



EB-2012-0260

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 Festival
Hydro Inc. for an order or orders approving or fixing just
and reasonable distribution rates related to Smart Meter
deployment, to be effective November 1, 2012.

BEFORE: Ken Quesnelle
Presiding Member

Marika Hare
Member

DECISION AND ORDER
September 20, 2012

Introduction

Festival Hydro Inc. ("Festival"), a licensed distributor of electricity, filed an application (the "Application") with the Ontario Energy Board (the "Board") on May 29, 2012 under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Festival charges for electricity distribution, to be effective November 1, 2012.

Festival sought Board approval for the disposition and recovery of costs related to smart meter deployment, offset by Smart Meter Funding Adder ("SMFA") revenues collected from May 1, 2006 to April 30, 2012. Festival requested approval of proposed Smart Meter Disposition Riders ("SMDRs") and Smart Meter Incremental Revenue

Requirement Rate Riders (“SMIRRs”) effective November 1, 2012. The Application is based on the Board’s policy and practice with respect to recovery of smart meter costs.¹

The Board issued its Letter of Direction and Notice of Application and Hearing (the “Notice”) on June 1, 2012. The Vulnerable Energy Consumers’ Coalition (“VECC”) requested and was granted intervenor status and cost award eligibility. No letters of comment were received. The Notice established that the Board would consider the Application by way of a written hearing and established timelines for discovery and submissions.

While the Board has considered the entire record in this proceeding, it has made reference only to such evidence as is necessary to provide context to its findings. The following issues are addressed in this Decision and Order:

- Costs Incurred with Respect to Smart Meter Deployment and Operation;
- Cost Allocation;
- Other Matters; and
- Implementation.

Costs Incurred with Respect to Smart Meter Deployment and Operation

In the Application filed on May 29, 2012, Festival sought the following approvals:

- a. SMDR – A cost recovery rate rider of (\$0.92) per Residential customer per month and \$2.17 per General Service less than 50 kW (“GS < 50 kW”) per month for the period November 1, 2012 to April 30, 2014. These rate riders will refund or collect the difference between the May 1, 2006 to December 31, 2011 revenue requirement related to smart meters deployed as of December 31, 2011, plus interest on operations, maintenance and administration (“OM&A”) and depreciation expenses, and the Smart Meter Funding Adder (“SMFA”) revenues collected from May 1, 2006 to April 30, 2012 and corresponding interest on the principal balance of SMFA revenues; and;

¹ On December 15, 2011, the Board issued *Guideline -2011-0001: Smart Meter Funding and Cost Recovery – Final Disposition* (“Guideline G-2011-0001”). Festival’s Application is filed in accordance with the guideline and utilizes the Smart Meter Model Version 2.17 issued along with Guideline G-2011-0001.

- b. SMIRR – A forecasted cost recovery rate rider of \$2.47 per Residential customer per month and \$6.01 per GS < 50 kW customer per month for the period November 1, 2012 to April 30, 2014. These rate riders will collect the incremental revenue requirement related to smart meter cost from January 1, 2012 to December 31, 2012.

Festival revised its proposed SMDRs and SMIRRs in responses to interrogatories, with respect to the following:

- Updated the Aggregate Corporate Income Tax Rate for the years 2010, 2011 and 2012;
- Updated “Other AMI Capital”;
- Updated Meter Troubleshooting costs;
- Updated Communication Services costs for the years 2010 and 2012;
- Updated Other AMI Expenses for the years 2010, 2011 and 2012;
- Updated Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc. for the year 2012;
- Provided previously missing for November and December 2012, OM&A Expenses and Amortization/Depreciation Expense; and
- Updated Total Smart Meter OM&A Costs.

Level of Audited Costs

Festival’s Application had been prepared on the basis of audited actual costs up to 2011 and forecasted 2012 costs. VECC submitted that the Application conformed to Guideline G-2011-0001 regarding audited costs².

Capital and OM&A Costs for Smart Meter Deployment and Operation

Festival’s total costs in aggregate and on a per meter basis are summarized in Table 1 below, which was prepared based on the updated model submitted with the reply submission:

² G-2011-0001 Guideline *Smart Meter Funding and Cost Recovery – Final Disposition*

Table 1- Capital and OM&A Costs in Aggregate and per Meter

	2007	2008	2009	2010	2011	2012	Total		
Capital			\$7,537	\$3,435,201	\$227,390	\$28,099	\$3,698,228		
OM&A				\$115,501	\$188,998	\$240,529	\$545,028		
Number of Smart Meters			203	19,343	104		19,650		
							Total	Average per meter	
							Total (capex + opex)	\$4,243,256	\$215.94
							Capex only	\$3,698,228	\$188.20

Both Board staff and VECC noted that Appendix A of the Decision with Reasons of the Combined Smart Meter Proceeding (EB-2007-0063, August 8, 2007) compared data for 9 out of 13 utilities and showed the total cost per meter ranged from \$123.59 to \$189.96, with Hydro One Networks Inc. (“Hydro One”) being the main exception at \$479.47, due in part for the need for more communications infrastructure and increased costs to install smart meters for customers over a larger and less dense service area. VECC observed that Festival’s total average costs related to minimum functionality exceed the top range for urban utilities in the Combined Proceeding by approximately 5.6%.

Further, both Board staff and VECC also noted that the Board’s report, “Sector Smart Meter Audit Review Report”, dated March 31, 2010, indicated a sector average capital cost of \$186.76 per meter and an average total cost per meter (capital and OM&A) of \$207.37. Board staff and VECC further noted that resulting from the Board’s letter to all distributors on October 26, 2010, the first distributors’ quarterly update representing life-to-date investments in smart meter implementation as of September 30, 2010 showed the average total cost per meter as \$226.92.³

Board staff noted that characteristics such as a non-contiguous service territory, applicable to Festival, can be one factor influencing relatively higher costs.

In its Application, Festival noted that it utilized the Hydro One approved procurement process identified in paragraph 1. (1) 5 of O. Reg. 427/06. Festival further noted that the price received from its meter supplier Trilliant Networks Canada was the same price as paid by Hydro One. In response to VECC interrogatory #2, Festival stated that, in

³ “Monitoring Report Smart Meter Investment – September 2010”, March 3, 2011

order to minimize costs and promote efficiencies in the implementation of the smart meter program it collaborated with other distributors on various aspects of the smart meter project.

While Board staff observed that Festival's costs are towards the higher end of an average cost per meter for a distributor serving largely a built-up (urbanized) area, Board staff was of the view that Festival has provided adequate documentation on prudence of the costs for which Festival is seeking approval. Board staff submitted that the documented costs are reasonable.

VECC noted that Board staff, in its recent submissions in Bluewater Power's smart meter recovery application (EB-2012-0263), compared Bluewater Power's total average smart meter costs to distributors in its peer group (Mid-Size Southern Medium-High Undergrounding)⁴, which includes Festival. VECC stated that Festival has the highest total average cost per smart meter (excluding costs beyond minimum functionality) of its peer group.

VECC further noted that, although the provincial smart meter review data has been used as the metric to test reasonableness of costs to date, it questions whether recent peer-to-peer data or group data may also have some merit. VECC related its understanding that distributors in a peer group would have similar circumstances to Festival, such as non-contiguous service territory. VECC questioned whether, based on this peer group comparison, Festival's costs are too high. VECC suggested that the Board may wish to consider whether the peer to peer data or group data provides additional adequate insight to determine that only a portion of Festival's costs should be approved or if the data warrants a closer look at the reasons for the difference.

In its reply submission, Festival referenced VECC's suggestion that the Board may want to consider departing from its usual practice of using provincial smart meter review data as a metric to test reasonableness of costs to date and use the subset of a distributor peer group. Festival stated that it does not support this approach and submitted that VECC has not sufficiently demonstrated that this is a sound approach for a proper prudence analysis – which, Festival submitted, it is obligated to demonstrate. Festival stated that prudence analysis specifically prohibits the use of hindsight and that a post-installation comparison of costs against a select group of utilities is using hindsight to allege some sort of imprudence.

