

February 8, 2007

Ontario Energy Board
2300 Yonge Street, 26th Floor
Toronto ON M4P 1E4

**Attention: Kirsten Walli
Board Secretary**

Dear Sir:

**RE: Covering Letter - 2007 EDR Smart Meter Rate Calculation Model for
Festival Hydro Inc. EB 2007-0527 Version #1**

Enclosed please find three copies of the 2007 EDR Smart Meter Rate Calculation Model – Version # 1, Covering Letter and Manager’s Summary for Festival Hydro Inc. and one CD containing the three documents. A PDF file is being sent via email.

According to Appendix C: List of Distributors by Category in the Report of the Board on 2nd Generation Incentive Regulation for Ontario Electricity Distributors – Addendum for Smart Meter Rates dated January 29, 2007, Festival Hydro is considered an “Active” distributor with plans to implement smart meters in 2007. As an “Active” distributor, Festival is entitled to apply for increased funding by completion of the model or may choose to not complete the model and request to receive funding at a rate of \$0.30 per residential customer per month. Festival has chosen to complete the model and to request funding in excess of the \$0.30 per residential customer per month.

Festival Hydro is applying for a rate adder of \$0.46 to be added to Sheet 4 of the 2007 IRM model. This will replace the previous rate approved for 2006 of \$0.31.

Please contact Debbie Reece at 519-271-4703 x. 268 if you have any questions regarding the 2007 EDR Smart Meter Model.

Yours truly,
Festival Hydro Inc.

W. G. Zehr
President

February 8, 2007

Ontario Energy Board
2300 Yonge Street, 26th Floor
Toronto ON M4P 1E4

**Attention: Kirsten Walli
Board Secretary**

Dear Sir:

**RE: Manager's Summary – 2007 EDR Smart Meter Rate Calculation Model for
Festival Hydro Inc. EB 2007-0527 Version #1**

Manager's Summary

According to Appendix C: List of Distributors by Category in the Report of the Board on 2nd Generation Incentive Regulation for Ontario Electricity Distributors – Addendum for Smart Meter Rates dated January 29, 2007, Festival Hydro is considered an “Active” distributor with plans to implement smart meters in 2007. As an “Active” distributor, Festival is entitled to apply for increased funding by completion of the model or may choose to not complete the model and request to receive funding at a rate of \$0.30 per residential customer per month. Festival has chosen to complete the model and to request funding in excess of the \$0.30 per residential customer per month.

The 2007 EDR Smart Meter Rate Calculation Model has been completed by Festival Hydro Inc. according to the instructions outlined in the Report of the Board on 2nd Generation Incentive Regulation for Ontario Electricity Distributors – Addendum for Smart Meter Rates dated January 29, 2007. Festival Hydro is applying for a rate adder of \$0.46 to be included on Sheet 4 of the 2007 IRM model. This will replace the previous rate approved for 2006 of \$0.31 per customer per month (applied to Residential, G.S. < 50 kW, G.S. 50 KW to 4,999 KW and Large Use).

The following details the approach followed by Festival Hydro in completing the 2007 Smart Meter Model. All numbers reported are best estimates, as there have been no invoiced costs to date. We have presented our comments on a Sheet by Sheet basis.

Sheet # 1: LDC Information

The LDC information has been completed according to the instructions.

Sheet # 2: Smart Meter Capital Cost and Operational Expense Data**Smart Meter Unit Implementation Plan**

Festival Hydro's Smart Meter Investment Plan submitted to the OEB on December 14, 2006 outlines on a "rate-year" basis the number of meters to be installed in each of the years 2007 through to 2010. We have revised our numbers according to expected installation by calendar year. We have full intentions of installing an initial group of meters before the end of 2007, however, we await approval from the OEB to proceed.

