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BY EMAIL

March 9, 2022

Alyson Conrad, Chief Financial Officer
Festival Hydro Inc.
P.O. Box 397
Stratford ON N5A 6T5
Email: aconrad@festivalhydro.com

Dear Ms. Conrad:

**Re: Application for 2023 Electricity Rates
OEB File No. EB-2022-0032 Festival Hydro Inc.**

This letter is in response to your letter expressing an interest to defer Festival Hydro's rebasing of its rates for the 2023 rate year for two years.

The OEB's [letter of December 1, 2021](#), regarding changes to the OEB's approach to deferrals, outlined distributors with existing deferrals, such as Festival Hydro, can request one more deferral but only to a combined maximum of three years or can select Annual Incentive Rate-setting Index (Annual IR). Festival Hydro acknowledged that it has already reached the combined three-year limit and while it prefers to remain on the Price Cap Incentive Rate-setting method, it is prepared to accept Annual IR.

The OEB has reviewed the letter and Festival Hydro's recent financial and service quality performance and will not require Festival Hydro to rebase for 2023 rates. While the OEB acknowledges that it invited expressions of interest from electricity distributors to defer rebasing applications for 2023 rates, as per the OEB's December 1 letter, the OEB will place Festival Hydro on the Annual IR method given that it has already deferred rebasing for three consecutive years.

If Festival Hydro intends to seek a rate adjustment for 2023 rates, the OEB expects Festival Hydro to adhere to the process for Annual IR applications for the 2023 rate year.

The requirement to file a Distribution System Plan was waived in each of Festival Hydro's prior deferral approvals and the OEB will not require Festival Hydro to file a Distribution System Plan at this time.

Yours truly,

Nancy Marconi
Registrar