⁴ Board Staff Submission EB-2012-0263, Page 5

The Board notes that authorization to procure and deploy smart meters has been done in accordance with Government regulations, including successful participation in the Hydro One approved procurement process.

The Board notes that while Festival's costs are higher than the top of the provincial range (excluding Hydro One), the Board accepts Festival's argument that their service territory is not contiguous and that would add costs. Further, the Board notes that Festival's costs are not significantly above the sector average. With respect to VECC's suggestion of using peer to peer comparisons, the Board agrees with Festival that such an approach has not been tested to establish reasonableness.

Based on the evidence filed in this Application, the Board finds that Festival's documented costs related to smart meter procurement, installation and operation are reasonable. The Board approves the disposition for recovery of the costs for smart meter deployment and operation.

Costs Beyond "Minimum Functionality"

Festival's Application included a request to recover \$145,147 in capital costs and \$152,674 in OM&A costs beyond minimum functionality. These costs include CIS system upgrades, TOU implementation, customer education and web presentment.

Board staff stated that the documented costs are reasonable. However Board staff also requested Festival to confirm in its reply submission whether their smart meters have, like Hydro One, super capacitors that are "beyond minimum functionality" which allow the smart meters, collectors and repeaters to provide more SCADA-like functions, and if so to provide a justification.

In its reply submission, Festival confirmed that the meters purchased from Trilliant do have this functionality similar to the meters purchased by Hydro One. Festival submitted that the added functionality resulted in a prudently incurred cost on the basis that super capacitors were included in the base meter model from Trilliant. In order for Festival to purchase the meters at the Hydro One contract price, the base model was required to be purchased. Festival noted that despite the fact that the base model included features beyond minimum functionality, it was more economical for it to purchase these meters than deviating from the base model.

The Board accepts Festival's rationale for the costs incurred and will allow it's beyond minimum functionality costs to be recovered.

Cost Allocation

Festival affirmed in its responses to Board staff interrogatory #13b and #14b that it has calculated class-specific SMDRs and SMIRRs on the basis of the cost allocation approach as set out below:

- OM&A expenses have been allocated on the basis of the number of meters installed for each class;
- The Return and Amortization have been allocated on the basis of the capital costs of the meters installed for each class;
- PILs have been allocated based on the revenue requirement derived for each class before PILs; and
- SMFA revenues and interest on the principal are first allocated directly for the Residential and GS < 50 kW classes. The residual SMFA revenues and interest collected from other metered customer classes (i.e., GS 50-4999 kW and Large Use) are then allocated equally to the Residential and GS < 50 kW classes.

In response to Board staff and VECC interrogatories, Festival updated the proposed class-specific SMDRs and SMIRRs to reflect corrections to the data and model discovered through the interrogatory process. In their submission, Board staff and VECC expressed no concerns with Festival's methodology with the allocation of costs offset by SMFA revenues and principal for the calculation of class-specific SMDRs and SMIRRs.

The Board notes that no parties contested the results and approves Festival's cost allocation methodology.

Other Matters

Foregone Revenue

In its submission, Board staff observed that, if the SMDR and SMIRR are both effective November 1, 2012, the SMIRR will only be in effect for 18 months (from November 1, 2012 to April 30, 2014). The SMIRR is a rate adjustment to recover the ongoing

(prospective) capital-related and operating expenses for installed smart meters. In effect, Festival would not be recovering these costs for the period from May 1 to October 31, 2012.

Board staff noted that the Board has approved the recovery of foregone SMIRR revenues back to May 1, 2012 in decisions⁵ on other recent applications for smart meter cost recovery. Board staff requested Festival to provide in its reply submission, its views on the appropriateness of “bumping up” the deferred revenue requirement to be recovered through the SMDR to recover the foregone SMIRR revenues for the period May 1 to October 31, 2012, and if it proposes to avail itself of this approach, the re-estimated class-specific SMDRs.

In its reply submission, Festival opined that it would be appropriate to “bump up” the deferred revenue requirement to be recovered through the SMDR to recover the foregone SMIRR revenues for the period May 1 to October 31, 2012. Festival provided corresponding class-specific SMDRs including foregone SMIRR revenues for the period May 1 to October 31, 2012.

