

DRAFT

EB-2007-0869

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 Electricity Distribution Limited for an order or orders approving or fixing just and reasonable distribution rates and other charges, to be effective May 1, 2008.

BEFORE: Paul Vlahos
Presiding Member

Paul Sommerville
Member

ORDER

This order follows a written decision issued by the Ontario Energy Board (“Board”) on March 17, 2008, with regard to an application filed by Kingston Electricity Distribution Limited (“Kingston Electricity”), a licensed distributor providing electrical service to consumers within its licensed service area. Kingston Electricity filed an application with the Board for an order or orders approving or fixing just and reasonable rates for the distribution of electricity and other charges, to be effective May 1, 2008.

Kingston Electricity is one of over 80 electricity distributors in Ontario that are regulated by the Board. As part of the multi-year electricity distribution rate-setting plan for the years 2007-2010, Kingston Electricity is one of the electricity distributors to have its rates adjusted for 2008 on the basis of the 2nd Generation Incentive Rate Mechanism (“IRM”) process. Kingston Electricity’s rate application was filed on the basis of the guidelines contained in the Board’s *Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario’s Electricity Distributors* (the “Report”) issued on December 20, 2006.

On March 17, 2008, the Board issued its written decision on Kingston Electricity’s 2008 electricity distribution rate application (the “Decision”). In the Decision, Kingston Electricity was directed to verify some adjustments made by the Board and to adjust certain other items contained in the application. The items reviewed or adjusted by KEDL are identified and explained as follows:

Price Cap Index Adjustment

As directed in the Decision, KEDL has reviewed the rate model (spreadsheet) provided by the Board that reflects the price cap adjustments applied by the Board to distribution rates (fixed and variable charges) uniformly across all customer classes, in the manner as described in the Decision, and KEDL confirms its completeness and accuracy specific to the price cap index adjustments. KEDL's proposed 2008 Tariff of Rates and Charges attached in Appendix A reflects the Board's price cap adjustments as verified by KEDL.

Rate Riders

The rate rider associated with the recovery of regulatory assets will cease on May 1, 2008, and as directed in the Decision, KEDL has removed the regulatory asset recovery rate rider from the proposed 2008 Tariff of Rates and Charges attached in Appendix A for all KEDL's rate classes.

Smart Meter Rate Adder

KEDL's proposed 2008 Tariff of Rates and Charges in Appendix A reflects the Board-approved continuation of the smart meter rate adder of \$0.26 per month per metered customer.

Retail Transmission Service Rates

As directed by the Board, KEDL has adjusted the rate model (spreadsheet) provided by the Board to include the changes to the Retail Transmission Service Rates for all rate classes. More specifically, as per the Decision, the model has been changed to reflect a reduction to the RTS - Network Service Rates by 18% and a reduction to the RTS – Line and Transformation Connection Service Rates by 5% for all rate classes. KEDL's proposed 2008 Tariff of Rates and Charges in Appendix A reflects the inclusion of these changes to the Retail Transmission Service Rates for all KEDL's rate classes.

Standby Power

Kingston Electricity's standby rates were approved as interim by the Board in its 2006 distribution rates order and remained approved on an interim basis in Kingston Electricity's 2007 distribution rates order. KEDL's proposed 2008 Tariff of Rates and Charges attached in Appendix A reflects standby rates as remaining approved on an interim basis.

This Order is made further to and for the purpose of implementing the written Decision on Kingston Electricity's 2008 electricity distribution rate application issued on March 17, 2008.

Kingston Electricity has made the necessary adjustments to Kingston Electricity's filed 2007 Tariff of Rates and Charges to produce a new Tariff of Rates and Charges to be effective May 1, 2008. The Board finds the rates and charges in the 2008 Tariff of Rates and Charges attached as Appendix A to this order to be just and reasonable.

THE BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Appendix A of this order is approved, effective May 1, 2008, for electricity consumed or estimated to have been consumed on and after May 1, 2008.
2. The Tariff of Rates and Charges set out in Appendix A of this order supersedes all previous distribution rate schedules approved by the Ontario Energy Board for Kingston Electricity, and is final in all respects, except for the standby rates which are approved as interim.
3. Kingston Electricity shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

DATED at Toronto, March __, 2008.

ONTARIO ENERGY BOARD

Kirsten Walli
Board Secretary