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August 13, 2018

BY RESS & COURIER

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street, 26th Floor, P.O. Box 2319
TORONTO, ON M4P 1E4

**Re: EB-2018-0032
Festival Hydro Inc. 2018 Price Cap IR Application**

Dear Ms. Walli,

Attached are two copies of Festival Hydro's Application for Electricity and Distribution Rates and charges effective January 1, 2019. Our filing is due August 13, 2018.

The enclosure consists of the Manager's Summary, the 2019 IRM Rate Generator Model, the GA and 1595 analysis work forms and other relevant supporting documentation for our application.

The completed 2019 IRM Rate Application was submitted today via the Ontario Energy Board's RESS system.

If you have any questions please contact me at the number noted below or by email at esmith@festivalhydro.com.

Yours truly,
Festival Hydro Inc.
ORIGINAL SIGNED BY E. SMITH

E. Smith, CPA, CGA
Tel (519) 271-4703 x. 224

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 an Order or Orders approving of fixing just and reasonable rates
and other charges for the distribution of electricity to be effective
January 1, 2019

Manager's Summary

Introduction

Festival Hydro Inc. “(Festival)” hereby applies to the Ontario Energy Board (the “Board”) for an order or orders approving its proposed electricity distribution rates to be effective January 1, 2019, pursuant to Section 78 of the *Ontario Energy Board Act, 1998*.

The 2019 Price Cap IR application has been completed in accordance with the updated guidelines of Chapter 3 of the *Board's Filing Requirements for Electricity Distribution Rate Applications* dated July 12, 2018.

Festival Hydro has utilized the Excel Rate Generator model as provided by the Board.

Festival Hydro distributes electricity to approximately 20,000 customers residing in the City of Stratford, and the surrounding towns of St. Marys, Seaforth, Brussels, Dashwood, Hensall and Zurich.

Festival's COS application (EB-2014-0073) was filed for rates effective January 1, 2015, however the Decision and Order and Final rate order were not received until May 28, 2015 and June 4, 2015 respectively and as such the Decision and Order indicated:

“Festival confirmed its request for a rate year alignment to January 1 in its draft rate order. Festival noted that although the effective date of the Decision and Order for 2015 rates is May 1, 2015, it is Festival's understanding that its rate year is now aligned with the fiscal year and that its next IRM application will be filed for rates effective January 1, 2016.

The interveners concurred with Festival's understanding. OEB staff noted that while the settlement agreement did not explicitly address this issue it was not identified as an unsettled issue.

OEB Findings

The OEB approves Festival's request to align its rate year to January 1."

January 1, 2019 Proposed Rate Adjustments

The January 1, 2019 proposed Tariff of Rates and Charges is presented in the attachments to this document. Festival seeks approval from the Board for a number of adjustments to its current rates which were approved effective January 1, 2018 (EB-2017-0040). It also seeks approval for the continuation of a number of existing rates and charges.

The requested adjustments\continuation\cessation of rates and charges are as follows:

1. Continuation of the current customer rate classes as approved in EB-2017-0040
2. Approval of a price cap adjustment.
3. Revenue to cost ratio adjustments in accordance with the Board's Policy: *A New Distribution Rate Design for Residential Electricity Customers (EB-2014-0210)*.
4. Proposed adjustments to the existing retail transmission service rates (RTSR) as calculated in the RTSR Adjustment Worksheets.
5. The continuation of the existing Rate Rider for the Smart Meter Entity Charge, Low Voltage Service Rates, Specific Service Charges, Retail Service Charges, Loss Factors, Transformer & Primary Metering Allowances and MicroFIT Generator Service Charge.
6. Establishment of 2019 rate riders for dispositions of Global Adjustment, group 1 DVA accounts, LRAMVA.
7. Establish adjustments for Class A customers for Global Adjustment and the disposition of DVA Sub Account CBRE Class B.
8. Establish a Foregone Revenue Rate Rider in the event the Board is unable to provide a decision and order for rates effective January 1, 2019.
9. Propose Sentinel Lighting Service Classification unit change to kWh from kW.

