

1 **WELLAND HYDRO-ELECTRIC SYSTEM CORP.**
2 **DRAFT RATE ORDER-REVISION #2**

3 **EB-2008-0247**

4 **1) MANAGER'S SUMMARY**

- 5 A) Revenue Requirement
6 B) Load Forecast
7 C) Other Distribution Revenue
8 D) Operating, Maintenance and Administrative Expenses
9 E) Payment in Lieu of Taxes ("PILs")
10 F) Capital Expenditures and Rate Base
11 G) Smart Meters
12 H) Cost of Capital and Capital Structure
13 I) Cost Allocation and Rate Design
14 J) Deferral and Variance Accounts
15 K) Implementation

16 **A) Revenue Requirement**

17 In its original application filed August 15, 2008 Welland Hydro requested a revenue requirement
18 of \$9,357,747. This was later adjusted to \$9,145,865 in a revised application submitted on
19 January 20, 2009. Changes required as a result of the Board's Decision and Order on July 7,
20 2009 reduces the revenue requirement to \$9,079,009. The changes made by Welland Hydro as a
21 result of the Decision and Order are outlined in the sections below.

22 **B) Load Forecast**

23 The Board accepted Welland Hydro's customer count and load forecast in the Revised
24 Application subject to one adjustment;

- 25 i) Residential load forecast to be based on HONI's NAC data used in the original application

26 In Exhibit C of the revised application Welland Hydro reduced Distribution Revenues at Current
27 Rates by \$284,279 from the original application. This included an \$11,323 reduction for the
28 change in the Residential Class which has not been allowed by the Board. As a result, the total
29 Distribution Revenues at Current Rates has been revised as follows:

30	Distribution Revenues at Current Rates (Original)	\$7,093,092
31	Reduction in Exhibit C Revised Application	<u>(284,479)</u>
32	Distribution Revenues at Current Rates (Revised)	\$6,808,613
33	Adjustment per Decision & Order	<u>11,323</u>
34	Distribution Revenues at Current Rates(Rate Order)	<u>\$6,819,936</u>

1 This can be seen in Exhibit C Summary of Distribution & Other Revenues, Exhibit F Revenue
 2 Deficiency, and Exhibit O Revenue Requirement Work Form (RRWF) Page 2.

3 **C) Other Distribution Revenue**

4 Welland Hydro submitted \$656,350 of Other Distribution Revenue in the Original Application.
 5 In the revised application, Welland Hydro reduced Other Distribution Revenues by \$87,959 to
 6 \$568,391 which was mainly due to decreased interest rates. Energy Probe made objections to
 7 Interest Earned as a result of the inclusion of interest on regulatory assets. Energy Probe made a
 8 number of other submissions on other miscellaneous revenues earned. In the Decision & Order
 9 the Board ordered the removal of the interest on regulatory assets but found no changes were
 10 required to the other miscellaneous revenues. As a result, the final Other Distribution Revenue
 11 has been revised to \$581,381 as follows:

12	Other Distribution Revenue (Original)	\$656,350
13	Decrease in Interest Revenue-Interest Rates	(87,995)
14	SSA Administrative Revenue	<u>36</u>
15	Other Distribution Revenue (Revised)	\$568,391
16	Exclude Regulatory Interest	<u>13,140</u>
17	Other Distribution Revenue (Rate Order)	<u>\$581,531</u>

18 This can be seen in Exhibit C Summary of Distribution & Other Revenues, Exhibit F Revenue
 19 Deficiency, and Exhibit O Revenue Requirement Work Form (RRWF) Page 2.

20 **D) Operating, Maintenance, and Administrative Expenses ("OM&A")**

21 In the Original Application Welland Hydro requested \$5,113,936 in total OM&A expenses. In
 22 the Revised Application Welland Hydro reduced forecasted expenses by \$193,847 to help offset
 23 lost revenues due to the loss of two large users. The Revised Application OM & A expenses
 24 totaled \$4,920,089. In its Decision & Order the Board accepted the amount in the Revised
 25 Application with the exception of the change to a four year amortization of regulatory costs
 26 resulting in a reduction of \$6,250 in OM&A expenses. As a result, the final OM&A expenses
 27 have been revised to \$4,913,837 as follows:

28	OM&A Expenses (Original)	\$5,113,936
29	Decreases proposed by Welland Hydro	<u>(193,847)</u>
30	OM& A Expenses (Revised)	\$4,920,089
31	Regulatory Expenses (4 yr amortization)	<u>(6,250)</u>
32	OM& A Expenses (Rate Order)	<u>\$4,913,837</u>

33 This can be seen in Exhibit B Summary of Rate Base Changes, Exhibit F Revenue Deficiency,
 34 and Exhibit O Revenue Requirement Work Form (RRWF) Page 2.

1 **E) Payment in Lieu of Taxes (“PILs”)**

2 The Board addressed the following issues with regards to PILs in its Decision and Order;

- 3 i) PILS Methodolgy
- 4 ii) Use of Latest Tax Rates & CCA Amounts
- 5 iii) Apprenticeship Tax Credit

6 i) PILS Methodology

7 In both the Original and Revised Applications Welland Hydro used a “Top Down” approach to
8 calculate PILS expenses. The Top Down approach assumes revenues and cost are known and
9 that taxable income can be determined to calculate income taxes in a manner similar to the
10 process used to submit a tax return. In its Decision & Order the Board rejected this methodology
11 and ordered the Return on Equity Method be used. Exhibit E Page 1 shows Welland Hydro’s
12 revised PILS expense calculation using Return on Equity as the starting point. The revised PILS
13 expense is calculated to be \$418,110 (\$391,264 Income Tax and \$26,846 Ontario Capital Tax).

14 This can be seen in Exhibit F Revenue Deficiency, and Exhibit O Revenue Requirement Work
15 Form (RRWF) Page 2.

16 ii) Use of Latest Tax Rates & CCA Amounts

17 To Welland Hydro’s knowledge it has used the most appropriate Federal and Ontario Tax rates
18 detailed in Exhibit E. In response to Board Staff Supplemental Interrogatory No. 12, Welland
19 Hydro provided an revised CCA schedule to reflect the most recent change to the Federal CCA
20 to 100% for Computers and System Software purchased from January 27, 2009 to February,
21 2011. The revised CCA schedule also included the affects of reducing capital spending by
22 \$280,000 submitted by Welland Hydro in the Revised Application. A copy of the revised CCA
23 schedule has been provided in Exhibit D. As a result of the above changes, the CCA was
24 increased by \$9,462 from \$1,590,579 in the Original Application to \$1,600,041. Welland Hydro
25 has included this change in the Adjustments Required to arrive at Taxable Income. Exhibit E
26 Page 2 shows the revised Determination of Tax Adjustments to Accounting Income for 2009.
27 The adjustments include the reduced capital expenditures depreciation, the increased CCA
28 deduction, and the change to Reserves from Financial Statements End of Year as a result of the
29 \$43,000 reduction in Retiree Benefits Liability. The Apprentice Tax Credit has also been added
30 to determine Taxable Income.

31 This can be seen in Exhibit E Regulatory Gross Up PILs, Exhibit F Revenue Deficiency, and
32 Exhibit O Revenue Requirement Work Form (RRWF) Page 2.

1 iii) Apprenticeship Tax Credits

2 In its Decision & Order the Board found that Welland Hydro had accounted for the
3 Apprenticeship Tax Credits correctly. Exhibit E Page 1 details that Welland Hydro has used a
4 revised \$15,000 deduction for Apprenticeship Tax Credits in calculating Grossed Up PILs.

5 **F) Capital Expenditures and Rate Base**

6 i) Capital Expenditures

7 The Board Accepted Welland Hydro's proposal to decrease capital expenditures by \$280,000 to
8 \$2,278,000 in the Revised Application from \$2,558,000 in the Original application. Exhibit B
9 Summary of Rate Base Changes details the adjustments made for this reduction in Gross Fixed
10 Assets, Accumulated Depreciation, and OM&A expenses.

11 This can be seen in Exhibit O Revenue Requirement Work Form (RRWF) Page 2 & 3.

12 ii) Working Capital

13 The Board ordered Welland Hydro to revise the Rate Base to reflect all of the necessary changes
14 in capital spending and OM&A expenses which can be seen in Exhibit B. In addition, the Board
15 ordered Welland to recalculate the Cost of Power used for determining Working Capital
16 Allowance to include the change in load forecasts, the approved new Retail Transmission
17 (Network & Connection) and Rural Rate Protection rates, and the latest approved RPP of
18 \$0.06072/kwh. Exhibit A attached shows the detail to arrive at the \$37,173,850 Cost of Power
19 contained in the Original Application along with the detail to arrive at the amount of
20 \$35,671,999 used for the Rate Order.

21 This can be seen in Exhibit O Revenue Requirement Work Form (RRWF) Page 2 & 3.

22 **G) Smart Meters**

23 In its Decision & Order the Board agreed with Welland Hydro's proposal to leave the Smart
24 Meter Rate Adder at \$.27 per month as opposed to \$1.00 per month. This was proposed by
25 Welland Hydro as rate mitigation for the Residential and GS<50 customer classes.

1 **H) Cost of Capital and Capital Structure**

2 In its Decision & Order the Board approved the following capital structure and cost rates:

3	<u>Capital Component</u>	<u>Total Capital Structure(%)</u>	<u>Cost Rate%</u>
4	Long-Term Debt	52.7	7.62
5	Short-Term Debt	4.0	1.33
6	Equity	43.3	8.01
7	Total	100.0	7.54

8 Exhibit F Revised Revenue deficiency shows the calculation of Deemed Interest Expense of
9 \$1,095,828 and Return on Equity of \$934,073.

