

April 2, 2013

Delivered by Courier and E-file

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

Dear Ms. Walli:

Re: Welland Hydro-Electric System Corp.
2013 Distribution Rates Application
Board File No. EB-2012-0173

In accordance with the Board's Decision and Order in the above noted proceeding, please find attached Welland Hydro's response to Board Staff comments dated March 28, 2013.

Yours very truly,



Wayne Armstrong
Director of Finance
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Welland Hydro-Electric System Corp. ("Welland Hydro")
2013 Cost of Service (EB-2012-0173)

Welland Hydro Reply to Board Staff Comments

On March 21, 2013, the Board issued its Decision and Order on Welland Hydro's rate application. The Decision contained a draft Tariff of Rates and Charges attached as Appendix B. Board staff and intervenors were ordered to file with the Board any comments on the draft Tariff of Rates and Charges and forward to Welland Hydro within seven days of the issuance of the Decision.

The following are Welland Hydro's response to Board Staff comments of March 28, 2013:

Tariff of Rates and Charges

Board staff noted that the Tariff Sheet for the Residential Service Classification appears to contain two Rate Riders for Disposition of Deferral/Variance Accounts (2012). Welland Hydro can confirm for the Board that this second such Rate Rader on the Tariff Sheet should read as presented in Board staff comments.

Rate Rider for Disposition of Deferral/Variance Accounts (2013) – effective until April 30, 2015

\$/kWh 0.0003

Draft Accounting Order

Board Staff presented a Draft Accounting Order in Appendix A to its comments relating to the cost of a lead-lag study to be conducted by Welland Hydro in advance of its next cost of service application. Welland Hydro agrees that the Draft Accounting Order presented by Board Staff in Appendix A to its comments, properly reflects the agreement of all parties in the settlement proposal and should be on record in this case. Welland Hydro agrees with the proposed use of account 1508, Other Regulatory Assets, Sub-account 2013 Lead Lag Study and submits that interest should be applied to balances in this account.

Smart Metering Entity Charge

On March 28, 2013, the Board issued a Decision and Order (EB-2012-0100/EB-2012-0211) establishing a Smart Metering Entity charge of \$0.79 per month for Residential and General Service <50kW customers for those distributors identified in the Board's annual Yearbook of Electricity Distributors. This charge will be in effect from May 1, 2013 to October 31, 2018. Welland Hydro agrees with Board staff that the draft Tariff of Rates and Charges flowing from this Decision and Order should reflect this Smart Metering Entity charge.

-All of which is respectfully submitted-