Ontario Energy Board

Commission de l'énergie de l'Ontario

EB-2012-0310

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 Hydro Corporation for an order or orders approving or fixing just and reasonable distribution rates related to Smart Meter deployment, to be effective January 1, 2013.

BEFORE: Ken Quesnelle
Presiding Member

Marika Hare
Member

DECISION AND ORDER
January 10, 2013

Introduction

Kingston Hydro Corporation. ("Kingston"), a licensed distributor of electricity, filed an application (the "Application") with the Ontario Energy Board (the "Board") on August 24, 2012 under section 78 of the *Ontario Energy Board Act*, *1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Kingston charges for electricity distribution, to be effective January 1, 2013.

Kingston is seeking Board approval for the disposition and recovery of costs related to smart meter deployment, offset by Smart Meter Funding Adder ("SMFA") revenues collected from May 1, 2006 to April 30, 2012. Kingston requested approval of proposed Smart Meter Disposition Riders ("SMDRs") and Smart Meter Incremental Revenue Requirement Rate Riders ("SMIRRs") effective January 1, 2013. The Application is

based on the Board's policy and practice with respect to recovery of smart meter costs.[1]

The Board issued its Letter of Direction and Notice of Application and Hearing (the "Notice") on September 11, 2012. The Vulnerable Energy Consumers' Coalition ("VECC") was granted intervenor status and cost award eligibility. The Notice of Application and Hearing established that the Board would consider the Application by way of a written hearing and established timelines for discovery and submissions.

While the Board has considered the entire record in this proceeding, it has made reference only to such evidence as is necessary to provide context to its findings. The following issues are addressed in this Decision and Order:

- Costs incurred with respect to Smart Meter Deployment and Operation;
- Cost Allocation;
- Stranded Meter Costs; and
- Implementation.

Costs Incurred with Respect to Smart Meter Deployment and Operation

In the Application, Kingston sought the following approvals:

- A SMDR of $0.80 per Residential customer per month and $0.65 per General Service less than 50kW ("GS < 50 kW") customer per month for the period from January 1, 2013 to December 31, 2014. These rate riders will collect the difference between the revenue requirement deferred from 2006 to December 31, 2011 related to smart meters deployed as of December 31, 2011 (plus interest on operations, maintenance and administration ("OM&A") and depreciation expenses) and the SMFA revenues collected from May 1, 2006 to April 30, 2012 (and corresponding interest on the principal balance of SMFA revenues); and
- A forecasted SMIRR of $2.22 per Residential customer per month and $2.22 per GS < 50 kW customer per month for the period January 1, 2013 to April 30, 2015. These rate riders will collect the 2012 incremental revenue requirement related to smart meter costs to be incurred from January 1, 2012 to December 31, 2012, and in successive years until

[1] On December 15, 2011, the Board issued *Guideline G -2011-0001: Smart Meter Funding and Cost Recovery – Final Disposition* ("Guideline G-2011-0001").

Kingston rebases its rates through a cost of service application.

In response to Board staff and VECC interrogatories, Kingston made the following updates to its Application:

- Kingston updated the model to account for a change in quote to perform a major upgrade of the software and hardware for the Regional Network Interface from $120,000 to $93,000 (VECC IR #5 b);
- Kingston confirmed the tax rates correspond to the rates for taxes/PILS actually paid by Kingston in each of the historical years and updated the model for 2012 and 2013 forecasted tax rates (Board staff IR # 9);
- Kingston updated the model to reflect the correct values of capital parameters per the Board's Decision EB-2010-0136 with respect to the approved cost of capital in Kingston's 2011 cost of service application for years 2012 and 2013 (Board staff IR #10 a and b);
- Kingston allocated the residual SMFA revenues and interest collected from other metered customer classes (i.e., GS 50-4999 kW and Large Use) equally to the Residential and GS < 50 kW classes for the purposes of calculating the SMDRs (Board staff IR # 13 a); and
- Kingston revised Sheet 8A of the smart meter model to reflect the depreciation expense that equals the amounts reported on Sheet 4. (Board staff IR #15 b)

In its response to Board staff and VECC interrogatories, Kingston filed a revised smart meter model to reflect the updates noted in the responses to Board staff and VECC's interrogatories referenced above.

