



EB-2012-0124

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

AND IN THE MATTER OF an application by Festival Hydro Inc. for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective May 1, 2013.

BEFORE: Marika Hare
Presiding Member

DECISION AND ORDER
April 4, 2013

Introduction

Festival Hydro Inc. ("Festival Hydro"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on August 27, 2012 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Festival Hydro charges for electricity distribution, to be effective May 1, 2013.

Festival Hydro is one of 77 electricity distributors in Ontario regulated by the Board. The *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* (the "IR Report"), issued on July 14, 2008, established a three year plan for 3rd generation incentive regulation mechanism ("IRM") (i.e., rebasing plus three years). In its October 27, 2010 letter regarding the development of a Renewed Regulatory Framework for Electricity ("RRFE"), the Board announced that it was extending the IRM plan until such time as the RRFE policy initiatives have been substantially completed. In a letter dated October 18, 2012, the Board stated its expectation that the three rate

setting methods set out in the *Report of the Board – Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* would be available for the 2014 rate year.

As part of the plan, Festival Hydro is one of the electricity distributors that will have its rates adjusted for 2013 on the basis of the IRM process, which provides for a mechanistic and formulaic adjustment to distribution rates and charges between cost of service applications.

To streamline the process for the approval of distribution rates and charges for distributors, the Board issued its *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on September 17, 2008 (the "Supplemental Report"), and *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* on January 28, 2009 (collectively the "Reports"). Among other things, the Reports provide the relevant guidelines for 2013 rate adjustments for distributors applying for distribution rate adjustments pursuant to the IRM process. On June 28, 2012, the Board issued an update to Chapter 3 of the Board's *Filing Requirements for Transmission and Distribution Applications* (the "Filing Requirements"), which outlines the application filing requirements for IRM applications based on the policies in the Reports.

In addition to the mechanistic adjustments included in the IRM plan, Festival Hydro sought approval for an incremental capital module, adjustments to its revenue-to-cost ratios and deferred disposition of its Lost Revenue Adjustment Mechanism ("LRAM").

Notice of Festival Hydro's rate application was given through newspaper publication in Festival Hydro's service area advising interested parties where the rate application could be viewed and advising how they could intervene in the proceeding or comment on the application. No letters of comment were received. The Notice of Application indicated that intervenors could be eligible for cost awards with respect to Festival Hydro's proposed incremental capital module and proposed revenue-to-cost ratio adjustments. The Vulnerable Energy Consumers Coalition ("VECC") and the School Energy Coalition ("SEC") applied and were granted intervenor status in this proceeding. The Board granted VECC and SEC eligibility for cost awards in regards to Festival Hydro's request for an incremental capital module and revenue-to-cost ratio adjustments. Board staff also participated in the proceeding. The Board proceeded by way of a written hearing.

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

- Price Cap Index Adjustment;
- Rural or Remote Electricity Rate Protection Charge;
- Wholesale Market Service Rate;
- Smart Metering Entity Charge;
- MicroFIT Service Charge;
- Revenue-to-Cost Ratio Adjustments;
- Shared Tax Savings Adjustments;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Review of Lost Revenue Adjustment Mechanism and
- Incremental Capital Module (“ICM”)

Price Cap Index Adjustment

As outlined in the Reports, distribution rates under the IRM are to be adjusted by a price escalator, less a productivity factor of 0.72% and a stretch factor.

On March 21, 2013, the Board announced a price escalator of 1.6% for those distributors under IRM that have a rate year commencing May 1, 2013.

The stretch factors are assigned to distributors based on the results of two benchmarking evaluations to divide the Ontario industry into three efficiency cohorts. In its letter to Licensed Electricity Distributors dated November 28, 2012 the Board assigned Festival Hydro to efficiency cohort 1, being the most efficient group, and a resulting cohort specific stretch factor of 0.2%.

The Board therefore has determined, on that basis, that the resulting price cap index adjustment is 0.68% (i.e. 1.60% - (0.72% + 0.20%)). The price cap index adjustment applies to distribution rates (fixed and variable charges) uniformly across customer classes.

