with five other electricity distributors, together known as the Coalition of Large Distributors (CLD) dated November 4, 2004 with the Ontario Energy Board (the Board). In this application the CLD sought the approval of each CLD utility's conservation and demand management (CDM) plan, a confirmation that each CLD utility's CDM plan satisfied the Minister of Energy's conditions of a financial commitment to reinvest in CDM initiatives, a confirmation that each CLD utility's position on future adjustment to its CDM is appropriate and acceptable and will not invalidate the approval of any CLD utility's plan in the proceeding, and a confirmation that each CLD utility's expenditures incurred in connection with the preparation of its application and its participation in the proceeding, including intervenor or Board costs that are attributed to each CLD utility will be credited to the required amount of CDM expenditures for each CLD utility. The Board assigned File No. RP-2004-0203 / EB-2004-0484 to Veridian's application.

A Notice of Application and Oral Hearing was issued by the Board on November 12, 2004. Veridian served and published the Notices as directed by the Board. The application was amended on December 6, 2004. The Board held an oral hearing in Toronto on December 7, 8 and 10, 2004. On December 10, 2004, the Board rendered an oral decision with reasons approving the application with certain conditions as set out in this order.

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.

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 Veridian, received authorization to establish a deferral account.

The elements of Veridian's proposed CDM Plan are as follows: a co-branded mass market program, a 'Smart' meter pilot program, a 'Smart' meter program, a distribution system loss reduction program, a load displacement program, and a stand-by generator program.

The total budget for the CDM plan is \$3,500,000 which is consistent with the amount of the third installment of Veridian's incremental MARR.

The Board finds that the activities and programs proposed by Veridian satisfy the Minister's condition of a financial commitment to re-invest in conservation and demand management initiatives and are eligible for tracking in the deferral account.

The Board approves the expenditures as proposed by Veridian for implementation of the CDM Plan, which is consistent with the amount of the third installment of Veridian's incremental MARR.

The Board requires that the Veridian file quarterly and annual reports on the progress of the initiatives included in the approved CDM Plan. The annual reports will be subject to public review.

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, Veridian shall apply to the Board for approval for modifications of spending above 20% of the approved budget.

IT IS ORDERED THAT:

1. Veridian Connections Inc. is granted a final approval of the conservation and demand management plan as submitted for the Board's review in the application dated November 4, 2004 and amended on December 6, 2004. This investment satisfies the Minister of Energy's condition of a financial commitment to reinvest the equivalent of one years incremental market adjusted revenue requirement in conservation and demand management. The approved total budget is \$3,500,000.
2. Veridian Connections Inc. 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. Veridian Connections Inc. shall apply to the Board for approval if cumulative fund transfers among programs exceed 20% of the approved budget.
6. Veridian Connections Inc. may credit the costs of preparing its Conservation and Demand Management application and participation in the hearing including intervenor and Board costs against the amount required to be spent on its Conservation and Demand Management Plan plan budget.

DATED at Toronto, February 3, 2005.

ONTARIO ENERGY BOARD

Peter H. O'Dell
Assistant Board Secretary