10 **I) Cost Allocation and Rate Design**

11 i) Line Losses

12 The Board Approved the reduction in the Distribution Loss Factor from 1.0552 to 1.0485 to
13 produce a Total Loss Factor of 1.0532 which is a reduction from the current rate of 1.0599.
14 These changes have been reflected in Exhibit M – Proposed Tariff of Rates and Charges
15 attached.

16 ii) Revenue to Cost Ratios

17 The Board Approved the Revenue to Cost Ratios by Customer Class as set out in Welland
18 Hydro's Final Submission-Addendum filed on March 30, 2009 as follows:

19	Residential	120.43%
20	GS<50	80.05%
21	GS 50 to 4,999	72.62%
22	Large Use	100.73%
23	Street Lighting	40.14%
24	Sentinel Lighting	52.69%
25	USL	101.44%

26 Exhibit G and H attached show that Welland Hydro has maintained these revenue to cost ratios
27 in determining final rates. The only change that was made was to apply these ratios to the
28 revised Base Revenue Requirement which has been reduced to \$8,498,862 as a result of changes
29 in the Decision & Order.

30 Welland Hydro was also ordered to bring all classes to within the approved targeted ranges
31 during the 2010 IRM process.

1 iii) Transformer Ownership Allowance

2 The Board accepted Welland Hydro's proposal to increase the amount from \$0.60/kW to
 3 \$0.70/kW. These changes have been reflected in Exhibit M - Proposed Tariff of Rates and
 4 Charges attached.

5 iv) Rate Design

6 The Board approved Welland Hydro's proposal as filed. Exhibit I attached shows the revised
 7 fixed and variable rates when applied in the same manner to the revised Base Revenue
 8 Requirement. Small reductions in all fixed and variable rates across all customer classes resulted
 9 from the decrease in the Base Revenue Requirement in the Rate Order. The revised rates have
 10 been reflected below and in Exhibit M – Proposed Tariff of Rates and Charges attached.

11		Monthly	Smart	Total Monthly	Volumetric
12	<u>Customer Class</u>	<u>Distribution</u>	<u>Meter</u>	<u>Service Charge</u>	<u>Charge</u>
13	Residential	\$14.87	\$0.27	\$15.14	\$.015/kwh
14	GS<50 kW	\$24.51	\$0.27	\$24.78	\$.0086/kwh
15	GS 50 to 4,999 kW	\$306.14	\$0.27	\$306.41	\$1.2843/kW
16	Large Use	\$12,831.71	\$0.27	\$12,831.98	\$.8658/kW
17	Street Light	\$1.37		\$1.37	\$5.8705/kW
18	Sentinel Light	\$1.92		\$1.92	\$4.3998/kW
19	Unmetered	\$13.38		\$13.38	\$.0092/kwh
20	Transformer Allowance				\$(0.70)/kW

21 Bill Impacts for all customer classes are contained in Exhibit N.

22 v) Retail Transmission Service & Rural Rate Protection Rates

23 The Board approved Welland Hydro's revised Retail Transmission Service Rates (Network &
 24 Connection) filed on November 3, 2008.

25 The Board approved Welland Hydro's revised Rural Rate Protection Rates filed on December
 26 18, 2008.

27 The above changes have been reflected in Exhibit M – Proposed Tariff of Rates and Charges.

28 **J) Deferral and Variance Accounts**

29 The Board accepted Welland Hydro's total dollars and methodology to dispose (\$798,772) in
 30 regulatory assets over the next two years. The 2009 forecasted volumes were adjusted for the
 31 change required to the Residential Class. In addition, Welland Hydro has adjusted the rates to

1 account for the August 1, 2009 versus May 1, 2009 implementation of the rate rider. Exhibit J
2 shows the revised rate riders to reflect the disposition over 1.75 years instead of 2 years.

3 **K) Implementation**

4 The Board has directed Welland Hydro to establish the 2009 rates assuming a twelve month
5 recovery period. The implementation date of the Final Rate Order will be August 1, 2009. As
6 directed, Welland Hydro has calculated the rate riders that are necessary to recover the three
7 months of foregone distribution revenue. Welland Hydro proposes to recover the foregone
8 monthly service charges and volumetric revenues over a nine month period until April 30, 2010.
9 Exhibit K details the calculation of the Foregone Revenue Rate Riders-Monthly Service Charge.
10 Exhibit L details the calculation of the Foregone Revenue Rate Riders-Volumetric. A review of
11 usage between May 1 to July 31 for previous years shows this period represents between 26% to
12 27% of annual volumes. However, for ease of calculation, Welland Hydro has assumed a
13 constant usage throughout the year and requested recovery based on 25% of the annual volumes.

Exhibit A - Revision #2

WELLAND HYDRO-ELECTRIC SYSTEM CORP.
2009 TEST YEAR COST OF POWER
APPLICATION

Customer Class	A Customers	A Distribution Volume kwh/kw	B Loss Factor	C Wholesale Market Rate	A x B x C Wholesale Market Revenue	D RTR Network Rate	A x B x D RTR Network Revenue	E RTR Connect Rate	A x B x E RTR Connect Revenue	F Cost of Power Rate	A x B x F Cost of Power Revenue
Residential-kwh	19,818	166,999,701	1.0599	0.0062	1,097,418	0.0056	991,217	0.0047	831,914	0.0593	10,490,947
General <50-kwh	1,695	54,639,337	1.0599	0.0062	359,056	0.0049	283,770	0.0043	249,023	0.0593	3,432,452
General 50<5000 kw	179	393,395									
General 50<5000 Prim/Int - kw		173,094				1.6874	292,078	1.7356	300,422		
General 50<5000 Second - kw		220,301	1.0493	0.0062	387,578	1.7011	374,754	1.4490	319,216	0.0593	3,705,114
General 50<5000 Prim/Int - kwh		59,575,510	1.0599	0.0062	498,264					0.0593	4,763,236
General 50<5000 Second - kwh		75,823,376									
Large User -kw	3	300,555				1.2364	371,606	1.9274	579,290		
Large User -kwh		111,296,111	1.0045	0.0062	693,141					0.0593	6,626,192
Unmetered Scattered-kwh	208	1,072,774	1.0599	0.0062	7,050	0.0049	5,571	0.0043	4,889	0.0593	67,392
Sentinnel Lights-kw	721	2,592				1.5844	4,107	1.3496	3,498		
Sentinnel Lights-kwh		1,098,311	1.0599	0.0062	7,217					0.0593	68,996
Street Lights-kw	6,677	13,262				1.5809	12,862	1.3466	17,859		
Street Lights-kwh		4,722,781	1.0599	0.0062	31,035					0.0593	296,686
TOTAL COST OF POWER		\$37,173,850			3,080,760		2,335,966		2,306,110		29,451,014

WELLAND HYDRO-ELECTRIC SYSTEM CORP.
2009 TEST YEAR COST OF POWER
BOARD DECISION

Customer Class	A Customers	A Distribution Volume kwh/kw	B Loss Factor	C Wholesale Market Rate	A x B x C Wholesale Market Revenue	D RTR Network Rate	A x B x D RTR Network Revenue	E RTR Connect Rate	A x B x E RTR Connect Revenue	F Cost of Power Rate	A x B x F Cost of Power Revenue
Residential-kwh	19,818	166,999,701	1.0532	0.0065	1,143,247	0.0062	1,090,481	0.0050	879,420	0.06072	10,679,682
General <50-kwh	1,717	55,348,528	1.0532	0.0065	378,905	0.0055	320,612	0.0045	262,319	0.06072	3,539,555
General 50<5000 kw	171	440,796									
General 50<5000 Prim/Int - kw		193,950				1.8773	364,102	1.8303	354,987		
General 50<5000 Second - kw		246,846	1.0427	0.0065	479,472	1.8926	467,181	1.5280	377,181	0.06072	4,479,004
General 50<5000 Prim/Int - kwh		70,744,109	1.0532	0.0065	616,382					0.06072	5,757,955
General 50<5000 Second - kwh		90,037,957									
Large User -kw	1	169,553				1.3756	233,237	2.0325	344,616		
Large User -kwh		49,804,199	1.0045	0.0065	325,184					0.06072	3,037,719
Unmetered Scattered-kwh	208	1,072,774	1.0532	0.0065	7,344	0.0055	6,214	0.0045	5,084	0.06072	68,604
Sentinnel Lights-kw	721	2,592				1.7627	4,569	1.4232	3,689		
Sentinnel Lights-kwh		1,098,311	1.0532	0.0065	7,519					0.06072	70,237
Street Lights-kw	6,677	13,262				1.7568	14,310	1.4201	18,833		
Street Lights-kwh		4,722,781	1.0532	0.0065	32,331					0.06072	302,023
TOTAL COST OF POWER		\$35,671,999			2,990,383		2,500,706		2,246,130		27,934,780

**Welland Hydro-Electric System Corp.
Summary of Rate Base Changes
Exhibit B - Revision #2**

	<u>2008 Bridge Year</u>	<u>2009 Test Year Filing</u>	<u>Reduced Capital Spending</u>	<u>2009 Test Year Rate Base Board Decision</u>
Gross Fixed Assets	\$44,476,751	\$47,034,751	-\$280,000	\$46,754,751
Accumulated Depreciation	<u>\$23,913,517</u>	<u>\$25,635,344</u>	<u>-\$4,667</u>	<u>\$25,630,677</u>
Net Book Value	\$20,563,234	\$21,399,407	-\$275,333	\$21,124,074
Average Net Book Value	\$20,310,343	\$20,981,320		\$20,843,654
Working Capital	\$41,017,457	\$42,287,786		\$42,287,786
Working Capital Allowance	<u>\$6,152,619</u>	<u>\$6,343,168</u>		<u>\$6,087,875</u>
Rate Base	<u>\$26,462,961</u>	<u>\$27,324,488</u>		<u>\$26,931,529</u>
		<u>Revised Application Changes</u>	<u>Revised Submission Changes</u>	<u>Final Working Capital Board Decision</u>
Cost of Power	\$37,173,850			\$35,671,999
OM&A Expenses	\$5,113,936	-\$193,849	-\$6,250	\$4,913,837
Total Working Capital Listed Above	\$42,287,786			\$40,585,836
Working Capital Allowance	15% \$6,343,168			\$6,087,875