The revised SMDRs and SMIRRs calculated as a result of responses to Board staff and VECC's interrogatories are summarized below:

Table 1: Original and Revised SMDRs and SMIRRs

Class	SMDR ($/month, from January 1, 2013 to December 30, 2014)		SMIRR ($/month, from January 1, 2013 to April 30, 2015)	
	Original	Revised	Original	Revised
Residential	$0.80	$1.12	$2.22	$2.79
GS <50 kW	$0.65	$0.97	$2.22	$2.79

Board staff noted that the GS < 50 kW SMDR is lower than the residential SMDR which

it considered to be counterintuitive due to more expensive polyphase meters being used for a larger fraction of the GS <50 kW class. Board staff submitted that the installation cost and the deferred revenue requirement should be higher on a per meter basis. Board staff also noted that Kingston has not filed class-specific SMIRRs. VECC concurred with Board staff and submitted that Kingston should not have the SMDRs and SMIRRs approved as proposed, but that Kingston be required to do a cost allocation and propose revised class-specific SMDRs and SMIRRs consistent with what the Board has approved in other recent applications. Board staff also submitted that Kingston should confirm in its reply submission that 2010 and 2011 tax rates correspond with what has been reflected in Kingston's Board approved rates and not the actual tax rates.

In its response to Board staff's and VECC's submissions, Kingston filed a revised smart meter model. The revision included Kingston calculating class specific SMDR's and SMIRR's with tax rates that correspond with what has been Board approved in Kingston's rates. The revised SMDRs and SMIRRs calculated as a result of responses to Board staff and VECC's submission are summarized below:

Class	**SMDR ($/month, from January 1, 2013 to December 30, 2014)**			**SMIRR ($/month, from January 1, 2013 until the effective date of Kingston's next Cost of Service rates, forecasted as April 30, 2015)**		
	Original	**Revised in IR's**	**Revised in Submission**	**Original**	**Revised in IR's**	**Revised in Submission**
Residential	$0.80	$1.12	$0.88	$2.22	$2.79	$2.67
GS <50 kW	$0.65	$0.97	$1.98	$2.22	$2.79	$3.70

Prudence of Incurred Costs

Kingston's costs in aggregate and on a per meter basis are summarized in the following table:

	2008	2008	2009	2010	2011	2012	2013	Total
Capital			$ 1,501,434	$ 2,854,742	$ 314,275	$ 196,341	$ 246,000	$ 5,112,792
OM&A				$ 85,832	$ 55,203	$ 94,993	$ 273,522	$ 509,550
Number of Smart Meters				25888	477	248	600	27,213

	Total	Average Per Meter
Total (capex+opex	$ 5,622,342	$ 206.61
Capex Only	$ 5,112,792	$ 187.88

Both Board staff and VECC noted that Kingston's costs per meter are within the ranges observed for other utilities in the combined proceeding related to smart meters conducted by the Board in 2007 (EB-2007-0063). Kingston's costs are also within the range of the sector average total cost of $207.37 reported in the Board's *Sector Smart Meter Audit Review Report*, dated March 31, 2010 and the average total cost of $226.92 reported by distributors in the Monitoring Report of Smart Meter Investment as at September 30, 2010.

The Board notes that authorization to procure and deploy smart meters has been done in accordance with Government regulations, including successful participation in the London Hydro RFP process, overseen by the Fairness Commissioner, to select (a) vendor(s) for the procurement and/or installation of smart meters and related systems. There is thus a significant degree of cost control discipline that distributors, including Kingston, are subject to in smart meter procurement and deployment.

The Board finds that Kingston's documented costs, as revised in response to interrogatories and in Kingston's reply submission, related to smart meter procurement, installation and operation, and including costs related to TOU rate implementation, are reasonable, subject to the findings below. As such, the Board approves the recovery of the costs applied for related to smart meter deployment and operation as of December 31, 2011, and the ongoing recovery of capital-related and operating expenses for 2012 and going forward until Kingston's next cost of service application.

Costs Beyond Minimum Functionality

Kingston included capital costs of $47,257 and $5,036 in OM&A in its Application, which are costs "beyond minimum functionality". These costs include web presentation and MDM/R integration.

Board staff submitted the Board has previously approved costs of this nature and further considers that the documented capital and OM&A costs are reasonable. VECC submitted they take no issue with the quantum or nature of Kingston's costs beyond minimum functionality.

The Board approves the recovery of these costs as applied for.

Temporal Allocation of Costs

Board staff submitted there should not be smart meter capital costs recorded in line 1.1.1 of the smart meter model of $1,276,224 and installation costs in line 1.1.2 of $89,563 if no meters were installed in 2009. Board staff also submitted that in 2011 there are installation costs of $229,779 but no smart meter capital costs were recorded for that year. Kingston noted that the 477 smart meters that were installed in 2011 were part of the bulk purchases that were made during 2009 and 2010, and hence the reason there were installation costs but no capital costs for the smart meters installed in 2011. Board staff submitted that the number of meters installed should be matched to the capital costs and installation in the year meters are installed not purchased. Board staff submitted that this is to ensure that the capital cost is not recognized until the meters are in-service and used and useful. VECC agreed with Board staff. Booking the assets in service and starting to depreciate them before they are used and useful also has an impact on the deferred revenue requirement and hence of the SMDR and SMIRRs.

Kingston submitted that it used its normal capitalization policy in the accounting treatment of meters, and that Account 1860 Meters are capitalized and amortized when available for use, not for when they are actually placed "in service". It also submitted that its recognition of smart meter capital costs is consistent with its capitalization policy and complies with relevant guidelines and the Accounting Procedures Handbook, both past and current, and cite Article 510 of the *Accounting Procedures Handbook for Electricity Distribution Utilities* (the "APH").

The Board notes that Article 510 of the APH states:

> **Accounting Issue**
> This subsection explains the accounting treatment for spare transformers and meters. Spare transformers and meters are items that are expected to substitute for original distribution plant transformers and meters when these original plant assets are being repaired. Therefore, spares are held and dedicated for the specific purpose of backing up plant in service as opposed to assets that are available for other uses at the discretion of the user. Consequently, transformers and meters held "in reserve" or as "spares" are to receive the same treatment as the related assets "in

service". This removes the requirement for yearend valuation of "inventory" that had been placed in and out of service during the course of the year. It also removes the bookkeeping requirement to have movement of these assets between capital assets and inventory booked as prescribed in the former Accounting for Municipal Electric Utilities in Ontario Manual.[2]

Article 510 of the APH continues:

> … the following three questions should be asked in determining whether spare transformers and meters should be accounted for as a capital asset rather than inventory:
>
> 1) Are the spare transformers and meters an integral part of the original distribution plant? If so, spare transformers and meters should be capitalized and amortized over the estimated useful life of the original distribution plant. The definition of "integral" may be assessed by determining whether these spares enhance the system reliability of the original distribution plant. Not all spare transformers and meters may meet the definition of "integral". For example, in utilities located in rapidly growing municipalities, it is common that an inventory of these items is maintained for use in construction of new subdivisions (as opposed to being used to enhance the system reliability of the original distribution plant). In this circumstance, transformers and meters purchased for new service should be inventoried until their initial placement in service. Similarly, if due to system rebuilding, an unreasonable level of "spares" were built up and were unlikely to be used, these spares should be reallocated as inventory and disposed of, retired or written down as warranted.
> 2) Do the spare transformers and meters provide future benefits? If so, they should be capitalized and amortized over the estimated useful life of the original distribution plant. The identification of future benefits may be assessed by determining the expected use of the spare transformers and meters. If these spares are expected to be placed in service to substitute for original distribution plant transformers and meters when these original

