



P.O. Box 397, Stratford, Ontario N5A 6T5

187 ERIE STREET, STRATFORD
TELEPHONE: 519-271-4700
TOLL-FREE: 1-866-444-9370
FAX: 519-271-7204
www.festivalhydro.com

September 29, 2009

BY E-MAIL and DELIVERY

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

Dear Ms. Walli

**Re: Application of Festival Hydro Inc. for service area amendment
Board File No. ED-2009-0352**

This application is being brought pursuant to the *Ontario Energy Board Act, 1998* section 70(11) and 74(1)(b).

Please find attached the application of Festival Hydro Inc. ("Festival"), supported by Hydro One Networks Inc. ("Hydro One") in respect of a service area amendment to provide distribution service to the property ("Property") in the City of Stratford identified as:


Part of Lot 6, Concession 1 in the City of Stratford, County of Perth

Festival requests this Board amend its distribution licence, ED-2002-0513, Schedule 1, Paragraph 8 to include a description of the Property within Festival's service area.

As this application concerns the two applicants only and no other party will be adversely affected, Festival respectfully requests that the Board considers this matter without the benefit of a hearing in accordance with the statutory provisions in Section 21(4)(b) in the *Ontario Energy Board Act, 1998*. A copy of this letter, together with a completed application, will be served upon each of Hydro One and IBI Group.

Contact information for all parties is provided in the Application, found at Exhibit A, Tab 1.

FESTIVAL HYDRO INC.


Bill Zehn
President and CEO

BZ:mw
Enclosures

Cc: Alex Urbanowicz (Hydro One)
Yoon Kim (Hydro One)
Ian Rawlings (IBI Group)

**Service Area Amendment Application
Festival Hydro Inc.
&
Hydro One Networks Inc.**

Preamble:

Festival Hydro Inc. ("Festival") is submitting the pre-filed evidence herein in support of its application for an amendment to the distribution license ED-2002-0513 to the service area description. This information has been prepared following the Ontario Energy Board's "Filing Requirements for Service Area Amendment Applications" (the "Guide") dated March 12, 2007 and generally follows the format of the Guide in the presentation of the evidence.

General Information:

Applicant:	Festival Hydro Inc. ED-2002-0513
Incumbent Distributor:	Hydro One Networks Inc.
Affected Parties:	Customer Representative – IBI Group Landowner Representative – IBI Group
Alternate Distributors:	None

Contact Information:

Applicant

Festival Hydro Inc.
187 Erie Street
PO Box 397
Stratford, ON
N5A 6T5

Bill Zehr, CGA
President & CEO
Tel 519-271-4703 extension 243
Fax 519-271-7204
bzehr@festivalhydro.com

Jac Vanderbaan, P.Eng., CMA
Vice-President of Engineering & Operations
Tel 519-271-4703 extension 241
Fax 519-271-7204
jvanderbaan@festivalhydro.com

Legal Counsel for Festival Hydro
Scott Stoll, LLB, P.Eng.
Aird & Berlis LLP
Brookfield Place, 181 Bay Street
Suite 1800, Box 754
Toronto, ON
M5J 2T9
sstoll@airdberlis.com
Tel: (416) 865-4703
Fax: (416) 863-1515

Incumbent Distributor

Hydro One Networks Inc.

Yoon Kim
Applications Analyst, Regulatory Affairs
Hydro One Networks Inc.
Phone: 416-345-5228
Fax: 416-345-5866
E-mail: Yoon.Kim@HydroOne.com
483 Bay Street
South Tower, 8th floor
Toronto, ON, M5G 2P5

Customer/Landowner

IBI Group

Ian Rawlings, Associate
Tel 519-585-2255
Fax 519-585-2269
irawlings@ibigroup.com

Reasons for Amendment:

The proposed amendment is requested as Festival's licensed service area does not include the Property but is adjacent to the edge of the Property. A map of the Property showing the proposed road extensions, lots, and adjacent properties may be found at Exhibit A, Tab 1, Appendix A. The Property is located within an area of land that was annexed by the City of Stratford in 2004. The proposed amendment is consistent with the objective of a rational and efficient service area alignment based on both economic and engineering efficiency and is the environmentally preferred option.

