



Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
TORONTO, ON M4P 1E4

October 18, 2012

Attention: Board Secretary

Re: Kenora Hydro Electric Corporation Ltd. (EB-2011-0177) 2012 IRM Application – Final Submission

Dear Ms. Walli:

Attached please find Kenora Hydro's responses to the Board Staff Submission as received by e-mail on October 12, 2012.

Should you require additional information, please do not hesitate to contact us.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Robertson", is written over a light blue horizontal line.

Janice Robertson, CA
Manager of Finance & Regulatory Affairs
Kenora Hydro Electric Corporation Ltd.
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jrobertson@kenora.ca

Encls.

DISPOSITION OF GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

Kenora Hydro agrees that the carrying charges on the Deferral and Variance accounts should be updated to reflect the implementation date of the Board Decision and Order. On receipt of such, Kenora Hydro will update and file the revised carrying charges and totals for disposal, over a one year period.

ACCOUNT 1521 – SPECIAL PURPOSE CHARGE

Kenora Hydro agrees that the carrying charges on Account 1521 should be updated to reflect the implementation date of the Board Decision and Order. On receipt of such, Kenora Hydro will update and file the revised carrying charges and totals for disposal, over a one year period.

REVENUE-TO-COST RATIO ADJUSTMENT

Kenora Hydro agrees that the revenue-to-cost ratio adjustments are in accordance with the Board's decision in Kenora Hydro's 2011 COS proceeding.

LRAM CLAIM

Kenora Hydro agrees that the carrying charges on the LRAM claim should be updated to reflect the implementation date of the Board Decision and Order. On receipt of such, Kenora Hydro will update and file the revised carrying charges and totals for disposal, over a one year period.

ACCOUNT 1562 – DEFERRED PILS

Kenora Hydro concurs with Board staff, PILs proxy entitlements were effective beginning May 1, 2002. The revised total credit balance of \$ (245,521), consisting of \$ (188,270) principal and \$ (57,251) carrying charges to October 31, 2012, is accurate as presented in the ED Disposition 1562 Balance worksheet.

As requested, a revised copy of the PILs continuity schedule with prorated PILs proxy entitlements from May 1, 2002 has been sent to the Board by e-mail and uploaded onto the website. The following table indicates the resulting rate riders by class over a 30 month period:

ACCOUNT 1562 – DEFERRED PILs - Continued

Rate Rider Calculation

From	November 1, 2012
To	April 30, 2015
Months	30

Rate Class	Vol Metric	Distribution Revenue	% Distribution Revenue	1562 PILs Allocation	kWh/kW Billed COS Forecast	1562 PILs Rate Rider
Residential	kWh	\$ 1,832,947	59.53%	-\$ 146,165	39,677,024	-\$ 0.0014
General Service Less Than 50 kW	kWh	\$ 538,556	17.49%	-\$ 42,946	24,025,485	-\$ 0.0007
General Service 50 to 4,999 kW	kW	\$ 644,245	20.92%	-\$ 51,374	112,043	-\$ 0.1834
Unmetered Scattered Load	kWh	\$ 6,857	0.22%	-\$ 547	145,633	-\$ 0.0015
Street Lighting	kW	\$ 56,299	1.83%	-\$ 4,489	5,775	-\$ 0.3109
		<u>\$ 3,078,904</u>	<u>100.00%</u>	<u>-\$ 245,521</u>		

EFFECTIVE DATE OF THE RATE CHANGE

Kenora Hydro agrees that new distribution rates will not be effective May 1, 2012, and will be made effective on the month following the issuance of the Board’s Decision and Order on this application.