



BY E-MAIL

April 29, 2020

Kelly McCann
Chief Financial Officer
Festival Hydro Inc.
187 Erie Street
P.O. Box 397 Stratford, N5A 6T5
kmccann@festivalhydro.com

Dear Ms. McCann:

**Re: Festival Hydro Inc.
Application for 2021 Electricity Rates
Ontario Energy Board File Number: EB-2020-0022**

This letter is to provide a final response to your letter expressing an interest to defer Festival Hydro Inc.'s (Festival Hydro) rebasing of its rates beyond the 2021 rate year.

The OEB's letter to Festival Hydro dated May 13, 2019 states that:

Provided that no concerns are raised through the OEB's review of the 2018 performance and a forecast of the 2019 performance, which will be requested in early 2020, the OEB will not require Festival Hydro to set its 2021 rates on a cost of service basis.

The OEB has reviewed Festival Hydro's 2018 performance and a forecast of the 2019 performance. As a result, the OEB is granting final approval for Festival Hydro's request to defer its 2021 cost of service application. The OEB will place Festival Hydro on the list of distributors whose rates will be scheduled for rebasing for the 2022 rate year.

The OEB reminds Festival Hydro that if Festival Hydro subsequently seeks a further deferral, the OEB will consider whether the Annual Incentive Rate-setting Index method that was developed for distributors intending longer periods without rebasing should be applied. The OEB will also consider whether the filing of a distribution system plan would be required at that time. Any request for an incremental capital module would

need to be supported by evidence on Festival Hydro's overall capital plan and how the proposed capital project has been accommodated in that plan, such as through the filing of an update to an existing distribution system plan.

If Festival Hydro intends to seek a rate adjustment for 2021 rates, the OEB expects Festival Hydro to adhere to the process for Price Cap Incentive Rate-setting applications for the 2021 rate year.

Yours truly,

Original signed by

Christine E. Long
Registrar and Board Secretary