Smart Meter Unit Cost

Festival Hydro has not purchased or entered into a purchase agreement at this time. We have narrowed our selection down to two (2) vendors. We have received updated pricing (Jan 05/07) from one of the two vendors, which has been used to calculate our costs as follows:

Smart Meter Unit Cost

17,000 Residential @ \$ 93.80	\$1,594,600
1,000 Network @ \$146.35	146,350
1,000 Polyphase @ \$ 953.40	953,400
65 Collectors @ \$885.60	<u>57,564</u>
	<u>\$2,751,914 /19,000 meters= \$144.84</u>

Smart Meter Installation Costs

Installer's Rate	\$32.35 per hour (labour plus overhead)
Truck Rate	<u>5.00</u> per hour
Total	\$37.35
Estimate per hour installations	4 per hour
Cost to install per meter	<u>\$ 9.34</u>

Other Costs - Admin Cost to make appointments; verify proper set up in CIS/AMI

Clerk verification Rate	\$36.72 per hour (labour plus overhead)
Estimate per hour processed	30 per hour
Cost install per installed meter	<u>\$ 1.22</u>

In total, we expect the per-unit cost to install a meter will be approximately \$155.40.

AMI Capital Cost

Festival Hydro has not selected a meter vendor so likewise, we have not made a final decision on AMI computer hardware and software. We have assumed that Festival will perform in-house data collection and presentation, as opposed to contracting to a third party. However, we will re-assess our options as we proceed further into the project.

The \$18,000 Computer hardware cost in 2007 represents the expected cost of the data server. The 2007 computer software costs include the server licensing fee and the installation support.

We expect no more hardware will need to be purchased in the first four years, but investment in hardware will be required in 2012 (5 years). We have assumed that we will spend \$10,000 annually on software changes from 2008 to 2010 to be able to accommodate changing OEB/retailer/market requirements.

Other Capital Costs

Festival's customer service and billing systems will require modification to be able to bill customers according to the smart meter pricing structure, and to be able to communicate with the AMI. In addition, existing reporting will be modified for internal reporting purposes, quarterly reporting to the OEB and reconciling to the IESO. The costs to update our software are \$40,000 in year 2007, with \$5,000 budget in each of the next three years for system upgrades.

Total Capital Costs

The total capital costs over a 4 year period are expected to be \$3,119,270 or 164.17 per meter (i.e. 19,000 meters x 155.40, \$111,670 for AMI capital cost and \$55,000 for Other Capital cost).

Incremental AMI Operational Costs

Incremental AMI O & M Cost

The system itself will have an annual maintenance agreement projected at \$14,250 per year. There will be on-going communication costs associated with retrieving the data from the collectors, which we have assumed would be over the cell phone network at a cost of \$10 per month per collector. In addition, there will be system monitoring and smart meter trouble shooting, especially in the early stages when meters are first implemented. While trouble shooting will be done primarily by Festival Hydro staff in 2007, we expect to contract this work out to a third party for 2008 forward. We have budgeted for one FTE to take care of this daily activity.

Incremental AMI Admin Expenses

In terms of administration costs, we anticipate the customer service activity will be absorbed within our existing compliment. Festival Hydro is planning to update its phone

system in 2007 to an auto-attendant, so that will free up some time of an existing FTE to assist with customer calls. Customer service will need to be assessed throughout the project, and part-time help will be added if needed to handle excessive customer calls.

The additional AMI admin expenses of \$4,000 added for 2007 and \$8,000 for 2008 to 2010 is primarily to cover the cost of customer education, billing inserts, updates to Festival Hydro's website and other customer related activities.

Incremental Other Operational Costs

We do not foresee any additional costs at this time required that has not been already included in the Incremental AMI operational expenses above.

Sheet #3: LDC Assumptions and Data

The debt to equity ratios, cost of capital, number of customers and PILs tax rate has been taken from the OEB final approved 2006 EDR model. All other fields are calculated based on previous inputs.

Sheet #4: Smart Meter Rate Calc

The spreadsheet had been calculated automatically based on previous inputs. Cell E59 contains the 2007 Smart Meter Rate Adder of \$0.47.

Sheet #5: PILS Calculation

The spreadsheet had been calculated automatically based on previous inputs.

Sheet #6: Smart Meter Average Net Fixed Assets

The spreadsheet had been calculated automatically based on previous inputs.

Based on the results, the Smart Meter Rate Adder will increase from \$0.31 in 2006 to \$0.47 in 2007. The Adder amount is based on the best information we have available at this time. We request that the OEB approve Festival Hydro's Smart Meter Rate Calculation Model as presented.

Please contact Debbie Reece at 519-271-4703 x. 268 if you have any questions regarding the revised rate application.

Yours truly,
Festival Hydro Inc.