The resulting SMDRs and SMIRRs from the two approaches, and those proposed in the original Application are documented in Table 2:

Table 2 – Class-specific SMDRs and SMIRRs

	Application (May 29, 2012)	Update Inputs (Board staff and VECC IRs)	Reply Submission SMDR including foregone SMIRR revenues for May 1 to October 31, 2012
Residential			
SMDR	(\$0.92)	(\$0.73)	\$0.20
SMIRR	\$2.47	\$2.79	unchanged
General Service <50kW			
SMDR	\$2.17	\$0.81	\$2.38
SMIRR	\$6.01	\$4.72	unchanged

In finding that Festival’s smart meter costs are prudent, the Board considers that it is appropriate that Festival receive the commensurate revenues to recover the approved

⁵ For example, Decision and Order EB-2012-0039, regarding Orangeville Hydro, issued May 24, 2012, Decision and Order EB-2012-0086, regarding Cambridge and North Dumfries Hydro, issued July 26, 2012, Decision and Order EB-2012-0187, regarding London Hydro, issued July 26, 2012.

costs. As the SMIRR is intended to reflect the ongoing revenue requirement in advance of a distributor's next cost of service application, the Board is of the view that on a principled basis the full amount should be reflected. The Board has, in recent decisions established mechanisms for distributors to recover the foregone revenues from the SMIRR where the SMDR and SMIRR could not be implemented on the May 1, 2012 date. The Board therefore accepts Festival's calculation of the foregone SMIRR revenues for the period from May 1 to October 31, 2012 in developing the SMDR, as documented above.

GS > 50 kW Customers

In the Application, Festival noted that it recognized that the installation of smart meters for GS > 50 kW customers was beyond the definition of minimum functionality, however, decided it was prudent to change the 135 GS > 50 kW meters (i.e. GS > 50 kW to 200 kW) at the same time for operational efficiency reasons. The costs for these meters are not included in this Application.

In response to Board staff interrogatory #10, Festival demonstrated that in view of the fact that it is recovering the SMDR and SMIRR only from Residential and GS < 50 kW customers, any cross-subsidization occurring towards GS > 50 kW customers for services such as automated data collection and web presentment that they also receive, is minimal.

Board staff submitted that Festival's explanation is reasonable, and expects that it will be amended through an updated cost allocation study filed as part of Festival's next cost of service rates application. While VECC submitted that some portion of smart meter costs (capital and OM&A) should be allocated for assets used to serve GS > 50 kW customers, VECC concurred with the position of Board staff given that the allocated costs would not be material and there is minimal impact on the SMDRs and SMIRRs for Residential and GS < 50 kW customers.

The Board accepts Festival's proposal in this Application, but expects that this matter will be resolved in Festival's next cost of service rates application, where the costs for "smart meters" for GS > 50 kW customers should be addressed, and common capital and operating costs for infrastructure (such as the ARCC, ODS and CIS and billing systems) will be allocated as part of an updated cost allocation study.

Stranded Meters

In its Application, Festival proposed not to dispose of stranded meters by way of stranded meter rate riders at this time, but to deal with disposition in its next rebasing application, scheduled for 2014 rates. Festival's estimate of the net book value of stranded meters is \$242,810 as of December 31, 2013.

Neither VECC nor Board staff took issue with Festival's proposal. Board staff submitted that Festival's proposal to defer recovery of stranded meter costs is consistent with Guideline G-2011-0001.

The Board accepts Festival's proposal to defer recovery of these costs.

Operational Efficiencies

In response to Board staff interrogatory #6b and VECC interrogatory #6, Festival stated its expectation that there will be no reduction in staffing requirements in either billing or customer service as a result of moving to TOU billing. Festival further stated that since TOU implementation took place effective May 1, 2012, they have in fact seen greater demands in both billing and customer service and an increase in the demand on existing staff members as they become familiar with the TOU billing processes. Festival noted there has also been an increase in checking and verification processes to ensure bills are accurate and complete and that some work normally completed by billing staff has had to be temporarily shifted to other departments due to the additional activity in billing associated with TOU cut-over.

