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Feb. 25, 2011.

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

Dear Ms. Walli:

Rideau St. Lawrence Distribution Inc. (RSL)
2011 3rd Generation
Incentive Rate Mechanism Adjustment Application
Ontario Energy Board File Number EB-2010-0113.

Response to Board Decision on EB-2010-0295.

Please find attached to this letter, copies of our detailed calculations as supporting documentation for the rate riders regarding the Late Payment Penalty class action (LPP), as directed in the Ontario Energy Board (OEB) decision EB-2010-0265, issued on February 22, 2011.

In our original 2011 IRM3 application, submitted on November 11, 2010, RSL requested recovery of a one-time expense for LPP and Litigation costs in the amount of \$18,484.20, which was due to be paid by June 30, 2011. RSL stipulated that these funds would be paid by June 30, 2011 to the Winter Warmth Fund, or similar charities. RSL proposed that the OEB hold a generic hearing to determine if all costs and damages incurred in this litigation and settlement are recoverable from customers.

No comment has been made on this request by Board staff or by any interveners, to this stage of our IRM3 proceedings.

EB-2010-0295 is a proceeding initiated by the OEB to determine whether the costs and damages incurred by electricity distributors as a result of the April 21, 2010 Minutes of Settlement, in the LPP class action, are recoverable from electricity distribution ratepayers.

In the decision, the Board found that it was appropriate for affected Electricity Distributors to be eligible to recover the costs and damages associated with the LPP. To deny the utilities recovery would be to impose on their shareholders, typically the municipalities in which they operate, costs which they were compelled to incur, relating to revenues that did not benefit them.

The Board further noted that in the Court approved settlement, the Ontario Superior Court of Justice specifically acknowledged that the affected Electricity Distributors would be making an application to the OEB to recover the cost of settlement through rates.

Included in that settlement, was the plaintiffs agreement that they would not oppose any such applications.

Appendix A attached to the Board's decision on EB-2010-0265, finalizes RSL's proportionate share of the cost as \$18,391.97. The Board's decision provides that the allocation of costs from the settlement of the class action should be across all customers, it should be allocated between rates classes based on 2009 actual distribution revenues as reported for the 2009 Reporting and Record Keeping Requirements (RRR), and that the rate rider for purposes of recovery shall be a fixed customer charge, calculated based on the number of customers or connections, as reported for the 2009 RRR.

As directed by the Board Order number 5, on page 20 of the decision, attached are the supporting calculations for RSL's rate rider by customer class, to be effective for 12 months, beginning May 1, 2011.

Yours truly,

A handwritten signature in black ink, appearing to read "Allan Beckstead", with a stylized flourish at the end.

Rideau St. Lawrence Distribution Inc.

Allan Beckstead

Chief Financial Officer

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