



November 10, 2025

**BY RESS**

Mr. Ritchie Murray  
Acting Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Mr. Murray:

**Re: Festival Hydro Inc. ("FHI")  
2026 IRM Application - Responses to Supplemental Interrogatories  
Ontario Energy Board ("OEB") File No: EB-2025-0039**

On October 29, 2025, the OEB issued Procedural Order No. 2 setting out a process for supplementary written interrogatories on the Application. On November 4, 2025, OEB Staff filed supplementary written interrogatories.

The enclosure consists of FHI's responses to written interrogatories.

Please contact Megan by email at [mgooding@festivalhydro.com](mailto:mgooding@festivalhydro.com) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "AC", followed by a stylized flourish.

Alyson Conrad  
Chief Financial Officer  
Festival Hydro Inc.

**Festival Hydro Inc. (FHI) –  
Supplemental IR Responses  
EB-2025-0039  
November 10, 2025**

**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.

**Response:**

- a) *Confirmed*

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The impact of using an outdated model resulted in a material discrepancy of approximately \$207,685, which exceeds Festival Hydro's materiality threshold.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

**Response:**

- a) *FHI confirmed in its IR responses that it used the rates in the Tariff of Rates and Charges approved as part of the OEB's Decision and Rate Order received on December 14, 2023 for the rate rider error correction calculation. FHI only noted that those rates do not tie to tab 20. Final Tariff Schedule of the RGM filed on December 14, 2023, but do tie to the RGM filed November 30, 2023. FHI is not aware of the reason why the model issued by the OEB on December 14, 2023 does not tie to the Decision and Order issued the same day or to the RGM filed November 30, 2023 as part of the Draft Rate Order. FHI did not receive an updated Tariff Sheet based on the RGM filed December 14, 2023. FHI billed customers with the approved rates in the December 14, 2023 Decision and Rate Order. Since these were the rates that were used to bill customers, these rates are used in the rate rider calculation error correction for it to accurately reflect how the rate rider calculation error was billed to customers. Using the rates in the RGM issued December 14, 2023 in the rate rider calculation error correction as opposed to the rates that FHI billed the customers would result in FHI over collecting on the rate rider calculation error.*
- b) *N/A.*

### 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:*

	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 customers	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	\$ 1,219
Customer 2	1,096,432	0	0	1,096,432	0	0	4.90%	\$ 1,315	\$ 110
Customer 3	5,251,215	1,616,889	1,593,195	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%	\$ 1,686	\$ 139

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):**

- 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 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.

**Response:**

- a) *Confirmed, 2024 Transition Customer 1 in the responses is Customer 3 Tab 6.1a GA Allocation of the 2024 RGM. The customer was mislabeled in the response. Upon further review of the Class A Transition customers’ billings for 2024 consumption, FHI has determined it made an error in the IR response. None of the transition customers were impacted by the GA Rate Rider calculation error. Transition Customer 3 (incorrectly labelled as Transition Customer 1) was billed with the calculated \$524 equal monthly payment for all of 2024 and was never billed the GA rate rider that is applicable for Class B only. As a result of this, the customer was not impacted by the rate rider calculation error and no correction needs to be applied to the account.*
- b) *FHI stated that Transition Customer 3 from the 2024 IRM Application (incorrectly labelled as transition customer 1) was billed as Class B for part of 2024, which is the year the rate rider calculation error occurred. However, because Transition Customer 1 was billed the customer specific GA charge and not the GA rate rider, the customer was not impacted by the error.*
- c) *No transition customers were billed with the GA rate rider and the manual adjustment, aligning with the requirements.*

- d) *Confirmed, the customer was only charged the manual adjustment and no corrective action needs to be taken.*
- e) *Confirmed.*
- f) *Confirmed.*
- g) *Confirmed*

**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.

**Response:**

- a) *No, FHI is not proposing to adjust customer bills for consumption that occurred in 2024. FHI is seeking approval for the calculated rate riders on the 2026 Tariff of Rates and Charges. FHI is therefore proposing to bill customers the calculated rate riders on bills relating to 2026 consumption.*
- b) *No, FHI has not contacted affected customers. FHI customers were billed based on the rates contained in the approved 2024 Tariff of Rates and Charges contained in the Decision and Rate Order issued December 14, 2023. Since customers were billed with approved rates, a billing error did not occur and communication about a billing error is not required.*

**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.



**Response:**

- a) *The \$386,786 GA reallocation correction is included as a 2024 principal adjustment in the continuity schedule because it relates to 2024. Through investigating the variances in 1588/1589 during the course of completing this Application, FHI identified an error in a 2024 GA reallocation entry. Since this error was identified in 2025, the correction will be recorded in 2025 but relates to 2024.*
- b) *The 386,786 GA Allocation correction recorded in 2025 is related to 2024 and not 2023. FHI noted two reconciling items in the amounts of \$(42,274) and \$(823,971) that related 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. These amounts were recorded in 2024 and not 2025. FHI did not include these amounts as adjustments, but as reconciling items to explain the variance in 1588. FHI is not proposing to change the amount disposed in the 2025 COS Proceeding.*
  - i) *Accruals for 2023 amounts recorded in 2024 were included in the GA Analysis Workform in the 2025 COS Proceeding. However, there are differences between the accruals and the actual costs billed by the IESO after the True-up settlements that were not received until the following year. These amounts were known at the time of filing the 2025 COS Application, however FHI has used these differences to explain variances in 1588 in previous Applications year-over-year. Consistent with previous years, FHI did not include these amounts as principal adjustments. Through completing this Application, FHI has changed its practice to record any differences between accruals and the actual costs billed by the IESO in the following year as principal adjustments in the current year to eliminate that variance, rather than listing it as a reconciling item in the following year to explain the variance. FHI made this change in this Application relating to the difference between 2024 accruals and actuals posted in 2025.*
  - ii) *See response ii).*
  - iii) *FHI is not requesting to correct balances previously disposed of on a final balance. FHI is using the difference between 2023 accruals and actuals recorded in 2024 as a reconciling item to explain the variance and achieve reasonability as it has done in previous Applications.*
  - iv) *N/A. See response iii).*
  - v) *N/A. See response iii).*
  - vi) *N/A. See iii).*

**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.

- 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"?

**Response:**

- a) *Not confirmed. Festival Hydro does not agree with OEB Staff's characterization of its response to interrogatory response 5-Staff-32 in the preamble. In the preamble of 5-Staff-32 OEB Staff referred to Issue 19 of the Cost of Capital proceeding (EB-2024-0063) which stated that: "Should changes in the cost of capital parameters and/or capital structure arising out of this proceeding (if any) be implemented for utilities that are in the middle of an approved rate term, and if so, how?" It is in this context that Festival Hydro provided its response to 5-Staff-32, which was: "If the OEB determines that the new cost of capital parameters should apply to FHI regardless of where it is in the rate term (i.e., issue 18 and 19), FHI will comply with the OEB's determinations in that regard." This response meant that if the Cost of Capital decision implemented changes for utilities in the middle of an approved rate term that direction would be complied with by Festival Hydro.*

*On December 17, 2024 (revised May 7, 2025), the OEB issued a Final Rate Order in the Cost of Service Application filed by Festival Hydro in EB-2024-0023 that approved, inter alia, the cost of capital parameters. No aspect of this decision was determined on an interim basis. On March 27, 2025, the OEB issued a decision in the Cost of Capital proceeding. In this decision the OEB panel states that "It is not this panel's intention to disturb prior approvals." It is Festival Hydro's understanding from this statement that the Cost of Capital decision did not operate to review and vary the Final Rate Order that was issued by the OEB.*

*Furthermore, on page 91 of the decision it does not appear that the OEB determined that the cost of capital parameters would apply to utilities in the middle of an approved rate term unless a prior OEB decision directed otherwise. It is for these reasons that Festival Hydro does not view the variance accounts as applying to its circumstances. Festival Hydro has used the cost of capital parameters that were approved on a final basis in EB-2024-0023 and the Cost of Capital decision did not disturb this prior approval.*

*b) See response a).*