



EB-2010-0136

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Kingston Hydro
Corporation for an order approving just and reasonable rates
and other charges for electricity distribution to be effective
May 1, 2011.

PROCEDURAL ORDER NO. 2

Kingston Hydro Corporation ("Kingston Hydro") filed an application with the Ontario Energy Board (the "Board") on August 23, 2010 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Kingston Hydro charges for electricity distribution, to be effective May 1, 2011. The Board assigned File Number EB-2010-0136 to this application.

On October 12, 2010, the Board issued Procedural Order No. 1 wherein it approved the intervenors in this proceeding and their cost eligibility. The Board also set the initial steps for this proceeding, including two rounds of Interrogatories and a settlement conference.

The settlement conference took place on December 15, 2010 and partial settlement was achieved with a number of issues settled. On January 12, 2011 Kingston Hydro filed a proposed partial Settlement Agreement. The Board has reviewed this agreement and accepts the settlement of Kingston Hydro and parties. The Board notes that the following issues were not settled:

1. Is it appropriate to use the half-year rule for depreciation for the years 2005-2010 as proposed by Kingston Hydro in its application?

2. Should the cost of power estimate for the determination of working capital allowance be based on the most current values (November, 2010 to October, 2011) as proposed by Kingston Hydro in the application, or the most current projected values (May, 2011 to April, 2012)?
3. Are the 2011 capital expenditures proposed by Kingston Hydro in the application appropriate?
4. Is the proposed interest income earned on funds held in the City of Kingston's bank account appropriate as proposed by the Kingston Hydro in the application?
5. Are the 2011 Operating, Maintenance and Administrative (OM&A) expenses as proposed by Kingston Hydro in the application appropriate?
6. Is the PILs Schedule 1 adjustment for future benefit liabilities as proposed by Kingston Hydro in the application appropriate?
7. Is the interest rate of 7.25% for the long-term debt instrument held by the City of Kingston as proposed by Kingston Hydro in the application appropriate for the purpose of setting rates?

The Board has decided to make provision at this time for an oral hearing to address these remaining issues. In addition, the Board notes that Kingston Hydro has indicated a desire to file several evidence updates. The Board is of the view that an additional focused round of interrogatories, in advance of the oral hearing would allow for a more effective and efficient oral hearing.

The Board considers it necessary to make provision for the following matters related to this proceeding. The Board may issue further procedural orders from time to time.

THE BOARD ORDERS THAT:

1. Kingston Hydro shall file any evidence updates on or before February 4, 2011.
2. Board staff and Intervenors who wish information and material from Kingston Hydro regarding the evidence update, shall request it by written interrogatories filed with the Board and delivered to Kingston Hydro on or before February 11, 2011.
3. Kingston Hydro shall file with the Board complete responses to all interrogatories and deliver them to the intervenors no later than February 18, 2011.

4. An oral hearing will be held on Monday, February 28, 2011 at the Board's hearing rooms at 2300 Yonge Street, 25th Floor Toronto, beginning at 9:30 am.

All filings to the Board must quote the file number, EB-2010-0136, be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca/OEB/Industry. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

ADDRESS

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary

E-mail: Boardsec@oeb.gov.on.ca
Tel: 1-888-632-6273 (toll free)
Fax: 416-440-7656

DATED at Toronto, January 18, 2011
ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary