

February 28, 2011

**BY COURIER & RESS**

Ms. Kirsten Walli, Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 26<sup>th</sup> Floor, P.O. Box 2319  
TORONTO, ON M4P 1E4

**Re: EB Number: EB-2010-0295**  
**Kitchener-Wilmot Hydro Inc. Application for Recovery of Late Payment Penalty**  
**Class Action Costs, Licence No. ED-2002-0573**

Dear Ms. Walli:

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.”*

KWHI filed a 2011 Cost of Service Electricity Distribution Rate Application (“2011 Rate Application”) with the Ontario Energy Board (the “OEB”) on November 12, 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 KWHI charges for electricity distribution, to be effective May 1, 2011. The Board assigned File Number EB-2010-0094 to the 2011 Rate Application. The Board has not yet issued its Decision and Order on KWHI’s 2011 Rate Application.

Pursuant to the direction in the LPP Decision, KWHI 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. KWHI is requesting recovery of its share of the settlement amount being \$273,273.56 as set out in Appendix A to the LPP Decision.

For the purposes of recovery, KWHI has allocated the \$273,273.56 across all customer classes based on its 2009 actual distribution revenues as filed under the 2009 year end Reporting and Record Keeping Requirements (“RRR”). KWHI 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. 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**

	<b>2009 Distribution Revenue</b>	<b># of Accounts</b>	<b># of Connections</b>	<b>Portion of LPP</b>	<b>Amount per Account</b>	<b>/Cust /month</b>	<b>\$\$ / Month</b>	<b>\$\$ /Year</b>
Residential	16,684,100.96	76755		142,037.16	1.85052648	0.1542	11,836.43	142,037.16
GS <50	4,332,529.30	7425		36,884.23	4.967573064	0.4140	3,073.69	36,884.28
GS >50	9,806,309.36	992		83,484.29	84.1575504	7.0131	6,957.02	83,484.24
Large User	653,208.34	2		5,560.97	2780.485	231.7071	463.41	5,560.92
USL	153,879.41		824	1,310.03	1.589842233	0.1325	109.17	1,310.04
Street Lighting	408,162.22		23,085	3,474.82	0.15052285	0.0125	289.57	3,474.84
Embedded Distributor	61,324.16	1		522.06	522.06	43.5050	43.51	522.12
	<b>32,099,513.75</b>		<b>Total</b>	<b>273,273.56</b>			<b>22,772.80</b>	<b>273,273.60</b>
			<b>/Month</b>	<b>22,772.80</b>				

KWHI 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. Should you require any further information or clarification of any of the above data, kindly contact either myself at (519) 745-4771 ext. 280, or our Manager of Finance at ext. 220.

Respectfully submitted,

*Original Signed by*

J. Van Ooteghem, P.Eng.  
kb

President & CEO