[2] *Accounting Procedures Handbook for Electricity Distribution Utilities*, Revised July 31, 2007, Article 510, page 8

plant assets are being repaired, then there are future benefits and these spares should be recorded as capital assets. Alternatively, if these spares are not expected to be placed into service because distribution plant failure is not expected, then they should be recorded as inventory.

3) Is the accounting treatment of spare transformers and meters consistent with the regulatory treatment of spare transformers and meters? In other words, CICA Handbook definitions aside, GAAP for regulated enterprises could require that the spare transformers and meters be accounted for on a basis consistent with the ratemaking process. The accounting treatment required for regulatory purposes would result in the appropriate matching of rate revenues and related costs in the manner required by the Board.[3]

The Board considers that the allowance for spare transformers and meters in inventory in normal business operations is because the utility must have a stock readily on hand for "like-for-like" replacement for repair or certification purchases, in order to minimize any disruption of service for customers. The spare meters (and transformers) are in effect a "working capital" that the utility has invested in (i.e. procured) to be able to provide continuous and reliable service to customers. Through experience and good utility practice, the utility should have a good estimate of the minimum reasonable inventory of spare meters that it would need on hand, and when it may need to re-stock.

The Board considers that the smart meter program was not a normal business operation. This was not a "like-for-like" replacement, and the replaced conventional meters had not failed or otherwise needed replacement. The smart meters were not "spares" for the in-service conventional meters. The special nature of the smart meter program was recognized through the regulatory treatment that the Board has instituted to allow for accounting of costs, initial funding through rate adders, and the process for disposition and recovery of deferred costs upon completion.

The Board considers that Article 510 does not apply for this initial smart meter deployment. The Board notes that, in smart meter applications that it has considered to date, utilities have generally strived to align the capital costs with when the assets are deployed. The Board considers that this approach should also apply to Kingston, and so directs Kingston to provide a reasonable allocation of the capital costs for the procurement and installation of the smart meters with when the meters went into service. Kingston should document its proposed allocation in its draft rate order.

[3] *Ibid*., pp. 9-10

This is a temporal issue with respect to the recovery of prudently incurred costs for the installed smart meters. Over the typical useful life of the deployed smart meter assets, the utility will recover the initial investment through depreciation expense and will earn a return on the invested capital. However, this treatment, in the Board's view, aligns the recovery with when customers receive the benefit of the smart meters being in service.

On a going forward basis, the Board considers that the "normal" inventory of spare smart meters as a working capital for repairs and additions would be afforded the usual treatment in accordance with Article 510 of the APH.

Taxes/PILs

In response to Board staff IR # 9 Kingston responded it has overridden the tax rates for 2010 and 2011 to correspond to the actual effective tax rate for the respective years. Board staff submitted that there appear to be some issues with the tax rates in years 2010 and 2011. Board staff asked that Kingston confirm in its reply submission that the 2010 and 2011 tax rates correspond with what has been reflected in Kingston's Board approved rates and not the actual tax rates.

Kingston submitted that its actual tax rates in 2010 and 2011 should be used to ensure a PILS recovery consistent with the intent and spirit of the PILS recovery mechanism. Kingston has updated the working Smart Meter Model version 3.00 that has been filed with the Board to reflect Board staff's argument but submits that actual tax rates should be used.

The Board notes that the following evidence has been placed on the record with respect to the PILs rates for each year in this Application, and is also on the record in the Board's decisions with respect to Kingston's rates applications from 2006 to 2012.

