



MILTON HYDRO DISTRIBUTION INC.

8069 Lawson Road, Milton, Ontario L9T 5C4
Telephone (905) 876-4611 • Fax (905) 876-2044

By RESS and Courier

February 25, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, ON
M4P 1E4

**Re: Milton Hydro Distribution Inc., Distribution Licence ED-2003-0014
Late Payment Penalty Class Action Cost Recovery Application
OEB File No.: EB-2010-0295**

Pursuant to the Ontario Energy Board ("OEB") Decision and Order on the above proceeding, Milton Hydro Distribution Inc. ("Milton Hydro") is submitting an Application for Recovery of the Late Payment Penalty Class Action Costs. The Application has been filed through the OEB's RESS portal and two hard copies are being delivered to your attention by courier.

Should you require further information or clarification please contact me at 905-876-4611 ext. 246 or cameronmckenzie@miltonhydro.com.

Respectfully submitted,

Original signed by Cameron McKenzie

Cameron McKenzie, CGA
Director, Regulatory Affairs

IN THE MATTER OF the Ontario Energy Board Act, 1998, being Schedule B to the Energy Competition Act, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Milton Hydro Distribution Inc. to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates for the recovery of Late Payment Penalty Class Action Costs as of May 1, 2011.

MILTON HYDRO DISTRIBUTION INC. (“Milton Hydro”)

ELECTRICITY DISTRIBUTION LICENCE ED-2003-0014

APPLICATION FOR RECOVERY OF LPP CLASS ACTION COSTS

Filed: February 25, 2011

INTRODUCTION:

Milton Hydro Distribution Inc. (“Milton Hydro”), distribution licence ED-2003-0014, owns and operates the electricity distribution system within its licensed service area of 370 square kilometres extending to the boundaries of the Town of Milton of which 313 square kilometres or 85% is a rural distribution system. Milton Hydro serves approximately 29,400 customers in the Town of Milton.

On February 22, 2011 the Ontario Energy Board (“OEB”) issued its Decision and Order (the “LPP Decision”) on whether the costs and damages incurred by electricity distributors as a result of the April 21, 2010 Minutes of Settlement in the late payment penalty class action are recoverable from electricity distribution ratepayers, and if so, the form and timing of such

recovery. In this Decision the OEB orders that: *“all Affected Electricity Distributors (in Appendix A) that currently have an IRM or cost of service application before the Board, to file with the Board within seven days of the date of this Decision and Order, detailed calculations including supporting documentation, outlining the derivation of the rate riders based on the methodology outlined in this Decision.”*

Milton Hydro filed a 2011 Cost of Service Electricity Distribution Rate Application (“2011 Rate Application”) with the Ontario Energy Board (the “OEB”) on August 26, 2010 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 Milton Hydro charges for electricity distribution, to be effective May 1, 2011. The Board assigned File Number EB-2010-0137 to the 2011 Rate Application. On February 11, 2011 the OEB issued its Decision and Order on Milton Hydro’s 2011 Rate Application.

Pursuant to the direction in the LPP Decision, Milton Hydro is filing this Application for an Order or Orders approving or fixing just and reasonable rates for the recovery of Late Payment Penalty Class Action Costs effective May 1, 2011. Milton Hydro is requesting recovery of its share of the settlement amount being \$74,673.59 as set out in Appendix A to the LPP Decision.

For the purposes of recovery, Milton Hydro has allocated the \$74,673.59 across all customer classes based on its 2009 actual distribution revenues as filed under the 2009 year end Reporting and Record Keeping Requirements (“RRR”). Milton Hydro has calculated a fixed monthly customer charge, for recovery of the LPP Class Action Costs over twelve months, for each customer class based on the actual 2009 year end customer counts also as filed under the 2009 RRR with the exception of the Street Light customer class. In Milton Hydro’s 2011 Rate Application the number of connections for the Street Light customer class was changed from 7,228 connections to 2,774 based on the number of physical connection points as opposed to the number of street lights as many of the Town of Milton street lights are “daisy-chained” from one connection pedestal. The pedestal is the physical connection point. Milton Hydro would refer the OEB to Milton Hydro’s 2011 Rate Application, Exhibit 1, Administration, Page 16, which states “Milton Hydro owns and operates the electricity distribution system within its licensed service area and at the end of 2009 was serving approximately 27,500 customers in the Town of Milton – 24,832 residential, 2,203 General Service <50 kW, 275 General Service >50 to 999

kW, 12 General Service >1,000 to 4,999 kW, 2 Large Users and **2,774 Street Lights**, 279 Sentinel Lights and 195 Unmetered/Scattered Load customers. **Milton Hydro would note that the Street Light account will be billed based on number of connections as opposed to the number of lights and that this change has been addressed in Milton Hydro's Cost Allocation Model and Rate Design.**" [emphasis added].

Milton Hydro submits, that in setting the fixed customer charge for the recovery of the LPP Class Action Costs from the Street Light customer class, that it is appropriate to reflect the revised number of street light connections as the billing determinant as set out in Milton Hydro's 2011 Rate Application.

The following Table 1 sets out the calculations for the fixed monthly customer charge for each customer class based on the filing directions in the LPP Decision.

Table 1

Calculation of the Fixed Monthly Customer Charge for LPP Class Action Cost Recovery

Customer Class	2009 RRR Distribution Revenue	% of Total Distribution Revenue	Allocation of Settlement Amount	2009 RRR Customer Count	LPP Recovery Fixed Customer Charge / month
Residential	\$ 7,107,078.04	62.30%	\$ 46,524.15	24,832	\$ 0.16
General Service <50 kW	\$ 1,570,851.15	13.77%	\$ 10,283.06	2,203	\$ 0.39
General Service >50 <999 kW	\$ 1,422,348.34	12.47%	\$ 9,310.93	274	\$ 2.83
General Service 1,000 to 4,999 kW	\$ 813,839.53	7.13%	\$ 5,327.53	12	\$ 37.00
Large User > 5,000 kW	\$ 425,846.88	3.73%	\$ 2,787.67	2	\$ 116.15
Street Lighting	\$ 27,021.75	0.24%	\$ 176.89	2,774	\$ 0.01
Sentinel Lighting	\$ 3,342.99	0.03%	\$ 21.88	279	\$ 0.01
Unmetered & Scattered Load	\$ 36,888.52	0.32%	\$ 241.48	183	\$ 0.11
	\$ 11,407,217.20	100.00%	\$ 74,673.59	30,559	
Milton Hydro's LPP Class Action Costs for Recovery			\$ 74,673.59		

Milton Hydro submits that it has complied with the OEB's LPP Decision in the calculations of the customer class fixed monthly charge for the recovery of the LPP Class Action Costs over twelve months and respectfully requests the OEB's review and approval of these rates and charges for implementation May 1, 2011. Milton Hydro will also include these fixed monthly charges in its Tariff of Rates and Charges to be filed in Milton Hydro's Draft Rate Order.

Respectfully Submitted,

Original signed by Cameron McKenzie

Cameron McKenzie, CGA
Director, Regulatory Affairs