



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

March 1, 2011

BY RESS & COURIER

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street, 26th Floor, P.O. Box 2319
TORONTO, ON M4P 1E4

**Re: EB-2010-0083
Festival Hydro Inc. Supplementary Filing to 3rd Generation IRM
LPP Class Action Costs Approved For Recovery**

Dear Ms. Walli:

Please find accompanying this letter two copies of Festival Hydro's Supplementary Filing to its 2011 IRM Rate Application arising from the February 22, 2011 Decision and Order relating to the LPP Class Action Costs Approved for Recovery.

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

Should you require any further information or clarification of any of the above, please do not hesitate to contact me.

Respectfully submitted,
Original Signed by

W.G. Zehr, President

cc Intervenors of Record

1 **IN THE MATTER OF** the Ontario Energy Board Act, 1998, S.O.
2 1998, c. 15, (Schedule B);

3
4 **AND IN THE MATTER OF** an Application by Festival Hydro Inc. to
5 the Ontario Energy Board pursuant to section 78 of the *Ontario*
6 *Energy Board Act* for an Order or Orders approving just and
7 reasonable rates and other charges for electricity distribution to be
8 effective May 1, 2011.

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11 **FESTIVAL HYDRO INC.**
12 **SUPPLEMENTARY FILING TO 2011 3RD GENERATION IRM**
13 **FILED MARCH 1, 2011**
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16 **A. INTRODUCTION**
17

18 Festival Hydro Inc. ("Festival Hydro") owns and operates the electricity distribution
19 system located in the City of Stratford and the Towns of St. Marys, Hensall, Dashwood,
20 Zurich, Brussels and Seaforth.

21
22 On October 29, 2010, Festival Hydro filed its 2011 3rd Generation IRM Application for an
23 Order or Orders approving just and reasonable rates for the distribution of electricity
24 effective May 1, 2011 (Application), under section 78 of the *Ontario Energy Board Act*,
25 1998.

26
27 The Board issued on February 22, 2011 its Decision and Order (EB-2010-0295)
28 regarding the recovery from electricity distribution ratepayers the costs and damages
29 incurred by electricity distributors as a result of the April 21, 2010 Minutes of Settlement
30 in the late payment penalty (LPP) class action.
31

Festival Hydro is one of the name Affected Electricity Distributors as listed in Appendix A to the Decision dated February 22, 2011. As directed by the Board in the February 22, 2011 Decision, "all Affected Electricity Distributors (in Appendix A) that currently have an IRM application before the Board, shall file with the Board within seven days of the Decisions and Order detailed calculations, including supporting documentation, outlining the derivation of the rate riders based on the methodology outlined in this Decision."

Festival Hydro's share of the class action costs that is approved for recovery is provided in Appendix A to the Decision. The total amount of recovery is \$87,054.57, calculated as follows:

FESTIVAL HYDRO INC.	Amount
Festival Hydro Inc.	\$78,686.23
Brussels PUC	544.88
Dashwood HS	193.38
Hensall PUC	1,001.99
Seaforth PUC	1,386.44
St. Marys PUC	4,818.64
Zurich HS	423.01
TOTAL	<u>\$87,054.57</u>

The Decision and Order states that insurance proceeds or any other funds received related to the late payment litigation are to be deducted from the amounts designated to be recovered through the rate riders. Festival Hydro did not receive any insurance proceeds or other LPP related funding. As such, the net amount requested for recovery is the same as the amount provided in Appendix A to the Decision.

METHODOLOGY & CALCULATION OF RATE RIDERS

The Board has outlined in the Decision and Order on pages 18 and 19 a prescribed methodology to be followed in determining the monthly fixed charge rate riders. Festival Hydro has adhered to this methodology in determining the fixed monthly rate riders.

According to the Decision, the cost and damages arising from the LPP class action that are sought for recovery shall be recovered from all customers of the Affected Electricity Distributors, and shall be allocated to all customers of each Affected Electricity Distributor in Appendix A on the basis of distribution revenues. The distribution revenues to be used for this purpose shall be the 2009 distribution revenues used in the RRR process. The rate riders ("LLP monthly rate riders") for the purpose of the recovery shall be a fixed customer charge and each Affected Electricity Distributor shall use their 2009 year end actual customer or connection data as reported in the distributors RRR.

Table 1 below provides the derivation of the rate riders based on the methodology outlined in this Decision.

TABLE 1						
LPP Class Action Costs Approved for Recovery						
<u>Derivation of the Rate Riders Based on the Methodology outlined in the Decision and Order February 22, 2011</u>						
Festival Hydro's share of recovery amount (Appendix A):						
			\$87,054.57			
Customer Class	2009 RRR Distribution Revenues per RRR	Percentage of total Distribution Revenues	Allocated Recoverable Cost based on distribution Revenue	2009 RRR Number of Customers or Connections per RRR	LPP Monthly Rate Riders	Proof (# customers x LPP rate rider x 12 months)
Residential	\$ 5,021,479.15	55.1%	\$ 47,938.48	16,901	\$ 0.2364	\$ 47,938.48
Residential - Hensall	\$ 82,368.83	0.9%	\$ 786.35	410	\$ 0.1598	\$ 786.35
Total Residential per RRR	\$ 5,103,847.98	56.0%	\$ 48,724.83	17,311		\$ 48,724.83
GS < 50 kW	\$ 1,583,409.26	17.4%	\$ 15,116.31	1,992	\$ 0.6324	\$ 15,116.31
Unmetered Scattered Load	\$ 36,311.25	0.4%	\$ 346.65	17	\$ 1.6993	\$ 346.65
Total G.S. < 50 kW per RRR	\$ 1,619,720.51	17.8%	\$ 15,462.96	2,009		\$ 15,462.96
GS >50 kW	\$ 2,039,426.60	22.4%	\$ 19,469.76	209	\$ 7.7631	\$ 19,469.76
Large Use	\$ 294,188.83	3.2%	\$ 2,808.53	2	\$ 117.0220	\$ 2,808.53
Sentinel Lights	\$ 3,441.89	0.0%	\$ 32.86	82	\$ 0.0334	\$ 32.86
Street Lights	\$ 58,201.97	0.6%	\$ 555.64	5,938	\$ 0.0078	\$ 555.64
Totals	\$9,118,827.78	100%	\$ 87,054.57	25,551		\$ 87,054.57
Totals per RRR	\$9,118,827.78			25,551		
Note: Unmetered Scattered Load was included in with G.S. < 50 kW on the 2009 RRR reporting.						

The 2009 Distribution Revenues as shown in Table 1 has been taken from and agrees to the 2009 RRR reporting. From there, Festival Hydro has determined the percentage of the total costs to be allocated to each rate class based on the proportionate share of each class. The total recovery amount of \$87,054.57 has then been allocated to each rate class based on these percentages.

The number of customers (connections for streetlights and sentinel lights) has been taken from and agrees to the 2009 RRR reporting. To determine the monthly rate riders, the amount allocated to each customer class has been divided by the number of customers in the class, and then divided by 12 to obtain the monthly LPP rate rider by customer class.

The LPP Monthly Rate Riders will be an additional charge for all customers to be collected over a 12 month period commencing May 1, 2011. Festival Hydro request that the submitted LPP Monthly Rate Riders as provided in Table 1 be verified and accepted as a Supplementary Filing to Festival Hydro's 2011 3rdGRIM rate application.

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A copy of the Excel spreadsheet supporting the calculations in Table 1 has been filed to
the Board as part of the Supplementary Filing.

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All of which is respectfully submitted this 1st day of March 2011.