Festival indicated that they anticipate their pre-TOU level of efficiency will be achieved once TOU cut-over is complete and operational after a few months. Since cut-over to TOU billing, Festival stated that they have experienced a slight increase in call volumes but anticipate that after the next few months the volume of phone calls should return back to normal as customers become familiar with TOU pricing and the web presentment tool.

Festival also stated that no additional savings were reflected in this Application beyond the savings in meter reading costs and that it has not experienced and does not anticipate any additional operational efficiencies and cost savings as a result of smart meter implementation. Furthermore, after the completion of the roll-out of smart meters, Festival will continue to require the same complement of staff in the metering

department, billing department, customer service department and an increased complement of one FTE in the IT department. All other administrative expenses are projected to remain the same after the roll-out of smart meters.

Board staff noted that it takes no issue with Festival's explanations, and recognizes that it may take time for further savings to be recognized. Board staff further noted that as Festival, and the utility sector generally, become more accustomed to customer and operational data (i.e. service interruptions, meter tampering) that smart meters and TOU pricing provide, re-engineering of business processes may allow for more efficiencies to be realized over time. Board staff submitted that Festival should be prepared to address any operational efficiencies further in its next cost of service rebasing application, to which Festival agreed in its reply submission.

The Board agrees with both Board staff and Festival that realized savings should be addressed in Festival's next cost of service application, when there should be better information on actual costs and savings and these will be factored into rebased rates.

Implementation

With this Decision, the Board is providing Festival with a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The Board also reviewed the entries in the draft Tariff of Rates and Charges to ensure that, other than the rate riders for smart meter cost recovery approved in this Decision, they are in accordance with the 2012 Board approved Tariff of Rates and Charges as approved in Festival's Incentive Regulation Mechanism application (EB-2011-0167) issued on March 22, 2012.

Festival is authorized to continue to use the established sub-account Stranded Meter Costs of Account 1555 to record and track remaining costs of the stranded conventional meters replaced by smart meters. The balance of this sub-account should be brought forward for disposition in Orillia's next cost of service application.

THE BOARD ORDERS THAT:

1. Festival's new distribution rates shall be effective November 1, 2012.
2. Festival shall review the draft Tariff of Rates and Charges set out in Appendix A.

Festival shall file with the Board a written confirmation assessing the completeness and accuracy of the draft Tariff of Rates and Charges, or provide a detailed explanation of any inaccuracies or missing information, within **7 days** of the date of issuance of this Decision and Order. VECC may also submit comments on the draft Tariff of Rates and Charges within **7 days** of the date of issuance of this Decision and Order.

3. If the Board does not receive any submissions from Festival and VECC pursuant to item 2 of this Decision and Order to the effect that inaccuracies were found or information that was missing, the draft Tariff of Rates and Charges set out in Appendix A of this Decision and Order will become final effective November 1, 2012, and will apply to electricity consumed or estimated to have been consumed on and after November 1, 2012. Festival shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.
4. If the Board receives (a) submission(s) from Festival or VECC to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the Board will consider the submission(s) and will issue a final Rate Order and Tariff of Rates and Charges.

Cost Awards

The Board will issue a separate decision on cost awards once the following steps are completed:

1. VECC shall submit its cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. Festival shall file with the Board and forward to VECC any objections to the claimed costs within **14 days** from the date of issuance of the final Rate Order.
3. VECC shall file with the Board and forward to Festival any responses to any objections for cost claims within **21 days** from the date of issuance of the final Rate Order.
4. Festival shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2012-0260**, be made through the Board's web portal at, www.pes.ontarioenergyboard.ca/eservice and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to BoardSec@ontarioenergyboard.ca. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 2 paper copies.

DATED at Toronto, September 20, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

To Decision and Order

Draft Tariff of Rates and Charges

Board File No. EB-2012-0260

Dated: September 20, 2012

Festival Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date November 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0167
EB-2012-0260

RESIDENTIAL SERVICE CLASSIFICATION

A customer is classed as residential when all the following conditions are met:

- (a) the property is zoned strictly residential by the local municipality,
- (b) the account is created and maintained in the customer's name,
- (c) the building is used for dwelling purposes.

