



Ontario  
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**BY E-MAIL**

May 13, 2019

Kelly McCann  
Chief Financial Officer  
Festival Hydro Inc.  
187 Erie Street  
P.O. Box 397  
Stratford, N5A 6T5  
kmccann@festivalhydro.com

Dear Ms. McCann:

**Re: Application for 2021 Electricity 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 2021 rate year.

On November 16, 2018 the OEB granted Festival Hydro's request to defer its rebasing application for 2020 rates. This was based on a review of Festival Hydro's performance from 2013 to 2017. Performance for 2018 was not filed with the OEB until April 30, 2019 and has not yet been reviewed by the OEB. Provided that no concerns are raised through the OEB's review of the 2018 performance and a forecast of the 2019 performance, which will be requested in early 2020, the OEB will not require Festival Hydro to set its 2021 rates on a cost of service basis.

This is the second year that Festival Hydro has sought a deferral to filing a cost of service rate application. 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.

If Festival Power intends to seek a rate adjustment for 2020 and 2021 rates, the OEB expects Festival Power to adhere to the process for Price Cap Incentive Rate-setting applications for the 2020 and 2021 rate years.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary