

BY E-MAIL

October 2, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ritchie Murray:

**Re: Festival Hydro Inc. (Festival Hydro)
2026 Distribution Rate Application
Ontario Energy Board (OEB) File Number: EB-2025-0039**

In accordance with Procedural Order No. 1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Festival Hydro Inc.'s responses to interrogatories are due by October 16, 2025.

Any questions relating to this letter should be directed to Harshleen Kaur at harshleen.kaur@oeb.ca or at 416-440-8136. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Harshleen Kaur
Advisor, Incentive Rate-setting

Attach.

OEB Staff Interrogatories
2026 Electricity Distribution Rates Application
Festival Hydro Inc. (Festival Hydro)
EB-2025-0039
October 2, 2025

Please note, Festival Hydro Inc. (Festival Hydro) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Staff Interrogatory-1

Ref. 1: EB-2024-0063, OEB Letter, July 26, 2024

Ref. 2: EB-2024-0063, OEB Letter, October 31, 2024

Ref. 3: EB-2024-0063, Decision and Order, March 27, 2025, pp. 92

Preamble:

On July 26, 2024, the OEB issued a Letter and Accounting Order establishing a variance account for the deemed short-term debt rate (DSTDR) related to the generic proceeding on cost of capital and other matters.

On October 31, 2024, the OEB issued a Letter and Accounting Orders establishing two variance accounts. One is the account regarding the return on equity (ROE) and the other is the account regarding deemed long-term debt rate (DLTDR), both related to the generic proceeding on cost of capital and other matters.

On March 27, 2025, the OEB issued its decision and order for the above-noted generic proceeding. The OEB addressed the variance accounts established by the above-noted Accounting Order and stated:

Utilities that implemented rates in 2025 using interim cost of capital parameters were granted variance accounts to record the difference between the revenue requirement at interim and final cost of capital parameters. The OEB will consider the disposition of these balances in both IRM and Custom IR update rate applications. The OEB will also consider applications to amend base rates to reflect any changes in revenue requirement for 2025, but only if there was no specific treatment previously approved by the OEB for the 2025 rate application. This approach will allow the variance accounts for 2025 to be disposed and closed.

Any adjustment to base rates should use only data from the final approved revenue requirement calculation and billing determinants (no updated forecast).

Question(s):

- a) Please explain whether Festival Hydro is planning to dispose of and close the variance accounts relating to the DSTDR, DLTD, and ROE, as applicable, as part of its incentive rate-setting (IR) mechanism application for 2026 rates.
- b) If yes, please explain how the requirements of the OEB's March 27, 2025 decision and Accounting Orders have been addressed in the current application to dispose of these variance account(s) and confirm the accuracy of the balances in such variance accounts.
- c) If no, please explain when Festival Hydro plans to dispose of these variance account(s).
- d) If no, please explain how Festival Hydro plans to mitigate generating significant balances in the variance account(s) and minimize intergenerational equity.

Staff Interrogatory-2

Ref. 1: FHI_2026_IRM_Application_20250814, pp. 14 - 15

Preamble:

As part of the 2026 incentive rate setting mechanism (IRM) application, Festival Hydro has requested for correction to its previously disposed Group 1 Deferral and Variance Account (DVA) due to cyber security compliance that did not allow for the embedded macros in the Rate Generator Model to update.

Question(s):

- a) Is the issue identified by Festival Hydro only limited to one year of disposition?
 - i. If yes, what was the reason that the error occurred only during one year?
- b) Please confirm whether the final 2026 IRM Rate Generator Model was independently verified for macro execution and data propagation accuracy (e.g., Tab 3 to Tabs 6.1, 6.2, 7, and 19). If so, please describe the verification process and responsible party.
- c) Please confirm whether Festival Hydro has implemented a formal attestation or sign-off process for macro-enabled models going forward, and if so, provide a sample or summary of the attestation criteria.

Staff Interrogatory-3

Ref. 1: 2026-IRM-Rate-Generator-Model_V1_20250814, Tab 3 Continuity Schedule

Ref. 2: FHI_2025_DVA_Continuity_Schedule_CoS_1.0_20241122, Tab 2a. Continuity Schedule

Preamble:

The residual balances of Account 1595 should reconcile with the previously filed application. The value for Cell AT35 in Ref. 1. does not match with the value for Cell BD39 in Ref. 2.