Tax Rate Used	2006	2007	2008	2009	2010	2011	2012	2013
Smart Meter Application								
Prefiled Evidence	36.12%	36.12%	33.50%	33.00%	27.38%	21.00%	26.50%	26.50%
Reply Submission	36.12%	36.12%	33.50%	33.00%	31.00%	28.25%	26.25%	25.50%
Rates Applications (Cost of Service and IRM – Tax Sharing)								
	36.12%	36.12%	33.50%	33.00%	31.00%	25.90%	24.06%	26.50%

The Board considers that the effective tax rate, as approved in its decisions in each rates application, should apply. In this way, the tax treatment in determining the deferred revenue requirement of smart meters is analogous to that of other distribution assets for regulatory rate-setting. This is also consistent with the Board's policy and practice with respect to applications for smart meter cost disposition and recovery to date.

Kingston is directed to reflect the effective tax rates as used and approved in other rate applications, as shown in the last row of the table above, in its determination of revised SMDRs and SMIRRs in its draft rate order.

Failure of Meters and Recovery of Costs

Kingston noted in its reply submission that when Kingston moved accounts to Time of Use (TOU) billing, 380 installed meters were identified as failures for TOU billing purposes due to various communication issues and that, to bill customers under TOU rates, it was necessary to replace these meters that failed and were off-warranty. Kingston procured and installed 380 replacements in 2012 and the cost of these smart meter start-up replacements is included in 2012 Line 1.1.1 smart meter of the model. As a result, the 2012 average procurement cost per meter that VECC calculated is skewed since the 380 replacement meters do not change the total number of smart meters installed in 2012. If these replacement meters are included in the 2012 installed smart meter total for purposes of VECC's calculation then the 2012 average procurement cost per meter (based on Line 1.1.1 subset of 2012 capital costs) is $211.75 and more consistent with the 2013 average cost per meter (based on Line 1.1.1 subset of 2013 capital costs) of $255.

The Board notes that the issue of the replacement of faulty smart meters that were out of warranty has only come to light in Kingston's reply submission. As a result there was no opportunity for the testing of Kingston's evidence on these smart meters. .

The Board considers that the necessity and prudence of these costs should not be approved until the costs of these meter replacements and the circumstances necessitating their occurrence can be examined. The Board considers that this issue should be dealt with in Kingston's next cost of service rates application. As such, the Board will not approve recovery of the costs for these smart meters through the SMDRs and SMIRRs at this time.

Kingston is directed to remove the capital costs for the 380 meters replaced in 2012 from the determination of the SMDRs and SMIRRs. The capital costs for these smart meters should continue to be recorded in the Capital Cost sub-account of Account 1555. Kingston is directed to bring forward for disposition and recovery the balance of this sub-account in its next cost of service application.

Level of Unaudited Costs

Kingston stated that, as of October 2011, deployment of smart meters is complete. Kingston noted in its Application that, as outlined in Guideline G-2011-0001, 90% or more of the total program costs are required to be audited. Deferral accounts 1555 and 1556 have been audited to December 31, 2011 as part of Kingston Hydro Corporation's annual audit. Kingston Hydro has achieved 85% audited costs. VECC noted that Kingston's Application does not comply with Guideline G-2011-0001 with regard to the expectation that at least 90% of the smart meter costs be audited. VECC asked that Kingston include in its reply submission, an explanation for the higher capital cost per meter in 2012. Otherwise, only audited costs to the end of 2011 should be included in this Application for recovery.

Kingston provided the following table and has provided its calculation of average capital cost per meter (based on Line 1.1.1) as compared to VECCs calculated procurement average capital cost per meter:

FROM SHEET 2
IRR Updated Smart Meter Model

	2009	2010	2011	2012	2013	Total
Smart Meters Installed		25,888	477	248	600	27,213
Line 1.1.1	1,276,224	1,917,732		133,103	153,000	3,480,059
Average Capital Cost per Meter		$ 74.08	$ -	$ 536.71	$ 255.00	$ 127.88
VECC Revised Submission						
VECC Average Capital Cost per Meter			$ 121.00	$ 536.00	$ 255.00	

Kingston submitted that based on its capitalization policy, the average capital cost per meter would fluctuate from year to year. Kingston recorded smart meter capital costs in the year that smart meters were procured rather than in service, and that, as a result the number of meters installed does not necessarily match the capital costs and installation in the year meters are installed.

