

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 Board Staff Interrogatories

RATE BASE / CAPITAL EXPENDITURES

1.

Ref: Response to VECC Interrogatory No. 10

A review of the budgeted/forecasted capital expenditures indicates that the Company's actual capital spending in 2006 and 2007 was below the budgeted amount. Please answer the following questions with respect to the Capital Budget:

a) Please provide reasons for the significant difference between actual and forecasted amounts for 2007.

Response:

The difference between actual and forecast capital spending of \$141,874 over plan for 2005 and \$49,987 under plan for 2006 represent normal variances in forecasting. The under expenditure of \$425,836 to plan in 2007 is comprised mainly of three items as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Backup Generator	\$175,000	\$ 24,019	(\$150,981)
Townline Tunnel	\$341,200	\$177,138	(\$164,062)
Load Transfer	<u>\$279,000</u>	<u>\$144,267</u>	<u>(\$134,733)</u>
(Fairgrounds)	\$795,200	\$345,424	(\$449,777)

Complications in the engineering aspect of the Backup Generator led to this project being delayed until 2008. The Townline Tunnel project was revised to reduce cost and did not represent a delay in completion. The load transfer at the fairgrounds was completed in 2008 at a cost of \$84,178. The delays were the result of a shortage of contractors during this time frame and long lead times on transformers which did not arrive until late in the 2007 year.

b) Please provide the current status of actual versus forecasted capital expenditures for 2008.

Response:

2008 Actual Capital Spending	\$2,274,217
2008 Budget Capital Spending	<u>\$2,173,970</u>
Overspending	\$100,247

The Barrington, Endicott, Fairlawn underground rebuild was moved up from 2009.

c) Will the Company be able to complete all its forecasted capital programs for 2008? If not, please provide details of incomplete, delayed and cancelled projects.

Response:

Yes

d) If Welland Hydro is unable to complete some of the 2008 capital programs, will that have an impact on 2009 capital expenditures? If yes, please provide details.

Response:

Welland Hydro expects capital expenditures in 2009 to be in line with the revised forecast of \$2,278,000 as per the January 20, 2009 supplemental filing.

COST OF DEBT

2.

Ref: Response to Board Staff Interrogatory No. 4

Welland Hydro has indicated that it is not allowed to pay back any principal on the Promissory Note without the prior consent of the City of Welland. Please answer the following questions with respect to responses provided to Board Staff Interrogatory No. 41:

a) There is no fixed term on the Note and Welland Hydro does not have an option to pay back any principal. What benefit does the ratepayer receive if the utility is not in a position to take advantage of low market rates or pay back a portion of the principal in order to reduce the interest burden?

Response:

The ratepayer is protected by the fact that the rate of interest to be included in distribution rates for all components of return on debt and return on equity are reviewed and set by the OEB on an annual basis.

Paying down the principal to reduce actual interest expenses should not have an impact on distribution rates as the return on debt amounts included in distribution rates is based on deemed debt.

Welland Hydro continually reviews the balance sheet in an attempt to keep debt/equity ratios in line with targets set by the OEB.

b) In Note 17 to Welland's financial statements of December 31, 2007, the Company indicates that it sought a market quote on a ten year note with no principal repayment. What does the Company mean by stating, "To test the current market place"? If Welland did not intend to refinance, why did it seek a market quote?

Response:

Note 17 deals with Financial Instruments. The Long Term Debt with the City of Welland is considered a financial instrument. Although there may be a market for this type of loan there is no index available to readily determine its market value. As a result, Welland Hydro requested a quote to determine if current market interest rates would result in any accounting changes the financial statements relating to financial instruments. No entries were made. In addition to the exercise related to Financial Instruments, Welland Hydro was aware

of the need to finance the installation of Smart Meters and was obtaining preliminary pricing.

c) Which institution/institutions provided the quoted rates between 5.00% and 5.25%?

Response:

Toronto Dominion Bank

d) Please confirm that Welland Hydro is seeking to recover through rates the Board determined deemed long-term debt rate for 2009.

Response:

Confirmed

INCOME TAX

3.

Ref: Response to Board Staff Interrogatory No. 40

a) Please confirm that Welland Hydro is seeking to recover a total PILs amount of \$567,770 for the 2009 Test Year (\$ 531,437 + \$ 36,333).

Response:

Exhibit A in the January 20, 2009 supplemental filing requests a total PILs amount of \$556,372 for the 2009 Test Year (\$528,952 + \$27,420). As pointed out in the response to Energy Probe #39b the model inadvertently used the Rate Base instead of Taxable Capital to calculate Ontario Capital Tax. Using a Taxable Capital base of \$31,148,072 would result in an Ontario Capital Tax of \$36,333.

b) Please provide the income tax rates that have been used in the PILs calculation, Federal and Ontario Rate. If Welland Hydro has used a Total Corporate Income Tax Rate other than 31.61%, please provide reasons for doing so.

Response:

Federal Basic rate 38%
Less Provincial Abatement (10%)
Less General rate reduction (9.0%)
Resulting Federal rate 19.0%

Ontario 2009 income tax rate (for non-M&P and Non-small businesses) on corporations is 14%

Overall combined income tax rate for 2009 is 33%

Welland Hydro has reviewed the tax rates used in the model with Deloitte's tax department and has confirmed that the correct rates applying to Welland Hydro have been used.

SMART METERS

4.

Ref: Response to Supplemental Filing of January 20, 2009

Please complete the following table:

Total number of metered customers	Residential 19,818 GS < 50 kW 1,717
Total number of smart meters to be installed (in 2009 Test Year)	Residential 19,818 GS < 50 kW 1,717
Total number of smart meters to be installed (2009 & beyond)	Same as above
Total capital cost of the Smart Meter Program	Estimated \$3,500,000 for Residential and GS < 50 kW
Total installed cost per smart meter	Currently Not available
Approximate completion date of installing all smart meters	Residential – Aug/09 GS < 50 kW – Dec/09
Total expenditures incurred to-date	\$25,800 – Dec/08
Total balances in smart meter related deferral accounts (by account number)	155044 Dec/08 (\$8,402) 155500 Dec/08 (\$180,685) 155501 Dec/08 \$25,800
Annual estimated OM&A costs (once all smart meters are installed)	Currently Not Available

Attached (Exhibit D) are copies of purchase orders issued by Welland Hydro which total approximately \$2,700,000 towards smart meters. This excludes installation costs and system related changes. Welland Hydro is purchasing the meters and related equipment under the approved London Hydro procurement process. The timing of the above expenditures provides justification for the increase in the Smart Meter Funding Adder to \$1.00/mth per metered customer.

RETAIL TRANSMISSION SERVICE RATES (RTSRs)

5.

Ref: November 3, 2008, Submission responding to G-2008-0001; January 20, 2009, Supplemental Evidence

Welland provided an update to its RTSRs on November 3, 2008. Please answer the following:

a) Please confirm that Welland's new RTSR rates do not include an adjustment to capture previous variances in RTSRs, particularly variances expected in the January 1, 2009 to April 30, 2009 period, and capture only the new Uniform Transmission Rates.

Response:

Confirmed

b) Welland filed new evidence, primarily on cost allocation and rate design, which addressed the loss of two of its three major large use customers, and corresponding load. Has Welland considered the effect of changes in the load forecast in its January 20, 2009 supplemental evidence, and the appropriateness of its existing design of RTSRs as filed on November 3, 2008?

Response:

The shutdown of one Large User and the transfer of one Large User to General Service will reduce Welland Hydro's peak demand by approximately 7,500 kW or just below 10%. At this point there shouldn't be any material impact on RTR rates. Reviewing the design of existing RTR rates would take considerable time and effort. Welland Hydro proposes that a better time to undertake this project would be for the next cost of service application.

DEFERRAL AND VARIANCE ACCOUNTS

6.

Ref: Responses to Interrogatories, Staff IR #13

Welland noted that the accounting firm Deloitte would audit the balance in Account 1574 – Deferred Rate Impact Amounts, in December 2008. If complete, please file the results of this audit. If not available please explain why.

Response:

See Exhibit A

7.

Ref: January 20, 2009, Supplemental Evidence, p.3

The revenue-to-cost ratio for the Large User class drops from 100.73% to 95.56% as a result of the updated evidence. The Board's Report Application of Cost Allocation for Electricity Distributors (EB-2007-0667) indicates that no revenue-to-cost ratio should move away from unity. Please explain why Welland has made this change.

Response:

See Response to Energy Probe Interrogatory #41a) & VECC #25c).

The response to the above interrogatory questions outlines Welland Hydro's objective in reducing the revenue-to-cost ratio for the Large Use Class to 95.56%. As this class was at a 100.73% revenue-to-cost ratio in the original cost allocation filing, in theory this class should not receive an increase larger than the overall increase in distribution rates. However, as no adjustment was being made to the current transformer allowance of \$0.60/kW customers in the Large Use class would have been subject to a higher rate of inflation than the overall rate. This can be seen from Exhibit L which shows the bill impacts (2009 volume levels) for the last remaining large use customer. In the original rate application, this customer was facing a 29.6% increase (\$15,962.61 / \$12,317.99) when the overall increase in distribution rates was only 22.67%. Welland Hydro took this inequity into account when filing the supplemental filing on January 20, 2009. In this filing Welland Hydro reduced the revenue-to-cost ratio to compensate for the fact that no increase had been made to the transformer allowance credited to customers. This results in an increase of 25.92% (\$15,511.17 /

\$12,317.99) which is the same as the overall increase in distribution rates in the January 20, 2009 supplemental filing.

Welland Hydro proposes that an alternative method to accomplish the same goal without adjusting the revenue-to-cost ratio is to adjust the transformer allowance given to customers who own their transformers. Exhibit E is from the 2007 Cost Allocation Filing which has been submitted as part of this application. The Line Transformation Unit Cost was identified as \$0.6862/kW in this filing. Exhibits F through K attached detail the calculation of distribution rates using a transformer credit which has been increased from the current \$0.60/kW to \$0.70/kW which is a rounded off amount from the cost allocation filing. As can be seen from the exhibits Welland Hydro has maintained the Large Use revenue-to-cost ratio at 100.73%. Exhibit L then shows that this produces an increase in the distribution portion of the Large Use monthly bill of 24.9% (\$15,379.77 / \$12,317.99) which is comparable to the overall increase in distribution rates.

Welland Hydro suggests that this is a better method than reducing the revenue-to-cost ratio as customers in the GS 50 to 4,999 kW classification who own their transformers would be treated in a similar fashion to those in the Large Use classification.

In EB-2007-0667 Application of Cost Allocation for Electricity Distributors the OEB recognized in Section 2.3.2 that there is limited experience with applying the cost allocation model to rate applications. Welland Hydro believes that the transformer allowance is one of the rate structure issues which can affect the application of cost allocation in the rate setting process. This inexperience with the cost allocation model lead Welland Hydro to adjust the revenue-to-cost ratio to correct an inequity in rates and now submits that the adjustment to the transformer credit is a better and more equitable methodology. In section 4.3 the OEB identified transformer allowance as subject for ongoing initiatives which will continue to be set on a case-by-case basis in the interim. The methodology proposed by Welland Hydro above was used by Horizon Utilities in EB-2007-0697 which was approved by the OEB.

Welland Hydro has also proposed to reduce the revenue-to-cost ratio for the Large Use class to 85% in 2010. Welland Hydro has provided a response to Energy Probe Interrogatory #41b) dealing with the rationale behind the recommendation to reduce the revenue-to-cost ratio. In 2010, the second half of the increase to Street Light and Sentinel Lights classifications takes place to bring their revenue-to-cost ratios to 70% and 90% respectively. In Exhibit J Welland Hydro provides the revised revenue-to-cost ratios assuming 100% of the increase to Street and Sentinel Lights is credited to the Residential class with no change to the Large Use class.

However, the entire 100% is not necessary to bring the Residential class revenue-to-cost ratios within the target ranges. The Board report on Cost Allocation for Electricity Distributors section 1.3 recognizes that "cost allocation is, by its very nature, a matter that calls for the exercise of some judgment, both in terms of the cost allocation methodology itself, and how and where the cost allocation principles fit within the broad spectrum of rate-make principles that the Board uses in setting rates." Welland Hydro has had a significant increase in the cost base to be allocated to customers since the original cost allocation filing. The increases in costs have been allocated to customers classes based on the same percentages of total cost in the original filing. Welland Hydro believes this has overstated the cost allocated to the Large Use classification. As a result, Welland Hydro has proposed to reduce the revenue-to-cost ratio for the Large Use classification to 85% in 2010 to be in line with the same ratios as the General Service classifications. Exhibit J shows the proposed revenue-to-cost ratios assuming the Large Use class is reduced to 85%. There is still a significant reduction to the Residential class revenue-to-cost ratio of 2.42% bringing it further into the target range. Section 2.1 of the Board report recognizes "ranges of tolerance around revenue-to-cost ratios of one" and under either scenario proposed for 2010 Welland Hydro will fall within the target ranges for all customer classes.

8.

Ref: January 20, 2009 Supplemental Evidence, Exhibit M – Pg 2; EB-2005-0428

Board staff provided a continuity schedule with blank cells as a framework with its IRs to Welland. In November 2006, utilities were advised by the OEB to reallocate the 2006 EDR approved regulatory asset balances from their account of origin to the 1590 recovery accounts effective May 1, 2006.

The amount stated in the column "Transfer of Board-approved amounts to 1590 as per 2006 EDR" is incorrect (cell U44). The amount stated does not match the approved amount for transfer as a result of Welland's 2006 EDR Decision.

Please update and file the continuity schedule to reflect, and reconcile with, the amounts that were approved by the Board as part of Welland's 2006 EDR Decision (RP-2005-0020/EB-2005-0428). If there are material changes that cause the discrepancy, please explain.

Response:

Exhibit B shows that the Board Approved amount to be recovered in the 2006 EDR rate riders was \$3,436,103. Board staff has compared this to the total of \$3,331,835 in cell U44 of the regulatory asset continuity schedule.

However, a comparison should be made to the total of cells U44 and Y44 as follows:

U44 Principal Transferred	\$3,331,835
Y44 Interest Transferred	<u>104,266</u>
Total Transferred	\$3,436,101

As a result, Welland Hydro believes that the current regulatory asset continuity schedule is correct.

9.

Ref: January 20, 2009 Supplemental Evidence, Continuity Schedule - Revised

Welland is forecasting a principal balance in Account 1588. The transactions in question in this account were made in March, 2008. Usual Board practice in the electricity sector is to use audited numbers for the last fiscal year as the basis for balances in the deferral and variance accounts for disposition, with interest forecasted up to the start of the new rate year.

Please explain why Welland is not following usual Board practice, as Welland is forecasting a principal balance for disposition beyond the most recent audited year (ending December 31, 2007)?

