Festival Hydro Inc.

File Number: EB-2014-0073

Date Filed: May 29, 2014

Exhibit 3

OPERATING REVENUE

Festival Hydro Inc.

File Number: EB-2014-0073

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Exhibit 3

Tab 1 of 3

Load and Revenue Forecasts

Load and Revenue Forecasts

This exhibit provides details of Festival's operating revenue for the historical 5 years 2009 to 2014, 2010 Board approved, 2014 bridge year and 2015 test year. Operating revenue is comprised of two components: throughput or base distribution revenue and other revenue. Operating revenue is exclusive of revenue from commodity sales.

Distribution (throughput) revenue is attributable to fixed and variable charges for distribution services and is exclusive of other revenue. Detailed variance analysis of the actual to forecasted distribution revenue is provided in E3/T2/S1.

Other revenue includes late payment service charges, other specific service charges, and other non-throughput related distribution revenue. Detailed analysis of actual and forecast other revenue is provided in E3/T2/S1. There is also Revenue Sharing occur between Festival and its affiliates which is detailed under E3/T3/S1.

Overview of Operating Revenue

Festival is proposing total service revenue requirement of $11,871,010 for the 2015 test year. This is comprised of base distribution revenue requirement of $11,115,311 plus revenue offsets of $755,699 to be recovered through other revenue. The 2014 Bridge Year distribution revenue is based on Festival's 2014 Board approved rates and Festival's forecasted usage and customer counts. The proposed distribution revenue for 2015 has been calculated based on the 2015 proposed distribution rates and 2015 forecasted usage customer counts. A summary of operating revenue is presented in the table below.

SUMMARY OF OPERATING REVENUES:									
REVENUE from SERVICES - DISTRIBUTION		**Dec 31,2009**	**2010 Board Approved**	**Dec 31,2010**	**Dec 31,2011**	**Dec 31,2012**	**Dec 31,2013**	**Dec 31,2014**	**Dec 31,2015**
4075	Dist Rev - Res	5,060,853	5,438,159	5,263,111	5,430,447	6,549,281	6,318,752	6,269,349	6,233,760
4079	Distribution Service Revenue - <50	1,606,185	1,694,036	1,653,506	1,651,847	1,772,287	1,863,712	1,844,129	1,856,972
4080	Distribution Service Revenue - >50	2,029,750	2,070,344	2,049,540	2,261,887	2,438,634	2,464,362	2,445,373	2,731,647
4076	Dist Rev - Large User	292,970	307,077	272,811	168,045	135,740	147,720	144,686	158,170
4078	Dist Rev - Sent Lights	3,332	6,433	4,570	5,845	6,740	6,229	5,178	5,320
4077	Dist Rev - St. Lighting	53,859	94,229	76,756	106,874	129,912	139,861	145,154	129,442
4081	SSS Admin Charge (moved)	50,303	-	51,443	51,375	-	-	-	-
	Late payment Rate Rider	-		-	-	36,515	-	-	-
Distribution revenues		**9,097,252**	**9,610,278**	**9,371,738**	**9,676,319**	**11,069,109**	**10,940,637**	**10,853,869**	**11,115,311**
(Agrees to USOA T.B. 2.1.7)									
Other Revenue:									
Specific Service Charges		178,810	178,810	166,778	164,689	146,952	128,869	130,870	132,833
Late Payment Charges		133,335	133,335	114,394	139,370	102,152	109,466	116,345	118,090
Other Distribution Revenues		204,176	204,176	268,193	255,791	274,010	279,695	282,095	277,116
Other Income or Deductions		161,595	161,595	491,471	382,959	434,211	(323,082)	431,296	262,896
Total Other Revenue		677,916	677,916	1,040,836	942,809	957,325	194,948	960,606	790,936
Less: On distribution revenue/ variance inter		-	-	-$ 58,936	-$ 108,085	-$ 157,162	$ 538,613	-$ 264,999	-$ 35,237
Net Operating Revenue Offset		**677,916**	**677,916**	**981,900**	**834,725**	**800,163**	**733,561**	**695,607**	**755,699**
Net service revenue requirement		**9,775,168**	**10,288,194**	**10,353,638**	**10,511,044**	**11,869,272**	**11,674,198**	**11,549,476**	**11,871,010**

Load Forecast Model

WEATHER NORMALIZED LOAD AND CUSTOMER/CONNECTION FORECAST

The purpose of this evidence is to present the process used by Festival to prepare the weather normalized load and customer/connection forecast used to design the proposed 2015 test year distribution rates.

With regards to the overall process of load forecasting, it is Festival's view that conducting a regression analysis on historical purchases to produce an equation that will predict future purchases is appropriate. Festival has readily available monthly amounts of kWhs purchased from the IESO and others for use by customers of Festival. With a regression analysis these purchases can be related to other monthly explanatory variables, such as heating degree days and cooling degree days, which occur in the same month. The results of regression analysis produce an equation that predicts the purchases based on the explanatory variables. This prediction model is then used as the basis to forecast the total level of weather normalized purchases for Festival for the 2014 bridge and 2015 test year which is converted to billed kWh by rate class.

Intervenors on past LDC decisions suggested the weather normalization should be conducted on an individual rate class basis and the regression analysis would be based on monthly billed kWh by rate class. In Festival's view, conducting a regression analysis which relates the monthly billed kWh of a class to other monthly variables is problematic. The monthly billed amount is not the amount consumed in the month but the amount billed. The amount billed is based on billing cycle meter reading schedules whose reading dates vary and typically are not at month end. The amount billed could include consumption from the month before or even further back. By using a regression analysis to relate rate class billing data to a variable such as heating degree days does not appear to be logical, since the resulting regression model would attempt to relate heating degree days in a month to the amount billed in the month, not the amount consumed. In Festival's view, variables such as heating degree days impact the

amount consumed not the amount billed. As a result, conducting the regression analysis on purchases provides better results since a higher level of historical data increases the accuracy of the regression analysis.

As described in the report, while Festival does not have class specific purchase data, Festival is able to divide its customer classes into three distinct groupings and use accurate data from its settlement software to derive better class specific data. This is the same settlement software used to reconcile Festival wholesale meter points with the IESO, to bill our interval customers, to settle with the retailers and used by Festival to perform 1588 settlements with the IESO at month end. The load forecast has been developed based on the monthly wholesale purchased kWh for the period January 1, 2005 to December 2013. The purchase data includes purchases from the IESO, from microFit/FIT generation in Festival's service territory and net long term-load transfers between Festival and Hydro One. The data is exclusive of losses.

For the forecast, Festival has readily available accurate monthly purchase data for the following three profiles: the Net System Load Shape (NSLS) profile, which relates to residential, GS< 50 kW customers and USL customers; the Retail Load representing all G.S. > 50 kW and large use customers, and the Streetlight load representing streetlighting and sentinel lighting. The advantage of separating into the three profiles is the ability to reflect the impact that the different variables used in the model may have on the classes of customers in each of the load profile types. For example, the NSLS load contains customers that are more sensitive to weather changes. The Retail profile are customers impacted to a greater extent by economic conditions and less so by temperature. The streetlight profile is non-weather sensitive and subject to a monthly profile reflecting the hours of daylight in a particular month.

For each of these profiles, Festival has adopted a methodology which predicts wholesale consumption using a multiple regression analysis that relates the historical monthly wholesale kWh usage to monthly historical heating degree days and cooling degree days and other variables. For degree days, daily observations are taken from data at London ON Airport as the source of the closest, most reliable weather data for the City of Stratford and the surrounding service territories. The model also includes the number of days per month as a variable.

The forecast of number of customers per rate class for the 2014 bridge and 2015 test years has been based on the average growth over the past 8 years (geometric mean). In terms of the large use class, there is one existing customer. Festival is not aware of any new or existing customers that will be moving into the Large Use rate class before or during the 2015 test year.

The impact of CDM on the Load Forecast has also been incorporated into the 2015 test year results. The expectation is that Festival will meet both its kWh and kW based targets by the end of December 2014.

Attached is the weather normalized load forecast prepared by Elenchus on behalf of Festival. The report provides the sources of data used for both the endogenous and exogenous variables, explanation of the weather normalization methodology used, and provides the statistical regression equations created out of each of the three forecasts.

The resulting projected customer counts, kWh usage forecast and forecast kW billing determinants for bridge 2014 and 2015 are reasonable compared to the historical five years actual and normalized results. The results are also consistent with the current economic conditions within Festival's service territory, where there is slow, but steady growth. Detailed analysis is provided in E3/T1/S2/A1.

File Number:EB-2014-0073

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Tab: 1
Schedule: 2

Date Filed: May 29, 2014

Attachment 1 of 2

Festival Load Forecast Model & CDM Adjusted for Load Forecast

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Weather Normalized Distribution System Load Forecast – 2015 Test Year

A Report Prepared by
Elenchus Research Associates Inc.

On Behalf of
Festival Hydro Inc.

13/02/2014

Load Forecast Introduction

This document outlines the results and methodology used to derive the weather normal load forecast prepared for use in the COS application for 2015 rates for Festival Hydro Inc. (Festival). A weather normal load forecast is developed for the bridge year (2014) and test year (2015) and weather normalized historical consumption is also derived.

Festival currently has two separate rate residential rate classes: the Festival Main system (all of the Festival service area except for Hensall) and the Hensall service area. These two rate schedules are being harmonized for 2015. However, for cost allocation and certain other reasons, separate load forecasts are still necessary. Therefore, a weather normalized load forecast for each of these service areas is developed. These separate forecasts are then aggregated for a summary forecast for the entire LDC, by rate class.

For purposes of calculating the load forecast Elenchus has applied the following methodologies:

- For the kWh forecast for Residential, GSLT50, and USL rate classes Elenchus has used a normalized NSLS load profile applied against the share values of historical rate class annual usage. Customer/Connection forecast have been calculated by using a geomean formulation. This is detailed in schedule 2 to this report.
- For the kWh forecast for the GSGT50 and Large Use rate classes Elenchus has used the Interval load profile applied against the share values of historical rate class annual usage. For the kW forecast Elenchus has applied a kW/kWh ratio. Customer forecast have been calculated by using a geomean formulation. This is detailed in schedule 3 to this report.
- For the kWh forecast for the Street Light and Sentinel rate classes Elenchus has applied a geomean formulation. For the kW forecast Elenchus has applied a kW/kWh ratio. Customer forecast have been calculated by using a geomean formulation. This is detailed in schedule 4 to this report.

- For the CDM adjustment to base load forecast for all rate classes Elenchus has applied methodology akin to the Boards Appendix 2I formulation. This is detailed in schedule 5 to this report.

The following table is the proposed base kWh load forecast. This is adjusted below for the CDM load forecast adjustment.

	Actual kWh - 2012	Actual kWh - 2013	Norm/Fcst kWh - 2013	Norm/Fcst kWh - 2014	Norm/Fcst kWh - 2015
Residential	135,123,779	137,844,076	136,079,825	136,685,689	137,393,847
Residential - Hensall	3,709,946	3,773,971	3,725,668	3,742,256	3,761,644
GSLT50	62,255,637	64,506,324	63,680,715	63,964,238	64,295,632
GSGT50	370,402,101	358,315,518	361,116,593	361,638,210	362,486,529
Large User	18,846,858	21,975,629	22,147,420	22,179,411	22,231,439
Street Light	4,359,071	4,371,628	4,371,628	4,468,532	4,567,584
Sentinel	192,847	169,332	169,332	159,600	150,427
USL	667,380	664,332	655,829	658,749	662,162
Grand Total	**595,557,619**	**591,620,810**	**591,947,011**	**593,496,686**	**595,549,265**

Retail kWh	Weather Normalized 2015F (Elenchus) A	C = A / B	CDM Load Forecast Adjustment E = D * C	2015 CDM Adjusted Load Forecast F = A - E
Residential (kWh)	137,393,847	23%	247,905	137,145,942
Residential - Hensall (kWh)	3,761,644	1%	6,787	3,754,857
GS<50 (kWh)	64,295,632	11%	116,011	64,179,621
GS>50 (kW)	362,486,529	61%	654,049	361,832,480
Large Use (kW)	22,231,439	4%	40,113	22,191,326
Street Lights (kW)	4,567,584	1%	8,241	4,559,343
Sentinel (kW)	150,427	0%	271	150,156
USL (kWh)	662,162	0%	1,195	660,967
Total Customer (kWh)	595,549,265	100%	1,074,574	594,474,691
	B		D	

The following table is the proposed base kW load forecast. This is adjusted below for the CDM load forecast adjustment.

	Actual kW - 2012	Actual kW - 2013	Norm/Fcst kW - 2013	Norm/Fcst kW - 2014	Norm/Fcst kW - 2015
GSGT50	959,778	935,277	942,588	943,950	946,164
Large User	31,447	34,026	34,292	34,341	34,422
Street Light	11,445	11,501	11,501	11,756	12,017
Sentinel	536	401	401	378	356
Grand Total	**1,003,206**	**981,205**	**988,782**	**990,425**	**992,959**

kW	Weather Normalized 2015F (Elenchus) G		CDM Load Forecast Adjustment * J = G / A * E	2015 CDM Adjusted Load Forecast K = G - J
		I = G / H		
Residential (kWh)	-	0%	-	-
Residential - Hensall (kWh)	-	0%	-	-
GS<50 (kWh)	-	0%	-	-
GS>50 (kW)	946,164	95%	1,707	944,457
Large Use (kW)	34,422	3%	62	34,360
Street Lights (kW)	12,017	1%	22	11,995
Sentinel (kW)	356	0%	1	356
USL (kWh)	-	0%	-	-
Total Customer (kWh)	992,959	100%	1,792	991,167
	H			

* Note that CDM LF kW is the proportional LF kW over LF kWh times kWH CDM LF adjustment.

The following table is the proposed customer forecast.

	Average Customer - 2011	Average Customer - 2012	Average Customer - 2013	Average Customer - 2014	Average Customer - 2015
Residential	17,103	17,327	17,469	17,641	17,815
Residential - Hensall	411	409	409	409	409
GSLT50	1,993	2,009	2,021	2,025	2,029
GSGT50 226 227			223	225	227
Large User	1	1	1	1	1
Street Light	6,113	6,321	6,435	6,530	6,627
Sentinel	64	57	47	44	41
USL	224	224	227	227	227
Grand Total	**26,132**	**26,573**	**26,831**	**27,102**	**27,375**

Residential, GSLT50, and USL

For the Festival load forecast for the Residential, General Service less than 50 kW (GSLT50), and Unmetered Scattered Load rate class, Elenchus will use Festivals Net System Load Shape (NSLS) as the base. NSLS is derived by removing larger commercial customer's interval meter customer data from the wholesale metered kWh deliveries.

The following table outlines annual NSLS kWh deliveries from January 2005 to December 2013 for the Festival service area.

Table 2.1 NSLS Energy (kWh)

	Wholesale kWh	Interval and Street Light kWh	NSLS	
	A	B	C = A - B	
2005	650,123,238	366,833,575	283,289,663	
2006	635,483,962	366,446,328	269,037,634	1.00%
2007	634,402,943	356,949,114	277,453,830	3.13%
2008	611,679,337	334,664,228	277,015,109	-0.16%
2009	567,031,602	300,421,524	266,610,077	-3.76%
2010	588,851,149	327,384,964	261,466,185	-1.93%
2011	600,770,582	338,202,428	262,568,154	0.42%
2012	610,107,865	354,678,617	255,429,249	-2.72%
2013	606,937,311	341,507,359	265,429,952	3.92%

In order to determine the relationship between observed weather and energy consumption, monthly weather observations describing the extent of heating or cooling required within the month are necessary. Environment Canada publishes monthly observations on heating degree days (HDD) and cooling degree days (CDD) for selected weather stations across Canada. Heating degree-days for a given day are the number of Celsius degrees that the mean temperature is below 18°C. Cooling degree-days for a given day are the number of Celsius degrees that the mean temperature is above 18°C. For Festival, monthly HDD and CDD as reported at London International Airport and London CS have been used.

In order to measure the change in economic activity, which also affects energy consumption, it is desirable to select a data series that is timely and reflects the actual monthly changes. For Festival, the monthly full-time employment levels for London, as reported in Statistics Canada's Monthly Labour Force Survey (CANSIM Table 282-0054), was selected.

The number of peak days (non-holiday week days) is also included as an explanatory variable. The following holidays have been used to calculate peak days: New Year's Day, Good Friday, Easter Monday, Victoria Day, Canada Day, August Civic Holiday (Simcoe Day), Labour Day, Thanksgiving Day, Christmas and Boxing Day. From 2008, the Ontario Family Day holiday in February has been included.

A binary variable representing shoulder months' consumption has also been included. In recent cost-of-service filings in which Elenchus has participated, both Board Staff and intervenors have requested that this variable be included for testing. The shoulder variable designates the months of March, April, May, September, October and November as shoulder months. Therefore, the variable takes a value of 1 in these months and a value of 0 in all other months.

Elenchus has also included a trend variable that starts with a variable of 1 in January 2005 and increments by 1 in each subsequent month.

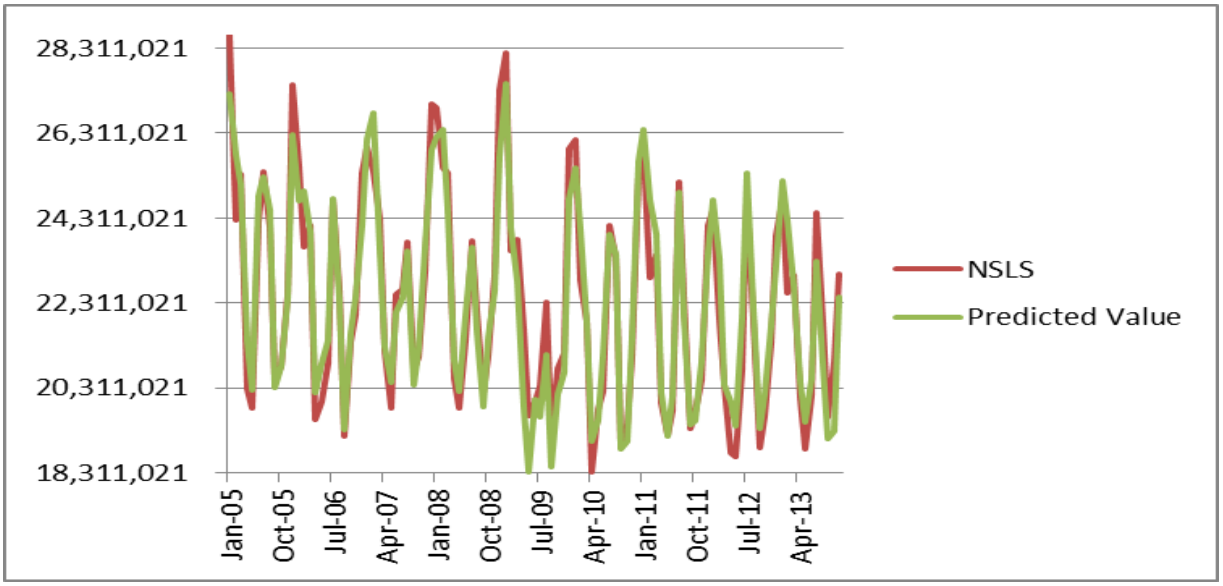
Using these data, a multiple regression analysis was used to develop an equation describing the relationship between monthly actual energy deliveries and the explanatory variables. The resulting equation, estimated using the 108 observations from 2005:01-2013:12, is displayed below:

Table 2.2

Model 1: OLS, using observations 2005:01-2013:12 (T = 108)
Dependent variable: NSLS

	coefficient	t-ratio	p-value
const	-83978.60881	-0.024398741	0.980583
LondonHDD	11410.70931	21.35622509	3.09E-39
LondonCDD	44488.85912	12.25938671	1.04E-21
LONFTE	53918.43182	4.811931655	5.24E-06
PeakDays	215834.1412	3.045249575	0.002965
Shoulder1	-832374.5572	-3.8880871	0.000181
Increment	-6942.734783	-2.345772301	0.020942
R-squared	0.905438299	Adjusted R-squared	0.899821
F(6, 101)	161.1809484	P-value(F)	2.09E-49
Theil's U	0.29965	Durbin-Watson	1.575643

Chart 2.1 Predicted vs Actual observations



Annual estimates using actual weather are compared to actual values in the table below. Mean absolute percentage error (MAPE) for annual estimates for the period is 1.1%. Annual errors are calculated as the model is used to derive annual forecasts. However, in recent proceedings Elenchus has been involved in, intervenors and Board Staff have requested MAPE calculated

on a monthly basis and this has been provided as well. The MAPE calculated monthly over the period is 2.7%.

