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

187 Erie Street, Stratford
Telephone: 519-271-4700
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.festivalhydro.

November 23, 2009

BY COURIER

Michael Buonaguro
Public Interest Advocacy Centre
34 King Street East, Suite 1102
Toronto, ON M5C 2X8

Re: ED Number EB-2009-0263
Festival Hydro Inc. Response to Board Staff Interrogatories
2010 Electricity Distribution Rates, Licence No. ED-2002-0513

Dear Mr. Buonaguro:

On August 28, 2009, Festival Hydro Inc., referred to herein as the Applicant, filed its application for 2010 electricity distribution rates and, subsequently, on November 6, 2009, Board staff submitted its interrogatories to the Applicant as per the Board's Procedural Order #1 dated October 16, 2009. The Applicant now submits its responses to those interrogatories.

A copy of this package has been electronically filed through the Ontario Energy Board's RESS system and emailed to the Board Secretary. The original has been couriered to the Board's offices.

Should you require any further information or clarification of any of the above, kindly contact the writer.

Respectfully submitted,

Originally Signed by

W.G. Zehr President

Cc All Intervenors

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187 Erie Street, Stratford
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November 23, 2009

BY COURIER

William Harper, Senior Consultant
Econalysis Consulting Services Inc.
34 King Street East, Suite 1102
Toronto, ON M5C 2X8

Re: ED Number EB-2009-0263
Festival Hydro Inc. Response to Board Staff Interrogatories
2010 Electricity Distribution Rates, Licence No. ED-2002-0513

Dear Mr. Harper:

On August 28, 2009, Festival Hydro Inc., referred to herein as the Applicant, filed its application for 2010 electricity distribution rates and, subsequently, on November 6, 2009, Board staff submitted its interrogatories to the Applicant as per the Board's Procedural Order #1 dated October 16, 2009. The Applicant now submits its responses to those interrogatories.

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Respectfully submitted,

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PUBLIC INTEREST ADVOCACY CENTRE
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Michael Buonaguro
Counsel for VECC
(416) 767-1666

November 6, 2009

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
Notice of Intervention: EB-2009-0263
Festival Hydro Inc – 2010 Electricity Distribution Rate Application

Please find enclosed the interrogatories of the Vulnerable Energy Consumers Coalition (VECC) in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

Festival Hydro Inc. ("FHI") 2010 Rate Application

Board File No. EB-2009-0263

Interrogatories of the Vulnerable Energy Consumers' Coalition ("VECC")

Question#1

Reference: Exhibit 1/Tab 2/Schedule 2, page 2
Exhibit 2/Tab 1/Schedule 1, pages 6-7

a) Please indicate whether FHI annually prepares a multi-year capital spending plan and, if so, please provide the multi-year plans for each year 2006-2009 (if available.)

Response:

FHI does prepare annual multi-year capital spending plans. Capital spending per these plans does not include amounts for subdivision journal entries. These plans are attached in Appendix A.

b) For each year 2006-2008 inclusive please provide the capital budget as approved by FHI's Board of Directors.

Response:

Please see the capital budgets for the above noted years as included as part of Appendix A attached. Also, similar to the plans above, capital spending in these plans does not include amounts for subdivision journal entries.

Question#2

Reference: Exhibit 2/Tab 4/Schedule 1

a) Please indicate when the most recent lead-lag study was undertaken by or on behalf of FHI, and the results of that study.

Response:
There has been no lead lag study undertaken by Festival Hydro.

b) Please indicate what the allowance for working capital for the test year would be based on the study referred to in part a).

Response:

According to Chapter 2 of the Filing Requirements for Transmission and Distribution Applications issued by the OEB on May 27, 2009, under section 2.3.4 it states that the applicant may take two approaches to calculate its allowance for working capital (1.) 15% allowance approach and (2) filing a lead-lag study. Festival Hydro selected option (1).

c) Please provide FHI's estimate of the incremental cost to undertake a lead-lag study.

Response:

Festival Hydro does not plan to complete a lead-lag study at this time as the OEB clearly states we may adopt the 15% approach. Lead-lag studies can be costly for individual utilities. Festival Hydro recommends that if the OEB considers such a study is required, that the OEB conduct the study in a generic matter across the province through a consultation process lead by the Board.

d) Does FHI contemplate undertaking a lead-lag study in the future?

Response:
A lead-lag study will be contemplated in the future if the Ontario Energy Board requires such a study to be completed.

Question#3

Reference: Exhibit 2/Tab 2/Schedule 1, page 7, Table 7

a) Please confirm that there were no contributions and grants were received in 2009 to June 30, 2009.

Response: Contributions to June 30, 2009: $28,748.

b) Please provide the total in 2008 contributions and grants as at June 30, 2008.

Response: Contributions to June 30, 2008: $63,049.
Contributions to December 31, 2008: $156,208.

Question#4

Reference: Exhibit 2/Tab 3/Schedule 1, pages 20-21

a) Please provide a breakdown of the $300K in vehicle costs and indicate how the components were estimated.

Response:

Vehicle #4 estimated replacement cost is $260,000. Vehicle #13 estimated replacement cost is $20,000. Vehicle #20 estimated replacement cost is $20,000. Estimates based on previous purchases and verbal inquiries with suppliers.

b) Please discuss the variance between the $300K in this application and the recommended spending at Exhibit 2/tab 3/Schedule 2, Appendix A, page 27.

Response:

The estimated spending on Vehicles in 2010 presented in Exhibit 2 / Tab 3 / Schedule 1 pages 20-21 is for $300,000. The recommended spending on Vehicles in 2010 presented in Exhibit 2 / Tab 3 / Schedule 2 Appendix A page 27 is for $300,000. There is no variance in the dollar amount. There is a typographical error in Exhibit 2 / Tab 3 / Schedule 1 pages 20-21. Truck #4 is erroneously referred to as a "Radial Boom Derrick". It should be referred to as a "Single Bucket Truck" as it is in Exhibit 2 / Tab 3 / Schedule 2 Appendix A page 27. The cost estimate for the replacement of vehicle #4 is based on a single bucket truck, not a radial boom derrick truck.

Question#5

Reference: Exhibit 3/Tab 1/Schedule 2

a) Please explain why other distribution revenues in 2009 and 2010 are expected to be lower than in any other year in the period 2006-2010.

Response:

Please refer to Exhibit 3 Tab 3 Schedule 2 Pages 1 to 8 for a detail comparison year over year. Some of the items causing the decrease in 2009 and 2010 in other distribution revenues from pervious years are:

- **Festival Hydro will not be charging FHSI for water heater administration and billing as the administration was transferred to the purchaser in March 2009. This accounts for approx. $43,000 is less revenue per year.**
- **There are no decommissioned MS stations or vacant land to be sold in 2009 and 2010.**
- **No large used trucks to be sold.**
- **Interest income – in Jan 2008 FHI earned 4.00% on its bank balance; FHI is currently earning 0.4% - (one-tenth) which is a big contributor to the decline.**
- **Lower value for scrap sales was budgeted as the price dropped substantially in the last quarter of 2008.**

b) Please provide other distribution revenues to date in 2009 and provide the comparable figure for 2008.

Response:

Other distribution revenues to September 30, 2009 were $363,645.
Other distribution revenues to September 30, 2008 were $357,547.

Year to date other distribution revenues are ahead of 2008 for two main reasons:

- **Festival Hydro unexpectedly received interest income in 2009 of $11,970 from Hydro One related to the cost of a study completed in 2003 related to the St. Marys Transformer Station. Hydro One returned the funds to Festival Hydro, along with interest.**

- **Scrap sales are higher because of the sale of scrap related to the decommissioning of a transformer station (with overall higher cooper content in the scrap which is worth more than other wire). Prices have also increased from the end of 2008, on which our budget was based.**

Question#6

Reference: Exhibit 4/Tab 1/Schedule 1, page 2

a) Please provide the operating budgets as approved by FHI's Board of Directors for each year 2006-2009 along with any underlying assumptions regarding inflation for labour and benefits and inflation for other operating cost components.

Response:

Please refer the Appendix A for the approved operating budgets for 2006 – 2009. In general, each year included an inflationary increase of 3% for labour and benefits and for other operating cost components. In addition, specific general ledger accounts were reviewed and increased or decreased accordingly.

Question#7

Reference: Exhibit 4/Tab 1/Schedule 1, page 3

a) With respect to the five-year forecasts prepared annually, please provide copies of these five-year forecasts prepared in for 2006, 2007, 2008, and 2009 (if available).

Response: Please refer to Appendix A for copies of the five year forecasts for 2006 – 2009.

Question #8

Reference: Exhibit 3/Tab 1/Schedule 2, page 1

a) Please provide a schedule setting out the rates and volumes by customer class supporting the 2010 test year revenues reported in Table 1.

Schedule of Rates and Volumes to generate base rate revenues

Festival Hydro Inc
License Number EB-2002-0815, File Number
0

2010 Test Year Distribution Revenue Reconciliation

Customer Class	Number of Customers	kwh/Kw Volumetric Sales	Monthly Service Charge	Volumetric Service Charge	Fixed Distribution Revenue	Variable Distribution Revenue	Transformer Allowance Credit	Total Distribution Revenue
Residential	17,115	129,737,473	15.53	0.0172	$ 3,189,600	$ 2,231,485		$ 5,421,085
Residential - Hensall	413	3,808,598	13.06	0.0140	$ 64,790	$ 53,320		$ 118,110
GS < 50 kW	1,968	62,021,896	30.15	0.0150	$ 712,190	$ 930,328		$ 1,642,518
GS> 50 kW demand metered	221	782,812	206.40	2.5255	$ 546,191	$ 1,976,991	($305,922)	$ 2,217,260
Large Use	2	128,687	8,730.51	1.4217	$ 209,532	$ 182,954	($77,212)	$ 315,274
Sentinel Lights	83	679	1.47	7.7054	$ 1,468	$ 5,232		$ 6,699
Street Lighting	5,916	11,255	0.81	3.6453	$ 57,495	$ 41,029		$ 98,524
USL	156	629,732	12.91	0.0129	$ 24,123	$ 8,124		$ 32,246
Back-up/Standby Power								
Total	**25,874**	**197,121,132**			**$ 4,805,388**	**$ 5,429,462**	**($383,134)**	**$ 9,851,717**
							Expected	**$ 9,852,131**
								Difference Due to Rate Rounding
								$ 414

b) Please clarify whether the rates used in part (a) included:
- Smart Meter charges
- Discounts for transformer ownership where applicable.

Response:
The rates do not include smart meter charges, low voltage charges or the deferral and variance account charges. The rates used above do include the collection of transformer allowances (refer to Schedule).

Question #9

Reference: Exhibit 3/Tab 2/Schedule 2, page 1

a) In its EB-2007-0680 Report (page 33) the Board directed Toronto Hydro to work with other parties to understand differences in load forecast methodologies employed. Has Festival had any discussions with Toronto Hydro regarding changes it may be implementing in its load forecast methodology? If yes, what was the outcome and how are they reflected in Festival's current approach?

Response:
Festival Hydro did not have discussions with Toronto Hydro regarding load forecast methodologies employed.

b) Is Festival aware of the fact that for its 2010 Rate Application (EB-2009-0139), Toronto Hydro has changed its load forecasting methodology to one that uses class specific models to forecast sales on a class specific basis? If yes, please comment as to why the Toronto data supports such analysis while (as discussed on page 9) Festival's data does not.

Response:
Festival is aware that Toronto Hydro has changed its load forecasting methodology to one based on class specific basis. Being Festival Hydro is a combination of 7 previous local distribution companies, in order to develop an 11 year history back to 1998, the purchases data was found to be the most reliable data to be used. For future cost of service rate applications, Festival Hydro will consider using a customer class specific basis, as more years of data will be available in our system to support the use of class specific. The use of smart meters will also enhance the class specific data in that for each class of customer we will know daily the volumes being used by each class, lending itself to highly reliable data.

Question #10

Reference: Exhibit 3/Tab 2/Schedule 2, pages 6-11

a) What was the frequency of the historical population data available from the smaller municipalities (page 8)?

Response:
The population data for the small towns (Brussels, Hensall, Seaforth, Dashwood and Zurich) was obtained from the local municipal offices by phoning the municipal offices to find out what their population was in 2006. The data was also their best estimates, as the population statistics the Municipalities have and the Statistics Canada Census are for the entire municipality and not for the specific to these small towns. The previous time this information was obtained was in 2001 at the time of amalgamation of the companies.

b) How were the historical monthly Population values derived from the Census/Municipal data?

Response:
The Census based populations were used for St. Marys and Stratford on the 5 years intervals of 1991, 1996, 2001 and 2006. The growth for the small towns from 2001 to 2006 (approx 3% in 5 years) was used to calculate the monthly growth back to 1998. The monthly growth was

then determined by taking the growth within the 5 year period Census period and dividing by 60 months to arrive at the monthly growth between the Census dates.

c) What was the source of the forecast for "Population" used for the projection?

Response:
For the forward looking period, 2007 to 2010, we used the average growth for the past 10 years as we felt the past ten year experience would properly reflect expected growth from 2007 to 2010. Population growth resulting from the two new G S > 50 customers added in our model (university satellite and bank back office facility) we expect will be offset by population shrinkage related to the manufacturing sector.

d) Please provide a schedule that sets out the annual growth rate in population for each of the years from 1998 to 2010.

Response:
As noted in b) the monthly growth rate was determined by taking the population growth for the 5 year period between each Census and dividing by 60 to arrive at equally monthly increases. Attached is the detailed work sheet used to derive population growth and forecast and a schedule of monthly annual growth. 2007 to 2010 is calculated using the 10 year average.

Hydro Inc
populations growth

							% growth
Annual populations		Jan-96	40519.08				
		Jan-97	40775.08				0.632%
		Jan-98	41031.08				0.628%
		Jan-99	41287.08				0.624%
		Jan-00	41543.08				0.620%
	Actual	Jan 01	41799.88		1280.802	256.1605 per year	0.618%
		Jan 02	42034.88			21.34671 per month	0.562%
		Jan 03	42269.88				0.559%
		Jan 04	42504.88				0.556%
		Jan 05	42739.88				0.553%
	Actual	Jan 06	42976.69		1176.807	235.3613 per year	0.554%
		Jan 07	43222.69			19.61344 per month	0.572%
		Jan 08	43468.69				0.569%
		Jan 09	43714.69	**10 yr avge**	**2457.609**	**245.7609 per year**	0.566%
		Jan 10	43960.69	use 10 yr avge		20.48007 per month	0.563%
		Jan 11	44206.69	use 10 yr avge			

e) Please explain more fully why "population growth in recent years increasing at a decreasing rate" leads to a negative coefficient for the Population variable (page 8).

Response:

Our population information is based on the Statistic Canada Census surveys conducted in 2006, 2001, 1996, 1991 for the City of Stratford and Town of St. Marys. Between 1991 and 1996, the combined populations increased by 1,797 or 5.4% in the 5 year period. From 1996 to 2001, the increase was 1, 114 or 3.2% increase. For 2001 to 2006, it was 1,005 or 2.8% increase in the 5 year period. This was the basis for Festival Hydro stating that population is increasing at a decreasing rate, as this has been the trend in the past 15 year period.
In terms of the negative coefficient, the load increase from the modest customer growth is less than the reduction in load resulting from reduced average consumption across the entire customer population. This reduction across the entire consumer population is primarily the result of two factors: conservation and reduced manufacturing demand related to plant closures.

f) What other model specifications did Festival test (per page 7)? Please indicate the results of each in a format similar to that used on pages 7 and 10.

Response:
The variables used by Festival Hydro are the key variables which we believe impacts electrical usage. We believe these are the appropriate variables in determining our load forecast. The use of heating and cooling days directly impact usage by residential and general service less than 50 kW, and to some degree the General Service > 50 categories. The heating and cooling days used was for the Stratford MOE location. We have used the Ontario GDP index in that we felt it fairly represent the GDP for the Stratford area. The number of days in a month, peak hours, population and summer/fall flags were also used as these variables also directly impact usage patterns. One variable included in the original model but subsequently removed was a Black out Flag reflecting the impact of the August 13, 2003 black out. It was removed because it had no major impact on the model. We also tried the model removing the population variable from the model, but it produced an even lower adjusted R square value.

The numbers below are coefficients numbers for the two scenarios:
1). Population variable removed and 2). Black out flag Included:

Monthly Predicted kWh Purchases		Population Removed	Black Out Flag In
= Heating Degree Days	x	12,534.7	11,291.1
+ Cooling Degree Days	x	62,755.7	53,658.9
+ Ontario Real GDP Monthly Index	x	161,746.6	519,753.5
+ Population	x	(not used)	(5,573.16)
+ Number of Days in the Month	x	588,147.6	611,614.1
+ Spring Fall Flag	x	99,913.0	(194,908.2)
+ Peak Hours	x	47,652.9	46,800.1
Black out flag	x	not used	508,410
+ Constant of		(7,397,089.2)	184,369,173

Table 4		
Statistical Results		
Statistic	**Population Removed**	**Black Out Flag Included**
R Square	73.6%	78.8%
Adjusted R Square	72.3%	77.4%
F Test	58.1	57.2
T-stats by Coefficient		
Intercept	(1.2)	5.2
Heating Degree Days	12.5	12.1
Cooling Degree Days	7.9	7.2
Ontario Real GDP Monthly %	12.4	7.8
Number of Days in Month	3.0	3.5
Spring Fall Flag	.3	(0.5)
Population	removed	(5.5)
Number of Peak Hours	5.0	5.4
Black out Flag In	not used	0.3

g) If none of the model specifications tested reflected the current model but included number of customers instead of the "population" variable please provide the results for such a model specification.

Response:

Number of customers was not a variable used. Population was used instead because each customer (i.e. households) will have a different number of occupants, with the number of occupants directly impacting the amount of usage per household.

h) Please the most recent projections available to Festival for population and GDP for 2009 and 2010.

Response:

We do not have updated population data from the last Census in 2006, but we know from our annual and quarter RRR reporting to the OEB that residential customer accounts grew by only 118 in 2008 and 104 for the nine months in 2009 (annualized will be 139 accounts). These numbers would support an annual population growth of 246, assuming two persons per household.

In terms of GDP, the following is an excerpt from the recent 2009 Ontario Economic Outlook and Fiscal Review *"For planning purposes, the Ministry of Finance is assuming a decline of 3.5 per cent in Ontario real GDP in 2009, followed by gains of 2.0 per cent in 2010 and 3.0 per cent in 2011. The Ministry of Finance's key economic planning assumptions, finalized on October 15, 2009, are more conservative than the average private-sector forecasts available at that time."* In Festival Hydro's forecast, we used a 2.5% decline in GDP for 2009 and a 2.3% increase for 2010, which was based on the Ministry of Finance's June 2009 economic report.

i) Please prepare a table similar to Table 5, but use the definition of weather normal in predicting each historical year's total system purchases. The result will then be a **prediction of weather normal purchases** for each year 1998 – 2008.

Question # 10 I & J				
Festival Hydro's Total System Purchases using 2008				
Year	**Actual**	**Original Prediction**	**Prediction of Weather Normal Purchases (j)**	**Difference (i)**
1998	567,117,349	565,333,999	565,177,815	156,184
1999	593,828,652	593,691,923	589,156,658	4,535,265
2000	611,283,741	617,457,354	616,543,338	914,016
2001	616,059,685	625,665,510	624,452,747	1,212,763
2002	639,349,517	637,542,922	628,956,166	8,586,756
2003	640,334,466	635,007,487	631,739,932	3,267,555
2004	649,308,540	633,453,565	633,188,322	265,242
2005	650,800,740	649,189,218	636,881,999	12,307,219
2006	635,441,692	642,245,829	641,978,294	267,535
2007	634,322,920	632,774,446	645,982,027	(13,207,580)
2008	611,667,199	617,152,248	635,457,203	(18,304,955)
2009 (B)		605,066,307	605,066,307	0
2010 (T)		589,782,229	589,782,229	0
2010 (A)		591,767,152	591,767,152	0
(B) bridge year				
T) test year				
(A) test year with 2 GS> 50 customer additions				

j) Using the results from part (i) and the predicted values in Table 5, please calculate the variance in purchases energy for each year attributable to weather variations.

Response: Refer to the table above.

Question #11

Reference: Exhibit 3/Tab 2/Schedule 1, pages 12-13

a) Please confirm that the expected sales to the two new customers have been grossed up for losses for purposes of Table 6. What loss factor value was used?

Response:

The volumetric sales for the two new customers (1,935,000 kWh) have been grossed up by a loss factor of 1.0258 (1,984,923 kWh). The loss

factor was taken from Table 7 which is the average of the simple loss factor for the past 9 years.

Question #12

Reference: Exhibit 3/Tab 2/Schedule 1, pages 14-16

a) Are the historical customer/connection values set out in Table 8 year-end or average annual values?

Response:

The historical customer/connections values in Table 8 are the average annual values.

b) Please provide a schedule that compares the forecast number of new customers as set out in this Exhibit for 2009 and 2010 with the number of new connections for each year reflected in the capital spending forecast in Exhibit 2. Please reconcile any material differences.

Response:

The capital spending forecast for new and upgraded services is not based on a specific number of customers but on historical and current trends of the amount spent typically spent to connect new customers and upgrade services. Therefore, it is not possible to make the comparison requested.

Question #13

Reference: Exhibit 3/Tab 2/Schedule 1, pages 16-20

a) Please confirm that for the Residential and GS<50 classes the historical average use per customer will be influenced by the weather conditions in year concerned.
   - Given this fact, please confirm that the calculated growth rates for these two classes will be affected by historical variations in weather.
   - Why is it appropriate to use the growth rate in usage per customer/connection (non weather-normalized) to forecast usage for 2008 and 2009?

Response:

For residential and general service < 50 kW classes the historical average use per customer will be influenced by weather conditions, and the related growth rates for these classes will be affected by historical variations in weather. Weather is only one factor which influences usage by customers. In recent years, conservation has greatly impacted average usage as customers have replaced light bulbs and appliances with energy efficient models. Many have replaced electric water heaters, electric clothes dryers and electric heat with natural gas based appliances and other fuels. The installation of smart meters with time of use pricing will impact average consumption as those customers who use the bulk of their electricity in peak times (for example, seniors) will have to find ways to shift and reduce load in order to keep their costs in line. A simple change like the extension of the dates for daylights savings time was undertaken with the expectation of reduced electrical use. According to a recent report released by the North American electricity Reliability Corp, *"demand on the electricity system in Ontario will fall an average of .7 per cent a year between 2009 and 2018."* There are factors, other than weather, which are causing this downward trend.

b) Please confirm that the calculation of the geomean annual growth rate in Table 11 really only considers the values for 2000 and 2008. If this is not the case, please explain more fully how the value is calculated.