Details to support the requested adjustments are provided in the Board 2019 IRM rate generator model.

Supporting Documentation for Factors Impacting Proposed Rate Adjustments

Outlined below are the factors taken into consideration when determining the rate adjustments for which Festival Hydro is seeking approval effective January 1, 2019.

1. Price Cap Index Adjustment

Festival has used the 2019 IRM Rate Generator Model to calculate an interim price cap adjustment base, which for Festival results in a net increase of 0.75% calculated as follows:

Inflation Factor (GDP-IPI)	1.2%
Less: Productivity Factor	(0%)
Less: Stretch Factor	(0.45%)
Interim Price Cap Adj.	0.75%

Festival understands that the Board will update the price escalator in the Rate Generator model once the Board has established the final inflation factor to be applied to distributors for 2019.

2. Changes in the Federal and Provincial Income Tax Rates

The Board previously determined that the impact of currently known tax changes should be reflected in rates using a 50/50 sharing model.

The 2019 statutory tax rate is expected to remain at 26.5% and therefore there is no rate differential or annual amount to be retained by Festival.

3. Revenue to Cost Ratios Adjustments

As part of Festival's 2015 Rate application, EB- 2014-0073, all revenue to cost ratio adjustments, including harmonization of the residential rate class and the Hensall rate class, were agreed to as part of the partial settlement agreement dated October 23, 2014.

On April 2, 2015, the OEB released its Board Policy: A New Distribution Rate Design for Residential Electricity Customers (EB-2014-0210), which stated that electricity distributors will transition to a fully fixed monthly distribution service charge for residential customers over a four-year period beginning in 2016.

Tab 16 of Festival's 2019 IRM rate generator model calculates an increase of the existing monthly fixed charge of \$2.70/month for Festival's residential customers (\$25.09/mo. to \$27.79/mo.). It also calculates a reduction in the existing variable charge per month from \$0.0042/kWh to \$0.00/kWh. These adjustments ensure Festival is in compliance with the Board's policy in EB-2014-0210. These adjustments move Festival from a Fixed/Variable split of 90.3% fixed and 9.7% variable to 100% fixed and 0.0% variable.

Festival requests that the Board approve the adjustments to the residential fixed and variable charges as identified in above and in the 2019 Price Cap IR Model.

Festival does not request any further revenue to cost ratio adjustments as part of this application.

4. Deferral and Variance Account Rate Riders

Festival is requesting the disposition of Group 1 Deferral and Variance Accounts, as outlined in the detail below:

Group 1 Deferral and Variance Accounts

The report of the Board *Electricity Distributor's Deferral and Variance Account Review Report* (the EDDVAR Report) provides that during the IRM period, a distributor's Group 1 audited account balances will be reviewed and disposed if the pre-set disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. Consistent with a letter from the OEB on July 25, 2014, distributors may now elect to dispose of Group 1 account balances below the threshold.

As calculated on Tab 4 in the 2019 Price Cap IR Rate Generator Model, Festival's net amount being requested for disposition totals \$231,539 for Group 1 Deferral and Variance Accounts, consisting of \$276,843 in global adjustment (GA) recovery (as described below) and -\$45,305 of Group 1 recovery.

According to the model, the -\$45,305 Group 1 and \$276,843 for GA does not meet the threshold test as it results in a claim per kWh of less than \$0.001 at \$0.0004.

Projected interest for 2018 in the continuity schedule (Tab 3) has been calculated using the current prescribed rates of 1.5% for Jan 1 – Mar 31 and 1.89% for Apr 1 - Dec31.

All December 31, 2017 ending principal and interest balances have been balanced and agree to Festival's RRR 2.1.7 reporting, with the exception of the following:

- Account 1580 is included in the continuity as the total of all 1580 sub accounts – but was reported in the RRR filing as each individual sub account of 1580. This exception in the model was expected as per the filing requirements.
- Account 1568, as noted below, has been adjusted in the continuity from what was filed in the 2017 RRR filing based on the final LRAMVA model prepared as part of this application.

Disposition of Global Adjustment

The amount being requested for disposition of the global adjustment to December 31, 2017 as part of Festival's 2019 IRM application totals \$276,843.

IESO Settlement Process

As part of this filing, the Board has asked for a description of the settlement process with the IESO. Festival uses the GA rates from the IESO website and bills its customers based on the 1st estimate rate, settles with the IESO on the 2nd estimate rate and true-up on the actual GA rate. Festival uses billed data to calculate a prorated amount of usage for settlement. Two months prior to a settlement month Festival uses billed data to determine actual usage and produces a true-up amount. At the end of the fiscal year Festival accrues for any of the years usage that is billed in the prior months.

Festival uses the same data when calculating the monthly unbilled revenue and uses this to help with validation of consumption figures.

Certification of Evidence

Festival notes that there are sound processes and internal controls in place for the preparation, review, verification and oversight of the account balances being disposed.

Festival also implemented changes to our processes for settlement with the IESO and the booking of unbilled revenues as part of the findings in the OEB audit report dated June 5, 2017.

Class A Customer Information

Effective July 1, 2015, Festival had 4 customers who were participating in the Industrial Conservation Initiative (ICI) (i.e. each over three megawatts but less than five). Effective July 1, 2017 Festival had an additional 18 customers participate in the ICI.

For the 2019 IRM year, all 18 customers will make monthly equal payments of their portion of Global Adjustment for the period of time they were class B customers in 2017 (January 1 – June 30). These monthly payments have been calculated in tab 6.1a of the 2019 IRM model.

Disposition of WMS – Sub Account CBRE Class B

Festival notes that because we had 18 new class A customers from July 1 2017 to December 31, 2017, the balance of this sub account must be disposed of outside of the group one balances.

In 2019, all 18 customers will receive monthly equal repayments of their portion of CBR class B for the period of time they were class B customer in 2017 (January 1 – June 30th). These monthly payments have been calculated in tab 6.2a on the 2019 IRM model.

Disposition of Lost Revenue Adjustment Mechanism (LRAMVA)

Distributors may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of their IRM rate applications, if the balance is deemed significant by the applicant.

As noted in Festival's 2015 COS application (Exhibit 9, Tab 3, Such 10), "*None of the load reductions arising from the OPA contracted province wide CDM programs for 2011 through to 2014 were factored into Festival's 2010 load forecast. The 2015 COS load forecast reflects the full impact of the 2011 to 2014 results*". Festival's Appendix 2-I Load Forecast CDM Adjustment Work form is included in the appendices of this application. Since the 2015 results were factored into the 2015 COS application forecast, there are class-specific adjustments used in the 2016 calculation as documented in the LRAMVA work form.

An assessment has been completed for 2017 based on the IESO final verified results. The LRAMVA claim for 2017 is \$284,471. Festival accrued for an estimate of \$107K in its 2017 financial statements for 2017 LRAM and reported \$254K in our 2017 RRR filing of 2.1.7 which included the 2017 estimate, the disposition amount approved for 2018 of \$142K, as well as a small balance still to collect for the claim disposed of in 2016.

The final claim for disposition in 2019 of the 2017 balance is \$177K higher than the \$107K accrual in 2017 based on the final IESO verified results.

Festival obtained the assistance of a third party to calculate the lost revenues resulting from participation in the contracted Province Wide CDM Programs. In accordance with the Filing Requirements Festival confirms the following:

- Festival has used the most recent input assumptions available at the time of time of program evaluation when calculating the lost revenue amount
- Festival has relied on the most recent and appropriate CDM evaluation report from the IESO in support of its lost revenue calculation.
- The data provided includes separate tables for each rate class showing the lost revenue amounts requested by the year they are associated with, as well as a list of all the CDM programs applicable to each rate class and their energy (kWh) and demand (kW) savings.
- Carrying charges have been applied, calculated using the current prescribed rates.
- There were no OEB approved programs delivered by Festival Hydro.

The 2017 claim amount has been included in Tab 3 DVA Continuity Schedule. Festival requests the disposition of this amount as part of this application.

