

February 24, 2011

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319 27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms Walli:

Re: EB-2010-0118  
Welland Hydro-Electric System Corp.  
2011 IRM Distribution Rates Effective May 1, 2011  
Supplemental Filing-Late Payment Penalty Rate Rider

As per instructions in the Board's decision in the generic proceedings on late payment penalty charges (EB-2010-0295) please find two copies of Welland Hydro's request for applicable rate riders by customer class.

Yours very truly,



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WELLAND HYDRO-ELECTRIC SYSTEM CORP.  
APPLICATION FOR APPROVAL OF ELECTRICITY DISTRIBUTION RATES  
EFFECTIVE MAY, 2011  
EB-2010-0118  
SUPPLEMENTAL REQUEST  
2011 RATE RIDER LATE PAYMENT PENALTY

1) INTRODUCTION

Welland Hydro's 2011 IRM Rate Application submitted on November 1, 2010 included a request for a rate rider (Copy Attached-Appendix A) should the Board release a decision on the generic proceeding on Late Payment Penalties EB-2010-0295. On February 20, 2011 the Board issued its decision on the proceedings approving the recovery of the late payment penalty. LDC's with an IRM application before the Board were instructed to file for a rate rider for the recovery of late payment penalties by February 28, 2011.

2) CALCULATION OF RATE RIDER

Welland Hydro will make a payment of \$74,531.55 by June 30, 2011 as its share of the settlement, applicable taxes and legal fees. This amount is detailed in Appendix A to the Decision & Order for EB-2010-0295 (Copy Attached-Appendix B). The decision by the Board determined that the rate rider will be a fixed monthly amount for a one year period. The amount to be recovered by customer class would be based on a percentage of 2009 Distribution Revenue divided by the number of customers/connections in each class during that period. Appendix C attached is a copy of Welland Hydro's 2009 RRR-E2.1.5 annual report detailing the information required to calculate the rate riders. This information was then input into an excel spreadsheet to determine the rate rider for each class by determining the percentage of 2009 revenue times the amount of recovery (\$74,531.55) divided by the number of customer/connections divided by 12 months. A summary of the calculations and the resulting monthly rate rider is included in Appendix D attached.

### 3) SUMMARY

Welland Hydro is requesting that the Board approve the following fixed monthly charges in a rate rider as part of its decision on Welland Hydro's 2011 Distribution Rates (IRM EB-2010-0118):

|                   |                       |
|-------------------|-----------------------|
| Residential       | \$.214/mth            |
| GS<50 kW          | \$.410/mth            |
| GS 50 to 4,999 kW | \$3.993/mth           |
| Large Use         | \$221.667/mth         |
| Unmetered Scatter | \$.152/mth/connection |
| Street Light      | \$.013/mth/connection |
| Sentinel Light    | \$.019/mth/connection |

## APPENDIX - J

### RATE RIDER-LATE PAYMENT LITIGATION

**RATE RIDER OR Z-FACTOR TREATMENT**  
**FOR RECOVERY OF LATE PAYMENT PENALTY LITIGATION COSTS**

1. As part of this application, Welland Hydro-Electric System Corp. will be seeking recovery of a one-time expense in the amount of \$74,905.27 which is to be paid on June 30, 2011. This payment will serve to resolve long-standing litigation against all former municipal electric utilities ("MEUs") in the Province in relation to late payment penalty ("LPP") charges collected pursuant to, first, Ontario Hydro rate schedules and, after industry restructuring, Ontario Energy Board rate orders (the "LPP Class Action").
2. On July 22, 2010, The Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice approved a settlement of the LPP Class Action, the principal terms of which are the following:
  - (a) Former MEUs collectively pay \$17 million in damages;
  - (b) Payment is not due until June 30, 2011; and
  - (c) Amounts paid, after deduction for class counsel fee, will be paid to the Winter Warmth Fund or similar charities.
3. Welland Hydro-Electric System Corp. will make a payment of \$74,905.27 by June 30, 2011. This amount represents Welland Hydro-Electric System Corp.'s share of the settlement, applicable taxes and legal fees. Welland Hydro-Electric System Corp. believes that the settlement is in its best interest and the best interest of its customers and that the payment in connection with the settlement will be a prudent one.
4. Welland Hydro-Electric System Corp., along with all other electricity distributors filing for cost of service and IRM applications for 2011 electricity distribution rates (the "LDCs"), proposes that the Board hold a generic hearing at the earliest opportunity to determine if all costs and damages incurred in this litigation and settlement are recoverable from customers and, if so, the form and timing of recovery from customers. If the Board agrees to hold this generic hearing, the LDCs will collectively file written evidence to address the prudence of the settlement, the costs incurred, the methodology of allocating total settlement costs amongst the LDCs, the proposed method of recovery, and any other matters the Board determines appropriate.
5. If the Board determines that it will not hold a generic proceeding, Welland Hydro Electric System Corp. asks to be advised of this fact as soon as possible so that it can file, to permit adjudication as part of this proceeding, written evidence to address the prudence of the settlement, the costs incurred, the methodology of allocating total settlement costs amongst the LDCs, the proposed method of recovery, and any other matters the Board determines appropriate.

