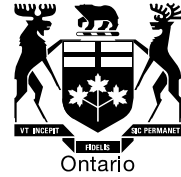


Ontario Energy Board
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BY E-MAIL

October 12, 2011

Randy Murphy
Kingston Hydro Corporation
1211 John Counter Blvd.
P. O. Box 790
Kingston ON K7L 4X7

Dear Mr. Murphy:

**Re: Kingston Hydro Corporation (“Kingston Hydro”)
Application for Rates
Application Board File Number EB-2011-0178**

The Board is in receipt of your 2012 IRM3 rate application. As part of your application, you indicated that you are proposing to defer the disposition of account 1562.

In its Decision in the EB-2008-0381 Combined PILs proceeding, the Board indicated that each remaining distributor will be expected to apply for final disposition of account 1562 with its next general rates application, either IRM or cost of service. The Board further added that if the distributor files evidence in accordance with all the various decisions made in the course of that proceeding, including the use of the updated model, the distributor may expect that the determination of the final account balance will be handled expeditiously and in a largely administrative manner. If a distributor files on a basis which differs from what is contemplated by the decision in that proceeding, the application can be expected to take some time to process, and therefore should not be made as part of an IRM application. Differences could include taking a different position on issues reviewed by the Board in the Combined PILs proceeding, addressing issues not arising as part of the Combined PILs proceeding or filing using a model other than the updated model used by Halton Hills Hydro Inc.

The Board will consider your application to be incomplete until such time that Kingston Hydro provides a full explanation justifying its proposal to defer the disposition of account 1562. If the justification is that the filing would be on a basis different from the Combined PILs proceeding, the Board expects Kingston Hydro to address the disposition of account 1562 in a stand-alone application to be filed no later than April 1, 2012. Otherwise, the Board expects that Kingston Hydro will file the material supporting the disposition of account 1562 in its 2012 IRM application by November 30, 2011.

Please direct any questions relating to this matter to Martha McOuat, Project Advisor at (416) 440 7606 or e-mail Martha.McOuat@ontarioenergyboard.ca.

Yours truly,

Original Signed By

John Pickernell
Assistant Board Secretary

cc: Nancy Taylor, Kingston Hydro Corporation