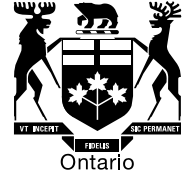


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**BY E-MAIL**

November 16, 2018

K. McCann  
Chief Financial Officer  
Festival Hydro Inc.  
P.O. Box 397  
Stratford, ON N5A 6T5

Dear Ms. McCann:

**Re: Application for 2020 Electricity Distribution Rates**

This letter is in response to your letter expressing an interest to defer Festival Hydro Inc.'s (Festival Hydro) rebasing of its rates beyond the 2020 rate year.

The Ontario Energy Board (OEB) has reviewed your letter, as well as Festival Hydro's financial and non-financial scorecard performance from 2012 to 2017. Based on this review, the OEB has concluded that it will not require Festival Hydro's 2020 rates to be set on a cost of service basis. This decision is based on information up to 2017. The OEB will monitor Festival Hydro's performance and may re-assess this decision once 2018 information is available. In the meantime, the OEB will place Festival Hydro on the list of distributors whose rates will be scheduled for rebasing for the 2021 rate year.

If Festival Hydro intends to seek a rate adjustment for 2020 rates, the OEB expects Festival Hydro to adhere to the process for Price Cap Incentive Rate-setting applications for the 2020 rate year.

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.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary