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December 18, 2013

BY RESS & COURIER

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor, P.O. Box 2319
TORONTO, ON M4P 1E4

**Re: EB-2013-0129
Festival Hydro Inc. Reply Submission
2014 IRM Distribution Rate Application**

Dear Ms. Walli:

Please find accompanying this letter two copies of Festival Hydro's Reply Submission to Board Staff due December 20, 2013.

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 for an Order approving just and
6 reasonable rates and other charges for electricity distribution to be
7 effective May 1, 2014.
8

9 **FESTIVAL HYDRO INC.**

10 **2014 IRM DISTRIBUTION RATE APPLICATION**

11 **REPLY SUBMISSION**

12 **FILED DECEMBER 20, 2013**
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17 **A. INTRODUCTION**
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19 This is the reply submission of Festival Hydro in regard to its 2014 IRM application for an
20 order approving just and reasonable rates for the distribution of electricity effective May
21 1, 2014 (Application). Festival Hydro's submission is filed in reply to the submission filed
22 by Ontario Energy Board Staff ("Board Staff"), dated December 6, 2013.
23

24 **B. REPLY SUBMISSION**
25

26 **The Application**

27 Board Staff has no concerns with Festival's revised Shared Tax Savings model
28 correcting the Residential – Hensall monthly service charge for an input error in the
29 application. Festival agrees with the Board Staff Submission.
30

31 Board Staff submits that the Board approve Festival's request for a correction to the
32 Tariff of Rates and Charges to reflect that Festival bills its Street Lighting class a fixed

1 monthly charge based on the number of lights, and the Tariff reflects the charge based
2 on the number of connections. Board staff submits that Festival's request is in the
3 nature of a clerical error as the calculation of the fixed charge is correct and therefore
4 Board staff takes no issue with Festival's proposal to change the wording of the monthly
5 fixed charge to reflect that it is a per light charge. Festival agrees with the Board Staff
6 Submission.

7
8 Board staff had no concerns with the RTSR Work form model, and notes that the Board
9 will update the applicable data at the time of the Board's Decision on the Application
10 based on the Uniform Transmission Rates in place at that time. Festival agrees with the
11 Board Staff Submission.

12
13 The Board agreed that based on the threshold test calculation, the Group 1 Deferral and
14 Variance account balances do not exceed the threshold and as such agree with Festival
15 that there is no required disposition of these accounts required at this time. Festival
16 agrees with the Board Staff Submission.

17
18 **RATE HARMONIZATION PROPOSAL**

19 Festival proposed to adjust the Residential – Hensall R/C ratio from 106.27% to
20 106.47% to harmonize rates for the two residential rate classes. Board staff notes that
21 based on Festival's responses to interrogatories, the overall revenue amount of the
22 proposed adjustments to base rates for the Residential – Hensall class is immaterial.
23 Board staff submits that Festival's proposals for R/C ratio adjustments to harmonize
24 base rates and ICM rate riders for the Residential and Residential – Hensall classes are
25 inappropriate as they are not revenue neutral – there would be an overall increase in the
26 Board approved revenue requirement. While the amounts are not material in this case,
27 the Board staff does not support this principle. Also – adjustments such as this are a
28 specific exclusion in the Filing Requirements for IRM rate applications. Board staff
29 submits that Festival should wait until its next cost of service application to complete the
30 rate harmonization process where the necessary adjustments to Festival's rate design
31 and cost allocation can be more appropriately considered.

32

1 Festival agrees to withdraw its request for Hensall Residential Rate Harmonization as
2 part of its 2014 IRM Application and defer until its next COS application scheduled for
3 January 1, 2015.

4

5 All of which is respectfully submitted this 18th day of December, 2013.