W. G. Zehr
President



Ontario Energy Board

2007 EDR Smart Meter Rate Calculation Model

Sheet 1 Utility Information Sheet

Legend:	Input Cell	Pull-Down Menu Option	Output Cell
	From Another Sheet	To The 2007 IRM Model	To Another Sheet

Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.

Name of LDC:

Licence Number: Smart Meter Grouping:

IRM 2007 EB Number:

EDR 2006 RP Number: EDR 2006 EB Number:

Date of Submission: Revision:

Version: 1.0

Contact Information

Name:

Title:

Phone Number:

E-Mail Address:

Please Note: In the event of an inconsistency between this model and any element of the January 2007 "Report of the Board on 2nd Generation Incentive Regulation of Ontario's Electricity Distributors - Addendum for Smart Metering Rates", the Report governs.

Copyright

This Distribution Rate model is protected by copyright and is being made available to you solely for the purpose of preparing or reviewing an Distribution Rate application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing or reviewing an Distribution Rate applicaiton, you must ensure that the person understands and agrees to the restrictions noted above.



2007 EDR Smart Meter Rate Calculation Model

Festival Hydro Inc.

EB-2007-0527

February 8, 2007

Sheet 2. Smart Meter Capital Cost and Operational Expense Data

Smart Meter Unit Installation Plan: (From Smart Meter Plan filed December 15, 2006)

assume calendar year installation	2006	2007	2008	2009	2010	Total
Planned number of Residential smart meters to be installed	-	2,000	5,000	5,000	5,000	17,000
Planned number of General Service Less Than 50 kW smart meters	-	375	542	542	541	2,000
Planned Meter Installation (Residential and Less Than 50 kW only)	-	2,375	5,542	5,542	5,541	19,000
Planned Meter Installation Completed before January 1, 2008		2,375				

Smart Meter Unit Cost

	Per Unit	
Smart Meter Unit Cost	\$ 144.84	A
<i>Enter the invoiced cost per smart meter purchased Please provide details in Manager's Summary</i>		
Smart Meter Other Unit Cost	\$ -	B
<i>Enter the invoiced other costs per smart meter unit purchased Please provide details in Manager's Summary</i>		
Smart Meter Installation Cost per Unit	\$ 9.34	C
<i>Enter the time and material cost per smart meter unit installed Please provide details in Manager's Summary</i>		
Smart Meter Other Cost per Unit	\$ 1.22	D
<i>Enter the other cost per smart meter unit installed Please provide details in Manager's Summary</i>		
Total Unit cost per Smart Meter	\$ 155.40	E = A + B + C + D

3. LDC Assumptions and Data

AMI Capital Cost

	2006	2007	2008	2009	2010	Total	
AMI Computer Hardware Costs	\$ -	\$ 18,000	\$ -	\$ -	\$ -	\$ 18,000	F
<i>Enter the estimated capital costs for AMI related Computer Hardware Please provide details in Manager's Summary</i>							
AMI Computer Software Costs	\$ -	\$ 63,670	\$ 10,000	\$ 10,000	\$ 10,000	\$ 93,670	G
<i>Enter the estimated capital costs for AMI related Computer Software Please provide details in Manager's Summary</i>							
Total AMI Capital Cost	\$ -	\$ 81,670	\$ 10,000	\$ 10,000	\$ 10,000	\$ 111,670	H = F + G

Other Capital Cost

	2006	2007	2008	2009	2010	Total	
Other Computer Hardware Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	I
<i>Enter the estimated capital costs for other related Computer Hardware Please provide details in Manager's Summary</i>							
Other Computer Software Costs	\$ -	\$ 40,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 55,000	J
<i>Enter the estimated capital costs for other related Computer Software Please provide details in Manager's Summary</i>							
Total Other Capital Cost	\$ -	\$ 40,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 55,000	K = I + J

Incremental AMI Operational Expenses

	2006	2007	2008	2009	2010	Total	
Incremental AMI O&M Expenses	\$ -	\$ 46,450	\$ 43,320	\$ 52,797	\$ 62,309	\$ 204,876	L
<i>Enter the estimated incremental AMI related O&M expenses Please provide details in Manager's Summary</i>							
Incremental AMI Admin Expenses	\$ -	\$ 4,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 28,000	M
<i>Enter the estimated incremental AMI related Admin expenses Please provide details in Manager's Summary</i>							
Total Incremental AMI Operation Expenses	\$ -	\$ 50,450	\$ 51,320	\$ 60,797	\$ 70,309	\$ 232,876	N = L + M

