

St. Thomasenergyinc.

We're Your Local Power Distributor

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

April 28, 2011

Dear Ms. Walli:

RE: Addendum to St. Thomas Energy Inc's Conservation and Demand Management Strategy - Board File # EB-2010-0215

As requested by the Board, St. Thomas Energy Inc (STEI) is submitting an amendment to its original Conservation and Demand Management (CDM) Strategy document (Strategy) originally filed with the Board on November 1, 2010. The addendum provides proposed budgeted figures to implement and operate the programs/initiatives indicated in the original Strategy. STEI used the best available information in preparing the overall estimated 2011-2014 CDM budget.

If you have any questions or concerns, please do not hesitate to contact myself at (519) 631-4211 ext 229 or email sfilice@sttenergy.com

Respectfully yours,



Shawn Filice, MBA, P. Eng.
Chief Operating Officer
St. Thomas Energy Services Inc.

Background

On November 1, 2010, St. Thomas Energy Inc (STEI) filed a Conservation and Demand Management (CDM) Strategy Document (Strategy) with the Ontario Energy Board (Board) in compliance with the CDM Code.

STEI's original Strategy submission indicated targets of 4MW demand and 16GWh energy savings. These targets were changed on November 12, 2010 to 3.94MW and 14.92GWh respectively and will be achieved mainly through Ontario Power Authority's suite of CDM Programming (Tier 1 Programs).

On February 18, 2011, the Board advised STEI that the 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. To date complete funding information for Tier 1 programs are still not available.

Methodology

To be able to comply with the Board's request, STEI used the best available information to reach the preliminary overall estimated budget for their 2011-2014 CDM Programming. STEI used the same methodology as was used by other Local Distribution Companies (LDC) such as Toronto Hydro, Chatham Kent Hydro and North Bay Hydro to estimate reasonable budgets for the 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, STEI has prepared an estimated, prospective budget for planned Tier 1 Programs. STEI's estimated overall budget requirement to meet its demand and energy targets for the 2011-2014 period is \$3,818,845.86.

Program	Budget
OPA Industrial Program	\$298,680.68
OPA Commercial and Institutional	\$2,176,102.11
OPA Consumer Program	\$1,344,063.07
OPA Low-income Program	NA
Portfolio total	\$3,818,845.86

* 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 STEI. 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 STEI's service area
- The possible need for the programs to exceed energy targets in order to meet demand targets (or vice versa)

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