Response:

The geometric mean has taken into consideration the year over year changes from 2001 to 2009, with 8 values instead of just 2. As an example, for residential average load:

Year	Average usage	%
2000	8,690	
2001	8,687	0.9997
2002	8,783	1.0110
2003	8,612	0.9806
2004	8,575	0.9957
2005	8,879	1.0355
2006	8,461	0.9529
2007	8,443	0.9978
2008	8,198	0.9710
	Geometric Mean	0.9927

c) With respect to the changes discussed on pages 16-17:
- What is Festival's estimate of the reduction in electricity use (kWh) in the Residential and GS<50 classes for 2006, 2007 and 2008 due to CDM?
- Reference is made to the loss of GS>50 and Large Use customers over the past few years. However, Table 8 shows that the number of customers in these classes has been increasing/constant since 2004. Please reconcile.

Response:

Festival Hydro estimates that at least 10% of the decline in residential consumption is related to conservation and probably about one-half of that, 5% for GS< 50 KW. These are just estimates. There has be an increase in the number of GS> 50 kW customers but the consumption per customer has been proportionally lower. The new GS>50 are smaller commercial, industrial and light industry with usage in the 200-500 kW range per month. The industries recently lost by are primarily larger automotive related factories with electricity consumption of over 3,000 kW per month. It takes a number of smaller industries to make up the loss of one major manufacturer.

d) Please provide the Hydro One information relied on in order to determine the weather sensitivity by rate class (page 19).

Response:

The following is the original output from Hydro One for the 2006 Cost of Service Study. This methodology was applied to the 2010 Cost of Service Model:

Weather station used for normalization
Windsor

Test Year
2004

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
15,622,672	13,281,253	13,303,004	11,278,391	9,928,337	10,772,404	11,374,461	10,948,731	10,556,106	10,310,344	12,014,131	15,134,341	144,524,176
398,156	343,672	328,108	278,223	252,968	227,837	244,509	275,092	303,812	354,356	377,377	408,400	3,792,511
21,639	18,678	17,832	15,120	13,748	12,382	13,288	14,950	16,511	19,258	20,509	22,195	206,110
8,575,275	7,412,294	7,112,575	6,133,568	7,712,234	6,363,390	7,638,674	7,417,395	6,883,932	7,529,653	7,699,252	8,722,471	89,200,713
28,754,700	27,534,307	29,824,846	27,479,725	27,219,383	28,234,068	26,033,110	28,798,444	28,345,148	27,153,873	27,401,650	25,723,657	332,502,912
77,812	77,812	77,812	78,203	80,060	80,060	80,060	80,060	80,060	80,060	80,060	78,203	950,261
6,741,543	6,425,529	7,059,259	6,528,494	6,822,099	6,465,105	5,729,805	7,068,557	6,814,885	6,644,969	6,323,876	5,524,539	78,148,659

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
15,139,320	13,415,887	13,764,631	11,451,337	9,863,915	11,093,527	11,670,569	11,378,936	10,375,377	10,623,405	12,440,072	15,101,919	146,318,895
398,156	343,672	328,108	278,223	252,968	227,837	244,509	275,092	303,812	354,356	377,377	408,400	3,792,511
21,639	18,678	17,832	15,120	13,748	12,382	13,288	14,950	16,511	19,258	20,509	22,195	206,110
8,316,546	7,484,361	7,359,674	6,226,143	7,670,092	6,707,426	7,955,911	7,878,296	6,728,279	7,697,228	7,927,249	8,705,117	90,656,323
28,601,412	27,577,005	29,971,245	27,534,573	27,193,274	28,463,546	26,244,712	29,105,873	28,244,151	27,253,155	27,536,731	25,713,375	333,439,052
77,812	77,812	77,812	78,203	80,060	80,060	80,060	80,060	80,060	80,060	80,060	78,203	950,261
6,741,543	6,425,529	7,059,259	6,528,494	6,822,099	6,465,105	5,729,805	7,068,557	6,814,885	6,644,969	6,323,876	5,524,539	78,148,659
												653,511,810

Equipment saturation

11%
30%
52%
100%

2004 kWh (Actual)	2004 kWh (Weather Corrected)
80,654,606	81,590,747
251,848,306	251,848,306
332,502,912	333,439,052

2004 kWh (Actual)	2004 kWh (Weather Corrected)
0	0
78,148,659	78,148,659
78,148,659	78,148,659

e) Given that residential uses include lighting, cooking and refrigeration, why is it reasonable to assume that the Residential class is 100% weather sensitive?

Response:

Festival Hydro has assumed that 100% of Residential is weather sensitive based on Festival Hydro 's understanding of the weather normalization process used by Hydro One to provide weather normalized load data for the cost allocation study.

The data shows that GS > 50 customers have a certain percentage of load that is weather sensitive and non-weather sensitive. The data also shows that for Street Lighting, Sentinel Lighting and USL the total actual weather amounts and the total normalized amounts are the same which suggest they are not weather sensitive. The data shows the classes that are partially weather sensitive and those that are 100% non-weather sensitive but the Residential and GS<50 loads did not fall into these two categories. As a result, Festival Hydro concluded that Residential and GS<50 loads are 100% weather sensitive. If these classes were partially weather sensitive then Hydro One would have provided similar information as was provided for the GS > 50 customers.

f) Please provide a schedule that sets out the average use per customer for each class as forecast for 2009 and 2010 based on the results on Table 15.

Response:

Table 15 revised to show average annual use per customer for each class for 2009 and 2010:

Table 15A Average Use per Customer
Alignment of Non-Normal to Weather Normal Forecast
(using 11 year HDD and CDD)
Question # 13 F

Year	Residential	Residential Hensall	General Service < 50 kW	General Service > 50 kW	Large Use	Street Lighting	Sentinel Lights	USL	Total
Non-normalized weather billed energy forecast									
2009 (B)	8,139	9,801	33,855	1,430,902	33,238,979	658	2,765	4,200	23,128
2010 (T)	8,080	9,829	33,591	1,419,853	32,772,426	660	2,828	4,037	22,901
Adjustment for weather									
2009 (B)	(89)	(107)	(371)	(3,826)	0	0	0	0	(122)
2010 (T)	(499)	(607)	(2,076)	(21,412)	0	0	0	0	(681)
Adjustment for 2 new G.S. > 50 kW accounts									
2009 (B)	0	0	0	0	0	0	0	0	0
2010 (T)	0	0	0	8,756	0	0	0	0	75
Weather normalized billed energy forecast using 11 year HDD & CDD									
2009 (B)	8,050	9,693	33,484	1,427,076	33,238,979	658	2,765	4,200	23,006
2010 (T)	7,580	9,222	31,515	1,407,198	32,772,426	660	2,828	4,037	22,295

g) Please provide a schedule setting the average weather normalized use per customer for each class based on the data provided by Hydro One Networks for Festival's 2007 Cost Allocation filing and indicate the year the data is based on.

Response:

The table below shows the average annual weather normalized use per customer based on the 2004 test year data provided by Hydro One.

Hydro One Data (2004) Average Normalized Use per Customer
Question # 13 G

Year	Residential	Residential Hensall	General Service < 50 kW	General Service > 50 kW	Large Use	Street Lighting	Sentinel Lights	USL	Total
Non-normalized weather billed energy forecast									
2009 (B)	8,653	9,205	46,018	1,522,553	39,074,330	644	2,514	6,091	25,490
2010 (T)	8,549	9,183	46,065	1,508,774	39,074,330	641	2,483	6,091	25,257

h) Please apply the same the methodology as used by Festival to weather normalize 2010 usage (pages 18-20) and determine the weather normalized use by customer class for 2008 using the predicted total weather normalized purchases as determined in Question 10, part (i) and the actual non-weather normalized used by class for 2008. Please provide a schedule that sets out the results in terms of total weather normalized use by customer class and per customer weather normalized use by customer class for 2008.

Response:

The table below shows the 2008 total weather normalized use by customer class and the annual average weather normalized usage per customer.

2008 Weather Normalized Purchases
Question # 13 H

Year	Residential	Residential Hensall	General Service < 50 kW	General Service > 50 kW	Large Use	Street Lighting	Sentinel Lights	USL	Total
Non-normalized weather billed energy forecast									
2008	136,970,688	4,016,517	67,284,782	312,948,164	67,424,347	3,842,227	219,010	681,719	593,387,454
Adjustment for weather									
2008	2,560,641	75,088	1,257,876	1,427,523	0	0	0	0	5,321,128
Weather normalized billed energy forecast using 11 year HDD & CDD									
2008	139,531,329	4,091,605	68,542,658	314,375,687	67,424,347	3,842,227	219,010	681,719	598,708,582
2008 Customers by class									
2008	16,708	412	1,972	218	2	5,856	82	157	25,405
Weather normalized billed energy forecast using 11 year HDD & CDD per customer									
2008	8,351	9,943	34,758	1,442,090	33,712,174	656	2,687	4,356	23,567

i) With respect to page 19, what was the weather normalization period used by Toronto Hydro and each of the other utilities referenced by Festival at Exhibit 3, Tab 2, Schedule 1, page 1? If the same common period was used by most of these utilities, please provide a revised projection (Tables 6 and 15) based on this definition of weather normal.

Response:

As described on Page 1 of Exhibit 3, Tab 2, Schedule 1, Festival Hydro adopted the "same methodology" as was used by the four listed local distribution companies on Page 1. The methodology used by these LDCs for the 2009 cost of service application was approved by the Ontario Energy Board. Using the same methodology does not mean all LDCs had the same number of years of data available or used the same key variables in their forecast. The period of weather normalization used by Festival Hydro in the model was 11 years, which is the same period used for the overall model. As described on page 19, Festival Hydro took the same data and applied the 20 year heating and cooling trend line, with the impact being presented in Table 16. The total results for the 2010 test year using 11 years is 576,872,028 kWh compared to 577,882,477 kWh using 20 years. Festival Hydro believes the numbers of years used in our models produce acceptable results and no further projections related to weather normalization are required at this time.

Question #14

Reference: Exhibit 3/Tab 2/Schedule 1, page 23

a) The Table shows two different values for 2010 billed kWh – 574,937,024 (near the top) and 576,872,024 (at the bottom). Please confirm that the later value is correct and it is the one used throughout the Application.

Response:

The 574,937,024 kWh was prior to the addition for 2 new GS>50 kW customers. The 576,872,024 is the correct kWh used throughout the application.

Question #15

Reference: i) Exhibit 7/Tab 1/Schedule 2, pages 1-2
ii) Exhibit 7/Tab 1/Schedule 3, pages 2-3

a) There are Inconsistencies in the 2006 Cost Allocation Run – With the Transformer Ownership Allowance (TOA) Removed. The Distribution Revenues for all classes are lower in the TOA Removed Run, whereas the reduction in revenues should have been reflected only in those classes (i.e., GS>50 and Large Use) that receive the TOA discount.

Please provide a revised 2006 TOA Removed Run that corrects the revenues reported by class.

Response:
Thank you for bringing this discrepancy to our attention. Festival Hydro has revised the schedule with the correct distribution revenues. To adjust for the transformer allowance, $358,095 has been removed from the General Service > 50 kW class and $88,849 has been removed from the Large Use class for a total of $446,944. Below is a revised version of the 2006 Run model with the Transformer allowances removed.

2006 COST ALLOCATION INFORMATION FILING

FESTIVAL HYDRO INC.

