

**IN THE MATTER OF the Ontario Energy Board Act
1998, S.O. 1998, c. 15, (Schedule B);**

**AND IN THE MATTER OF an Application by
Welland Hydro Electric System Corp. for an Order
or Orders approving or fixing just and reasonable
rates and other charges for the distribution of
electricity commencing May 1, 2009.**

**Welland Hydro-Electric System Corp.
Responses to:**

Supplemental VECC Interrogatories

Question #17

Reference: I) VECC #3

a) Please reconcile the 1.0599 loss factor reported at Sheet I6 of the Cost Allocation Run with the 1.037 loss factor used in the calculation of the Retail NAC for Residential (per Exhibit 3/Tab 2/Schedule 2, page 2)

Response:

During the preparation of the cost allocation study, Welland Hydro provided rate class information to Hydro One at the wholesale level in order for Hydro One to prepare wholesale 2004 weather normalized data needed in the cost allocation study. The wholesale level rate class data was determined by applying an adjustment factor to the actual 2004 billed retail rate class data. Hydro One also required that the total of wholesale level rate class information was equal to total energy purchased by Welland Hydro in 2004. As a result, the adjustment factor reflected losses, adjustments for unbilled revenue and other adjustments to ensure the rate class wholesale amounts totaled the wholesale purchases. For the Residential class this adjustment factor was 1.037. This adjustment factor used to convert rate class billing data to wholesale amounts was used in this Application to convert from wholesale kWh to retail kWh and was mislabeled as a Loss Factor in Exhibit 3/Tab 2/Schedule 2/Page 2. However, the loss factor assumptions reflected in the adjustment factor was consistent with the approved loss factor at the time the cost allocation study was prepared which was 1.0599.

Question #18

Reference: i) January 20, 2009 Update, page 1

a) Please explain why average residential use per customer from 2002-2007 is considered to be a good reflection of the conservation effect between 2004 and 2009.

b) Exhibit 3/Tab 2/Schedule 1, pages 1-2

Response:

See response to Energy Probe #35a)

Welland Hydro was pointing out that using the average usage from 2002 to 2007 was more appropriate than using the 2004 weather normalized usage. Only once during this period did actual average usage exceed the 2004 weather normalized year. However, the use of the 2004 weather normalized does not take into account any effect of the recent focus on energy conservation. This can be seen with the continued decline of the average usage for the residential class to 8,093 kWh per customer in 2008. As a result, even the use of the average from 2002 to 2007 may be too high.

Question #19

Reference: i) January 20, 2009 Update, Exhibits C and I

ii) Exhibit 3/Tab 2/Schedule 2, page 5

iii) Energy Probe #12 a)

a) Please confirm how the GS<50 kWh sales originally forecast for 2008 (per Reference (ii)) were determined.

Response:

See Exhibit 3 Tab 2 Schedule 7 Page 2 of 3

The actual 2007 kWh usage was adjusted for the change in customer classifications which took place on May 1, 2007.

b) Please confirm that the adjustment in kWh sales to the GS<50 class made in reference (i) was based on the change in number of customers times the average 2008 use per customer originally forecast for the class. If not, please explain how the 709,192 value was determined.

Response:

Confirmed

c) Please confirm how the GS>50 kWh sales originally forecast for 2008 (per Reference (ii)) were determined.

Response:

See Exhibit 3 Tab 2 Schedule 7 Page 2 of 3

The actual 2007 kWh usage was adjusted for the change in customer classifications which took place on May 1, 2007.

d) Please explain how the 5,400 kW of reduced billing load due to the loss of 9 customers in the GS>50 class (per Reference (i)) was determined.

Response:

of lost customers x 50 kW/month x 12 mths

9 x 50 x 12 = 5,400 kW/year

This represents the minimum reduction of kW per year for the loss of 9 customers.

e) Please explain how the 52,800 kW of increased billing load in 2009 for the GS>50 class due to customer re-classification was determined.

Response:

Estimate of the reduced demand for the customer that will change from Large User to General Service effective May 1, 2009. This customer has announced it is moving part of its operations to Mexico.

of customers x kW/mth x 12 mths

1 x 4,400 kW x 12 months = 52,800 kW

The last three invoices for this customer in 2008 averaged 4,417 kW/mth.