WELLAND HYDRO ELECTRIC SYSTEM CORP
EXHIBIT C - Revision #2
SUMMARY OF DISTRIBUTION (Current Rates) & OTHER REVENUES

	2009 Original Test Yr Current Rates (\$)	2009 Revised Test Yr Current Rates (\$)	2009 Decsion Test Yr Current Rates (\$)
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Distribution Services Revenue-Monthly			
Residential	3,063,071	3,063,071	3,063,071
General Service Less Than 50 kw	389,104	394,155	394,155
General Service 50 to 4999 kw	412,029	393,615	393,615
Large Use	383,265	127,755	127,755
Unmetered Scattered Load*	24,236	24,236	24,236
Sentinel Lighting	3,115	3,115	3,115
Street Lighting	14,422	14,422	14,422
Total Distribution Revenue Monthly	4,289,242	4,020,369	4,020,369

Distribution Services Revenue-Volumetric			
Residential	2,170,996	2,159,673	2,170,996
General Service Less Than 50 kw	366,084	370,835	370,835
General Service 50 to 4999 kw	316,565	354,709	354,709
Large Use	215,889	121,790	121,790
Unmetered Scattered Load*	7,188	7,188	7,188
Sentinel Lighting	2,133	2,133	2,133
Street Lighting	10,196	10,196	10,196
Total Distribution Revenue Volumetric	3,089,051	3,026,524	3,037,847

Transformer Allowance-General Service 50 to 4999 kW	-104,868	-136,548	-136,548
Transformer Allowance-Large Use	-180,333	-101,732	-101,732

Total Distribution Services Revenue-Current Rates	7,093,092	6,808,613	6,819,936
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SSA Administrative Revenue	72,780	72,816	72,816
Retail Services Revenue	35,174	35,174	35,174
Service Transaction Requests	2,040	2,040	2,040
Rent from Electric Property	149,031	149,031	149,031
Late Payment Charges	66,000	66,000	66,000
Misc-Account Status Fee	3,960	3,960	3,960
Misc Service-NSF Charges	6,480	6,480	6,480
Misc Service-Occupancy Related	83,880	83,880	83,880
Misc Service-Disconnect/Reconnect	31,135	31,135	31,135
Misc Service-Mark Up on Work Orders	24,000	24,000	24,000
Scrap Metal Sales	12,000	12,000	12,000
Miscellaneous Non Operating	7,020	7,020	7,020
Interest Income Bank Account	175,990	87,995	87,995
Interest Variance Accounts	-13,140	-13,140	0

Other Income & Reveune	656,350	568,391	581,531
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Total Operating Revenue	7,749,442	7,377,004	7,401,467
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Waller Electric System Corp.
 1000 D. Jackson St.
 Change in Adjustments Resulting from Change in Taxable Income

CCA Continuity Schedule (2009)

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance	Additions	Adjustments Rate Order	Disposals	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (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	0	18,686,755	0	0	4%	747,470	17,939,285
2	Distribution System - pre 1988	0	0	0	0	0	0	0	0	0	0	6%	0	0
6	Buildings (No footings below ground)	0	0	0	0	0	0	0	0	0	0	10%	0	0
8	General Office/Stores Equip	612,799	0	0	612,799	599,500	0	0	1,212,299	299,750	912,549	20%	182,510	1,029,789
10	Computer Hardware/ Vehicles	302,102	0	0	302,102	0	0	0	302,102	0	302,102	30%	90,631	211,471
10.1	Certain Automobiles	0	0	0	0	0	0	0	0	0	0	30%	0	0
12	Computer Software	24,500	0	0	24,500	35,000	0	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	0	20%	0	0
13.2	Lease # 2	0	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	0
13.4	Lease # 4	0	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	0
14	New Electrical Generating Equipment Acq'd after Feb 27/80	0	0	0	0	0	0	0	0	0	0	8%	0	0
17	Other Than Bldgs	0	0	0	0	0	0	0	0	0	0	0	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	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	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	28,500	-28,500	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	0	28,500	0	28,500	0	28,500	100%	28,500	0
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	0	0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	5,262,468	0	0	5,262,468	1,895,000	-280,000	0	6,877,468	807,500	6,069,968	6%	485,597	6,391,861
	SUB-TOTAL UCC	24,933,233	0	0	24,933,233	2,559,000	-280,000	0	27,211,233	1,124,750	26,086,483		1,600,041	25,511,192

Original Application 1,590,579

Reduction in Taxable Income 9,462 *

Welland Hydro-Electric System Corp.
 Regulatory Gross Up Method -PILS
 Exhibit E-Revision #2-Pg1

	July 17,2009 Draft Rate Order		Response to Energy Probe/Revision #2	
	<u>Rate</u>	<u>\$</u>	<u>Rate</u>	<u>\$</u>
Return on Equity		\$934,074		\$934,074
Apprentice Tax Credit		\$0		\$15,000
Adjustment for Reserves		<u>7,890</u>		<u>7,890</u>
Taxable Income Using Return on Equity Method		\$941,964		\$956,964
Income Tax Payable				
First 500,000 Income (5.5% - Ontario) (19% - Federal)	24.50%	122,500	24.50%	122,500
Income 500,000 to 1,500,000 (14% - Ontario) (19% - Federal)	33.00%	145,848	33.00%	150,798
Clawback 500,000 to 1,500,000 (Ontario)	4.25%	<u>18,783</u>	4.25%	<u>19,421</u>
Total PILS Before Apprentice Tax Credit	30.48%	287,132	30.59%	292,719
Apprentice Tax Credit		<u>-10,000</u>		<u>-15,000</u>
Total Tax Before Gross Up	29.42%	<u>\$277,132</u>	29.02%	<u>\$277,719</u>
Grossed Up PILS 277,132/(1 - .2942)		\$392,649	277,719/(1-.2902)	\$391,264
Ontario Capital Tax-Not Grossed Up		<u>26,846</u>		<u>26,846</u>
Total Grossed Up PILS		<u><u>\$419,495</u></u>		<u><u>\$418,110</u></u>

Determination of Tax Adjustments to Accounting Income for 2009

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount-Original Application	Adjustments	Utility Amount-Rate Order
Additions:						
Interest and penalties on taxes	103	0	0	0		0
Amortization of tangible assets	104	1,721,827	0	1,721,827	-4,667	1,717,160
Amortization of intangible assets	106	0	0	0		0
Recapture of capital cost allowance from Schedule 8	107	0	0	0		0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0		0
Income or loss for tax purposes- joint ventures or partnerships	109	0	0	0		0
Loss in equity of subsidiaries and affiliates	110	0	0	0		0
Loss on disposal of assets	111	0	0	0		0
Charitable donations	112	12,000	0	12,000		12,000
Taxable Capital Gains	113	0	0	0		0
Political Donations	114	0	0	0		0
Deferred and prepaid expenses	116	0	0	0		0
Scientific research expenditures deducted on financial statements	118	0	0	0		0
Capitalized interest	119	0	0	0		0
Non-deductible club dues and fees	120	0	0	0		0
Non-deductible meals and entertainment expense	121	2,600	0	2,600		2,600
Non-deductible automobile expenses	122	0	0	0		0
Non-deductible life insurance premiums	123	0	0	0		0
Non-deductible company pension plans	124	0	0	0		0
Tax reserves beginning of year	125	173,154	0	173,154		173,154
Reserves from financial statements- balance at end of year	126	1,632,307	0	1,632,307	-43,000	1,589,307
Soft costs on construction and renovation of buildings	127	0	0	0		0
Book loss on joint ventures or partnerships	205	0	0	0		0
Capital items expensed	206	0	0	0		0
Debt issue expense	208	0	0	0		0
Development expenses claimed in current year	212	0	0	0		0
Financing fees deducted in books	216	0	0	0		0
Gain on settlement of debt	220	0	0	0		0
Non-deductible advertising	226	0	0	0		0
Non-deductible interest	227	0	0	0		0
Non-deductible legal and accounting fees	228	0	0	0		0
Recapture of SR&ED expenditures	231	0	0	0		0
Share issue expense	235	0	0	0		0
Write down of capital property	236	0	0	0		0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0		0
Interest Expensed on Capital Leases	290	0	0	0		0
Realized Income from Deferred Credit Accounts	291	0	0	0		0
Pensions	292	0	0	0		0
Non-deductible penalties	293	0	0	0		0
Debt Financing Expenses for Book Purposes	294	0	0	0		0
Other Additions	295	0	0	0		0
Total Additions		3,541,888	0	3,541,888	-47,667	3,494,221
Deductions:						
Gain on disposal of assets per financial statements	401	0	0	0		0
Dividends not taxable under section 83	402	0	0	0		0
Capital cost allowance from Schedule 8	403	1,590,579	0	1,590,579	9,462	1,600,041
Terminal loss from Schedule 8	404	0	0	0		0
Cumulative eligible capital deduction from Schedule 10	405	114,970	0	114,970		114,970
Allowable business investment loss	406	0	0	0		0
Deferred and prepaid expenses	409	0	0	0		0
Scientific research expenses claimed in year	411	0	0	0		0
Tax reserves end of year	413	173,154	0	173,154		173,154
Reserves from financial statements - balance at beginning of year	414	1,586,167	0	1,586,167		1,586,167
Contributions to deferred income plans	416	0	0	0		0
Book income of joint venture or partnership	305	0	0	0		0
Equity in income from subsidiary or affiliates	306	0	0	0		0