Board staff has in its submission stated that Kingston's documented costs are reasonable.

The Board notes that the exclusion of the capital costs for the 380 replaced smart meters will skew upwards the per meter costs in 2012. The Board concurs with Board staff that Kingston's overall costs per meter over the total period are not unreasonable, and once the capital costs for the 380 replaced meters are removed, the Board notes that the average cost per meter will decrease. VECC did not object to the claimed unaudited one-time costs for 2013, nor did VECC object to the costs for smart meter capital in 2013, stating that the economies of scale possible during the initial deployment are past.

The Board concurs with VECC about the reasonableness of the projected costs for 2013. The one-time costs for 2013 and the smart meter capital costs amount to about $265,000 ($93,000 for AMCC upgrade, $21,000 for security audit, $155,000 for smart meters). When combined with the $4,811,846 of audited costs to December 31, 2011, this represents 90.2% of the total claimed costs; this percentage will increase with the removal of the capital costs for the 380 replaced meters.

While Kingston does not have at least 90% of the claimed smart meter costs as audited actuals, the Board notes that the bulk of the costs are audited, and that many of the unaudited costs are not contested by parties. The Board has dealt with applications for smart meter cost recovery for the majority of Ontario's electricity distributors and is satisfied with the reasonableness of Kingston's claimed costs and will not require the application of the 90% threshold test.

Beyond the matters of the temporal alignment of costs and smart meter installations, PILs rates and of the 380 replacement meter costs which the Board has addressed elsewhere in this Decision, the Board considers that Kingston's documented capital and operating costs for smart meters documented in the Application are reasonable, and so approves these for recovery.

Cost Allocation

Kingston has calculated the class-specific smart meter revenue requirement using the following methodology:

- The allocation of Account 1860 costs specific to Residential and GS<50 from the 2011 CA Model is used to calculate the percentage split between these two classes. The allocation of smart meter capital costs in the Application is for Residential and GS < 50kW rate classes only, Kingston proposes to take the resulting split to be used as the proxy for smart meter capital cost allocation between the Residential and GS < 50kW. The Return (deemed interest plus return on equity) and Amortization are allocated between the Residential and GS < 50 kW customer classes on the basis of the proxy for smart meter capital costs of meters installed for each class.
- The OM&A is allocated based on the number of meters installed for Residential and GS < 50kW.
- PILS is allocated based on the revenue requirement allocated to each class before PILs.
- Allocated amounts are summed and the percentages of costs calculated that are allocated to customer rate classes.

Subject to the Board's findings elsewhere in this Decision, the Board approves Kingston's methodology and the resulting class-specific SMDRs and SMIRRs as calculated in response to Board staff and VECC submissions to recover the historical and prospective revenue requirement on the approved smart meter costs.

Stranded Meter Costs

In its Application, Kingston proposed not to dispose of stranded meters by way of stranded meter rate riders at this time, but to deal with disposition in its next cost of service application, scheduled for 2015 rates. Kingston stated that it has an estimated net book value of stranded conventional meters of $1,900,000 as of December 31, 2011.

Board staff submitted that Kingston's proposal is consistent with Guideline G-2011-0001.

The Board agrees, and accepts Kingston's proposal.