Welland Hydro believes this is a conservative estimate of the revised demand for this customer and further reductions are quite possible.

f) Please explain how the 62,055 kW reduction in billing demand in 2009 for the Larger Use class due to customer down sizing was determined.

Response:

Actual 12 months billing demand for 2007 for this customer.

g) Please explain how the 68,948 kW reduction in billing demand for 2009 due to a Large Use customer closure was determined.

Response:

Actual 12 months billing demand for 2007 for this customer.

h) Exhibit I of the Update appears to assume that the Large Use customer is shut down for all of 2009 (i.e., the annualized # of customers is 12 – representing only the remaining customer). However, Probe #12 a) indicates that the customer will be shut down by the end of 2009. Please indicate what load, if any, is included in the updated 2009 Large Use forecast for the customer that is to close.

Response:

See response to Energy Probe #34 b)

No revenue for this customer has been included in the revised revenue forecast for the 2009 rate year which starts May 1, 2009.

Question #20

Reference: i) SEC #8
ii) Exhibit 3/Tab 2/Schedule 2, page 5
iii) January 20, 2009 Update, Exhibit C

a) Please update SEC #8, Exhibit C based on revised forecast per reference (iii).

Response:

See Exhibit A attached and Revised Table 3 in Exhibit 3 Tab 2 Schedule 2 page 5 submitted on February 3, 2009.

Question #21

Reference: i) January 20, 2009 Update, page 2

a) Please confirm that the Working Capital included the 2009 Rate Base should also be adjusted to account for:

- The reduction in OM&A
- The reduction in Cost of Power due to the lower load forecast.

Please indicate the impact of these items and update Exhibit A accordingly.

Response:

Confirmed

See response to Energy Probe Interrogatory #39 a) & #39 b)

Question #22

Reference: i) VECC #3 c)
ii) VECC #4 b)

a) Please re-do VECC # 3 c) using, as starting point, the Cost Allocation run results provided in VECC #4 b)

Response;

See Exhibit B

Question #23

Reference: i) VECC #5 a)

a) Why in Exhibit D (which deals with Revenue Requirement allocation) is the transformer allowance subtracted from the specific classes it is charged to when (per VECC #3 b)) the cost allocation methodology allocated it to all customer classes?

Response:

Welland Hydro believes it is more appropriate to assign the transformer allowance to the rate class which will be receiving the allowance in actual rates.

Exhibit D has been revised in the supplemental January 20th filing as Exhibit H.

b) Would it not be more appropriate to remove the transformer ownership allowance in a manner similar to that done in response to VECC # 3 c)? If not, why not?

Response:

No. Transformer allowances in the cost allocation method are spread out across all rate classes.

Question #24

Reference: i) VECC #5 e)

a) The response does not address the question as initially posed. That is that Table #3 suggests that the current revenue to cost ratio for residential is 132.2%. Similarly, it also suggests that the current revenue to cost ratio for GS>50 is only 50.4% (i.e., 765,151.61/1,516,973.36) and not 65.22%. If correct, this would suggest a different degree of adjustment is required to meet the Board's Guidelines. Please reconcile the apparent differences.

Response:

Table 1 compares total revenue (including Miscellaneous Revenue) to total cost to calculate a revenue to cost ratio. The Table 3 comparison VECC is making above is comparing revenue for rate purposes (excluding Miscellaneous Revenue) which is not the method for calculating the Revenue to Cost ratio. The 2009 Residential and GS 50 - 4,999 kW revenue to cost ratios are calculated as follows:

	Cost Allocation <u>Table 1</u>	Cost Allocation <u>Table 3</u>	Rate Application <u>Table 3</u>
<u>Residential</u>			
Distribution Revenue	\$4,918,088	\$4,857,186	\$5,615,011
Other Revenue	<u>469,656</u>	<u>382,080</u>	<u>382,080</u>
Total Revenue	\$5,387,744	\$5,239,266	\$5,997,091
Total Cost	\$4,234,412	\$5,239,266	\$5,239,266
Rev/Cost Ratio	127.24%	100.00%	114.46%

	<u>Cost Allocation Table 1</u>	<u>Cost Allocation Table 3</u>	<u>Rate Application Table 3</u>
GS 50 – 4,999 kW			
Distribution Revenue	\$ 813,464	\$1,516,973	\$1,269,534
Add Back Transformer	104,868	104,868	104,868
Other Revenue	<u>124,753</u>	<u>101,491</u>	<u>101,491</u>
Total Revenue	\$ 938,217	\$1,723,332	\$1,475,892
Total Cost	\$1,438,500*	\$1,618,464	\$1,618,464
Add Back Transformer		<u>104,868</u>	<u>104,868</u>
Total Costs	\$1,438,500	\$ 1,723,332	\$1,723,332
Rev/Cost Ratio	65.22%	100.00%	85.64%

* Includes transformer costs

The Existing Rates column is not used for the purposes of calculating rates. This column represents the total revenue expected for each class (after transformer allowance) assuming the overall rate of inflation for distribution rates has been applied evenly to each class including the transformer allowance. For the original application the overall rate of inflation is calculated from the Revenue Deficiency as $\$1,608,305 / \$7,093,092 = 22.674\%$. The Table 3 Existing Rates column is then calculated as follows:

	<u>Distribution Revenue Current Rates (after Trans)</u>	<u>Distribution Revenue Table 3 Existing Rates</u>	<u>% Inc</u>
Residential	\$5,234,066	\$6,420,852	22.674%
GS < 50 kW	755,188	926,421	22.674%
GS > 50 kW	623,726	765,152	22.674%
Large Use	418,821	513,786	22.674%
Street Light	24,618	30,200	22.674%
Sentinel Light	5,248	6,438	22.674%
Unmetered	31,424	38,549	22.674%
Total	\$7,093,091	\$8,701,397	22.674%

In summary, Residential cost are \$5,329,266 with a revenue to cost ratio of 127.14 %. Revenue at existing rates less other revenue is expected to be $(\$5,239,266 * 1.2724) - \$382,080$ which is equal to \$6,284,362. This is not equal to the \$6,420,852 since the revenue proportions by rate class have changed as a result of differences in rate class volume proportions and revised rates from the time the cost allocation study was completed.

Table 3 has been revised in the supplemental filing of January 20, 2009 as Exhibit J

Question #25

Reference: i) January 20, 2009 Update, pages 3-4

a) Why is it reasonable to pro-rate the reduction in revenues to the other classes (excluding Large Use)? Why wouldn't it be more appropriate to allocate the revenue shortfall to all customer classes on a pro-rata basis?

Response:

There is only customer remaining in the Large Use class and it would not be equitable for this customer to absorb all of the cost increase for this class should the revenue shortfall be allocated across all customer classes.

b) Why wouldn't it be more appropriate to allocate the costs attributable to the lost Large Use load to all customer classes?

Response:

See response to a) above

c) The cost of the transformer credit is allocated to the same class that receives the credit and therefore just results in a revenue shift between customers in the class. If the discount level is not increased this just reduces the amount by which the rates for other customers in the class must be increased. It does not affect the overall revenue to cost ratio. Please explain more fully why it is necessary to reduce the Large Use revenue to cost ratio to 95.56%.

Response:

See Response to Interrogatories - Board Staff #7 and Energy Probe #41a).

There is only one customer left in the Large Use classification. The large use customer classification is currently at 100% revenue to cost ratio and in theory should only have the distribution portion of the monthly bill increase by the same overall percentage increase in distribution rates. As no adjustment was made to the transformer allowance, reducing the revenue to cost ratio to 95.56% is the only method to ensure the increase to the large use classification does not exceed the overall increase to distribution revenue.

d) Please explain more fully why the Large Use revenue to cost ratio should be reduced further to 85% in 2010. Isn't the ultimate objective to increase the GS revenue to cost ratios up towards 100% as opposed to moving the Large Use ratio away from 100%?

Response:

See Response to Interrogatories – Board Staff #7 and Energy Probe #41 b)

Question #26

Reference: i) VECC # 10a) and Exhibit K

a) The table provided in Exhibit K lists a group of projects in the first section at the top and indicates that the total amount forecast to be spent on items in this category in 2010, 2011, and 2012 are \$1,821,000, \$1,826,000, and \$1,666,000 respectively. However, no breakdown of this total is provided for 2010 and only partial breakdowns of the totals for 2011 and 2012 are provided. Please provide a high-level breakdown of the totals shown for capital spending in this category for the years 2010, 2011, and 2012.

Response:

VECC is misreading Exhibit K in the original filing. The totals for 2010 to 2012 mentioned above are for the Line Department. The details for each year start on page 1 and are completed on page 2. Full details for each year are presented in the original Exhibit K and therefore no further breakdown is required.

b) When totalling the spending for each year, VECC is unable to arrive at the totals shown at the bottom of the schedule for any of the five years.

Taking 2010 as an example, adding the \$1,821,000 shown as the total for the first category to (i) the \$16,000 total for Engineering, (ii) the \$30,000 total for Garage & Vehicle, (iii) the \$125,000 for Meter Department/Service Center, and (iv) the \$50,000 for Capitalized Subdivision Assets Transferred, results in a Total Capital Spending for 2010 of \$2,042,000 rather than the figure of \$2,098,500 shown at the bottom of the schedule (a variance of \$56,500). Please reconcile the totals shown at the bottom of this schedule with the numbers shown for the years 2010, 2011, and 2012.

Response:

The total spending in each year was correct. See Exhibits C & D. The year 2011 has been adjusted for the formula error noted by VECC in c) below.

c) Please confirm that the total \$5,000 shown for 2011 spending on Garage & Vehicle is incorrect and should be \$30,000.

Response:

Confirmed and adjusted in Exhibits C & D above.

d) Please indicate how Exhibit K takes into account customer contributions, i.e., have forecasted contributions already been removed from the amounts shown?

Response:

The forecast included in Exhibit K is by project and not by OEB account number. The forecast for Capitalized Subdivision is the net between the amount which will be debited to capital accounts and the credit amount charged to Contributed Capital. This represents the amount paid to subdivision developers.

Question #27

Reference: i) VECC #15 a) and b)

a) Please explain the rationale for choosing mark-ups of 7% for services provided to third party customers and the 3% additional markup for WHESC. That is, why 7% for the former and 3% for the latter as opposed to different markup percentages.

Response:

Welland Hydro charges fully absorbed costs (including all overheads) to third parties plus a markup of 7%. This markup of 7% is then used to reduce distribution rates to electricity customers. The additional markup of 3% is not for WHESC as indicated above but is billed to the City of Welland. In other words, the City of Welland is billed a higher markup (10%) for maintaining street lights than a third party customer (7%). The split of the markup is 7% for WHESC and 3% for Welland Hydro Energy Services Corporation. The 7% markup kept by WHESC is the same as third party customers and these revenues are used to reduce distribution rates to electricity customers.

Exhibit A
Welland Hydro-Electric System
Customer Analysis 2002-2007
REVISED

General Service <50 kW	General Service 50 to 4999 kW	Large User	
2002 Actual Yr End	2002 Actual Yr End	2002 Actual Yr End	230
From GS 50 to 4999 kW	From GS<50 kW	From GS 50 to 4999	10
To GS 50 to 4999 kW	To GS< 50 kW	To GS 50 to 4999 kW	-1
Attrition/Additions	To Large User	Attrition/Additions	-1
2003 Actual Yr End	Attrition/Additions	2003 Actual Yr End	-2
From GS 50 to 4999 kW	2003 Actual Yr End	From GS 50 to 4999	236
To GS 50 to 4999 kW	From GS<50 kW	To GS 50 to 4999 kW	5
Attrition	To GS< 50 kW	Attrition/Additions	-32
2004 Actual Yr End	Attrition/Additions	2004 Actual Yr End	-1
From GS 50 to 4999	2004 Actual Yr End	From GS 50 to 4999	208
To GS 50 to 4999 kW	From GS 50 to 4999	To GS 50 to 4999 kW	1
Attrition/Additions	To GS 50 to 4999 kW	Attrition/Additions	-2
2005 Actual Yr End	Attrition/Additions	2005 Actual Yr End	2
From GS 50 to 4999	2005 Actual Yr End	From GS 50 to 4999	209
To GS 50 to 4999 kW	From GS 50 to 4999	To GS 50 to 4999 kW	2
Attrition/Additions	To GS 50 to 4999 kW	Attrition/Additions	0
2006 Actual Yr End	From Large User	2006 Actual Yr End	1
From GS 50 to 4999	To Large User	From GS 50 to 4999	-1
To GS 50 to 4999 kW	Attrition/Additions	To GS 50 to 4999 kW	-2
Attrition/Additions	2006 Actual Yr End	Attrition/Additions	209
2007 Actual Yr End	From GS 50 to 4999	2007 Actual Yr End	6
From GS 50 to 4999	To GS 50 to 4999 kW	From GS 50 to 4999	-36
To GS 50 to 4999 kW	From Large User	To GS 50 to 4999 kW	1
Attrition/Additions	Attrition/Additions	Attrition/Additions	0
Balance Sep/08	2007 Actual Yr End	2008 Bridge Forecast	180
	To Large User	To GS 50 to 4999 kW May 1, 2009	-1
	2008 Bridge Forecast	Lost Customer May 1, 2009	179
	Attrition/Additions	Revised Forecast 2009 Rate Year	-9
	Balance Sep/08		170
	From Large User May 1, 2009		1
	Revised Forecast 2009 Rate Year		171



EXHIBIT B - 2006 COST ALLOCATION INFORMATION FILING
WELLAND HYDRO-ELECTRIC SYSTEMS CORP.
 Response to VECC Question 22

Sheet O1 Revenue to Cost Summary Worksheet - Second Run

Class Revenue, Cost Analysis, and Return on Rate Base

	1	2	3	6	7	8	9
	Residential	GS-40	GS-50-Regular	Large Use > 50kW	Street Light	Sanitinet	Unmetered Scattered Load
Rate Base Assets							
Total	\$6,758,206	\$6,918,948	\$683,018	\$409,030	\$24,156	\$4,950	\$38,971
depr	\$698,780	\$499,655	\$124,753	\$53,929	\$25,820	\$3,772	\$6,900
INT	\$7,662,986	\$7,418,603	\$807,771	\$462,959	\$49,976	\$8,722	\$42,071
Expenses							
di	\$1,801,961	\$151,731	\$297,642	\$197,428	\$120,142	\$13,488	\$5,272
cu	\$1,147,440	\$732,273	\$149,732	\$6,185	\$522	\$345	\$3,345
sd	\$1,404,888	\$209,207	\$241,168	\$67,161	\$67,363	\$7,697	\$8,531
dep	\$1,230,918	\$671,487	\$166,050	\$56,537	\$78,658	\$8,823	\$3,769
INPUT	\$461,118	\$214,857	\$84,836	\$57,333	\$28,588	\$3,211	\$1,317
INT	\$748,730	\$356,619	\$157,401	\$95,157	\$47,464	\$5,329	\$2,166
Costs	\$3,486,043	\$3,092,241	\$1,188,368	\$609,782	\$347,746	\$38,684	\$27,742
Direct Allocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NI	\$1,078,171	\$513,631	\$226,657	\$137,026	\$98,348	\$7,674	\$3,148
Revenue Requirement (Includes NI)	\$7,662,986	\$5,978,571	\$1,413,025	\$646,818	\$411,095	\$46,567	\$35,890
Rate Base Calculation							
Net Assets	\$15,224,816	\$3,646,326	\$6,691,287	\$4,010,652	\$2,010,687	\$225,660	\$92,435
depr	\$4,774,424	\$2,776,551	\$870,793	\$400,142	\$230,183	\$34,004	\$14,984
accum dep	\$1,413,609	\$2,272,748	\$572,775	\$228,542	\$128,688	\$16,620	\$7,994
co	\$1,413,609	\$2,272,748	\$572,775	\$228,542	\$128,688	\$16,620	\$7,994
Rate Base	\$10,023,783	\$2,096,886	\$5,339,801	\$3,360,468	\$1,723,312	\$181,436	\$62,457
Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
COP							
Cost of Power (COP)	\$32,126,282	\$3,131,444	\$10,557,815	\$7,587,011	\$398,881	\$80,509	\$81,989
OW&A Expenses	\$4,054,059	\$2,222,071	\$699,542	\$300,765	\$188,027	\$21,530	\$25,459
Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$36,180,341	\$5,353,515	\$11,257,357	\$7,887,776	\$586,907	\$102,039	\$107,448
Working Capital	\$5,427,051	\$1,893,104	\$1,886,954	\$1,180,165	\$74,538	\$16,306	\$15,120
Total Rate Base	\$41,607,392	\$7,246,619	\$13,144,311	\$9,067,941	\$661,445	\$118,342	\$122,568
Equity Component of Rate Base	\$11,878,975	\$5,380,667	\$1,327,217	\$1,787,014	\$624,766	\$73,614	\$35,120
Net Income on Allocated Assets	\$1,078,171	\$1,327,217	\$2,791,288	\$1,787,014	\$624,766	\$73,614	\$35,120
Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RATIOS ANALYSIS							
REVENUE TO EXPENSES %	100.00%	105.42%	77.81%	71.62%	12.16%	18.73%	120.79%
EXISTING REVENUE MINUS ALLOCATED COSTS	(\$0)	\$1,408,170	(\$228,824)	(\$606,254)	(\$381,119)	(\$37,845)	\$7,461
RETURN ON EQUITY COMPONENT OF RATE BASE	9.00%	35.87%	-13.68%	-2.64%	-46.86%	-40.39%	30.21%