|    | <u>Affected Electricity Distributors</u>     | <u>Recovery Amount</u> |
|----|--|------------------------|
| 52 | Parry Sound Power Corp.                      | \$12,414.74            |
| 53 | Peterborough Distribution Inc.               | \$103,599.84           |
|    | LAKEFIELD DIST. INC.                         | \$4,752.69             |
|    | ASPHODEL-NORWOOD DIST. INC.                  | \$1,925.39             |
| 54 | Port Colborne Hydro Inc.                     | \$28,872.42            |
| 55 | Powerstream Inc.                             | \$0.00                 |
|    | RICHMOND HILL HYDRO INC.                     | \$144,833.23           |
|    | AURORA HYDRO CONNECTIONS LTD.                | \$54,628.33            |
|    | HYDRO VAUGHAN DISTRIBUTION INC.              | \$352,990.39           |
|    | MARKHAM HYDRO DISTRIBUTION INC.              | \$273,886.24           |
|    | BARRIE HYDRO DIST. INC.                      | \$170,592.02           |
|    | BRADFORD-WEST GWILLIMBURY PUC                | \$6,224.56             |
|    | ESSA TWP. HEC                                | \$240.31               |
|    | NEW TECUMSETH HEC                            | \$11,365.94            |
|    | PENETANGUISHENE HEC                          | \$4,560.60             |
| 56 | Renfrew Hydro Inc.                           | \$14,453.29            |
| 57 | Rideau St. Lawrence Dist. Inc.               | \$18,391.97            |
| 58 | Sioux Lookout Hydro Inc.                     | \$12,422.98            |
| 59 | St. Thomas Energy Inc.                       | \$52,622.33            |
| 60 | Thunder Bay Hydro Electricity Dist. Inc.     | \$160,239.21           |
| 61 | Toronto Hydro-Electric System Limited        | \$7,525,588.82         |
| 62 | Tillsonburg Hydro Inc.                       | \$29,932.56            |
| 63 | Veridian Connections Inc.                    | \$280,780.55           |
|    | 1382154 ONTARIO LTD. [Brock HEC]             | \$3,068.61             |
|    | BELLEVILLE ELECTRIC CORP.                    | \$29,382.69            |
|    | PORT HOPE HEC                                | \$11,119.02            |
|    | GRAVENHURST HYDRO ELECTRIC INC.              | \$14,065.49            |
|    | SCUGOG HYDRO ENERGY CORP.                    | \$6,908.95             |
| 64 | Wasaga Distribution Inc.                     | \$14,942.12            |
| 65 | Waterloo North Hydro Inc.                    | \$173,479.23           |
| 66 | <u>Welland Hydro-Electric System Corp.</u>   | <u>\$74,531.55</u>     |
| 67 | Wellington North Power Inc.(Wellington)      | \$11,517.59            |
| 68 | West Coast Huron Energy Inc.(Goderich Hydro) | \$18,419.16            |
| 69 | West Perth Power Inc.                        | \$8,514.12             |
| 70 | Westario Power Inc.                          | \$58,336.87            |
|    | MINTO HYDRO INC.                             | \$2,395.91             |
|    | WALKERTON PUC (including Elmwood HS)         | \$2,964.81             |