Festival has existing infrastructure in close proximity to the subject Property that can provide the required electrical service for this Property with minimal

investment and no contribution in aid of construction is required from the Customer. The incumbent distributor (Hydro One) does not have infrastructure adjacent to the Property and Hydro One (or the Customer) would need to make a significant investment to expand and upgrade their infrastructure to service this Property. In order to serve the Customer, Hydro One would have to construct a new line parallel to an existing Festival feeder.

Festival currently provides service to the properties adjacent to (across the road) the subject Property that are within the City of Stratford. In addition, prior to the extension of the deadline for Long Term Load Transfers, Festival and Hydro One had reached a conceptual agreement for resolving Long Term Load Transfers immediately north and south of the Property. The servicing proposed by Hydro One to service the Property does not address the Long Term Load Transfer customers and would further complicate customer confusion.

Description of Proposed Service Area:

The Property consists of approximately 50 acres of undeveloped land annexed by the City of Stratford in 2004, and abutting properties currently within Festival's service area. The legal description of the land is as follows:

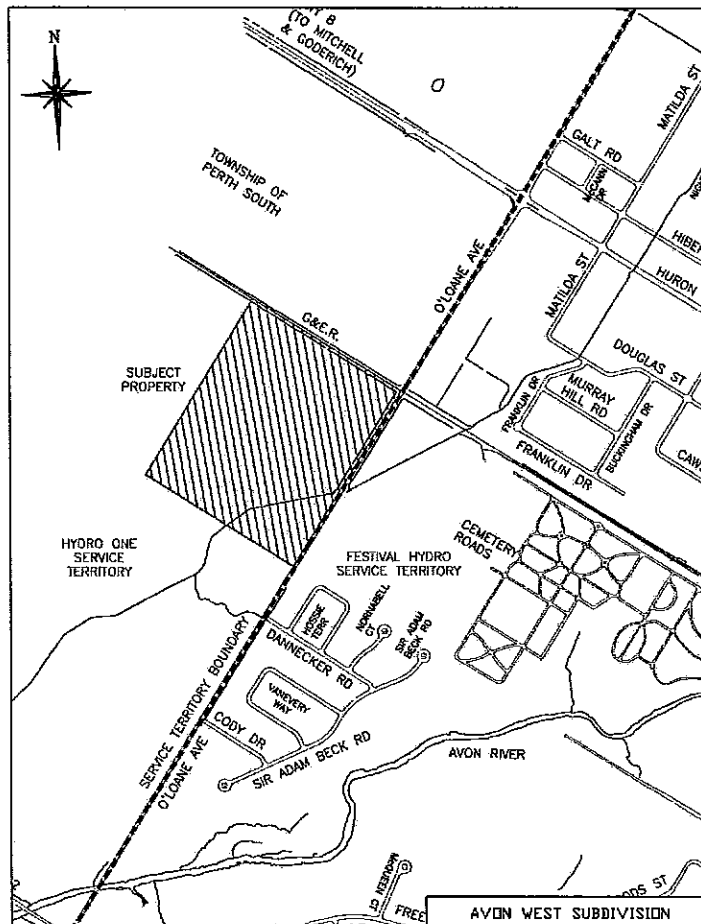
Part of Lot 6, Concession 1, City of Stratford, County of Perth

The Property will be accessed and serviced from an existing circuit located on the east side of O'Loane Ave.

The Property is zoned Residential and the proposed development will consist of 190 residential lots.

Area Maps

Below is a Key Map showing the location of the Property relative to the existing boundaries between Festival and Hydro One.



The drawing in Exhibit A, Tab 1, Appendix A shows the boundaries of the Property for which Festival is making this application (the part numbers refer to the legal description).

Included in Exhibit A, Tab 1, Appendix B is a drawing which shows the existing distribution facilities of both Festival and Hydro One.

Distribution Infrastructure In and Around the Proposed Amendment Area

The amendment area will have a residential subdivision consisting of 190 lots and 13 blocks. Festival has an existing 27,600 V. circuit on the east side of O'Loane Ave., and will supply the subdivision via an underground road crossing.

The customer/landowner owns additional vacant land north of the railroad crossing, however at this time has no development plan or plan of subdivision for such property.

Efficient Rationalization of the Distribution System

The proposed Service Area Amendment will optimize the use of Festival's existing infrastructure.

A descriptive comparison of use of the distribution systems of Festival and Hydro One is given below. All distances and costs provided have been generated by Festival Hydro using best available data and typical costing.

	FESTIVAL HYDRO	HYDRO ONE
Location of Point of Delivery and Point of Connection	Delivery Point and Connection Point will be an existing circuit on the east side of O'Loane Ave. adjacent to the subject property.	
Proximity of Proposed Connection to Existing, Well-Developed Distribution System	Approximately 20m (width of road allowance) from existing 3 phase 27.6 kV feeder on O'Loane Ave.	Approximately 600m from existing feeder on Huron Street.
Fully Allocated Connection Costs	Approximately \$25,000.00 to frame dip pole for connection and extend a three phase U/G primary circuit to the opposite side of the street.	
Capital Contribution Required from Customer	None.	

Costs of Stranded Equipment	None.	
Reliability Impacts	None.	
Provide for Future Growth in Area	Yes.	
Provide for Cost Efficient Improvements in the Area	Yes.	

Description of Impacts

Affected Customers or Landowners:

The only directly affected customer is the end use customer identified as the Avon West Subdivision.

Impacts on Costs, Rates, Service Quality and Reliability for Area Customers:

Festival

Cost – impact is negligible since primarily existing infrastructure will be utilized.

Rates – a favourable impact is expected as the utilization of existing infrastructure will be greater and gross revenue will increase.

Service Quality – no impact to service quality as the Application represents only a small group of residential customers to be connected to an existing feeder.

Reliability – no impact to system reliability.

Impacts on Customers Outside the Area:

This Service Area Amendment application is not expected to have any impacts on customers outside of the immediate area.

Impacts on Each Distributor:

Festival will see a marginal increase in asset base and an increase in revenue, with minimal impacts to operating and administrative costs.

Hydro One is not expected to be significantly impacted by this Service Area Amendment application since it affects none of their existing infrastructure or customers. Hydro One will see a slight load increase on its feeders to Festival.

Assets Stranded or Redundant:

No assets will be stranded or made redundant.

Assets Transferred:

No assets will be transferred.

Customers Transferred:

No customers will be transferred.

Load Transfers or Retail Points Eliminated:

None.

New Load Transfers or Retail Points:

None.

Evidence of Consideration and Mitigation of Impacts

Customer/Landowner:

The Customer, IBI Group met with Festival in August of 2009, after being notified by Hydro One that it would be responsible for a +/- 600 metre underground feeder for connection. The customer representative (Ian Rawlings) was advised Festival could provide an estimate for service connection, but a Service Area Amendment would be necessary if Festival was to supply service to the property. On August 26, 2009 Festival received a letter from Ian Rawlings (see copy of letter in Exhibit A, Tab 1, Appendix C dated August 26, 2009) requesting Festival provide an estimate of the cost to service the subdivision. At this same time the customer sent a letter to Hydro One (see copy of letter in Exhibit A, Tab 1, Appendix D dated August 26, 2009) advising them that Festival had been contacted and if connection costs are more cost-effective and technically sound they would request Festival provide distribution service to this subdivision. On August 28, 2009 Festival forwarded connection costs to the customer (see copy of letter in Exhibit A, Tab 1, Appendix E dated August 28, 2009). An email dated August 31st was received (see copy of email in Exhibit A, Tab 1, Appendix F dated August 31, 2009) from the customer asking Festival to proceed with a Service Area Amendment. It was generally agreed that Festival is in a better position to serve this property. The customer has asked Hydro One to support the Service Area Amendment.

Incumbent Distributor:

Hydro One Networks Inc. has indicated they support this Service Area Amendment as documented in their letter dated September 21, 2009 (see copy of letter in Exhibit A, Tab 1, Appendix G).

Customer Preference:

The customer has indicated they prefer that Festival be their distributor. This is outlined in their email of consent in Exhibit A, Tab 1, Appendix F.

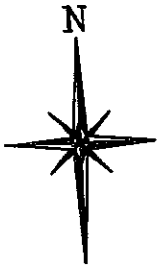
Additional Information for Contested Applications

This application is not being contested by any affected party.

APPENDIX A
MAP OF THE PROPERTY

APPENDIX B

EXISTING DISTRIBUTION FACILITIES OF FESTIVAL AND HYDRO ONE



HY 8
(TO MITCHELL
& GODERICH)

HYDRO ONE 27.6kV LINE

TOWNSHIP OF
PERTH SOUTH

SUBJECT
PROPERTY

G&E.R.

O'LOANE AVE

GALT RD

MATILDA ST

MCCANN DR

HIBERNIA

HURON ST

DOUGLAS ST

MURRAY
HILL RD

BUCKINGHAM DR

FRANKLIN DR

FRANKLIN DR

CAWSON

CEMETERY
ROADS

FESTIVAL HYDRO 27.6kV LINE

O'LOANE AVE

DANNECKER RD

NORNABELL CT

SIR ADAM
BECK RD

VANEVRY
WAY

CODY DR

SIR ADAM BECK RD

AVON RIVER

MCQUEEN CT

FREE

ROADS ST

AVON WEST SUBDIVISION

APPENDIX C

LETTER FROM CUSTOMER REPRESENTATIVE REQUESTING AN ESTIMATE FROM FESTIVAL



IBI Group
17-105 Lexington Road
Waterloo ON N2J 4R7 Canada
tel 519 585 2255
fax 519 585 2269

August 26, 2009

Mr. Jac Vanderbaan, P.Eng.
Vice-President of Engineering and Operations
Festival Hydro Inc.
187 Erie St
P.O. Box 397
Stratford, ON N5A 6T5

Dear Sir:

**HYDRO SERVICE - BROMBERG SUBDIVISION
O'LOANE AVE., STRATFORD**

As discussed at our recent meeting, IBI Group is the representative of Werner Bromberg Limited, the owner and developer, for a proposed residential subdivision (Avon West) at 576 O'Loane Ave., Part of Lot 6, Concession 1, City of Stratford, County of Perth.

Festival Hydro has stated that the Avon West subdivision is located just outside the border of its existing service territory and that the approval of the Ontario Energy Board would be required in order for Festival Hydro to serve the subdivision. From a technical perspective, it is our understanding that Festival Hydro could provide service to the subdivision from an existing 27,600 V. circuit located on the east side of O'Loane Avenue. Based upon our discussion, the cost to provide the facilities to service the subdivision is not significant. At this time I would formally request that Festival Hydro provide an estimate of the cost to service the subdivision.

Assuming that the costing and technical information is satisfactory to our client, we will request that Festival Hydro apply for the necessary approvals to be able to serve the subdivision.

If you require any additional information please contact me by telephone at 519-585-2255 ext. 227 or by email at irawlings@ibigroup.com.

Yours truly

IBI GROUP

Ian F. Rawlings
Associate

cc: Hydro One Networks

Werner Bromberg Ltd – Gary Bromberg

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APPENDIX D

LETTER FROM CUSTOMER REPRESENTATIVE TO HYDRO ONE



IBI Group
17-105 Lexington Road
Waterloo ON N2J 4R7 Canada
tel 519 585 2255
fax 519 585 2269

August 26, 2009

Mr. John Widdes
Distribution Engineering Design Technician
Hydro One
Underground Subdivision Group
420 Welham Rd
Barrie, ON L4N 8Z2

Dear Sir:

**HYDRO SERVICING, AVON WEST SUBDIVISION
O'LOANE AVE., STRATFORD**

We are in receipt of the Final Designs you provided for the new electrical distribution plant to service this Subdivision. These Final Designs include a new feeder to be installed along O'Loane Avenue back to Huron Street, a distance of +/- 600 metres, to connect to Hydro One Networks Inc. ("**Hydro One**") existing facilities. Prior to receiving these plans we were not aware such a feeder extension was required to be constructed to supply power to the Subdivision. Further, the feeder parallels an existing Festival Hydro Inc. ("**Festival Hydro**") feeder located on the east side of the O'Loane Avenue which seems to be duplicative.

This new distribution feeder extension creates two issues, (i) additional cost, and (ii) additional approval requirements from the City of Stratford and the Goderich-Exeter Railway ("**GEXR**"). While Hydro One has not yet provided a cost estimate to complete the work on the subdivision, based upon our experience the connection cost of such a feeder would appear to be significant. The second issue is the concern that significant effort will be required to obtain the City of Stratford's approval to locate a feeder along O'Loane Avenue. We understand that the City of Stratford will likely require this line to be buried. As you may be aware the road right-of-way in this location is congested and the feeder would have to cross under the GEXR railway line, which will make the installation of such a feeder more problematic and costly.

Given this significant change in scope proposed by Hydro One, I have requested Festival Hydro provide an estimate and outline the process for Festival Hydro to provide distribution service to the Subdivision. If Festival Hydro is able to provide a more cost-effective and technically appropriate design, we will be requesting that Festival Hydro provide distribution service to this subdivision. In such a situation I assume that Hydro One will not oppose Festival Hydro providing such service. However, if Festival Hydro is unable to provide such an option, we will contact Hydro One to discuss the next steps to complete the servicing.

Mr. John Widdes – August 26, 2009

I will contact you with our decision in the near future. However, in the meantime, if there are any questions, please feel free to contact me at your earliest convenience.

Yours truly

IBI GROUP

A handwritten signature in black ink that reads "Ian F. Rawlings". The signature is written in a cursive style with a large, stylized 'I' and 'R'.

Ian F. Rawlings
Associate

cc: Festival Hydro – Mr. Bill Zehr, President
Werner Bromberg Ltd – Mr. Gary Bromberg

APPENDIX E

LETTER FROM FESTIVAL TO CUSTOMER REPRESENTATIVE



P.O. Box 397, Stratford, Ontario N5A 6T5

187 ERIE STREET, STRATFORD
TELEPHONE: 519-271-4700
TOLL-FREE: 1-866-444-9370
FAX: 519-271-7204
www.festivalhydro.com

August 28, 2009
Faxed 519-585-2269

IBI GROUP
17-105 Lexington Road
Waterloo ON N2J 4R7

Att'n: Ian F. Rawlings, Associate

Dear Sir:

Re: Hydro Service – Bromberg Subdivision – O'Loane Ave. Stratford

In response to your letter dated August 26, 2009, we are providing you with an estimated cost for supplying electrical service to a proposed residential subdivision (Avon West) at 576 O'Loane Ave., Part of Lot 6, Concession 1, City of Stratford, County of Perth.

Festival Hydro has an existing 27,600 V. circuit located on the east side of O'Loane Avenue and has the capacity to service this development. The estimated connection cost is \$25,000.00 which is comprised of the cost to frame the dip pole at \$6,000.00 and the three phase underground primary circuit to the opposite side of the street at \$19,000.00. Festival Hydro recognizes this price is higher than what was discussed during the meeting on August 21, 2009. During the meeting, the costs that were discussed pertained to the dip pole only and we did not address the issue of the cost of the road crossing. This estimate is considerably less than the cost of extending underground along O'Loane Avenue to connect to Hydro One's system. Also, these costs would be included with the total cost to service the subdivision (primary conductors, transformers, & secondary services) and are subject to the Economic Evaluation that we would conduct at the end of the two year guarantee period. The Economic Evaluation will determine what portion of the total cost to service the subdivision that may be refunded if the load (number of new customer connections) is sufficient.

Should you request Festival Hydro to complete such work, Festival Hydro would obtain the necessary permits and would ensure that the work is performed on a timely basis with the proposed development of the subdivision. Festival Hydro is in an excellent position to provide the electrical servicing to this property and would appreciate the opportunity to put together a package for servicing the entire subdivision.

Please let me know how you would like Festival Hydro to proceed. I can be reached by email at jvanderbaan@festivalhydro.com or by phone at 519-271-4703 extension 241.

Thank you for allowing us this opportunity.

Sincerely
FESTIVAL HYDRO INC.

Jac Vanderbaan, P. Eng.
Vice-President of Engineering & Operations

cc: Bill Zehr, Festival Hydro

APPENDIX F

EMAIL FROM CUSTOMER REPRESENTATIVE TO FESTIVAL

From: Ian Rawlings [mailto:irawlings@IBIGroup.com]
Sent: Monday, August 31, 2009 4:05 PM
To: Cathy Pearson
Cc: Bill Zehr; Jac Vanderbaan; Bill Smith; sstoll@airdberlis.com; Gary Bromberg
Subject: Service Area Amendment - Avon West Subdivision

Cathy – I have now received from Jac Vanderbaan, Festival Hydro's estimated cost to provide hydro service to the subdivision from the overhead line on O'Loane Ave. Given the disparate costs between your estimate and our anticipated cost to supply the subdivision with Hydro One installing a feeder line from some 600m north at Huron St., it is our view that the better option is to have Festival Hydro as the subdivision service provider. On this basis, please make the necessary arrangements to initiate a request for service area amendment as discussed at our meeting. I reiterate that the process of getting approval for the service area amendment is critical to my client who plans to commence subdivision servicing as early as possible next year. In this regard, if there is anything further you require of me or my client, please do not hesitate to contact me.

Ian Rawlings
Associate

IBI Group
Unit 17, Dearborn Business Park 105 Lexington Road
Waterloo Ontario N2J 4R7 Canada

tel 519 585 2255 ext 227
fax 519 585 2269
email irawlings@IBIGroup.com
web www.ibigroup.com

NOTE: This e-mail message and attachments may contain privileged and confidential information. If you have received this message in error, please immediately notify the sender and delete this e-mail message.

NOTE: Ce courriel peut contenir de l'information privilégiée et confidentielle. Si vous avez reçu ce message par erreur, veuillez le mentionner immédiatement à l'expéditeur et effacer ce courriel

APPENDIX G

LETTER FROM HYDRO ONE TO FESTIVAL


Hydro One Networks Inc.
8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com
Tel: (416) 345-5722
Fax: (416) 345-5866
Greg.Van@HydroOne.com

Greg Van Dusen
Director - Distribution Applications
Regulatory Affairs

September 21, 2009

BY COURIER

Mr. Bill Zehr
President and CEO
Festival Hydro Inc.
187 Erie Street
Stratford, ON
N5A 6T5

Dear Mr. Zehr

Festival Hydro Inc.'s Application for Distribution Licence Amendment – O'Loane Ave in the City of Stratford– Hydro One Network Confirmation of Support

This is to confirm that Hydro One Networks Inc. ("Hydro One") supports your application to amend Festival Hydro Inc. ("Festival Hydro") Distribution Licence (ED-2002-0513) for a residential subdivision (Avon West) on O'Loane Ave., in the City of Stratford. Hydro One also supports Festival Hydro proceed this service area amendment application without a hearing.

Should you have any questions, please contact Yoon Kim at (416) 345-5228 or via email at Yoon.Kim@HydroOne.com.

Sincerely,

ORIGINAL SIGNED BY

Greg Van Dusen