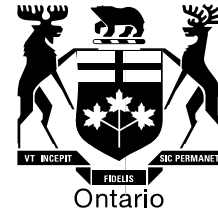


**Ontario Energy  
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**BY EMAIL ONLY**

September 14, 2007

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

Dear Mr. Armstrong:

**Re: Welland Hydro-Electric System Corp.  
Application to Amend 2007 Distribution Rates (Recovery of 2007 PILs  
Expense)  
Board File No. EB-2007-0663  
Procedural Order No. 1**

The Board has issued its Procedural Order No. 1 in the above case and a copy is enclosed herewith.

Yours truly,

*Original signed by*

Peter H. O'Dell  
Assistant Board Secretary

cc Mr. James Sidlofsky, BLG  
Mr. John De Vellis, Shibley Righton LLP  
Ms. Rachel Chen, IEAI



**EB-2007-0663**

**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 Corporation, pursuant to  
section 78 of the Ontario Energy Board Act seeking  
approval to amend electricity distribution rates.

### **PROCEDURAL ORDER NO. 1**

On June 14, 2007, Welland Hydro-Electric System Corp. ("Welland Hydro") filed an application (the "Application") with the Ontario Energy Board, (the "Board") under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15 (Schedule B) to adjust its approved electricity distribution rates. Subsequently, on July 24, 2007, Welland Hydro amended its Application. The Board has assigned the Application File No. EB-2007-0663.

In its Application, Welland Hydro is proposing an increase in its approved 2007 distribution rates to allow it to recover expected expenses for taxes or Payments in Lieu of Taxes ("PILs") from October 1, 2007 onwards. Welland Hydro has estimated the incremental PILs expense for 2007 at \$353,832, but is requesting to only recover the additional PILs expenses for the period October 1, 2007 to April 30, 2008. This would be about 58.3% (7 out of 12 months) of the incremental PILs amount, estimated to be about \$206,000.

Notice of Application was published on August 18, 2007. One party, the School Energy Coalition ("SEC"), has filed a request for intervention. SEC noted that,

without having seen Welland Hydro's evidence, it could not make a submission on whether an oral or written hearing is required.

The Board has not determined at this point whether to proceed with the Application by way of an oral or written hearing. However, the Board has determined that it should make provision for further discovery by way of interrogatories and responses.

The Board will subsequently determine further steps in this proceeding and will communicate these through subsequent Procedural Order(s).

**THE BOARD ORDERS THAT:**

1. Board staff and the School Energy Coalition shall serve any interrogatories with Welland Hydro seeking further evidence on Welland Hydro's application by September 20, 2007. All written interrogatories shall be filed with the Board and delivered to Welland Hydro and the School Energy Coalition;
2. Welland Hydro shall file responses to interrogatories with the Board by October 4, 2007, and shall copy its responses to the School Energy Coalition.
3. **All filings to the Board noted in this Order must be in the form of 2 (two) hard copies and must be received by the Board by 4:45 p.m. on the stated dates. The Board also requires all filings to be in electronic form. Therefore, all parties must also email electronic copies of their filings to the Board Secretary at Boardsec@oeb.gov.on.ca, or make them available on CD or diskette.** The Board requests that all parties make every effort to provide their filings at a minimum in searchable PDF format and, as appropriate, in MS Word or MS Excel format for word-processed and spreadsheet documents respectively.

4. Service of documents to parties other than the Board may be effected by e-mail.

**DATED** at Toronto, September 14, 2007.

ONTARIO ENERGY BOARD

*Original signed by*

Peter H. O'Dell  
Assistant Board Secretary