Table 2.3

Annual Predicted vs. Actual NSLS			
	NSLS	**Predicted Value**	**Absolute % Error**
2005	283,289,663	284,276,938	0.3%
2006	269,037,634	270,753,019	0.6%
2007	277,453,830	277,477,969	0.0%
2008	277,015,109	275,278,107	0.6%
2009	266,610,077	257,388,379	3.5%
2010	261,466,185	263,468,190	0.8%
2011	262,568,154	265,003,020	0.9%
2012	255,429,249	261,941,610	2.5%
2013	265,429,952	262,712,621	1.0%
Mean Absolute Percentage Error (Annual)			**1.1%**
Mean Absolute Percentage Error (Monthly)			**2.7%**

It is not possible to accurately forecast weather for months or years in advance. Therefore, one can only base future weather expectations on what has happened in the past. Individual years may experience unusual spells of weather (unusually cold winter, unusually warm summer, etc.). However, over time, these unusual spells “average” out. While there may be trends over several years (e.g., warmer winters for example), using several years of data rather than one particular year filters out the extremes of any particular year. While there are several different approaches to determining an appropriate weather normal, Festival has adopted the most recent 10 year monthly degree day average as the definition of weather normal, which to our knowledge, is consistent with many LDCs load forecast filings for cost-of-service rebasing applications.

The table below displays the most recent 10 year average of heating degree days and cooling degree days as reported by Environment Canada for London International Airport and London CS, which is used as the weather station for Festival.

Table 2.4 10 Year Trend HDD and CCD

2004-2013 Normalized HDDCDD

Station Name	Month	Norm HDD	Norm CDD
LONDON CS	1	716.23	0
LONDON CS	2	650.25	0
LONDON CS	3	533.91	0.22
LONDON CS	4	312.88	0.32
LONDON CS	5	145.96	16.98
LONDON CS	6	30.95	59.64
LONDON CS	7	6	109.95
LONDON CS	8	11.72	76.85
LONDON CS	9	72.85	24.35
LONDON CS	10	241.64	3.42
LONDON CS	11	414.34	0
LONDON CS	12	630.9	0

As part of the minimum filing requirements the OEB has requested monthly degree days calculated using a trend based on 20 years. This is shown in the table below.

Table 2.5 20 Year Trend HDD and CCD

1994-2013 Normalized HDDCDD

Station Name	Month	Norm HDD	Norm CDD
LONDON CS	1	726.23	0
LONDON CS	2	640.065	0
LONDON CS	3	545.605	0.2
LONDON CS	4	329.385	0.635
LONDON CS	5	159.65	13.05
LONDON CS	6	34.035	61.53
LONDON CS	7	7.34	101.53
LONDON CS	8	11.83	75.71
LONDON CS	9	78.375	25.755
LONDON CS	10	251.115	2.45
LONDON CS	11	423.235	0
LONDON CS	12	627.125	0

Forecasts for Ontario's employment outlook for 2014 and 2015 are available from four Canadian Chartered Banks at time of writing. Their forecasts are summarized below.

Table 2.6

Employment Forecast – Ontario

(figures in annual percentage change)

	BMO (December 06, 2013)	RBC (December 2013)	Scotia (November 29, 2013)	TD (October 11, 2013)	Avg
2013	1.4	1.4	1.4	1.5	1.4
2014	1.3	1.3	1.1	1.4	1.3
2015	1.4	1.1	1.2	1.7	1.4

In order to give the annual forecast change in employment a monthly periodicity, monthly employment levels for 2012 and 2013 are compared to the annual average for each of these years. For each month, the average ratio of monthly employment level to annual average employment for 2012 and 2013, respectively, is used to project the monthly employment into 2014 and 2015. The annual average of each forecast year (2014 and 2015) will result in an annual increase over the previous year equal to the percentage averages in Table 2.6 above.

Incorporating the forecast economic variables, 10-yr weather normal heating and cooling degree days, and calendar variables, the following weather corrected consumption and forecast values are calculated:

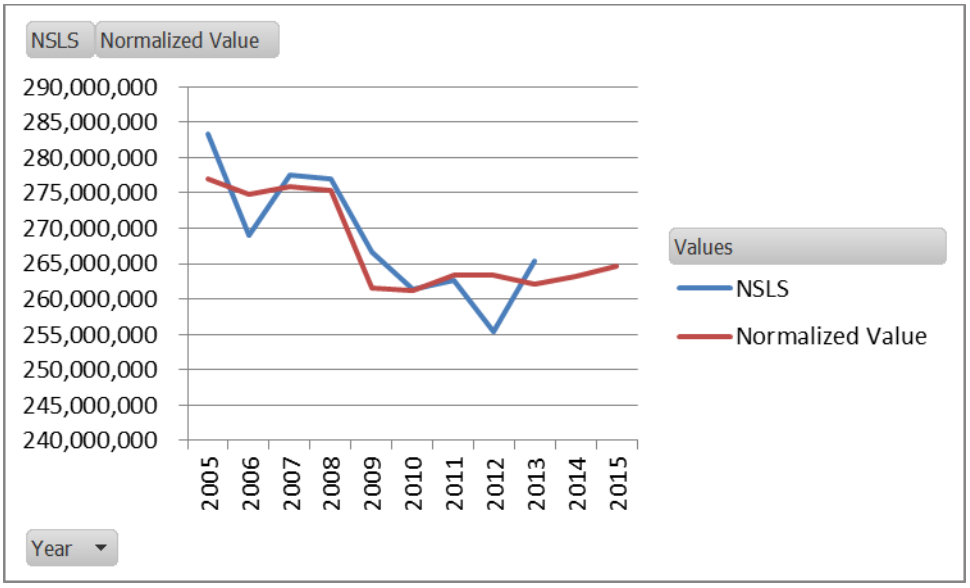
Table 2.7

Annual Actual vs. Normalized NSLS

	NSLS	% Change	Normalized Value	% Change
2005	283,289,663		276,991,644	
2006	269,037,634	-5.0%	274,730,199	-0.8%
2007	277,453,830	3.1%	275,984,396	0.5%
2008	277,015,109	-0.2%	275,426,773	-0.2%
2009	266,610,077	-3.8%	261,626,623	-5.0%
2010	261,466,185	-1.9%	261,263,107	-0.1%
2011	262,568,154	0.4%	263,347,327	0.8%
2012	255,429,249	-2.7%	263,323,657	0.0%
2013	265,429,952	3.9%	262,032,744	-0.5%
2014			263,199,384	0.4%
2015			264,562,999	0.5%

Chart 2.2 below displays actual NSLS and weather normalized historic and forecast.

Chart 2.2



Weather normalized NSLS are allocated to rate classes that have weather sensitive load based on those classes' historical share of NSLS kWh. Forecast class values are allocated based on the class share for 2013. The Residential (Festival and Hensall), GSLT50 and Unmetered Scattered Load (USL) classes are considered weather sensitive for the purposes of this load forecast.

The following tables show actual annual class kWh, the class annual share in NSLS, and annual class weather normal kWh in historic and forecast years for the Residential, GSLT5050 and USL classes.

Table 2.8

Residential - Festival

Year	Actual kWh	Share	Normalized kWh	% Chg
2005	143,411,804	0.50624	140,223,511	
2006	138,207,589	0.51371	141,131,922	0.6%
2007	139,603,876	0.50316	138,864,515	-1.6%
2008	136,970,688	0.49445	136,185,332	-1.9%
2009	135,328,095	0.50759	132,798,553	-2.5%
2010	137,431,624	0.52562	137,324,882	3.4%
2011	137,110,454	0.52219	137,517,330	0.1%
2012	135,123,779	0.52901	139,299,974	1.3%
2013	137,844,076	0.51932	136,079,825	-2.3%
2014			136,685,689	0.4%
2015			137,393,847	0.5%

Table 2.9

Residential - Hensall

Year	Actual kWh	Share	Normalized kWh	% Chg
2005	4,255,224	0.01502	4,160,623	
2006	3,852,878	0.01432	3,934,401	-5.4%
2007	4,054,439	0.01461	4,032,966	2.5%
2008	4,016,517	0.01450	3,993,487	-1.0%
2009	3,926,619	0.01473	3,853,223	-3.5%
2010	3,885,021	0.01486	3,882,004	0.7%
2011	3,814,545	0.01453	3,825,865	-1.4%
2012	3,709,946	0.01452	3,824,607	0.0%
2013	3,773,971	0.01422	3,725,668	-2.6%
2014			3,742,256	0.4%
2015			3,761,644	0.5%

Table 2.10

GSLT50

Year	Actual kWh	Share	Normalized kWh	% Chg
2005	71,281,495	0.25162	69,696,784	
2006	68,326,693	0.25397	69,772,417	0.1%
2007	69,632,805	0.25097	69,264,020	-0.7%
2008	67,284,782	0.24289	66,898,988	-3.4%
2009	64,699,032	0.24267	63,489,683	-5.1%
2010	65,179,456	0.24928	65,128,832	2.6%
2011	63,567,429	0.24210	63,756,066	-2.1%
2012	62,255,637	0.24373	64,179,737	0.7%
2013	64,506,324	0.24303	63,680,715	-0.8%
2014			63,964,238	0.4%
2015			64,295,632	0.5%

Table 2.11

USL

Year	Actual kWh	Share	Normalized kWh	% Chg
2005	914,396	0.00323	894,067	
2006	776,820	0.00289	793,257	-11.3%
2007	732,005	0.00264	728,128	-8.2%
2008	681,719	0.00246	677,810	-6.9%
2009	663,570	0.00249	651,167	-3.9%
2010	673,251	0.00257	672,728	3.3%
2011	666,441	0.00254	668,419	-0.6%
2012	667,380	0.00261	688,006	2.9%
2013	664,332	0.00250	655,829	-4.7%
2014			658,749	0.4%
2015			662,162	0.5%

Customer connection forecasts are based on the average growth rate over the past 8 years (geometric mean) for the following classes.

Table 2.12

	Festival			Hensall					
Year	Residential	Change	Year	Residential	Change	Year	GSLT50	Change
2005	16,151		2005	409		2005	1,988	
2006	16,334	183	2006	409	0	2006	1,972	-16
2007	16,535	201	2007	410	1	2007	1,972	0
2008	16,708	173	2008	412	2	2008	1,972	0
2009	16,834	126	2009	411	-1	2009	1,982	10
2010	16,931	98	2010	411	0	2010	1,989	7
2011	17,103	172	2011	411	-1	2011	1,993	4
2012	17,327	224	2012	409	-2	2012	2,009	16
2013	17,469	143	2013	409	1	2013	2,021	12
2014	17,641	172	2014	409	0	2014	2,025	4
2015	17,815	174	2015	409	0	2015	2,029	4
Geomean		0.99%	**Geomean**		0.00%	**Geomean**		0.21%

Customer connection forecasts are based on the average growth rate over the past 8 years (geometric mean) for the following classes.

Table 2.13

Year	USL	Change
2005	166	
2006	157	-9
2007	156	-2
2008	157	1
2009	224	67
2010	224	0
2011	224	0
2012	224	0
2013	227	3
2014	227	1
2015	228	1
Geomean		0.33%

The following table displays the calculated average use per customer, by class, for actual and normalized/forecast kWh.

Table 2.14 Average kWh per customer

Residential - Festival			Residential - Hensall			GSLT50			USL		
Year	Actual	Forecast	Year	Actual	Forecast	Year	Actual	Forecast	Year	Actual	Forecast
2005	8,879	8,682	2005	10,404	10,173	2005	35,865	35,068	2005	5,508	5,386
2006	8,461	8,640	2006	9,420	9,620	2006	34,648	35,382	2006	4,948	5,053
2007	8,443	8,398	2007	9,901	9,849	2007	35,311	35,124	2007	4,707	4,682
2008	8,198	8,151	2008	9,761	9,705	2008	34,120	33,924	2008	4,356	4,331
2009	8,039	7,889	2009	9,554	9,375	2009	32,652	32,041	2009	2,969	2,913
2010	8,117	8,111	2010	9,453	9,445	2010	32,778	32,753	2010	3,012	3,010
2011	8,017	8,041	2011	9,292	9,320	2011	31,903	31,998	2011	2,982	2,991
2012	7,799	8,040	2012	9,082	9,363	2012	30,996	31,954	2012	2,986	3,078
2013	7,891	7,790	2013	9,227	9,109	2013	31,926	31,517	2013	2,933	2,895
2014		7,748	2014		9,150	2014		31,593	2014		2,899
2015		7,712	2015		9,197	2015		31,691	2015		2,904

GSGT50 and Large Use

For the Festival load forecast for the General Service greater than 50 kW (GSGT50), and Large Use rate class, Elenchus will use Festivals Interval Load Shape (Interval) as the base. Interval is derived by interval meter customer data.

In 2006 Festival moved one customer from the GSGT50 rate class to Large Use and continued to bill two customers at the large use rates. In 2010 the customer that was transferred in 2006 returned to the GSGT50 kW rate class. The existing Large Use customer was transferred to GSGT50 kW in the latter part of 2011. However one new Large Use customer initialized service in late 2011. For purposes of this forecast the previous large use customers have been included in the GSGT50 kW class. The new Large Use customer is forecasted using that customers consumption for 2011 to 2013. Festival does not expect the previous two Large Use customers to return to that rate class.

In order to determine the relationship between observed weather and energy consumption, monthly weather observations describing the extent of heating or cooling required within the month are necessary. Environment Canada publishes monthly observations on heating degree days (HDD) and cooling degree days (CDD) for selected weather stations across Canada. Heating degree-days for a given day are the number of Celsius degrees that the mean temperature is below 18°C. Cooling degree-days for a given day are the number of Celsius degrees that the mean temperature is above 18°C. For Festival, monthly HDD and CDD as reported at London International Airport and London CS have been used. While the majority of interval load is not weather sensitive, the model was modestly more robust with the weather data included in the regression analysis.

In order to measure the change in economic activity, which also affects energy consumption, it is desirable to select a data series that is timely and reflects the actual monthly changes. For Festival, the monthly full-time employment levels for London, as reported in Statistics Canada's Monthly Labour Force Survey (CANSIM Table 282-0054), was selected.

The number of peak days (non-holiday week days) is also included as an explanatory variable. The following holidays have been used to calculate peak days: New Year's Day, Good Friday, Easter Monday, Victoria Day, Canada Day, August Civic Holiday (Simcoe Day), Labour Day, Thanksgiving Day, Christmas and Boxing Day. From 2008, the Ontario Family Day holiday in February has been included.

A binary variable representing shoulder months' consumption has also been included. In recent cost-of-service filings in which Elenchus has participated, both Board Staff and intervenors have requested that this variable be included for testing. The shoulder variable designates the months of March, April, May, September, October and November as shoulder months. Therefore, the variable takes a value of 1 in these months and a value of 0 in all other months.

Elenchus has also included a trend variable that starts with a variable of 1 in January 2005 and increments by 1 in each subsequent month. Also included is the number of workdays and a recession variable with a binary value of 0 for the period January 1, 2005 to December 31, 2008 and a binary value of 1 for the period January 1, 2009 to December 31, 2013 to build up the robustness of the model.

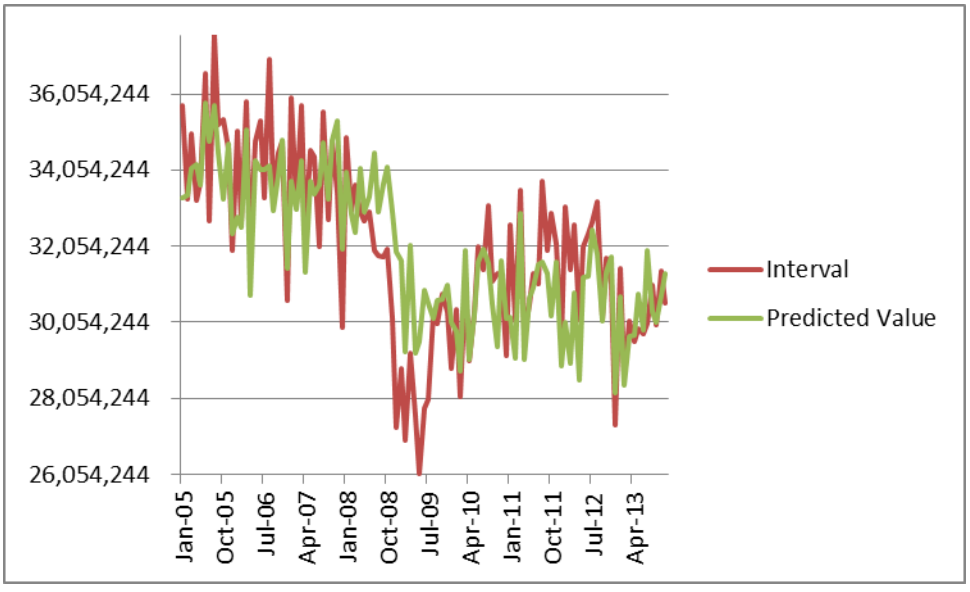
Using these data, a multiple regression analysis was used to develop an equation describing the relationship between monthly actual energy deliveries and the explanatory variables. The resulting equation, estimated using the 108 observations from 2005:01-2013:12, is displayed below:

Table 3.1

Model 1: OLS, using observations 2005:01-2013:12 (T = 108)
Dependent variable: Interval

	coefficient	t-ratio	p-value
const	-4534224.587	-0.424591353	0.672055917
LondonHDD	2794.859002	2.519366519	0.013356968
LondonCDD	17955.85476	2.514742248	0.013522506
LONFTE	89837.66158	2.368511227	0.019801593
PeakDays	1064821.28	4.483834997	1.98E-05
WorkDays	-437915.3297	-1.609451323	0.11070196
Shoulder1	1009449.641	2.404688859	0.018045001
Increment	-21427.74054	-1.969313709	0.051712073
Recession	-655118.4876	-0.648435874	0.518204305
R-squared	0.62851769	Adjusted R-squared	0.598498917
F(8, 99)	20.93748802	P-value(F)	3.02E-18
Theil's U	0.67534	Durbin-Watson	1.062990637

Chart 3.1 Predicted vs Actual observations



Annual estimates using actual weather are compared to actual values in the table below. Mean absolute percentage error (MAPE) for annual estimates for the period is 2.3%. Annual errors are calculated as the model is used to derive annual forecasts. However, in recent proceedings Elenchus has been involved in, intervenors and Board Staff have requested MAPE calculated

on a monthly basis and this has been provided as well. The MAPE calculated monthly over the period is 3.6%.

