



**RP-2004-0203**  
**EB-2004-0520**

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

**AND IN THE MATTER OF** an application by Festival Hydro Inc.  
for a Final Order Pre-approving its Conservation and Demand  
Management Plan.

**BEFORE:** Gordon Kaiser  
Vice Chair and Presiding Member

George Dominy  
Member

Cathy Spoel  
Member

### **FINAL ORDER**

Festival Hydro Inc. (Festival Hydro) has filed an application dated November 18, 2004 with the Ontario Energy Board for a Final Order pre-approving its Conservation and Demand Management (CDM) Plan. The Board assigned File No. RP-2004-0203 / EB-2004-0520 to this application.

A Notice of Application and Written Hearing was issued by the Board on December 15, 2004. Festival Hydro served and published the Notice as directed by the Board. The intervention period expired on January 1, 2005. There were no intervenors.

On May 31, 2004, the Minister of Energy granted approval to all distributors in Ontario to apply to the Board for an increase in their 2005 rates by the third installment of their

incremental market adjusted revenue requirement (MARR). This approval is conditional on a commitment to reinvest an equivalent amount in CDM initiatives.

On October 5, 2004, the Board issued a Procedural Order (the Procedural Order) which addressed the opening of deferral accounts; the recovery of development expenses; the process for applying for plan approval; and the filing requirements for plan approval. Pursuant to the Procedural Order all electricity distribution companies, including Festival Hydro, received authorization to establish a deferral account.

The elements of Festival Hydro's CDM Plan are as follows: a load control system, distribution voltage conversion, compact fluorescent light bulb promotion, LED seasonal lights promotion, energy awareness for residential customers and energy seminars for general service customers.

The total budget for the CDM plan is \$661,623. The exact amount of Festival Hydro's incremental MARR is \$660,343.

The Board finds that the activities and programs proposed by Festival Hydro qualify as conservation and demand management activities and that the planned investments are eligible for tracking in the deferral account.

The Board approves the expenditure of \$660,343 for implementation of the CDM Plan, which is consistent with the amount of the third installment of Festival Hydro's incremental MARR.

The Board requires that Festival Hydro file with the Board quarterly and annual reports on the progress of the initiatives included in the approved CDM Plan. The annual reports will be subject to public review.

The Board understands that the approved CDM Plan and the associated budget allocation to the individual programs may be subject to modifications. The Board

requires that all modifications be identified in the quarterly and annual reports. In addition, Festival Hydro shall apply to the Board for approval for modifications of spending above 20% of the approved budget.

**IT IS ORDERED THAT:**

1. Festival Hydro Inc. is granted a final approval of the Conservation and Demand Management Plan as submitted for the Board's review in the application dated November 18, 2004. This investment satisfies the Minister of Energy's condition of a financial commitment to reinvest the equivalent of one year of incremental market adjusted revenue requirement in conservation and demand management. The approved total budget is \$660,343.
2. Festival Hydro Inc. shall file with the Board quarterly and annual reports on the progress of the initiatives within its Conservation and Demand Management Plan.
3. The quarterly reports shall be filed no later than 30 days after the end of each calendar quarter.
4. The annual reports shall be filed no later than March 31 of the following year. The annual reports shall be subject to public review. The annual report shall include a cost benefit analysis on the program included in the Conservation and Demand Management Plan.
5. Festival Hydro Inc. shall apply to the Board for approval if cumulative fund transfers among programs exceed 20% of the approved budget.

6. Festival Hydro Inc. may credit the costs of preparing its Conservation and Demand Management application and participation in the hearing including intervenor and Board costs against the amount required to be spent on its Conservation and Demand Management Plan budget.

DATED at Toronto, March 3, 2005

ONTARIO ENERGY BOARD

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Peter H. O'Dell  
Assistant Board Secretary