Exceptions may be made for properties zoned for farming use, under the following conditions:

- (a) the principal use of the service is for the residence,
- (b) the service size is 200 amperes or less, and the service is 120/240 volt single phase.

Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

FOR ALL SERVICE AREAS EXCEPT HENSALL

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	14.92
Rate Rider for Disposition of Residual Historical Smart Meter Costs – effective until April 30, 2014	\$	0.20
Rate Rider for Smart Meter Incremental Revenue Requirement – in effect until the effective date of the next cost of service-based rate order	\$	2.79
Distribution Volumetric Rate	\$/kWh	0.0166
Low Voltage Service Rate	\$/kWh	0.0002
Rate Rider for Deferral/Variance Account Disposition (2010) – Effective until April 30, 2014	\$/kWh	(0.0009)
Rate Rider for Deferral/Variance Account Disposition (2012) – Effective until April 30, 2013	\$/kWh	0.0011
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery – Effective until April 30, 2014	\$/kWh	0.0006
Rate Rider for Tax Change – Effective until April 30, 2013	\$/kWh	(0.0005)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0067
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0050

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date November 1, 2012

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2011-0167
EB-2012-0260

FOR HENSALL SERVICE AREA

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	13.82
Rate Rider for Disposition of Residual Historical Smart Meter Costs – effective until April 30, 2014	\$	0.20
Rate Rider for Smart Meter Incremental Revenue Requirement – in effect until the effective date of the next cost of service-based rate order	\$	2.79
Distribution Volumetric Rate	\$/kWh	0.0149
Low Voltage Service Rate	\$/kWh	0.0002
Rate Rider for Deferral/Variance Account Disposition (2010) – Effective until April 30, 2014	\$/kWh	(0.0010)
Rate Rider for Deferral/Variance Account Disposition (2012) – Effective until April 30, 2013	\$/kWh	0.0007
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery – Effective until April 30, 2014	\$/kWh	0.0006
Rate Rider for Tax Change – Effective until April 30, 2013	\$/kWh	(0.0003)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0067
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0050

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date November 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0167
EB-2012-0260

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to a non residential account whose peak demand is less than 50 kW based on the process for and frequency for reclassification as outlined in Section 2.5 of the Distribution System Code. For a new customer without prior billing history, the kW peak demand will be estimated by Festival Hydro to determine the proper rate classification. Customers who are classed as General Service but consider themselves eligible to be classed as Residential must provide Festival Hydro with a copy of their tax assessment, which clearly demonstrates the zoning is for residential use only. Further servicing details are available in Festival Hydro's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	28.88
Rate Rider for Disposition of Residual Historical Smart Meter Costs – effective until April 30, 2014	\$	2.38
Rate Rider for Smart Meter Incremental Revenue Requirement – in effect until the effective date of the next cost of service-based rate order	\$	4.72
Distribution Volumetric Rate	\$/kWh	0.0146
Low Voltage Service Rate	\$/kWh	0.0002
Rate Rider for Deferral/Variance Account Disposition (2010) – Effective until April 30, 2014	\$/kWh	(0.0010)
Rate Rider for Deferral/Variance Account Disposition (2012) – Effective until April 30, 2013	\$/kWh	0.0007
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery – Effective until April 30, 2014	\$/kWh	0.0001
Rate Rider for Tax Change – Effective until April 30, 2013	\$/kWh	(0.0003)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date November 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0167
EB-2012-0260

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification refers to a non residential account whose peak demand is equal to or greater than 50 kW but less than 5,000 kW based on the process for and frequency for reclassification as outlined in Section 2.5 of the Distribution System Code. For a new customer without prior billing history, the kW peak demand will be estimated by Festival Hydro to determine the proper rate classification. Further servicing details are available in Festival Hydro's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	223.24
Distribution Volumetric Rate	\$/kW	2.2889
Low Voltage Service Rate	\$/kW	0.0689
Rate Rider for Deferral/Variance Account Disposition (2010) – Effective until April 30, 2014	\$/kW	(0.3508)
Rate Rider for Deferral/Variance Account Disposition (2012) – Effective until April 30, 2013	\$/kW	0.0782
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery – Effective until April 30, 2014	\$/kW	0.0389
Rate Rider for Tax Change – Effective until April 30, 2013	\$/kW	(0.0358)
Retail Transmission Rate – Network Service Rate	\$/kW	2.4342
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7981
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.5854
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.9712