Incremental Other Operational Expenses

	2006	2007	2008	2009	2010	Total	
Incremental Other O&M Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	O
<i>Enter the estimated incremental Other related O&M expenses Please provide details in Manager's Summary</i>							
Incremental Other Admin Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	P
<i>Enter the estimated incremental Other related Admin expenses Please provide details in Manager's Summary</i>							
Total Incremental Other Operation Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Q = O + P

AMI - Advanced Metering Infrastructure

Other - Cost or expenses not AMI but does not include stranded assets



2007 EDR Smart Meter Rate Calculation Model

Festival Hydro Inc.

EB-2007-0527

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Sheet 3. LDC Assumptions and Data

Assumptions:

1. Planned meter installations occur evenly through the year.
2. Year assumed January to December
3. Amortization is straight line and has half year rule applied in first year

2006 EDR Data Information

Deemed Debt (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 18)

Deemed Equity (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 19)

Weighted Debt Rate (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 25)

Proposed ROE (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell E 32)

50% 4. Smart Meter Rate Calc

50% 4. Smart Meter Rate Calc

7.25% 4. Smart Meter Rate Calc

9.00% 4. Smart Meter Rate Calc

Weighted Average Cost of Capital

8.13%

2006 EDR Total Metered Customers

Sum of Residential, General Service, and Large User

from 2006 EDR Sheet "7-1 ALLOCATION - Base Rev. Req." Cells H16 thru H93

18,667 4. Smart Meter Rate Calc

2006 EDR Tax Rate

Corporate Income Tax Rate

(from 2006 PILs Sheet "Test Year PILs, Tax Provision" Cell D 14)

36.12% 5. PILs

Capital Data:

Smart meter including installation (\$155.4 times Planned Meters Installed)

Computer Hardware Costs 2. Smart Meter Data; AMI (F) plus Other (I)

Computer Software Costs 2. Smart Meter Data; AMI (G) plus Other (J)

Total Computer Costs 2. Smart Meter Data; AMI (H) plus Other (K)

	2006	2007	2008	2009	2010	Total
\$	-	\$ 369,075	\$ 861,227	\$ 861,227	\$ 861,071	\$ 2,952,600
\$	-	\$ 18,000	\$ -	\$ -	\$ -	\$ 18,000
\$	-	\$ 103,670	\$ 15,000	\$ 15,000	\$ 15,000	\$ 148,670
\$	-	\$ 490,745	\$ 876,227	\$ 876,227	\$ 876,071	\$ 3,119,270

6. SM Avg Net Fixed Assets &UCC

LDC Amortization Policy:

Smart Meter Amortization Rate Enter Amortization Policy

Computer Hardware Amortization Rate Enter Amortization Policy

Computer Software Amortization Rate Enter Amortization Policy

15 Years 6. SM Avg Net Fixed Assets &UCC

5 Years 6. SM Avg Net Fixed Assets &UCC

3 Years 6. SM Avg Net Fixed Assets &UCC

Operating Expense Data:

Incremental O&M Expenses 2. Smart Meter Data; AMI (L) plus Other (O)

Incremental Admin Expenses 2. Smart Meter Data; AMI (M) plus Other (P)

Total Incremental Operating Expense 2. Smart Meter Data; AMI (N) plus Other (Q)

	2006	2007	2008	2009	2010	Total
\$	-	\$ 46,450	\$ 43,320	\$ 52,797	\$ 62,309	\$ 204,876
\$	-	\$ 4,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 28,000
\$	-	\$ 50,450	\$ 51,320	\$ 60,797	\$ 70,309	\$ 232,876

4. Smart Meter Rate Calc

Per Meter Cost Split:

Smart meter including installation

Computer Hardware Costs

Computer Software Costs

Smart meter incremental operating expenses

Total Smart Meter Capital Costs per meter

	Per Meter	Installed	Investment	% of Invest
\$	155.40	19,000	\$ 2,952,600	88%
\$	0.95	19,000	\$ 18,000	0%
\$	7.82	19,000	\$ 148,670	0%
\$	12.26	19,000	\$ 232,876	0%
\$	176.43		\$ 3,352,146	88%



2007 EDR Smart Meter Rate Calculation Model

Festival Hydro Inc.