EB-2005-0364 EB-2007-0002

February 28, 2007

Sheet O1 Revenue to Cost Summary Worksheet - Second Run 2006 Run 2 T.A. removed Revised Nov 9 09

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets		Total	1 Residential	2 GS <50	3 GS>50-Regular	6 Large Use >5MW	7 Street Light	8 Sentinel	9 Hensall Residential	10 Unmettered Scattered Load
crev	Distribution Revenue (sale)	$8,871,609	$4,871,034	$1,651,291	$1,895,237	$308,631	$52,702	$2,524	$71,285	$18,905
mi	Miscellaneous Revenue (mi)	$607,764	$396,666	$103,370	$83,803	$7,184	$3,989	$322	$10,581	$1,849
	Total Revenue	$9,479,373	$5,267,700	$1,754,661	$1,979,040	$315,815	$56,691	$2,846	$81,866	$20,754
	Expenses									
di	Distribution Costs (di)	$931,586	$516,720	$162,408	$177,198	$23,411	$31,645	$1,837	$13,649	$4,717
cu	Customer Related Costs (cu)	$1,178,876	$798,181	$205,645	$141,416	$2,816	$5,861	$544	$20,801	$3,611
ad	General and Administration (ad)	$1,140,413	$694,461	$198,956	$186,263	$16,227	$20,544	$1,293	$18,252	$4,419
dep	Depreciation and Amortization (dep)	$2,036,190	$919,463	$358,860	$615,305	$65,694	$42,857	$2,456	$25,306	$6,249
INPUT	PILs (INPUT)	$1,339,573	$593,094	$233,996	$414,611	$48,251	$27,609	$1,581	$16,383	$4,048
INT	Interest	$1,268,744	$561,735	$221,624	$392,689	$45,700	$26,149	$1,498	$15,516	$3,834
	Total Expenses	$7,895,382	$4,083,654	$1,381,490	$1,927,481	$202,099	$154,666	$9,209	$109,907	$26,878
	Direct Allocation	$9,000	$8,820	$0	$0	$0	$0	$0	$180	$0
NI	Allocated Net Income (NI)	$1,574,992	$697,326	$275,119	$487,475	$56,731	$32,461	$1,859	$19,262	$4,759
	Revenue Requirement (includes NI)	$9,479,374	$4,789,799	$1,656,609	$2,414,956	$258,829	$187,127	$11,068	$129,349	$31,637
		Revenue Requirement Input equals Output								
	Rate Base Calculation									
	Net Assets									
dp	Distribution Plant - Gross	$53,731,109	$23,931,495	$9,425,191	$16,572,946	$1,806,211	$1,109,432	$63,536	$659,949	$162,349
gp	General Plant - Gross	$4,573,711	$2,042,563	$802,664	$1,397,929	$158,742	$95,891	$5,494	$56,375	$14,053
accum dep	Accumulated Depreciation	($28,828,157)	($12,810,143)	($5,054,843)	($8,961,502)	($941,891)	($587,324)	($33,624)	($352,999)	($85,831)
co	Capital Contribution	($1,384,370)	($722,940)	($265,188)	($317,708)	($12,267)	($38,712)	($2,229)	($19,687)	($5,640)
	Total Net Plant	$28,092,294	$12,440,976	$4,907,825	$8,691,665	$1,010,795	$579,287	$33,177	$343,638	$84,932
	Directly Allocated Net Fixed Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0
COP	Cost of Power (COP)	$42,648,111	$9,521,240	$4,822,597	$22,390,356	$5,272,291	$254,302	$11,396	$288,773	$87,157
	OM&A Expenses	$3,250,875	$2,009,362	$567,009	$504,877	$42,454	$58,051	$3,674	$52,702	$12,747
	Directly Allocated Expenses	$9,000	$8,820	$0	$0	$0	$0	$0	$180	$0
	Subtotal	***$45,907,986***	***$11,539,422***	***$5,389,606***	***$22,895,233***	***$5,314,744***	***$312,353***	***$15,070***	***$341,655***	***$99,904***
	Working Capital	$6,886,198	$1,730,913	$808,441	$3,434,285	$797,212	$46,853	$2,260	$51,248	$14,986
	Total Rate Base	$34,978,492	$14,171,889	$5,716,266	$12,125,950	$1,808,007	$626,140	$35,437	$394,886	$99,917
		Rate Base Input equals Output								
	Equity Component of Rate Base	$17,489,246	$7,085,945	$2,858,133	$6,062,975	$904,003	$313,070	$17,719	$197,443	$49,959
	Net Income on Allocated Assets	$1,574,991	$1,175,227	$373,171	$51,560	$113,716	($97,974)	($6,363)	($28,222)	($6,123)
	Net Income on Direct Allocation Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Net Income	$1,574,991	$1,175,227	$373,171	$51,560	$113,716	($97,974)	($6,363)	($28,222)	($6,123)
	RATIOS ANALYSIS									
	REVENUE TO EXPENSES %	100.00%	109.98%	105.92%	81.95%	122.02%	30.30%	25.71%	63.29%	65.60%
	EXISTING REVENUE MINUS ALLOCATED COSTS	($1)	$477,901	$98,052	($435,916)	$56,986	($130,436)	($8,223)	($47,483)	($10,883)
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.01%	16.59%	13.06%	0.85%	12.58%	-31.29%	-35.91%	-14.29%	-12.26%

Question #16

Reference: i) Exhibit 7/Tab 1/Schedule 2, pages 3-7
ii) Exhibit 7/Tab 1/Schedule 3, page 1

a) Please provide a schedule that sets out the derivation of the revenue contribution ratios shown in Table 4 for the "Proposed Revenue to Cost Ratio" column.

Response: Below are the two tables used to create Table 4 - Proposed Revenue to Cost Ratio.

Table 5
Determination of Current Fixed/Variable Proportions
VECC Question # 16 a

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	129,737,473		205,383		2,893,848	2,023,905	4,917,753		4,917,753	55.43%
Residential - Hensall	3,808,598		4,961		44,797	36,943	81,741		81,741	0.92%
GS < 50 kW	62,021,896		23,622		664,002	868,307	1,532,308		1,532,308	17.27%
GS >50	310,990,652	782,812	2,646		555,082	1,698,232	2,253,314	305,922	1,947,393	21.95%
Large Use	65,544,852	128,687	24		250,729	126,525	377,254	77,212	300,042	3.38%
Sentinel Lights	234,690	679		996	787	2,805	3,592		3,592	0.04%
Street Lighting	3,904,130	11,255		70,990	31,946	22,797	54,743		54,743	0.62%
USL	629,732			1,869	26,275	8,816	35,091		35,091	0.40%
	576,872,024	**923,433**	**236,636**	**73,855**	**4,467,467**	**4,788,330**	**9,255,797**	**383,134**	**8,872,663**	**100%**

2010 Test Year Class Revenue Design

Customer Class	Existing Rates	Rate Application	Existing Rates	Rate Application	Miscellaneous Revenue	Cost Allocation incl Misc Rev	Existing Rates incl Misc Rev	Rate Application inc Misc Rev	Resulting Rev Cost Ratio	Rev Cost Ratio from Cost Allocation Study	Board Target Low	Board Target High	(Reduction)/Increase	%
Residential	55.43%	55.02%	5,460,632	5,420,642	409,781	409,781	5,870,413	5,830,423	107.70%	108.44%	85%	115%	-39,989	-0.686%
Residential - Hensall	0.92%	1.20%	90,764	118,226	8,978	8,978	99,742	127,203	91.21%	71.52%	85%	115%	27,461	21.588%
GS < 50 kW	17.27%	16.68%	1,701,462	1,643,335	96,649	96,649	1,798,111	1,739,985	112.28%	116.03%	80%	120%	-58,127	-3.341%
GS >50	21.95%	22.51%	2,162,368	2,217,222	126,789	126,789	2,289,157	2,344,011	81.85%	79.93%	80%	180%	54,854	2.340%
Large Use	3.38%	3.20%	333,164	315,268	8,743	8,743	341,907	324,011	108.13%	114.10%	85%	115%	-17,896	-5.523%
Sentinel Lights	0.04%	0.07%	3,989	6,699	421	421	4,409	7,120	50.70%	31.40%	70%	120%	2,711	38.073%
Street Lighting	0.62%	1.00%	60,786	98,521	5,797	5,797	66,583	104,318	51.52%	32.88%	70%	120%	37,735	36.173%
USL	0.40%	0.33%	38,965	32,216	2,294	2,294	41,259	34,511	120.30%	143.83%	80%	120%	-6,749	-19.556%
TOTAL	100.00%	100.00%	9,852,131	9,852,131	659,451	659,451	10,511,582	10,511,582					0	
Check	OK	OK	9,852,131	9,852,131	659,451	659,451	10,511,582	10,511,582						

	Difference	Half rule
Sentinel lights	0.386	0.5070
Streetlights	0.371	0.5144

b) Please provide a schedule that explains the derivation of the Distribution Revenues by class as set out in Sheet O1 of the Cost Allocation Model.

Response:
Below is the table which calculates the distribution revenue based on the current rates. From there, the total base revenue requirement of $9,852,311 is multiplied by each factor to come up with the breakdown of dollar revenue requirement for each class. This is then used as the starting point in Sheet 01 of the Cost allocation model.

Question # 16 B
Determination of Current Fixed/Variable Proportions

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	129,737,473		205,383		2,893,848	2,023,905	4,917,753		4,917,753	55.43%
Residential - Hensall	3,808,598		4,961		44,797	36,943	81,741		81,741	0.92%
GS < 50 kW	62,021,896		23,622		664,002	868,307	1,532,308		1,532,308	17.27%
GS >50	310,990,652	782,812	2,646		555,082	1,698,232	2,253,314	305,922	1,947,393	21.95%
Large Use	65,544,852	128,687	24		250,729	126,525	377,254	77,212	300,042	3.38%
Sentinel Lights	234,690	679		996	787	2,805	3,592		3,592	0.04%
Street Lighting	3,904,130	11,255		70,990	31,946	22,797	54,743		54,743	0.62%
USL	629,732			1,869	26,275	8,816	35,091		35,091	0.40%
	576,872,024	**923,433**	**236,636**	**73,855**	**4,467,467**	**4,788,330**	**9,255,797**	**383,134**	**8,872,663**	**100%**

c) Has Festival made any improvements or changes to the Cost Allocation model used for 2010 (as opposed to that used for the 2007 filing) to address the data and methodology concerns noted by the Board in its EB-2007-0667 Report (pages 5-6)?

Response:

In preparing our Cost Allocation study, we followed the Board's Chapter 2 of the Filing Requirements for Transmission and Distribution Applications dated May 27, 2009, which included reference to EB-2007-0667. In terms of accounting records and data, Festival Hydro maintains a good breakdown of all asset classes, according to the USOA chart of accounts, and maintains detailed depreciation records for each asset class, including a breakdown of contributed capital by class. We also have reliable records on street lighting, sentinel light and unmetered scattered load connections. As a result, no major changes were required to the model, other than those specifically detailed in the Board's Chapter 2 of the Filing Requirements for Transmission and Distribution Applications dated May 27, 2009.

Question #17

Reference: Exhibit 8/Tab 1/Schedule 1, pages 4-6

a) Please confirm that the Board's EB-2007-0667 Guideline (page 12) sets the upper limit for the MSC at 120% of avoided costs plus the allocated customer costs (i.e., Minimum System plus PLCC Adjustment). Based on this definition, do any of Festival's proposed monthly service charges exceed the Board's upper limit?

Response:

According to Page 12, the Discussion Paper proposes the ceiling for the MSC be 120 % of the level – it is proposed, not required. At the bottom of page 12 it states that Distributors currently above the value are not required to make a change to their current MSC to bring it to or below at this time. Based on this definition, Festival Hydro's rates for GS<50 kW, GS> 50 kW, Large Use and unmetered scattered load would be above the proposed limit.

b) On page 6 Festival states that "an MSC ceiling has not been established". However, on page 5 Festival states that "the OEB indicated that for the time being, it does not expect distributors to make changes to the MSC that result in a charge that is greater than the ceiling as defined in the Methodology for the MSC". Please explain why the later direction from the OEB doesn't effectively establish a ceiling for those distributors whose MSC values are below the Board's upper limit.

Response:

A "proposed" MSC ceiling has been established. It does not effectively establish a ceiling when it is the "proposed" ceiling within an "OEB Discussion paper". The OEB has provided direction to LDCs in stating that Distributors currently above the value are not required to make a change to their current MSC to bring it to or below at this time.

Question #18

Reference: Exhibit 8/Tab 1/Schedule 1, pages 10-11

a) Table 9 states that embedded distribution points 1, 2 and 3 are all subject to the Common ST charge and the Inc Capital charge. Please check and confirm the associated kW.

Response:

The reference to (1,2,3) is wrong. Common ST Line charges are only on the bills for 1 and 3 (Seaforth and Grand Bend TS.) Incremental capital is also only on the bills for 1 and 3.

b) Why are the kW associated with the "Remaining Locations" (point #4) only subject to the Monthly Service charge?

Response:

The charges from each Hydro One embedded point depend on the nature of the connection and are assessed by Hydro One according to the connection.

Question #19

Reference: i) Exhibit 8/Tab 1/Schedule 2
ii) Exhibit 8/Tab 1/Schedule 8, Appendix B

a) Based on the most recent 12 months billing data, please provide a schedule that includes the following information:
- Total number of Residential-Hensall customers using less than 100 kWh per month
- Total number of Residential-Hensall customers using between 100 and 250 kWh per month.
- Total number of Residential-Hensall customers using between 250 and 500 kWh per month

Response:

Monthly Usage Ranges (Residential Hensall)	Number of Customers
Less than 100 kWh	16
Between 100 & 250 kWh	26
Between 250 & 500 kWh	84
Over 500 kWh	286

Question #20

Reference: Exhibit 8/Tab 1/Schedule 3

a) Why were the historical proportions paid by class used to allocate the new RTSR charges – when the relative distribution of forecast loads by class is not the same as that experienced historically?

Response:
The methodology used to allocate the new RTSR charges is the same approach used as part of the 2009 IRM model when RTSR rates were last changed. The actual loads should provide a fairly dependable

result as all classes have experienced declines in their 2010 forecasted loads (with the exceptions of streetlights and sentinel lights).

b) Based on the results set out on page 3, what is the percentage adjustment required to the Network and Connection rates respectively in order to just eliminate the current over collection trend for each rate?

Response:

The over/under collection of network and connection charges are recorded in USOA Variance accounts # 1584 Network Variance and #1586 Connection Variance, respectively. The balances to December 31, 2008 have been included as Variance and Deferral Accounts for which disposition has been requested in Exhibit 9. Assuming disposition of the December 31, 2008 balances are approved by the Board, the only over/under collection trends we need to address relate to trends commencing January 2009 and forward. Below is a table which shows the under/under collected trend for 2009 year to date.

Month	Network Charge Billed to Customers (Acct. 4066)	Network Charge from IESO/Hydro One (Acct. 4714)	Difference to Variance Acct # 1584	Connection Charge Billed to Customers (Acct 4068)	Connection Charge from IESO (Acct. 4716)	Difference to Variance Acct # 1586
Jan-09	(249,179)	204,832	(44,347)	(205,491)	193,913	(11,578)
Feb-09	(252,578)	219,089	(33,489)	(210,661)	206,669	(3,992)
Mar-09	(242,278)	222,271	(20,007)	(202,271)	209,824	7,553
Apr-09	(233,741)	197,571	(36,170)	(193,511)	202,547	9,036
May-09	(228,664)	198,160	(30,504)	(185,868)	192,171	6,303
Jun-09	(222,960)	232,986	10,026	(178,145)	216,118	37,973
Jul-09	(244,017)	208,287	(35,730)	(190,535)	190,708	173
Aug-09	(270,542)	258,381	(12,161)	(208,355)	221,457	13,102
Sep-09	(249,510)	220,659	(28,851)	(192,377)	197,650	5,273
9 month accumulat	(2,193,469)	1,962,236	(231,233)	(1,767,214)	1,831,057	63,843
totals			11%			-4%
			decrease			increase
12 month extrapolated						
	(2,924,625)	2,616,315	(308,311)	(2,356,285)	2,441,409	85,124
			(308,311)			85,124

c) Based on the response to part (b) and the most recent changes in UTRs, please recalculate the 2008 Network and Connection charges by class such that the same percentage adjustment is made to all current Network charges and the same percentage adjustment is made to all current Connection charges.

Response:

Since all charges prior to January 1, 2009 are planned to be disposed of, based on Board approval, Festival Hydro extrapolated the total charges

for 2009 based on the experience to September 30, 2009, which is shown on the table above. The resulting charges were then applied to the 2008 rates and volumes to determine the rates which would have been needed in 2008 to arrive at the 2009 required extrapolated charges. From there Festival Hydro took the 2010 projected load forecast to arrive at the required rates. This produced a 4.1% required increase in network rates for all classes and a 0.4% decrease in connection charges for all connection charges, as outlined in the table below.

Proposed 2010 Network Rate Sheet	Existing Network Rate(kWh billed)	Existing Network Rate(kW billed)	Proposed Network Rate(kWh billed)	Proposed Network Rate (kW billed)	Reduction in rate	Percentage Reduction
Residential	0.0055		0.0053		0.0002	4.1%
Residential - Hensall	0.0055		0.0053		0.0002	4.1%
G.S. < 50 kW	0.0049		0.0047		0.0002	4.1%
G.S. 50 kW to 4999 kW		2.0144		1.9312	0.0832	4.1%
G.S. 50 kW to 4999 kW (interval Metered)		2.1394		2.0510	0.0884	4.1%
Larger Use		2.3689		2.2711	0.0978	4.1%
Unmetered Scattered Load	0.0049		0.0047		0.0002	4.1%
Sentinel Lighting		1.5269		1.4638	0.0631	4.1%
Street Lighting		1.5192		1.4565	0.0627	4.1%

Proposed 2010 Connection Rate Sheet	Existing Connection Rate(kWh billed)	Existing Connection Rate (kW billed)	Proposed Connection Rate (kWh billed)	Proposed Connection Rate (kW billed)	Reduction (increase) in rate	Percentage Reduction (Increase)
Residential	0.0042		0.0042		(0.0000)	-0.4%
Residential - Hensall	0.0042		0.0042		(0.0000)	-0.4%
G.S. < 50 kW	0.0038		0.0038		(0.0000)	-0.4%
G.S. 50 kW to 4999 kW		1.5036		1.5099	(0.0063)	-0.4%
G.S. 50 kW to 4999 kW (interval Metered)		1.6483		1.6552	(0.0069)	-0.4%
Larger Use		1.8849		1.8928	(0.0079)	-0.4%
Unmetered Scattered Load	0.0038		0.0038		(0.0000)	-0.4%
Sentinel Lighting		1.1867		1.1917	(0.0050)	-0.4%
Street Lighting		1.1624		1.1673	(0.0049)	-0.4%

APPENDIX A

RESPONSE 1(A)

FESTIVAL HYDRO INC.
2006 FIVE YEAR PROJECTION - CAPITAL BUDGET

	2006	2007	2008	2009	2010
Lands and Buildings	$ 59,000	$ 20,500	$ 21,000	$ 21,500	$ 22,000
Overhead Distribution Projects	$ 1,366,000	$ 1,300,000	$ 1,200,000	$ 1,220,000	$ 1,250,000
Underground Distribution Projects	$ 241,400	$ 250,000	$ 300,000	$ 350,000	$ 400,000
Distribution Transformers	$ 240,000	$ 250,000	$ 260,000	$ 270,000	$ 280,000
Customer Driven Projects	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000
New/Upgraded Services	$ 150,000	$ 155,000	$ 160,000	$ 165,000	$ 170,000
Distribution Meters	$ 510,000	$ 1,030,000	$ 1,030,000	$ 1,000,000	$ 1,000,000
Vehicles and trailers	$ 306,000	$ 240,000	$ 315,500	$ 335,000	$ 283,000
Computer Equipment	$ 50,000	$ 51,000	$ 52,000	$ 53,000	$ 54,000
Scada System + Switches	$ 70,000	$ 75,000	$ 100,000	$ 125,000	$ 130,000
Tools & Misc. Equipment	$ 23,900	$ 25,000	$ 26,000	$ 27,000	$ 28,000
Total (typical year)	$ 3,366,300	$ 3,746,500	$ 3,814,500	$ 3,916,500	$ 3,967,000
Less: smart meters	$ 500,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000
Grand Total	$ 2,866,300	$ 2,746,500	$ 2,814,500	$ 2,916,500	$ 2,967,000

Details

	2006	2007	2008	2009	2010
Meters (Distribution & Wholesale)	$ 510,000	$ 1,030,000	$ 1,030,000	$ 1,000,000	$ 1,000,000
Retail Meters	*$ 510,000*	*$ 1,000,000*	*$ 1,000,000*	*$ 1,000,000*	*$ 1,000,000*
Brussels - Wholesale Meter		*$ 30,000*			
Zurich - Wholesale Meter			*$ 30,000*		
Vehicles and Tralers	$ 306,000	$ 240,000	$ 315,500	$ 335,000	$ 283,000
Replace Pickup/Minivan/Car	*$ 30,000*	*$ 30,000*	*$ 30,500*		*$ 63,000*
Replace Panel Van				*$ 50,000*	
Replace Trailers	*$ 6,000*				
Replace Single Bucket		*$ 210,000*			*$ 220,000*
Replace Double Bucket	*$ 270,000*			*$ 285,000*	
Replace RBD			*$ 285,000*		

Note: Due to extended delivery times for large vehicles, orders take place 1 year in advance

FESTIVAL HYDRO INC.
2007 FIVE YEAR PROJECTION - CAPITAL BUDGET

	2007	2008	2009	2010	2011
Lands and Buildings	$ -	$ 20,500	$ 21,000	$ 21,500	$ 22,000
Overhead Distribution Projects	$ 1,109,000	$ 1,200,000	$ 1,210,000	$ 1,220,000	$ 1,250,000
Underground Distribution Projects	$ 228,000	$ 250,000	$ 255,000	$ 260,000	$ 265,000
Distribution Transformers	$ 425,000	$ 400,000	$ 405,000	$ 410,000	$ 410,000
Customer Driven Projects	$ 500,000	$ 450,000	$ 450,000	$ 450,000	$ 450,000
New/Upgraded Services	$ 150,000	$ 155,000	$ 160,000	$ 165,000	$ 170,000
Distribution Meters	$ 60,000	$ 20,000	$ -	$ -	$ 25,000
Vehicles and trailers	$ 271,000	$ 286,000	$ 312,000	$ 313,000	$ 322,000
Computer Equipment	$ 85,000	$ 51,000	$ 52,000	$ 53,000	$ 54,000
Scada System + Switches	$ 40,000	$ 75,000	$ 100,000	$ 125,000	$ 130,000
Tools & Misc. Equipment	$ 31,100	$ 25,000	$ 26,000	$ 27,000	$ 28,000

Total (typical year)	$ 2,899,100	$ 2,932,500	$ 2,991,000	$ 3,044,500	$ 3,126,000
Roof Replacement	$ 155,000				
Smart Meters	$ 475,000	$ 1,108,333	$ 1,108,333	$ 1,108,333	$ -
Truck #5 Carryover	$ 270,000				
Grand Total	$ 3,799,100	$ 4,040,833	$ 4,099,333	$ 4,152,833	$ 3,126,000

Details

	2007	2008	2009	2010	2011
Meters (Distribution & Wholesale)	$ 60,000	$ 20,000	$ -	$ -	$ 25,000
Retail Meters	*$ 40,000*				*$ 25,000*
Brussels - Wholesale Meter	*$ 20,000*				
Zurich - Wholesale Meter		*$ 20,000*			
Vehicles and Tralers	$ 271,000	$ 286,000	$ 312,000	$ 313,000	$ 322,000
Replace Pickup/Minivan/Car	*$ 35,000*	*$ 26,000*	*$ 27,000*	*$ 28,000*	*$ 37,000*
Replace Panel Van		*$ 50,000*			
Replace Trailers					
Replace Single Bucket	*$ 236,000*	*$ 210,000*			
Replace Double Bucket			*$ 285,000*		
Replace RBD				*$ 285,000*	*$ 285,000*

Note: Due to extended delivery times for large vehicles, orders take place 1 year in advance

FESTIVAL HYDRO INC.
2008 FIVE YEAR PROJECTION - CAPITAL BUDGET

	2008	2009	2010	2011	2012
Lands and Buildings	$ 61,600	$ 21,000	$ 21,500	$ 22,000	$ 23,000
Overhead Distribution Projects	$ 1,305,000	$ 1,400,000	$ 1,425,000	$ 1,450,000	$ 1,500,000
Underground Distribution Projects	$ 199,000	$ 255,000	$ 260,000	$ 265,000	$ 270,000
Distribution Transformers	$ 400,000	$ 405,000	$ 410,000	$ 415,000	$ 420,000
Customer Driven Projects	$ 500,000	$ 450,000	$ 450,000	$ 450,000	$ 450,000
New/Upgraded Services	$ 150,000	$ 160,000	$ 165,000	$ 170,000	$ 175,000
Distribution Meters	$ 67,000	$ 10,000	$ 10,000	$ 25,000	$ 25,000
Vehicles and trailers	$ 344,000	$ 332,000	$ 338,000	$ 570,000	$ 361,000
Computer Equipment	$ 60,000	$ 50,000	$ 53,000	$ 54,000	$ 55,000
Scada System + Switches	$ 150,000	$ 200,000	$ 200,000	$ 50,000	$ 200,000
Tools & Misc. Equipment	$ 86,000	$ 26,000	$ 27,000	$ 28,000	$ 30,000
Total (typical year)	$ 3,322,600	$ 3,309,000	$ 3,359,500	$ 3,499,000	$ 3,509,000
Smart Meters	$ 1,108,333	$ 1,108,333	$ 1,108,333	$ -	$ -
Grand Total	$ 4,430,933	$ 4,417,333	$ 4,467,833	$ 3,499,000	$ 3,509,000

Details

	2008	2009	2010	2011	2012
Meters (Distribution & Wholesale)	$ 67,000	$ 10,000	$ 10,000	$ 25,000	$ 25,000
Retail Meters	*$ 32,000*	*$ 10,000*	*$ 10,000*	*$ 25,000*	*$ 25,000*
Zurich - Wholesale Meter	*$ 35,000*				
Vehicles and Tralers	$ 344,000	$ 332,000	$ 338,000	$ 570,000	$ 361,000
Replace Pickup/Minivan/Car	*$ 24,000*	*$ 27,000*	*$ 28,000*		*$ 56,000*
Replace Panel Van	*$ 95,000*				
Replace Backhoe			*$ 80,000*		
Replace Trailers		*$ 20,000*			*$ 20,000*
Replace Single Bucket	*$ 225,000*		*$ 230,000*		
Replace Double Bucket		*$ 285,000*			*$ 285,000*
Replace RBD				*$ 570,000*	

Note: Due to extended delivery times for large vehicles, orders take place 1 year in advance

FESTIVAL HYDRO INC.

January 2009 FIVE YEAR PROJECTION - CAPITAL BUDGET

	2009	2010	2011	2012	2013
Lands and Buildings	$ 151,500	$ 100,000	$ 21,500	$ 22,000	$ 23,000
Overhead Distribution Projects	$ 1,457,000	$ 1,271,000	$ 1,425,000	$ 1,450,000	$ 1,500,000
Underground Distribution Projects	$ 103,500	$ 262,500	$ 260,000	$ 265,000	$ 270,000
Distribution Transformers	$ 400,000	$ 450,000	$ 410,000	$ 415,000	$ 420,000
Customer Driven Projects	$ 400,000	$ 400,000	$ 450,000	$ 450,000	$ 450,000
New/Upgraded Services	$ 150,000	$ 150,000	$ 165,000	$ 170,000	$ 175,000
Distribution Meters	$ 75,000	$ 45,000	$ 10,000	$ 25,000	$ 25,000
Vehicles and trailers	$ 355,000	$ 300,000	$ 370,000	$ 330,000	$ 295,000
Computer Equipment	$ 70,000	$ 50,000	$ 53,000	$ 54,000	$ 55,000
Scada System + Switches	$ 130,000	$ 280,000	$ 200,000	$ 200,000	$ 200,000
Tools & Misc. Equipment	$ 60,000	$ 35,000	$ 27,000	$ 28,000	$ 30,000
Total (typical year)	$ 3,352,000	$ 3,343,500	$ 3,391,500	$ 3,409,000	$ 3,443,000
Smart Meters	$ 1,000,000	$ 2,000,000	$ -	$ -	$ -
Grand Total	$ 4,352,000	$ 5,343,500	$ 3,391,500	$ 3,409,000	$ 3,443,000

Details

	2009	2010	2011	2012	2013
Meters (Distribution & Wholesale)	$ 67,000	$ 10,000	$ 10,000	$ 25,000	$ 25,000
Retail Meters	*$ 32,000*	*$ 10,000*	*$ 10,000*	*$ 25,000*	*$ 25,000*
Zurich - Wholesale Meter	*$ 35,000*				
Vehicles and Tralers	$ 355,000	$ 300,000	$ 370,000	$ 330,000	$ 295,000
Replace Pickup/Minivan/Car	*$ 50,000*	*$ 40,000*		*$ 30,000*	
Replace Panel Van					
Replace Backhoe			*$ 80,000*		
Replace Trailers	*$ 15,000*				
Replace Single Bucket		*$ 260,000*			
Replace Double Bucket	*$ 290,000*			*$ 300,000*	
Replace RBD			*$ 290,000*		*$ 295,000*

Note: Due to extended delivery times for large vehicles, orders take place 1 year in advance

FESTIVAL HYDRO INC.
May 2009 FIVE YEAR PROJECTION - CAPITAL BUDGET

	2009	2010	2011	2012	2013
Lands and Buildings	$ 151,500	$ 100,000	$ 21,500	$ 22,000	$ 23,000
Overhead Distribution Projects	$ 1,617,000	$ 1,451,000	$ 1,625,000	$ 1,650,000	$ 1,700,000
Underground Distribution Projects	$ 143,500	$ 476,000	$ 260,000	$ 265,000	$ 270,000
Distribution Transformers	$ 400,000	$ 450,000	$ 410,000	$ 415,000	$ 420,000
Customer Driven Projects	$ 400,000	$ 455,000	$ 450,000	$ 450,000	$ 450,000
New/Upgraded Services	$ 150,000	$ 150,000	$ 165,000	$ 170,000	$ 175,000
Distribution Meters	$ 75,000	$ 20,000	$ 10,000	$ 25,000	$ 25,000
Vehicles and trailers	$ 355,000	$ 300,000	$ 370,000	$ 330,000	$ 295,000
Computer Equipment	$ 70,000	$ 50,000	$ 53,000	$ 54,000	$ 55,000
Scada System + Switches	$ 130,000	$ 20,000	$ 200,000	$ 200,000	$ 200,000
Tools & Misc. Equipment	$ 60,000	$ 35,000	$ 27,000	$ 28,000	$ 30,000
Total (typical year)	$ 3,552,000	$ 3,507,000	$ 3,591,500	$ 3,609,000	$ 3,643,000
Smart Meters	$ 1,000,000	$ 2,000,000	$ -	$ -	$ -
Grand Total	$ 4,552,000	$ 5,507,000	$ 3,591,500	$ 3,609,000	$ 3,643,000

Details

	2009	2010	2011	2012	2013
Meters (Distribution & Wholesale)	$ 67,000	$ 10,000	$ 10,000	$ 25,000	$ 25,000
Retail Meters	*$ 32,000*	*$ 10,000*	*$ 10,000*	*$ 25,000*	*$ 25,000*
Zurich - Wholesale Meter	*$ 35,000*				
Vehicles and Tralers	$ 355,000	$ 300,000	$ 370,000	$ 330,000	$ 295,000
Replace Pickup/Minivan/Car	*$ 50,000*	*$ 40,000*		*$ 30,000*	
Replace Panel Van					
Replace Backhoe			*$ 80,000*		
Replace Trailers	*$ 15,000*				
Replace Single Bucket		*$ 260,000*			
Replace Double Bucket	*$ 290,000*			*$ 300,000*	
Replace RBD			*$ 290,000*		*$ 295,000*

Note: Due to extended delivery times for large vehicles, orders take place 1 year in advance

RESPONSE 1(B)

