**KINGSTON ELECTRICITY DISTRIBUTION LIMITED**

1211 John Counter Blvd PO Box 790
Kingston ON Canada K7L 4X7
Telephone: 613 546-1181
Fax: 613 542-1463

January 23, 2008

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

Dear Ms. Walli:

**Re: Docid Number – EB-2007-0869**
**Kingston Electricity Distribution Limited - Licence No. ED-2003-0057**
**Distribution Retail Transmission Rate Analysis – Supporting Clarification**
**Kingston_RTR Analysis_SUPP Clarification_20080123**

With regard to Kingston Electricity Distribution Limited's (KEDL) supplementary and supporting Retail Transmission Rate Analysis filed with the Board on January 18, 2008, KEDL has the following clarifications to offer for the analysis submitted. As well this supporting clarification has now been submitted through the RESS filing system.

**Manager's Summary – Retail Transmission Rate Analysis Supporting Clarification**

KEDL's proposal to decrease its Network Service rates by 25% and to decrease its Line and Transformation Connection Service rates by 15%, as filed on January 18, 2008, is to account for two issues:

1. The Board's October 17, 2007 EB-2007-0759 rate order decision to decrease Wholesale Transmission Rates by an average of approximately 12%, and also
2. To adjust for some of the past variance in these accounts.

KEDL's proposal is based on the assumption that the decreases to these rates would be for a period of 24 months, May 1, 2008 to May 1, 2010 and that KEDL's retail transmission rates would be revisited and reviewed when KEDL is rebased in 2010.

It is not KEDL's intent to drive these RSVA accounts to zero since KEDL recognizes that there are a number of other variance accounts, some of which may be in a debit position. However KEDL is of the opinion that the balances in these particular accounts are currently too high. As of December 31, 2007, the estimated balance in the Network Service RSVA account is a credit of $917,221 and the estimated balance in the Line and Transformation Connection Service RSVA account is a credit of $497,670 (see Excel spreadsheet submitted with January 18 2008 filing for additional detail).

KEDL's proposal to decrease these rates as filed for the assumed 24 month period will achieve a combined effect of lowering the RSVA balances by an estimated 50% with balances of approximately $500,000 or below for each of these particular RSVA accounts by May 1, 2010, as detailed in the Excel spreadsheet submitted with the January 18 2008, Distribution Retail Transmission Rate Analysis – Supplementary and Supporting Data for 2008 IRM Rate Application filing.

Yours truly,

J.A. Keech, President & CEO
Kingston Electricity Distribution Limited

Enclosures:

- Two (2) hard copies of this Supporting Clarification submission.
- One CD ROM containing this submission in PDF document.