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BY EMAIL and RESS

June 30, 2011

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: EB-2010-0136 – Kingston Hydro

On June 23, 2011, the Board issued a Decision and Order in the above-referenced proceeding (the "Decision"). In regard to operating, maintenance and administrative costs ("OM&A"), the Decision provided for a \$700,000 reduction to Kingston Hydro's proposed OM&A budget of \$6,927,504. The severity of the reduction was surprising, especially given that it was greater than the reductions proposed by Board staff and all of the intervenors. The \$700,000 reduction in Kingston Hydro's proposed OM&A budget will have significant impacts on the way Kingston Hydro operates. Kingston Hydro therefore wishes to understand the reasons for the Board's OM&A reduction. Unless the reasons are known, rights for motion to review or appeal cannot be properly exercised in this case.

The Board utilized an "envelope approach" for the OM&A reduction, but did not provide reasons that would allow Kingston Hydro to understand the basis for the reduction. Specifically, Kingston Hydro does not know:

- how the Board calculated the \$700,000 reduction (i.e. as opposed to say a \$600,000 or \$800,000 reduction);
- which OM&A expenditures proposed by Kingston Hydro were found to be imprudent; and
- what evidence the Board relied on in calculating the \$700,000 reduction.

Subsection 17(1) of the *Statutory Powers Procedure Act* provides:

A tribunal shall give its final decision and order, if any, in any proceeding in writing and shall give reasons in writing therefor if requested by a party.

Kingston Hydro made such a request in its Reply Submission dated April 15, 2011 (at page 19), where Kingston Hydro requested that any OM&A disallowances by the Board be based on the specific costs proposed by Kingston Hydro:

"Kingston Hydro submits that OM&A disallowances should not be based on trend analyses, **and requests that any disallowances by the Board are based on the specific costs proposed by Kingston Hydro.**" [emphasis added]

Kingston Hydro formally repeats its request pursuant to subsection 17(1) of the *Statutory Powers Procedure Act* for the Board to provide reasons for the \$700,000 OM&A reduction. Specifically, Kingston Hydro requests the following information from the Board:

- an explanation of how the Board calculated the \$700,000 reduction;
- identification of the specific OM&A expenditures proposed by Kingston Hydro that were found to be imprudent; and
- identification of the evidence the Board relied on in determining the specific OM&A expenditures that were found to be imprudent.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Taylor', written in a cursive style.

Andrew Taylor