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ONTARIO ENERGY BOARD

EB-2007-0736

File 1

August 22, 2007

Ms. Kirsten Walli, Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

**Re: Horizon Utilities Corporation, Distribution Licence No. ED-2006-0031  
Conservation and Demand Management Plan  
Board File No RP-2004-0203, EB-2004-0488 and EB-2004-0523  
Request for Extension of Three CDM Programs**

Horizon Utilities Corporation ("Horizon"), a regulated distributor of electricity, was created on March 1, 2005 through the amalgamation of the former Hamilton Hydro Inc. ("HHI"), and St. Catharines Hydro Utility Services Inc. ("SCHUSI"), both of which were also regulated electricity distribution corporations.

Prior to this amalgamation, the predecessor corporations, HHI and SCHUSI, had both filed and received the approval of the Ontario Energy Board (the "Board") for their respective Conservation and Demand Management ("CDM") plans and budgets as follows:

HHI received approval for its CDM plan and budget on February 3, 2005 representing \$5,240,000 of underlying CDM programs, the value of which was equivalent to the third installment of HHI's incremental market adjusted revenue requirement.

SCHUSI received approval for its CDM plan and budget on February 18, 2005 representing \$1,830,534 of underlying CDM programs, the value of which was equivalent to the third installment of SCHUSI's incremental market adjusted revenue requirement.

On November 7, 2006, Board staff agreed with Horizon's recommendation to account for CDM spending on a consolidated basis under the single Distribution Licence No. ED-2006-0031.



In 2004, the Minister of Energy authorized distributors to apply for their third installment of market adjusted revenue requirement conditional on a financial commitment to invest an amount equal to one year's incremental returns in conservation and demand management activities ("CDM") over a three year period. September 30, 2007 is the final date for LDCs to invest this return in CDM activities.

Horizon Utilities is in the final stages of completing its third tranche CDM programs in accordance with OEB direction. Horizon Utilities has two issues arising out of finalizing the CDM spend. Firstly, In following up with vendors, to ensure delivery of outstanding CDM programs by September 30, 2007, Horizon Utilities has concerns over the capability of three vendors to deliver on time. Secondly, Horizon Utilities has projects with small balances of under or over spending. Each of these issues is addressed below.

### **Vendor delivery**

Horizon Utilities has issued Purchase Orders or commitments for the following programs and while the vendors are committed to delivering on time Horizon Utilities is not able to ensure that the September 30<sup>th</sup> deadline will be met. The three programs at issue are:

#### **Children's Discovery Centre of Niagara - Conservation Interactive Model Project**

This program involves the development of an Interactive Conservation Model including media DVD material to be housed at the Children's Discovery Centre of Niagara. The project, at a cost of \$45,700, is an educational tool providing children the opportunity and excitement of using the model to learn about the conservation of electricity in their homes.

Horizon Utilities expects delivery of the Interactive Model by September 21, 2007 along with the media material. However, any delay in delivery may push this CDM initiative past September 30, 2007 and in addition; Horizon Utilities intends to test the model ensuring quality control prior to releasing for public use. Based on the tight timelines to meet the third tranche deadline for CDM spending Horizon Utilities is requesting an extension on this CDM activity to December 31, 2007.

#### **Kidzpower Project**

Horizon Utilities is coordinating a school based education program to provide conservation workshops for teachers and school board staff. Horizon Utilities is



providing \$40,000 from the mass marketing budget to support this program. The Kidzpower project tentatively begins with this school term in September, pending Horizon Utilities receiving a signed vendor agreement. Horizon Utilities would request an extension to December 31, 2007 in order to ensure the program is properly implemented and the benefit to the teachers and students is maximized.

### **District School Board of Niagara - Load Displacement**

Horizon Utilities is working with the District School Board of Niagara on a pilot project to displace load using a new standby generator. The generator was to be installed by September 30, 2007. Delays during the construction process have put this project behind. The building has been constructed, the generator has arrived on site but installation of switchgear and wiring is still to be completed. Completion of the CDM project is contingent upon the installation of the standby generator. Horizon Utilities has committed \$45,500 to the District School Board of Niagara. Horizon Utilities would request an extension of this project deadline until December 31st, 2007 to ensure the generator is fully installed and operational.

### **CDM Program Reconciliations**

Horizon Utilities is seeking OEB guidance and clarification in regards to the reconciliation of third tranche CDM spending. In particular, Horizon Utilities has small amount of funds either remaining in or overspent in certain programs. The OEB approval of Horizon Utilities CDM Plans clearly states restrictions on the transferring of CDM funds. Following these guidelines will result in small balance remaining in CDM programs, as it is not possible to spend the budgeted amounts exactly.

In particular, Horizon Utilities is over spent in the Residential and Small Commercial programs by a total of \$5,466; under spent in the Commercial, Industrial and Institutional programs by \$6,568; and under spent by \$4,456 in Distribution Loss Reduction and Distributed Energy. The total under spending is \$5,558 on a total CDM approved spending of \$7, 071,000.

Horizon Utilities would request OEB approval to spend the \$5,558 on providing compact florescent light bulbs ("CFLs") to the local food banks for distribution. This has been a successful means in the past, of distributing CFLs to those that would benefit the most from conservation.

### **Conclusion**

Horizon Utilities is committed to meeting its Conservation and Demand Management programs and as such seeking OEB approval of the above requests for extensions and the final clearing of reconciling balances in the various CDM programs.

### **Relief Sought**

Horizon thereby requests that the Board proceed with this Application in an expeditious manner without a hearing, pursuant to subsection 21. (4) (b) of the *Ontario Energy Board Act, 1998*, which reads as follows:

Despite section 4.1 of the Statutory Powers Procedure Act, the Board may, in addition to its power under that section, dispose of a proceeding without a hearing if,

*the Board determines that no person, other than the applicant, appellant or licence holder will be adversely affected in a material way by the outcome of the proceeding and the applicant, appellant or licence holder has consented to disposing of a proceeding without a hearing.*

Horizon further requests:

1. That the Board approve an extension for the completion of the Children's Discovery Centre of Niagara - Conservation Interactive Model Project, the Kidzpower Project for the Hamilton and Niagara School Boards and the District School Board of Niagara - Load Displacement Generator to December 31, 2007;
2. That the Board approve Horizon Utilities request to reconcile immaterial balances of over or under spending in its CDM programs by way of allocating to the mass market budget for final disposition.
3. That the Board dispose of this proceeding without a hearing, pursuant to section 21. (4) (b) of the *Ontario Energy Board Act, 1998*; and,
4. Time is of the essence September 30, 2007 is the expected completion date for third tranche CDM program spends.



Horizon respectfully submits this application requesting an extension for three Conservation and Demand Management programs and approval for final disposition of the small over or under spending within its CDM programs, and that the Board approve this request expeditiously pursuant to section 21, (4)(b) of the *Ontario Energy Board Act, 1998*.

Should you have any questions please contact the undersigned at 905-317-4785 or by e-mail at [cameron.mckenzie@horizonutilities.com](mailto:cameron.mckenzie@horizonutilities.com).

Yours truly,

A handwritten signature in black ink that reads "C. McKenzie". The signature is written in a cursive, flowing style.

Cameron McKenzie  
Director, Regulatory Services  
Horizon Utilities Corporation