

**Board Staff Comments  
Festival Hydro Inc.  
2010 Electricity Distribution Rates  
(EB-2009-0263)**

**Draft Rate Order Documentation**

On April 1, 2010, the Board issued its Decision on Festival Hydro Inc.'s application for 2010 electricity distribution rates. The Decision required the Applicant to submit its draft Rate Order within fourteen days of the issuance of the Decision. The Applicant submitted its draft Rate Order and supporting documentation on April 15, 2010. The following are Board staff's comments regarding the Applicant's draft Rate Order.

**International Financial Reporting Standards ("IFRS")**

The Applicant states on page 7 of the draft Rate Order that there is an OM&A reduction related to "IFRS ongoing compliance costs (\$11,000)". Staff notes that the reduction in OM&A costs pursuant to the Decision was in regards to IFRS one-time costs. Please confirm that the \$11,000 referenced in the draft Rate Order is related to IFRS one time costs.

**Rate Design**

The Applicant states on page 14 of the draft Rate Order that fixed to variable ratios have been maintained, as approved by the Board. Board staff note that the fixed to variable split information provided on page 45 of the draft Rate Order do not maintain the fixed to variable ratio for Residential, Residential Hensall GS<50 and GS>50 customer classes. In all cases, the fixed contribution is lower. Please explain the differences and explain how the fixed to variable splits noted in the draft Rate Order are consistent with the Decision.

- All of which is respectfully submitted -