

**BY E-MAIL**

November 4, 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)  
Application for 2026 Distribution Rates  
Ontario Energy Board (OEB) File Number: EB-2025-0039**

In accordance with Procedural Order No. 2, please find attached the Ontario Energy Board (OEB) staff supplemental interrogatories in the above proceeding. The applicant has been copied on this filing.

Festival Hydro's responses to the supplemental interrogatories are due by November 11, 2025.

Any questions relating to this letter should be directed to Harshleen Kaur at [harshleen.kaur@oeb.ca](mailto: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 Supplemental Interrogatories  
Festival Hydro Inc.  
EB-2025-0039**

Please note, Festival Hydro Inc. (Festival Hydro) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff supplemental 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*.

**Supplemental Staff-1**

**Ref. 1: 2026-FHI\_IRM-Rate-Generator-Model\_20251104, Tabs 18 and 21**

**Preamble:**

On October 17, 2025, the OEB issued a letter regarding updated Regulated Price Plan (RPP) prices effective as of November 1, 2025. Also, effective November 1, 2025, the Ontario Government's Ontario Electricity Rebate (OER) was changed to 23.5%.

OEB staff has updated Festival Hydro's Rate Generator Model (RGM) with the updated RPP and OER values as follows:

**Time-of-Use RPP Prices and Percentages**

As of	November 1, 2025		
Off-Peak	\$/kWh	0.0980	64%
Mid-Peak	\$/kWh	0.1570	18%
On-Peak	\$/kWh	0.2030	18%

**Ontario Electricity Rebate (OER)**

Ontario Electricity Rebate (OER)	\$	23.50%
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**Question(s):**

- a) Please confirm the accuracy of the Rate Generator Model updates for the RPP and OER values.

**Supplemental Staff-2**

**Ref. 1: Festival Hydro's Response to Staff Interrogatory-9**

**Ref. 2: 2024 Rate Generator Model, December 14, 2023**

**Preamble:**

Festival Hydro confirmed that it used the November 30, 2023 version of the RGM in its 2024 IRM application. OEB staff notes that an updated version of the RGM was filed in the webdrawer on December 14, 2023, the same day as the final 2024 Rate Order was issued.

The impact of using an outdated model resulted in a material discrepancy of approximately \$207,685, which exceeds Festival Hydro's materiality threshold.<sup>1</sup>

**Question(s):**

- a) Please explain why the December 14, 2023 version of the RGM was not used, given its availability on the date of the final Rate Order.
- b) Please update the application using the final version of the RGM to ensure alignment with the OEB filing requirements.

**Supplemental Staff-3**

**Ref. 1: Festival Hydro's Response to Staff Interrogatory-9**

**Ref. 2: 2024 Chapter 3 Filing Requirement, 3.2.5.3 Commodity Accounts 1588 and 1589**

**Ref. 3: Tab 6.1a GA Allocation of 2024 RGM, December 14, 2023**

**Preamble:**

In response to Staff-9 b), Festival Hydro stated:

*Three of the five transition customers in the 2024 IRM proceeding were billed as Class A for all of 2024 and continue to be billed as Class A presently and therefore, are not impacted by the GA rate rider error... Finally, one of the five customers was a transition customer once again in 2024 and 2025 and is therefore impacted by the GA rate rider error. FHI proposes a manual calculation to apply the GA rate rider one-time correction to the account for the portion of 2024 when they were billed as Class B as outlined in the table below:*

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<sup>1</sup> Materiality Threshold is \$80,000, EB-2024-0023, [FHI 2025 Exhibit 1 20240509.pdf](#), p. 22

	kWh	GA RR Correction Rate	Class B GA Allocation
2024 Transition Customer 1	1,719,071	-\$ 0.0037	-\$ 6,360.56

Below table is the allocation of Global Adjustment (GA) balances to Class A/B transition customers from tab 6.1a GA allocation of 2024 RGM, December 14, 2023:

Customer	Total Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers	Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers in 2022	Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers in 2021	Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers in 2020	Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers in 2019	Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers in 2018	% of kWh	Customer Specific GA Allocation for the Period When They Were Class B customers	Monthly Equal Payments
Customer 1	12,220,300	0	6,383,775	5,836,525	0	0	54.51%	\$ 14,632	\$ 1,215
Customer 2	1,090,432	0	0	1,090,432	0	0	4.90%	\$ 1,315	\$ 110
Customer 3	5,251,215	1,616,889	1,993,316	2,041,010	0	0	23.42%	\$ 6,288	\$ 524
Customer 4	2,455,858	0	0	2,455,858	0	0	10.96%	\$ 2,941	\$ 245
Customer 5	1,391,386	0	1,391,386	0	0	0	6.21%	\$ 1,666	\$ 138

Section 3.2.5.3 of the OEB's Chapter 3 Filing Requirements<sup>2</sup> states:

*Each transitioning customer will only be responsible for the customer-specific amount allocated to them and are not to be charged/refunded the general GA rate rider associated with these balances. Customers should be charged in a consistent manner for the entire rate rider period until the rider's expiration date, regardless of whether customers transitioned between Class A and Class B during the disposition period.*

**Question(s):**

- a) Please confirm whether Customer 3 in Tab 6.1a GA Allocation of the 2024 RGM is 2024 transition Customer 1 mentioned in the table provided in IR response to Staff-9 b)
  - i) If so, please explain why the credit amount of \$6,360.56 is different from the debit amount of \$6,288 shown in tab 6.1a GA Allocation of the 2024 RGM.
  - ii) If not, please provide the calculation for -\$6,360.56 and identify which customer this amount relates to in the 2024 RGM.
- b) Please explain why Festival Hydro relied on calendar year status (i.e., Class A in 2024 and presently) rather than the status during the accumulation periods (2020-2022) used in the 2024 IRM proceeding to determine GA and Deferral and Variance Account rate rider eligibility?
- c) Please confirm whether any transition customer was billed with both the GA rate rider and a manual adjustment. If so, please explain how this aligns with the requirement that each customer be charged only once per disposition period.
- d) For the transition customer identified as "impacted by the GA rate rider error," please confirm that this customer was not billed the GA rate rider and was only

<sup>2</sup> 2024 Chapter 3 Filing Requirement, 3.2.5.3 Commodity Accounts 1588 and 1589, p. 12

charged a manual adjustment. If not, please explain the rationale and corrective actions.

- e) Please confirm that all transition customers were excluded from the general GA rate rider and were charged only the customer-specific portion of the GA and CBR balances through manual billing adjustments.
- f) For Class A customers, please confirm that no portion of Account 1589 was allocated for the period when they were designated as Class A.
- g) Please confirm that billing for all affected customers was consistent throughout the rate rider period and that no overlapping or duplicate charges occurred.

#### **Supplemental Staff-4**

##### **Ref. 1: Festival Hydro's Response to Staff Interrogatory-9**

##### **Ref. 2: OEB letter "Adjustments to Correct for Errors in Electricity Distributor "Pass-Through" Variance Accounts After Disposition", October 31, 2019**

##### **Preamble:**

In response to Staff-9 d), Festival Hydro filed the OEB's October 31, 2019 letter on correcting errors in pass-through variance accounts after disposition and cited EB-2023-0019 (ERTH Power) as precedent. Festival Hydro stated that the error in its 2024 IRM application was technological (macro execution failure), not an input error, and that the approved disposition amounts were correct but not fully collected.

##### **Question(s):**

- a) Please confirm whether any portion of the proposed correction will result in adjustments to customer bills for consumption that occurred in 2024. If so, please describe how these adjustments will be implemented.
- b) Please confirm if Festival Hydro has contacted any affected customers regarding the billing error and the proposed correction?
  - i) If so, please explain how the communication was done
  - ii) If not, please provide a plan when Festival Hydro is to inform the customers.

#### **Supplemental Staff-5**

##### **Ref. 1: Festival Hydro's Response to Staff Interrogatory-11**

##### **Ref. 2: 2026\_FHI\_Commodity\_Accounts\_Analysis\_Workform\_1.0\_20250814, Tabs GA 2024 and Account 1588**

**Ref. 3: OEB letter “Adjustments to Correct for Errors in Electricity Distributor “Pass-Through” Variance Accounts After Disposition”, October 31, 2019**

**Preamble:**

In response to Staff-11, Festival Hydro explained that the variance for 1588 and 1589 were out of the +/-1% range which is due to timing differences between Power Purchased and GA reallocation accruals in December 2023 at year-end and the actual costs billed by the IESO after the true-up of December kWh. Festival Hydro further noted that this amount was recorded in 2025 but included as a 2024 principal adjustment in the continuity schedule. This adjustment relates to 2023 but was not included in last year’s GA Analysis Workform.

**Question(s):**

- a) Please clarify the reason for the \$386,786 GA reallocation correction that was recorded in 2025 but included as a 2024 principal adjustment in the continuity schedule?
- b) Given that this adjustment relates to 2023, please explain why it was not included in the GA Analysis Workform filed in the 2025 Cost of Service (COS) proceeding. In your response, please clarify:
  - i) Whether the timing differences between power purchased and GA reallocation accruals at December 2023 year-end were known at the time of filing the 2025 COS application?
  - ii) If known, why these timing differences were not reflected in the GA Analysis Workform for 2023?
  - iii) Please confirm if the adjustments result in any retroactive rate-making issue, given that 2023 rates have been approved on a final basis.
  - iv) Please address the four factors outlined in the OEB’s 2019 letter regarding the adjustments to Correct for Errors in Electricity Distributor “Pass-Through” Variance Accounts After Disposition.
  - v) Please provide any OEB precedents that Festival Hydro is aware of regarding the approval of out-of-period adjustments to final disposed balances.

**Supplemental Staff-6**

**Ref. 1: 2025 Cost of Service Application, Interrogatory Response, July 25, 2024, 5-Staff-32**

**Ref. 2: 2025 Cost of Service Application, Settlement Proposal, September 13, 2024, Section 3 - Cost of Capital, PILs, and Revenue Requirement**

**Ref. 3: 2025 Cost of Service Application, Decision and Order, November 12, 2024, Section 5. Implementation**

**Ref. 4: 2025 Cost of Service Application, Draft Rate Order, November 22, 2024, Section 1.6 Cost of Capital**

**Ref. 5: Generic Cost of Capital Parameters Proceeding, Decision and Order, March 27, 2025, Implementing the New Cost of Capital Framework (Issue 18 and Issue 19)**

**Ref. 6: Festival Hydro's Response to Staff Interrogatory-1**

**Preamble:**

In its interrogatory response (5-Staff-32), Festival Hydro indicated that it will comply with the outcomes of the OEB's generic cost of capital proceeding<sup>3</sup>. The OEB approved the settlement proposal filed on September 13, 2024 in its Decision and Order dated November 12, 2024 and directed Festival Hydro to update placeholder cost of capital values in its Draft Rate Order.

The Draft Rate Order filed on December 11, 2024 incorporated the interim cost of capital parameters issued by the OEB on October 31, 2024, along with an updated long-term debt rate for the January 1, 2025 loan based on the lower of the OEB deemed rate or RBC quoted rate. These updates resulted in a return on equity of 9.25%, a short-term debt rate of 5.04%, a long-term debt rate of 4.66%. The OEB's final rate order issued on December 17, 2024 approved the Tariff of Rates and Charges effective January 1, 2025. Section 1.4 of the Draft Rate Order confirms that there were no changes to Group 2 Deferral and Variance Account rate riders as a result of these updates, and no new accounts were established for cost of capital adjustments.

In the current proceeding, Festival Hydro stated that "in FHI's IR response to 5-Staff-32, FHI only committed to comply with determinations by the OEB in the cost of capital decision that apply regardless of where it was in the rate term."

**Question(s):**

- a) Please confirm whether Festival Hydro intends to update its cost of capital parameters to reflect the final values as stated in the response to IR 5-Staff-32 in its last rebasing application.
  - i) If the above is confirmed, please provide Festival Hydro's plan for how to update the cost of capital parameters and provide the updated evidence, schedules, models, as applicable.

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<sup>3</sup> EB-2024-0063

- ii) If the above is not confirmed, please provide the rationale.
- b) Please explain in more detail Festival Hydro's statement that "in FHI's IR response to 5-Staff-32, FHI only committed to comply with determinations by the OEB in the cost of capital decision that apply regardless of where it was in the rate term." Why does Festival Hydro mean that the variance accounts do not apply to its own circumstances, in particular "regardless of where it was in the rate term"?