EXHIBIT C
WELLAND HYDRO-ELECTRIC SYSTEM CORP.
5 YEAR CAPITAL FORECAST
SUMMARY ONLY

<u>ITEM DESCRIPTION</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
	<u>Forecast</u>	<u>Plan</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
Customer Service	20800	20000	13500	13500	13500
Executive Department	3,314	5,000	3,000	3,000	3,000
Finance Department	11,931	4,000	3,000	4,000	3,000
IT Department	26,500	25,000	37,000	35,000	35,000
Line Department	1,572,801	1,836,000	1,821,000	1,826,000	1,666,000
Engineering	39,032	20,000	16,000	16,000	21,000
Garage & Vehicle	215,000	5,000	30,000	30,000	215,000
Meter Department/Service Center	309,592	593,000	125,000	172,000	115,000
Capitalized Subdivision Assets Transferred	25,000	50,000	50,000	50,000	50,000
TOTAL CAPITAL SPENDING	<u>2,223,970</u>	<u>2,558,000</u>	<u>2,098,500</u>	<u>2,149,500</u>	<u>2,121,500</u>

EXHIBIT D
WELLAND HYDRO-ELECTRIC SYSTEM CORP.
5 YEAR CAPITAL FORECAST
NO SUBTOTALS

<u>ITEM DESCRIPTION</u>	<u>2008 Forecast</u>	<u>2009 Plan</u>	<u>2010 Forecast</u>	<u>2011 Forecast</u>	<u>2012 Forecast</u>
Office Furniture-CS	4,800	5,000	2,000	2,000	2,000
Computer Equipment-CS	8,000	5,000	5,000	5,000	5,000
APPEX Programming-External-CS	0	5,000	0	0	0
Operation Equipment-CS	0	5,000	5,000	5,000	5,000
Telephone Hardware-Head/Hand Sets-CS	4,000	0	1,500	1,500	1,500
Telephone Consulting-Greet Tree-CS	4,000	0	0	0	0
Computer periphral & Furniture-EX	3,314	5,000	3,000	3,000	3,000
Office Equipment-Chair-FIN	1,000	1,000	0	1,000	0
Personal Computer-FIN	1,548	3,000	3,000	3,000	3,000
Windows Finance Offices-FIN	9,383	0	0	0	0
APPEX Programming-External-IT	20,000	15,000	25,000	25,000	25,000
Computer Equipment-IT	6,500	10,000	10,000	10,000	10,000
Furniture & Equip-IT	0	0	2,000	0	0
Miscellaneous Pole Replacement	150,000	200,000	200,000	200,000	200,000
Miscellaneous Transformer Replacement	175,000	200,000	200,000	200,000	200,000
Miscellaneous Underground Rebuild	75,000	100,000	100,000	100,000	100,000
Miscellaneous Overhead Primary	100,000	100,000	100,000	100,000	100,000
Services Overhead & Underground	60,000	55,000	60,000	60,000	60,000
Clare Avenue Rebuild	0	20,000	0	0	0
Major Street Rebuild Completion	(53,333)	0	0	0	0
Rebuild MS#11 Substation	160,000	0	0	0	0
Operations Tools	10,000	10,000	10,000	15,000	15,000
Office Furniture	399	1,000	1,000	1,000	1,000
Townline Tunnel	1,499	0	0	0	0
Load Transfer Rebuild Fairgrounds	84,039	0	0	0	0
Colbeck Drive 27.6 line	217,031	0	0	0	0
Myrtle Ave & Empire 27.6 kw line	0	250,000	0	0	0
Ontario Road Rebuild 27.6 Line	0	150,000	0	0	0
Ridge, Rusholme, & Silverthorn Rebuild	0	0	200,000	0	0
Aqueduct Area (Birch, Cedar, Beechwood)	0	100,000	0	0	0
Niagara Street & Lancaster 27.6	0	200,000	0	0	0
Towline Road/Dain City-Rebuild 27.6	0	200,000	0	0	0
Churchill Ave 27.6 Rebuild	76,872	0	0	0	0
Lincoln St to Cartier Court 4.16 KV Rebuild	51,147	0	0	0	0
Cartier Court Underground Rebuild	50,029	0	0	0	0
Harold to Major 4.16 Rebuild	78,463	0	0	0	0
Barrington, Endicott, Fairlawn Underground Rebuild	151,484	0	0	0	0
Margaret, Nye, Thorold Rebuild 4.0	0	250,000	0	0	0
Rebuild MS#2 Substation	0	0	300,000	0	0
Mill Street Rebuild	185,171	0	0	0	0
M17 Line	0	0	100,000	0	0
U/G Rebuild Rolling Acres	0	0	250,000	0	0
Drew, Wilton, Wade Ave 4.16 kV	0	0	150,000	100,000	0
Crowland TS to Dain Ave	0	0	150,000	100,000	0
Schofield Ave 27.6 kV	0	0	0	100,000	100,000
MS #2 Underground & Line Work	0	0	0	200,000	0
Rebuild Area Surrounding MS #2	0	0	0	200,000	0
Lincoln ST 27.6 kV	0	0	0	200,000	0
U/G Rebuild Treelawn	0	0	0	250,000	0
3rd Street to Canal Bank on 4th Street	0	0	0	0	140,000

EXHIBIT D
WELLAND HYDRO-ELECTRIC SYSTEM CORP.
5 YEAR CAPITAL FORECAST
NO SUBTOTALS

	2008 <u>Forecast</u>	2009 <u>Plan</u>	2010 <u>Forecast</u>	2011 <u>Forecast</u>	2012 <u>Forecast</u>
Denistown 27.6kV	0	0	0	0	150,000
Fitch Street 27.6 kV & 4.16kV	0	0	0	0	200,000
Rebuild 4.16kV White,Wallace, McAlpine	0	0	0	0	100,000
Rebuild 4.16kV Dufferin & Raymond	0	0	0	0	100,000
U/G Rebuild Silvan, Leaside, McCrae	0	0	0	0	200,000
Computer Software -ENG	35,000	15,000	15,000	15,000	15,000
Operation Equipment-ENG	0	5,000	0	0	5,000
Furniture-ENG	4,032	0	1,000	1,000	1,000
Operations equipment-GAR	5,000	5,000	5,000	5,000	5,000
New Single Bucket Truck	210,000	0	0	0	210,000
New Pick Up Truck	0	0	25,000	25,000	0
Meter & Meter Devices	20,301	0	0	0	0
Crowland TS Wholesale Meter Point	0	560,000	0	0	0
Tools -METER	5,000	5,000	5,000	5,000	5,000
Service Centre Asphalt	0	0	25,000	25,000	25,000
Two Way Radio System	0	0	0	0	10,000
Radio Tower Replacement	0	0	50,000	0	0
Computer Equipment-METER	4,000	8,000	2,500	2,500	2,500
Back Up Generator Upgrade	231,570	0	0	0	0
New Developments & Upgrades	5,000	20,000	20,000	20,000	20,000
Safety Equipment - Defibulator	6,903	0	2,500	2,500	2,500
Replace Roof-CEO Office/Boadroom	0	0	0	25,000	0
SCADA Wireless Radio System	0	0	10,000	10,000	10,000
SCADA RTU Replacements	0	0	10,000	0	10,000
SCADA Switch Installations	0	0	0	30,000	30,000
UPS System Upgrade	0	0	0	10,000	0
Fire Alarm System Upgrade	0	0	0	10,000	0
Basement Lighting Upgrade	0	0	0	32,000	0
Garage Floor Grates	5,861	0	0	0	0
Stores Lighting	13,729	0	0	0	0
Scada Swithes	17,228	0	0	0	0
Capitalized Subdivision Assets Transferred	25,000	50,000	50,000	50,000	50,000
TOTAL CAPITAL SPENDING	<u>2,223,970</u>	<u>2,558,000</u>	<u>2,098,500</u>	<u>2,149,500</u>	<u>2,121,500</u>