



**FINANCIAL SERVICES DEPARTMENT
KITCHENER UTILITIES**

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VIA E-MAIL

July 12, 2007

Ontario Energy Board
Attn: Kirsten Walli, Board Secretary
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

RE: EB-2007-0606 / EB-2007-0615 – Submission re Procedural Order No. 2

I am writing in response to the Board's Procedural Order No. 2 in the above noted proceedings which was issued on July 9, 2007. Unfortunately, Kitchener's representatives are unable to appear before the Board at its Hearing Room tomorrow to make oral submissions and we respectfully ask that the Board consider the brief written submissions which follow. If you could please bring this letter to the attention of the Panel Members, that would be appreciated.

Kitchener has received copies of the letters to the Board from the various parties, including the gas utility applicants, with respect to the scheduling of these incentive regulation proceedings. Kitchener is in general agreement with Intervenors, such as IGUA, CCC, BOMA, LPMA, and WGSPG, which have urged the Board to grant the extension for filing written evidence requested by EGD and to conduct these proceedings in a combined fashion for EGD and Union Gas with adjustments to the schedule attached to Procedural Order No. 1.

Kitchener submits that a combined hearing would be more efficient, fair and less costly than separate proceedings, by providing parties a reasonable opportunity to participate effectively in the process for both applicants. This would appear to be in the public interest. The applicants may suggest that separate proceedings would be more expedient and mitigate the risk of retroactivity when rates based on incentive regulation are implemented for 2008. However, Kitchener respectfully submits that expedience to mitigate retroactivity should not override issues of fairness and consistency, particularly in the context of a multi-year rate-setting framework.

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Kitchener submits that it would be premature to sever the proceedings at this time. A determination by the Board that the proceedings be severed at some point should only be made if and when it has sufficient evidence in front of it to fully support that approach. Now is not that time.

Please extend our thanks to the Board Panel for its indulgence in considering these written submissions.

Yours truly,

A handwritten signature in black ink, appearing to read "J. Gruenbauer", is positioned above the printed name.

Jim Gruenbauer,
Manager, Regulatory Affairs & Supply

cc: Parties to EB-2007-06060 / EB-2007-0615
D. Quinn (Kitchener)