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date November 1, 2012

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EB-2012-0260

LARGE USE SERVICE CLASSIFICATION

This classification refers to non-residential accounts whose monthly peak demand is equal to or greater than 5,000 kW, based on the process for and frequency for reclassification as outlined in Section 2.5 of the Distribution System Code. For a new customer without prior billing history, the kW peak demand will be estimated by Festival Hydro to determine the proper rate classification. Further servicing details are available in Festival Hydro's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	10,676.92
Distribution Volumetric Rate	\$/kW	0.9908
Low Voltage Service Rate	\$/kW	0.0801
Rate Rider for Deferral/Variance Account Disposition (2010) – Effective until April 30, 2014	\$/kW	(0.4507)
Rate Rider for Deferral/Variance Account Disposition (2012) – Effective until April 30, 2013	\$/kW	0.0737
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery – Effective until April 30, 2014	\$/kW	0.1910
Rate Rider for Tax Change – Effective until April 30, 2013	\$/kW	(0.0355)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.8627
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	2.2542

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.

TARIFF OF RATES AND CHARGES

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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, pedestrian Cross-Walk signals/beacons, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	12.79
Distribution Volumetric Rate	\$/kWh	0.0126
Low Voltage Service Rate	\$/kWh	0.0002
Rate Rider for Deferral/Variance Account Disposition (2010) – Effective until April 30, 2014	\$/kWh	(0.0008)
Rate Rider for Deferral/Variance Account Disposition (2012) – Effective until April 20, 2013	\$/kWh	0.0014
Rate Rider for Tax Change – Effective until April 30, 2013	\$/kWh	(0.0006)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.

TARIFF OF RATES AND CHARGES

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SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	2.02
Distribution Volumetric Rate	\$/kW	10.614
Low Voltage Service Rate	\$/kW	0.0504
Rate Rider for Deferral/Variance Account Disposition (2010) – Effective until April 30, 2014	\$/kW	(0.3881)
Rate Rider for Deferral/Variance Account Disposition (2012) – Effective until April 30, 2013	\$/kW	0.2723
Rate Rider for Tax Change – Effective until April 30, 2013	\$/kW	(0.1362)
Retail Transmission Rate – Network Service Rate	\$/kW	1.8451
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4192

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.

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STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. If connected to the municipal or the Province of Ontario street lighting system, decorative lighting and tree lighting services will be treated as a Street Lighting class of service. Decorative or tree lighting connected to Festival Hydro Inc.'s distribution system will be treated as a General Service Less Than 50 kW class customers. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	1.08
Distribution Volumetric Rate	\$/kW	4.9197
Low Voltage Service Rate	\$/kW	0.0494
Rate Rider for Deferral/Variance Account Disposition (2010) – Effective until April 30, 2014	\$/kW	(0.2751)
Rate Rider for Deferral/Variance Account Disposition (2012) – Effective until April 30, 2013	\$/kW	0.2411
Rate Rider for Tax Change – Effective until April 30, 2013	\$/kW	(0.1191)
Retail Transmission Rate – Network Service Rate	\$/kW	1.8358
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3901

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
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microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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Customer Administration		
Arrears certificate	\$	15.00
Income tax letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned Cheque (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect Charge - At Meter During Regular Hours	\$	65.00
Disconnect/Reconnect Charge - At Meter After Hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Service call – customer owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Temporary service install & remove – overhead – no transformer	\$	500.00
Temporary service install & remove – underground – no transformer	\$	300.00
Temporary service install & remove – overhead – with transformer	\$	1000.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

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RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0307
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0176
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0204
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0075