FESTIVAL HYDRO

2006 CAPITAL BUDGET - DETAILS	2006 Budget	Projects by Area		
		Stratford	St. Marys	Seaforth
Overhead Distribution Projects	**$1,366,000.00**			
SM - Emily St - St. Marys - Conversion - Carry over	$50,000.00		$50,000.00	
S - Brittannia St-Charles/Mercer/Jones- Conversion	$176,200.00	$176,200.00		
SM-Wellington St - Elgin/Washington - Park St - Conversion	$144,500.00		$144,500.00	
SM - Jones/Elgin St Area - Conversion	$127,000.00		$127,000.00	
SM - James/King/Timms Lane Area - Conversion	$81,900.00		$81,900.00	
S - Porcelain Insulators - Upgrade	$30,000.00	$30,000.00		
H - Mill St. - Nelson/Lorne - Conversion	$92,000.00			$92,000.00
H - Richmond St. - Wellington/Lorne - Conversion	$136,500.00			$136,500.00
H - Queen St - Nelson/Lorne Ave - Conversion	$45,000.00			$45,000.00
H - Albert St - King/Richmond St. N. - Conversion	$33,000.00			$33,000.00
H - Lorne Ave. - King/Dead-end - Conversion	$36,000.00			$36,000.00
H - Queen St - London Rd/Lorne Ave. - Conversion	$9,000.00			$9,000.00
S - Hibernia St. - Matida/John - Conversion	$152,900.00	$152,900.00		
S - Avondale Ave - Huron/Charles - Conversion	$75,000.00	$75,000.00		
S - Charles St - Avondale/John - Conversion	$28,700.00	$28,700.00		
S - Caledonia St - Mercer/Avondale - Conversion	$53,300.00	$53,300.00		
S - John St - Norman/Caledonia - Conversion	$60,000.00	$60,000.00		
S - Delamere Ave - LBS installation	$20,000.00	$20,000.00		
Fault Indicators	$15,000.00	$15,000.00		
Underground Distribution Projects	**$241,400.00**			
SM - Wellington/Jones St. - St. Marys - Conversion	$20,000.00		$20,000.00	
SM - Timms Lane/King St.- St. Marys - Conversion	$27,400.00		$27,400.00	
S - Feiek Cres. - Stratford - Conversion	$25,000.00	$25,000.00		
S - Primary Conversion - Hibernia/Avondale	$20,000.00	$20,000.00		
S - Huron St - John/St. Vincent - Conversion	$40,000.00	$40,000.00		
H - Mill St - Nelson/Lorne - Conversion	$2,000.00			$2,000.00
H - Albert St - King/Richmond St. N. - Conversion	$15,000.00			$15,000.00
H - Richmond St - Nelson/Wellington - Conversion	$22,500.00			$22,500.00
H - Lorne Ave - King/Dead-end - Conversion	$35,000.00			$35,000.00
H - Queen St - London Rd/Lorne Ave - Conversion	$19,500.00			$19,500.00
S - Kay/Crawford St - Conversion	$15,000.00	$15,000.00		
Distribution Transformers - Purchases only - no labour	**$240,000.00**			
Capital Additions -Customer driven	**$350,000.00**			
New/Upgraded Services	**$150,000.00**			
Distribution Meters	**$510,000.00**			
Smart Metering	$500,000.00			
Residential/Commercial/Industrial Meters	$10,000.00			
Scada System	**$70,000.00**			
LCR Installations	$70,000.00	$40,000.00	$15,000.00	$15,000.00
Tools & Misc. Equipment	**$23,900.00**			
Locator	$7,000.00			
Fibreglas Fish Tape - Seaforth	$2,000.00			
Generator - Seaforth	$1,500.00			
Modle Wark replacement - 7	$5,000.00			
Sand Blaster	$1,300.00			
Hydraulic Flow Tester	$3,100.00			
Misc Purchases	$4,000.00			
SUB	**$2,951,300.00**			
Lands and Buildings	**$59,000.00**			
Replace Loading Dock	$20,000.00			
Flooring - Main Floor - Administration Building	$7,000.00			
Flooring - Upper Floor - Administration Building	$6,000.00			
Air Conditioning Unit - Administration Building	$6,000.00			
Painting Administration Building	$20,000.00			
Vehicles and Trailers	**$306,000.00**			
Replace Bucket Truck	$270,000.00			
Replace 1/2 Ton	$30,000.00			
Trailer - Seaforth	$6,000.00			
Computer Equipment	$50,000.00			
TOTAL	**$3,366,300.00**	$751,100.00	$465,800.00	$460,500.00
Minus Smart meters	$500,000.00			
TOTAL	**$2,866,300.00**			

Not included in above capital total: Subdivsion journal entry in the amount of 157,500.00

FESTIVAL HYDRO

2007 CAPITAL BUDGET - DETAILS

		2007 Budget	Projects by Area			Replacement	Growth	Reliability / New Technology
			Stratford	St. Marys	Seaforth	$1,749,350.00	$999,750.00	$150,000.00
Overhead Distribution Projects		**$1,109,000**						
St. M	James/King/Timms Area - 4 kV Conversion	$45,000		$45,000		$45,000		
Strat	Britannia St - Forman-John St. 4 kV Conversion	$12,000	$12,000			$12,000		
St. M	Thomas St - Queen-dead-end rebuild	$250,000		$250,000		$250,000		
Hens	York St.- Nelson-Albert St. - 8 kV Conversion	$10,000			$10,000	$10,000		
Hens	Albert St - York-King St. - 8 kV Conversion	$20,000			$20,000	$20,000		
Hens	Richmond St - Albert-London Rd. - 8 kV Conversion	$22,500			$22,500	$22,500		
Hens	London Rd - Richmond-Limits - 8 kV Conversion	$67,500			$67,500	$67,500		
Hens	Wellington St - Richmond-King St. - 8 kV Conversion	$67,000			$67,000	$67,000		
Strat	St. Vincent - Hibernia St.-Bridge - Phase 1 -4 kV Conversion	$210,500	$210,500			$210,500		
Strat	St. Vincent St. - Phase 2 - poles only	$105,000	$105,000			$105,000		
Strat	Gibb Rd. - line extension for new industrial customer	$56,000	$56,000				$56,000	
St. M	Water St. N. - Tie circuit to improve loading and reliability	$10,000		$10,000				$10,000
Strat	LBS Installation-Switch # 155 - replace switch pole	$10,000	$10,000			$10,000		
St. M	Reclosures - improve reliability	$70,000		$70,000				$70,000
	LOAD TRANSFERS							
Hens	King St - Hensall - will be future 2nd circuit into Hensall	$72,000			$72,000		$72,000	
St. M	Water St - St. Mary's - future industrial load area	$46,500		$46,500			$46,500	
St. M	Carling St - St. Marys - future residential load area	$35,000		$35,000			$35,000	
Underground Distribution Projects		**$228,000**						
Strat	Huron St - John St.- Douglas St. - 4 kV Conversion	$30,000	$30,000			$30,000		
Strat	Britannia St Apt - 4 kV Conversion	$18,000	$18,000			$18,000		
Strat	Erie St Parking Lot - 4 kV Conversion	$50,000	$50,000			$50,000		
St. M	Water St - Tie Circuit - improve loading and reliability	$30,000		$30,000				$30,000
Hens	York Crescent - 8 kV conversion	$40,000			$40,000	$40,000		
Hens	Cooks Mill - 8 kV conversion	$40,000			$40,000	$40,000		
Hens	Thompson's Mill - 8 kV conversion	$20,000			$20,000	$20,000		
Distribution Transformers - Purchases only - no labour		**$425,000**				$284,750	$140,250	
	Capital Additions -Customer driven	**$500,000**					$500,000	
New/Upgraded Services		**$150,000**					$150,000	
Distribution Meters		**$60,000**						
	PME - Brussels	$20,000				$20,000		
	Residential/Commercial/Industrial Meters	$40,000				$40,000		
Scada System		**$40,000**						
	LCR Installations	$20,000	$15,000	$5,000				$20,000
	Scada Enhancements - Smart switches	$20,000						$20,000
Tools & Misc. Equipment		**$31,100**						
	Tools - Operations	$26,100				$26,100		
	Misc Purchases	$5,000				$5,000		
	SUB TOTAL	**$2,543,100**						
Lands and Buildings		**$0**						
Vehicles and Trailers		**$271,000**						
	Truck # 45 (single bucket truck)	$236,000				$236,000		
	Truck # 25 (pickup truck)	$35,000				$35,000		
Computer Equipment		**$85,000**				$85,000		
Typical Capital Budget	**TOTAL**	**$2,899,100**	$506,500	$491,500	$359,000			
	Roof Replacement - Extraordinary expense	$155,000						
	SUB TOTAL	**$3,054,100**						
	Smart Meters - Extraordinary expense	$475,000						
	SUB TOTAL	**$3,529,100**						
	Truck #5 - 2006 Budget Carry forward (late delivery)	$270,000						
	GRAND TOTAL	**$3,799,100**						

FESTIVAL HYDRO

2008 CAPITAL BUDGET - DETAILS

		2008 Budget	Replacement	Growth	Reliability / New Technology
			$2,100,100.00	$782,000.00	$440,500.00
Overhead Distribution Projects		**$1,435,000**			
Z	Zurich Ph. 1 (Main St. East St., Parkside Ave.)	$300,000	$300,000		
H	LBS (York St.) - for isolationo purposes	$17,000	$17,000		
S	St. Vincent St - 2cnd Phase - conversion	$215,000	$215,000		
S	Nile St. - Guelph - East Gore - conversion	$10,000	$10,000		
S	Nile St. - area - south of Ontario St. (poles only)	$115,000	$115,000		
S	Ontario St. - Romeo - Parkview	$79,000	$79,000		
S	Ontario St. - Parkview to Queen	$40,000	$40,000		
S	Erie/W. Gore - transformer changes - cnversion	$10,000	$10,000		
SM	Water St. - St. Maria - Limits - partial load transfer	$290,000	$290,000		
SM	Ingersoll St. Ruthicks farm	$7,000	$7,000		
SM	Thames Rd. - Tie line	$32,000			$32,000
SM	Reinsulate poles - 9M4 - reliability	$80,000			$80,000
SM	Intellirupter Switches - reliability	$110,000			$110,000
S	Scada Mate Switches - reliability	$130,000			$130,000
Underground Distribution Projects		**$199,000**			
Z	Parkside Ave. - conversion	$55,000	$55,000		
Z	Quimby Dr. Durand Crt. Geoffrey Crt. - conversion	$37,500	$37,500		
Z	John St. - conversion (third party)	$6,000	$6,000		
Z	Frederick St. - conversion	$10,500	$10,500		
S	Erie St. - conversion	$50,000	$50,000		
SM	Water St. @ Tressel	$20,000	$20,000		
SM	Jones/Elgin - rear yard to front yard	$20,000	$20,000		
Distribution Transformers - Purchases only - no labour		**$400,000**	$268,000	$132,000	
	Capital Additions -Customer driven	**$500,000**		$500,000	
New/Upgraded Services		**$150,000**		$150,000	
Distribution Meters		**$67,000**			
	Retail meter replacements	$32,000	$32,000		
	PME - Zurich	$35,000	$35,000		
Scada System		**$20,000**			
	Scada enhancements	$20,000			$20,000
Tools & Misc. Equipment		**$86,000**			
	Power Analyzer for Meter Verification	$25,000			$25,000
	Power Quality Meter	$17,000			$17,000
	RD 400 Locator	$11,000	$11,000		
	Tools - Operations	$30,000	$30,000		
	Defibrillator	$3,000			$3,000
	SUB TOTAL	**$2,857,000**			
Lands and Buildings		**$61,600**			
Administration Building					
	HVAC unit #5	$10,000	$10,000		
	Motion Sensors	$7,500			$7,500
	Security Equipment	$3,500			$3,500
	Miscellanous (window tinting)	$2,500			$2,500
Service Centre					
	Motion Sensors	$10,000			$10,000
	Racking for Stock	$4,000	$4,000		
	Raise/replace door	$10,500	$10,500		
	Miscellanous (fencing, paint, sprinkler)	$13,600	$13,600		
Vehicles and Trailers		**$344,000**			
	Truck #18	$95,000	$95,000		
	Truck #11	$24,000	$24,000		
	Truck 45	$225,000	$225,000		
Computer Equipment		**$60,000**			
	Phone System Upgrade	$6,000	$6,000		
	Software Upgrades	$32,000	$32,000		
	Hardware Upgrades	$22,000	$22,000		
Typical Capital Budget	**TOTAL**	**$3,322,600**			
	Smart meters	$1,108,333			
	GRAND TOTAL	**$4,430,933**			

RESPONSE 6(A)

FESTIVAL HYDRO INC.
2006 OPERATING STATEMENT PROJECTION

Operating and Maintenance Expense	
Distribution Station Equipment	$ 42,634
Distribution Lines & Services Overhead	$ 769,145
Distribution Lines & Services Underground	$ 199,075
Distribution Transformers	$ 52,106
Distribution Meters	$ 242,510
Customer Premises	$ 112,935
Total Operating and Maintenance	$ 1,418,405
Administration	
Billing, Collecting and Meter Reading	$ 808,592
Administration	$ 1,506,453
Total Administration	$ 2,315,045
Allocated Depreciation	$ (152,158)
Total Controllable	$ 3,581,292

Underlying inflationary assumptions used in budgeting process - 3%

FESTIVAL HYDRO INC.
2007 OPERATING STATEMENT PROJECTION

Operating and Maintenance Expense	
Distribution Station Equipment	$ 40,000
Distribution Lines & Services Overhead	$ 767,314
Distribution Lines & Services Underground	$ 141,600
Distribution Transformers	$ 65,000
Distribution Meters	$ 225,000
Customer Premises	$ 110,000
Total Operating and Maintenance	$ 1,348,914
Administration	
Billing, Collecting and Meter Reading	$ 806,217
Administration	$ 1,445,295
Total Administration	$ 2,251,512
Allocated Depreciation	$ (180,755)
Total Controllable	$ 3,419,671

Underlying inflationary assumptions used in budgeting process - 3%

FESTIVAL HYDRO INC.
2008 OPERATING STATEMENT PROJECTION

Operating and Maintenance Expense	
Distribution Station Equipment	$ 25,501
Distribution Lines & Services Overhead	$ 870,600
Distribution Lines & Services Underground	$ 155,039
Distribution Transformers	$ 70,865
Distribution Meters	$ 218,940
Customer Premises	$ 132,793
Total Operating and Maintenance	$ 1,473,738
Administration	
Billing, Collecting and Meter Reading	$ 783,006
Administration	$ 1,352,231
Total Administration	$ 2,135,237
Allocated Depreciation	$ (196,500)
Total Controllable	$ 3,412,475

Underlying inflationary assumptions used in budgeting process - 3%

FESTIVAL HYDRO INC.
January 2009 OPERATING STATEMENT PROJECTION

Operating and Maintenance Expense	
Distribution Station Equipment	$ 37,158
Distribution Lines & Services Overhead	$ 774,093
Distribution Lines & Services Underground	$ 154,231
Distribution Transformers	$ 76,651
Distribution Meters	$ 229,194
Customer Premises	$ 158,507
Total Operating and Maintenance	$ 1,429,834
Administration	
Billing, Collecting and Meter Reading	$ 892,271
Administration	$ 1,428,159
Total Administration	$ 2,320,430
Allocated Depreciation	$ (228,139)
Total Controllable	$ 3,522,125

Underlying inflationary assumptions used in budgeting process - 3%

FESTIVAL HYDRO INC.
MAY 2009 OPERATING STATEMENT PROJECTION

Operating and Maintenance Expense		
Distribution Station Equipment	$	37,158
Distribution Lines & Services Overhead	$	774,093
Distribution Lines & Services Underground	$	154,231
Distribution Transformers	$	76,651
Distribution Meters	$	229,194
Customer Premises	$	158,507
Total Operating and Maintenance	$	1,429,834
Administration		
Billing, Collecting and Meter Reading	$	892,271
Administration	$	1,448,089
Total Administration	$	2,340,360
Allocated Depreciation	$	(228,139)
Total Controllable	$	3,542,055

Underlying inflationary assumptions used in budgeting process - 3%

RESPONSE 7(A)

FESTIVAL HYDRO INC.
2006 5 YEAR OPERATING STATEMENT PROJECTION

	2006	2007	2008	2009	2010
Operating and Maintenance Expense					
Distribution Station Equipment	$ 42,634	$ 43,913	$ 45,230	$ 46,135	$ 47,058
Distribution Lines & Services Overhead	$ 769,145	$ 792,219	$ 815,986	$ 832,306	$ 848,952
Distribution Lines & Services Underground	$ 199,075	$ 205,047	$ 211,199	$ 215,423	$ 219,731
Distribution Transformers	$ 52,106	$ 53,669	$ 55,279	$ 56,385	$ 57,513
Distribution Meters	$ 242,510	$ 249,785	$ 257,279	$ 262,424	$ 267,673
Customer Premises	$ 112,935	$ 116,323	$ 119,813	$ 122,209	$ 124,653
Total Operating and Maintenance	$ 1,418,405	$ 1,460,956	$ 1,504,786	$ 1,534,882	$ 1,565,580
Administration					
Billing, Collecting and Meter Reading	$ 808,592	$ 792,125	$ 815,889	$ 832,206	$ 848,850
Administration	$ 1,506,453	$ 1,544,147	$ 1,458,971	$ 1,211,150	$ 1,235,373
Total Administration	$ 2,315,045	$ 2,336,272	$ 2,274,860	$ 2,043,356	$ 2,084,223
Allocated Depreciation	$ (152,158)	$ (150,000)	$ (150,000)	$ (150,000)	$ (150,000)
Total Controllable	$ 3,581,292	$ 3,647,228	$ 3,629,646	$ 3,428,238	$ 3,499,803

FESTIVAL HYDRO INC.
2007 5 YEAR OPERATING STATEMENT PROJECTION

	2007	2008	2009	2010	2011
Operating and Maintenance Expense					
Distribution Station Equipment	$ 40,000	$ 41,200	$ 42,024	$ 42,864	$ 43,722
Distribution Lines & Services Overhead	$ 767,315	$ 790,334	$ 806,141	$ 822,264	$ 838,709
Distribution Lines & Services Underground	$ 141,600	$ 145,848	$ 148,765	$ 151,740	$ 154,775
Distribution Transformers	$ 65,000	$ 66,950	$ 68,289	$ 69,655	$ 71,048
Distribution Meters	$ 225,000	$ 231,750	$ 236,385	$ 241,113	$ 245,935
Customer Premises	$ 110,000	$ 113,300	$ 115,566	$ 117,877	$ 120,235
Total Operating and Maintenance	$ 1,348,915	$ 1,389,382	$ 1,417,170	$ 1,445,513	$ 1,474,424
Administration					
Billing, Collecting and Meter Reading	$ 806,217	$ 830,404	$ 847,012	$ 863,952	$ 881,231
Administration	$ 1,445,295	$ 1,311,194	$ 1,314,778	$ 1,340,433	$ 1,366,602
Total Administration	$ 2,251,512	$ 2,141,598	$ 2,161,790	$ 2,204,385	$ 2,247,833
Allocated Depreciation	$ (180,755)	$ (150,000)	$ (150,000)	$ (150,000)	$ (150,000)
Total Controllable	$ 3,419,672	$ 3,380,980	$ 3,428,960	$ 3,499,898	$ 3,572,257

FESTIVAL HYDRO INC.
2008 5 YEAR OPERATING STATEMENT PROJECTION

	2008	2009	2010	2011	2012
Operating and Maintenance Expense					
Distribution Station Equipment	$ 25,501	$ 26,266	$ 27,054	$ 27,865	$ 28,701
Distribution Lines & Services Overhead	$ 870,600	$ 896,718	$ 923,620	$ 951,328	$ 979,868
Distribution Lines & Services Underground	$ 155,039	$ 159,690	$ 164,481	$ 169,415	$ 174,497
Distribution Transformers	$ 70,865	$ 72,991	$ 75,181	$ 77,436	$ 79,759
Distribution Meters	$ 218,940	$ 225,508	$ 232,273	$ 239,242	$ 246,419
Customer Premises	$ 132,793	$ 136,777	$ 140,880	$ 145,106	$ 149,459
Total Operating and Maintenance	$ 1,473,738	$ 1,517,950	$ 1,563,489	$ 1,610,392	$ 1,658,703
Administration					
Billing, Collecting and Meter Reading	$ 783,006	$ 806,496	$ 830,691	$ 855,612	$ 881,280
Administration	$ 1,352,231	$ 1,389,798	$ 1,428,492	$ 1,468,347	$ 1,509,397
Total Administration	$ 2,135,237	$ 2,196,294	$ 2,259,183	$ 2,323,959	$ 2,390,677
Allocated Depreciation	$ (196,500)	$ (150,000)	$ (150,000)	$ (150,000)	$ (150,000)
Total Controllable	$ 3,412,475	$ 3,564,244	$ 3,672,672	$ 3,784,351	$ 3,899,380

FESTIVAL HYDRO INC.
January 2009 5 YEAR OPERATING STATEMENT PROJECTION

	2009	2010	2011	2012	2013
Operating and Maintenance Expense					
Distribution Station Equipment	$ 37,158	$ 38,273	$ 39,230	$ 40,014	$ 40,814
Distribution Lines & Services Overhead	$ 774,092	$ 797,315	$ 817,248	$ 833,593	$ 850,264
Distribution Lines & Services Underground	$ 154,232	$ 158,859	$ 162,830	$ 166,087	$ 169,409
Distribution Transformers	$ 76,652	$ 78,952	$ 80,925	$ 82,544	$ 84,195
Distribution Meters	$ 229,194	$ 236,070	$ 241,972	$ 246,811	$ 251,747
Customer Premises	$ 158,507	$ 163,262	$ 167,344	$ 170,691	$ 174,104
Total Operating and Maintenance	$ 1,429,835	$ 1,472,731	$ 1,509,549	$ 1,539,740	$ 1,570,533
Administration					
Billing, Collecting and Meter Reading	$ 892,271	$ 919,039	$ 942,015	$ 960,855	$ 980,073
Administration	$ 1,428,159	$ 1,418,004	$ 1,452,204	$ 1,480,248	$ 1,508,853
Total Administration	$ 2,320,430	$ 2,337,043	$ 2,394,219	$ 2,441,103	$ 2,488,926
Allocated Depreciation	$ (228,139)	$ (240,357)	$ (240,357)	$ (240,357)	$ (240,357)
Total Controllable	$ 3,522,126	$ 3,569,417	$ 3,663,411	$ 3,740,486	$ 3,819,102

FESTIVAL HYDRO INC.
May 2009 5 YEAR OPERATING STATEMENT PROJECTION

	2009	2010	2011	2012	2013
Operating and Maintenance Expense					
Distribution Station Equipment	$ 37,158	$ 38,273	$ 39,230	$ 40,014	$ 40,814
Distribution Lines & Services Overhead	$ 774,092	$ 797,315	$ 817,248	$ 833,593	$ 850,264
Distribution Lines & Services Underground	$ 154,232	$ 158,859	$ 162,830	$ 166,087	$ 169,409
Distribution Transformers	$ 76,652	$ 78,952	$ 80,925	$ 82,544	$ 84,195
Distribution Meters	$ 229,194	$ 236,070	$ 241,972	$ 246,811	$ 251,747
Customer Premises	$ 158,507	$ 163,262	$ 167,344	$ 170,691	$ 174,104
Total Operating and Maintenance	$ 1,429,835	$ 1,472,731	$ 1,509,549	$ 1,539,740	$ 1,570,533
Administration					
Billing, Collecting and Meter Reading	$ 892,271	$ 934,040	$ 957,391	$ 976,539	$ 996,070
Administration	$ 1,448,089	$ 1,523,954	$ 1,560,803	$ 1,591,019	$ 1,621,839
Total Administration	$ 2,340,360	$ 2,457,994	$ 2,518,194	$ 2,567,558	$ 2,617,909
Allocated Depreciation	$ (228,139)	$ (234,983)	$ (240,357)	$ (240,357)	$ (240,357)
Total Controllable	$ 3,542,056	$ 3,695,742	$ 3,787,386	$ 3,866,941	$ 3,948,085