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount-Original Application	Adjustments	Utility Amount-Rate Order
Interest capitalized for accounting deducted for tax	390	0	0	0		0
Capital Lease Payments	391	0	0	0		0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0		0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0		0
Other Deductions	394	0	0	0		0
Total Deductions		3,464,869	0	3,464,869	9,462	3,474,331
Charitable donations from Schedule 2	311	-12,000	0	-12,000		12,000
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0		0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0		0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0		0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0		0
Total Adjustments		-12,000	0	-12,000		-12,000
Tax Adjustments to Accounting Income		65,018.83	0.00	65,018.83	(57,129.00)	7,889.83

Welland Hydro-Electric System Corp.
Exhibit F-Revision#2
Revised Revenue Deficiency Determination

Description	Original Application		Based on Revised Application		Board Decision
	2009 Test Existing Rates	2009 Test - Required Revenue	2009 Revised Existing Rates	2009 Rev Appl - Required Revenue	2009 Submission - Required Revenue
Revenue		1,608,304.65		1,768,860.77	1,677,542.00
Revenue Deficiency					
Distribution Revenue	7,093,092.00	7,093,092.00	6,808,613.00	6,808,613.00	6,819,936.00
Other Operating Revenue (Net)	656,350.00	656,350.00	568,391.00	568,391.00	581,531.00
Smart Meter Deferral Account Adjustment					
Total Revenue	7,749,442.00	9,357,746.65	7,377,004.00	9,145,864.77	9,079,009.00
Costs and Expenses					
Administrative & General, Billing & Collecting	2,385,686.00	2,385,686.00	2,342,686.00	2,342,686.00	2,336,436.00
Operation & Maintenance	2,728,250.00	2,728,250.00	2,577,401.00	2,577,401.00	2,577,401.00
Depreciation & Amortization	1,721,827.03	1,721,827.03	1,717,160.37	1,717,160.37	1,717,160.37
Capital Taxes	27,730.00	27,730.00	27,420.35	27,420.35	26,845.94
Deemed Interest	948,856.52	948,856.52	943,393.60	943,393.60	1,095,828.00
Total Costs and Expenses	7,812,349.55	7,812,349.55	7,608,061.32	7,608,061.32	7,753,671.31
Less OCT Included Above	-27,730	-27,730	-27,420	-27,420	-26,846
Total Costs and Expenses Net of OCT	7,784,619.55	7,784,619.55	7,580,640.97	7,580,640.97	7,726,825.37
Utility Income Before Income Taxes	-35,177.55	1,573,127.10	-203,636.97	1,565,223.80	1,352,183.63
Income Taxes:					
Corporate Income Taxes	696.72	531,437.26	0.00	528,952.14	391,264.00
Ontario Capital Taxes	27,730.00	27,730.00	27,420.35	27,420.35	26,845.94
Apprenticeship Tax Credit			0.00	0.00	0.00
Total Income Taxes	28,426.72	559,167.26	27,420.35	556,372.49	418,109.94
Utility Net Income	-63,604.27	1,013,959.85	-231,057.32	1,008,851.31	934,073.69
Capital Tax Expense Calculation:					
Total Rate Base	27,324,488.38	27,324,488.38	27,186,822.00	27,186,822.00	26,931,529.00
Exemption	15,000,000.00	15,000,000.00	15,000,000.00	15,000,000.00	15,000,000.00
Deemed Taxable Capital	12,324,488.38	12,324,488.38	12,186,822.00	12,186,822.00	11,931,529.00
Ontario Capital Tax	27,730.10	27,730.10	27,420.35	27,420.35	26,845.94
Income Tax Expense Calculation:					
Accounting Income	-35,177.55	1,573,127.10	-203,636.97	1,565,223.80	
Ontario Capital Tax	-27,730.00	-27,730.00	-27,420.35	-27,420.35	
Tax Adjustments to Accounting Income	65,018.83	65,018.83	65,081.83	65,081.83	22,890.00
Taxable Income	2,111.28	1,610,415.93	-165,975.49	1,602,885.28	
Income Tax Expense	696.72	531,437.26	0.00	528,952.14	
	33.00%	33.00%	33.00%	33.00%	
Actual Return on Rate Base:					
Rate Base	27,324,488.38	27,324,488.38	27,186,822.00	27,186,822.00	26,931,529.00
Interest Expense	948,856.52	948,856.52	943,393.60	943,393.60	1,095,828.00
Net Income	-83,604.27	1,013,959.85	-231,057.32	1,008,851.31	934,073.39
Total Actual Return on Rate Base	885,252.25	1,962,816.37	712,336.28	1,952,244.91	2,029,901.39
Actual Return on Rate Base	3.24%	7.18%	2.62%	7.18%	7.54%
Required Return on Rate Base:					
Rate Base	27,324,488.38	27,324,488.38	27,186,822.00	27,186,822.00	26,931,529.00
Return Rates:					
Return on Debt (Weighted)	6.12%	6.12%	6.12%	6.12%	7.18%
Return on Equity	8.57%	8.57%	8.57%	8.57%	8.01%
Deemed Interest Expense	948,856.52	948,856.52	943,393.60	943,393.60	1,095,828.00
Return On Equity	1,013,959.85	1,013,959.85	1,008,851.31	1,008,851.31	934,073.39
Total Return	1,962,816.37	1,962,816.37	1,952,244.91	1,952,244.91	2,029,901.39
Expected Return on Rate Base	7.18%	7.18%	7.18%	7.18%	7.54%
Revenue Deficiency After Tax	1,077,564.12		1,239,908.63		
Revenue Deficiency Before Tax	1,608,304.65		1,768,860.77		

**Welland Hydro Electric System Corp
 Exhibit G -Revision#2
 2009 Test Year Class Revenue Design-Board Decision**

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%	76.75%	71.10%	4,959,120.87	6,521,480.68	6,041,460.43	6,041,460.43
GS <50 kW	14.67%	11.22%	11.53%	1,246,253.66	953,152.88	980,014.14	980,014.14
GS >50 kW	17.88%	8.97%	12.18%	1,519,157.65	762,252.50	1,034,992.82	1,034,992.82
Large Use >5MW	2.11%	2.17%	2.14%	179,605.33	184,226.43	182,083.96	182,083.96
Street Light	5.83%	0.36%	2.21%	495,121.40	30,673.43	187,624.31	187,624.31
Sentinel	0.65%	0.08%	0.33%	55,611.07	6,539.08	28,016.18	28,016.18
Unmetered Scattered Load	0.50%	0.46%	0.51%	42,608.01	39,152.99	43,286.15	43,286.15
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%	8,497,478.00	8,497,478.00	8,497,478.00	8,497,478.00
Check	OK	OK	OK				

Welland Hydro Electric System Corp
 Exhibit H - Revision #2
 Revenue to Cost Analysis - Board Decision

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	Target Ranges High
Residential	127.26%	6,041,460.43		6,041,460.43	338,526.16	6,379,986.59	5,297,647.04		5,297,647.04	120.43%	85.00%	115.00%
GS <50 kW	75.23%	980,014.14		980,014.14	88,283.09	1,068,297.23	1,334,536.75		1,334,536.75	80.05%	80.00%	120.00%
GS >50 kW	65.24%	1,034,982.82	159,306.00	1,194,288.82	89,821.46	1,284,220.28	1,609,079.11	159,306.00	1,768,385.11	72.62%	80.00%	160.00%
Large Use >5MW	100.73%	182,083.96	119,687.33	300,771.29	38,871.81	339,643.10	218,477.13	118,687.33	337,164.47	100.74%	85.00%	115.00%
Street Light	12.17%	187,624.31		187,624.31	18,610.95	206,235.27	513,732.35		513,732.35	40.14%	70.00%	120.00%
Sentinel	18.71%	28,016.18		28,016.18	2,718.84	30,735.03	58,329.82		58,329.82	52.69%	70.00%	120.00%
Unmetered Scattered Load	114.93%	43,286.15		43,286.15	4,598.68	47,884.83	47,206.69		47,206.69	101.44%	80.00%	120.00%
Back-up/Standby Power												
		8,487,478.00	277,993.33	8,765,471.33	581,531.00	9,357,002.33	9,079,009.00	277,993.33	9,357,002.33			

Weiland Hydro Electric System Corp

Exhibit - Revision #2

Distribution Rate Allocation Between Fixed & Variable Rates For 2009 Board Decision

Distribution Rate Allocation Between Fixed & Variable Rates For 2009 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	6,041,460.43	71.10%	14.87	\$0.0150	\$ 3,536,324	\$ 2,505,137		6,041,460.43	0.00	6,041,460.43
GS <50 kW	980,014.14	11.53%	24.51	\$0.0086	\$ 505,004	\$ 475,010		980,014.14	0.00	980,014.14
GS>50 kW	1,034,992.82	12.18%	306.14	\$1.2843	\$ 628,199	\$ 406,794	\$ 159,306	1,194,298.82	0.00	1,194,298.82
Large Use >5MW	182,083.96	2.14%	12,831.71	\$0.8658	\$ 153,981	\$ 28,103	\$ 118,687	300,771.29	0.00	300,771.29
Street Light	187,624.31	2.21%	1.37	\$5.8705	\$ 109,770	\$ 77,854		187,624.31	0.00	187,624.31
Sentinel	28,016.18	0.33%	1.92	\$4.3998	\$ 16,612	\$ 11,404		28,016.18	0.00	28,016.18
Unmetered Scattered Load	43,286.15	0.51%	13.38	\$0.0092	\$ 33,396	\$ 9,890		43,286.15	0.00	43,286.15
Back-up/Standby Power										
TOTAL	8,497,478.00	100.00%			\$ 4,983,286	\$ 3,514,192	\$ 277,993	\$ 8,775,471	\$ -	\$ 8,775,471

Forecast Fixed/Variable Ratios
 56.787% 40.046% 3.168% 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 Adjustment (Ceiling Fixed Charge From Cost Allocation Model)	Fixed Rate Threshold @ 120% of Ceiling Charge
Residential	41.48%	58.52%	100.00%	14.87	12.88	7.98	9.58
GS <50 kW	48.48%	51.52%	100.00%	24.51	19.13	22.06	26.47
GS>50 kW	47.40%	52.60%	100.00%	306.14	191.82	97.77	117.32
Large Use >5MW	48.80%	51.20%	100.00%	12,831.71	10,646.26	258.15	309.78
Street Light	41.42%	58.58%	100.00%	1.37	0.18	5.24	6.29
Sentinel	40.65%	59.35%	100.00%	1.92	0.36	5.19	6.23
Unmetered Scattered Load	22.87%	77.13%	100.00%	13.38	9.71	6.98	8.38
Back-up/Standby Power							
TOTAL							

Welland Hydro-Electric System Corp.
Exhibit K-Revision #2
Foregone Revenue Rate Riders-Monthly Service Charges

<u>Customer Class</u>	<u>Monthly Service Charge-Excluding Smart Meters</u>			
	<u>Current Rate</u>	<u>Revised Rate</u>	<u>3 Months Revenue</u>	<u>9 Month Rate Rider</u>
Residential-Customer	\$12.88	\$14.87	\$5.97	\$0.66
GS<50-Customer	\$19.13	\$24.51	\$16.14	\$1.79
GS 50 to 4999 kW-Customer	\$191.82	\$306.14	\$342.96	\$38.11
Large Use-Customer	\$10,646.26	\$12,831.71	\$6,556.35	\$728.48
Street Light-Connection	\$0.18	\$1.37	\$3.57	\$0.40
Sentinel Light-Connection	\$0.36	\$1.92	\$4.68	\$0.52
Unmetered Scattered Load-Connection	\$9.71	\$13.38	\$11.01	\$1.22

Welland Hydro-Electric System Corp.
 Exhibit L-Revision #2
 Foregone Revenue Rate Riders-Volumetric

Customer Class	Volumetric									
	Current Rate	Revised Rate	Annual Billing Volumes	Number of Customers	Average Mth Usage/ Customer	3 Months Lost Revenue	9 Months Usage/ Customer	9 Month Rate Rider		
Residential-Customer	\$0.0130	\$0.0150	166,999,701	19,818	702.22	\$4.21	6320.00	\$0.0007 kwh		
GS<50-Customer	\$0.0067	\$0.0086	55,348,528	1,717	2686.30	\$15.31	24176.70	\$0.0006 kwh		
GS 50 to 4999 kW-Customer	\$0.8047	\$1.2843	440,796	171	214.81	\$309.07	1933.32	\$0.1599 kW		
Large Use-Customer	\$0.7183	\$0.8658	169,553	1	14129.42	\$6,252.27	127164.75	\$0.0492 kW		
Street Light-Connection	\$0.7688	\$5.8705	13,262	6,677	0.17	\$2.53	1.49	\$1.7006 kW		
Sentinel Light-Connection	\$0.8231	\$4.3998	2,592	721	0.30	\$3.21	2.70	\$1.1922 kW		
Unmetered Scattered Load-Connection	\$0.0067	\$0.0092	1,072,774	208	429.80	\$3.22	3868.18	\$0.0008 kwh		
Transformer Allowance-Customer	-\$0.6000	-\$0.7000	397,133	33	1002.86	-\$300.86	9025.75	-\$0.0333 kW		

Welland Hydro-Electric System Corp.

TARIFF OF RATES AND CHARGES

Effective Date: May 1, 2009

Implementation Date: August 1, 2009

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2008-0247

APPLICATION

- The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.
- No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.
- This schedule does not contain any rates and charges relating to the electricity commodity (e.g. the Regulated Price Plan).

EFFECTIVE DATES

- DISTRIBUTION RATES – May 1, 2009 for all consumption or deemed consumption services used on or after that date.
- SPECIFIC SERVICE CHARGES - May 1, 2009 for all charges incurred by customers on or after that date.
- RETAIL SERVICE CHARGES- May 1, 2009 for all charges incurred by retailers or customers on or after that date.
- LOSS FACTOR ADJUSTMENT – May 1, 2009 unless the distributor is not capable of prorating changed loss factors jointly with distribution rates. In that case, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

SERVICE CLASSIFICATIONS

Residential

This classification refers to the supply of electrical energy to residential customers residing in detached or semi-detached units, as defined in the local zoning by-law.

General Service Less Than 50 kW

This classification refers to the supply of electrical energy to commercial buildings taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Commercial buildings are defined as buildings, which are used for purposes other than resident dwellings.

General Service 50 to 4,999 kW

This classification refers to the supply of electrical energy to commercial buildings whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Commercial buildings are defined as buildings, which are used for purposes other than resident dwellings.

Large Use

This classification refers to an account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 5,000 kW.

Unmetered Scattered Load

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Unmetered or flat connections are permitted with the approval of Welland Hydro-Electric System Corp. Engineering Department. Flat rate connects may include, but are not limited to, Traffic Lights, Street Lights, Bus Shelters, and Signs. Energy consumption is determined by information provided by the customer and/or load measurement taken by Welland Hydro-Electric System Corp. following connection of the flat service.

Sentinel Lighting

This classification refers to an account for roadway lighting not classified as unmetered or street lighting. The consumption for the customer will be based on the calculated connected load times a twelve hour day times the applicable billing period.

Street Lighting

This classification refers to the Street Lighting system owned by the City of Welland. Welland Hydro-Electric System Corp. provides new installations and maintenance of the street lighting system, as required by the City of Welland.

Welland Hydro-Electric System Corp.

TARIFF OF RATES AND CHARGES

Effective Date: May 1, 2009

Implementation Date: August 1, 2009

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2008-0247

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	15.14
Foregone Distribution Revenue Rate Rider-Service Charge-effective until April 30, 2010	\$	0.66
Distribution Volumetric Rate	\$/kWh	0.0150
Foregone Distribution Revenue Rate Rider-Volumetric Rate-effective until April 30, 2010	\$/kWh	0.0007
Regulatory Asset Rider – effective until April 30, 2011	\$/kWh	(0.0004)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0050
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service Less Than 50 kW

Service Charge	\$	24.78
Foregone Distribution Revenue Rate Rider-Service Charge-effective until April 30, 2010	\$	1.79
Distribution Volumetric Rate	\$/kWh	0.0086
Foregone Distribution Revenue Rate Rider-Volumetric Rate-effective until April 30, 2010	\$/kWh	0.0006
Regulatory Asset Rider – effective until April 30, 2011	\$/kWh	(0.0011)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service 50 to 4,999 kW

Service Charge	\$	306.41
Foregone Distribution Revenue Rate Rider-Service Charge-effective until April 30, 2010	\$	38.11
Distribution Volumetric Rate	\$/kW	1.2843
Foregone Distribution Revenue Rate Rider-Volumetric Rate-effective until April 30, 2010	\$/kW	0.1599
Regulatory Asset Rider – effective until April 30, 2011	\$/kW	(0.5433)
Retail Transmission Rate – Network Service Rate	\$/kW	1.8926
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5280
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	1.8773
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.8303
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Large Use

Service Charge	\$	12,831.98
Foregone Distribution Revenue Rate Rider-Service Charge-effective until April 30, 2010	\$	728.48
Distribution Volumetric Rate	\$/kW	0.8658
Foregone Distribution Revenue Rate Rider-Volumetric Rate-effective until April 30, 2010	\$/kW	0.0492
Regulatory Asset Rider – effective until April 30, 2011	\$/kW	(0.4493)
Retail Transmission Rate – Network Service Rate	\$/kW	1.3756
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.0325
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Welland Hydro-Electric System Corp.

TARIFF OF RATES AND CHARGES

Effective Date: May 1, 2009

Implementation Date: August 1, 2009

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2008-0247

Unmetered Scattered Load

Service Charge (per connection)	\$	13.38
Foregone Distribution Revenue Rate Rider-Service Charge-effective until April 30, 2010	\$	1.22
Distribution Volumetric Rate	\$/kWh	0.0092
Foregone Distribution Revenue Rate Rider-Volumetric Rate-effective until April 30, 2010	\$/kWh	0.0008
Regulatory Asset Rider – effective until April 30, 2011	\$/kWh	(0.0005)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Sentinel Lighting

Service Charge (per connection)	\$	1.92
Foregone Distribution Revenue Rate Rider-Service Charge-effective until April 30, 2010	\$	0.52
Distribution Volumetric Rate	\$/kW	4.3998
Foregone Distribution Revenue Rate Rider-Volumetric Rate-effective until April 30, 2010	\$/kW	1.1922
Regulatory Asset Rider – effective until April 30, 2011	\$/kW	(0.6130)
Retail Transmission Rate – Network Service Rate	\$/kW	1.7627
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4232
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Street Lighting

Service Charge (per connection)	\$	1.37
Foregone Distribution Revenue Rate Rider-Service Charge-effective until April 30, 2010	\$	0.40
Distribution Volumetric Rate	\$/kW	5.8705
Foregone Distribution Revenue Rate Rider-Volumetric Rate-effective until April 30, 2010	\$/kW	1.7006
Regulatory Asset Rider – effective until April 30, 2011	\$/kW	(0.5093)
Retail Transmission Rate – Network Service Rate	\$/kW	1.7588
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4201
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Specific Service Charges

Customer Administration		
Arrears certificate	\$	15.00
Statement of account	\$	15.00
Request for other billing information	\$	15.00
Easement Letter	\$	15.00
Account history	\$	15.00
Returned Cheque (plus bank charges)	\$	15.00
Charge to certify cheque	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Welland Hydro-Electric System Corp.