The price cap index adjustment does not apply to the following components of delivery rates:

- Rate Riders;
- Rate Adders;
- Low Voltage Service Charges;
- Retail Transmission Service Rates;
- Wholesale Market Service Rate;
- Rural or Remote Rate Protection Charge;
- Standard Supply Service – Administrative Charge;
- Transformation and Primary Metering Allowances;
- Loss Factors;
- Specific Service Charges;
- MicroFIT Service Charge; and
- Retail Service Charges.

Rural or Remote Electricity Rate Protection Charge

On March 21, 2013, the Board issued a Decision with Reasons and Rate Order (EB-2013-0067) establishing that the Rural or Remote Electricity Rate Protection (“RRRP”) used by rate regulated distributors to bill their customers shall be \$0.0012 per kilowatt hour effective May 1, 2013. The draft Tariff of Rates and Charges flowing from this Decision and Order reflects this RRRP charge.

Wholesale Market Service Rate

On March 21, 2013, the Board issued a Decision with Reasons and Rate Order (EB-2013-0067) establishing that the Wholesale Market Service rate (“WMS rate”) used by rate regulated distributors to bill their customers shall be \$0.0044 per kilowatt hour effective May 1, 2013. The draft Tariff of Rates and Charges flowing from this Decision and Order reflects this WMS rate.

Smart Metering Entity Charge

On March 28, 2013, the Board issued a Decision and Order (EB-2012-0100/EB-2012-0211) establishing a Smart Metering Entity charge of \$0.79 per month for Residential and General Service < 50kW customers for those distributors identified in the Board's annual *Yearbook of Electricity Distributors*. This charge will be in effect from May 1, 2013 to October 31, 2018. The draft Tariff of Rates and Charges flowing from this Decision and Order reflects this Smart Metering Entity charge.

MicroFIT Service Charge

On September 20, 2012, the Board issued a letter advising that the default province-wide fixed monthly charge for all electricity distributors related to the microFIT Generator Service Classification was to be updated to \$5.40 per month effective with the implementation of electricity distributors' 2013 rates applications. The draft Tariff of Rates and Charges flowing from this Decision and Order reflects the new default microFIT service charge.

Revenue-to-Cost Ratio Adjustments

Revenue-to-cost ratios measure the relationship between the revenues expected from a class of customers and the level of costs allocated to that class. The Board has established target ratio ranges (the "Target Ranges") for Ontario electricity distributors in its report *Application of Cost Allocation for Electricity Distributors*, dated November 28, 2007 and in its updated report *Review of Electricity Distribution Cost Allocation Policy*, dated March 31, 2011.

Pursuant to the Board's decision in the Festival Hydro's 2010 cost of service application EB-2009-0263 Festival Hydro proposed to increase the revenue-to-cost ratio for the residential class in the Hensall service territory.

The additional revenues from these adjustments would be used to reduce the revenue-to-cost ratio for the residential class in Festival Hydro's main territory.

The table below outlines the proposed revenue-to-cost ratios.

Rate Class	Current 2012 Ratio	Proposed 2013 Ratio
Residential	106.66	106.47
Residential - Hensall	99.00	106.27
General Service Less Than 50 kW	112.03	112.03
General Service 50 to 999 kW	81.31	81.31
Large User	112.03	112.03

Street Lighting	70.00	70.00
Sentinel Lighting	70.00	70.00
Unmetered Scattered Load	120.00	120.00

VECC and SEC did not comment on the proposed revenue-to-cost ratio adjustments. Board staff took no issue with Festival Hydro's proposal.

The Board agrees that the proposed revenue-to-cost ratios are consistent with the decision arising from the 2010 cost of service proceeding and therefore approves the revenue-to-cost ratios as filed.

Shared Tax Savings Adjustments

In its Supplemental Report, the Board determined that a 50/50 sharing of the impact of currently known legislated tax changes, as applied to the tax level reflected in the Board-approved base rates for a distributor, is appropriate.

The calculated annual tax reduction will be allocated to customer rate classes on the basis of the Board-approved base-year distribution revenue. These amounts will be refunded to customers over a 12-month period, through a volumetric rate rider using annualized consumption by customer class underlying the Board-approved base rates.

Festival Hydro's application identified a total tax savings of \$170,671 resulting in a shared amount of \$85,336 to be refunded to rate payers.

The Board approves the disposition of the shared tax savings of \$85,336 over a one year period (i.e. May 1, 2013 to April 30, 2014) and the associated rate riders for all customer rate classes.

Retail Transmission Service Rates ("RTSRs")

Electricity distributors are charged for transmission costs at the wholesale level and subsequently pass these charges on to their distribution customers through the RTSRs. Variance accounts are used to capture timing differences and differences in the rate that a distributor pays for wholesale transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers (i.e. variance Accounts

1584 and 1586).

On June 22, 2012 the Board issued revision 3.0 of the *Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates* (the “RTSR Guideline”). The RTSR Guideline outlines the information that the Board requires electricity distributors to file to adjust their RTSRs for 2013. The RTSR Guideline requires electricity distributors to adjust their RTSRs based on a comparison of historical transmission costs adjusted for the new Ontario Uniform Transmission Rates (“UTRs”) levels and the revenues generated under existing RTSRs. Similarly, embedded distributors whose host is Hydro One Networks Inc. (“Hydro One”) should adjust their RTSRs to reflect any changes in Hydro One’s Sub-Transmission class RTSRs. The objective of resetting the rates is to minimize the prospective balances in Accounts 1584 and 1586. In order to assist electricity distributors in the calculation of the distributors’ specific RTSRs, Board staff provided a filing module.

Festival Hydro is a partially embedded distributor whose host is Hydro One.

On December 20, 2012 the Board issued its Rate Order for Hydro One Transmission (EB-2012-0031) which adjusted the UTRs effective January 1, 2013, as shown in the following table:

2013 Uniform Transmission Rates

Network Service Rate	\$3.63 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.75 per kW
Transformation Connection Service Rate	\$1.85 per kW

The Board also approved new rates for Hydro One Sub-Transmission class RTSRs effective January 1, 2013 (EB-2012-0136), as shown in the following table.

2013 Sub-Transmission RTSRs

Network Service Rate	\$3.18 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.70 per kW
Transformation Connection Service Rate	\$1.63 per kW

The Board finds that these 2013 UTRs and Sub-Transmission class RTSRs are to be incorporated into the filing module.

Review and Disposition of Group 1 Deferral and Variance Account Balances

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report Initiative* (the "EDDVAR Report") provides that, during the IRM plan term, the distributor's Group 1 account balances will be reviewed and disposed if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed.

Festival Hydro's 2011 actual year-end total balance for Group 1 Accounts including interest projected to April 30, 2013 is a debit of \$297,020. This amount results in a total debit claim of \$0.0005 per kWh, which does not exceed the preset disposition threshold.

In its submission, Board staff noted that the principal amounts to be disposed as of December 31, 2011 reconcile with the amounts reported as part of the *Reporting and Record-keeping Requirements* ("RRR").

The Board therefore finds that no disposition is required at this time.

Review and Disposition of Lost Revenue Adjustment Mechanism ("LRAM")

The Board's *Guidelines for Electricity Distributor Conservation and Demand Management* (the "CDM Guidelines") issued on April 26, 2012 outline the information that is required when filing an application for LRAM.

In its application, Festival Hydro noted that the LRAMVA amount owing based on OPA 2011 draft Annual Results Report is \$41,826. Festival Hydro submitted that it did not deem this amount to be significant and will defer its LRAMVA claim to its 2014 cost of service filing.

Board staff and intervenors did not make a submission on this matter.

The Board agrees with Festival Hydro that the LRAMVA amount should be deferred to a future rate application.

Incremental Capital Module (“ICM”)

Festival Hydro proposed to recover, through an ICM, the revenue requirement impact of the incremental capital cost of \$15,863,113 associated with the construction of a new municipal transformer (“TS”) station in the city of Stratford.