Table 3.2

Annual Predicted vs. Actual Interval			
	Interval	**Predicted Value**	**Absolute % Error**
2005	415,128,037	409,956,816	1.2%
2006	409,556,912	401,068,790	2.1%
2007	404,758,925	403,594,412	0.3%
2008	385,087,341	399,911,197	3.8%
2009	344,781,983	365,795,002	6.1%
2010	368,453,232	366,822,314	0.4%
2011	379,222,059	368,204,364	2.9%
2012	377,856,480	366,632,591	3.0%
2013	359,953,516	362,812,998	0.8%
Absolute Percentage Error (Annual)			**2.3%**
Absolute Percentage Error (Monthly)			**3.6%**

It is not possible to accurately forecast weather for months or years in advance. Therefore, one can only base future weather expectations on what has happened in the past. Individual years may experience unusual spells of weather (unusually cold winter, unusually warm summer, etc.). However, over time, these unusual spells “average” out. While there may be trends over several years (e.g., warmer winters for example), using several years of data rather than one particular year filters out the extremes of any particular year. While there are several different approaches to determining an appropriate weather normal, Elenchus has adopted the most recent 10 year monthly degree day average as the definition of weather normal, which to our our knowledge, is consistent with many LDCs load forecast filings for cost-of-service rebasing applications.

The table below displays the most recent 10 year average of heating degree days and cooling degree days as reported by Environment Canada for London International Airport and London CS, which is used as the weather station for Festival.

Table 3.3 10 Year Trend HDD and CCD

2004-2013 Normalized HDDCDD			
Station Name	Month	Norm HDD	Norm CDD
LONDON CS	1	716.23	0
LONDON CS	2	650.25	0
LONDON CS	3	533.91	0.22
LONDON CS	4	312.88	0.32
LONDON CS	5	145.96	16.98
LONDON CS	6	30.95	59.64
LONDON CS	7	6	109.95
LONDON CS	8	11.72	76.85
LONDON CS	9	72.85	24.35
LONDON CS	10	241.64	3.42
LONDON CS	11	414.34	0
LONDON CS	12	630.9	0

As part of the minimum filing requirements the OEB has requested monthly degree days calculated using a trend based on 20 years. This is shown in the table below.

Table 3.4 20 Year Trend HDD and CCD

1994-2013 Normalized HDDCDD			
Station Name	Month	Norm HDD	Norm CDD
LONDON CS	1	726.23	0
LONDON CS	2	640.065	0
LONDON CS	3	545.605	0.2
LONDON CS	4	329.385	0.635
LONDON CS	5	159.65	13.05
LONDON CS	6	34.035	61.53
LONDON CS	7	7.34	101.53
LONDON CS	8	11.83	75.71
LONDON CS	9	78.375	25.755
LONDON CS	10	251.115	2.45
LONDON CS	11	423.235	0
LONDON CS	12	627.125	0

Forecasts for Ontario's employment outlook for 2014 and 2015 are available from four Canadian Chartered Banks at time of writing. Their forecasts are summarized below.

Table 3.5

Employment Forecast – Ontario

(figures in annual percentage change)

	BMO (December 06, 2013)	RBC (December 2013)	Scotia (November 29, 2013)	TD (October 11, 2013)	Avg
2013	1.4	1.4	1.4	1.5	1.4
2014	1.3	1.3	1.1	1.4	1.3
2015	1.4	1.1	1.2	1.7	1.4

In order to give the annual forecast change in employment a monthly periodicity, monthly employment levels for 2012 and 2013 are compared to the annual average for each of these years. For each month, the average ratio of monthly employment level to annual average employment for 2012 and 2013, respectively, is used to project the monthly employment into 2014 and 2015. The annual average of each forecast year (2014 and 2015) will result in an annual increase over the previous year equal to the percentage averages in Table 3.5 above.

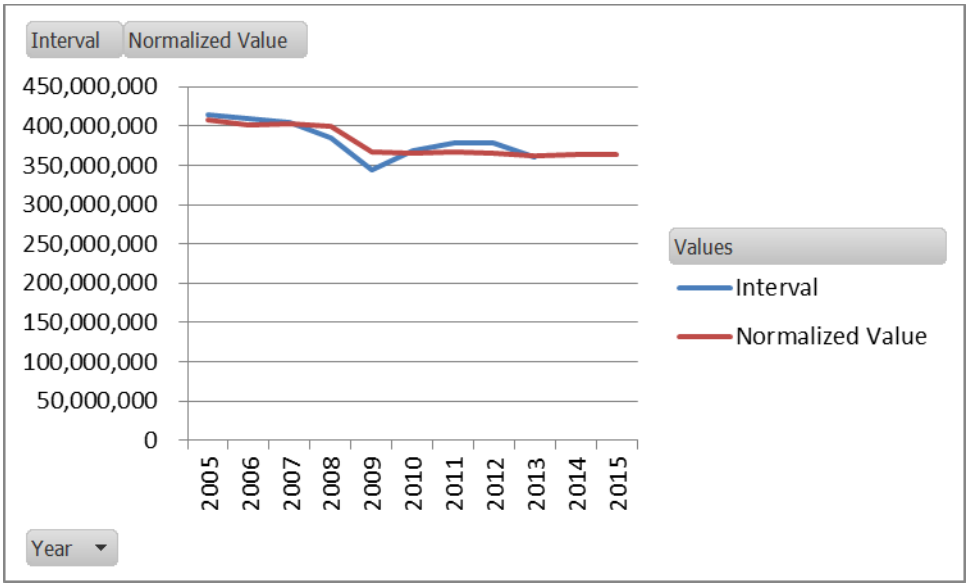
Incorporating the forecast economic variables, 10-yr weather normal heating and cooling degree days, and calendar variables, the following weather corrected consumption and forecast values are calculated:

Table 3.6

Annual Actual vs. Normalized Interval				
	Interval	% Change	Normalized Value	% Change
2005	415,128,037		407,349,532	
2006	409,556,912	-1.3%	402,161,736	-1.3%
2007	404,758,925	-1.2%	403,098,911	0.2%
2008	385,087,341	-4.9%	400,312,070	-0.7%
2009	344,781,983	-10.5%	367,770,037	-8.1%
2010	368,453,232	6.9%	365,744,527	-0.6%
2011	379,222,059	2.9%	367,530,092	0.5%
2012	377,856,480	-0.4%	366,338,114	-0.3%
2013	359,953,516	-4.7%	362,767,396	-1.0%
2014			363,291,398	0.1%
2015			364,143,595	0.2%

Chart 3.2 below displays actual Interval and weather normalized historic and forecast.

Chart 3.2



Normalized Interval are allocated to rate classes that have weather sensitive load based on those classes' historical share of Interval kWh. Forecast class values are allocated based on the class share for 2013. The GSGT50 and Large Use classes are not considered overly weather sensitive for the purposes of this load forecast.

The following tables show actual annual class kWh, the class' annual share in Interval, and annual class weather normal kWh in historic and forecast years for the GSGT50 and Large Use classes.

Table 3.7 - GSGT50 kWh

	GSGT50		
Year	Actual kWh	Normalized kWh	% Chg
2005	408,742,729	401,083,869	
2006	402,804,822	395,531,565	-1.4%
2007	397,763,768	396,132,443	0.2%
2008	380,372,511	395,410,836	-0.2%
2009	341,075,319	363,816,235	-8.0%
2010	360,896,551	358,243,400	-1.5%
2011	370,522,725	359,098,970	0.2%
2012	370,402,101	359,110,970	0.0%
2013	358,315,518	361,116,593	0.6%
2014		361,638,210	0.1%
2015		362,486,529	0.2%

Table 3.8 – Large Use kWh

	Large Use		
Year	Actual kWh	Normalized kWh	% Chg
2005	0	0	
2006	0	0	
2007	0	0	
2008	0	0	
2009	0	0	
2010	0	0	
2011	2,464,261	2,388,284	
2012	18,846,858	18,272,341	
2013	21,975,629	22,147,420	21.2%
2014		22,179,411	0.1%
2015		22,231,439	0.2%

Shown in the following tables is the methodology used to determine the kW demand forecast. Elenchus is using the 2013 kW/kWh ratio applied against the 2014 and 2015 kWh forecasts determined above.

Table 3.9 GSGT50 kW

Year	Actual kW	GSGT50 kW/kWh	Normalized kW	% Chg
2005	964,785	0.00236	946,707	
2006	985,468	0.00245	967,674	2.2%
2007	996,918	0.00251	992,829	2.6%
2008	981,947	0.00258	1,020,769	2.8%
2009	938,301	0.00275	1,000,861	-2.0%
2010	922,410	0.00256	915,629	-8.5%
2011	948,363	0.00256	919,123	0.4%
2012	959,778	0.00259	930,521	1.2%
2013	935,277	0.00261	942,588	1.3%
2014			943,950	0.1%
2015			946,164	0.2%

Table 3.10 Large Use kW

Year	Actual kW	Large Use kW/kWh	Normalized kW	% Chg
2005	0			
2006	0			
2007	0			
2008	0			
2009	0			
2010	0			
2011	3,992			
2012	31,447	0.00167	30,488	688.0%
2013	34,026	0.00155	34,292	12.5%
2014			34,341	0.1%
2015			34,422	0.2%

Customer connection forecasts are based on the average growth rate over the past 8 years (geometric mean) for the following classes.

Table 3.11

Year	GSGT50	Change	Year	Large Use	Change
2005	206		2005	1	
2006	209	4	2006	2	1
2007	209	-1	2007	2	0
2008	218	10	2008	2	0
2009	215	-4	2009	2	-1
2010	215	0	2010	2	0
2011	226	11	2011	1	-1
2012	227	1	2012	1	0
2013	223	-4	2013	1	0
2014	225	2	2014	1	0
2015	227	2	2015	1	0
Geomean		1.00%	**Geomean**		0.00%

The following table displays the calculated average use per customer, by class, for actual and normalized/forecast kWh.

Table 3.12 Average kWh per customer

	GSGT50			Large Use	
Year	Actual	Forecast	Year	Actual	Forecast
2005	1,989,016	1,951,746	2005		
2006	1,927,296	1,892,496	2006		
2007	1,907,740	1,899,916	2007		
2008	1,744,828	1,813,811	2008		
2009	1,590,095	1,696,113	2009		
2010	1,682,501	1,670,132	2010		
2011	1,643,116	1,592,457	2011		
2012	1,635,329	1,585,479	2012	18,846,858	18,272,341
2013	1,610,407	1,622,996	2013	21,975,629	22,147,420
2014		1,609,427	2014		22,179,411
2015		1,597,561	2015		22,231,439

Street Light and Sentinel

For the Festival load forecast for the Street Light and Sentinel rate class, Elenchus will use historical customer data and apply a geomean calculation.

The following tables show actual annual class and forecasted kWh for the Streetlight and Sentinel classes.

Table 4.1 - kWh

Year	Street Light	% Change	Year	Sentinel Light	% Change
2007	3,522,815	-4.7%	2007	225,471	-3.4%
2008	3,842,227	9.1%	2008	219,010	-2.9%
2009	3,588,301	-6.6%	2009	225,678	3.0%
2010	4,058,593	13.1%	2010	202,236	-10.4%
2011	4,206,123	3.6%	2011	200,336	-0.9%
2012	4,359,071	3.6%	2012	192,847	-3.7%
2013	4,371,628	0.3%	2013	169,332	-12.2%
2014	4,468,532	2.2%	2014	159,600	-5.7%
2015	4,567,584	2.2%	2015	150,427	-5.7%
Geomean		2.2%	**Geomean**		-5.7%

Shown in the following tables is the methodology used to determine the kW demand forecast. Elenchus is using the 2013 actual kW with the kWh geomean ratio applied .

Table 4.2 - kW

Year	Street Light	% Change	Year	Sentinel Light	% Change
2007	10,654	0.9%	2007	626	-3.5%
2008	10,194	-4.3%	2008	609	-2.7%
2009	10,878	6.7%	2009	625	2.6%
2010	10,947	0.6%	2010	623	-0.3%
2011	11,209	2.4%	2011	556	-10.8%
2012	11,445	2.1%	2012	536	-3.6%
2013	11,501	0.5%	2013	401	-25.2%
2014	11,756	2.2%	2014	378	-5.7%
2015	12,017	2.2%	2015	356	-5.7%
kWh Geomean		2.2%	kWh Geomean		-5.7%

Customer connection forecasts are based on the average growth rate over the past 3 years (geometric mean) for the following classes.

Table 4.3 - Customers

Year	Street Light	Change	Year	Sentinel Light	Change
2005	5,721		2005	80	
2006	5,741	21	2006	81	2
2007	5,767	26	2007	81	-1
2008	5,856	89	2008	82	1
2009	5,962	106	2009	73	-9
2010	5,962	0	2010	73	0
2011	6,113	151	2011	64	-9
2012	6,321	209	2012	57	-7
2013	6,435	114	2013	47	-10
2014	6,530	95	2014	44	-3
2015	6,627	97	2015	41	-3
Geomean		1.48%	**Geomean**		-6.36%

The following table displays the calculated average use per customer, by class, for actual and normalized/forecast kWh.

Table 4.4 - Average kWh per customer

	Street Light			Sentinel	
Year	Actual	Forecast	Year	Actual	Forecast
2005	641	641	2005	2,149	2,149
2006	644	644	2006	2,882	2,882
2007	611	611	2007	2,801	2,801
2008	656	656	2008	2,687	2,687
2009	602	602	2009	3,091	3,091
2010	681	681	2010	2,770	2,770
2011	688	688	2011	3,130	3,130
2012	690	690	2012	3,383	3,383
2013	679	679	2013	3,603	3,603
2014		684	2014		3,626
2015		689	2015		3,650

CDM Adjustment to Load Forecast

The current Chapter 2 OEB Minimum Filing requirements, consistent with the Board's CDM Guideline EB-2012-0003, expects the distributor to integrate an adjustment into the its load forecast that takes into account the measured CDM results from 2011 and 2012 CDM programs as reported by the OPA, which are the most recent available. The OPA results are taken into account for determining the amount of CDM reductions to be achieved in 2013 and 2014 in order to achieve the four-year (2011-2014) targets for kWh and kW reductions. As this is a 2015 load forecast Elenchus includes an estimate for 2015.

The filing requirements note that the distributors license condition targets and the LRAMVA balances are based on the reported OPA results, which are annualized. It is recognized that the CDM programs in a year are not in effect for the full year, although persistence of previous year's programs will be. Therefore, the actual impact on the load forecast for the first year of the program should not be the full annualized amount. For this reason, the amount that will be used for the LRAMVA will be related to, but not necessarily equal to, the CDM adjustment for the load forecast.

The following table shows Festival Hydro's 2011 and 2012 results as reported by the final reports issued by the OPA.

Table 5.1

Post 2010 OPA Final Results

Festival Hydro Inc.

Source: 2011 OPA Final Report	2011	2012	2013	2014	Total
2011 Final kWh - Net	2,245,414	2,242,749	2,242,749	2,242,749	8,973,661
2011 Final kW - Net	706	572	572	572	
Source: 2012 OPA Final Report *	**2011**	**2012**	**2013**	**2014**	
2012 Final kWh - Net	-	6,434,871	6,433,873	6,433,873	19,302,617
2011 Final kW - Net	-	1,468	1,400	1,400	

* Currently estimated using 2012 OPA Final Report values

Comparing the actual results to Festivals licence CDM targets yields the CDM estimates needed to meet target. This estimate is consistent with the current 2013 OEB Appendix 2-I calculation. In order to calculate the CDM impact for the 2015 load forecast Elenchus includes persistence for 2013 and 2014 programs plus an estimate for 2015 programs.

Table 5.2

Calculate proportionate CDM savings required to achieve CDMTarget

Festival Hydro Inc.

Schedule to achieve 4 Year kWH CDM Target

4 Year 2011 - 2014 kWh CDM Target					
29,250,000					
%	2011	2012	2013	2014	Total
2011 Programs	7.7%	7.7%	7.7%	7.7%	30.7%
2012 Programs		22.0%	22.0%	22.0%	66.0%
2013 Programs			1.1%	1.1%	2.2%
2014 Programs				1.1%	1.1%
	7.7%	29.7%	30.8%	31.9%	100.0%

kWh	2011	2012	2013	2014	Total	Est 2015	Total
2011 Programs	2,245,414	2,242,749	2,242,749	2,242,749	8,973,661	-	8,973,661
2012 Programs		6,434,871	6,433,873	6,433,873	19,302,617	-	19,302,617
2013 Programs			324,574	324,574	649,148	324,574	973,722
2014 Programs				324,574	324,574	324,574	649,148
To 2014	2,245,414	8,677,620	9,001,196	9,325,770	29,250,000	649,148	29,899,148
2015 Programs						1,500,000	1,500,000
To 2015	2,245,414	8,677,620	9,001,196	9,325,770	29,250,000	2,149,148	31,399,148

Consistent with recent Board decisions, Elenchus includes the full value of the estimated 2014 CDM persistence and is included assuming that the full influence of those programs would continue in 2015. It is also assumed that only one half of the estimated 2015 programs would impact 2015.

Table 5.3

Load Forecast Adjustment Calculation
Festival Hydro Inc.

	2015 CDM Threshold (kWh of incremental CDM savings needed in 2015)	Application Factor 1.0 Full Year 0.5 Half Year	2015 Net kWh Load Forecast CDM Adjustment
	A	B	C = A * B
Year			
2011	0	0.0	0
2012	0	0.0	0
2013	324,574	0.0	0
2014	324,574	1.0	324,574
2015	1,500,000	0.5	750,000
	2,149,148		1,074,574

The following is the proposed allocation of the CDM kWh load forecast adjustment and final proposed load forecast.

Table 5.4

Retail kWh	Weather Normalized 2015F (Elenchus) A	C = A / B	CDM Load Forecast Adjustment E = D * C	2015 CDM Adjusted Load Forecast F = A - E
Residential (kWh)	137,393,847	23%	247,905	137,145,942
Residential - Hensall (kWh)	3,761,644	1%	6,787	3,754,857
GS<50 (kWh)	64,295,632	11%	116,011	64,179,621
GS>50 (kW)	362,486,529	61%	654,049	361,832,480
Large Use (kW)	22,231,439	4%	40,113	22,191,326
Street Lights (kW)	4,567,584	1%	8,241	4,559,343
Sentinel (kW)	150,427	0%	271	150,156
USL (kWh)	662,162	0%	1,195	660,967
Total Customer (kWh)	595,549,265	100%	1,074,574	594,474,691
	B		D	

In order to calculate the kW Elenchus proposes using a proportional ratio utilizing the base load forecast kW and kWh.