TARIFF OF RATES AND CHARGES

Effective Date: May 1, 2009

Implementation Date: August 1, 2009

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2008-0247

Specific Service Charges-Continued

Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Disconnect / Reconnect at meter - during regular hours	\$	65.00
Install / Remove load control device - during regular hours	\$	65.00
Disconnect / Reconnect at meter - after regular hours	\$	185.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Meter upgrade requested by customer plus installation – per month	\$	10.00
		plus installation on a time and materials basis.
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.70)
Regulatory Asset Rider – effective until April 30, 2011	\$/kW	(0.0333)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

Retail Service Charges (if applicable)

Retail Service Charges refer to services provided by a distributor to retailers and customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0532
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0427
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045

GS < 50 - BILL IMPACTS (Monthly Consumptions)													
WELLAND HYDRO COMPARISON 2008 - 2009													
		2007 BILL			2008 BILL			2009 BILL			BILL IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption	Monthly Service Charge			19.40			19.40			24.78	5.38	27.73%	10.66%
2,000 kWh	Distribution (kWh)	2,000	0.0067	13.40	2,000	0.0067	13.40	2,000	0.0085	17.20	3.80	28.36%	7.41%
	Distributor			32.80			32.80			41.98	9.18	27.99%	18.09%
	Regulatory Assets (kWh)	2,000	0.0020	4.00	2,000	0.0000	0.00	2,000	(0.0011)	(2.20)	-2.20		-0.95%
Loss Factor	Retail Transmisson (kWh)	2,120	0.0097	20.56	2,120	0.0092	19.50	2,106	0.0100	21.06	1.56	8.01%	9.07%
1.0599 2008	Wholesale & Rural (kWh)	2,120	0.0062	13.14	2,120	0.0062	13.14	2,106	0.0065	13.69	0.55	4.18%	5.90%
1.0532 2009	Standard Supply	1	0.2500	0.25	1	0.2500	0.25	1.00	0.2500	0.25	0.00	0.00%	0.11%
	Debt Retirement	2,000	0.0070	14.00	2,000	0.0070	14.00	2,000	0.0070	14.00	0.00	0.00%	6.03%
	Cost of Power Commodity (kWh)	750	0.0570	42.75	750	0.0570	42.75	750	0.0570	42.75	0.00	0.00%	18.42%
	"	1,370	0.0660	90.41	1,370	0.0660	90.41	1,356	0.0660	89.52	-0.88	-0.98%	38.57%
	Sub Total			217.91			212.85			221.06	8.21	3.86%	95.24%
	G.S.T.		5.0%	10.90		5.0%	10.64		5.0%	11.05	0.41	3.86%	4.76%
	Total Bill			228.81			223.49			232.11	8.62	3.86%	100.00%
							INCREASE 2007			INCREASE 2008			
							-2.32%			3.86%			
							TOTAL INCREASE OVER TWO YEARS			1.44%			

GS 50 TO 4,999 KW - BILL IMPACTS (Monthly Consumptions)													
WELLAND HYDRO COMPARISON 2008 - 2009													
		2007 BILL			2008 BILL			2009 BILL			BILL IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption	Monthly Service Charge			192.09			192.09			306.41	114.32	59.51%	21.75%
	Distribution (kW)	62	0.8047	49.89	62	0.8047	49.89	62	1.2843	79.63	29.74	59.60%	5.65%
9,840 kWh	Distributor			241.98			241.98			386.04	144.06	59.53%	27.41%
62 Kw	Regulatory Assets (kW)	62	0.5337	33.09	62	0.0000	0.00	62	(0.5433)	(33.68)	-33.68		-2.39%
Loss Factor	Retail Transmisson (kW)	66	3.3291	218.77	66	3.1501	207.01	65	3.4206	223.36	16.35	7.90%	15.86%
1.0599 2008	Wholesale & Rural (kWh)	10,429	0.0062	64.66	10,429	0.0062	64.66	10,363	0.0065	67.36	2.70	4.18%	4.78%
1.0532 2009	Standard Supply	1	0.2500	0.25	1	0.2500	0.25	1.00	0.2500	0.25	0.00	0.00%	0.02%
	Debt Retirement	9,840	0.0070	68.88	9,840	0.0070	68.88	9,840	0.0070	68.88	0.00	0.00%	4.89%
	Cost of Power Commodity (kWh)	10,429	0.0607	633.27	10,429	0.0607	633.27	10,363	0.0607	629.27	-4.00	-0.63%	44.68%
	Sub Total			1,260.91			1,216.05			1,341.48	125.42	10.31%	95.24%
	G.S.T.		5.0%	63.05		5.0%	60.80		5.0%	67.07	6.27	10.31%	4.76%
	Total Bill			1,323.95			1,276.86			1,408.55	131.69	10.31%	100.00%
							INCREASE 2007	-3.56%		INCREASE 2008	10.31%		
							TOTAL INCREASE OVER TWO YEARS				6.39%		

GS 50 TO 4,999 KW - BILL IMPACTS (Monthly Consumptions)

WELLAND HYDRO COMPARISON 2008 - 2009

		2007 BILL			2008 BILL			2009 BILL			BILL IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption	Monthly Service Charge			192.09			192.09			306.41	114.32	59.51%	4.04%
75,000 kWh	Distribution (kW)	250	0.8047	201.18	250	0.8047	201.18	250	1.2843	321.08	119.90	59.60%	4.23%
250 Kw	Distributor			393.27			393.27			627.49	234.22	59.56%	8.27%
	Regulatory Assets (kW)	250	0.5337	133.43	250	0.0000	0.00	250	(0.5433)	(135.83)	-135.83		-1.79%
Loss Factor	Retail Transmission (kW)	265	3.3291	882.13	265	3.1501	834.70	263	3.4206	900.64	65.95	7.90%	11.87%
1.0599 2008	Wholesale & Rural (kWh)	79,493	0.0062	492.85	79,493	0.0062	492.85	78,990	0.0065	513.44	20.58	4.18%	6.77%
1.0532 2009	Standard Supply	1	0.2500	0.25	1	0.2500	0.25	1.00	0.2500	0.25	0.00	0.00%	0.00%
	Debt Retirement	75,000	0.0070	525.00	75,000	0.0070	525.00	75,000	0.0070	525.00	0.00	0.00%	6.92%
	Cost of Power Commodity (kWh)	79,493	0.0607	4,826.78	79,493	0.0607	4,826.78	78,990	0.0607	4,796.27	-30.51	-0.63%	63.20%
	Sub Total			7,253.71			7,072.85			7,227.26	154.41	2.18%	95.24%
	G.S.T.		5.0%	362.69		5.0%	353.64		5.0%	361.36	7.72	2.18%	4.76%
	Total Bill			7,616.39			7,426.49			7,588.62	162.13	2.18%	100.00%
							INCREASE 2007	-2.49%	INCREASE 2008	2.18%			
							TOTAL INCREASE OVER TWO YEARS			-0.36%			

GS 50 TO 4,999 KW - BILL IMPACTS (Monthly Consumptions)													
WELLAND HYDRO COMPARION 2008 - 2009													
		2007 BILL			2008 BILL			2009 BILL			BILL IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption	Monthly Service Charge			192.09			192.09			306.41	114.32	59.51%	0.21%
1,600,000 kWh	Distribution (kW)	4,000	0.8047	3,218.80	4,000	0.8047	3,218.80	4,000	1.2843	5,137.20	1,918.40	59.60%	3.51%
4,000 Kw	Transformer	4,000	(0.6000)	-2,400.00	4,000	(0.6000)	-2,400.00	4,000	(0.7000)	-2,800.00	-400.00	16.67%	-1.91%
	Distributor			1,010.89			1,010.89			2,643.61	1,632.72	161.51%	1.81%
	Regulatory Assets (kW)	4,000	0.5337	2,134.80	4,000	0.0000	0.00	4,000	(0.5433)	(2,173.20)	-2,173.20		-1.49%
Loss Factor	Retail Transmisson (kW)	4,197	3.5965	15,095.23	4,197	3.4230	14,367.02	4,171	3.7076	15,463.66	1,096.64	7.63%	10.57%
1.0493 2008	Wholesale & Rural (kWh)	1,678,880	0.0062	10,409.06	1,678,880	0.0062	10,409.06	1,668,320	0.0065	10,844.08	435.02	4.18%	7.42%
1.0427 2009	Standard Supply	1	0.2500	0.25	1	0.2500	0.25	1.00	0.2500	0.25	0.00	0.00%	0.00%
	Debt Retirement	1,600,000	0.0070	11,200.00	1,600,000	0.0070	11,200.00	1,600,000	0.0070	11,200.00	0.00	0.00%	7.66%
	Cost of Power Commodity (kWh)	1,678,880	0.0607	101,941.59	1,678,880	0.0607	101,941.59	1,668,320	0.0607	101,300.39	-641.20	-0.63%	69.27%
	Sub-Total			141,791.82			138,928.81			139,278.79	349.98	0.25%	95.24%
	G.S.T.		5.0%	7,089.59		5.0%	6,946.44		5.0%	6,963.94	17.50	0.25%	4.76%
	Total Bill			148,881.41			145,875.25			146,242.73	367.48	0.25%	100.00%
							INCREASE 2007			INCREASE 2008			
													-1.77%
													TOTAL INCREASE OVER TWO YEARS

