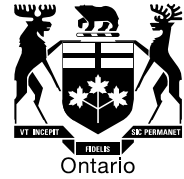


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BY E-MAIL

November 12, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Ste. 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Kenora Hydro Electric Corporation
2012 IRM Rate Application
Comments on Draft Rate Order
Board File No. EB-2011-0177**

Please find attached Board Staff's comments on the draft Rate Order filed by Kenora Hydro Electric Corporation on November 5, 2012.

Sincerely,

Original signed by

Daniel Kim
Analyst – Applications & Regulatory Audit

Encl.

**Kenora Hydro Electric Corporation Ltd. (“Kenora Hydro”)
2012 IRM Application (EB-2011-0177)
Board Staff Comments on Draft Rate Order**

On November 1, 2012, the Board issued its Decision and Order (the “Decision”) on Kenora Hydro’s 2012 IRM rate application. The Decision required Kenora Hydro to submit a draft Rate Order including a proposed Tariff of Rates and Charges within six days of the issuance of the Decision. Kenora Hydro submitted its draft Rate Order and proposed Tariff of Rates and Charges on November 5, 2012.

Board staff agrees that Kenora Hydro has appropriately reflected the Board’s findings in its draft Rate Order, accompanying Excel models and proposed Tariff of Rates and Charges.

Board staff notes one exception to the proposed Tariff of Rates and Charges. Board staff notes that when rounded to the fourth decimal place, the rate rider for the LRAM claim for the General Service Less Than 50 kW rate class is zero. Typically the Board approves rates to the fourth decimal place, however the Board may wish to consider allowing Kenora Hydro to round to the fifth decimal place in order to recover its entire LRAM claim for the above mentioned rate class.