EB-2007-0527

February 8, 2007

Sheet 4. Smart Meter Rate Calc

Smart Meter Rate Calculation

Average Asset Values

Net Fixed Assets Smart Meters (6. SM Avg Net Fixed Assets & UCC)
 Net Fixed Assets Computer Hardware (6. SM Avg Net Fixed Assets & UCC)
 Net Fixed Assets Computer Software (6. SM Avg Net Fixed Assets & UCC)
 Total Net Fixed Assets

2007	
\$	178,386
\$	8,100
\$	43,196
\$	229,682

A

Working Capital

Operation Expense
 15 % Working Capital

\$	50,450	
\$	7,568	\$ 7,568

B

Smart Meters included in Rate Base

\$	237,250
----	---------

C = A + B

Return on Rate Base

Deemed Debt (3. LDC Assumptions and Data)
 Deemed Equity (3. LDC Assumptions and Data)

50.0%	\$	118,625
50.0%	\$	118,625
	\$	237,250

D = C * Deemed Debt
 E = C * Deemed Equity

Weighted Debt Rate (3. LDC Assumptions and Data)
 Proposed ROE (3. LDC Assumptions and Data)

7.3%	\$	8,600
9.0%	\$	10,676

F = D * Weighted Debt Rate
 G = E * Proposed ROE

Return on Rate Base

\$	19,277	\$	19,277
----	--------	----	--------

H = F + G

Operating Expenses

Incremental Operating Expenses (3. LDC Assumptions and Data)

\$	50,450
----	--------

I

Amortization Expenses

Amortization Expenses - Smart Meters (6. SM Avg Net Fixed Assets & UCC)
 Amortization Expenses - Computer Hardware (6. SM Avg Net Fixed Assets & UCC)
 Amortization Expenses - Computer Software (6. SM Avg Net Fixed Assets & UCC)

\$	12,303
\$	1,800
\$	17,278

Total Amortization Expenses

\$	31,381	5. PILs
----	--------	---------

J

Revenue Requirement Before PILs

\$	101,107
----	---------

K = H + I + J

Calculation of Taxable Income

Incremental Operating Expenses
 Depreciation Expenses
 Interest Expense

-\$	50,450
-\$	31,381
-\$	8,600

I
 J
 F

Taxable Income For PILs

\$	10,676	5. PILs
----	--------	---------

L = K - I - J - F

Grossed up PILs (5. PILs)

\$	1,332
----	-------

M

Revenue Requirement Before PILs

\$	101,107
----	---------

K

Grossed up PILs (5. PILs)

\$	1,332
----	-------

M

Revenue Requirement for Smart Meters

\$	102,439
----	---------

N = K + M

2007 Smart Meter Rate Adder

Revenue Requirement for Smart Meters
 2006 EDR Total Metered Customers (3. LDC Assumptions and Data)
 Annualized amount required per metered customer
 Number of months in year

\$	102,439
	18,667
\$	5.49
	12

O = 2006 EDR Total Metered Customers

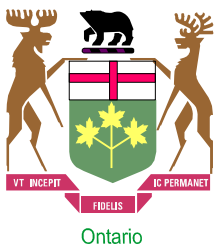
P = N / O
 Q

2007 Smart Meter Rate Adder

\$	0.46
----	------

R = P / Q

Enter this amount in the 2007 IRM Model sheet "4. 2006 Smart Meter Information" in cells F 17 thru F 32 (as required)



2007 EDR Smart Meter Rate Calculation Model

Festival Hydro Inc.

EB-2007-0527

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Sheet 5. PILs

PILs Calculation

INCOME TAX

Net Income (4. Smart Meter Rate Calc)	\$	10,676
Amortization (4. Smart Meter Rate Calc)	\$	31,381
CCA - Class 47 (8%) Smart Meters (6. SM Avg Net Fixed Assets &UCC)	-\$	14,763
CCA - Class 45 (45%) Computers (6. SM Avg Net Fixed Assets &UCC)	-\$	27,376
Change in taxable income	-\$	82
Tax Rate (3. LDC Assumptions and Data)		36.12%
Income Taxes Payable	-\$	30

ONTARIO CAPITAL TAX

Smart Meters (6. SM Avg Net Fixed Assets &UCC)	\$	356,773
Computer Hardware (6. SM Avg Net Fixed Assets &UCC)	\$	16,200
Computer Software (6. SM Avg Net Fixed Assets &UCC)	\$	86,392
Rate Base	\$	459,364
Less: Exemption	\$	-
Deemed Taxable Capital	\$	459,364
Ontario Capital Tax Rate		0.300%
Net Amount (Taxable Capital x Rate)	\$	1,378

Gross Up

	PILs Payable	Gross Up	Grossed Up PILs		
Change in Income Taxes Payable	-\$	30	36.12%	-\$	46
Change in OCT	\$	1,378		\$	1,378
PIL's	\$	1,349		\$	1,332

4. Smart Meter Rate Calc



2007 EDR Smart Meter Rate Calculation Model

Festival Hydro Inc.

EB-2007-0527

February 8, 2007

Sheet 6. SM Avg Net Fixed Assets &UCC

Smart Meter Average Net Fixed Assets

Net Fixed Assets - Smart Meters

	2006	2007
Opening Capital Investment	\$ -	\$ -
Capital Investment Year 1 (3. LDC Assumptions and Data)	\$ -	-
Capital Investment Year 2 (3. LDC Assumptions and Data)	-	\$ 369,075
Closing Capital Investment	\$ -	\$ 369,075
Opening Accumulated Amortization	\$ -	\$ -
Amortization Year 1 (15 Years Straight Line)	\$ -	\$ -
Amortization Year 2 (15 Years Straight Line)	-	\$ 12,303
Closing Accumulated Amortization	\$ -	\$ 12,303
Opening Net Fixed Assets	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ 356,773 ^{5. PILs}
Average Net Fixed Assets	\$ -	\$ 178,386 ^{4. Smart Meter Rate Calc}

Net Fixed Assets - Computer Hardware

	2006	2007
Opening Capital Investment	\$ -	\$ -
Capital Investment Year 1 (3. LDC Assumptions and Data)	\$ -	-
Capital Investment Year 2 (3. LDC Assumptions and Data)	-	\$ 18,000
Closing Capital Investment	\$ -	\$ 18,000
Opening Accumulated Amortization	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)	-	\$ 1,800
Closing Accumulated Amortization	\$ -	\$ 1,800
Opening Net Fixed Assets	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ 16,200 ^{5. PILs}
Average Net Fixed Assets	\$ -	\$ 8,100 ^{4. Smart Meter Rate Calc}

Net Fixed Assets - Computer Software

	2006	2007
Opening Capital Investment	\$ -	\$ -
Capital Investment Year 1 (3. LDC Assumptions and Data)	\$ -	-
Capital Investment Year 2 (3. LDC Assumptions and Data)	-	\$ 103,670
Closing Capital Investment	\$ -	\$ 103,670
Opening Accumulated Amortization	\$ -	\$ -
Amortization Year 1 (3 Years Straight Line)	\$ -	\$ -
Amortization Year 2 (3 Years Straight Line)	-	\$ 17,278
Closing Accumulated Amortization	\$ -	\$ 17,278
Opening Net Fixed Assets	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ 86,392 ^{5. PILs}
Average Net Fixed Assets	\$ -	\$ 43,196 ^{4. Smart Meter Rate Calc}



2007 EDR Smart Meter Rate Calculation Model

Festival Hydro Inc.

EB-2007-0527

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Sheet 6. SM Avg Net Fixed Assets &UCC

For PILs Calculation

UCC - Smart Meters

	2006	2007
CCA Class 47 (8%)		
Opening UCC	\$ -	\$ -
Capital Additions	\$ -	\$ 369,075
UCC Before Half Year Rule	\$ -	\$ 369,075
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ 184,538
Reduced UCC	\$ -	\$ 184,538
CCA Rate Class 47	8%	8%
CCA	\$ -	\$ 14,763
Closing UCC	\$ -	\$ 354,312

^{5. PILs}

UCC - Computer Equipment

	2006	2007
CCA Class 45 (45%)		
Opening UCC	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ 18,000
Capital Additions Software	\$ -	\$ 103,670
UCC Before Half Year Rule	\$ -	\$ 121,670
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ 60,835
Reduced UCC	\$ -	\$ 60,835
CCA Rate Class 45	45%	45%
CCA	\$ -	\$ 27,376
Closing UCC	\$ -	\$ 94,294

^{5. PILs}