Festival Hydro proposed to allocate the revenue requirement associated with the incremental capital expenditures eligible for cost recovery (i.e. \$672,412) on the basis of distribution revenue. Festival Hydro proposed to recover these amounts by means of fixed and variable rate riders that would be in place until such time that Festival Hydro files its next rebasing application (scheduled for 2014 rates).

The IR Report requires that incremental capital expenditures satisfy the eligibility criteria of materiality, need and prudence in order to be considered for recovery prior to rebasing. Applicants must demonstrate that amounts exceed the Board-defined materiality threshold and clearly have a significant influence on the operation of the distributor, must be clearly non-discretionary and the amounts must be outside of the base upon which rates were derived.

(i) Materiality

Festival Hydro is claiming total incremental capital of \$7,777,903. This represents half of the total cost of the TS (\$15,863,113) plus the total non-discretionary capital budget (\$3,489,000) less the threshold calculation of \$3,642,654.

Both VECC and SEC submitted that the Board-defined materiality threshold has been met.

Board staff submitted that the total eligible incremental capital calculated in accordance with recent ICM Board decisions would be \$15,709,459 (i.e., \$15,863,113 (the cost of the transformer) plus \$3,489,000 (the remaining non-discretionary capital forecast for 2013) minus the materiality threshold of \$3,642,654). Based on this calculation, \$15,709,459 is the total amount of the TS that Festival Hydro is eligible to base its revenue requirement calculation on. Since Festival Hydro is scheduled to rebase one year after the ICM, the half year rule should apply. Therefore, the amount used in the model should be \$7,854,730. Board staff estimates that Festival Hydro has understated the revenue requirement impact by approximately \$6,000.

In its response, Festival Hydro agreed with Board staff and updated the ICM Workform and Rate Generator Model accordingly to reflect this change.

(ii) Project Need and Prudence

Festival Hydro indicated that the incremental capital expenditures are related to the construction of the new TS scheduled to be in-service by April 30, 2013. The project is forecasted to be 65% complete by the end of 2012 and is on schedule to meet its in-service date of April 30, 2013. The TS is being constructed to alleviate a potential overload condition at the existing Hydro One owned Stratford TS that provides the sole supply of electricity to the City of Stratford and the surrounding area. In its application, Festival Hydro stated that it will continue to exceed its assigned capacity on a regular basis until the new municipal TS is constructed. Festival Hydro stated that if load continues to increase as most recently forecasted, by 2014 a failure of a single major component at the existing Stratford TS during peak loads could result in rotating blackouts for the City of Stratford and surrounding area. As load in Stratford continues to grow, the likelihood of rotating blackouts will also increase. In addition to adding capacity, the new municipal transformer will eliminate low voltage issues at the end of the longest feeders and significantly improve reliability for all customers in Stratford.

In 2009, Festival Hydro considered four options and selected the one with the lowest net present value and the one that addressed its capacity, voltage and reliability issues. In response to interrogatories, Festival Hydro noted that it had approached Hydro One on several occasions to discuss potential cost sharing arrangements. However, Hydro One indicated that it did not foresee sufficient growth within its service area that could not be accommodated from the existing Stratford TS or other existing Hydro One delivery points. Therefore, Festival Hydro stated that Hydro One did not feel it had a need for the additional capacity provided from the new TS.

In 2011, Festival Hydro retained the services of Costello & Associates to assist with the conceptual design, planning review and technical details of the new TS. The final report from Costello & Associates concluded that the load forecast prepared by Festival Hydro was consistent with typical utility practices, that a new TS is required to meet load growth and that Festival Hydro should design, construct and operate a new TS.

Festival Hydro noted that if the incremental capital rate riders were not approved, it would cause further carrying costs to Festival Hydro in terms of additional interest

expense. In addition, Festival Hydro stated that customers will receive immediate benefit from the new TS which supports matching Festival Hydro's cost recovery to commence during the same period.