UNMETERED - BILL IMPACTS (Mthly Consumptions)													
WELLAND HYDRO COMPARISON 2008 - 2009													
		2007 BILL			2008 BILL			2009 BILL			BILL IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption	Monthly Service Charge			9.71		9.71			13.38	3.67	37.80%	20.51%	
500 kWh	Distribution (kWh)	500	0.0067	3.35	500	0.0067	3.35	500	0.0092	4.60	1.25	37.31%	7.05%
	Distributor			13.06		13.06			17.98	4.92	37.67%	27.56%	
	Regulatory Assets (kWh)	500	0.0020	1.00	500	0.0000	0.00	500	(0.0005)	(0.25)	-0.25		-0.38%
Loss Factor	Retail Transmisson (kWh)	530	0.0097	5.14	530	0.0092	4.88	527	0.0100	5.27	0.39	8.01%	8.07%
1.0599 2008	Wholesale & Rural (kWh)	530	0.0052	3.29	530	0.0062	3.29	527	0.0065	3.42	0.14	4.18%	5.25%
1.0532 2009	Standard Supply	1	0.2500	0.25	1	0.2500	0.25	1.00	0.2500	0.25	0.00	0.00%	0.38%
	Debt Retirement	500	0.0070	3.50	500	0.0070	3.50	500	0.0070	3.50	0.00	0.00%	5.36%
	Cost of Power Commodity (kWh)	530	0.0607	32.18	530	0.0607	32.18	527	0.0607	31.98	-0.20	-0.63%	49.00%
	Sub Total			58.42		57.15			62.14	4.99	8.74%	95.24%	
	G.S.T.		5.0%	2.92		5.0%	2.86		5.0%	3.11	0.25	8.74%	4.76%
	Total Bill			61.34		60.01			65.25	5.24	8.74%	100.00%	
					INCREASE 2007	-2.17%	INCREASE 2008			8.74%			
					TOTAL INCREASE OVER TWO YEARS					6.38%			

SENTINEL LIGHTS - BILL IMPACTS (Monthly Consumptions)													
WELLAND HYDRO COMPARISON 2008 - 2009													
		2007 BILL			2008 BILL			2009 BILL			BILL IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption	Monthly Service Charge			0.36			0.36			1.92	1.56	433.33%	12.37%
134.55 kWh	Distribution (kW)	0.30	0.8231	0.25	0.30	0.8231	0.25	0.30	4.3998	1.32	1.07	434.54%	8.51%
0.30 Kw	Distributor			0.61			0.61			3.24	2.63	433.82%	20.88%
	Regulatory Assets (kW)	0.30	1.2981	0.39	0.30	0.0000	0.00	0.30	(0.6130)	(0.18)	-0.18		-1.18%
Loss Factor	Retail Transmission (kW)	0.32	3.1007	0.99	0.32	2.9340	0.93	0.32	3.1859	1.01	0.07	7.90%	6.49%
1.0599 2008	Wholesale & Rural (kWh)	143	0.0062	0.88	143	0.0062	0.88	142	0.0065	0.92	0.04	4.18%	5.94%
1.0532 2009	Standard Supply	1	0.2500	0.25	1	0.2500	0.25	1.00	0.2500	0.25	0.00	0.00%	1.61%
	Debt Retirement	135	0.0070	0.94	135	0.0070	0.94	135	0.0070	0.94	0.00	0.00%	6.07%
	Cost of Power Commodity (kWh)	143	0.0607	8.66	143	0.0607	8.66	142	0.0607	8.60	-0.05	-6.63%	55.44%
	Sub Total			12.72			12.28			14.78	2.50	20.41%	95.24%
	G.S.T.		5.0%	0.64		5.0%	0.61		5.0%	0.74	0.13	20.41%	4.76%
	Total Bill			13.35			12.89			15.52	2.63	20.41%	100.00%
							INCREASE 2007	-3.48%		INCREASE 2008	20.41%		
							TOTAL INCREASE OVER TWO YEARS				16.22%		



REVENUE REQUIREMENT WORK FORM

Name of LDC: Welland Hydro-Electric System Corp. (1)
File Number: EB-2008-0247
Rate Year: 2009 Version: 1.0

Table of Content

<u>Sheet</u>	<u>Name</u>
A	<u>Data Input Sheet</u>
1	<u>Rate Base</u>
2	<u>Utility Income</u>
3	<u>Taxes/PILS</u>
4	<u>Capitalization/Cost of Capital</u>
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6	<u>Revenue Requirement</u>
7	<u>Bill Impacts</u>

Notes:

- (1) Pale green cells represent inputs
(2) Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.

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REVENUE REQUIREMENT WORK FORM

Name of LDC: Welland Hydro-Electric System Corp.

File Number: EB-2008-0247

Rate Year: 2009

Data Input (1)

	Application	Adjustments	Per Board Decision
1 Rate Base			
Gross Fixed Assets (average)	\$45,755,751 (4)	(\$140,000) (6)	\$45,615,751
Accumulated Depreciation (average)	(\$24,774,431) (5)	\$2,333 (7)	(\$24,772,098)
Allowance for Working Capital:			
Controllable Expenses	\$5,113,936	(\$200,099) (8)	\$4,913,837
Cost of Power	\$37,173,850	(\$1,501,851) (9)	\$35,671,999
Working Capital Rate (%)	15.00%		15.00%
2 Utility Income			
Operating Revenues:			
Distribution Revenue at Current Rates	\$7,093,092		\$6,819,936 (10) Exhibit C
Distribution Revenue at Proposed Rates	\$8,701,397		\$8,497,478 (11) See Revenue Requirement
Other Revenue:			
Specific Service Charges	\$235,449		\$235,485
Late Payment Charges	\$66,000		\$66,000
Other Distribution Revenue	\$192,051		\$192,051
Other Income and Deductions	\$162,850		\$87,995 (10) Exhibit C
Operating Expenses:			
OM+A Expenses	\$5,113,936	(\$200,099) (8)	\$4,913,837
Depreciation/Amortization	\$1,721,827	(\$4,667) (7)	\$1,717,160
Property taxes	\$-	\$-	\$0
Capital taxes	\$27,730		\$26,846
Other expenses	\$-	\$-	\$0
3 Taxes/PILs			
Taxable Income:			
Adjustments required to arrive at taxable income	\$65,019 (3)		\$22,890 (12) Exhibit D/E
Utility Income Taxes and Rates:			
Income taxes (not grossed up)	\$356,063		\$277,719 (13) Exhibit E
Income taxes (grossed up)	\$531,437		\$391,264
Capital Taxes	\$27,730		\$26,846 (14) Exhibit F
Federal tax (%)	19.00%		19.00% (13) Exhibit E
Provincial tax (%)	14.00%		10.02% (13) Exhibit E
Income Tax Credits			
4 Capitalization/Cost of Capital			
Capital Structure:			
Long-term debt Capitalization Ratio (%)	52.7%		52.7%
Short-term debt Capitalization Ratio (%)	4.0% (2)		4.0% (2)
Common Equity Capitalization Ratio (%)	43.3%		43.3%
Preferred Shares Capitalization Ratio (%)	0.0%		0.0%
Cost of Capital			
Long-term debt Cost Rate (%)	6.25%		7.62%
Short-term debt Cost Rate (%)	4.47%		1.33%
Common Equity Cost Rate (%)	8.57%		8.01%
Preferred Shares Cost Rate (%)	0.00%		0.00%

Notes:

This input sheet provides all inputs needed to complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the components. Notes should be put on the applicable pages to understand the context of each such note.

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Reduction in 2009 Capital Spending \$280,000 (Avg \$140,000) Revised Rate Application January 20, 2009-Exhibit B Attached
- (7) \$280,000/30yrs X Half Year Rule = \$4,667 Reduced Depreciation Expense (Avg \$2,333)-Exhibit B Attached
- (8) \$193,849 reduced expenses Revised Rate Application January 20, 2009 Exhibit E plus \$6,250 reduced Regulatory Expenses Final Submission March 30, 2009-Exhibit B Attached
- (9) Responses to Energy Probe Supplementary Interrogatories February 13, 2009 Exhibit A Attached.



REVENUE REQUIREMENT WORK FORM

Name of LDC: Welland Hydro-Electric System Corp.
 File Number: EB-2008-0247
 Rate Year: 2009

Rate Base					
Line No.	Particulars		Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$45,755,751	(\$140,000) (6)	\$45,615,751
2	Accumulated Depreciation (average)	(3)	(\$24,774,431)	\$2,333 (7)	(\$24,772,098)
3	Net Fixed Assets (average)	(3)	\$20,981,321	(\$137,667)	\$20,843,654
4	Allowance for Working Capital	(1)	\$6,343,168	(\$255,293)	\$6,087,875
5	Total Rate Base		\$27,324,488	(\$392,960)	\$26,931,529

(1) Allowance for Working Capital - Derivation					
6	Controllable Expenses		\$5,113,936	(\$200,099) (8)	\$4,913,837
7	Cost of Power		\$37,173,850	(\$1,501,851) (9)	\$35,671,999
8	Working Capital Base		\$42,287,786	(\$1,701,950)	\$40,585,836
9	Working Capital Rate %	(2)	15.00%		15.00%
10	Working Capital Allowance		\$6,343,168	(\$255,293)	\$6,087,875

Notes

- (2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.
- (3) Average of opening and closing balances for the year.
- (6) Reduction in 2009 Capital Spending \$280,000 (Avg \$140,000) See Exhibit B Attached
- (7) \$280,000/30yrs X Half Year Rule = \$4,667 Redcued Depreciation (Avg \$2,333) See Exhibit B Attached
- (8) See Exhibit B Attached
- (9) See Exhibit A Attached



REVENUE REQUIREMENT WORK FORM

Name of LDC: Welland Hydro-Electric System Corp.

File Number: EB-2008-0247

Rate Year: 2009

Ontario

Utility income

Line No.	Particulars	Application	Adjustments	Per Board Decision
Operating Revenues:				
1	Distribution Revenue (at Proposed Rates)	\$8,701,397	(\$203,919) (11	\$8,497,478
2	Other Revenue	(1) \$656,350	(\$74,819) (10	\$581,531
3	Total Operating Revenues	\$9,357,747	(\$278,738)	\$9,079,009
Operating Expenses:				
4	OM+A Expenses	\$5,113,936	(\$200,099) (8)	\$4,913,837
5	Depreciation/Amortization	\$1,721,827	(\$4,667) (7)	\$1,717,160
6	Property taxes	\$ -	\$ -	\$ -
7	Capital taxes	\$27,730	(\$884) (14	\$26,846
8	Other expense	\$ -	\$ -	\$ -
9	Subtotal	\$6,863,493	(\$205,650)	\$6,657,843
10	Deemed Interest Expense	\$948,857	\$146,971	\$1,095,828
11	Total Expenses (lines 4 to 10)	\$7,812,350	(\$58,679)	\$7,753,671
12	Utility income before income taxes	\$1,545,397	(\$220,059)	\$1,325,338
13	Income taxes (grossed-up)	\$531,437	(\$140,174)	\$391,264
14	Utility net income	\$1,013,960	(\$79,886)	\$934,075

Notes

(1)	Other Revenues / Revenue Offsets		
	Specific Service Charges	\$235,449	\$235,485
	Late Payment Charges	\$66,000	\$66,000
	Other Distribution Revenue	\$192,051	\$192,051
	Other Income and Deductions	\$162,850 (10	\$87,995
	Total Revenue Offsets	\$656,350	\$581,531

- (7) Exhibit B Attached
- (8) Exhibit B Attached
- (10) Exhibit C Attached
- (11) See Revenue Requirement Worksheet
- (14) Exhibit F Attached



Ontario

REVENUE REQUIREMENT WORK FORM

Name of LDC: Welland Hydro-Electric System Corp.

File Number: EB-2008-0247

Rate Year: 2009

Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income	\$1,013,960	\$934,074
2	Adjustments required to arrive at taxable utility income	\$65,019	\$22,890 ¹²
3	Taxable income	\$1,078,979	\$956,964
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$356,063	\$277,719 ¹³
5	Capital taxes	\$27,730	\$26,846 ¹⁴
6	Total taxes	\$383,793	\$304,565
7	Gross-up of Income Taxes	\$175,374	\$113,545
8	Grossed-up Income Taxes	\$531,437	\$391,264
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$559,167	\$418,110
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	19.00%	19.00% ¹³
12	Provincial tax (%)	14.00%	10.02% ¹³
13	Total tax rate (%)	33.00%	29.02%

Notes

- 12 Exhibit D/E Attached
- 13 Exhibit E Attached
- 14 Exhibit F Attached



REVENUE REQUIREMENT WORK FORM

Name of LDC: Welland Hydro-Electric System Corp.

File Number: EB-2008-0247

Rate Year: 2009

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Application					
		(%)	(\$)	(%)	(\$)
Debt					
1	Long-term Debt	52.70%	\$14,400,005	6.25%	\$900,000
2	Short-term Debt	4.00%	\$1,092,980	4.47%	\$48,856
3	Total Debt	56.70%	\$15,492,985	6.12%	\$948,857
Equity					
4	Common Equity	43.30%	\$11,831,503	8.57%	\$1,013,960
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	43.30%	\$11,831,503	8.57%	\$1,013,960
7	Total	100%	\$27,324,488	7.18%	\$1,962,816
Per Board Decision					
		(%)	(\$)	(%)	
Debt					
8	Long-term Debt	52.70%	\$14,192,916	7.62%	\$1,081,500
9	Short-term Debt	4.00%	\$1,077,261	1.33%	\$14,328
10	Total Debt	56.70%	\$15,270,177	7.18%	\$1,095,828
Equity					
11	Common Equity	43.3%	\$11,661,352	8.01%	\$934,074
12	Preferred Shares	0.0%	\$ -	0.00%	\$ -
13	Total Equity	43.3%	\$11,661,352	8.01%	\$934,074
14	Total	100%	\$26,931,529	7.54%	\$2,029,902

Notes

(1) 4.0% unless an Applicant has proposed or been approved for another amount.



REVENUE REQUIREMENT WORK FORM

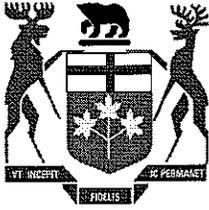
Name of LDC: Welland Hydro-Electric System Corp.
 File Number: EB-2008-0247
 Rate Year: 2009

Revenue Sufficiency/Deficiency

Line No.	Particulars	Per Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$1,608,305		\$1,677,531
2	Distribution Revenue	\$7,093,092	\$7,093,092	\$6,819,936	\$6,819,947
3	Other Operating Revenue Offsets - net	\$656,350	\$656,350	\$581,531	\$581,531
4	Total Revenue	\$7,749,442	\$9,357,747	\$7,401,467	\$9,079,009
5	Operating Expenses	\$6,863,493	\$6,863,493	\$6,657,843	\$6,657,843
6	Deemed Interest Expense	\$948,857	\$948,857	\$1,095,828	\$1,095,828
	Total Cost and Expenses	\$7,812,350	\$7,812,350	\$7,753,671	\$7,753,671
7	Utility Income Before Income Taxes	(\$62,908)	\$1,545,397	(\$352,204)	\$1,325,338
	Tax Adjustments to Accounting				
8	Income per 2009 PILs	\$65,019	\$65,019	\$22,890	\$22,890
9	Taxable Income	\$2,111	\$1,610,416	(\$329,314)	\$1,348,228
10	Income Tax Rate	33.00%	33.00%	29.02%	29.02%
11	Income Tax on Taxable Income	\$697	\$531,437	(\$95,567)	\$391,256
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	(\$63,604)	\$1,013,960	(\$256,637)	\$934,075
14	Utility Rate Base	\$27,324,488	\$27,324,488	\$26,931,529	\$26,931,529
	Deemed Equity Portion of Rate Base	\$11,831,503	\$11,831,503	\$11,661,352	\$11,661,352
15	Income/Equity Rate Base (%)	-0.54%	8.57%	-2.20%	8.01%
16	Target Return - Equity on Rate Base	8.57%	8.57%	8.01%	8.01%
	Sufficiency/Deficiency in Return on Equity	-9.11%	0.00%	-10.21%	0.00%
17	Indicated Rate of Return	3.24%	7.18%	3.12%	7.54%
18	Requested Rate of Return on Rate Base	7.18%	7.18%	7.54%	7.54%
19	Sufficiency/Deficiency in Rate of Return	-3.94%	0.00%	-4.42%	0.00%
20	Target Return on Equity	\$1,013,960	\$1,013,960	\$934,074	\$934,074
21	Revenue Sufficiency/Deficiency	\$1,077,564	\$0	\$1,190,711	\$0
22	Gross Revenue Sufficiency/Deficiency	\$1,608,305 (1)		\$1,677,531 (1)	

Notes:

(1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)



Ontario

REVENUE REQUIREMENT WORK FORM

Name of LDC: Welland Hydro-Electric System Corp.
 File Number: EB-2008-0247
 Rate Year: 2009

Revenue Requirement

Line No.	Particulars	Application	Per Board Decision
1	OM&A Expenses	\$5,113,936	\$4,913,837
2	Amortization/Depreciation	\$1,721,827	\$1,717,160
3	Property Taxes	\$ -	\$ -
4	Capital Taxes	\$27,730	\$26,846
5	Income Taxes (Grossed up)	\$531,437	\$391,264
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$948,857	\$1,095,828
	Return on Deemed Equity	\$1,013,960	\$934,074
8	Distribution Revenue Requirement before Revenues	<u>\$9,357,747</u>	<u>\$9,079,009</u>
9	Distribution revenue	\$8,701,397	\$8,497,478
10	Other revenue	<u>\$656,350</u>	<u>\$581,531</u>
11	Total revenue	<u>\$9,357,747</u>	<u>\$9,079,009</u>
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$0 (1)</u>	<u>\$0 (1)</u>

Notes

(1) Line 11 - Line 8



REVENUE REQUIREMENT WORK FORM

Name of LDC: Welland Hydro-Electric System Corp.
 File Number: EB-2008-0247
 Rate Year: 2009

Selected Delivery Charge and Bill Impacts Per Draft Rate Order									
Monthly Delivery Charge						Total Bill			
		Current	Per Draft Rate Order	Change		Current	Per Draft Rate Order	Change	
				\$	%			\$	%
Residential	1000 kWh/month	\$ 26.15	\$ 30.14	\$ 3.99	15.3%	\$ 121.21	\$ 125.73	\$ 4.52	3.7%
GS < 50kW	2000 kWh/month	\$ 32.80	\$ 41.98	\$ 9.18	28.0%	\$ 223.49	\$ 232.11	\$ 8.62	3.9%

Notes:

Excludes effect of 9 month rate rider to recover lost revenue from May 1, 2009 to July 31, 2009