Festival proposes that the new deferral and variance rate riders as calculated in tab 7 of the model be approved.

5. Transmission Network and Connection Rate (RTSR) Adjustments

Festival has followed *Guideline G-2008-0001 – Electricity Distribution Retail Transmission Service Rates – version 4.0* when completing the Board’s supplied 2019 Price Cap IR Rate Generator model. Festival requests that the proposed adjustments in tab 15 of the model be approved by the Board, with the understanding that the Uniform Transmission rates (RSTRs) used in the IRM Work form may be subject to update by the Board in the event the Uniform Transmission Rates are changed.

The dollar amounts for Network and Connection Charges in the model are the same as reported in the December 31, 2017 balances for USoA account # 4714 and 4716.

6. Outstanding Board Directives

Festival filed a Cost of Service “(COS)” rate application effective May 1, 2015 (EB-2014-0073), resulting in rates being approved by the Board and implemented as of that date. Festival has complied with all of the Board Findings and Directives as presented in the Decision and Order issued May 28, 2015.

7. Continuation of Rates and Charges approved effective January 1, 2018 under EB-2017-0040

Festival requests the Board’s approval for the continuation of the following rates and service charges, as approved as part of EB-2017-0040. Festival has reviewed these rates and charges as part of the 2019 IRM application and has determined there is no need to request a change at this time. These rates have been used in preparation of the 2019 IRM Rate Generator model.

Continuation of the following rates and charges are requested:

- Low Voltage Service Rate
- MicroFIT Generator Service Charge of \$5.40 monthly
- Standard Supply Administration Charge of \$0.25
- Specific Service Charges
- Retail Service Charges
- Loss Factors
- Transformer and Primary Metering Allowances

8. Proposed Rates and Rate Tariff Sheet

Festival requests the Board approve the Monthly Rates and Charges to be effective January 1, 2019, as set out on the attached Tariff of Rates and Charges Sheet, as determined in the IRM Rate Generator Model Tab 19 Final Tariff Schedule, subject to changes to the model as identified by the Board.

Festival also requests a Foregone Revenue Rate Rider be approved by the Board in the event the Board is unable to provide a decision and order for rates effective January 1, 2019.

9. Bill Impact Analysis

The final tab of the 2019 Price Cap IR Rate Generator model (tab 20) includes a table of bill impacts for all classes as prescribed in the filing requirements as well as any other relevant classes to Festival's customer base.

The only rate class showing a bill impact of greater than 10% is the sentinel light rate class as a result of the RTSR rates being calculated based on demand in the model and therefore the model is not recognizing the sentinel light rate class for RTSR rates as we've changes the class to a kwh class in the bill impact tab.

10. Residential Rate Design – Exceptions and Mitigation

The OEB requires distributors to calculate the combined impact of the fixed rate increase and any other changes in the cost of distribution service for those residential RPP customers who are in the 10th percentile of overall consumption.

To calculate the average consumption of the 10th percentile residential customers, Festival downloaded all residential consumption for each month in 2017. Festival then calculated the average consumption per residential customer. Festival then sorted the consumption data in order to determine what the 10th percentile average consumption was for 2017.

The average consumption of Festival's customers in the 10th percentile is 198kWh/month. As per the bill impacts tab of the model, Festival expects a total bill decrease of 4.40% for this average usage. As such, no mitigation plan is required.

11. Off-ramps

Festival's 2017 ROE reported was not in excess of the 300 basis points dead band. As such, Festival is applying for the approved increase to base rates effective January 1, 2019.

12. Accuracy of pre-populated models

Festival has reviewed and agrees the pre-populated models utilized as part of this application are accurate.

Festival submits to the Board that the adjustments to electricity rates and charges as presented in the 2019 IRM Rate Application EB-2018-0032 are fair and just rates. The enclosed is respectfully submitted for the Board's consideration.

Yours truly,
Festival Hydro Inc.

Original signed by E. Smith

E. Smith, CPA, CGA
Finance and Regulatory Manager
www.festivalhydro.com

Attachments:

- A- 2018 Final tariff sheet (PDF)
- B - 2019 Price Cap IR Rate Generator Model (excel version only)
- C - LRAMVA work form (excel version only)
- D - OEB Appendix 2-I from Festivals' 2015 COS filing (EB-201400073) (excel version only)
- E - IESO Final 2017 Annual Verified Results Report (excel version only)
- F - 2019 GA Analysis Work Form (excel version only)
- G - 2019 1595 Work Form (excel version only)

APPENDIX A

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2017-0040

RESIDENTIAL SERVICE CLASSIFICATION

A customer is classed as residential when all the following conditions are met:

- (a) the property is zoned strictly residential by the local municipality,
- (b) the account is created and maintained in the customer's name,
- (c) the building is used for dwelling purposes.

Exceptions may be made for properties zoned for farming use, under the following conditions:

- (a) the principal use of the service is for the residence,
- (b) the service size is 200 amperes or less, and the service is 120/240 volt single phase.

Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	25.09
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0042
Low Voltage Service Rate	\$/kWh	0.0004
Rate Rider for Disposition of Global Adjustment Account (2018) - effective until December 31, 2018 Applicable only for Non-RPP Customers	\$/kWh	0.0006
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until December 31, 2018	\$/kWh	0.0002
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until December 31, 2018	\$/kWh	0.0005
Rate Rider for Disposition of Capacity Based Recovery Account (2018) - effective until December 31, 2018 Applicable only for Class B Customers	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0069
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0048

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
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approved schedules of Rates, Charges and Loss Factors

EB-2017-0040

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to a non residential account whose peak demand is less than 50 kW based on the process for and frequency for reclassification as outlined in Section 2.5 of the Distribution System Code. For a new customer without prior billing history, the kW peak demand will be estimated by Festival Hydro Inc. to determine the proper rate classification. Customers who are classed as General Service but consider themselves eligible to be classed as Residential must provide Festival Hydro Inc. with a copy of their tax assessment, which clearly demonstrates the zoning is for residential use only. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	31.86
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0158
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Disposition of Global Adjustment Account (2018) - effective until December 31, 2018 Applicable only for Non-RPP Customers	\$/kWh	0.0006
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until December 31, 2018	\$/kWh	0.0009
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until December 31, 2018	\$/kWh	0.0005
Rate Rider for Disposition of Capacity Based Recovery Account (2018) - effective until December 31, 2018 Applicable only for Class B Customers	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0060
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0044

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
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EB-2017-0040

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification refers to a non residential account whose peak demand is equal to or greater than 50 kW but less than 5,000 kW based on the process for and frequency for reclassification as outlined in Section 2.5 of the Distribution System Code. For a new customer without prior billing history, the kW peak demand will be estimated by Festival Hydro Inc. to determine the proper rate classification. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of WMS – Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	236.43
Distribution Volumetric Rate	\$/kW	2.5524
Low Voltage Service Rate	\$/kW	0.1365
Rate Rider for Disposition of Global Adjustment Account (2018) - effective until December 31, 2018 Applicable only for Non-RPP Customers	\$/kWh	0.0006
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until December 31, 2018	\$/kW	0.0574
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until December 31, 2018 Applicable only for Non-Wholesale Market Participants	\$/kW	0.1359
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until December 31, 2018	\$/kW	0.0726
Rate Rider for Disposition of Capacity Based Recovery Account (2018) - effective until December 31, 2018 Applicable only for Class B Customers	\$/kW	(0.0201)

Issued - December 14 , 2017
Corrected - December 18, 2017

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
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EB-2017-0040

Retail Transmission Rate - Network Service Rate	\$/kW	2.5363
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7819
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.6940
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	1.9534