SEC submitted that it was satisfied with the materiality and prudence of the ICM. However, SEC noted that while the updated 2011 load forecast would appear to delay the necessity of the project for a year as it related to capacity, SEC is satisfied with Festival Hydro's justification that the costs associated with halting construction of the TS and the reliability concerns of the delay, would on balance not be in the best interest of ratepayers.

VECC submitted that Festival Hydro has provided adequate evidence that its proposal represents the most cost effective option and that Festival Hydro's explanations regarding the possibility of unreliable supply in the near term resulting from a small increase in load are reasonable.

In its submission, Board staff took no issue with the need and prudence regarding the construction of the new TS. However, Board staff requested clarification regarding the establishment of the in-service date of April 30, 2013. Given the updated 2011 load forecast, Board staff questioned why Festival Hydro maintained the same in-service date target given that the loading issues on the existing TS appeared not to be as imminent as indicated by the older study.

In its response, Festival Hydro noted that the maximum permissible load that can be reliably supplied by the existing TS is 85 MW. The 2011 updated load forecast estimated peak load in 2013 and 2014 to be 81.7 MW and 84.3 MW respectively. Festival Hydro stated that several industrial customers in Stratford had reduced their load during the 2009 and 2011 economic slowdown but were anticipating a return to historic load levels once the economic conditions improved. Festival Hydro notes that the 3.3 MW margin in 2013 would be quickly used up by one or two industrial customers resuming normal load, or by a few mid-sized commercial customers developing in Stratford. In the event of the loss of one major element (i.e: bus breaker, station transformer, or transmission circuit) during peak periods, any load that is in excess of the 85 MW would be subject to rotating blackouts.

Board Findings

The Board accepts the evidence that a new transformer station is needed and is a non-discretionary expense to come into service in 2013. The Board is further persuaded by the evidence that the project evaluation was done thoroughly and the resulting solution is prudent. The annual revenue requirement impact arising from the proposed cost of \$7,854,730 is therefore approved for recovery through rate riders to be included on Festival Hydro's Tariff of Rates and Charges for 2013 rates and until the effective date of its next cost of service rate order.

Incremental Revenue Requirement Calculation and Recovery

Festival Hydro used the cost of capital parameters underpinning its last cost of service application. Board staff submits that this is consistent with Filing Requirements.

Festival Hydro used a 60% debt and 40% equity deemed capital structure when calculating the revenue requirement associated with the incremental capital expenditures.

Festival Hydro proposed to allocate the revenue requirement associated with the incremental capital expenditures eligible for cost recovery (i.e. \$679,039) on the basis of a combined fixed and variable rate riders. The rate riders would be in place until such time that Festival Hydro files its next cost of service rate application (i.e. one year).

In its submission, Board staff noted that the Board previously approved in the case of Guelph Hydro (EB-2010-0130), Oakville Hydro (EB-2010-0104) and Centre Wellington (EB-2011-0160) an allocation of the revenue requirement on the basis of distribution revenue and the recovery of the incremental annual revenue requirement amount by means of a variable rate rider only.

In its response, Festival Hydro noted that it preferred its proposal of a monthly fixed service charge and distribution volumetric charge and requested that the rate riders be in place until the effective date of the next cost of service-based rate order.

The Board agrees with Festival Hydro that the incremental revenue requirement should be allocated on a combined fixed and variable split. The Board notes that each rate class contains customers at different consumption levels and a combined fixed and

variable split will ensure consistent bill impact within each rate class.

Rate Model

With this Decision, the Board is providing Festival Hydro with a rate model (spreadsheet) and applicable supporting models and a draft Tariff of Rates and Charges (Appendix A) that reflects the elements of this Decision. The Board has reviewed the entries in the rate model to ensure that they are in accordance with the 2012 Board approved Tariff of Rates and Charges and the rate model was adjusted, where applicable, to correct any discrepancies.

THE BOARD ORDERS THAT:

1. Festival Hydro's new distribution rates shall be effective May 1, 2013.
2. Festival Hydro shall review the draft Tariff of Rates and Charges set out in Appendix A. Festival Hydro shall file with the Board a written confirmation assessing the completeness and accuracy of the draft Tariff of Rates and Charges, or provide a detailed explanation of any inaccuracies or missing information within **7 days** of the date of issuance of this Decision and Order.
3. If the Board does not receive a submission from Festival Hydro to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the draft Tariff of Rates and Charges set out in Appendix A of this Decision and Order will become final, effective May 1, 2013, and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2013. Festival Hydro shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.
4. If the Board receives a submission from Festival Hydro to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Order, the Board will consider the submission of Festival Hydro and will issue a final Tariff of Rates and Charges.

Cost Awards

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

completed:

1. VECC and SEC shall submit their cost claims no later than **7 days** from the date of issuance of the final Rate Order.
2. Festival Hydro shall file with the Board and forward to VECC and SEC any objections to the claimed costs within **21 days** from the date of issuance of the final Rate Order.
3. VECC and SEC shall file with the Board and forward to Festival Hydro any responses to any objections for cost claims within **28 days** from the date of issuance of the final Rate Order.
4. Festival Hydro shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2012-0124**, be made through the Board's web portal at, <https://www.pes.ontarioenergyboard.ca/eservice//> and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to BoardSec@ontarioenergyboard.ca. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 2 paper copies.

DATED at Toronto, April 4, 2013

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A
To Decision and Order
Draft Tariff of Rates and Charges
Board File No: EB-2012-0124
DATED: April 4, 2013

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2013

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

EB-2012-0124

RESIDENTIAL SERVICE CLASSIFICATION

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

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

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

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

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

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

FOR ALL SERVICE AREAS EXCEPT HENSALL

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	14.99
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$	1.00
Rate Rider for Disposition of Residual Historical Smart Meter Costs – effective until April 30, 2014	\$	0.20
Rate Rider for Smart Meter Incremental Revenue Requirement – in effect until the effective date of the next cost of service-based rate order	\$	2.79
Rate Rider For Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0167
Low Voltage Service Rate	\$/kWh	0.0002
Rate Rider for Disposition of Deferral/Variance Account (2010) – effective until April 30, 2014	\$/kWh	(0.0009)
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) / Shared Savings Mechanism (SSM) Recovery - effective until April 30, 2014	\$/kWh	0.0006
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$/kWh	0.0011
Rate Rider for Application of Tax Change - effective until April 30, 2014	\$/kWh	(0.0003)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0069
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0049

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2013

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

EB-2012-0124

FOR HENSALL SERVICE AREA

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	14.99
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$	0.92
Rate Rider for Disposition of Residual Historical Smart Meter Costs – effective until April 30, 2014	\$	0.20
Rate Rider for Smart Meter Incremental Revenue Requirement – in effect until the effective date of the next cost of service-based rate order	\$	2.79
Distribution Volumetric Rate	\$/kWh	0.0162
Low Voltage Service Rate	\$/kWh	0.0002
Rate Rider for Disposition of Deferral/Variance Account (2010) – effective until April 30, 2014	\$/kWh	(0.0010)
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) / Shared Savings Mechanism (SSM) Recovery - effective until April 30, 2014	\$/kWh	0.0006
Rate Rider for Application of Tax Change - effective until April 30, 2014	\$/kWh	(0.0003)
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$/kWh	0.0010
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0069
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0049

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2013

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

EB-2012-0124

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

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

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	29.08
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$	1.93
Rate Rider for Disposition of Residual Historical Smart Meter Costs – effective until April 30, 2014	\$	2.38
Rate Rider for Smart Meter Incremental Revenue Requirement – in effect until the effective date of the next cost of service-based rate order	\$	4.72
Rate Rider For Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0147
Low Voltage Service Rate	\$/kWh	0.0002
Rate Rider for Disposition of Deferral/Variance Account (2010) – effective until April 30, 2014	\$/kWh	(0.0010)
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) / Shared Savings Mechanism (SSM) Recovery - effective until April 30, 2014	\$/kWh	0.0001
Rate Rider for Application of Tax Change - effective until April 30, 2014	\$/kWh	(0.0002)
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$/kWh	0.0010
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0060
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

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

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	224.76
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$	14.89
Distribution Volumetric Rate	\$/kW	2.3045
Low Voltage Service Rate	\$/kW	0.0689
Rate Rider for Disposition of Deferral/Variance Account (2010) – effective until April 30, 2014	\$/kW	(0.3508)
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) / Shared Savings Mechanism (SSM) Recovery - effective until April 30, 2014	\$/kW	0.0389
Rate Rider for Application of Tax Change - effective until April 30, 2014	\$/kW	(0.0254)
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$/kW	0.1527
Retail Transmission Rate - Network Service Rate	\$/kW	2.5104
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7793
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.6664
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	1.9506

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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LARGE USE SERVICE CLASSIFICATION

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

APPLICATION

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

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	10,749.52
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$	712.23
Distribution Volumetric Rate	\$/kW	0.9975
Low Voltage Service Rate	\$/kW	0.0801
Rate Rider for Disposition of Deferral/Variance Account (2010) – effective until April 30, 2014	\$/kW	(0.4507)
Rate Rider for Recovery of Lost Revenue Adjustment Mechanism (LRAM) / Shared Savings Mechanism (SSM) Recovery - effective until April 30, 2014	\$/kW	0.1910
Rate Rider for Application of Tax Change - effective until April 30, 2014	\$/kW	(0.0250)
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$/kW	0.0661
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.9524
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	2.2307

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	12.88
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$	0.85
Distribution Volumetric Rate	\$/kWh	0.0127
Low Voltage Service Rate	\$/kWh	0.0002
Rate Rider for Disposition of Deferral/Variance Account (2010) – effective until April 30, 2014	\$/kWh	(0.0008)
Rate Rider for Application of Tax Change - effective until April 30, 2014	\$/kWh	(0.0004)
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$/kWh	0.0008
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0060
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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SENTINEL LIGHTING SERVICE CLASSIFICATION

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

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	2.03
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$	0.13
Distribution Volumetric Rate	\$/kW	10.6862
Low Voltage Service Rate	\$/kW	0.0504
Rate Rider for Disposition of Deferral/Variance Account (2010) – effective until April 30, 2014	\$/kW	(0.3881)
Rate Rider for Application of Tax Change - effective until April 30, 2014	\$/kW	(0.1138)
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$/kW	0.7080
Retail Transmission Rate - Network Service Rate	\$/kW	1.9029
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.4044

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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STREET LIGHTING SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	1.09
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$	0.07
Distribution Volumetric Rate	\$/kW	4.9532
Low Voltage Service Rate	\$/kW	0.0494
Rate Rider for Disposition of Deferral/Variance Account (2010) – effective until April 30, 2014	\$/kW	(0.2751)
Rate Rider for Application of Tax Change - effective until April 30, 2014	\$/kW	(0.0984)
Rate Rider for Recover of Incremental Capital (2013) - effective until April 30, 2014	\$/kW	0.3282
Retail Transmission Rate - Network Service Rate	\$/kW	1.8933
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.3756

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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microFIT SERVICE CLASSIFICATION

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

APPLICATION

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

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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ALLOWANCES

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

SPECIFIC SERVICE CHARGES

APPLICATION

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

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

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

Customer Administration

Arrears certificate	\$	15.00
Income Tax Letter	\$	15.00
Credit Reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late Payment – per month	%	1.50
Late Payment – per annum	%	19.66
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect Charge – At Meter – After Hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Service Call – Customer-owned Equipment – During Regular Hours	\$	30.00
Service call – after regular hours	\$	165.00
Temporary Service – Install & remove – overhead – no transformer	\$	500.00
Temporary Service – Install & remove – underground – no transformer	\$	300.00
Temporary Service Install & Remove – Overhead – With Transformer	\$	1,000.00
Specific Charge for Access to the Power Poles - \$/pole/year	\$	22.35

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RETAIL SERVICE CHARGES (if applicable)

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

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

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

LOSS FACTORS

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

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