Implementation

Kingston requested an effective date of January 1, 2013 for its new rates. The Board issued on December 18, 2012 an Interim Rate Order declaring Kingston's current approved Tariff of Rates and Charges interim effective January 1, 2013. Given the date of this Decision, the Board has determined that an implementation date of February 1, 2013 is appropriate. The SMDRs shall be implemented on February 1, 2013 for a period of 11 months (i.e. from February 1 to December 31, 2013), and the SMIRRs shall be implemented on February 1, 2013 and will remain in effect until the effective date of Kingston's next cost of service rate order. As Kingston is scheduled to rebase its rates for 2015, the Board notes that the SMIRR may be in effect from February 1, 2013 until April 30, 2015.

With an implementation date of February 1, 2013, there will be one month of foregone SMIRR revenues, for January 2013, that need to be recovered. Consistent with the approach approved in other recent decisions of smart meter cost recovery, the Board considers that the foregone SMIRR revenues for January 1, 2013 should be added to the foregone revenue requirement and recovered in the class-specific SMDRs. In its draft rate order, Kingston should propose SMDRs that recover the revised deferred revenue requirement reflecting the Board's findings in this Decision, including the foregone SMIRR revenues for the month of January 2013, and over an 11 month recovery from February 1 to December 31, 2013.

The Board expects Kingston to file detailed supporting material, including all relevant calculations showing the impact of this Decision and Order on Kingston's class specific smart meter revenue requirements and the determination of the updated SMDRs and SMIRRs.

Accounting Matters

In granting its approval for the historically incurred costs and the costs projected for 2012, the Board considers Kingston to have completed its smart meter deployment. Going forward, no capital and operating costs for new smart meters and the operations of smart meters shall be tracked in Accounts 1555 and 1556, beyond the costs for the 380 replaced smart meters as discussed elsewhere in this Decision. Instead, costs shall be recorded in regular capital and operating expense accounts (e.g. Account 1860 for meter capital costs) as is the case with other regular distribution assets and costs.

The costs for the 380 replaced smart meters shall continue to be accounted for in the sub-account for Smart Meter Capital Costs in Account 1555, and Kingston is expected to apply for review and disposition of these costs in Kingston's next cost of service application.

Kingston is authorized to continue to use the established sub-account Stranded Meter Costs of Account 1555 to record and track remaining costs of the stranded conventional meters replaced by smart meters. The balance of this sub-account should be brought forward for disposition in Kingston's next cost of service application.

THE BOARD ORDERS THAT:

1. Kingston Hydro Corporation's new distribution rates shall be effective January 1, 2013.

2. Kingston Hydro Corporation shall file with the Board, and shall also forward to the Vulnerable Energy Consumers Coalition, a draft Rate Order attaching a proposed Tariff of Rates and Charges reflecting the Board's findings in this Decision and Order, within 7 days of the date of this Decision and Order. The draft Rate Order shall also include customer rate impacts and detailed supporting information showing the calculation of the final rates.

3. The Vulnerable Energy Consumers Coalition and Board staff shall file any comments on the draft Rate Order with the Board and forward to Kingston Hydro Corporation within 7 days of the date of filing of the draft Rate Order.

4. Kingston Hydro Corporation shall file with the Board and forward to the Vulnerable Energy Consumers Coalition responses to any comments on its draft Rate Order within 7 days of the date of receipt of the submission.

Cost Awards

The Board will issue a separate decision on cost awards once the following steps are completed:

1. The Vulnerable Energy Consumers Coalition shall submit its cost claim no later than **7 days** from the date of issuance of the final Rate Order.

2. Kingston Hydro Corporation shall file with the Board and forward to the Vulnerable Energy Consumers Coalition any objections to the claimed costs within **14 days** from the date of issuance of the final Rate Order.

3. The Vulnerable Energy Consumers Coalition shall file with the Board and forward to Kingston Hydro Corporation any responses to any objections for cost claims within **21 days** from the date of issuance of the final Rate Order.

4. Kingston Hydro Corporation shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2012-0310,** be made through the Board's web portal at, www.pes.ontarioenergyboard.ca/eservice/ and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to BoardSec@ontarioenergyboard.ca. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 2 paper copies.

DATED at Toronto, January 10, 2013

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary