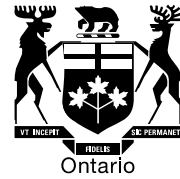


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By Email

September 20, 2007

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

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

In accordance with Procedural Order No. 1, please find enclosed interrogatories prepared by Ontario Energy Board technical staff on the evidence submitted by Welland Hydro-Electric System Corp. in its application.

Yours truly,

*Original signed by*

Keith C. Ritchie  
Project Advisor - Applications

Enclosures

cc. Applicant and Counsel  
Intervenors of Record

**Board staff Interrogatories  
Welland Hydro-Electric System Corp.  
EB-2007-0663**

**Rate Application to Adjust Electricity Distribution Rates for Full Expected  
PILs Recovery for October 1, 2007 to April 30, 2007**

***Tax Schedules***

Welland Hydro-Electric System Corp. notes that, due to the application of the Non-Capital loss carry-forward in 2006, the PILs expense factored into the revenue requirement and distribution rates post-2006 does not fully recover Welland Hydro's actual PILs. Using the 2006 EDR PILs model and eliminating the loss carry-forward, Welland Hydro has estimated a short-fall in PILs expense of \$353,832.

1. For each of the years 2005 and 2006, please provide the following:
  - a. Welland Hydro's actual Federal T2 tax returns and supporting schedules;
  - b. Welland Hydro's actual Provincial CT23 tax returns and supporting schedules;
  - c. Welland Hydro's financial statements that were submitted together with its tax returns for each tax year to the Ministry of Finance; and
  - d. Notices of Assessment and Notices of Re-assessment(s), including Statement of Adjustments, received from the Ministry of Finance for each tax year.
2. Please provide a variance analysis comparing Welland Hydro's actual tax/PILs payments made to the Ministry of Finance for the 2006 tax year and the estimated PILs allowance in Welland Hydro's 2006 electricity distribution rates as approved in the Board's Decision and Rate Order RP-2005-0020/EB-2005-0428.