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March 18, 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**  
**Revision 1 - 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.”*

On February 28, 2011, pursuant to the direction in the LPP Decision, KWHI filed its 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. In its filing, KWHI requested recovery of \$273,273.56 as its share of the settlement amount, rather than \$271,910.14 as set out in Appendix A to the LPP Decision. A corrected Table 1 is attached below, using the adjusted figures.

**Table 1**

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

	2009 Distribution Revenue	# of Accounts	# of Connections	Portion of LPP	Amount per Account	/Cust /month	\$\$ / Month	\$\$ /Year
Residential	16,684,100.96	76755		141,328.50	1.841293727	0.1534	11,777.38	141,328.56
GS <50	4,332,529.30	7425		36,700.20	4.942787879	0.4119	3,058.35	36,700.20
GS >50	9,806,309.36	992		83,067.77	83.73767137	6.9781	6,922.31	83,067.72
Large User	653,208.34	2		5,533.23	2766.615	230.5513	461.10	5,533.20
USL	153,879.41		824	1,303.49	1.58190534	0.1318	108.62	1,303.44
Street Lighting	408,162.22		23,085	3,457.48	0.149771713	0.0125	288.12	3,457.44
Embedded Distributor	61,324.16	1		519.46	519.46	43.2883	43.29	519.48
	<b>32,099,513.75</b>		<b>Total</b>	<b>271,910.14</b>			<b>22,659.17</b>	<b>271,910.04</b>
			<b>/Month</b>	<b>22,659.18</b>				

For the purposes of recovery, KWHI has allocated the \$271,910.14 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.

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.

President & CEO