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2017-0040

LARGE USE SERVICE CLASSIFICATION

This classification refers to non-residential accounts whose monthly peak demand is equal to or greater than 5,000 kW, based on the process for and frequency for reclassification as outlined in Section 2.5 of the Distribution System Code. For a new customer without prior billing history, the kW peak demand will be estimated by Festival Hydro Inc. to determine the proper rate classification. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	11,308.07
Distribution Volumetric Rate	\$/kW	1.1765
Low Voltage Service Rate	\$/kW	0.1579
Rate Rider for Disposition of Global Adjustment Account (2018) - effective until December 31, 2018 Applicable only for Non-RPP Customers	\$/kWh	0.0006
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until December 31, 2018	\$/kW	(0.0083)
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until December 31, 2018	\$/kW	0.3298
Rate Rider for Disposition of Capacity Based Recovery Account (2018) - effective until December 31, 2018 Applicable only for Class B Customers	\$/kW	0.0008
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.9828
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	2.2338

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Issued - December 14, 2017
Corrected - December 18, 2017

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2017-0040

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, pedestrian cross-walk signals/beacons, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/ documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	8.36
Distribution Volumetric Rate	\$/kWh	0.0086
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Disposition of Global Adjustment Account (2018) - effective until December 31, 2018 Applicable only for Non-RPP Customers	\$/kWh	0.0006
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until December 31, 2018	\$/kWh	(0.0001)
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until December 31, 2018	\$/kWh	0.0005
Rate Rider for Disposition of Capacity Based Recovery Account (2018) - effective until December 31, 2018 Applicable only for Class B Customers	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0060
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0044

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
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EB-2017-0040

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	2.31
Distribution Volumetric Rate	\$/kW	12.3185
Low Voltage Service Rate	\$/kW	0.0994
Rate Rider for Disposition of Global Adjustment Account (2018) - effective until December 31, 2018 Applicable only for Non-RPP Customers	\$/kWh	0.0006
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until December 31, 2018	\$/kW	(0.0679)
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until December 31, 2018	\$/kW	0.1831
Rate Rider for Disposition of Capacity Based Recovery Account (2018) - effective until December 31, 2018 Applicable only for Class B Customers	\$/kW	(0.0187)
Retail Transmission Rate - Network Service Rate	\$/kW	1.9226
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.4064

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
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EB-2017-0040

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. If connected to the municipal or the Province of Ontario street lighting system, decorative lighting and tree lighting services will be treated as a Street Lighting class of service. Decorative or tree lighting connected to Festival Hydro Inc.'s distribution system will be treated as a General Service Less Than 50 kW class customers. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per light)	\$	1.15
Distribution Volumetric Rate	\$/kW	3.4431
Low Voltage Service Rate	\$/kW	0.0974
Rate Rider for Disposition of Global Adjustment Account (2018) - effective until December 31, 2018 Applicable only for Non-RPP Customers	\$/kWh	0.0006
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2018) - effective until December 31, 2018	\$/kW	(0.0450)
Rate Rider for Disposition of Deferral/Variance Accounts (2018) - effective until December 31, 2018	\$/kW	0.1977
Rate Rider for Disposition of Capacity Based Recovery Account (2018) - effective until December 31, 2018 Applicable only for Class B Customers	\$/kW	(0.0201)
Retail Transmission Rate - Network Service Rate	\$/kW	1.9128
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.3776

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
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EB-2017-0040

microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5.40
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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

SPECIFIC SERVICE CHARGES**APPLICATION**

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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Customer Administration

Arrears certificate	\$	15.00
Income tax letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque (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	%	19.66
Collection of account charge - no disconnection - during regular business hours	\$	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	\$	185.00
Disconnect/reconnect at pole - after regular hours	\$	415.00
Install/remove load control device - during regular hours	\$	65.00
Install/remove load control device - after regular hours	\$	185.00

Other

Service call - customer owned equipment	\$	30.00
Service call - after regular hours	\$	165.00
Temporary service install & remove - overhead - no transformer		Time & materials
Temporary service install & remove - underground - no transformer		Time & materials
Temporary service install & remove - overhead - with transformer		Time & materials
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	22.35

Festival Hydro Inc.
TARIFF OF RATES AND CHARGES
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RETAIL SERVICE CHARGES (if applicable)

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0291
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0176
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0188
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0075