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BY RESS and EMAIL

July 6, 2011
Our File No. 20100136

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2010-0136 – Kingston 2011 Rates – Draft Rate Order

We are counsel for the School Energy Coalition. We have reviewed the Draft Rate Order of the Applicant, filed June 30th, and have the following comments:

1. Page 3 and Appendices A-F. We accept the use of the "applied-for" cost of capital as a reasonable approach to making step by step changes to the revenue requirement. Because changes to rate base and cost of capital are inevitably interrelated, one must be implemented before the other, and the order used by the Applicant appears to us to be reasonable.

2. Page 4 and Appendices A-F. Conversely, in our view each change to ROE has a resulting change in PILs, before changes to the PILs calculation itself are applied. Therefore, it would be preferable in our view if Appendices A-E showed the corrected PILs amounts resulting from the ROE changes, with Appendix F showing only the impact of the PILs-specific changes.

3. Page 6 and Appendix I. The Settlement Agreement requires the fixed charge and variable charge for GS>50 to be increased by the same percentage, but in Appendix I the increase is 15.48% for the fixed charge, and 13.62% for the variable charge. It is not clear to us that

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this is explained by the transformer allowance, which may in fact have a very small opposite effect, if any. If the Applicant believes that they have complied with the Agreement, they should explain how. If not, in our submission the rates should be adjusted to comply.

4. Page 8. Pursuant to page 15 of the Settlement Agreement, the deferral and variance accounts are to be recovered over a period of two years. We believe that it is not now open to the Applicant to propose a number of months that is different from that agreed with the parties.

5. Page 10. The Applicant has proposed a 10 month rate rider for the incremental revenue in the three month stub period. The Decision stipulates that period, but does not give a rationale for selecting 10 months instead of 9 months, which would result in all rate components changing at the same time on May 1, 2012. In the absence of any explanation of the period, we wonder whether the 10 month number in the Decision may be a typographical error, and the Board may prefer to have this rider end on April 30, 2012. If that is in fact the Board's preference, SEC believes it would be an appropriate result, and easily implemented through the rate order, i.e. while this Board panel is still seized of the matter. This time period is not part of the Settlement Agreement, so is not subject to the same restriction as item #4 above.

All of which is respectfully submitted.

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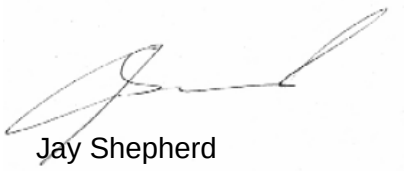
Yours very truly,
JAY SHEPHERD P. C.



Jay Shepherd

cc: Wayne McNally, SEC (email)
Interested parties (email)