



February 18, 2011

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON  
M4P 1E4

Dear Ms. Walli,

**RE: Kingston Hydro Corporation  
EB-2010-0136 Cost of Service Rate Application  
Responses to Vulnerable Energy Consumers Coalition (VECC)  
Supplemental Interrogatories on Feb 4, 2011 Updated Evidence**

Pursuant to the Board's Procedural Order No. 2, please find attached Kingston Hydro Corporation responses to VECC supplemental interrogatories on the February 4, 2011 evidence update, which have been filed electronically through the Board's RESS filing system and emailed to intervenors listed in Appendix "A" of the Order.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J.A. Keech", with a stylized flourish at the end.

J.A. Keech, President & CEO  
Kingston Hydro Corporation

Copy: Andrew Taylor, Energy Law (by email)  
Energy Probe Research Foundation, Randy Aiken (by email)  
School Energy Coalition, Jay Shepherd (by email)  
Vulnerable Energy Consumers Coalition, Michael Buonaguro (by email)

**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.

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**EVIDENCE UPDATE INTERROGATORIES OF**

**VULNERABLE ENERGY CONSUMERS COALITION**

**("VECC")**

**Kingston Hydro Corporation 2011 Electricity Distribution Rates Application  
EB-2010-0136**

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**Updated Evidence IR #46**

**Reference:** *February 4, 2011 Updated Evidence, Cover Letter, page 1 and Table 1  
Exhibit 2, Tab 4, Schedule 7  
Proposed Settlement Agreement, page 6*

**Preamble:** *The letter states that "Appendix A includes an additional capital project description for an added capital project for 2011 due to the availability of funds that were not required to be spent in 2010. The result is an increase in the 2011 Capital budget of \$858,000."*

**a)** *Please confirm that "the availability of funds that were not required to be spent in 2010" refers to funds that were budgeted for 2010 capital project expenditures but not spent. If unable to so confirm, please provide full details of any other reasons for there being an additional \$855,000 in funds available for 2011.*

The original capital budget consisted of \$4,446,000. A revised 2010 End of Year Forecast was provided in response to VECC 45 (a) which estimated the 2010 capital expenditures to be \$4,318,177. Since the response to VECC 45 (a) was provided, the Applicant was notified by Hydro One that it no longer was required to pay Hydro One the incremental cost for Gardiner TS Expansion of \$609,000. This effectively reduced the 2010 capital expenditure forecast to \$3,709,177. The difference between the original forecast amount and the revised forecast amount is \$737,000. In addition, the Applicant will receive a refund of \$121,000 from Hydro One for an overpayment associated with the Gardiner TS expansion. The total amount of the above adjustments is \$858,000.

**b)** *Can the \$855,000 available for 2011 be reconciled with the difference of \$1,230,975 between the pre-filed 2010 capital expenditure forecast of \$4,446,000 at Exhibit 2, Tab 4, Schedule 7, and the 2010 capital expenditures of \$3,215,025 as agreed to by the parties in the Proposed Settlement Agreement?*

Yes. Referencing the \$3,709,177 in part a) above, this amount was reduced by the following:

- Service Truck in the amount of \$242,652
- Substation Work van in the amount of \$43,000
- Enterprise Asset Management Software (not in service in 2010) in the amount of \$62,500
- The Princess Street Condition Assessment of \$25,000 and

- The refund of the Hydro One overpayment in the amount of \$121,000.

The effect of the above adjustments resulted in the 2010 Settlement amount of \$3,215,025.

The effect of the adjustments noted in above and in part a) above reconciles the pre-filed 2010 capital expenditure forecast of \$4,446,000 to the Settlement Agreement amount of \$3,215,025.

- c) The difference between the 2011 Forecast Capital Project Expenditures as revised on February 4, 2011 and the pre-filed 2011 Forecast Capital Project Expenditures is \$920,500. Does this relate to the aforementioned \$855,000?***

Yes, the additional amount of \$920,500 is made up the \$858,000 referred to in part a) plus the Enterprise Asset management system (2010 – CWIP) of \$62,500.

**Updated Evidence IR #47**

**Reference: February 4, 2011 Updated Evidence, Table 1**

**a) Please indicate which projects in this table are partially or fully deferrable and which projects must be completed in 2011 and provide reasons in each case.**

The Applicant is not of the opinion that any of the projects are partially or fully deferrable, and has stated reasons and justification for the projects in Exhibit 2, Tab 4, Schedule 7, as well as in the February 4, 2011 Updated Evidence, Table 1.

However, the Applicant has provided in the table below a brief summary of why each project is necessary to undertake in 2011.

Project	Deferral Impacts
Substation No.11 Circuit Breakers	This substation supplies sewage lift stations, a public high school, grocery stores, a care facility for the elderly, 25 apartment buildings and a YMCA community centre. Deferral of this project could subject these customers to outages of 24 hours, as this substation does not have much redundancy and is already heavily loaded. It could also create other outages and failures.
Substation No.12 Relays	The feeders from this substation supply educational institutions (Queen's West Campus and Centennial Public School), Emergency Service facilities (Fire Hall and Ambulance Service) as well as residential customers. Deferral of this could result in worker injury, other equipment failure, and outages.
Substation No.8 Transformer	Substation No.8 supplies power to approximately 700 customers including several elderly care and retirement facilities, the local television station, the family court building, the community services building, a high school, the federal armouries and various administrative, retail and residential customers. Failure here would create a minimum 4-6 hour power outage and could cause other failures in the system creating further outages.