Ref. 1 (Cell AT35):

		2023				
Account Descriptions	Account Number	Opening Principal Amounts as of Jan 1, 2023	Transactions Debit / (Credit) during 2023	OEB-Approved Disposition during 2023	Principal Adjustments ¹ during 2023	Closing Principal Balance as of Dec 31, 2023
Group 1 Accounts						
LV Variance Account	1550	0			188,664	188,664
Smart Metering Entity Charge Variance Account	1551	0			(106,166)	(106,166)
RSVA - Wholesale Market Service Charge ⁵	1580	0			673,321	673,321
Variance WMS – Sub-account CBR Class A ⁵	1580	0			0	0
Variance WMS – Sub-account CBR Class B ⁵	1580	0			9,269	9,269
RSVA - Retail Transmission Network Charge	1584	0			987,970	987,970
RSVA - Retail Transmission Connection Charge	1586	0			655,002	655,002
RSVA - Power ⁴	1588	0			(4,441)	(4,441)
RSVA - Global Adjustment ⁴	1589	0			666,571	666,571
Disposition and Recovery/Refund of Regulatory Balances (2022) ³	1595	513	4,804		(2,787)	2,530
Disposition and Recovery/Refund of Regulatory Balances (2023) ³	1595	0	(1,529,160)	(1,601,869)		72,710
Disposition and Recovery/Refund of Regulatory Balances (2024) ³	1595	0				0

Ref. 2 (Cell BD39):

		2023				
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-23	Transactions Debit / (Credit) during 2023	OEB-Approved Disposition during 2023	Principal Adjustments ⁽¹⁾ during 2023	Closing Principal Balance as of Dec-31-23
Group 1 Accounts						
LV Variance Account	1550	\$255,869	\$96,646	\$163,851		\$188,664
Smart Metering Entity Charge Variance Account	1551	-\$65,378	-\$54,042	-\$13,254		-\$106,166
RSVA - Wholesale Market Service Charge ⁵	1580	\$1,804,351	-\$648,161	\$482,869		\$673,321
Variance WMS – Sub-account CBR Class A ⁵	1580	\$0				\$0
Variance WMS – Sub-account CBR Class B ⁵	1580	-\$77,314	\$46,899	-\$39,684		\$9,269
RSVA - Retail Transmission Network Charge	1584	\$1,524,930	\$438,595	\$975,555		\$987,970
RSVA - Retail Transmission Connection Charge	1586	\$251,719	\$428,806	\$25,523		\$655,002
RSVA - Power (excluding Global Adjustment) ⁴	1588	\$684,003	-\$125,413		-\$563,031	-\$4,441
RSVA - Global Adjustment ⁴	1589	\$420,147	-\$208,175		\$454,599	\$666,571
Disposition and Recovery/Refund of Regulatory Balances (2018 and pre-2018) ³	1595	\$1	-\$1			\$0
Disposition and Recovery/Refund of Regulatory Balances (2019) ³	1595	\$1,005				\$1,005
Disposition and Recovery/Refund of Regulatory Balances (2020) ³	1595	\$43,449	\$4,116			\$47,565
Disposition and Recovery/Refund of Regulatory Balances (2021) ³	1595	-\$66				-\$66
Disposition and Recovery/Refund of Regulatory Balances (2022) ³	1595	\$513	\$4,804		-\$2,787	\$2,530
Disposition and Recovery/Refund of Regulatory Balances (2023) ³	1595	\$0	-\$1,573,076	-\$1,601,869		\$28,794

Question(s):

- a) Please update the value in the continuity schedule to reconcile with the previously filed application.
 - i. If Festival Hydro believes the value is accurate, please provide the reason for the difference between the two values, if applicable.

Staff Interrogatory-4

Ref. 1: 2026-IRM-Rate-Generator-Model_V1_20250814, Tab 3 Continuity Schedule

Preamble:

On September 11, 2025, the OEB published the 2025 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question(s):

- a) Please confirm that Tab 3 (Continuity Schedule) reflects the Q4 2025 OEB-prescribed interest rate of 2.91%. If not, please update Tab 3, as necessary.

Staff Interrogatory-5

Ref. 1: 2026-IRM-Rate-Generator-Model_V1_20250814, Tab 9 Shared Tax - Rate Rider

Ref. 2: FHI_2025_Cost_Allocation_Model_1.0_20241112, Tab 16.2 Customer Data

Preamble:

In Ref. 1, Column C uses the values as either Billed Customers or Connections. For the Rate Class Street Lighting Service Classification from Ref. 1 Cell C23, Festival Hydro has taken the value as Number of Devices from Ref. 2 Cell J18.

Question(s):

- a) Please confirm that Number of Devices for the Street Lighting Service Classification was intended to be used for Cell C23.
 - i. If yes, please provide a reason for using Number of Devices for the Street Lighting Service Classification.
 - ii. If not, please update as necessary.

Staff Interrogatory-6

Ref. 1: 2026-IRM-Rate-Generator-Model_V1_20250814, Tab 9 Shared Tax - Rate Rider

Ref. 2: 2026-IRM-Rate-Generator-Model_V1_20251002, Tab 9 Shared Tax – Rate Rider

Preamble:

In Ref. 1, both Columns G and H use values up to 4 decimal places. Festival Hydro had updated these two columns, where required, with values up to 2 decimal places.

OEB staff has updated the Rate Generator Model to reflect the values up to 4 decimal places. (Ref. 2)

Question(s):

- a) Please confirm the accuracy of the updates.

Staff Interrogatory-7

Ref. 1: 2026-IRM-Rate-Generator-Model_V1_20250814, Tab 21 Bill Impacts

Ref. 2: FHI_2026_IRM_Application_20250814, pp. 5

Ref. 3: 2026-IRM-Rate-Generator-Model_V1_20251002, Tab 21 Bill Impacts

Preamble:

Tab 21 of the Rate Generator Model requires that the “update” button is clicked once all applicable cells in Table 1 have been entered. In Ref. 2, Table 2 – Bill Impacts by Rate Class, the values do not reflect the updated values.

OEB staff has refreshed Tab 21 and below is the new output of the Bill Impacts. (Ref. 3)

RATE CLASSES / CATEGORIES <i>(eg: Residential TOU, Residential Retailer)</i>	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 2.07	5.8%	\$ 6.65	17.7%	\$ 6.72	13.0%	\$ 6.72	5.1%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	\$ 5.05	7.1%	\$ 16.65	21.7%	\$ 16.86	15.3%	\$ 16.84	5.3%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	\$ 73.50	13.3%	\$ 401.11	60.6%	\$ 407.34	29.1%	\$ 460.29	4.0%
LARGE USE SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	\$ 4,504.86	24.2%	\$ 12,241.36	69.0%	\$ 12,587.36	21.3%	\$ 14,223.72	2.6%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	\$ 0.91	6.6%	\$ 2.81	19.3%	\$ 2.85	14.1%	\$ 2.84	5.1%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	kWh	\$ 1.22	5.7%	\$ 3.28	14.7%	\$ 3.32	12.0%	\$ 3.32	4.6%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	\$ 472.45	13.7%	\$ 2,342.87	59.8%	\$ 2,371.97	32.3%	\$ 2,680.33	4.9%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 2.07	5.8%	\$ 3.76	10.3%	\$ 3.79	9.1%	\$ 3.78	5.3%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	\$ 20.25	9.6%	\$ 78.25	33.4%	\$ 79.28	19.8%	\$ 79.20	5.5%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	\$ 394.50	20.2%	\$ 2,360.16	90.6%	\$ 2,397.54	34.1%	\$ 2,709.22	4.1%
RESIDENTIAL SERVICE CLASSIFICATION (Retailer)	kWh	\$ 2.07	5.8%	\$ 8.07	20.0%	\$ 8.15	14.9%	\$ 9.21	4.6%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 5.05	7.1%	\$ 20.45	24.3%	\$ 20.66	17.6%	\$ 23.34	4.6%

Question(s):

- a) Please confirm the accuracy of the updates.

Staff Interrogatory-8

Ref. 1: 2026-IRM-Rate-Generator-Model_V1_20250814, Tab 16.1 LV Expense

Preamble:

On Tab 16.1 of the Rate Generator Model the following information is provided for June and July.

JUNE				
MONTH	DESCRIPTION	SERVICE POINT	KW	RATE
	Monthly Service Charge			824.2800
	Rider Group 2	Seaforth TS	7,523.95	-0.0072
	Rider Group 1	Seaforth TS	7,523.95	-0.1340
	Common ST Lines	Seaforth TS	7,523.95	1.6301
	Common ST Lines	Grand Bend East DS	1,786.45	1.6301
	Rider Group 1	Grand Bend East DS	1,786.45	-0.1340
	Rider Group 2	Grand Bend East DS	1,786.45	-0.0072
	HVDS - High Voltage	Grand Bend East DS	1,786.45	3.4164
	LVDS - Low	Grand Bend East DS:Dashwood P	559.80	2.0255
	LVDS - Low	Seaforth TS:Brussels PME	1,495.63	2.0255
Total				
JULY				
MONTH	DESCRIPTION	SERVICE POINT	KW	RATE
	Monthly Service Charge			824.2800
	Rider Group 2	Seaforth TS	7,421.21	-0.0072
	Rider Group 1	Seaforth TS	7,421.21	0.2754
	Common ST Lines	Seaforth TS	7,421.21	1.6301
	Rider 1595	Seaforth TS	7,421.21	-0.0241
	Common ST Lines	Grand Bend East DS	1,695.77	1.6301
	Rider Group 1	Grand Bend East DS	1,695.77	0.2754
	Rider Group 2	Grand Bend East DS	1,695.77	-0.0072
	Rider 1595	Grand Bend East DS	1,695.77	-0.0241
	HVDS - High Voltage	Grand Bend East DS	1,695.77	3.4164
	LVDS - Low	Grand Bend East DS:Dashwood P	523.92	2.0255
	LVDS - Low	Seaforth TS:Brussels PME	1,480.78	2.0255
Total				

Question(s):

- a) Please explain the reason for the change in the rates for Rider Group 1 (Seaforth TS and Grand Bend East DS) between the two months.

Staff Interrogatory-9

Ref. 1: FHI_2026_IRM_Application_20250814, Table 1 (pp. 5) and Table 9 (pp. 16)

Ref. 2: Festival Hydro_2024-IRM-Rate-Generator-Model_20231212, Tab 6.1a GA Allocation and Tab 7 Calculation of Def-Var RRs

Preamble:

OEB staff compiled tables below based on the evidence filed in the application and the Rate Generator Model filed in Festival Hydro’s 2024 IRM proceeding:

Rate Class	Allocation of Group 1 Account Balances to All Classes	Allocation of Group 1 Account Balances to Non-WMP Classes Only (If Applicable)	TOTAL DVA \$ Allocated
Residential Service Classification	\$ 490,844		\$ 490,844
General Service Less Than 50 Kw Service Classification	\$ 209,788		\$ 209,788
General Service 50 To 4,999 Kw Service Classification	\$ 566,340	\$ 717,318	\$ 1,283,658
Large Use Service Classification	\$ 46,335	\$ 58,147	\$ 104,482
Unmetered Scattered Load Service Classification	\$ 2,468		\$ 2,468
Sentinel Lighting Service Classification	\$ 351		\$ 351
Street Lighting Service Classification	\$ 8,955		\$ 8,955
Total per Tab 7 of 2024 RGM	\$ 1,325,080	\$ 775,466	\$ 2,100,546

	Allocation of Group 1 Account Balances to All Classes	Allocation of Group 1 Account Balances to Non-WMP Classes Only (If Applicable)	TOTAL DVA \$ Allocated
Total per Tab 7 of 2024 RGM	\$ 1,325,080	\$ 775,466	\$ 2,100,546
Table 9 of this application	\$ 1,396,816	\$ 911,415	\$ 2,308,231
Difference	\$ (71,736)	\$ (135,949)	\$ (207,685)

Question(s):

- a) Please provide the reason for the discrepancy between the DVA amounts presented in Tab 7 of the 2024 Rate Generator Model and those shown in Table 9 of this application and update the evidence, as applicable.
- b) Please confirm that Class A / Class B transition customers (as per Tab 6.1a) in the 2024 IRM proceeding are not impacted by the error related to the GA and DVA rate riders in 2024 IRM proceeding.
- c) Please confirm that the DVA and GA adjustment riders proposed in this application will be recorded in Account 1595 (2024).
 - i) If confirmed, given the proposed DVA and GA rate riders sunset on December 31, 2026, please clarify when Festival Hydro is to dispose Account 1595 (2024) balance.
- d) Please provide commentary on the potential rates retroactivity issues for the error identified on DVA and GA rate riders in Festival Hydro's 2024 IRM proceeding. Please provide any precedent cases that Festival Hydro is aware of for the similar error.

Staff Interrogatory-10

Ref. 1: FHI_2026_IRM_Application_20250814, Table 9 (GA Section)

Ref. 2: 2026-IRM-Rate-Generator-Model_V1_20250814, Tab 6.1a GA Allocation and Tab 6.1 GA

Question(s):

- a) For the GA portion of the error, please confirm that Festival Hydro's proposed 2026 rate riders will apply only to Non-RPP Class B customers (excluding WMPs, full-year Class A, and applying the transition-customer adjustments).

- i. If confirmed, please make changes to the evidence filed in the application.
- ii. If not confirmed, please explain why not.

Staff Interrogatory-11

Ref. 1: 2026_FHI_Commodity_Accounts_Analysis_Workform_1.0_20250814, Tabs GA 2024 and Account 1588

Ref. 2: 2026-IRM-Rate-Generator-Model_V1_20250814, Tab 3 Continuity Schedule

Ref. 3: [Commodity Accounts Analysis Workform Instructions](#) – 2026 Rates

Preamble:

The principal transactions recorded in 2024 for Accounts 1588 and 1589 in Ref. 2 are \$1,252,175 (Cell BD28) and \$867,711 (Cell BD29), respectively. However, the amounts used in the Commodity Accounts Analysis Workform are \$568,172 (Cell C20 in Tab Account 1588) and \$447,564 (Cell C75 in Tab GA 2024).

OEB staff compiled a table below based on the evidence filed in the application:

Principal Transaction in 2024	Per RGM	Per Commodity WF	Variance
Account 1588	\$ 1,252,175	\$ 568,172	\$ 684,003
Account 1589	\$ 867,711	\$ 447,564	\$ 420,147

According to Commodity Accounts Analysis Workform instructions released by the OEB on May 4, 2025, the disposition amounts should not be included as per below:

*“Reconciling items must be considered for each year requested for disposition.
a) Input the in-year transactions recorded in the general ledger for the principal balance. This should equal the GA transactions recorded in Account 1589 for the year.*

- *Do not include dispositions in this amount.*
- *Do not include principal adjustments in this amount as that will be shown in the “Principal Adjustments” column in the DVA Continuity Schedule.*
- *This amount should agree to the “Transactions Debit/(Credit)” column shown in the DVA Continuity Schedule”*

Also, per “Notes 1” in Tab Account 1588 of the Commodity Accounts Analysis Workform:

“1) The transactions should equal the “Transaction” column in the DVA Continuity Schedule. This is also expected to equal the transactions in the general ledger (excluding transactions relating to the removal of approved

disposition amounts as that is shown in a separate column in the DVA Continuity Schedule)”.

Question(s):

- a) Please confirm OEB staff’s observation above and provide the reason for the discrepancy and update the Commodity Accounts Analysis Workform, if applicable.
- b) Following the update, please provide an explanation identifying any additional reconciling items, and/or to identify corrections to the balance requested for disposition, if any remaining unreconciled difference that is greater than +/- 1% of the annual IESO GA charges under Note 6, and please also provide explanation if the annual Account 1588 variance greater than +/- 1% of that year’s cost of power purchased under Note 7.

Staff Interrogatory-12

Question(s):

- a) In the instance the OEB releases any updated rates/charges (e.g., 2026 Uniform Transmission Rates) before Festival Hydro provides its responses to OEB staff’s interrogatories, please update the Rate Generator Model, as applicable, and identify the rates/charges that were updated.