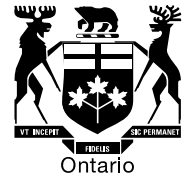


**Ontario Energy
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BY EMAIL ONLY

February 9, 2007

Mr. William Zehr
Festival Hydro Inc.
P.O. Box 397, 187 Erie Street
Stratford, ON N5A 6T5

Dear Mr. Zehr:

**Re: Festival Hydro Inc.
2007 Incentive Rate Mechanism Application
Board File No. EB-2007-0527**

This will acknowledge receipt on February 8, 2007 of your electricity distribution rate application. An initial review of your application reveals that it has been filed on the basis of the Board's December 20, 2006 "Report of the Board on the Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors" and will be processed accordingly.

The Board has assigned File Number EB-2007-0527 to this matter. Please refer to this number in all future correspondence to the Board regarding this matter.

Based on the Board's experience with applications of this nature, the Board expects that it will be able to render a decision and/or order in this application on or about April 12, 2007.

Please direct any questions relating to this application to Rudra Mukherji, Advisor at (416) 440-7608 or Rudra.Mukherji@oeb.gov.on.ca.

Yours truly,

Original Signed By

Peter H. O'Dell
Assistant Board Secretary