Appendix C

|             |               |                         |
|-------------|---------------|-------------------------|
| Labour (\$) | Overhead (\$) | Equipment/Material (\$) |
| 198,523.00  | 243,281.00    | 1,573,418.00            |
| Other (\$)  |               |                         |

**Other Capital Information**

|                           |                                |
|---------------------------|--------------------------------|
| Retirements For Year (\$) | Total Contributed Capital (\$) |
| 326,328.00                | 0.00                           |

**Functional****(1) Operations and Maintenance**

|                                       |  |
|---------------------------------------|--|
| Operations and Maintenance Total (\$) | Operations Maintenance Labour Component (\$) |
| 2,631,040.00                          | 1,610,750.00                                 |

**(2) Billing and Collection**

|                                    |  |
|------------------------------------|--|
| Billing and Collections Total (\$) | Billings and Collections Labour Component (\$) |
| 899,448.00                         | 365,749.00                                     |

**(3) Administration**

|                           |                                      |
|---------------------------|--------------------------------------|
| Administration Total (\$) | Administration Labour Component (\$) |
| 1,178,502.00              | 682,665.00                           |

**Output and Revenues**

|                                     |                                  |
|-------------------------------------|----------------------------------|
| Annual Wholesale Cost of Power (\$) | Wholesale KWH (kWh)              |
| 24,314,573.00                       | 419,617,214.00                   |
| Retail KWH (kWh)                    | Distribution System Losses (kWh) |
| 402,158,613.00                      | 17,458,601.00                    |

**Customers, Demand and Revenues**

| Rate Class            | Number | Billed kWh     | Revenues Account (4080) |
|-----------------------|--------|----------------|-------------------------|
| Residential Customers | 19,803 | 152,795,281.00 | 5,402,478.00            |

  

| Rate Class                         | Number | Billed kWh | Billed kWh     | Revenues Account (4080) |
|------------------------------------|--------|------------|----------------|-------------------------|
| General Service < 50 kW Customers  | 1,725  | 82,772     | 54,842,891.00  | 902,878.00              |
| General Service >= 50 kW Customers | 172    | 407,774    | 135,848,598.00 | 875,949.00              |
| Large Use (>5,000 kW) Customers    | 2      | 201,911    | 51,909,228.00  | 565,381.00              |
| Street Lighting Connections        | 6,685  | 13,094     | 4,691,957.00   | 114,707.00              |
| Sentinel Lighting Connections      | 740    | 3,814      | 930,303.00     | 18,020.00               |
| Sub Transmission                   |        |            |                |                         |
| Scattered Unmetered Loads          | 214    |            | 1,170,354.00   | 41,404.00               |

**Net Metering Initiative**

Please indicate the number of Net Metering Customers and Total Capacity Installed as of December 31st of the reported year.

|         | Number of Net Metering Customers | Total Installed Capacity (kW) |
|---------|----------------------------------|-------------------------------|
| Wind    | 0                                |                               |
| Water   | 0                                |                               |
| Solar   | 0                                |                               |
| Biomass | 0                                |                               |

# Welland Hydro Electric System Corp

## 2011 Rate Rider-Recovery of Late Payment Penalty (EB-2010-0295)

| Rate Class     | 2009 Revenue     | % of Total Revenue | Amount of Recovery | 2009 Customers / Connections | Requested Monthly Rate Rider |
|----------------|------------------|--------------------|--------------------|------------------------------|------------------------------|
| Residential    | 5,402,478        | 68.2%              | 50,835.04          | 19803                        | \$0.214                      |
| GS<50          | 902,878          | 11.4%              | 8,495.70           | 1725                         | \$0.410                      |
| GS>50          | 875,949          | 11.1%              | 8,242.31           | 172                          | \$3.993                      |
| Large User     | 565,381          | 7.1%               | 5,320.00           | 2                            | \$221.667                    |
| Unmetered      | 41,404           | 0.5%               | 389.59             | 214                          | \$0.152                      |
| Street Light   | 114,707          | 1.4%               | 1,079.34           | 6685                         | \$0.013                      |
| Sentinel Light | 18,020           | 0.2%               | 169.56             | 740                          | \$0.019                      |
| <b>Total</b>   | <u>7,920,817</u> | <u>100.0%</u>      | <u>74,531.55</u>   |                              |                              |