Table 5.5

kW	Weather Normalized 2015F (Elenchus) G	I = G / H	CDM Load Forecast Adjustment * J = G / A * E	2015 CDM Adjusted Load Forecast K = G - J
Residential (kWh)	-	0%	-	-
Residential - Hensall (kWh)	-	0%	-	-
GS<50 (kWh)	-	0%	-	-
GS>50 (kW)	946,164	95%	1,707	944,457
Large Use (kW)	34,422	3%	62	34,360
Street Lights (kW)	12,017	1%	22	11,995
Sentinel (kW)	356	0%	1	356
USL (kWh)	-	0%	-	-
Total Customer (kWh)	992,959	100%	1,792	991,167
	H			

* Note that CDM LF kW is the proportional LF kW over LF kWh times kWH CDM LF adjustment.

For 2015 for LRAMVA Elenchus reasons that the effects of 2014 and 2015 OPA CDM programs should be included in the LRAMVA calculation.

Table 5.6

LRAMVA Calculation
Festival Hydro Inc.

Year	2015 CDM Threshold (kWh of incremental CDM savings)
	A
2011	0
2012	0
2013	0
2014	324,574
2015	1,500,000
	1,824,574

Table 5.7 LRAMVA kWh

kWh	Weather Normalized 2015F (Elenchus)		LRAMVA (kWh)
	A	C = A / B	E = D * C
Residential (kWh)	137,393,847	23%	420,931
Residential - Hensall (kWh)	3,761,644	1%	11,524
GS<50 (kWh)	64,295,632	11%	196,981
GS>50 (kW)	362,486,529	61%	1,110,544
Large Use (kW)	22,231,439	4%	68,110
Street Lights (kW)	4,567,584	1%	13,994
Sentinel (kW)	150,427	0%	461
USL (kWh)	662,162	0%	2,029
Total Customer (kWh)	595,549,265	100%	1,824,574
	B		D

Table 5.8 LRAMVA kW

kW	Weather Normalized 2014F (Elenchus)		LRAMVA (kW)
	F	H = F / G	I = F / A * E
Residential (kWh)	-	0%	
Residential - Hensall (kWh)	-	0%	
GS<50 (kWh)	-	0%	
GS>50 (kW)	946,164	95%	2,899
Large Use (kW)	34,422	3%	105
Street Lights (kW)	12,017	1%	37
Sentinel (kW)	356	0%	1
USL (kWh)	-	0%	-
Total Customer (kWh)	992,959	100%	3,042
	G		

* Note that LRRAMVA kW is the proportional LF kW over LF kWh times kWH LRAMVA.

Attachment 2 of 2

OEB Appendix 2-I

File Number:	EB 2014 0073
Exhibit:	3
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Attachment:	2
Date:	25-Apr-14

Appendix 2-I
Load Forecast CDM Adjustment Work Form (2015)

Input the 2011-2014 CDM target in Cell B21.

Input the measured results for 2011 CDM programs for each of the years 2011 and persistence into 2012, 2013 and 2014 into cells B29 to E29. These results are taken from the final 2011 CDM Report issued by the OPA for that distributor in the fall of 2012.

##

Based on these inputs, the residual kWh to achieve the 4 year CDM target is allocated so that there is an equal incremental increase in each of the years 2012, 2013,2014 and 2015.

4 Year (2011-2014) kWh Target:							
	100,000						
	2011	**2012**	**2013**	**2014**	**Total**	**Est 2015**	**Total**
2011 CDM Programs	7.68%	7.67%	7.67%	7.67%	30.68%		
2012 CDM Programs		22.00%	22.00%	22.00%	65.99%		
2013 CDM Programs			1.11%	1.11%	2.22%		
2014 CDM Programs				1.11%	1.11%		
Total in Year	**7.68%**	**29.67%**	**30.77%**	**31.88%**	**100.00%**		
		kWh					
2011 CDM Programs	2,245,414.00	2,242,749.00	2,242,749.00	2,242,749.00	8,973,661.00	-	**8,973,661.00**
2012 CDM Programs		6,434,871.00	6,433,873.00	6,433,873.00	19,302,617.00	-	**19,302,617.00**
2013 CDM Programs			324,574.00	324,574.00	649,148.00	324,574.00	**973,722.00**
2014 CDM Programs				324,574.00	324,574.00	324,574.00	**649,148.00**
2015 Programs						1,500,000.00	**1,500,000.00**
Total in Year	**2,245,414.00**	**8,677,620.00**	**9,001,196.00**	**9,325,770.00**	**29,250,000.00**	**2,149,148.00**	**31,399,148.00**

From each of the 2006-2010 CDM Final Report, 2011 CDM Final Report, and the 2012 CDM Final Report, issued by the OPA for the distributor, the distributor should input the "gross" and "net" results of the cumulative CDM savings for 2014 into cells D31 to E33. The model will calculate the cumulative savings for all programs from 2006 to 2012 and determine the "net" to "gross" factor "g".

The Board has determined that the "net" number should be used in its Decision and Order with respect to Centre Wellington Hydro Ltd.'s 2013 Cost of Service rates (EB-2012-0113). This approach has also been used in Settlement Agreements accepted by the Board in other 2013 applications. The distributor should select whether the adjustment is done on a "net" or "gross" basis, but must support a proposal for the adjustment being done on a "gross" basis.

Net-to-Gross Conversion				
Is CDM adjustment being done on a "net" or "gross" basis?				**net**
Persistence of Historical CDM programs to 2014	**"Gross" kWh**	**"Net" kWh**	**Difference kWh**	**"Net-to-Gross" Conversion Factor ('g')**
2006-2010 CDM programs				
2011 CDM program	**6,891,212**	**3,432,735**		
2012 CDM program	**4,139,301**	**2,997,158**		
2006 to 2011 OPA CDM programs: Persistence to 2014	11,030,513	6,429,893	4,600,620	0.00%

The default values represent the factor that each year's CDM program is factored into the manual CDM adjustment. Distributors can choose alternative weights of "0", "0.5" or "1" from the drop-down menu for each cell, but must support its alternatives.

These factors do not mean that CDM programs are excluded, but also reflect the assumption that impacts of 2011 and 2012 programs are already implicitly reflected in the actual data for those years that are the basis for the load forecast prior to any manual CDM adjustment.

Weight Factor for Inclusion in CDM Adjustment to 2014 Load Forecast					
	2011	**2012**	**2013**	**2014**	
Weight Factor for each year's CDM program impact on 2014 load forecast	**1**	**1**	**1**	**1**	Utility can select "0", "0.5", or "1" from drop-down list
Default Value selection rationale.	*Persistence of 2011 CDM programs for the full year of 2012 means that all of 2011 CDM impact is assumed to be in the base forecast before the CDM Adjustment*	*50% of 2012 CDM impact is assumed reflected in base forecast based on 1/2 year rule.*	*Full year impact of 2013 CDM programs on adjustment for 2014 load forecast*	*Only 50% of 2014 CDM impact is used based on a half year rule*	

The Amount used for the CDM threshold of the LRAMVA is the kWh that will be used to determine the base amount for the LRAMVA balance for 2014, for assessing performance against the four-year target. The base amount for 2011-2013 is 0 (zero) for 2014 Cost of Service applications, as the utility rebased prior to the 2011-2014 CDM programs, and there was no adjustment to reflect the impacts of the 2011-2014 programs on the load forecast used to determine their last cost of service-based rates.

The proposed loss factor should correspond with the loss factor calculated in Appendix 2-R

The Manual Adjustment for the 2014 Load Forecast is the amount manually subtracted from the load forecast derived from the base forecast from historical data, and is intended to reflect the further CDM savings that the distributor needs to achieve assuming that they meet 100% of the 2011-2014 CDM target that is a condition of their target.

If the distributor has developed their load forecast on a system purchased basis, then the manual adjustment should be on system purchased basis, including the adjustment for losses. If the load forecast has been developed on a billed basis, either on a system basis or on a class-specific basis, the manual adjustment should be on a billed basis, excluding losses.

The distributor should determine the allocation of the savings to all customer classes in a reasonable manner, for both the LRAMVA and for the load forecast adjustment.

	2011	**2012**	**2013**	**2014**	**Total for 2014**
			kWh		
Amount used for CDM threshold for LRAMVA (2014)	2,242,749.00	6,433,873.00	324,574.00	324,574.00	9,325,770.00
Manual Adjustment for 2014 Load Forecast (billed basis)	2,242,749.00	6,433,873.00	324,574.00	324,574.00	9,325,770.00
Proposed Loss Factor (TLF)	2.91%	Format: X.XX%			
Manual Adjustment for 2014 Load Forecast (system purchased basis)	2,308,013.00	6,621,098.70	334,019.10	334,019.10	9,597,149.91

Manual adjustment uses "gross" versus "net" (i.e. numbers multiplied by (1 + g). The Weight factor is also used calculate the impact of each year's program on the CDM adjustment to the 2014 load forecast.

Festival Hydro Inc.

File Number: EB-2014-0073

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Exhibit 3

Tab 2 of 3

Accuracy of Load Forecast and Variance Analyses

Accuracy of Load Forecast and Variance Analyses

Provided below is the analysis of the accuracy of the historical load forecast covering the 5 historical years 2009 to 2013, Board approved 2010, and the forecasted 2014 bridge year and 2015 test years. The analysis has been completed on the following basis:

- Distribution Revenues
- Customer/Connections
- kWh Total System Load
- kW Billing Determinants
- Weather normalized historical and projected average consumption
- Weather Normalized kWh sales compared to Actual kWh Sales
- Distribution Revenue calculated on basis of existing and proposed rates

Distribution Revenues

Noted below is the variance analysis related to revenues earned through distribution rates

REVENUE from DISTRIBUTION RATES		Dec 31,2009 Actual	2010 Board Approved	Dec 31,2010 Actual	Dec 31,2011 Actual	Dec 31,2012 Actual	Dec 31,2013 Actual	Dec 31,2014 Bridge Year	Dec 31,2015 Test Year
4075	Dist Rev - Res	5,060,853	5,438,159	5,263,111	5,430,447	6,549,281	6,318,752	6,269,349	6,233,760
4079	Distribution Service Revenue - <50	1,606,185	1,694,036	1,653,506	1,651,847	1,772,287	1,863,712	1,844,129	1,856,972
4080	Distribution Service Revenue - >50	2,029,750	2,070,344	2,049,540	2,261,887	2,438,634	2,464,362	2,445,373	2,731,647
4076	Dist Rev - Large User	292,970	307,077	272,811	168,045	135,740	147,720	144,686	158,170
4078	Dist Rev - Sent Lights	3,332	6,433	4,570	5,845	6,740	6,229	5,178	5,320
4077	Dist Rev - St. Lighting	53,859	94,229	76,756	106,874	129,912	139,861	145,154	129,442
4081	SSS Admin Charge (moved)	50,303	-	51,443	51,375	-	-	-	-
	Late payment Rate Rider	-	-	-	-	36,515	-	-	-
Distribution revenues		**9,097,252**	**9,610,278**	**9,371,738**	**9,676,319**	**11,069,109**	**10,940,637**	**10,853,869**	**11,115,311**
(Agrees to USOA T.B. 2.1.7)									
	Annual increase			274,486	304,582	1,392,789	(128,472)	(86,768)	261,442
	% increase			3.0%	3.3%	14.4%	-1.2%	-0.8%	2.4%

December 2010 to December 2009 Actual

2010 distribution revenues were $274,471 higher than 2009 due to higher volumes sold and new distribution rates arising from the 2010 COS application effective May 1, 2010.

December 2010 to Board Approved 2010

The actual quantities sold in 2010 (572.3 GWh) were far below the 2010 Board approved of 600 Gwh. The Board approved kWh volumes of 600 GWh were high compared to the actual trended volumes occurring in 2008 and 2009, which were compressed due to difficult economic conditions and slow growth. As such, actual distribution revenues in 2010 fell far short of forecasted 2010 rate application distribution revenues.

December 2011 to December 2010

2011 Distribution revenues were $320,076 higher than 2010. Festival was approved a price escalator net increase of 0.38% as part of its 2011 IRM application. KWh sales were up by 1.7% and there were modest increases in new customer growth. In addition, $74,189 in revenue was collected related to an LRAM rate rider approved as part of the 2011 IRM application.

December 2012 to December 2011

2012 Distribution revenues were $1,377,295 higher than 2011. Festival was approved a price escalator net increase of 1.08% as part of its 2012 IRM application. In addition, $132,651 in revenue was collected related to an LRAM rate rider approved as part of the 2011 IRM application, and $65,863 in revenue related to a 2000-2006 PILs recovery approved as part of the 2012 IRM application. Effective November 1, 2012, the board approved Festival's disposition of its smart meter variance account, resulting in $1,137,952 collected through smart meter rate riders to be added to distribution revenue in 2012. kWh sales were up by 2.2 % and there were modest increases in new customer growth.

December 2013 to December 2012

2013 Distribution revenues were $128,472 lower than 2012. Festival was approved a net increase of 0.68% as part of its 2013 IRM application. In addition, $133,154 in revenue was collected related to an LRAM rate rider approved as part of the 2011 IRM application, $127,799 in revenue related to a 2000-2006 PILs recovery approved as part of the 2012 IRM application and $811,446 collected through Board approved smart meter rate riders. KWh sales were down slightly by 0.7 %. There were modest increases in new customer growth.

December 2014 to December 2013

2014 distribution revenues are projected to be $86,768 lower than 2013. Festival was approved a net increase of 1.25% as part of its 2014 IRM application. In addition, approximately $45,000 in revenue is expected to be collected related to an LRAM rate rider that ends April 30, 2014 (compared to $133K in 2013). $743,000 is projected to be collected through the Board approved smart meter rate riders, which is $87,000 less than earned in 2013 due to the Disposition of Residual Historical Smart meter costs rate riders ended April 30, 2014. KWh sales are projected to be up by 1.2 % and there were modest increases in new customer growth.

December 2015 to December 2014

2015 distribution revenues are projected to be $261,442 higher than 2014 based on the 2015 forecasted customer numbers and load. KWh sales are projected to be up by 0.2 % and there were modest increases in new customer growth.

Variance Analysis of Customer/Connections Growth – Historic Actual for the Past 5 years, Historical Board Approved, 2014 Bridge Year and 2015 Test Year

RATE CLASS CUSTOMERS/CONNECTIONS (AVERAGE # OF CUSTOMERS) - 5 YEAR HISTORICAL, BRIDGE & TEST YEAR

	Total	Residential	Residential Hensall	General Service < 50 kW	General Service > 50 to 4999 kW	Large Use	Streetlights (# of lights	Sentinel Lights (connection)	USL (connections)
1999	23,419	14,990	403	1,988	207	2	5,594	75	160
2000	23,592	15,134	405	1,992	208	2	5,614	77	161
2001	23,812	15,320	408	1,994	209	2	5,640	78	163
2002	24,088	15,551	409	1,996	210	2	5,677	79	166
2003	24,318	15,752	407	2,002	210	2	5,699	78	169
2004	24,518	15,951	407	2,005	205	2	5,700	77	171
2005	24,721	16,151	409	1,988	206	2	5,721	80	166
2006	24,905	16,334	409	1,972	209	2	5,741	81	157
2007	25,130	16,535	410	1,972	209	2	5,767	81	156
2008	25,405	16,708	412	1,972	218	2	5,856	82	157
2009	25,700	16,834	411	1,982	215	2	5,962	73	224
2010	25,805	16,931	411	1,989	215	2	5,962	73	224
2011	26,132	17,103	411	1,993	226	1	6,113	64	224
2012	26,573	17,327	409	2,009	227	1	6,321	57	224
2013	26,832	17,469	409	2,021	223	1	6,435	47	227
2014 Bridge	27,102	17,641	409	2,025	225	1	6,530	44	227
2015 Test	27,375	17,815	409	2,029	227	1	6,626	41	227
Annual Growth (# of accounts)									
2009	295	126	-1	10	-4	-1	106	-9	67
2010	105	98	0	7	0	0	0	0	0
2011	328	172	-1	4	11	-1	151	-9	0
2012	441	224	-2	16	1	0	209	-7	0
2013	259	143	1	13	-4	0	114	-10	3
Avge 5 year growth	285	152	-1	10	1	0	116	-7	14
2014 Bridge	283	172	0	4	2	0	95	-3	1
2015 Test	319	174	0	4	2	0	96	-3	0
% Growth									
2009	1.2%	0.8%	-0.1%	0.5%	-1.6%	-25.0%	1.8%	-10.4%	42.8%
2010	0.4%	0.6%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
2011	1.3%	1.0%	-0.1%	0.2%	5.1%	-33.3%	2.5%	-12.3%	0.0%
2012	1.7%	1.3%	-0.5%	0.8%	0.4%	0.0%	3.4%	-10.9%	0.0%
2013	1.0%	0.8%	0.1%	0.6%	-1.5%	0.0%	1.8%	-17.5%	1.3%
Avge 5 year growth	1.1%	0.9%	-0.1%	0.5%	0.5%	-11.7%	1.9%	-10.2%	8.8%
2014 Bridge	1.1%	1.0%	0.1%	0.2%	0.9%	-4.8%	1.5%	-6.4%	0.2%
2015 Test	1.2%	1.0%	-0.1%	0.2%	0.9%	-4.8%	1.5%	-6.8%	0.0%
2010 Board Approved	25,874	17,115	413	1,968	221	2	5,916	83	156
2010 Actual	25,805	16,931	411	1,989	215	2	5,962	73	224
Difference	-70	-184	-2	21	-7	-1	46	-10	68

Provided below is the variance analysis of number of customers by rate class. All customer numbers are in year average format.

Residential - Festival is outside of the GTA, Kitchener-Waterloo-Cambridge high growth area. As such, there is modest annual residential customer growth. 2012 was the peak growth year at 224 new customers, being driven primarily by the building of a new multi-unit retirement home

which was all individually metered. Over the five year period 2009 to 2013, new residential customers increased by 152 customer on average. This is slightly less that the growth reported in Festival's 2010 COS application, where average growth of 207 households per year occurred between 2005 and 2010. As such, the 2010 actual customer numbers (16,931) were slightly less than the Board approved (17,115).

To determine the customer connection forecast for bridge 2014 and test 2015, Festival expanded the number of years and used the geometric mean growth rate from over the past 8 years, which is believed to be a better determinate as it stretches back beyond the 2009 recessionary period. The bridge and test year projected customer accounts are 172 and 174 respectively, which is slightly greater than the 5 year average growth and better reflects existing economic conditions. See Table 2.12 in the Elenchus report for this determination.

Hensall Residential - The town of Hensall has had essentially the same number of residential customer for the past 8 years. The 5 years average growth is -1 customer. The 2014 bridge year and test year customer counts of 409 have been determined using the geometric growth rate over the past 8 years. The 409 is consistent with the 2012 and 2013 actual customer numbers. The 2010 Board approved was 2 customers higher than 2010 actual.

G.S. < 50 kW – Within this category are a number of small commercial properties such as restaurants and retail stores, many who cater to the tourist industry related to the Stratford Festival Theatre, as well a number of small industrial and commercial customers. G.S. < 50 kW customer counts have seen slight growth, with an average increase of 10 customers per year over the 5 year period 2009 to 2013. 2012 was the peak growth year with 16 new accounts. The 2014 bridge year and 2015 test year of 4 customers in both years is determined using the geometric growth rate over the past 8 years. Note that some of the annual fluctuations occur because of reclassifications of accounts to/from the G.S. > 50 KW class. See Table 2.12 in the Elenchus report for this determination. The 2010 actual was 21 higher than the 2010 Board approved.

G.S. > 50 kW to 4999 kW- General Service > 50 kW customer counts have stayed fairly stable in numbers, with an average growth of 1 customer per year over the 5 year period 2009 to 2013 and two new accounts per year from 2010 to test year 2015. The 2014 bridge year and 2015

test year of 2 customers in both years is determined using the geometric growth rate over the past 8 years, which is reasonable given recent growth patterns. See Table 3.11 in the Elenchus report for this determination. The 2010 Board actual was 7 accounts lower than the 2010 Board approved. A certain amount of these differences between 2010 Actual customer counts and 2010 Board approved may be related to annual reclassification of accounts.

Large Use – The 2010 Board approved and 2010 actual large use customer count was 2 customers. Because of reduced loads arising from the economic downturn and conservation activities, one of the customers was reclassified to G.S. > 50 kW in October 2010 and the other in December 2011. In the meantime, a new large use customer was added in November 2011. This customer is projected to be the only large use customer in both bridge year 2014 and test year 2015. The two former accounts and none of Festival other G.S. > 50 kW accounts are expected to migrate to Large Use.

Unmetered Scattered Load - The 2014 bridge year and 2015 test year of 227 customers in both years reflects a steady number as no growth is expected in this category. See Table 2.12 in the Elenchus report for this determination. The 2010 actual of 224 was quite a bit higher than the 2010 Board approved as the previous data used for the 2010 forecast understated the number of actual connections on hand.

Streetlighting - In the five year period 2009 to 2013 there was average growth of 65 new lights. The 2014 bridge year and 2015 test year of 95 and 97 customers, respectively, is determined using the geometric growth rate over the past 8 years. See Table 4.3 in the Elenchus report for this determination. The 2010 actual count of 5,916 lights was 46 lower than Board approved, representing only a 0.8%difference.

Sentinel Lights - In the five year period 2009 to 2013 there was an average reduction of 7 connections. Sentinel lights have decreased as a number of closed or converted factories have removed the sentinel lighting from their large parking lots. The 2014 bridge year and 2015 test year reductions of 3 customers in both years was determined using the geometric growth rate over the past 8 years. See Table 4.3 in the Elenchus report for this determination. The 2010 actual of 73 connections was 10 lower than Board approved number of 83.

Variance Analysis of kWh Growth – Historic Actual for the Past 5 years, Historical Board Approved, 2014 Bridge Year and 2015 Test Year

The table below shows the kWh sales from 2000 to test year 2015. During the year 2001 to 2007, Festival had kWh sales well in excess of 600 Gwh per year. From 2007 through to test 2015 there was never been a year in excess of 596 Gwh; the reductions driven by the turn down in the economy which has permanently impacted manufacturing output combined with the impact of conservation which has directly attributed to a reduction in the residential, GS < 50, GS > 50 and large use classes over this time period.

kWh VOLUMNES - 5 YEAR HISTORICAL, BRIDGE & TEST YEAR

Billed kWh	Total Billed	Residential	Residential Hensall	General Service < 50 kW	General Service > 50 to 4999 kW	Large Use	Streetlights (# of lights	Sentinel Lights (connection)	USL
2000	596,581,663	131,516,901	3,859,268	72,417,171	308,580,266	75,496,947	3,598,812	167,853	944,445
2001	605,241,071	133,084,694	4,099,937	70,701,786	318,799,805	73,794,022	3,619,840	184,736	956,251
2002	624,930,122	136,573,470	4,302,763	69,388,032	337,201,829	72,301,280	3,657,240	191,754	1,313,754
2003	627,031,302	135,649,596	4,050,220	71,046,669	334,616,436	76,660,027	3,613,293	148,320	1,246,741
2004	632,340,069	136,776,916	4,191,324	72,187,366	338,001,625	76,391,354	3,753,742	143,950	893,792
2005	632,444,846	143,411,804	4,255,224	71,281,495	364,347,458	44,395,271	3,668,342	170,856	914,396
2006	617,899,375	138,207,589	3,852,878	68,326,693	343,191,889	59,612,933	3,697,097	233,476	776,820
2007	615,535,179	139,603,876	4,054,439	69,632,805	328,163,463	69,600,305	3,522,815	225,471	732,005
2008	593,387,454	136,970,688	4,016,517	67,284,782	312,948,164	67,424,347	3,842,227	219,010	681,719
2009	549,506,614	135,328,095	3,926,619	64,699,032	290,802,255	50,273,064	3,588,301	225,678	663,570
2010	572,326,732	137,431,624	3,885,021	65,179,456	308,853,484	52,043,067	4,058,593	202,236	673,251
2011	582,552,314	137,110,454	3,814,545	63,567,429	342,397,426	30,589,560	4,206,123	200,336	666,441
2012	595,557,619	135,123,779	3,709,946	62,255,637	371,261,864	17,987,095	4,359,071	192,847	667,380
2013	591,620,810	137,844,076	3,773,971	64,506,324	358,083,993	22,207,154	4,371,628	169,332	664,332
2013 Normalized	591,947,011	136,079,826	3,725,668	63,680,715	361,116,593	22,147,420	4,371,628	169,332	655,829
2014 Bridge	593,496,686	136,685,689	3,742,257	63,964,238	361,638,210	22,179,411	4,468,532	159,600	658,749
2015 Test	594,474,691	137,145,942	3,754,857	64,179,621	361,832,480	22,191,325	4,559,343	150,156	660,967
Annual Growth (kWh)									
2009	-43,880,840	-1,642,593	-89,898	-2,585,750	-22,145,909	-17,151,283	-253,926	6,668	-18,149
2010	22,820,118	2,103,529	-41,598	480,424	18,051,229	1,770,003	470,292	-23,442	9,681
2011	10,225,582	-321,170	-70,476	-1,612,027	33,543,942	-21,453,507	147,530	-1,900	-6,810
2012	13,005,305	-1,986,675	-104,599	-1,311,792	28,864,438	-12,602,465	152,948	-7,489	939
2013	-3,936,809	2,720,297	64,025	2,250,687	-13,177,871	4,220,059	12,557	-23,515	-3,048
Avge 5 year growth	-353,329	174,678	-48,509	-555,692	9,027,166	-9,043,439	105,880	-9,936	-3,477
2014 Bridge	1,875,876	-1,158,387	-31,714	-542,086	3,554,217	-27,743	96,904	-9,732	-5,583
2015 Test	978,005	460,253	12,600	215,383	194,270	11,914	90,811	-9,444	2,218
% Growth									
2009	-7.4%	-1.2%	-2.2%	-3.8%	-7.1%	-25.4%	-6.6%	3.0%	-2.7%
2010	4.2%	1.6%	-1.1%	0.7%	6.2%	3.5%	13.1%	-10.4%	1.5%
2011	1.8%	-0.2%	-1.8%	-2.5%	10.9%	-41.2%	3.6%	-0.9%	-1.0%
2012	2.2%	-1.4%	-2.7%	-2.1%	8.4%	-41.2%	3.6%	-3.7%	0.1%
2013	-0.7%	2.0%	1.7%	3.6%	-3.5%	23.5%	0.3%	-12.2%	-0.5%
Avge 5 year growth	0.0%	0.1%	-1.2%	-0.8%	3.0%	-16.2%	2.8%	-4.8%	-0.5%
2014 Bridge	0.3%	-0.8%	-0.8%	-0.8%	1.0%	-0.1%	2.2%	-5.7%	-0.8%
2015 Test	0.2%	0.3%	0.3%	0.3%	0.1%	0.1%	2.0%	-5.9%	0.3%
2010 Board Approved	600,000,000	141,132,375	4,143,109	67,469,308	316,941,804	65,544,852	3,904,130	234,690	629,732
2010 Actual	572,326,732	137,431,624	3,885,021	65,179,456	308,853,484	52,043,067	4,058,593	202,236	673,251
Difference	-27,673,268	-3,700,751	-258,088	-2,289,852	-8,088,320	-13,501,785	154,463	-32,454	43,519
% different	4.8%	2.7%	6.6%	3.5%	2.6%	25.9%	-3.8%	16.0%	-6.5%

2010 Actual to 2009 Actual

kWh based sales bottomed out in 2009. 2009 had the lowest kWh sales since pre-2000 at 549.5 Mwh. Combined, all rates classes saw a 7.5% decrease in kWh based sales, with the G.S. > 50 kW classes and Large Use classes seeing reductions of 7.1% and 25.4% respectively, largely due to reduced manufacturing consumption. One larger (3MW) automotive plant closed in St. Marys in later part of 2008 having an impact on 2009 and 2010 sales.

In 2010, there was a 4.2% overall increase over 2009 with all rate classes (except sentinel lights) experiencing an increase as the economy started to show improvements. Residential kWh sales also saw a 1.6% increase in the year reflecting some economic improvement and modest customer growth.

2010 Actual vs. 2010 Approved

2010 Approved Load: 600.0 Gwh 2010 Actual: 572.3 Gwh Variance: 27.7 Gwh or 4.6%.

As part of Festival's 2010 COS application, Festival submitted a 2010 load forecast of 576.6 Gwh. Even though there was a negative coefficient that raised concern, Festival was of the opinion that the 576.6 Gwh was a fairly accurate estimate given Management's knowledge of the known local economic conditions and the severe impact the recession was having on the manufacturing base within its Festival's service territory. The 600 Gwh was the load assigned to Festival Hydro as part of its decision and order dated April 1, 2010 (EB-2009-0263). The actual load for 2010 was 572.3 Gwh.

For comparison, Festival has provided the historical sales from 2000 and 2009 to get a better perspective on what happened in 2010 compared to Board approved. A continuation of the economic downturn resulted in many manufacturing facilities operating at reduced production levels. With the exception of unmetered scattered loaned and streetlights, all other classes fell substantially below the 2010 Board assigned kWh quantities with loads more similar with the 2009 actual load of 567 GWh.

2011 Actual vs. 2010 Actual

kWh sales rose by 10.2 Gwh or 1.8 % over 2010. The area of greatest growth was the G.S. >50 kW rate class as manufacturing started to return to normal capacities. Note that the G.S. > 50 KW class' strong growth of 33.5 GWh is also partially due to the transfer of one large use customer in late 2010 and another in late 2011 from the Large Use class (which had a reduction of 21.5 GWh in 2010). Residential and G.S.< 50 kW dipped slightly as a result of conservation and efforts to reduce consumption due to rising commodity costs. Streetlighting kWh sales have increased as more light units have been added.

2012 Actual to 2011 Actual

2012 was characterized with above normal winter weather which was evident with a 2.0 Gwh or 1.4% decrease in residential load and 2.7% decrease in G.S. < 50 kW sales.

G.S. > 50 kW sales appear to have increased over 2011 but were basically flat. The increase occurred due to reclassification of a former Large Use account to G.S. > 50 kW which took place in December 2011. The usage of this Large Use customer was 28.6 Gwh in 2011, accounting for 28.6 of the 28.9 Gwh increase in G.S. > 50 KW load for 2012.

The new Large use customer in 2012 represents a new large use customer starting in November 2011 (previously this customer was on temporary service under the G.S. > 50 kW class). While the customer currently operates at less than 5 MW, it was agreed that the customer would pay the Large Use class due to the larger scale infrastructure installed to meet their future needs. Streetlighting kWh and kW sales have increased as more light units have been added.

2013 Actual to 2012 Actual

Residential shows a 2.0% increase and G.S. < 50 kW a 3.6% increases in 2013 over 2012 because of a return to more normal weather patterns.

In terms of G.S. > 50 kW, 2013 actual sales are down by 3.5% from 2012. Contributing to this reduction is continued strong participation in the Province wide OPA conservation programs, in particular, the ERII programs. During 2012, a larger automotive filter plant (G.S. > 50 kW)

closed in the City of Stratford and another automotive manufacturer consolidated from two locations to one, so the full 12 month effect of closures is reflected in 2013. Also a paint related manufacturer closed in mid 2013.

In August 2012, a G.S > 50 kW customer of Festival became a market participant. Since that date, Festival only bills the kW based charges. KWh based charges are billed by the IESO. For the twelve months previous to becoming a direct market participant, the customer consumed 4,522,053kWh in the year with an average kW peak load of 628 kW. 2013 actual kWh usage reflects a full year reduction in kWh usage as a result of this change.

Large Use sales are up by 23.5% as the new large use customer scales up its operations. Streetlighting kWh and kW sales have increased as more light units have been added.

The 2013 normalized sales are consistent with the 2013 actual sales and in fact are a slight increase from 2013 actual results. During 2012, a larger automotive filter plant (G.S. > 50 kW) closed in the City of Stratford and another automotive manufacturer consolidated from two locations to one, so the full 12 month effect of closures is reflected in 2013. Also a paint related manufacturer closed in mid 2013.

The large use customer continues with steady growth as it ramp up operations. Streetlighting for the most part is a function of new streets added in the City, which are very modest in growth. Sentinel lights saw a decline because two of the factories noted above (auto filter plant closure and consolidation of two) had a number of sentinel lights removed. Streetlighting kWh and kW sales have increased as more light units have been added.

2013 Normalized to 2012 Actual

The 2013 normalized sales are consistent with the 2013 actual sales and in fact show a slight increase from 2013 actual results Residential shows a modest increase in the 2013 normalized year of 1.0 Gwh or 0.7% increase in load. G.S. < 50 kW sales are also slightly ahead (0.4%) for the normalized 2013 year. In terms of G.S. > 50 kW, 2013 normalized sales are down from 2012, but not to the same extent as 2013 actual sales. As noted above, actual sales are down due to a plant closure and two plant consolidations. The large use customer normalized sales continues with steady growth as it ramp up operations, very similar to the 2013 actual results.

Streetlighting for the most part is a function of new streets added in the City, which are very modest in growth. Sentinel lights saw a decline because the two of the factories noted above (auto filter plant closure and consolidation of two) had a number of sentinel lights removed from the large parking lots. USL also has limited growth.

2014 Normalized Forecast to 2013 Normalized

The load forecast model is predicting all classes will have a slight increase in sales, with the exception of sentinel lights. Overall the load is expected to increase by 2.0 Gwh or 0.3%. Given that Stratford is not in the high growth areas of the province it is reasonable to expect moderate growth.

There is a slight pickup in kWh sales to residential and G.S. < 50 kW rate classes primarily related to population growth. G.S > 50 kW shows minimal increases. Most factories are currently operating at capacity, so not a great amount of expansion available which reflects the current economic state. While new industry arrives, older plants are closing so there is not a large net increase to be achieved. The Large Use customer continues to see some growth, and USL and streetlights increase primarily due to additional connections/lights.

2015 Normalized vs. 2014 Normalized

The forecasting model predicts a slight increase in sales of 2.1 Gwh or a 0.4% increase. All rate classes show a slight increase in sales, except sentinel lights, which is being primarily driven by an increase in number of customers. Sentinel lights have a slight decrease due to projecting one less customer.

Festival expects it will meet both of its CDM targets as set by the OEB by the end of December 2014 (kWh targets will be met: kW targets pending a few major tentative DR projects). The results from 2010 through to test year 2015 reflects the impact that the success of the OPA sponsored CDM programs have had on our loads; particularly the loads related to the G.S. > 50 kW class.

Being Festival has not billed the kWh usage for the market participant since August 2012, since part of the 2012 actual and all of the 2013 actual sales did not include this usage, the forecast for bridge year 2014 and test year 2015 should have this decrease factored into the forecast.

Street light sales show modest growth in line with growth in number of new lights however, Festival expects the kWh usage by streetlights may decrease. The City of Stratford is investigating replacing existing lights with LEDs. Since the city has no formal plan in place at this time, the kWh savings associated with migrating to LEDs have not been factored into our forecast.

The methodology of the Weather Normalization and Class Specific consumption Forecast can be found in Exhibit 3, Tab 1, and Schedule 2 Attachment 1: Weather Normalized Distribution System Load Forecast – 2015 Test year.

Variance Analysis of kW Growth – Historic Actual for the Past 5 years, Historical Board Approved, 2014 Bridge Year and 2015 Test Year

Certain customers, namely G.S. > 50 kW, Large Use, Streetlighting and Sentinel Lights have their distribution, network, connection and low voltage charges billed based on kW peak demands. As noted in the table below, the trend for kW billed sales has a similar trend to the kWh volumes used by these customers, driven primarily by the same economic and conservation factors. In 2007 the highest kW quantities were billed in correspondence with the highest kWh volumes sold. With the economic downturn, kW quantities billed fell from 2008 to 2012 with a return to sales in excess of 1.0 million kW in 2012 in conjunction with the return of many factories to higher operational capacity.

kW LOAD FOR BILLING DETERMINANTS- 5 YEAR HISTORICAL, BRIDGE AND TEST YEAR

Billed kW	Total	General Service > 50 to 4999 kW	Large Use	Streetlights	Sentinel Lights
2000	853,585	698,216	144,515	10,344	510
2001	1,007,498	851,513	144,852	10,600	533
2002	1,006,671	855,320	140,337	10,477	536
2003	987,499	828,707	147,827	10,515	450
2004	984,956	825,415	148,561	10,524	456
2005	975,810	885,095	79,690	10,550	475
2006	996,679	869,174	116,294	10,562	649
2007	1,008,198	857,138	139,780	10,654	626
2008	992,750	844,454	137,493	10,194	609
2009	949,804	829,669	108,632	10,878	625
2010	934,964	825,036	98,358	10,947	623
2011	964,714	893,506	59,443	11,209	556
2012	1,003,206	959,778	31,447	11,445	536
2013	981,205	935,277	34,026	11,501	401
2013 Normalized	988,782	942,588	34,292	11,501	401
2014 Bridge	990,425	943,950	34,341	11,756	378
2015 Test	991,167	944,456	34,360	11,995	356
Annual Growth (kWh)					
2009	-42,946	-14,785	-28,861	684	16
2010	-14,840	-4,633	-10,274	69	-2
2011	29,750	68,470	-38,915	262	-67
2012	38,492	66,272	-27,996	236	-20
2013	-22,001	-24,501	2,579	56	-135
e 5 year growth	-2,309	18,165	-20,693	261	-42
2014 Bridge	9,220	8,673	315	255	-23
2015 Test	742	506	19	239	-22
% Growth					
2009	-4.3%	-1.8%	-21.0%	6.7%	2.6%
2010	-1.6%	-0.6%	-9.5%	0.6%	-0.3%
2011	3.2%	8.3%	-39.6%	2.4%	-10.8%
2012	4.0%	7.4%	-47.1%	2.1%	-3.6%
2013	-2.2%	-2.6%	8.2%	0.5%	-25.2%
e 5 year growth	-0.2%	2.2%	-21.8%	2.5%	-7.4%
2014 Bridge	0.9%	0.9%	0.9%	2.2%	-5.7%
2015 Test	0.1%	0.1%	0.1%	2.0%	-5.8%
2010 Board App	938,413	797,792	128,687	11,255	679
2010 Actual	934,964	825,036	98,358	10,947	623
Difference	-3,449	27,244	-30,329	-308	-56
%	0.4%	-3.3%	30.8%	2.8%	9.0%

1

Streetlights and sentinel light kW loads growth or contraction has changed in conjunction with the number of lights/connections installed.

In terms of kW based sales for 2010, actual kW based 2010 sales were fairly close to the Board approved quantity at 934,964, only 3,449 kW or 0.4% lower than Board approved.

The 2014 bridge and 2015 test years kW forecast includes the kW billed to the direct market participant.

For the 2014 bridge and 2015 test years, the forecast of kW for these classes is based on the 2013 kWh to kW ratio. Being the number of customers and the overall kWh growth for both the 2014 bridge and 2015 test year are modest increases over 2013, it is Festival's belief that the 2013 kWh/kW ratios would be the appropriate ratios to apply. The 2015 kW forecast has been adjusted for the impact of CDM, as described in the Elenchus report on schedule 5, page 4 of 5.

Weather Normalized Average Consumption per Customer - Historic Actual for the Past 5 years, Historical Board Approved, 2014 Bridge Year and 2015 Test Year

In the table below is provided the 5 year historical, 2014 bridge and 2015 test year annual consumption per customer based on weather normalized kWh.

Weather Normalized Average Historical Actual Consumption Per Customer									
Billed kWh	Total Billed	Residential	Residential Hensall	General Service < 50 kW	General Service > 50 to 4999 kW	Large Use	Streetlights	Sentinel Lights	USL
2008 N	606,549,880	136,185,332	3,993,487	66,898,988	395,410,836	0	3,842,227	219,010	
2009 N	568,422,840	132,798,553	3,853,223	63,489,683	363,816,235	0	3,588,301	225,678	651,167
2010 N	569,512,675	137,324,882	3,882,004	65,128,832	358,243,400	0	4,058,593	202,236	672,728
2011 N	571,661,393	137,517,330	3,825,865	63,756,066	359,098,970	2,388,284	4,206,123	200,336	668,419
2012 N	589,927,795	139,299,974	3,824,607	64,179,979	359,110,970	18,272,341	4,359,071	192,847	688,006
2013 N	591,947,011	136,079,825	3,725,668	63,680,716	361,116,593	22,147,420	4,371,628	169,332	655,829
2014 Bridge	593,496,686	136,685,689	3,742,257	63,964,238	361,638,210	22,179,411	4,468,532	159,600	658,749
2015 Test	594,474,691	137,145,942	3,754,857	64,179,621	361,832,480	22,191,325	4,559,343	150,156	660,967
Number of Customers									
2009	25,700	16,834	411	1,982	215	2	5,962	73	224
2010	25,805	16,931	411	1,989	215	2	5,962	73	224
2011	26,132	17,103	411	1,993	226	1	6,113	64	224
2012	26,573	17,327	409	2,009	227	1	6,321	57	224
2013	26,832	17,469	409	2,021	223	1	6,435	47	227
2014 Bridge	27,102	17,641	409	2,025	225	1	6,530	44	227
2015 Test	27,375	17,815	409	2,029	227	1	6,626	41	227
Consumption per Customer									
2009	23,601	8,090	9,717	33,762	1,843,407	0	645	3,000	0
2010	22,028	7,844	9,375	31,928	1,696,113	0	602	3,091	2,913
2011	21,794	8,030	9,457	32,687	1,588,663	0	664	3,160	3,010
2012	21,513	7,937	9,366	31,743	1,585,426	2,388,284	665	3,515	2,991
2013	21,986	7,974	9,351	31,757	1,610,363	18,272,341	677	4,103	3,038
2014 Bridge	21,841	7,714	9,100	31,447	1,604,963	23,271,549	669	3,848	2,889
2015 Test	21,680	7,673	9,150	31,525	1,593,120	24,488,055	674	3,893	2,902
2010 Board Ap	23,189	8,246	10,032	34,283	1,434,126	32,772,426	660	2,828	4,037
2010 Actual	22,028	7,844	9,375	31,928	1,696,113	0	602	3,091	2,913
Difference	1,161	403	657	2,355	-261,987	32,772,426	58	-264	1,123

Residential and G.S. < 50 kW, for the most part, shows a steady decline in consumption. This in part is due to active participation in OPA sponsored CDM programs and other conservation steps taken by consumers to cut hydro use due to increasing electrical costs.

G.S. > 50 kW is primarily driven by economic conditions, so the usage patterns for many G.S. > 50 kW customers vary based on levels of production, especially with many of the automotive plants located in the service territory. The large use customer is expected to experience continual growth as it is ramping up its operations. Streetlights, sentinel lights and USL show fairly consistent average usage due to the nature of their usage patterns.

The table shows the average usage based on the 2010 Board approved kWh load. In all cases the Board approved per customer usage is much higher than actual kWh sold. The kWh sales in each of the 5 historical years 2009 to 2013 do not reach the 600 GWh 2010 volume approved by the Board.

Weather Normalized kWh sales compared to Actual kWh Sales - Historic Actual for the Past 5 years, Historical Board Approved

Within the Elenchus report is provided the comparison of the Actual kWh sales to Normalized kWh sales.

As noted in table 2.8 to 2.11 of the Elenchus Report, normalized residential kWh has shown a positive trend in growth as a result of customer growth, offset by the impact of CDM. G.S. < 50 kW sales have not varied much since 2010 being in the 63.7 GWh to 65.1 GWh range. Similar for USL normalized sales.

Tables 3.7 and 3.8 in the Elenchus report provides the historic actual compared to normalized sale for the G.S. > 50 kW and Large Use accounts. Being these loads are less sensitive to weather the results are very comparative. There is no comparison required for streetlights or sentinel lights due as there is considered to be no weather sensitivity.

Distribution Revenue calculated on basis of existing and proposed rates

The table below provides the distribution revenues earned through rates using forecasted 2015 customer counts and quantities applied to existing 2014 and proposed 2015 distribution rates. The proposed increase is $949,615; however, the customer will not see that high an impact as the existing smart meter rate riders and ICM rate riders currently in place already factor in most of the increase.

File Number:EB-2014-0073

Exhibit: 3
Tab: 2
Schedule: 1

Date Filed: May 29, 2014

Attachment 1 of 1

Fixed Variable Revenue & Load Forecast Tables

F5 Fixed/Variable Revenue

Fixed / Variable Revenue for each customer class

FIXED / VARIABLE REVENUE SPLITS

(Excluding Low Voltage rate adder and Transformer Allowance recoveries)

2015 Projected Revenue at Existing Rates	**Net Distribution Revenue** *(A)*	**Fixed Charge Revenue** *(B)*	**Variable %** *(C)*	**Fixed %** *(D)*	**Total %** *(E)*
Residential	2,317,766	3,245,180	41.66%	58.34%	100.00%
Residential - Hensall	61,580	74,602	45.22%	54.78%	100.00%
General Service < 50 kW	956,276	716,805	57.16%	42.84%	100.00%
General Service > 50 to 4999 kW	1,832,395	619,901	74.72%	25.28%	100.00%
Large Use	14,050	130,607	9.71%	90.29%	100.00%
Unmetered Scattered Load (per conn	8,526	35,521	19.36%	80.64%	100.00%
Sentinel Lighting (per connection)	3,852	1,014	79.17%	20.83%	100.00%
Street Lighting (per light)	60,156	87,463	40.75%	59.25%	100.00%
TOTAL	**5,254,602**	**4,911,092**	51.69%	48.31%	100.00%
	Total	**10,165,694**			

(A) per sheet "Net Distribution Revenue"
(B) per sheet C4
(C) = (B) / (A)
(D) = 1 - (C)
(E) Class Revenue from column (A) divided by Total from column (A)

2015 Projected Revenue at Proposed Rates	**Net Distribution Revenue** *(E)*	**Fixed Charge Revenue** *(F)*	**Variable %** *(G)*	**Fixed %** *(H)*	**Total %** *(I)*	**Total**
Residential	2,535,993	3,546,610	41.69%	58.31%	100.00%	6,082,603
Residential - Hensall	69,732	81,424	46.13%	53.87%	100.00%	151,156
General Service < 50 kW	1,046,338	783,032	57.20%	42.80%	100.00%	1,829,370
General Service > 50 to 4999 kW	2,041,140	690,507	74.72%	25.28%	100.00%	2,731,647
Large Use	15,363	142,807	9.71%	90.29%	100.00%	158,170
Unmetered Scattered Load (per conn	5,346	22,255	19.37%	80.63%	100.00%	27,601
Sentinel Lighting (per connection)	4,213	1,107	79.19%	20.81%	100.00%	5,320
Street Lighting (per light)	52,749	76,693	40.75%	59.25%	100.00%	129,442
TOTAL	**5,770,875**	**5,344,435**	51.92%	48.08%	100.00%	**11,115,310**
	Total	**11,115,310**			11115310	
(E) Sheet F4; "Total Base Revenue Requirement"					*393290*	
(F) Sheet F6; "Fixed Charge Revenue"					*11508600*	

(G) = (F) / (E)
(H) = 1 - (G)
(I) Class Revenue from column (E) divided by Total from column (E)

C2 Load Data and Forecast

Enter historical volume data and projections for 2014-2015

CUSTOMERS (CONNECTIONS)

Customer Class Name	2010 Approved	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2013 Normalized	2014 Normalized	2014 Estimated	2015 Normalized
Residential	17,115	16,931	17,102	17,326	17,469	17,469	17,641	17,641	17,815
Residential - Hensall	413	411	411	409	409	409	409	409	409
General Service < 50 kW	1,968	1,989	1,993	2,009	2,021	2,021	2,021	2,025	2,029
General Service > 50 to 4999 kW	221	215	226	227	223	223	225	225	227
Large Use	2	2	1	1	1	1	1	1	1
Unmetered Scattered Load (per con	156	224	224	224	227	227	227	227	227
Sentinel Lighting (per connection)	83	73	64	57	47	47	44	44	41
Street Lighting (per light)	5,916	5,962	6,112	6,320	6,434	6,434	6,530	6,530	6,626
TOTAL	**25,874**	**25,807**	**26,133**	**26,573**	**26,831**	**26,831**	**27,098**	**27,102**	**27,375**

METERED KILOWATT-HOURS (kWh)

Customer Class Name	2010 Approved	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2013 Normalized	2014 Normalized	2014 Estimated	2015 Normalized
Residential	141,132,375	137,431,624	137,115,454	135,123,779	137,844,076	136,079,826	136,685,689	136,685,689	137,145,942
Residential - Hensall	4,143,109	3,885,021	3,814,545	3,709,946	3,773,971	3,725,668	3,742,256	3,742,256	3,754,857
General Service < 50 kW	67,469,308	65,179,456	63,567,429	62,255,637	64,506,324	63,680,715	63,964,238	63,964,238	64,179,620
General Service > 50 to 4999 kW	316,941,804	308,853,484	342,397,426	371,261,864	358,315,518	361,116,593	361,638,211	361,638,211	361,832,480
Large Use	65,544,852	52,043,067	30,589,560	17,987,095	21,975,629	22,147,420	22,179,411	22,179,411	22,191,326
Unmetered Scattered Load (per con	629,732	673,251	666,441	667,380	664,332	655,829	658,749	658,749	660,967
Sentinel Lighting (per connection)	234,690	202,236	200,336	192,847	169,332	169,332	159,600	159,600	150,156
Street Lighting (per light)	3,904,130	4,058,593	4,206,123	4,359,071	4,371,628	4,371,628	4,468,532	4,468,532	4,559,343
TOTAL	**600,000,000**	**572,326,732**	**582,557,314**	**595,557,619**	**591,620,810**	**591,947,011**	**593,496,686**	**593,496,686**	**594,474,691**

KILOWATTS (kW)

Customer Class Name	2010 Approved	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2013 Normalized	2014 Normalized	2014 Estimated	2015 Normalized
Residential									
Residential - Hensall									
General Service < 50 kW									
General Service > 50 to 4999 kW	797,792	825,036	893,506	959,778	935,277	942,588	943,950	943,950	944,456
Large Use	128,687	98,358	59,443	31,447	34,026	34,292	34,341	34,341	34,360
Unmetered Scattered Load (per connection)									
Sentinel Lighting (per connection)	679	623	556	536	401	401	378	378	356
Street Lighting (per light)	11,255	10,947	11,209	11,445	11,501	11,501	11,756	11,756	11,995
TOTAL	**938,413**	**934,964**	**964,714**	**1,003,206**	**981,205**	**988,782**	**990,425**	**990,425**	**991,167**

Customer Class Name	Loss Factor
Residential	1.0291
Residential - Hensall	1.0291
General Service < 50 kW	1.0291
General Service > 50 to 4999 kW	1.0238
Large Use	1.0075
Unmetered Scattered Load (per con	1.0291
Sentinel Lighting (per connection)	1.0291
Street Lighting (per light)	1.0291

(Blended rate - 51.5% Primary metered @ 1.0188; 48.5% @ 1.0291)

WHOLESALE kWh's [1]

2014 Normalized	2014 Estimated	2015 Normalized
140,663,243	140,663,243	141,136,889
3,851,156	3,851,156	3,864,123
65,825,597	65,825,597	66,047,247
370,243,573	370,243,573	370,442,465
22,345,757	22,345,757	22,357,761
677,919	677,919	680,201
164,244	164,244	154,526
4,598,566	4,598,566	4,692,020

[1] Metered kWh's multiplied by Loss Factor

Festival Hydro Inc.

File Number: EB-2014-0073

Date Filed: May 29, 2014

Exhibit 3

Tab 3 of 3

Other Revenues

Other Revenues

Other operating revenue is any revenue that is distribution in nature but that is sourced from means other than distribution rates. It includes items under the following categories as presented in OEB Appendix 2 – H below:

- Specific Service Charges
- Late Payment Charges
- Other Distribution Revenue
- Other Income or Deductions

Provided in OEB Appendix 2-H is a breakdown by USOA G.L. account of other revenues from the 2010 Board Approved through to the 2015 test Year. The amount of $755,699 for the 2015 test Year is the revenue offset, meaning the Total Service Revenue Requirement is reduced by this amount in order to determine the net amount to be recovered through distribution rates.

Overall Variance Analysis of Other Revenue:

The overall variance account analysis and variance by account analysis has been provided based on Festival's materiality of $59K; the materiality calculation being noted earlier in this application. The variance analysis figures are included in appendix 2-H attached.

2010 Actual to 2010 Board Approved Other Revenue:

Festival's 2010 actual revenue was $1,040,836 or $362,920 higher than the 2010 Board approved. Festival recorded the Special Purpose Charge as income to account 4324 in the amount of $227,819 during the 2010 fiscal year. The SSS Administration charge account 4086 was not part of the 2010 approved amounts, which accounts for $51,443 of the increase. Interest and dividend income was $39,040 higher as the impact of smart meter variance account interest was not fully taken into consideration when setting 2010 rates. Account 4380 Expenses Non- Electric was lower than budgeted.

2011 Actual to 2010 Actual Other Revenue:

2011 actual other revenue was $98,027 lower than 2010. 2010 included a one-time revenue amount of $227,819 for the special purpose charge not repeated in 2011. Excluding this amount, revenue otherwise increased by $129,792 primarily due to an $82,812 increase in the sale of scrap, $24,976 increase in late payment charges, a $10,000 gain on the sale of a fully depreciated used truck and a $34,790 increase in interest income earned on the Smart Meter Variance Account.

2012 Actual to 2011 Actual Other Revenue:

In 2012, there was only a $14,516 increase over 2011. While a number of customer related charges (late payment charges, connection notices and disconnect charges) started to decline due to new policies related to LEAP and landlord accounts (i.e. change of occupancy charge for landlord), during the year Festival received $176,389 in financial incentives from the OPA for successful completion of CDM programs from 2010 and prior years. These incentives had never been accrued as the amount expected to be collected and the timing of such was uncertain.

2013 Actual to 2012 Actual Other Revenue:

The $762,377 decrease is driven primarily by the $696,846 amount booked to 4305 as a result of changing asset useful lives and capitalization of overheads as directed in the OEB letter dated July 17, 2012. Continued reduction in specific service charges due to policy changes and a $49,753 reduction in sale of scrap were responsible for the $65,531 decrease which would have otherwise occurred.

2014 Bridge to 2013 Actual Other Revenue:

2014 other revenue increased by $30,763 over 2013. The charge to Acct 4305 related to the change in asset useful lives and overhead of $737,851 is $41,005 higher than the charge in 2013. There is a $192,909 increase in variance account interest resulting from placing the Transformer station assets, expenses, less ICM rate recoveries into Acct 1508 ICM Variance account. A $60,000 loss is expected to be incurred related to demolishing the site at the York

street municipal substation and converting the property to green space similar to the adjacent park land. Most customer specific service charges (4235, 4225) have been increased by 1.5% increase over 2013, to take into account the impact of Festival's modest customer and load growth.

2015 Test Year to 2014 Bridge Year Other Revenue:

2015 test year revenue has decreased by $565,225 from the 2014 bridge year. The 2015 Test year does not require an entry to 4305 related to depreciation and overhead policy changes, as the 2015 rate base fully reflects the MIFS conversion impact. Other revenue is projected to decrease by $186,173 primarily as a result of the Transformer station assets held in the ICM rate Rider Variance account being removed and placed into rate base effective January 1, 2015. For test year 2015 most specific service charges (4235, 4225) reflect a 1.5% increase over 2014, taking into account the impact of customer growth.

Variance Analysis by Account Number:

Appendix 2-H attached identifies by USOA account the other revenue amounts collected from 2010 through to the 2015 test year.

Account 4235 – Specific Service Charges

Specific service charges have seen a downward trend, particularly in the 2011 to 2013 period as a result of new consumer guidelines which resulted in less service charges being levied (e.g. late payment charges, disconnect fees), particularly to LEAP customers. Change of occupancy charges are down as Festival no longer assesses the $30 fee to landlords each time a tenant change reverts back to the landlord. Festival believes the impact of the LEAP and landlord changes have been reflected in the 2011 to 2013 years and there will be no further erosion in 2014 and 2015. For the 2014 bridge and 2015 test years Festival is projecting an annual increase of 1.5% on most of these fees to reflect the growth in customer and load numbers. In terms of specific service rates applied, there has been no changes in rates since the 2010 COS application, nor is Festival applying for an increase to any of these charges as part of its 2015 rate application. A detailed breakdown of specific service charges is provided on Appendix 2-H

in E3/T1/S1/A1. Appendix 2-H provides a detailed breakdown of specific service charges earned from 2010 through to test year 2015.

Account 4225 – Late Payment Charge (LPC)

Festival has consistently charged the same monthly rate of 1.5. % per month from 2010 through to 2013, and has projected the 2014 bridge and 2015 test year based on the same LPC rate of 1.5% per month. The late payment charges from 2010 to 2013 vary year over year due in part to the nature of Festival's client base. Festival has a number of larger manufacturing customer (over 2500 kW per month) so when LPCs are applied to a larger customer it can result in a charge in excess of $1,500 in a month. However, there has been a trend in the past two years of lower charges, again reflecting the impact of new LEAP policies.

The amount for the 2014 bridge year is calculated based on the average amount for the past 4 actual years (2010 to 2013). Test year 2015 is equal to bridge 2014 amount increased by 1.5% to reflect customer and load growth.

4082 – Retail Service Charges

4084- Service Transaction Request (STR) Revenue

In January 2010, there were 3,997 customers with a retailer. As of February 28, 2014, there is approximately one- half the retailer customers (2,040). Festival expects this trend of residential customers leaving retailers to continue and therefore project lower revenues for both 2014 and 2015.

The difference between the 4082 Retail Service Charges and 4084 STR Revenues and the direct incremental expenses incurred to service the retailer accounts are recorded in variance accounts 1518 and 1548, respectively. E9/T3/S9 provides a detailed breakdown of the annual revenues, incremental cost drivers and the net balances being charged to 1518 and 1548 variance accounts from 2010 through to test year 2015.

4086 – SSS Administration Fees

These fees have been on a steady increase since 2010 as customers upon the end to their retailer contracts have been returned to SSS supplied electricity. The 2014 budget year reflects 500 customers added to SSS billing as a result of customers returning to SSS and regular customer growth. 2015 test years reflect a further 500 returned/new customer growth.

4**210 – Rent form Electric Property**

Rent from electric property consists primarily of joint pole rental income. It also includes rental of space to the City of Stratford water department, office space to its affiliate, Festival Hydro Services Inc. and office space rented to a third party.

Joint pole rental income makes up the bulk of rental earned with prices as directed by the OEB. Prices charged for rental of property space are increased annually based on Ontario rent review guidelines. For bridge year 2014 and 2015, rent from electricity property has been increased by 1.5% to reflect a modest increase. In 2015, the third party tenant is moving out and Festival is recovering that space for company use. This represents a reduction of $10,524 in rental revenues in 2015.

Festival is requesting no change to the $22.35 pole/year - Access to Power Pole Charge for its 2015 test year.

4234 – Special Purpose Charge

The special purpose charge of $227,819 assessed to Festival Hydro was recognized into income in 2010.

4355- Gain on Disposition of Electric Property

This represents gains on the disposition of non-wire assets such as land, used vehicles, used tools, etc. No major asset dispositions of this nature are planned for 2014 or 2015.

4360- Loss on Disposal of Electric Property

Festival has dismantled its York Street municipal station after converting the area to 27 kV. The plan is to remove the building, clean up the property based on an independent environmental assessment and return the property to green space. The total cost for bridge year 2014 is projected at $60,000. There are no further costs expected in 2015.

4367 – Gain on Retirement of Property

With the adoption of IFRS in 2015, any gains arising on retirements are to be recorded in this account. Festival projects an amount in test year 2015 of $52,000, which closely reflects the average amount of Scrap recorded over the past 2 fiscal years.

4375 – Revenue from Non-Utility Operations

4380 – Expense related to Non-Utility Operations

Festival has four main sources of non-utility income (and expenses) as described below:

Water and Sewage Billing – Festival provides water and sewage meter reading, billing, collections and customer services on behalf of the City of Stratford. A formal services agreement is in place and is further discussed under Shared Services/Corporate Cost in Exhibit 4, Tab 5, and Schedule 1. There are synergies achieved by both Festival Hydro and the City of Stratford having Festival jointly bill, provide customer service and collection activities for Electric, Water and Sewage customers. The service agreement was designed to provide a return in excess to the Board approved deemed cost of capital, which for Festival was 7.20% based on Festival's 2010 approved Cost of Capital Parameters. The revenue is calculated at a set rate times the number of water customers. From 2010 to bridge year 2014 returns in excess of deemed cost of capital has been achieved. In 2013 and the 2014 bridge year the return has fallen because of additional costs associated with water only meter reading. When manual electric and water reads were combined the costs per water read was lower; stand alone water reads are more expensive so Festival's costs have increased. For test year 2015 Festival's actual return is in excess of Festival's calculated deemed Cost of Capital at 6.25% (see OEB appendix 2 O – A).

Streetlight Maintenance and Capital – Festival Hydro provides streetlight maintenance for the City of Stratford and smaller towns in its service territory. It also provides streetlight capital work to the City of Stratford and occasional capital work for the smaller towns. Festival charges time and materials for this work plus a direct mark up of 9.85%, which is equal to Festival's 2010 Board approved Return on Equity. A mark up on material is excluded for the City of Stratford as they own the material, which is sold at cost to Festival and Festival bills back at cost. For test year 2015, Festival plans to continue with the current 9.85% mark up.

OPA Financial Incentives - Revenues and expense related to Ontario Power Authority sanctioned CDM programs are recorded as a net liability until such time as the programs are trued up. At that time any financial incentives are recognized into income. In 2010, 2011 and 2012 Festival recognized true ups related to OPA sanctioned CDM programs for 2010 and prior years. The amount of $176,389 recorded in 2012 includes the financial incentives and final true up for the 2010 and previous years. This amount had not been recorded previous to 2012 due to uncertainty as to the amounts and timing of such payment.

There are no incentives recorded for 2013, bridge 2014 and test 2015 again due to the uncertainty of amounts to be collected and the timing when such payments could occur. Being these revenues are considered to be non-utility revenues in nature, if there was a 2015 amount it would be excluded from our service revenue requirement calculation, as noted on Appendix 2-H.

Solar installations – Festival has installed three microFit ground mounted solar installation on three existing properties in 2011. The net of the revenue, maintenance expenses and depreciation are recorded in account 4375. Festival has no plans to install any further solar installations so the expectation is that 2014 and 2015 net revenues should remain consistent with 2013 net revenue. Being these revenues are considered to be non-utility revenues in nature, the 2015 amount of $18,126 has been excluded in our service revenue requirement calculation, as noted on Appendix 2-H.

4390 – Miscellaneous Non Operating Income

From 2010 to 2014, this account consists primarily of the sale of scrap and varies year over year based on the nature of capital work conducted and the market price for scrap materials. With the adoption of MIFRS, in test year 2015 the gains arising on the retirement of property are being recorded in account # 4367.

4405- Interest and Dividend Income

Interest income is derived from primarily four sources: Interest on cash balances, interest earned on affiliate loan, interest earned on variance accounts and other smaller sources such as interest earned on written off accounts collected by agencies. The major factors causing the annual changes in interest income are as follows:

- 2010 and 2011 – Increase in interest income primarily due to interest earned on the smart meter variance account and an increase in the intercompany loan balance. In 2011, interest on bank deposits was down due to lower interest rates and lower cash balances.
- 2012- In 2012, the net income adjustment for smart meters totalled ($82,366), consisting of $45,437 interest earned to October 1, 2012 less the interest reversed through account 4405 upon Board approved disposition of $127,833 effective November 1, 2012. Interest on bank accounts is lower due to using cash to fund the TS building between CWIP loan advances.
- 2013 and 2014 - Interest earned of $17,623 and $217,275, respectively, on the ICM rate rider account approved by the Board effective May 1, 2014 related to construction of the Stratford Transformer Station.
- 2015 – Festival has applied for disposition of the assets in the ICM rate rider account effective January 1, 2015. On that date, similar to the Smart meter variance accounts, Festival will be transferring the assets into rate base and reversing the interest income in the 2015 test year. Festival has not reflected this reversal on Appendix 2-H so as not to impact the Service revenue requirement calculation.

4305- Regulatory Debit - Depreciation and Overhead Policy Change

An amount of $696,846 has been booked to account 4305 in 2013 as a result of changing asset useful lives and changes to capitalization of overheads as directed in the OEB letter dated July 17, 2012. For the 2014 test year, $737,851 has been recorded. The offsetting entries have been posted to variance account # 1575 and will be disposed of as part of the 2015 COS application, as detailed under Section 9.

4335 – Pension Actuarial Gains and Losses

In 2014, Festival made use of this account for 2013 and plans to use it in future years to record the gain or loss related to the change in the discount rate used for the Employee Future Benefit cost determination. This amount can vary substantially from year to year and it reflects a cost which Festival has no control over. Festival prefers not to post this to account 5645 as it has in the past, as it can cause a major fluctuation in O & M expenses. For the bridge year 2014 and test year 2015, Festival has not recorded any amount as the gain/loss as it cannot be reasonably determined at this time. In addition, it is Festival's opinion that the gain or loss should not be considered in Festival's revenue requirement as it an uncontrollable gain or loss.

Unrealized Gain/Loss on Interest Rate Swap

The unrealized gain on Interest Rate Swap is not listed on Appendix 2-H. Festival entered into an interest rate swap agreement on a notional principal of $14,000,000 effective May 31, 2013, maturing May 31, 2038. The swap is a receive variable pay fixed swap with the Royal Bank. This agreement has effectively converted variable interest rates on the bankers acceptances under facility (iv) to an effective fixed interest rate of 2.93% plus stamping fee of 0.42%. The stamping fee is subject to change every 10 years.

The Company has determined this swap does not meet the standard to apply hedge accounting. Since the standard is not met, the interest rate swap contract has been marked to market at December 31, 2013 with the unrealized gain for the year of $711,811 recorded in the statement of earnings. The impact of this unrealized gain or loss has not been considered in the 2014 bridge or 2015 test year.

Festival's intent is to remain in this swap agreement over the 25 year life of the agreement, which at that point in time there will be neither a gain nor loss arise. The unrealized value arising from the annual mark to marked adjustments is out of Festival's control and had no cash value and as such has not been included in Other Operating Revenue used to determine the Service Revenue Requirement in testy year 2015.

Proposed Specific Service Charges

Specific service charges are approved fixed charges which are charged to a customer for a specific activity, service, or as a penalty. These charges are for services up and above the distributor's standard level of service which are covered through regular distribution rates.

Festival requests that the current Specific Service Charges, as noted below, be approved by the Board for the rate year effective January 1, 2015 with the following noted exceptions related to temporary services.

Festival is proposing to remove the three temporary service charges and in place charge customers a time and materials rate so as to ensure recovery of total costs. The charges being removed are:

- Temporary service - overhead - no transformer $ 500.
- Temporary service - underground- no transformer $ 300.
- Temporary service - overhead- with transformer $1,000.

Experience shows that there is a varying amount of effort and related cost involved in setting up one customer's temporary service compared to another customer's circumstance. As such, Festival is requesting these rate charge types be removed from Festival Tariff of Rates and Charges – Specific Service charges and that Festival, through its Conditions of Service, establish charges for these services on a time and material basis.

Noted below are the current specific service charges:

Current Specific Service Charges

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	%19.56
• Collection of Account Charge – no disconnection	$ 30.00
• Disconnect/Reconnect at Meter - during Regular Hours	$ 65.00
• Disconnect/Reconnect at Meter - after Regular Hours	$185.00
• Disconnect/Reconnect at Pole - during Regular Hours	$ 65.00
• Disconnect/Reconnect at Pole - after Regular Hours	$185.00
• 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 – customer owned equipment- after regular hours	$165.00
Specific Charge for Access to the Power Poles – per pole/year	$ 22.35

Proposed Service Charges to be removed

• Temporary service - overhead - no transformer	$ 500.00
• Temporary service - underground- no transformer	$ 300.00
• Temporary service - overhead- with transformer	$1,000.00

Further details on proposed specific service charges for test year 2015 can be found at E8/T6/S1.

Attachment 1 of 1

OEB Appendix 2-H

File Number:	EB 2014 0073
Exhibit:	3
Tab:	3
Schedule:	1
Attachment:	1
Date:	29-May-14

Appendix 2-H
Other Operating Revenue

USoA #	USoA Description	2010 Approved	2010 Actual	2011 Actual	2012 Actual[2]	2013 Actual[2]	Bridge Year[3]	Test Year
			2010	2011	2012	2013	2014	2015
	Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**
4235	**Specific Service Charges**	$ 178,810	$ 166,778	$ 164,689	$ 146,952	$ 128,869	$ 130,870	$ 132,833
4225	**Late Payment Charges**	$ 133,335	$ 114,394	$ 139,370	$ 102,152	$ 109,466	$ 116,345	$ 118,090
4082	**Retail Services Revenues**	$ 25,572	$ 40,179	$ 31,811	$ 29,060	$ 25,380	$ 23,280	$ 21,280
4084	**Retail Services Revenues**	$ 517	$ 1,547	$ 329	$ 290	$ 296	$ 296	$ 296
4086	SSS Admin Fee	$ -	$ 51,443	$ 51,375	$ 52,091	$ 54,005	$ 55,505	$ 57,005
4210	Rent from Elec Property	$ 173,418	$ 168,286	$ 166,217	$ 178,806	$ 193,826	$ 196,733	$ 189,160
4220	Other Electric Revenue	$ 4,669	$ 6,738	$ 6,059	$ 13,763	$ 6,188	$ 9,237	$ 9,375
4324	Special Purpose Charge	$ -	$ 227,819	$ -	$ -	$ -	$ -	$ -
4355	Gain on Disposal of Elec	$ 13,043	$ 1,757	$ 10,607	$ 1,000	$ 3,210	$ 3,210	$ 3,210
4360	Loss on Disposal Elec	$ -	$ -		$ -	$ -	-$ 60,000	$ -
4367	Gain on Retirement of Elec							$ 52,000
4375	Revenue Non-Electric	$ 696,328	$ 690,077	$ 699,694	$ 963,068	$ 761,227	$ 789,300	$ 777,533
4380	Expenses Non-Electric	-$ 631,478	-$ 523,165	-$ 558,178	-$ 617,644	-$ 612,589	-$ 649,828	-$ 646,381
4390	Misc Non-operating Income	$ 59,702	$ 31,943	$ 114,755	$ 79,644	$ 29,891	$ 55,339	$ 1,000
4405	Interest and Div Income	$ 24,000	$ 63,040	$ 116,081	$ 8,143	$ 100,366	$ 293,275	$ 75,534
4305	Reg Debits - Depn & Alloc					-$ 696,846	-$ 737,851	
4335	Pension Actuarial gains/loss					$ 91,659	$ -	$ -
	Total	$ 677,916	$ 1,040,836	$ 942,809	$ 957,325	$ 194,948	$ 225,711	$ 790,936
Specific Service Charges		$ 178,810	$ 166,778	$ 164,689	$ 146,952	$ 128,869	$ 130,870	$ 132,833
Late Payment Charges		$ 133,335	$ 114,394	$ 139,370	$ 102,152	$ 109,466	$ 116,345	$ 118,090
Other Distribution Revenues		$ 204,176	$ 268,193	$ 255,791	$ 274,010	$ 279,695	$ 285,051	$ 277,117
Other Income or Deductions		$ 161,595	$ 491,471	$ 382,959	$ 434,211	-$ 323,082	-$ 306,555	$ 262,896
Total		$ 677,916	$ 1,040,836	$ 942,809	$ 957,325	$ 194,948	$ 225,711	$ 790,936

Total Other Revenue (above)	$ 677,916	$ 1,040,836	$ 942,809	$ 957,325	$ 194,948	$ 225,711	$ 790,936
Less Non utility related income:							
Net Solar Generation Revenue	$ -	$ -	-$ 24,107	-$ 24,970	-$ 18,126	-$ 18,126	-$ 18,126
OPA Incentives	$ -	-$ 44,072	-$ 19,569	-$ 176,389	$ -	$ -	$ -
Less interst income on variance accts		-$ 14,864	-$ 64,409	$ 44,197	-$ 48,448	-$ 246,873	-$ 17,111
Less gain/loss on actuarial evaluation					-$ 91,659		
Less Regulatory Debit-under Section 9					$ 696,846	$ 737,851	
Total Other Revenue as offset to Service Revenue Requirement	**$ 677,916**	**$ 981,900**	**$ 834,725**	**$ 800,163**	**$ 733,561**	**$ 698,563**	**$ 755,699**
		$ 362,920	-$ 98,027	$ 14,516	-$ 762,377	$ 30,763	$ 565,225

Description	**Account(s)**
Specific Service Charges:	4235
Late Payment Charges:	4225
Other Distribution Revenues:	4080, 4082, 4084, 4090, 4205, 4210, 4215, 4220, 4240, 4245
Other Income and Expenses:	4305, 4310, 4315, 4320, 4325, 4330, 4335, 4340, 4345, 4350, 4355, 4360, 4365, 4370, 4375, 4380, 4385, 4390, 4395, 4398, 4405, 4415

Note: Add all applicable accounts listed above to the table and include all relevant information.

Account Breakdown Details

For each "Other Operating Revenue" and "Other Income or Deductions" Account, a detailed breakdown of the account components is required. See the example below for Account 4405, Interest and Dividend Income.

Specific Service Charges Revenue Acct # 4235

	2010 Board	2010 Actual	2011 Actual	2012 Actual[2]	2013 Actual[2]	Bridge Year[3]	Test Year
Service Charge Description & Rate	**Approved**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**
Arrears Certificates - $15.00	$ 982	$ 720	$ 375	$ 600	$ 824	$ 840	$ 855
Income Tax Letter/Credit Reference-$15.00	$ 2,335	$ 1,462	$ 1,082	$ 1,605	$ 1,244	$ 1,260	$ 1,280
Returned Cheque Charge - $15.00	$ 6,834	$ 5,388	$ 5,715	$ 4,991	$ 4,635	$ 4,710	$ 4,780
Change of Occupancy - $30.00	$ 98,515	$ 102,780	$ 101,970	$ 91,530	$ 74,431	$ 75,570	$ 76,705
Measurement Canada - $30.00	$ 240	$ 210	$ 30	$ 30	$ 30	$ 30	$ 30
Collection at the Door - $30.00	$ 23,892	$ 17,290	$ 17,014	$ 12,450	$ 13,325	$ 13,530	$ 13,730
Reconnects during work hours - $65.00	$ 35,112	$ 27,553	$ 31,375	$ 28,025	$ 26,533	$ 26,940	$ 27,345

Reconnects after work hours - $185.00	$ 4,040	$ 4,690	$ 3,708	$ 2,498	$ 3,515	$ 3,570	$ 3,625
Service Calls Customer Property - $30.00	$ 60	$ 60	$ -	$ -	$ -	$ -	$ -
Temporary services - $300/$500/$1000	$ 6,800	$ 6,477	$ 2,242	$ 3,300	$ 2,100	$ 2,100	$ 2,130
Solar Generation Charge $5.25/$5.40	$ -	$ 148	$ 1,178	$ 1,923	$ 2,232	$ 2,319	$ 2,353
Total Specific Service Charges # 4235	$ 178,810	$ 166,778	$ 164,689	$ 146,952	$ 128,869	$ 130,870	$ 132,833

Account 4210 - Rent from Electric Property

	2010 Approved	2010 Actual	2011 Actual	2012 Actual[2]	2013 Actual[2]	Bridge Year[3]	Test Year
Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**
Joint pole Rentals		$ 100,460	$ 97,831	$ 97,958	$ 102,307	$ 103,842	$ 105,399
Office Space Rentals		$ 37,406	$ 37,966	$ 47,263	$ 58,693	$ 59,573	$ 49,943
Service Bay rentals to City of Stratford		$ 30,420	$ 30,420	$ 33,585	$ 32,826	$ 33,318	$ 33,818
Total	$ 173,418	$ 168,286	$ 166,217	$ 178,806	$ 193,826	$ 196,733	$ 189,160
Check	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Account 4375 - Revenues Non-Electric

	2010 Approved	2010 Actual	2011 Actual	2012 Actual[2]	2013 Actual[2]	Bridge Year[3]	Test Year
Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**
Water and Sewage Billing		$ 409,014	$ 410,721	$ 420,015	$ 437,209	$ 442,674	$ 448,207
Streetlight Capital Work & Maintenance		$ 204,198	$ 203,586	$ 266,662	$ 231,645	$ 264,500	$ 258,400
Affiliate Management Fees		$ 32,793	$ 41,711	$ 75,032	$ 74,247	$ 64,000	$ 52,800
Solar Generation (net)	$ -	$ -	$ 24,107	$ 24,970	$ 18,126	$ 18,126	$ 18,126
OPA incentives		$ 44,072	$ 19,569	$ 176,389	$ -	$ -	$ -
Total	$ 696,328	$ 690,077	$ 699,694	$ 963,068	$ 761,227	$ 789,300	$ 777,533
With OPA incentives removed	$ 696,328	$ 646,005	$ 680,125	$ 786,679	$ 761,227	$ 789,300	$ 777,533
Check	$ -	$ -	$ 1	$ -	$ -	$ -	-$ 0

Account 4380 - Expenses Non-Electric

	2010 Approved	2010 Actual	2011 Actual	2012 Actual[2]	2013 Actual[2]	Bridge Year[3]	Test Year
Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**
Water and Sewage Billing		-$ 327,776	-$ 366,161	-$ 367,909	-$ 405,142	-$ 407,168	-$ 409,317
Streetlight Capital Work & Maintenance		-$ 195,389	-$ 192,017	-$ 249,735	-$ 207,447	-$ 242,661	-$ 237,064
Total	-$ 631,478	-$ 523,165	-$ 558,178	-$ 617,644	-$ 612,589	-$ 649,828	-$ 646,381
Check	$ -	$ -	$ -	$ -	$ -	$ 0	-$ 0

Account 437/4380 - Net Revenues Non-Electric

	2010 Approved	2010 Actual	2011 Actual	2012 Actual[2]	2013 Actual[2]	Bridge Year[3]	Test Year
Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**
Water and Sewage Billing		$ 81,238	$ 44,560	$ 52,106	$ 32,067	$ 35,506	$ 38,891
Streetlight Capital Work & Maintenance		$ 8,809	$ 11,569	$ 16,927	$ 24,198	$ 21,839	$ 21,336
Affiliate Management Fees		$ 32,793	$ 41,711	$ 75,032	$ 74,247	$ 64,000	$ 52,800
Solar Generation (net)	$ -	$ -	$ 24,107	$ 24,970	$ 18,126	$ 18,126	$ 18,126
OPA incentives		$ 44,072	$ 19,569	$ 176,389	$ -	$ -	$ -
Total	$ 64,850	$ 166,912	$ 141,516	$ 345,424	$ 148,638	$ 139,472	$ 131,153
With OPA incentives removed	$ 64,850	$ 122,840	$ 121,947	$ 169,035	$ 148,638	$ 139,472	$ 131,153
Check	*-$ 64,850*	*$ 122,840*	*$ 121,947*	*$ 169,035*	*$ 148,638*	*$ 139,472*	*$ 131,153*

Account 4390 - Misc Non Operating Income

	2010 Approved	2010 Actual	2011 Actual	2012 Actual[2]	2013 Actual[2]	Bridge Year[3]	Test Year
Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**
Scrap Sales		$ 29,361	$ 112,774	$ 79,665	$ 28,582	$ 54,339	$ -
Reversal of stale dated cheques		$ 2,582	$ 1,981	-$ 21	$ 1,317	$ 1,000	$ 1,000
Clear out Special Purpose Change Var Acct					-$ 8		
Total	$ 59,702	$ 31,943	$ 114,755	$ 79,644	$ 29,891	$ 55,339	$ 1,000
Check	-	-	-	-	-	-	-

Account 4405 - Interest and Dividend Income

	2010 Approved	2010 Actual	2011 Actual	2012 Actual[2]	2013 Actual[2]	Bridge Year[3]	Test Year
Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**
Bank Deposit Interest		$ 24,181	$ 15,480	$ 9,567	$ 13,220	$ 6,000	$ 8,000
Affiliate Interest		$ 18,593	$ 33,221	$ 40,464	$ 37,317	$ 39,000	$ 49,000
Miscellaneous Interest Revenue		$ 5,402	$ 2,971	$ 2,309	$ 1,381	$ 1,402	$ 1,423
Variance Account Interest		$ 14,864	$ 64,409	-$ 44,197	$ 30,825	$ 29,515	$ 17,111
ICM Rate Rider Variance Acct Interest					$ 17,623	$ 217,358	$ -
Smart meter Variance Acct Interest					$ -	$ -	
Total	$ 24,000	$ 63,040	$ 116,081	$ 8,143	$ 100,366	$ 293,275	$ 75,534
Less interst on Variance accounts		-$ 14,864	-$ 64,409	$ 44,197	-$ 48,448	-$ 246,873	-$ 17,111
Interst income net of Variance Accts		$ 48,176	$ 51,672	$ 52,340	$ 51,918	$ 46,402	$ 58,423
Check							

Pass-Through Charges

The attached schedule shows the estimated power supply expenses for bridge year 2014 and test year 2015. Festival is a partially embedded for locations outside of Stratford and St. Marys but all energy is billed through the IESO. Festival pays Hydro One for Network, Connection and Low voltage charges for the embedded metering points.

The pass through charges include the commodity, retail transmission charges, wholesale market charges, rural rate protection, smart meter entity charge and low voltage charges. A total loss factor applies to all forecasted pass through charges, other than low voltage, for all kWh based billing determinants. A Description of the charges is as follows:

Commodity Price

The commodity price used in the model is based on the updated RPP Price Report for the Regulated Price Plan May 1, 2014 to April 30, 2015 issued by the Board on April 16, 2014. The estimated price for RPP customers is based on the average supply cost for RPP customers specified on page 2 of the summary report and on table ES-1 ($92.50/MWh). For non-RPP customers, the estimated price is based on the term average Hourly Ontario Electricity Price for the 2014 rate year (Table 1 in the report). The forecast net impact of the Global Adjustment is to increase the average RPP supply cost of 28.70 per MWh by $64.68/ MWh (6.468 cents per kWh) for a total non-RPP price of $93.38 per MWh. It is Festival's understanding these prices are subject to change upon the Board releasing an updated Regulated Price Plan report. The calculation of the commodity price is provided in the attachment below. Festival requests that the Board allow Festival to update the RPP and non-RPP pricing for the most current pricing available prior to setting of 2015 distribution rates, as necessary.

Retail Transmission Service ("RTS") Rates

The proposed RTSR rates for Network and Connection Charges are described in Exhibit 8, Tab 3, and Schedule 1.

Wholesale Market Service ("WMS") Rate

Festival proposes to maintain the current WMS rate of $0.0052 per kWh, as described in Exhibit 8, Tab 4, Schedule 3.

Rural Rate Protection

Festival proposes to maintain the current WMS rate of $0.0013 per kWh, as described in Exhibit 8, Tab 4, Schedule 3.

Smart Meter Entity Charge

The Smart Meter Entity Charge, at a cost of $0.79 cents per month, is charged to Residential and G.S. < 50 kW customers with eligible smart meters and is effective until October 31, 2018.

Low Voltage Charges

Festival projected test year 2015 total low voltage charges are described in Exhibit 8, Tab 3, and Schedule 2.

The attachment below provides a summary of Pass Through charges for 2014 and 2015.

File Number:EB-2014-0073

Exhibit: 3
Tab: 3
Schedule: 2

Date Filed: May 29, 2014

Attachment 1 of 1

Pass Through Charges Summary for 2014 and 2015

C5 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimated Low Voltage revenues

Electricity (Commodity)	**Customer**		**Revenue**	**Expense**	**2014**	*rate ($/kWh):*	$ 0.09310	**2015**	*rate ($/kWh):*	$ 0.09310
	Class Name	**Status**	**USA #**	**USA #**	**Volume**		**Amount**	**Volume**		**Amount**
kWh	Residential	Continued	4006	4705	140,663,243		13,095,748	141,136,889		13,139,844
kWh	Residential - Hensall	Discontinued	4006	4705	3,851,156		358,543	3,864,123		359,750
kWh	General Service < 50 kW	Continued	4035	4705	65,825,597		6,128,363	66,047,247		6,148,999
kWh	General Service > 50 to 4999 kW	Continued	4035	4705	370,243,573		34,469,677	370,442,465		34,488,193
kWh	Large Use	Continued	4020	4705	22,345,757		2,080,390	22,357,761		2,081,508
kWh	Unmetered Scattered Load (per connec	Continued	4035	4705	677,919		63,114	680,201		63,327
kWh	Sentinel Lighting (per connection)	Continued	4030	4705	164,244		15,291	154,526		14,386
kWh	Street Lighting (per light)	Continued	4025	4705	4,598,566		428,127	4,692,020		436,827
kWh	microFIT	Continued	4235	4705						
	TOTAL				**608,370,054**		**56,639,252**	**609,375,231**		**56,732,834**

Transmission - Network	**Customer**		**Revenue**	**Expense**	**2014**			**2015**		
	Class Name	**Status**	**USA #**	**USA #**	**Volume**	**Rate**	**Amount**	**Volume**	**Rate**	**Amount**
kWh	Residential	Continued	4066	4714	140,663,243	$ 0.0072	1,012,775	141,136,889	$ 0.0073	1,030,299
kWh	Residential - Hensall	Discontinued	4066	4714	3,851,156	$ 0.0072	27,728	3,864,123	$ 0.0073	28,208
kWh	General Service < 50 kW	Continued	4066	4714	65,825,597	$ 0.0062	408,119	66,047,247	$ 0.0063	416,098
kW	General Service > 50 to 4999 kW	Continued	4066	4714	143,480	$ 2.6136	375,000	143,557	$ 2.6583	381,618
kW	G.S. > 50 to 4999 kW Interval	Continued	4066	4714	800,470	$ 2.7761	2,222,184	800,900	$ 2.8235	2,261,340
kW	Large Use	Continued	4066	4714	34,341	$ 3.0738	105,557	34,360	$ 3.1263	107,420
kWh	Unmetered Scattered Load (per connec	Continued	4066	4714	677,919	$ 0.0062	4,203	680,201	$ 0.0063	4,285
kW	Sentinel Lighting (per connection)	Continued	4066	4714	378	$ 1.9812	749	356	$ 2.0150	717
kW	Street Lighting (per light)	Continued	4066	4714	11,756	$ 1.9712	23,173	11,995	$ 2.0049	24,049
kWh	microFIT	Continued	4066	4714						

C5 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimated Low Voltage revenues

	TOTAL				**212,008,339**		**4,179,489**	**212,719,628**		**4,254,034**
Transmission - Connection	**Customer**		**Revenue**	**Expense**		**2014**			**2015**	
	Class Name	**Status**	**USA #**	**USA #**	**Volume**	**Rate**	**Amount**	**Volume**	**Rate**	**Amount**
kWh	Residential	Continued	4068	4716	140,663,243	$ 0.0051	717,383	141,136,889	$ 0.0045	635,116
kWh	Residential - Hensall	Discontinued	4068	4716	3,851,156	$ 0.0051	19,641	3,864,123	$ 0.0045	17,389
kWh	General Service < 50 kW	Continued	4068	4716	65,825,597	$ 0.0047	309,380	66,047,247	$ 0.0041	270,794
kW	General Service > 50 to 4999 kW	Continued	4068	4716	143,480	$ 1.8682	268,050	143,557	$ 1.6413	235,621
kW	G.S. > 50 to 4999 kW Interval	Continued	4068	4716	800,470	$ 2.0481	1,639,442	800,900	$ 1.7993	1,441,059
kW	Large Use	Continued	4068	4716	34,341	$ 2.3422	80,433	34,360	$ 2.0577	70,703
kWh	Unmetered Scattered Load (per connec	Continued	4068	4716	677,919	$ 0.0047	3,186	680,201	$ 0.0041	2,789
kW	Sentinel Lighting (per connection)	Continued	4068	4716	378	$ 1.4746	557	356	$ 1.2955	461
kW	Street Lighting (per light)	Continued	4068	4716	11,756	$ 1.4444	16,980	11,995	$ 1.2689	15,220
kWh	microFIT	Continued	4068	4716						
	TOTAL				**212,008,339**		**3,055,053**	**212,719,628**		**2,689,150**

C5 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimated Low Voltage revenues

Wholesale Market Service	**Customer**		**Revenue**	**Expense**	**2014**	*rate ($/kWh):*	$ 0.00440	**2015**	*rate ($/kWh):*	$ 0.00440
	Class Name	**Status**	**USA #**	**USA #**	**Volume**		**Amount**	**Volume**		**Amount**
kWh	Residential	Continued	4062	4708	140,663,243	$ 0.0044	618,918	141,136,889	$ 0.0044	621,002
kWh	Residential - Hensall	Discontinued	4062	4708	3,851,156	$ 0.0044	16,945	3,864,123	$ 0.0044	17,002
kWh	General Service < 50 kW	Continued	4062	4708	65,825,597	$ 0.0044	289,633	66,047,247	$ 0.0044	290,608
kWh	General Service > 50 to 4999 kW	Continued	4062	4708	370,243,573	$ 0.0044	1,629,072	370,442,465	$ 0.0044	1,629,947
kWh	Large Use	Continued	4062	4708	22,345,757	$ 0.0044	98,321	22,357,761	$ 0.0044	98,374
kWh	Unmetered Scattered Load (per connec	Continued	4062	4708	677,919	$ 0.0044	2,983	680,201	$ 0.0044	2,993
kWh	Sentinel Lighting (per connection)	Continued	4062	4708	164,244	$ 0.0044	723	154,526	$ 0.0044	680
kWh	Street Lighting (per light)	Continued	4062	4708	4,598,566	$ 0.0044	20,234	4,692,020	$ 0.0044	20,645
kWh	microFIT	Continued	4062	4708						
	TOTAL				**608,370,054**		**2,676,828**	**609,375,231**		**2,681,251**

Rural Rate Protection	**Customer**		**Revenue**	**Expense**	**2014**	*rate ($/kWh):*	$ 0.00130	**2015**	*rate ($/kWh):*	$ 0.00130
	Class Name	**Status**	**USA #**	**USA #**	**Volume**		**Amount**	**Volume**		**Amount**
kWh	Residential	Continued	4062	4730	140,663,243	0.0013	182,862	141,136,889	0.0013	183,478
kWh	Residential - Hensall	Discontinued	4062	4730	3,851,156	0.0013	5,007	3,864,123	0.0013	5,023
kWh	General Service < 50 kW	Continued	4062	4730	65,825,597	0.0013	85,573	66,047,247	0.0013	85,861
kWh	General Service > 50 to 4999 kW	Continued	4062	4730	370,243,573	0.0013	481,317	370,442,465	0.0013	481,575
kWh	Large Use	Continued	4062	4730	22,345,757	0.0013	29,049	22,357,761	0.0013	29,065
kWh	Unmetered Scattered Load (per connec	Continued	4062	4730	677,919	0.0013	881	680,201	0.0013	884
kWh	Sentinel Lighting (per connection)	Continued	4062	4730	164,244	0.0013	214	154,526	0.0013	201
kWh	Street Lighting (per light)	Continued	4062	4730	4,598,566	0.0013	5,978	4,692,020	0.0013	6,100
kWh	microFIT	Continued	4062	4730						
	TOTAL				**608,370,054**		**790,881**	**609,375,231**		**792,188**

C5 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimated Low Voltage revenues

Smart Meter Entity Charge	Customer Class Name	Status	Revenue USA #	Expense USA #	2014 Volume	rate ($/kWh):	$ 0.79000 Amount	2015 Volume	rate ($/kWh):	$ 0.79000 Amount
kWh	Residential	Continued	4076	4751	211,692	$0.7900	167,237	213,780	$0.7900	168,886
kWh	Residential - Hensall	Discontinued	4076	4751	4,908	$0.7900	3,877	4,908	$0.7900	3,877
kWh	General Service < 50 kW	Continued	4076	4751	24,300	$0.7900	19,197	24,348	$0.7900	19,235
	TOTAL				**240,900**		**190,311**	**243,036**		**191,998**

Low Voltage Charges	Customer Class Name	Status	Revenue USA #	Expense USA #	2014 Volume	2014 Rate	2014 Amount	2015 Volume	2015 Rate	2015 Amount
kWh	Residential	Continued	4075	4750	136,685,689	0.0002	27,337	137,145,942	0.0004	54,858
kWh	Residential - Hensall	Discontinued	4075	4750	3,742,256	0.0002	748	3,754,857	0.0004	1,502
kWh	General Service < 50 kW	Continued	4075	4750	63,964,238	0.0002	12,793	64,179,620	0.0003	19,254
kW	General Service > 50 to 4999 kW	Continued	4075	4750	943,950	0.0689	65,038	944,456	0.13522	127,711
kW	Large Use	Continued	4075	4750	34,341	0.0801	2,751	34,360	0.1578	5,422
kWh	Unmetered Scattered Load (per connec	Continued	4075	4750	658,749	0.0002	132	660,967	0.0003	198
kW	Sentinel Lighting (per connection)	Continued	4075	4750	378	0.0504	19	356	0.0994	35
kW	Street Lighting (per light)	Continued	4075	4750	11,756	0.0494	581	11,995	0.0973	1,167
kWh	microFIT	Continued	4075	4750						
	TOTAL				**206,041,357**		**109,399**	**206,732,553**		**210,148**

C5 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimated Low Voltage revenues

C5 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimated Low Voltage revenues

GRAND TOTAL					**67,641,213**			**67,551,604**

C4 Commodity Price

Enter actual non-RPP kWh's and forecast prices

Customer Class Name	Status	2013 ACTUAL kWh's		
		Total	non-RPP	RPP
Residential	Continued	137,844,076	14,074,617	123,769,459
Residential - Hensall	Discontinued	3,773,971	558,714	3,215,257
General Service < 50 kW	Continued	64,506,324	14,307,441	50,198,883
General Service > 50 to 4999 kW	Continued	358,315,518	357,737,164	578,354
Large Use	Continued	21,975,629	21,975,629	
Unmetered Scattered Load (per con	Continued	664,332	382,030	282,302
Sentinel Lighting (per connection)	Continued	169,332	-	169,332
Street Lighting (per light)	Continued	4,371,628	4,217,011	154,617
microFIT	Continued		-	
TOTAL		**591,620,810**	**413,252,606**	**178,368,204**
%		***100.00%***	***69.85%***	***30.15%***
Forecast Price				
HOEP ($/MWh)			$ 28.70	
Global Adjustment ($/MWh)			$ 64.68	
TOTAL ($/MWh)			**$93.38**	$ 92.50
$/kWh			***$0.09338***	***$0.09250***
%			69.85%	30.15%
WEIGHTED AVERAGE PRICE		**$0.0931**	$0.0652	$0.0279