Response:

As indicated in the Manager's summary on page 4 (second to last paragraph) of the January 20, 2009 supplemental filing, the adjustment to the 1588 account in 2008 is necessary as a result of truing up amounts owed to the IESO on December 31, 2007. IESO form 1598 is completed on a monthly basis based originally on estimates. When actual meter readings are taken for the period in question, form 1598 is revised to actual. This cannot be done until all meters have been read to provide actual usage up to December 31, 2007. Once the 1598 reconciliation was completed, the amount posted in 2008 for account 1588 was returned to the IESO. If it is included in the proposed rate rider Welland Hydro will be returning it to both customers and the IESO. This will result in a negative variance in account 1588 which will then have to be included in a future rate rider.

10.

Ref: January 20, 2009 Supplemental Evidence, Pg. 4

Welland has requested disposition of the credit balance in Account 1588, excluding sub-account Global Adjustment. On what basis does Welland exclude the sub-account Global Adjustment from the requested clearance?

Response:

Welland Hydro considers the variance in this account to be a timing difference between the Global Adjustment rates charged by the IESO and the Provincial Benefit rates charged to non RPP customers. The amount of Global Adjustment variance on the balance sheet as at December 31, 2007 was (\$59,086) of principal and interest. Excluding this amount does not have a material effect on the proposed rate riders. Welland Hydro believes that any variance remaining in this account when the OPG rebate is discontinued in 2009 should be transferred out of the 1588 global adjustment sub account to the 1588 power account variance for disposition at a later date.

Regulatory Costs – Budget Breakdown

11.

Ref: Energy Probe Interrogatory No. 23

Please provide the cost categories for the revised 2009 Regulatory cost budget broken down as follows:

- Outside legal expenses
- Consultant's fees related to the preparation of the 2009 application
- Consultant's fees (other)
- Costs for oral part of the hearing
- Notice publication costs
- Costs awards for intervenors
- OEB cost assessment
- Staff overtime costs
- Travel and incidental costs (incremental)

Total Costs

- Costs amortized over 4 years

Response:

In the response to Energy Probe interrogatory #23 Welland Hydro provided the details for the \$66,500 included in Regulatory Expenses as follows:

OEB Annual Assessment	\$39,700
OEB Annual Registration	800
OEB Misc. Charges	2,500
Notice Publication Costs	3,500
2009 Rate Application	<u>20,000</u> (1/3 of \$60,000)
Total	<u>\$66,500</u>

As pointed out in response to Energy Probe interrogatory # 38 a) this represents costs which Welland Hydro expects to be billed to cover intervenor and OEB staff costs relating to the 2009 cost of service application. This amount was strictly an estimate and Welland Hydro has not proposed any changes to this estimate. The estimate for which Welland Hydro has identified as being understated is Welland Hydro's cost of completing the Cost of Service Application (which excludes internal costs) included in account 5630 Consulting. Welland Hydro has revised the expected outside costs of filing the rate application from \$30,000 to \$60,000 in response to Energy Probe Interrogatory #38b where a breakout between legal and consulting is provided. The expected costs for the oral/technical costs included in the \$60,000 outside fees are detailed in response to Energy Probe Interrogatory #38c.

Three Year versus Four Year Amortization

	<u>Total Cost</u>	<u>3 Year</u>	<u>4 Year</u>
Total Rate Application Cost-Original	\$ 90,000	\$30,000	\$22,500
Total Rate Application Cost-Revised	\$120,000	\$40,000	\$30,000

Taxes – Federal Budget

12.

The federal government introduced new tax legislation in the budget of January 27, 2009. For qualifying computer hardware and system software acquired after January 27, 2009 and before February 2011 that can be classified as CCA Class 50, there is a deduction of 100% in the tax year of acquisition. In addition, the ½ year rule will not apply; the taxpayer will be able to take the full deduction.

Welland used Class 55, 55% CCA rate, in the bridge year Table 14 in Exh4/Tab 3/Sch3/Page2. In test year 2009, Welland has shown Class 45.1, 55% CCA rate, as the class in which expenditures of \$28,500 were added.

The correct class for these expenditures is Class 50 and Welland will be eligible to deduct 100%, or \$28,500, in the tax return for 2009.

Please provide an updated 2009 test year Table 15 to reflect the new tax legislation. Please also adjust Table 13, Tax Calculations for 2009.

Response:

The federal budget was announced after the January 20, 2009 supplemental filing. To Welland Hydro's knowledge the budget has yet to be passed into legislation. In addition, Welland Hydro is unaware of any announcement from the Ontario Government that Ontario tax legislation will follow the Federal Budget. Welland Hydro has provided a revised Table 15 in Exhibit C attached.

In revising Table 15 to calculate the new Capital Cost Allowance for 2009 Welland Hydro discovered that it had not adjusted CCA for the proposed reduction in capital spending of \$280,000 contained in the January 20, 2009 supplemental filing. When taking into account the proposed change in federal tax legislation (assuming provincial will follow) and the reduced capital spending, the CCA for 2009 increases from \$1,590,579 to \$1,600,041 or an increase of \$9,462. This reduces the Taxable income from \$1,602,885 to \$1,593,423 and would produce a tax saving of approximately \$3,122.

Welland Hydro will have to revise the revenue deficiency analysis once the 2009 Rate of Return for Equity and 2009 Rate of Return for Debt have been announced by the OEB. Welland Hydro proposes to revise Table 13 for Tax calculations at that time as the above adjustment is not material.

Deloitte.

Exhibit A

Deloitte & Touche LLP
1005 Skyview Drive
Suite 202
Burlington ON L7P 5B1
Canada

Tel: 905-315-6770
Fax: 905-315-6700
www.deloitte.ca

January 15, 2009

Private and confidential

Mr. Wayne Armstrong
Welland Hydro-Electric System Corp.
950 East Main St
P.O. Box 280
Welland ON L3B 5P6

Dear Mr. Armstrong,

As auditors, we have been requested by Welland Hydro-Electric System Corp. (the "Company") to audit the balance of the Company's Regulated Settlement Variance Account 1574 - Deferred Rate Impact Amounts that accumulated from October 1, 2007 to January 31, 2008.

As at January 31, 2008, the amount reported per Account 1574 was \$124,132. We have audited this balance as at that date, and our procedures included, but were not limited to the following:

1. We have tested and recalculated the increase in rates provided for on February 1, 2008 and retroactively accrued for as a result of decision EB-2007-0663;
2. We have tested the total customer usage reports generated for the period from October 1, 2007 to January 31, 2008;
3. We have tested and recalculated the deferral asset amount using the above data.

As a result of our audit procedures, we conclude that the amount per the company's records is not materially misstated. These procedures do not constitute an audit of the company's complete financial statements, nor any other accounts not indicated above.

This report is for use solely for the information of the Company and the Ontario Energy Board and is not intended for any other purpose.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
Burlington, Canada
January 15, 2009

Audit. Tax. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

NAME OF UTILITY
NAME OF CONTACT
E-mail Address
VERSION NUMBER
Date

LICENCE NUMBER
DOCID NUMBER
PHONE NUMBER
(extension)

ED-2003-0002
RP-2005-0020
EB-2005-0428
905-732-1381 ext 234

	Residential	GS < 50 kW	GS > 50 kW Non TOU	Intermediate	Large Users	Scattered Load	Sentinel Lighting	Street Lighting
	\$	\$	\$	\$	\$	kWh	kW	kW
	0.0030	0.0020	0.5337		0.1004		1.2981	0.0477
	kWh	kWh	kW	kV	kW	kWh	kW	kW

Class	Regulatory Asset Rate Riders Billing Determinants
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Balance to be collected or refunded in the next 2 years

Welland Hydro-Electric System Corp.
License Number ED-2803-0002, File Number

CCA Continuity Schedule (2009)

CCA Continuity Schedule (2009)													
Class	Asset Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance	Additions	Disposals	UCC Before 1/2 Yr Adjustment	1/2 Year Rate (1/2 Additions Less Disposals)	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	18,686,755	0	0	18,686,755	0	0	18,686,755	0	18,686,755	4%	747,470	17,939,285
2	Distribution System - pre 1988	0	0	0	0	0	0	0	0	0	6%	0	0
6	Distribution System - pre 1988	0	0	0	0	0	0	0	0	0	10%	0	0
7	Buildings (No footings below ground)	612,789	0	0	612,769	599,800	0	1,212,299	299,750	812,549	20%	182,510	1,025,789
8	General Office/Stores Equip	302,102	0	0	302,102	302,102	0	302,102	0	302,102	30%	90,631	211,471
10	Computer Hardware/ Vehicles	0	0	0	0	0	0	0	0	0	30%	0	0
10.1	Certain Automobiles	0	0	0	0	0	0	0	0	0	100%	42,000	17,500
12	Computer Software	24,500	0	0	24,500	35,000	0	59,500	17,500	42,000	100%	42,000	17,500
13.1	Lease # 1	0	0	0	0	0	0	0	0	0	20%	0	0
13.2	Lease # 2	0	0	0	0	0	0	0	0	0	0	0	0
13.3	Lease # 3	0	0	0	0	0	0	0	0	0	0	0	0
13.4	Lease # 4	0	0	0	0	0	0	0	0	0	0	0	0
14	Franchise	0	0	0	0	0	0	0	0	0	0	0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Hardware acq'd post Mar 22/04	12,068	0	0	12,068	0	0	12,068	0	12,068	45%	5,431	6,637
50	Computers & Systems Hardware acq'd post Mar 19/07 pre January 27, 2009	32,552	0	0	32,552	0	0	32,552	0	32,552	55%	17,903	14,648
50	Computers & Systems Hardware acq'd post January 27, 2009	0	0	0	0	28,500	0	28,500	0	28,500	100%	28,500	0
50	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	0	0	0	30%	0	0
46	Distribution System - post 22-Feb-2005	5,262,458	0	0	5,262,458	1,615,000	0	6,877,458	807,500	6,069,958	8%	485,597	6,351,851
47	SUB-TOTAL UCC	24,933,233	0	0	24,933,233	2,276,000	0	27,211,233	1,124,750	26,086,483		1,600,041	25,611,192

	Goodwill	0	0	0	0
	Land Rights	0	0	0	0
	FIMV Bump-up	1,642,422	1,642,422	1,642,422	1,642,422
	Total	1,642,422	1,642,422	1,642,422	1,642,422

Cumulative Eligible Capital Calculation

Cumulative Eligible Capital			1,642,422
Additions:			
Cost of Eligible Capital Property Acquired during the year	0		
Other Adjustments	0		
Subtotal	0 x 3/4 =	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday December 31, 2002	0 x 1/2 =	0	1,642,422
Amount transferred on amalgamation or wind-up of subsidiary	0	0	
Subtotal			1,642,422
Deductions:			
Projected proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during the year	0		
Other Adjustments	0 x 3/4 =	0	1,642,422
Subtotal			1,642,422
Cumulative Eligible Capital Balance			114,670
CEC Deduction	7%		
Cumulative Eligible Capital - Closing Balance			1,527,452

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

Exhibit D
(7 Pages)

Total
\$2,682,032

P.O. BOX 280
950 EAST MAIN STREET
WELLAND, ONTARIO L3B 5P6
TELEPHONE (905) 732-1381
FAX (905) 732-0123

Purchase Order **00014237**

Order Date: Dec 08 2008

Page: 1

Send
To: JESSTEC INDUSTRIES INC
2010 OXFORD STREET EAST
LONDON ON N5V 2Z8

Ship
To: Stores
Welland Hydro-Electric System
950 E Main St
Welland ON L3B 3Y9
Canada

Fax: 1-519-659-3199

Date Required: Dec 15 2008 Ship Via: Best Way Vendor: 00011134
Terms: Net 30 Days FOB: Origin

Product Description	Purchase Unit	Quantity	Curr Price	Taxable P F	Amount
SINGLE PHASE HEAVY DUTY A TO S ADAPTER SHD-3W 155501 Smart Meter contra	EACH	200.00 11243 01	41.45000	Y Y	8,290.00

RELEASE 100 FOR FEB 2/09 AND RELEASE 100 FOR
APRIL 2/09

ADAPTER STR-2W-BP 155501 Smart Meter contra	EACH	20.00 11243 01	92.88000	Y Y	1,857.60
---------------------------------------------------	------	-------------------	----------	-----	----------

SINGLE PHASE TRANSFORMER RATED 2 WIRE ADAPTER
W/BYPASS - A BASE TO SOCKET

4 - 5 JAW ADAPTER EK-5B-4J-SP4336 155501 Smart Meter contra	EACH	30.00 11243 01	93.03000	Y Y	2,790.90
-------------------------------------------------------------------	------	-------------------	----------	-----	----------

FORM 3S - 2 WIRE SOCKET TO SOCKET W/BYPASS
TRANSFORMER RATED ADAPTER CSA APPROVED

METER RINGS 10-9090 155501 Smart Meter contra	EACH	20000.00 11243 01	4.30000	Y Y	86,000.00
-----------------------------------------------------	------	----------------------	---------	-----	-----------

RELEASE 10000 FOR FEB 2/09 AND RELEASE 10000 FOR
APRIL 2/09

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

P.O. BOX 280
950 EAST MAIN STREET
WELLAND, ONTARIO L3B 5P6
TELEPHONE (905) 732-1381
FAX (905) 732-0123

Purchase Order **00014237**

Order Date: Dec 08 2008

Page: 2

Send

To: JESSTEC INDUSTRIES INC
2010 OXFORD STREET EAST

LONDON ON N5V 2Z8

Ship

To: Stores
Welland Hydro-Electric System
950 E Main St
Welland ON L3B 3Y9
Canada

Fax: 1-519-659-3199

Date Required: Dec 15 2008
Terms: Net 30 Days

Ship Via: Best Way
FOB: Origin

Vendor: 00011134

Product Description	Purchase Unit	Quantity	Curr Price	Taxable P F	Amount
GREY PADLOCK SEALS S/S HASP 6180000-5	BOX	20.00	151.10000	Y Y	3,022.00
155501 Smart Meter contra		11243 01			

LETTERED "WHESC" AND SEQ. NUMBERED IN BLACK --
RE ASE 10 BOXES AT 1000/BOX FOR FEB 2/09 AND THE
OTHER 10 BOXES FOR APRIL 2/09

ADAPTERS PTR-N	EACH	150.00	158.36000	Y Y	23,754.00
155501 Smart Meter contra		11243 01			

FORM 6,9,10 - 2.5/3 ELEMENT 13 JAW TRANSFORMER
TYPE A-S ADAPTER - RELEASE 75 FOR FEB 2/09 AND 75
FOR APRIL 2/09

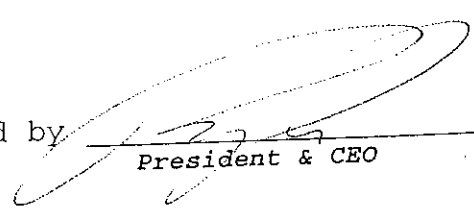
ADAPTER PTR-K	EACH	50.00	82.51000	Y Y	4,125.50
155501 Smart Meter contra		11243 01			

FORM 5 - 2 ELEMENT TRANSFORMER TYPE A-S 8 JAW
ADAPTER - RELEASE 25 FOR FEB 2/09 AND 25 FOR
APRIL 2/09

\$ 129,840.00

A current MSDS must accompany shipments of all WHMIS controlled products.

Requisitioned by KEVIN BAILEY
Department METERS
P.O. Prepared by ERIC LUCCI

Authorized by 
President & CEO

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

P.O. BOX 280
950 EAST MAIN STREET
WELLAND, ONTARIO L3B 5P6
TELEPHONE (905) 732-1381
FAX (905) 732-0123

Purchase Order **00014245**

Order Date: Dec 10 2008

Page: 1

Send
To: KTI LIMITED

Ship
To: Stores
Welland Hydro-Electric System
950 E Main St
Welland ON L3B 3Y9
Canada

Fax: 1-905-727-6077

Date Required: Dec 17 2008 Ship Via: Best Way Vendor: 00021012
Terms: Net 30 Days FOB: Origin

Product Description	Purchase Unit	Quantity	Curr Price	Taxable P F	Amount
FORM 16S, 200AMP, 120-345V, 3EL	EACH	1000.00	390.89000	Y Y	390,890.00
155501 Smart Meter contra		11243 01			
DEI DELIVERY MAR1, APRIL1, MAY1, JUNE 1.					
FORM 13S, 120VOLT, 200AMP, 2EL	EACH	41.00	655.00000	Y Y	26,855.00
155501 Smart Meter contra		11243 01			
FORM 35S, 120VOLT, 10AMP, 2EL	EACH	80.00	391.00000	Y Y	31,280.00
155501 Smart Meter contra		11243 01			
FORM 36S, 120VOLT, 10AMP, 2.5EL	EACH	225.00	391.00000	Y Y	87,975.00
155501 Smart Meter contra		11243 01			
DELIVERY MAR 1, APRIL 1, MAY 1.					
FORM 9S, 120VOLT, 10 AMP, 3 EL	EACH	44.00	391.00000	Y Y	17,204.00
155501 Smart Meter contra		11243 01			

\$554,204

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

P.O. BOX 280
950 EAST MAIN STREET
WELLAND, ONTARIO L3B 5P6
TELEPHONE (905) 732-1381
FAX (905) 732-0123

Purchase Order **00014110**

Order Date: Nov 04 2008

Page: 1

Send
To: KTI LIMITED

Ship
To: Stores
Welland Hydro-Electric System
950 E Main St
Welland ON L3B 3Y9
Canada

ATT: Isabelle Cusato

Fax: 1-905-727-6077

Date Required: Nov 11 2008 Ship Via: Best Way Vendor: 00021012
Terms: Net 30 Days FOB: Origin

Product Description	Purchase Unit	Quantity	Curr Price	Taxable P F	Amount
---------------------	---------------	----------	------------	-------------	--------

SINGLE PHASE FORM 2S

EACH	19500.00	85.24000	Y Y	1,662,180.00
------	----------	----------	-----	--------------

155501 Smart Meter contra

11243 01

68.17 1.25

1,329,315.45

SHIPMENTS, FEB 2, MAR 9, MAR 30, APR 9, MAY
11 AND JUNE 1. PRICES ARE BASED ON A 25% US
EXCHANGE RATE AND ARE SUBJECT TO CHANGE AT TIME
OF SHIPPING.

SINGLE PHASE 120V 200A FORM 1S

EACH	40.00	165.75000	Y Y	6,630.00
------	-------	-----------	-----	----------

155501 Smart Meter contra

11243 01

132.60 1.25

5304 US

SINGLE PHASE 240V 10AMP FORM 3S

EACH	100.00	175.00000	Y Y	17,500.00
------	--------	-----------	-----	-----------

155501 Smart Meter contra

11243 01

140.05 1.25

14,005 US

NETWORK 120V 200A FORM 12S

EACH	900.00	194.35000	Y Y	174,915.00
------	--------	-----------	-----	------------

155501 Smart Meter contra

11243 01

?? 147.15 1.32 US

132,435 US

155.48 1.25 US

1,861,225 US

A current MSDS must accompany shipments of all WHMIS controlled products.

1,481,059 US

Requisitioned by KEVIN BAILEY
Department METER
P.O. Prepared by

Authorized by
President & CEO

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

P.O. BOX 280
950 EAST MAIN STREET
WELLAND, ONTARIO L3B 5P6
TELEPHONE (905) 732-1381
FAX (905) 732-0123

Purchase Order **00014109**

Order Date: Nov 04 2008

Page: 1

Send
To: KTI LIMITED

Ship
To: Meter Shop
950 E Main St

Welland ON L3B 5P6
Canada

Fax: 1-905-727-6077

Date Required: Nov 11 2008
Terms: Net 30 Days

Ship Via: Best Way
FOB: Origin

Vendor: 00021012

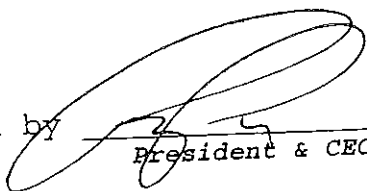
Product Description	Purchase Unit	Quantity	Curr Price	Taxable P F	Amount
REGIONAL COLLECTOR INSTALLATION	EACH	1.00	118,550.00000	Y Y	118,550.00
155501 Smart Meter contra		11243 01	112,903.22	1.05	11290345

REGIONAL COLLECTOR (TGB), SUPPLY AND INSTALL AT
LOCATION AGREED TO BY WELLAND HYDRO. FINAL SITE
HAS NOT BEEN DETERMINED YET. THIS P.O. IS
AUTHORIZATION FOR PURCHASE OF EQUIPMENT ONLY AT
THIS TIME.

A current MSDS must accompany shipments of all WHMIS controlled products.

ATT: GREG MORYC

Requisitioned by KEVIN BAILEY
Department METER
P.O. Prepared by

Authorized by 
President & CEO

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

P.O. BOX 280
950 EAST MAIN STREET
WELLAND, ONTARIO L3B 5P6
TELEPHONE (905) 732-1381
FAX (905) 732-0123

Purchase Order **00014017**

Order Date: Oct 14 2008

Page: 1

Send

To: KTI LIMITED
33 ISAACSON CRESCENT
P.O. BOX 3200
AURORA ON L4G 3H5

Ship

To: Stores
Welland Hydro-Electric System
950 E Main St
Welland ON L3B 3Y9
Canada

Fax: 1-905-727-6077

Date Required: Oct 21 2008
Terms: Net 30 Days

Ship Via: Best Way
FOB: Origin

Vendor: 00021012

Product Description	Purchase Unit	Quantity	Curr Price	Taxable P F	Amount
ICON SINGLE PHASE REVENUE METER	EACH	200.00	71.60000	1.05 Y Y	14,320.00
155501 Smart Meter contra		11243 01	68.17		13634.15

1 PHASE, 1.5 EL, 3 WIRE, 240 VOLT, 4 JAW, 200
Al. J. FACTORY NUMBERED AND SEALED. LOCAL NUMBERS
900000 TO 900199.

A current MSDS must accompany shipments of all WHMIS controlled products.

