

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

925 rue Alexandra Street
HEARST, ONTARIO

April 11, 2011

Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
27th Floor
2300 Young Street
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**RE: Addendum to Hearst Power Distribution Company Limited's Conservation and Demand Management Strategy
Board File # EB-2010-0215**

As requested by the Board, Hearst Power Distribution Company Limited ("Hearst Power") is submitting an amendment to its original Conservation and Demand Management ("CDM") Strategy document ("Strategy") filed to the Board on November 1, 2010. The addendum provides proposed budgeted figures to implement and operate the programs/initiatives indicated in the original Strategy. Hearst Power work on the best available information to reach the preliminary overall estimated budget for their 2011-2014 CDM Programming.

If you have any questions or concerns, please do not hesitate to contact Nicole Leduc at (705) 372-2815 or email nleduc@hearstpower.com

Respectfully yours,



Nicole C. Leduc
General Manager

Background

On November 1, 2010, Hearst Power Distribution Company Limited ("Hearst Power") filed a Conservation and Demand Management ("CDM") Strategy Document ("Strategy") to Ontario Energy Board ("Board") to comply with the CDM Code.

Hearst Power's original Strategy submission indicated targets of 1MW demand and 4GWh energy savings. These targets were changed on November 12, 2010 to 0.68MW and 3.91GWh respectively and will be achieved mainly through Ontario Power Authority's suite of CDM Programming ("Tier 1 Programs").

On February 22, 2011, the Board advised Hearst Power that its CDM Strategy needs to be amended to include funding information. The funding information must include the overall estimated budget not just the Program Administration Budget that was provided by the OPA. At the time of filing and still, complete funding information for Tier 1 programs are still not available.

Methodology

To be able to comply with the Board's request, Hearst Power used the best available information to reach the preliminary overall estimated budget for their 2011-2014 CDM Programming. The methodology used by other Local Distribution Companies (LDC) such as Toronto Hydro, Chatham Kent Hydro and North Bay Hydro, which were acknowledged by the Board, as being utilized to estimate reasonable budgets to run Hearst Power Tier 1 programs. The methodology includes using the Resource Planning Tool provided by the OPA and making adjustments based on territory specific considerations.

Prospective Budget

To respond to this direction from the Board, Hearst Power has prepared an estimated, prospective budget for planned Tier 1 Programs. The estimated overall budget requirement by Hearst Power to meet its demand and energy targets is \$ \$1,914,912.

<u>Program</u>	<u>Program total</u>
OPA Industrial Program	\$323,027.40
OPA Commercial and Institutional	\$1,211,352.75
OPA Consumer Program	\$380,531.93
OPA Low-income Program	NA
Portfolio total	\$1,914,912.09

* Note that the prospective budget portfolio total above is not inclusive of any OPA Low-income Program costs. Further details regarding Low-income programs are pending from the OPA.

Limitations

These prospective budgets are intended to provide an indication of the scale of the resources required to meet the targets for Hearst Power. The final numbers maybe higher or lower depending on the following factors:

- Technologies and measures to be implemented
- Details of program designs and the actual cost of delivering them
- The ability to meet “typical” costs in the Hearst Power’s service area
- The possible need for the programs to exceed energy targets in order to meet demand targets (or vice versa)

Hearst Power will report to the Board the progress relative to budget in its annual reports and to advise the Board of any adjustments required to ensure that the targets are being met.