Substation No.9 Protection Upgrades	Kingston Hydro is obligated to do this work as a result of customer work, and could only be deferred if the customer chose not to do their planned work.
Substation No.5 Relays	Public and worker safety would be impacted if this work is deferred, particularly as some of the poles in Substation No.5's area are in poor shape.
Transformer Vault 7 (TV7)	The vault supplies 5kV primary voltage and 120/208V secondary voltage to the Grand Theatre and approximately 40 businesses located within a one to two block radius. If the structural problems with the vault lead to failure, injuries could result to the public or staff, in addition to the power outage that it would cause.
Transformer Vault 41 (TV41)	This vault distributes power to two apartment buildings, 24 houses and a sewage pumping station. The older oil switch technology results in increased outages to a larger number of local residents and businesses that would not be necessary with newer switchgear equipment. Deferral of this project would result in ongoing outages for isolation and maintenance, and would continue to expose the organization to environmental risk due to the old oil-filled switch and transformer.
Transformer Vault 18 (TV18)	This vault is located below the sidewalk on Ontario Street, in front of a hotel and restaurant in a high pedestrian traffic area. The 5kV switchgear in this vault directly affects customer transformer vaults TV68 (hotel), TV69 (restaurant & retail building) and City Hall which are all located within a block of TV18. The 120/208V supply is distributed to approximately 20 businesses. The typical restoration time for a fault on a 5kV underground circuit or 120/208V underground circuit supplied from this vault is four to six hours, but if this project is deferred and structural collapse occurs, the outage would be much longer. Collapse could also lead to public or worker injury or death.

Westdale	Two transformer banks provide service to an apartment building, commercial plaza and bank. A failure of the transformer led to temporary measures being put in place including a temporary transformer that is relying on failing cables and poor ducts. Deferral of this project risks subjecting to these customers to prolonged outages and environmental issues from leaking oil.
Motorized 44kV Disconnect	These are used to control switches on the 44kV system, and deferral of this project subjects staff to safety hazards and prolonged outages if these switches are operated manually.
Alfred Street - Princess to Brock	The secondary distribution network that services approximately 70 properties is outdated; many of the radial service drops are shared by two or more homes and consist of vintage lead cable and dated weatherproof junction boxes located on the exterior of buildings. Deferral of this project could lead to customer power outages in excess of 24 hours, as well as public and worker safety issues with failing handholes and manholes in the roadway.
Annual Substation Battery Replacement	Substation battery systems – consisting of a battery unit and accompanying charger – are critical for protection control, supervisory control/monitoring (SCADA) and emergency lighting. In the event of a power outage at the substation, battery systems are used to trip breakers as necessary and monitor/control switching operations. Failure to replace substation batteries can result in large-scale outages.
Annual Overhead & Underground Services	Cannot be deferred as is customer-driven work that the Applicant is mandated to do.
Annual Underground Cable Rebuilds	This is a contingency amount to deal with unexpected cable failures.

Annual Overhead Line Rebuilds	The Annual Overhead Line Rebuilds program focuses on replacement of deteriorated poles and other deficiencies identified through the annual overhead infrastructure inspection. Deferral can lead to any number of problems including prolonged or wide-spread outages, public injuries, worker injuries, and increased costs from emergency work undertaken due to failures.
Annual RFP for Structural Engineering Services	This is used to get professional assessment and advice on the structural integrity of some of our infrastructure, particularly vaults. Deferral of this could lead to worker and public injuries, prolonged and wide-spread outages, and higher costs from infrastructure failure.
SCADA	This provides proper monitoring and control of the electrical system, and the work is already being spread out over a 6-year period (2010-2015). As Kingston Hydro has experienced some failures in the SCADA system, continued deferral of this project could lead to prolonged wide-spread customer outages impacting hospitals, schools, institutions, businesses, and residences alike.
Meters	This cannot be deferred as it is a requirement under Measurement Canada regulations.
Tools & Equipment	This is for the purchase of tools and equipment to enable staff to undertake their work safely and efficiently. Failure to provide this would lead to higher operational costs, and potentially worker injury.
Substation No.3 Circuit Breakers	Substation No.3 normally serves approximately 1170 customers including the Kingston Police Headquarters, City Public Works, Kingston Fire Station & Ambulance Station, as well as two Schools. The feeders from this substation also serve as backup to Substations No.8, No.10, No.17, No.14 and No.13. Deferral of this project could lead to long and wide-spread outages, as well as compromising worker and public safety.



Enterprise Asset Management System Implementation	Money was already spent on this project in 2010 so was work-in-progress at the end of 2010, and will be in service in 2011.
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