Requisitioned by KEVIN BAILEY
Department METER
P.O. Prepared by

Authorized by 
President & CEO

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

P.O. BOX 280
950 EAST MAIN STREET
WELLAND, ONTARIO L3B 5P6
TELEPHONE (905) 732-1381
FAX (905) 732-0123

Purchase Order **00013810**

Order Date: Aug 21 2008 Page: 1

Send

To: ELSTER DIV OF CANADIAN METER C
A DIV OF CANADIAN METER COMP
P.O. BOX 57627 STATION A
TORONTO ON M5W 5M5

Ship

To: Stores
Welland Hydro-Electric System
950 E Main St
Welland ON L3B 3Y9
Canada

Fax: 905-634-6705

Date Required: Aug 28 2008
Terms: Net 30 Days

Ship Via: Best Way
FOB: Origin

Vendor: 00011528

Product Description	Purchase Unit	Quantity	Curr Price	Taxable P F	Amount
ALPHA A3RL POLYPHASE METER 155501 Smart Meter contra	EACH	10.00	389.25000	Y Y	3,892.50


ALPHA A3RL ELECTRONIC DEMAND METER, 200 AMP, 7
JA SOCKET, 3 PHASE 4 WIRE, 3 ELEMENT, 120-347
VOLTS, 2 CHANNEL LOAD PROFILE, 64K MEM., SENSUS
FLEXNET MODULE. LOCAL # PW1000WH TO PW1009WH.

A current MSDS must accompany shipments of all WHMIS controlled products.

Local # PW 970600 - 970609

NAME PLATES

Requisitioned by KEVIN BAILEY
Department METER
P.O. Prepared by

Authorized by 
President & CEO



2006 COST ALLOCATION INFORMATION FILING
WELLAND HYDRO-ELECTRIC SYSTEMS CORP.

EB-2005-0428 EB-2007-0002

February 28, 2007

Sheet 03.1 Line Transformers Unit Cost Worksheet - Second Run

Ontario

ALLOCATION BY RATE CLASSIFICATION

Description

	1	2	3	6	7	8	9
Total	Residential	GS <50	GS>50-Regular	Large Use >5MW	Street Light	Sentinel	Unmetered Scattered Load
Depreciation on Acct 1850 Line Transformers	\$153,044	\$21,023	\$29,883	\$0	\$10,496	\$1,176	\$517
Depreciation on General Plant Assigned to Line Transformers	\$31,359	\$4,308	\$6,110	\$0	\$2,152	\$241	\$106
Acct 5035 - Overhead Distribution Transformers - Operation	\$4,433	\$609	\$966	\$0	\$304	\$34	\$15
Acct 5055 - Underground Distribution Transformers - Operation	\$82,917	\$11,390	\$16,190	\$0	\$5,687	\$637	\$280
Acct 5160 - Maintenance of Line Transformers	\$263,224	\$36,157	\$51,396	\$0	\$18,053	\$2,023	\$889
Allocation of General Expenses	\$39,140	\$35,332	\$10,628	\$0	\$4,662	\$522	\$221
Admin and General Assigned to Line Transformers	\$166,790	\$22,896	\$32,596	\$0	\$11,453	\$1,284	\$562
PLS on Line Transformers	\$13,426	\$7,891	\$2,621	\$0	\$921	\$103	\$45
Debt Return on Line Transformers	\$103,325	\$14,193	\$20,175	\$0	\$7,086	\$794	\$349
Equity Return on Line Transformers	\$87,488	\$20,438	\$29,082	\$0	\$10,204	\$1,144	\$502
Less: Transformer Ownership Allowance Credit	(\$302,587)	(\$41,564)	(\$59,082)	\$0	(\$20,752)	(\$2,326)	(\$1,022)
Total	\$723,960	\$59,070	\$140,433	\$0	\$50,265	\$5,634	\$2,455
Billed kW without Line Transformer Allowance	0	0	204,657	0	12,926	2,198	0
Billed kWh without Line Transformer Allowance	154,022,449	46,382,366	156,380,365	112,081,142	4,575,082	1,192,479	1,214,561
Line Transformation Unit Cost (\$/kW)	\$0.0000	\$0.0000	\$0.6862	\$0.0000	\$3.8887	\$2.5632	\$0.0000
Line Transformation Unit Cost (\$/kWh)	\$0.0028	\$0.0021	\$0.0009	\$0.0000	\$0.0110	\$0.0047	\$0.0020
General Plant - Gross Assets	\$4,774,424	\$540,044	\$1,002,758	\$602,081	\$303,182	\$34,040	\$13,968
General Plant - Accumulated Depreciation	(\$3,320,815)	(\$375,624)	(\$697,461)	(\$418,773)	(\$210,876)	(\$23,676)	(\$9,715)
General Plant - Net Fixed Assets	\$1,453,609	\$164,420	\$305,297	\$183,308	\$92,306	\$10,364	\$4,253
General Plant - Depreciation	\$226,951	\$25,671	\$47,666	\$28,620	\$14,412	\$1,618	\$664
Total Net Fixed Assets Excluding General Plant	\$1,707,559	\$1,925,148	\$3,590,345	\$2,170,553	\$1,082,668	\$121,553	\$48,888
Total Administration and General Expense	\$1,404,658	\$259,207	\$241,169	\$97,151	\$67,363	\$7,697	\$5,531
Total O&M	\$2,961,389	\$440,013	\$508,457	\$209,614	\$114,416	\$18,159	\$17,960
Line Transformer Rate Base	\$4,140,881	\$558,806	\$908,534	\$0	\$283,992	\$31,832	\$13,981
Line Transformers - Gross Assets	(\$1,784,004)	(\$245,057)	(\$348,338)	\$0	(\$122,352)	(\$13,714)	(\$6,024)
Line Transformers - Accumulated Depreciation	\$2,356,877	\$323,749	\$460,196	\$0	\$161,641	\$18,118	\$7,968
Line Transformers - Net Fixed Assets	\$200,851	\$318,122	\$305,132	\$0	\$13,781	\$1,545	\$679
General Plant Assigned to Line Transformers - NFA	\$2,557,729	\$351,342	\$499,327	\$0	\$175,422	\$19,662	\$8,636
Line Transformer Net Fixed Assets Including General Plant	\$66,487	\$6,642	\$13,033	\$8,252	\$5,307	\$595	\$234
General Expenses	\$66,097	\$6,602	\$12,955	\$8,202	\$5,275	\$591	\$232
Acct 5005 - Operation Supervision and Engineering	\$225,446	\$22,519	\$44,186	\$27,977	\$17,992	\$2,017	\$783
Acct 5010 - Load Dispatching	\$54,830	\$5,477	\$10,746	\$6,804	\$4,376	\$490	\$193
Acct 5105 - Miscellaneous Distribution Expense	\$412,870	\$41,241	\$60,320	\$31,236	\$32,949	\$3,693	\$1,452
Acct 5105 - Maintenance Supervision and Engineering	\$4,140,881	\$2,433,736	\$668,806	\$0	\$283,992	\$31,832	\$13,981
Acct 1850 - Line Transformers - Gross Assets	\$29,278,120	\$13,871,199	\$6,157,257	\$3,908,821	\$2,007,327	\$224,994	\$91,822
Acct 1815 - 1855							

Exhibit F

Welland Hydro Electric System Corp

Exhibit F

Revised Transformer Credit

Rate Determination Constants/Options For Test Year

Service Revenue Requirement	\$	9,145,865
Less: Revenue Offsets	\$	568,391
Total Base Revenue Requirement	\$	<u>8,577,474</u>
Addback LV Charges		
Addback Transformer Allowances	\$	277,993
Gross Revenues For Rates	\$	<u><u>8,855,467</u></u>

Transformer Ownership Allowance

Description	2006 Actual		2007 Actual		2008 Forecast		2009 Test	
	kW	\$	kW	\$	kW	\$	kW	\$
General Service:								
GS>50 kW	203,311	(\$121,986.60)	232,662	(\$139,597.20)	174,780	(\$104,868.00)	227,580	(\$159,306.00)
Large Use >5MW	289,619	(\$173,771.40)	256,593	(\$153,955.80)	300,555	(\$180,333.00)	169,553	(\$118,687.33)
Total	492,930	(\$295,758.00)	489,255	(\$293,553.00)	475,335	(\$285,201.00)	397,133	(\$277,993.33)

Transformer Allowance rate

\$0.60

\$0.60

\$0.60

\$0.70

Welland Hydro Electric System Corp

Exhibit H

Revised Transformer Credit

Cost Allocation Based Calculations

Class	Revenue Requirement Cost Allocation	Less Transformer Allowance	Revenue Requirement Cost Allocation Excluding Transformer Allowance	Service Revenue Requirement % - Cost Allocation	2009 Serv Rev Requirement	Miscellaneous Rev Allocation - Cost Allocation	Miscellaneous Revenue %	Current Miscellaneous Revenue	Base Rev Requirement Excluding Transformer	Base Revenue Per Class %	Addback Transformer Allowances	Gross Revenue for Rates
Residential	4,427,397	0	4,427,397	58.35%	5,336,658	469,656	58.21%	330,877	5,005,781	58.36%	-	5,005,781
GS <50 kW	1,115,311	0	1,115,311	14.70%	1,344,364	122,480	15.18%	86,288	1,258,076	14.87%	-	1,258,076
GS >50 kW	1,504,080	159,306	1,344,754	17.72%	1,620,828	124,753	15.46%	87,890	1,533,038	17.87%	159,306	1,692,344
Large Use >5MW	301,275	118,687	182,588	2.41%	220,086	53,929	6.68%	37,993	182,092	2.12%	118,687	300,780
Street Light	429,341	0	429,341	5.66%	517,515	25,820	3.20%	18,190	499,325	5.82%	-	499,325
Sentinel	48,748	0	48,748	0.64%	58,759	3,772	0.47%	2,657	56,102	0.65%	-	56,102
Unmetered Scattered Load	39,452	0	39,452	0.52%	47,554	6,380	0.79%	4,495	43,060	0.50%	-	43,060
Back-up/Standby Power	0	0	0	0.00%	0	0	0.00%	0.00	0.00	0.00%	-	0
TOTAL	7,865,594	277,993	7,587,591	100.00%	9,145,865	806,790	100.00%	568,391	8,577,474	100.00%	277,993	8,855,467

Welland Hydro Electric System Corp

Exhibit I

Revised-Transformer Credit

2009 Test Year Class Revenue Design

Customer Class	Outstanding Base Revenue Requirement %			Outstanding Base Revenue Requirement \$			Total Base Revenue Requirement
	Cost Allocation	Existing Rates	Rate Application	Cost Allocation	Existing Rates	Rate Application	
Residential	58.36%	77.16%	67.71%	5,005,780.86	6,618,204.58	5,807,661.83	5,807,661.83
GS <50 kW	14.67%	11.30%	12.20%	1,258,075.72	969,386.12	1,046,451.83	1,046,451.83
GS >50 kW	17.87%	8.70%	14.89%	1,533,038.41	746,395.82	1,277,185.88	1,277,185.88
Large Use >5MW	2.12%	1.93%	2.15%	182,092.48	165,821.39	184,561.51	184,561.51
Street Light	5.82%	0.36%	2.21%	499,324.95	31,195.83	189,562.18	189,562.18
Sentinel	0.65%	0.08%	0.33%	56,102.04	6,650.45	28,305.66	28,305.66
Unmetered Scattered Load	0.50%	0.46%	0.51%	43,059.54	39,819.81	43,745.12	43,745.12
Back-up/Standby Power	0.00%	0.00%	0.00%	0.00	0.00	0.00	0.00
TOTAL	100.00%	100.00%	100.00%	8,577,474.00	8,577,474.00	8,577,474.00	8,577,474.00
Check		OK	OK				

Revenue to Cost Analysis Per Cost Allocation Study-2009

Customer Class	Revenue to Cost Ratios Per C.A. Study	Net Revenue Per 2009 Test Year	Addback Transformer Allowances	Gross Distribution Revenue	Miscellaneous Revenue Allocation 2009	Total Revenue Cost Allocation 2009	Updated C.A. Study Cost Proportions For 2009 Excluding Transformer	Addback Transformer Allowances	Updated C.A. Study Cost Proportions For 2009 Excluding Transformer	Revenue to Cost Ratios Per 2009 Test Year Filing	Target Ranges Low High
Residential	127.28%	5,807,661.83		5,807,661.83	330,876.99	6,138,538.81	5,336,657.85		5,336,657.85	115.03%	85.00% 115.00%
GS <50 kW	75.23%	1,046,451.83		1,046,451.83	86,268.29	1,132,740.12	1,344,364.01		1,344,364.01	84.26%	80.00% 120.00%
GS>50 kW	65.24%	1,277,185.88	159,306.00	1,436,491.88	87,889.64	1,524,381.52	1,620,928.05	159,306.00	1,780,234.05	85.63%	80.00% 180.00%
Large Use >5MW	100.73%	184,561.51	118,687.33	303,248.84	37,993.48	341,242.32	220,085.96	118,687.33	338,773.29	100.73%	85.00% 115.00%
Street Light	12.17%	189,562.18		189,562.18	18,190.43	207,752.60	517,515.37		517,515.37	40.14%	70.00% 120.00%
Sentinel	18.71%	28,305.66		28,305.66	2,657.41	30,963.07	58,759.45		58,759.45	52.69%	70.00% 120.00%
Unmetered Scattered Load	114.93%	43,745.12		43,745.12	4,494.77	48,239.89	47,554.31		47,554.31	101.44%	80.00% 120.00%
Back-up/Standby Power											
		8,577,474.00	277,993.33	8,855,467.33	568,391.00	9,423,858.33	9,145,865.00	277,993.33	9,423,858.33		

Revenue to Cost Analysis Per Cost Allocation Study-2010- No Adjustment to Large User

Customer Class	Revenue to Cost Ratios Per C.A. Study	Net Revenue Per 2010 Test Year	Addback Transformer Allowances	Gross Distribution Revenue	Miscellaneous Revenue Allocation 2009	Total Revenue Cost Allocation 2010	Updated C.A. Study Cost Proportions For 2009 Excluding Transformer	Addback Transformer Allowances	Updated C.A. Study Cost Proportions For 2009 Excluding Transformer	Revenue to Cost Ratios Per 2009 Test Year Filing	Target Ranges Low High
Residential	127.28%	5,625,510.37		5,625,510.37	330,876.99	5,956,387.36	5,336,657.85		5,336,657.85	111.61%	85.00% 115.00%
GS <50 kW	75.23%	1,046,451.83		1,046,451.83	86,268.29	1,132,740.12	1,344,364.01		1,344,364.01	84.26%	80.00% 120.00%
GS>50 kW	65.24%	1,277,185.88	159,306.00	1,436,491.88	87,889.64	1,524,381.52	1,620,928.05	159,306.00	1,780,234.05	85.63%	80.00% 180.00%
Large Use >5MW	100.73%	184,561.51	118,687.33	303,248.84	37,993.48	341,242.32	220,085.96	118,687.33	338,773.29	100.73%	85.00% 115.00%
Street Light	12.17%	349,527.46		349,527.46	18,190.43	367,717.88	517,515.37		517,515.37	71.05%	70.00% 120.00%
Sentinel	18.71%	50,491.83		50,491.83	2,657.41	53,149.24	58,759.45		58,759.45	90.45%	70.00% 120.00%
Unmetered Scattered Load	114.93%	43,745.12		43,745.12	4,494.77	48,239.89	47,554.31		47,554.31	101.44%	80.00% 120.00%
Back-up/Standby Power											
		8,577,474.00	277,993.33	8,855,467.33	568,391.00	9,423,858.33	9,145,865.00	277,993.33	9,423,858.33		

Revenue to Cost Analysis Per Cost Allocation Study-Large User to 85%

Customer Class	Revenue to Cost Ratios Per C.A. Study	Net Revenue Per 2010 Test Year	Addback Transformer Allowances	Gross Distribution Revenue	Miscellaneous Revenue Allocation 2009	Total Revenue Cost Allocation 2010	Updated C.A. Study Cost Proportions For 2009 Excluding Transformer	Addback Transformer Allowances	Updated C.A. Study Cost Proportions For 2009 Excluding Transformer	Revenue to Cost Ratios Per 2009 Test Year Filing	Target Ranges Low High
Residential	127.28%	5,678,795.39		5,678,795.39	330,876.99	6,009,672.38	5,336,657.85		5,336,657.85	112.61%	85.00% 115.00%
GS <50 kW	75.23%	1,046,451.83		1,046,451.83	86,268.29	1,132,740.12	1,344,364.01		1,344,364.01	84.26%	80.00% 120.00%
GS>50 kW	65.24%	1,277,185.88	159,306.00	1,436,491.88	87,889.64	1,524,381.52	1,620,928.05	159,306.00	1,780,234.05	85.63%	80.00% 180.00%
Large Use >5MW	100.73%	131,276.49	118,687.33	249,963.82	37,993.48	287,957.30	220,085.96	118,687.33	338,773.29	85.00%	85.00% 115.00%
Street Light	12.17%	349,527.46		349,527.46	18,190.43	367,717.89	517,515.37		517,515.37	71.05%	70.00% 120.00%
Sentinel	18.71%	50,491.83		50,491.83	2,657.41	53,149.24	58,759.45		58,759.45	90.45%	70.00% 120.00%
Unmetered Scattered Load	114.93%	43,745.12		43,745.12	4,494.77	48,239.89	47,554.31		47,554.31	101.44%	80.00% 120.00%
Back-up/Standby Power											
		8,577,474.00	277,993.33	8,855,467.33	568,391.00	9,423,858.33	9,145,865.00	277,993.33	9,423,858.33		

Welland Hydro Electric System Corp
Exhibit K
Revised-Transformer Credit

Distribution Rate Allocation Between Fixed & Variable Rates For 2008 Test Year

Customer Class	Total Net Rev Requirement	Rev Requirement %	Proposed Fixed Rate	Resulting Variable Rate	Total Fixed Revenue	Total Variable Revenue	Transformer Allowance	Gross Distribution Revenue	LV & Wheeling Charges	Total
Residential	5,807,661.83	67.71%	14.32	\$0.0145	\$ 3,405,525	\$ 2,402,137		5,807,661.83	0.00	5,807,661.83
GS <50 kW	1,046,451.83	12.20%	26.17	\$0.0092	\$ 539,207	\$ 507,245		1,046,451.83	0.00	1,046,451.83
GS >50 kW	1,277,185.88	14.89%	327.34	\$1.7350	\$ 671,702	\$ 605,484	\$ 159,306	1,436,491.88	0.00	1,436,491.88
Large Use >5MW	184,561.51	2.15%	12,281.28	\$0.9193	\$ 147,375	\$ 37,186	\$ 118,687	303,248.84	0.00	303,248.84
Street Light	189,562.18	2.21%	1.39	\$5.8958	\$ 111,372	\$ 78,190		189,562.18	0.00	189,562.18
Sentinel	28,305.66	0.33%	1.94	\$4.4447	\$ 16,785	\$ 11,521		28,305.66	0.00	28,305.66
Unmetered Scattered Load	43,745.12	0.51%	13.52	\$0.0093	\$ 33,746	\$ 9,999		43,745.12	0.00	43,745.12
Back-up/Standby Power										
TOTAL	8,577,474.00	100.00%			\$ 4,925,712	\$ 3,651,762	\$ 277,993	\$ 8,855,467	\$ -	\$ 8,855,467

Forecast Fixed/Variable Ratios	55.623%	41.237%	3.139%	100.000%
Existing Fixed/Variable Ratios	58.133%	38.001%	3.866%	100.000%

Fixed Charge Analysis

Customer Class	Current Volumetric Split	Current Fixed Charge Split	Total	Fixed Rate Based on Current Fixed/Variable Revenue Proportions	2008 Rates From OEB Approved Tariff	Minimum System with PLCC Adjusting Fixed Charge From Cost Allocation Model)	Fixed Rate Threshold @ 120% of Ceiling Charge
Residential	41.35%	58.65%	100.00%	14.32	12.88	7.98	9.58
GS <50 kW	48.48%	51.52%	100.00%	26.17	19.13	22.06	26.47
GS >50 kW	47.40%	52.60%	100.00%	368.22	191.82	97.77	117.32
Large Use >5MW	48.80%	51.20%	100.00%	12,937.41	10,646.26	258.15	309.78
Street Light	41.42%	58.58%	100.00%	1.39	0.18	5.24	6.29
Sentinel	40.65%	59.35%	100.00%	1.94	0.36	5.19	6.23
Unmetered Scattered Load	22.87%	77.13%	100.00%	13.52	9.71	6.98	8.38
Back-up/Standby Power							
TOTAL							

LARGE USE - BILL IMPACTS (Monthly Consumptions)

WELLAND HYDRO COMPARISON 2007 - 2009

		2008 BILL			2009 BILL- ORIGINAL FILING			2009 BILL-95.56% REV TO COST RATIO TRANS CR \$0.60 JAN 2009 FILING			2009 BILL-100.73% REVENUE TO COST ADJ TRAN CR \$0.70		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$
Consumption	Monthly Service Charge			10,646.53			12,512.31			12,281.28			12,281.28
	4,150,350 kWh	14,129	0.7183	10,148.86	14,129	0.8442	11,927.70	14,129	0.8286	11,707.29	14,129	0.9193	12,988.79
	14,129 Kw	14,129	(0.6000)	-8,477.40	14,129	(0.6000)	-8,477.40	14,129	(0.6000)	-8,477.40	14,129	(0.7000)	-9,890.30
	Distributor			12,317.99			15,962.61			15,511.17			16,378.77
	Regulatory Assets (kW)	14,129	0.0000	0.00	14,129	0.0359	507.23	14,129	(0.3605)	(5,083.50)	14,129	(0.3605)	(5,093.50)
Loss Factor	Retail Transmisson (kW)	14,193	3.1638	44,902.49	14,193	3.1638	44,902.49	14,193	3.1638	44,902.49	14,193	3.1638	44,902.49
	Wholesale & Rural (kWh)	4,169,027	0.0062	25,847.96	4,169,027	0.0062	25,847.96	4,169,027	0.0062	25,847.96	4,169,027	0.0062	25,847.96
	Standard Supply	1	0.2500	0.25	1	0.2500	0.25	1.00	0.2500	0.25	1.00	0.2500	0.25
	Debt Retirement	4,150,350	0.0070	29,052.45	4,150,350	0.0070	29,052.45	4,150,350	0.0070	29,052.45	4,150,350	0.0070	29,052.45
	Cost of Power Commodity (kWh)	4,169,027	0.0593	247,223.28	4,169,027	0.0593	247,223.28	4,169,027	0.0593	247,223.28	4,169,027	0.0593	247,223.28
	Sub Total			359,344.42			363,496.27			367,444.09			357,312.69
	G.S.T.		5.0%	17,967.22		5.0%	18,174.81		5.0%	17,872.20		5.0%	17,865.83
	Total Bill			377,311.64			381,671.08			375,316.30			375,178.33