



WELLAND HYDRO-ELECTRIC SYSTEM CORP.

P.O. Box 280 950 East Main Street, Welland, Ontario L3B 5P6 Telephone 905-732-1381 Fax 905-732-0266

December 30, 2009

Delivered by Courier and E-file

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Young Street, Suite 2700
Toronto, Ontario
M4P 1E4

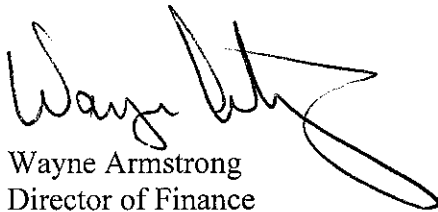
Dear Ms Walli:

Re: Welland Hydro-Electric System Corp.
2010 Incentive Rate Mechanism Application (IRM3)
Board File No. EB-2009-0252

Please find attached two (2) copies of responses to Ontario Energy Board staff interrogatories regarding Welland Hydro-Electric System Corp.'s 2010 Incentive Rate Mechanism Application (EB-2009-0252).

An electronic copy containing all documents has been filed using the OEB's E-filing services.

Yours very truly,



Wayne Armstrong
Director of Finance
warmstrong@wellandhydro.com
905-732-1381 Ext 234

**Welland-Hydro Electric System Corp.
Responses to Board Staff Interrogatories**

**2010 IRM3 Electricity Distribution Rates
Welland Hydro-Electric System Corp. ("Welland")
EB-2009-0252**

1. Ref: 2010 IRM Deferral Variance Account 1588 -Power

The 2008 ending balances reported in the 2010 IRM Deferral Variance Account workform prepared by Welland shows the split for account 1588 – Power and Global Adjustment. On October 15, 2009 the Board issued "Regulatory Audit and Accounting Bulletin 200901" which clarified the accounting rules for reporting the 1558 – Global Adjustment sub-account.

Account Description	Account Number	Total Claim
RSVA - Power (Excluding Global Adjustment)	1588	(270,904)
RSVA - Power (Global Adjustment Sub-account)		326,955

- a) Has Welland reviewed the Regulatory Audit & Accounting Bulletin 200901 dated October 15, 2009, and ensured that it has accounted for its account 1588 and sub-account Global Adjustment in accordance with this Bulletin?

Response:

Welland has reviewed the above Regulatory Audit & Accounting Bulletin. Welland has accounted properly between the 1588 Power and 1588 Global adjustment variance. Welland was not accounting properly for the monthly adjustment between revenue or cost of power (was only adjusting revenue). In addition, regulatory interest expense had been taken against interest income. However, these are just presentation issues which do not reflect in the balances of the variance accounts. Welland has made the proper entries to revenue and cost of power as well as interest income versus interest expense for 2009.

- b) Has Welland made adjustments subsequent to filing the 2010 IRM3 application and need to re-file an updated 2010 IRM Deferral Variance Account work form?

Response:

Welland has not made any adjusting entries which would require a re-file of the 2010 IRM Deferral Variance Account with the exception of converting to Version #4. However, Welland needs to point out that the variance in the

1588 Power and Global Adjustment accounts as at December 31, 2008 contain estimates. These accounts are adjusted (Form 1598) to actual once final billings to customers have taken place. As Welland bills on a bi-monthly basis, the true up process takes about six months. As a result, Welland trueed up the 1588 amounts for July, 2008 to December 2008 in 2009. The effect of true ups to this time period resulted in the following entries:

DR 1588 Cost of Power	\$191,051
CR 1588 Global Adj	(\$137,771)
CR A/P IESO	(\$53,280)

In addition to the 1598 true up, account 1588 variances are subject to estimates contained in Unbilled Revenue. The installation of smart meters will provide better information for unbilled revenue and reduce the amount of adjustments required in the future.

2. Ref: 2010 IRM Deferral Variance Account 1588 – Global Adjustment

On November 13, 2009 Board Staff prepared a submission in the Enersource EB-2009-0193 2010 IRM3 Application. The following is an excerpt from the submission in respect to Board staff concerns with the current proposal for handling the disposition of the USoA 1588 – Global Adjustment.

The EDDVAR Report as well as the Board's Decision in EB-2009-0113 adopted an allocation of the GA sub-account balance based on kWh for non RPP customers by rate class. Traditionally this allocation would then be combined with all other allocated variance account balances by rate class. The combined balance by rate class would then be divided by the volumetric billing determinants (kWh or kW) from the most recent audited year end or Board approved forecast, if available. This process hence spreads the recovery or refund of allocated account balances to all customers in the affected rate class.

This method was factored on two premises; a) that the recovery/refund of a variance unique to a subset of customers within a rate class would not be unfair to the rate class as a whole and b) that the distributors' billing systems would not be able to bill a subset of customers within a rate class, without placing a significant burden to the distributor.

For these reason the Board's original Deferral Variance Account workform was modeled on this basis. However based on Enersource's evidence, there could be material unfairness to RPP customers within the affected rate classes.

Therefore Board staff suggests that a separate rate rider be established to clear the GA sub-account balance to Non-RPP customers within rate classes.

What remains unclear to Board staff is whether Enersource's billing system could accommodate that change within a reasonable timeframe."

Board staff would like to poll Welland on the above issue.

- a) Board staff is proposing that a separate disposition rate rider be applied prospectively to Non-RPP customers for 1588 – Global Adjustment. Does Welland agree that this proposal would be fair to all customers? Why or why not?

Response:

The Provincial Benefit charge is set on a monthly basis. The RPP rates are set every six months. Welland Hydro's Customer Service Representatives spend a significant amount of time explaining to Residential Retailer customers what the Provincial Benefit charge is for and why it has increased so significantly over time. These customers are advised that the RPP rates include an amount for the Provincial Benefit. However, as the RPP rates are only set twice per year it is unclear if the Provincial Benefit portion is based on a retrospective or prospective basis and whether any true up occurs.

Welland Hydro did not clear the 1588-Global Adjustment as part of the 2009 Rate Application. As a result, this balance represents the variance since the inception of the Global Adjustment charge. As a result, it would be unfair to charge these variances to customers who have recently switched from RPP to Non-RPP.

Billing determinants for GS>50kW, Large Use, Sentinel Lights, and Street Lights are based on kW. For customers with a high demand there are significant variations in the correlation between kW and kWh which is used to bill the Provincial Benefit charge. A plant operating on a one shift basis at a 5,000 kW peak demand would pay the same global adjustment rate rider as a plant operating on a three shift basis at the same peak demand yet consuming far more kWh. Perhaps a more appropriate basis to apply the 1588-Global Adjustment rate rider to Non-RPP customers would be on kWh which reflects the basis on how the variance was created.

Below is information from Welland's Deferral and Variance module contained in Schedule E1.2 Cost Allocation Non-RPP kWh.

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<u>Rate Class</u>	<u>1588 Global Adjustment</u>	<u>% of kWh Non RPP</u>
Residential	\$ 37,240	15.5%
GS<50kW	11,467	14.4%
GS>50kW	199,393	86.2%
Large Use	71,652	100.0%
Un-metered	8	.5%
Sentinel Lighting	401	25.4%
Street Lighting	<u>6,795</u>	100.0%
	\$326,955	

As can be seen from the above table, the majority of the 1588 Global Adjustment has already been allocated to customer classes with the highest percentage of Non-RPP to total kWh. In the case of Welland Hydro, there doesn't appear to be any material unfairness to RPP customers within the affected rate classes.

As a result of the above table and the complex issues identified above, Welland Hydro respectively recommends against the use of a specific rate rider to dispose of the Global Adjustment variance account to Non-RPP customers.

- b) If the Board were to order Welland to provide such a rate rider, would Welland's billing system be capable of billing non-RPP the separate rate rider? What complications, if any, would Welland see with this rate rider?

Response:

Welland Hydro's billing system can handle such a rate rider but there are questions in regards to its use. The first question is would this rate rider be a separate line item on the bill or included with distribution charges? The use of a separate line item would lead to significant questions from Residential Retailer customers. The second point would be to ensure that the billing system used billing determinants before line losses. The current Provincial Benefit charge is based on amounts after line losses.

- c) If Welland were to be unable to bill in this fashion what would Welland consider proposing in the alternative?

Response:

Welland Hydro's current billing system can handle the proposed rate rider.

3. Ref: 2010 IRM Deferral Variance Billing Determinants

Below are the billing determinants identified on Sheet "B1.3 Rate Class and Bill Det" of the workform.

Rate Class	Billed Customers or Connections	Billed kWh	Billed kW
	A	B	C
Residential	19818	166999701	
General Service Less Than 50 kW	1717	55348528	
General Service 50 to 4,999 kW	171	160782066	440796
Large Use	1	49804199	169553
Unmetered Scattered Load	208	1072774	
Sentinel Lighting	721	1098311	2592
Street Lighting	6677	4722781	13262

- a) Please identify if these values are from the Welland 2009 Cost of Service Application or 2008 RRR reported values.

Response:

The above customer counts and volumes are from Welland's 2009 Cost of Service Rate Application EB-2008-0247.

- b) If the above are from the 2009 CoS application please provide reference to location in the application.

Response:

Please reference Exhibit A in the Draft Rate Orders filed by Welland on July 16, 2009, July 17, 2009 (Revision #1), and July 27, 2009 (Revision #2). The values included above are contained in the 2009 Test Year Cost of Power-Board Decision section of Exhibit A.

- c) If the above are from the 2008 RRR reported values, please explain why Welland has not used the 2009 CoS values.

Response:

The values above reflect the 2009 Cost of Service Rate Application.

4. Ref: 2010 IRM Deferral Variance Billing Determinants

Below are the Billed kWh for Non-RPP customers identified on Sheet "B1.3 Rate Class And Bill Det" of the workform.

Rate Class	Billed kWh for Non-RPP customers
	D
Residential	25884954
General Service Less Than 50 kW	7970188
General Service 50 to 4,999 kW	138594141
Large Use	49804199
Unmetered Scattered Load	5364
Sentinel Lighting	278971
Street Lighting	4722781

- a) Please identify if these are estimated values or actual values and specify the applicable period.

Response:

The values above are estimated.

- b) If the above values are estimated please explain why Welland is unable to determine actual.

Response:

As per the response to question 3a) above, the Rate Class Billing Determinants are based on customer counts and volumes approved by the Board in EB-2008-0247 which are estimates. During 2009 Welland lost a large user and had material changes between customer classes. As a result, the Board concluded that for the disposal of variances to December 31, 2007 it was more appropriate to use the forecasted volumes. Welland has proposed to dispose of the 2008 variances in the same manner versus the use of the actual 2008 RRR values. As a result, Welland Hydro has estimated the Non RPP kilowatt hours based on the actual percentage billed from July to August 2009. These actual percentages were then applied to the 2009 Cost of Service estimated volumes by customer class.

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- c) As discussed in question 2 above Board staff have proposed a non-RPP customer rate rider for disposition of the 1588 – Global adjustment. If accepted would Welland support using the numbers above as the most reasonable denominator to be used for rate determination.

Response:

Welland Hydro supports the use of the volumes in the table above as the most reasonable denominator to be used should the Board adapt a non-RPP customer rate rider for the disposition of 1588-Global Adjustment. However, Welland Hydro again questions the use of kW versus kWh to apply the rate rider.

- d) If Welland were to establish a separate rate rider to dispose of the balance of the 1588 – Global adjustment sub-account, does Welland believe that the rider be applied to customers in the MUSH sector? If not, would Welland have the billing capability to exclude customers in the MUSH sector if a separate rate rider were to apply for the disposition of the 1588 – Global adjustment sub-account?

Response:

Welland Hydro did not dispose of 1588-Global Adjustment in the 2009 Cost of Service Application. As a result, the amount in this account as of December 31, 2008 covers the variance since the inception of the Global Adjustment. During this period, the MUSH sector was billed as RPP customers. So in theory, they should not be charged a rate rider for the disposition of these amounts.

Welland Hydro's current billing system has the capability to exclude MUSH sector customers from the proposed separate rate rider to dispose of 1588 Global Adjustment balances.

5. Ref: 2010 IRM Deferral Variance Total Claim

Below are the Total Claim values for the EDDVAR Group One Deferral Accounts.

Regulatory Assets - Continuity Schedule Final		
Account Description	Account Number	Total Claim
LV Variance Account	1550	0
RSVA - Wholesale Market Service Charge	1580	(284,818)
RSVA - Retail Transmission Network Charge	1584	(241,443)
RSVA - Retail Transmission Connection Charge	1586	(134,976)
RSVA - Power (Excluding Global Adjustment)	1588	(270,904)
RSVA - Power (Global Adjustment Sub-account)		326,955
Recovery of Regulatory Asset Balances	1590	28,135
Disposition and recovery of Regulatory Balances Account	1595	0
Total		(577,051)

- a) Please complete the amended Deferral Variance Account Workform V4 as found on the Board's website under the 2010 Electricity Distribution Rates update December 7, 2009. Note that Board staff can assist in converting your most recent model (either the one filed with your application or a more recent version if available). Please contact your case manager to assist you if need be.

Response:

Deferral Variance Account Work Form V4 re-filed (copy attached). The new version compares balances in the model to RRR reported values for 2005 to 2008. Welland Hydro used RRR E2.1.7 for comparison purposes for all years. An explanation of differences for each year is included in Appendix B Pages 1 to 4 attached. All of the accounts for 2005 reported in the module are different from RRR values as the entries clearing RSVA balances were not made until 2006. In addition, Welland has differences in the 1590 account as a result of booking actual recoveries versus amounts included in the 2006 EDR. A further explanation of 1590 is included in the response to 5c).

Tab C1.4a Regulatory Assets Continuity Schedule 2009 has been added in Version 4. Welland used Column 3 to show the transfer of amounts approved in the 2009 Cost of Service Application EB-2008-0247. Column 4 was used to input the beginning balance as of January 1, 2009. The ending balance as of September 30, 2009 consists of 2008 variances requested for disposition and year to date 2009 variances.

- b) Please confirm if these are the final balances for disposition. If not the final balances please provide amended workform to support final balances for disposition.

Response:

Confirmed

- c) Please reconcile final balance for disposition to the 2008 year end account balance reported in the RRR filing. Please identify the source and reasons for variances.

Response:

The RRR balances at the end of December, 2008 include variances from January, 2005 to December, 2008. The 2009 Rate Application disposes of variances as at December 31, 2007. These amounts are still in the RRR balances reported as at December 31, 2008. Welland Hydro can confirm that the RRR balances reported for accounts 1580, 1584, 1586, and 1588 are correct to the amounts included in this rate application. Welland Hydro separated out the 2008 variances in Table 3 on Schedule 2 Page 7 in the application.

The amount requested for 1590 disposition does not match the RRR balances reported as at December 31, 2008. The RRR balance reported at the end of December 2008 was \$16,418 DR. Welland Hydro adjusted this balance down in 2009 to \$6,357 DR (in the customers favour) to properly reflect carrying charges. However, as noted on Page 8 of Schedule 2 in the application, Welland Hydro has been recording recoveries at actual where they should have been based on the amounts approved by the Board in the 2006 EDR. Welland Hydro completed the 2010 Deferral & Variance module based on recoveries and interest included in the 2006 EDR up to May 1, 2006. Recoveries from May, 2006 until the rate riders were removed in 2008 were recorded at actual in the model. Welland Hydro provided an analysis of the differences between the 2010 IRM Deferral & Variance Module and the current actual general ledger on Schedule 2 Page 8 of the application. There is a small difference in the interest on the principle between the model and actual. Interest in the model is based on the principle using 2006 EDR

recoveries. Actual recoveries were greater than the 2006 EDR which reduces the principle for which actual interest was calculated.

- d) Please confirm that Welland has complied with and applied correctly the Boards accounting policy and procedures for calculation of the final disposition balance. If Welland has used other practices in the calculation please explain where in the filing and why.

Response:

Confirmed

- e) Please confirm that Welland has used the simple interest calculation as required by the Board using the Boards prescribed interest rates. If Welland has used other calculations please explain where in the filing and why.

Response:

Confirmed

- f) Please confirm that Welland has complied with the requirement to apply recoveries to principal first as outlined in the 2006 Regulatory Assets Transactions document issued September 4, 2009 (included in the Updated IRM Deferral and Variance Account Work Form zip file). If Welland has not complied with this requirement please explain why not?

Response:

Confirmed

6. Ref: Manager's Summary Page 6 Smart Meter Rate Adder.

Welland has applied for an increased Smart Meter Rate Adder from \$.27 to \$1.81 per metered customer per month.

- a) Section 1.4 of Board Guideline G-2008-0002, Smart Meter Funding and Cost Recovery, specifies further filing requirements for distributors seeking the standard \$1.00 or more smart meter funding adder. In accordance with section 1.4, please provide documentation supporting that Welland is duly authorized to deploy smart meters pursuant to O.Reg. 427/06, as amended on June 25, 2008 by O.Reg. 235/08. A copy of an "Attestation of the Fairness Commissioner" would be consistent with this filing requirement.

Response:

See Exhibit A attached

7. Ref: Supplemental Module - Revenue Offsets Allocation

Sheet "C1.2 Revenue Offsets Allocation" of the supplemental module shows Informational Filing Revenue Offsets

Rate Class	Informational Filing Revenue Offsets
	A
Residential	338,526
General Service Less Than 50 kW	88,283
General Service 50 to 4,999 kW	89,921
Large Use	38,872
Unmetered Scattered Load	4,599
Sentinel Lighting	2,719
Street Lighting	18,611
	581,531

- a) Please provide reference to the 2009 Cost of Service application that identifies the above Informational Filing Revenue Offsets.

Response:

Please reference Exhibit H in the Draft Rate Orders filed by Welland on July 16, 2009, July 17, 2009 (Revision #1), and July 27, 2009 (Revision #2). The values included above are contained in the column titled Miscellaneous Revenue Allocation 2009.

HST Interrogatory

8. Harmonized Sales Tax

It is possible that the PST and GST may be harmonized effective July 1, 2010. Unlike the GST, the PST is included as an OM&A expense and is also included in capital expenditures. If the GST and PST are harmonized, corporations would see a reduction in OM&A expenses and capital expenditures.

In the event that PST and GST are harmonized effective July 1, 2010:

- a) Would Welland agree to capture in a variance account the reductions in OM&A and capital expenditures?

Response:

i) Capital Expenditures

The amount of depreciation expense included in 2009 Distribution Rates is an estimate based on forecasted capital expenditures for 2008 and 2009. In fact, only 50% of estimated depreciation expenses for 2009 (half year rule) is included in current rates. For capital expenditures, the implementation of the HST effective July 1, 2010 has no bearing on Welland Hydro's distribution rates as 2010 was not the forward test year included in rates. The difference between actual capital expenditures versus actual depreciation from 2010 to 2013 will impact Welland Hydro's Rate Base and will be included in the determination of rebased distribution rates in 2013.

ii) Expenditures

The use of a variance account to capture reductions in OM&A expenses as a result of the implementation of the HST would present many challenges for Welland Hydro and other distributors. The first challenge is the increase in the level of input required by Accounts Payable personnel. The entry for an expenditure of \$100 would be as follows under HST:

Entry #1

DR OM& A Expense	\$100
DR HST Receivable	\$13
CR A/P	(\$113)

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The use of a variance account would require the following entry:

Entry #2

DR OM & A Expense	\$108
DR HST Receivable	\$13
CR Variance Account	(\$8)
CR A/P	(\$113)

In addition, the implementation of the HST provides for certain exemptions where sales exceed \$10,000,000 annually. As a result of these exemptions, expenses such as hydro which are not currently subject to PST would actually increase distributor's costs. Would this result in the following entry for a \$100 hydro bill?

Entry #3

DR OM & A Expense	\$100
DR HST Receivable	\$5
DR Variance Account	\$8
CR A/P	(\$113)

The use of a variance account would result in significant administrative work until May, 2013 for Welland Hydro and would be subject to human error. In addition, during the next rebasing application, Welland Hydro would be required to explain the impact of the tax effect from OM&A accounts for 2010 and 2011 (which would include the PST portion) when comparing to the 2012 forecast year and 2013 forward test year (which would exclude the PST portion) unless the following entry is made for every accounts payable invoice (excluding capital expenditures) from July 2010 to April 2013:

Entry #4

DR OM & A Expense	\$100
DR HST Receivable	\$13
DR HST Expense Control Account	\$8
CR Variance Account	(\$8)
CR A/P	(\$113)

This would only increase administrative work and increase the exposure to human error. Again, capital expenditure invoices would not contribute to the variance account causing further confusion for Accounts Payable staff.

During the IRM rate setting process the Board typically does not make adjustments to rates as a result of changes in distributors OM & A and

depreciation expenses. Distributors have the option of requesting a Z Factor change but would be subject to a materiality test. Welland Hydro is of the opinion that the estimated savings resulting from the HST would not pass the materiality test. In addition, the savings from the HST might not necessarily be limited to the PST pass thru. The goal of the HST is to remove the hidden PST from the supply chain until the final customer. As a result, Welland Hydro will be contacting vendors regarding any price reductions in the base cost of supplies as a result of the HST. Welland Hydro requires these reductions to assist in meeting the stretch factors contained in the IRM process.

Reductions in Income Taxes do form part of the IRM rate setting process. These savings are split equally between the distributor and customers. Should the Board decide to create a variance account for savings as a result of the HST the savings should be split in the same manner as Income Taxes to cover additional administrative work. However, this would only increase the complexity of Entry #4 above.

- b) Are there other alternatives that the Board might consider to reflect the reductions in OM&A and capital expenditures if this bill is enacted?

Response:

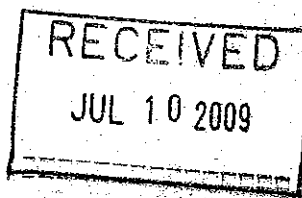
The Board could begin removing estimated PST savings from Cost of Service Rate Applications.



PRP International, Inc.

Fairness Advisory Services

June 30, 2009



Mr. Ross Peever
President and CEO
Welland Hydro Electric System Corporation
950 East Main Street, Box 280
Welland, ON L3B 5P6

Dear Mr. Peever:

Subject: Confirmation of the Fairness Commissioner
Welland Hydro Electric System Corporation
- KTI/Sensus Limited Contract Award
Advanced Metering Infrastructure RFP, August 2007
London Hydro & Consortium of LDCs Smartmetering Project

PRP International, Inc. is pleased to submit its Confirming Letter of the Fairness Commissioner for the noted negotiations and contracting phase of the LH AMI Request for Proposal (RFP) procurement. This judgment is being provided for the information and use of Welland Hydro Electric System Corporation ("WHESC"), in its administration of the contract awarded to its #1 ranked Proponent, KTI/Sensus Limited.

"It is the judgment of PRP International, Inc., as the Fairness Commissioner engaged by WHESC for the phase of negotiations and contract award pursuant to the Fairness Protocols issued August 2008, that the successful conclusion of negotiations and contract between Welland Hydro Electric System Corporation and KTI/Sensus Limited, were undertaken in accordance with the principle for such negotiations and contract award set out in the RFP, issued August 14, 2007."

A backgrounder and summary of the Fairness Protocols is attached and forms part of this Confirming Letter.

Yours truly,

Peter Sorensen
President

Attachment: Negotiations and Contract Phase Backgrounder

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BACKGROUNDER TO FAIRNESS CONFIRMATION / ATTESTATION

Advanced Metering Infrastructure Procurement

TO WHOM IT MAY CONCERN:

Background:

- A Request for Proposal procurement transaction was conducted by London Hydro Inc., as the lead sponsoring Local Distribution Company (LDC) and with a consortia of another 63 LDCs, during the period August 2007 to July, 2008;
- The evaluation and selection phase of the RFP provided for the determination of the #1 and #2 ranked Proponents for each LDC;
- RFP Provision 7.5.14¹ provides the framework (principle) for negotiations and contracting based on the principle of "first right to negotiation and execution of a contract" being accorded to the ranked order of Proponents commencing with the highest ranked Proponent and proceeding in a consecutive order thereafter; and
- Each LDC was provided the evaluation results for their #1 and #2 ranked Proponents supported by the Attestation Letter of the Fairness Commissioner as to those rankings.

Fairness Coverage Objective:

Normally, fairness coverage terminates with the determination of the ranked Proponents following the evaluation and selection phase of the RFP; however, certain LDCs expressed a wish to secure additional fairness coverage during the subsequent phase of negotiations and contract award. The objective for this second phase fairness coverage is to assure that LDCs undertook a phase of negotiations and contracting that meets the RFP provisions of consecutive negotiations where required, e.g. with their top two ranked Proponents and in the event of unsuccessful negotiations with the #1 ranked Proponent, a subsequent contract award to the next ranked Proponent would be on an equitable basis as was the requirements in the negotiations with the #1 ranked Proponent.

7.5.14 Final Contract Negotiations

Any conditions and provisions that a bidder seeks shall be a part of this proposal. Notwithstanding, nothing herein shall be interpreted to prohibit London Hydro from introducing or modifying contract terms and conditions during negotiation of the final contract.

London Hydro has scheduled no more than two weeks for contract negotiations (if necessary), and expects the successful bidder to maintain a prompt and responsive negotiation to accomplish and complete final contract agreement within that time period. If contract negotiations exceed an interval acceptable to London Hydro, London Hydro retains the option to terminate negotiations and continue to the next apparent successful bidder, at the sole discretion of London Hydro. Said interval shall in no event be less than three weeks.

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BACKGROUNDER TO FAIRNESS CONFIRMATION / ATTESTATION

Advanced Metering Infrastructure Procurement

Fairness Protocols:

- A Fairness Protocol was developed and issued to all LDCs, in August 2008 that set forth the best practices for fair consecutive-based negotiations and contract award.
 - The fundamental principle of the Protocol was the requirement for the LDC to establish the negotiations agenda for their top ranked Proponents and submit a copy to the Fairness Commissioner prior to engagement of their #1 ranked Proponent, i.e. the agenda would demonstrate a common statement of work, a LDC standard for pass/fail in their negotiations and the negotiation issues would only differ to the extent of the respective Proponent's technical solution being offered.

Form of Fairness Confirmation / Attestation²:

1. A confirmation of fair negotiations and contract award would be issued if the LDC's #1 ranked Proponent was awarded a contract; the original Attestation Letter remains in effect.
2. An Attestation of fair negotiations and contract award would be issued if the LDC determined that their #1 Proponent was to be set aside and the LDC successfully contracted with their next ranked Proponent, e.g. their #2; the original Attestation Letter is thus superseded by the Negotiations and Contract Award Attestation Letter.

Local Distribution Company:

Welland Hydro Electric System Corporation

Mr. Ross Peever
President and CEO
Welland Hydro Electric System Corporation
950 East Main Street, Box 280
Welland, ON L3B 5P6

² Conditions on the rendering of this Confirmation / Attestation.

- The two Negotiations Agenda were provided by WHESC, via its agent Util-Assist;
- Fairness Commissioner undertook no direct participation or oversight in the negotiations between WHESC and their #1 ranked Proponent;
- The successful contract award was based on the WHESC criteria and no independent analysis nor any comparison with the evaluation results of the RFP process was carried out by the Fairness Commissioner; and
- The confirmation of the Fairness Commissioner was based on the progress report(s) provided by WHESC, via its agent Util-Assist.

Welland Hydro Electric-System Corp
 Reconciliation IRM Deferral & Variance Workform versus RRR Reporting
 As at December 31, 2005

Account	Balance Workform	Balance E2.1.7 RRR	Difference	Principal Dec 31/04	Interest to Dec 31/04	Interest to Dec 31/05	Total	
Wholesale Market	1580	335,853	1,249,588	-913,735	770,612	87,254	55,869	913,735
RTR-Network	1584	134,697	589,237	-454,540	386,753	39,748	28,040	454,541
RTR-Connection	1586	49,211	233,024	-183,813	148,599	24,440	10,773	183,812
RSVA-Power	1588	470,263	633,899	-163,636	80,703	77,081	5,851	163,635
RSVA-Global	1588	-952,094	-952,094	0				
Recovery Reg Assets	1590	0	-1,338,412	1,338,412				
					Represents Recovery & Interest Only DR Balances in RSVA accounts not transferred until 2006			

Represents Recovery & Interest Only
 DR Balances in RSVA accounts not transferred until 2006

Welland Hydro Electric-System Corp
Reconciliation IRM Deferral & Variance Workform versus RRR Reporting
As at December 31, 2006

Account	Balance Workform	Balance E2.1.7 RRR	Difference	Explanation
Wholesale Market 1580	-277,461	-277,460	-1	Rounding
RTR-Network 1584	324,448	324,447	1	Rounding
RTR-Connection 1586	96,958	96,960	-2	Rounding
RSVA-Power 1588	-1,171,798	-1,171,798	0	OK
RSVA-Global 1588	-362,833	-362,833	0	OK
Recovery Reg Assets 1590	1,266,284	1,263,521	2,763	see below

Analysis of 1590	Balance Workform	Balance E2.1.7 RRR	Difference
Principal & Interest to Recover Apr 30/06	1,679,972	1,659,184	20,788 (Actual Recoveries vs 2006 EDR)
Actual Recoveries (May/06 to Dec/06)	-440,872	-440,872	0 (Both Workform & RRR Reflect Actual Recovery)
Interest on Principle (May/06 to Dec/06)	27,184	45,209	-18,025 (Actual was overlooked correcting entries made in 2007 & 2009)
Balance 1590 Principle & Interest	1,266,284	1,263,521	2,763

Welland Hydro Electric-System Corp
 Reconciliation IRM Deferral & Variance Workform versus RRR Reporting
 As at December 31, 2007

Account	Balance Workform	Balance E2.1.7 RRR	Difference	Explanation
Wholesale Market 1580	-884,524	-884,524	0	OK
RTR-Network 1584	424,202	424,201	1	Rounding
RTR-Connection 1586	185,527	185,529	-2	Rounding
RSVA-Power 1588	-922,422	-922,422	0	OK
RSVA-Global 1588	-59,086	-59,086	0	OK
Recovery Reg Assets 1590	419,950	405,649	14,301	see below

Analysis of 1590	Balance Workform	Balance E2.1.7 RRR	Difference
Principal & Interest to Recover Apr 30/06	1,679,972	1,659,184	20,788 (Actual Recoveries vs 2006 EDR)
Actual Recoveries (May/06 to Dec/07)	-1,298,859	-1,298,859	0 (Both Workform & RRR Reflect Actual Recovery)
Interest on Principle (May/06 to Dec/07)	38,837	45,324	-6,487 (Actual was overbooked correcting entries made in 2009)
Balance 1590 Principle & Interest	419,950	405,649	14,301

Welland Hydro Electric-System Corp
Reconciliation IRM Deferral & Variance Workform versus RRR Reporting
As at December 31, 2008

<u>Account</u>	<u>Balance Workform</u>	<u>Balance E2.1.7 RRR</u>	<u>Difference</u>	<u>Explanation</u>
Wholesale Market 1580	-1,200,281	-1,200,281	0	OK
RTR-Network 1584	201,429	201,427	2	Rounding
RTR-Connection 1586	59,230	59,232	-2	Rounding
RSVA-Power 1588	-1,225,669	-1,225,669	0	OK
RSVA-Global 1588	322,284	322,284	0	OK
Recovery Reg Assets 1590	28,135	16,418	11,717	see below

<u>Analysis of 1590</u>	<u>Balance Workform</u>	<u>Balance E2.1.7 RRR</u>	<u>Difference</u>
Principal & Interest to Recover Apr 30/06	1,679,972	1,659,184	20,788 (Actual Recoveries vs 2006 EDR)
Actual Recoveries (May/06 to Dec/08)	-1,690,674	-1,690,674	0 (Both Workform & RRR Reflect Actual Recovery)
Interest on Principle (May/06 to Dec/08)	<u>38,837</u>	<u>47,908</u>	<u>-9,071</u> (Actual was overlooked correcting entries made in 2009)
Balance 1590 Principle & Interest	28,135	16,418	11,717



Ontario

Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

LDC Information

Applicant Name	Welland Hydro-Electric System Corp.
OEB Application Number	EB-2009-0252
LDC Licence Number	ED-2003-0002
Applied for Effective Date	May 1, 2010



Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

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<u>F1.1 Calculation Rate Rider</u>	Calculation of Regulatory Asset Recovery Rate Rider
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Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

2006 Regulatory Asset Recovery

Account Description	Account Number	Principal Amounts as of Dec-31 2004 A	Hydro One charges (if applicable) to Dec-31-05 B	Hydro One charges (if applicable) Jan 1 06 to Apr 30-06 C	Transition Cost Adjustment D	Principal Amount E = A + B + C + D	Interest to Dec-31- 04 F	Interest per 2006 Reg Assets G = H - F - E	Total Claim and Recoveries per 2006 Reg Assets H	Transfer of Board- approved amounts to 1990 as per 2006 EDR I = E	Transfer of Board- approved interest to 1990 as per 2006 EDR J = (F + G)
RSVA - Wholesale Market Service Charge	1500	770,812				770,812	87,254	74,492	932,358	(770,812)	(161,748)
RSVA - One-Minute Wholesale Market Service	1502	48,108				48,108	2,690	4,747	56,546	(48,108)	(7,437)
RSVA - Retail Transmission Network Charge	1504	398,753				398,753	38,748	37,386	483,887	(398,753)	(77,134)
RSVA - Retail Transmission Connection Charge	1506	148,599				148,599	24,440	14,364	187,403	(148,599)	(38,804)
Sub-Totals		1,435,912	0	0		1,435,912	231,213	7,602	1,655,596	(1,435,786)	(219,813)
Other Regulatory Assets	1508	11,653				11,653	37	894	12,594	(11,653)	(941)
Retail Cost Variance Account - Retail	1518							0	0	0	0
Retail Cost Variance Account - STR	1548							0	0	0	0
Pre-Market Operating Energy Valuations	1525	17,642				17,642	2,367	1,725	21,934	(17,642)	(4,292)
Pre-Market Operating Energy Valuations Total	1571	968,760				968,760	89,367	93,743	1,132,890	(968,760)	(164,130)
Deferred Rate Impact Amounts	1572							0	0	0	0
Other Deferred Credits	1574							0	0	0	0
Sub-Totals		988,285	0	0		988,285	71,791	98,382	1,107,418	(988,285)	(116,867)
Qualifying Transition Costs	1570	439,917				439,917	74,419	0	514,336	(439,917)	(74,419)
Transition Cost Adjustment	1570				(51,433)	(51,433)		0	(51,433)	51,433	0
Sub-Totals		439,917	0			388,484	74,419	0	462,903	(388,484)	(74,419)
Total Regulatory Assets		2,874,959	0	0		2,823,525	377,423	235,153	3,436,101	(2,823,525)	(612,576)
Total Recoveries to April 30-06									1,756,129	(1,756,129)	0
Balance to be collected or refunded									1,678,972	(1,678,972)	(612,576)

2. New Riders Calculation
2. New Riders Calculation



Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

2006 Regulatory Asset Recovery Proportionate Share

Rate Class	Total Claim	% Total Claim
Residential	1,524,049	44.4%
GS < 50 KW	425,635	12.4%
GS > 50 Non TOU	1,005,435	29.3%
GS > 50 TOU		0.0%
Intermediate		0.0%
Large Users	454,617	13.2%
Small Scattered Load		0.0%
Sentinel Lighting	9,072	0.3%
Street Lighting	17,295	0.5%
Total	3,436,103	100.0%

2. Rate Riders Calculation

Row 29



Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

Rate Class and 2008 Billing Determinants

2008					
Rate Group	Rate Class	Fixed Metric	Vol Metric	Billed Customers or Connections	
				A	B
RES	Residential	Customer	kWh	19,818	166,999,701
GSL T50	General Service Less Than 50 kW	Customer	kWh	1,717	55,348,528
GSG T50	General Service 50 to 4,999 kW	Customer	kW	171	160,782,066
LU	Large Use	Customer	kW	1	49,804,199
USL	Unmetered Scattered Load	Connection	kWh	208	1,072,774
Sen	Sentinel Lighting	Connection	kW	721	1,098,311
SL	Street Lighting	Connection	kW	6,677	4,722,781
NA	Rate Class 8	NA	NA		
NA	Rate Class 9	NA	NA		
NA	Rate Class 10	NA	NA		
NA	Rate Class 11	NA	NA		
NA	Rate Class 12	NA	NA		
NA	Rate Class 13	NA	NA		
NA	Rate Class 14	NA	NA		
NA	Rate Class 15	NA	NA		
NA	Rate Class 16	NA	NA		
NA	Rate Class 17	NA	NA		
NA	Rate Class 18	NA	NA		
NA	Rate Class 19	NA	NA		
NA	Rate Class 20	NA	NA		
NA	Rate Class 21	NA	NA		
NA	Rate Class 22	NA	NA		
NA	Rate Class 23	NA	NA		
NA	Rate Class 24	NA	NA		
NA	Rate Class 25	NA	NA		
Billed kWh for Non-RPP customers				D	
					25,884,954
					7,970,188
					138,594,141
					49,804,199
					5,364
					278,971
					4,722,781
Billed kWh				C	
					440,796
					169,553
					2,592
					13,292
1590 Recovery Share Proportion 1				E	
					44.4%
					12.4%
					29.3%
					13.2%
					0.0%
					0.3%
					0.5%
1595 Recovery Share Proportion 1				F	
					0.0%

1 Residual Account balance to be allocated to rate classes in proportion to the recovery share as established when rate riders were implemented.



Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

Regulatory Assets - Continuity Schedule 2006

Account Description	Account Number	Opening Principal Amounts as of Jan-1 08 1	Low Voltage and Recoveries per 2006 Reg Asset	Transition Cost Adjustment	Transfer of Board-approved amounts to 1590 as per 2006 EDR	Closing Principal Balance as of May-1-06	Opening Interest Amounts as of Jan-1 08 1	Interest per 2006 Reg Asset	Recoveries per 2006 Reg Asset	Transfer of Board-approved amounts to 1590 as per 2006 EDR	Closing Interest Amounts as of May-1-06
LV Variance Account	1550										0
RSVA - Wholesale Market Service Charge	1580	770,612	0		(770,612)	0	87,254	74,492		(161,746)	0
RSVA - Retail Transmission Network Charge	1584	388,753	0		(388,753)	0	35,748	37,386		(77,134)	0
RSVA - Retail Transmission Connection Charge	1586	148,559	0		(148,559)	0	24,440	14,384		(38,804)	0
RSVA - Power (Excluding Global Adjustment)	1588	80,703			(80,703)	0	77,081	7,802		(64,883)	0
RSVA - Power (Global Adjustment Sub-account)						0					0
Recovery of Regulatory Asset Balances	1590		(1,756,129)		2,823,525	1,067,396			0	612,576	612,576
Disposition and recovery of Regulatory Balances Account	1595										
Sub-Total		1,386,667	(1,756,129)		1,436,858	1,067,396	226,523	134,044	0	250,009	612,576
RSVA - One-line Wholesale Market Service	1582	48,109	0		(48,109)	0	2,650	4,747		(7,437)	0
Other Regulatory Assets	1509										0
Retail Cost Variance Account - Retail	1518	11,563	0		(11,563)	0	37	894		(931)	0
Retail Cost Variance Account - STR	1546	0	0		0	0	0	0		0	0
Misc. Deferred Debits - incl. Rebate Cheques	1525	17,842	0		(17,842)	0	2,387	1,726		(4,092)	0
Pre-Market Opening Energy Variances Total	1571	965,760	0		(965,760)	0	69,387	93,743		(163,133)	0
Eco-Ordinary Event Losses	1572	0	0		0	0	0	0		0	0
Deferred Rate Impact Amounts	1574	0	0		0	0	0	0		0	0
Other Deferred Credits	2465	0	0		0	0	0	0		0	0
Qualifying Transition Costs	1570	439,917	0		(439,917)	0	74,419	0		(74,419)	0
Transition Cost Adjustment	1570			(51,433)	51,433	0					0
Total		2,874,958	(1,756,129)	(51,433)	0	1,067,396	377,423	235,153	0	0	612,576



Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

Regulatory Assets - Continuity Schedule 2005

Account Description	Account Number	Opening Principal Amount as of Jan-1 05 ¹	Transactions (additions) during 2005, excluding interest and adjustments ²	Transactions (reductions) during 2005, excluding interest and adjustments ³	Adjustments during 2005 - instructed by Board ⁴	Adjustments during 2005 - other ⁵	Closing Principal Balance as of Dec-31-05	Opening Interest Amount as of Jan-1 05 ¹	Interest Recovery Transactions during 2005	Interest Jan-1 to Dec-31-05	Closing Interest Amount as of Dec-31-05	Total Closing Amount as of Dec-31-05	PRR Filing Amount as of Dec-31-05	Difference C = A - B
LV Variance Account	1550	0					0				0	0	0	0
RSVA - Wholesale Market Service Charge	1550	333,550	333,550				333,550	2,303		2,303	2,303	335,853	1,549,668	(813,715)
RSVA - Retail Transmission Network Charge	1554	133,834	133,834				133,834	1,083		1,083	1,083	134,917	589,270	(454,353)
RSVA - Retail Transmission Connection Charge	1555	46,725	46,725				46,725	486		486	486	47,211	233,074	(185,813)
RSVA - Power (Excluding Global Adjustment)	1558	485,084	485,084	(948,121)			485,084	2,179		2,179	2,179	470,263	833,699	(163,436)
RSVA - Power (Global Adjustment Sub-account)	1558							(2,973)		(2,973)		(852,094)		0
Recovery of Regulatory Asset Balances	1550										0	0	(1,338,413)	1,338,413
Disposition and recovery of Regulatory Balances Account	1555													
Total		0	983,953	(948,121)	0	0	34,872	3,059	0	3,059	3,059	37,930	419,242	(377,312)

¹ For RSVA accounts only, report the net additions to the account during the year. For all other accounts, report the additions and reductions separately.

² Provide supporting statement indicating whether due to credit of costs in 2005 ESR by the Board.

³ Provide supporting statement indicating nature of this adjustment and period they relate to.

⁴ Opening balances assumed to be zero as a result of depletion of Customer 2004 balances entered in 2006 Regulatory Asset process.



Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-022
Effective Date: January 01, 2010

Regulatory Assets - Continuity Schedule 2006

Account Description	Account Number	Opening Principal Amounts as of Jan-1 '06	Transactions (additions) during 2006, excluding adjustments 1	Transactions (reductions) during 2006, including adjustments 1	Adjustments during 2006 - introduced by Board 2	Transfer of Balance to 1999 as per 2006 EDR	Closing Principal Balance as of Dec-31 '06	Opening Interest Amounts as of Jan-1 '06	Interest Adjustments during 2006	Interest Income Jan-1 to Dec-31 '06	Transfer of Balance to 1999 as per 2006 EDR	Closing Interest Amounts as of Dec-31 '06	Total Closing Amounts as of Dec-31 '06	RER Ruling Amounts as of Dec-31 '06	Difference C = A - B
LT Variance Account	1500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RSVA - Wholesale Market Service Charge	1501	531,550	171,171	(250,125)	0	0	452,596	2,300	0	0	0	2,300	(277,461)	(277,460)	(1)
RSVA - Retail Transmission Connection Charge	1506	133,024	42,553	0	0	0	175,577	1,400	0	0	0	1,400	90,938	90,900	(38)
RSVA - Retail Transmission Connection Charge	1506	48,725	42,553	0	0	0	91,278	488	0	0	0	488	90,938	90,900	(38)
RSVA - Power (Including Global Adjustment)	1508	448,094	617,417	(1,844,402)	0	0	1,221,109	2,170	0	0	0	2,170	(1,111,945)	(1,111,900)	(45)
RSVA - Power (Global Adjustment Sub-account)	1508	(846,121)	617,417	(1,844,402)	0	0	(1,074,704)	(2,073)	0	0	0	(2,073)	(842,803)	(842,803)	0
Recovery of Regulatory Asset Expenses	1509	0	640,871	0	0	0	640,871	0	0	0	0	0	1,265,284	1,265,321	37
Depositor and Recovery of Regulatory Balances Account	1505	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		24,872	997,271	(1,861,521)	0	0	175,926	3,655	0	0	0	3,655	(128,402)	(128,402)	0

1 For RSVA accounts only, report the net additions to the account during the year. For all other accounts, report the additions and reductions separately.

2 Provides supporting evidence to the Board Decision, CHC Order, etc.

3 Provides supporting statement including nature of the adjustments and periods they relate to.



Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

Regulatory Assets - Continuity Schedule 2007

Account Description	Account Number	Opening Principal Amounts as of Jan-1 07	Transactions (additions) during 2007, excluding adjustments 1	Transactions (reductions) during 2007, excluding adjustments 1	Adjustments during 2007 - reinstated by Board 2	Adjustments during 2007 - other 3	Closing Principal Balance as of Dec-31-07	Opening Interest Amounts as of Jan-1 07	Interest Recovery Transactions during 2007	Interest Jan-1 to Dec-31-07	Closing Interest Amounts as of Dec-31-07	Total Closing Amounts as of Dec-31-07	RPE Filing Amount as of Dec-31-07	Difference C = A - B
LV Variance Account	1590	0					0	0				0		0
RSVA - Wholesale Market Service Charge	1591	626,873					626,873	6,112		(25,465)	(19,353)	(84,624)	(84,624)	0
RSVA - Retail Transmission Service Charge	1592	310,805	81,797				392,602	1,872		1,872	1,872	18,529	18,529	0
RSVA - Retail Transmission Connection Charge	1595	82,280	82,699				164,979	4,876		3,970	10,846	185,529	185,529	(7)
RSVA - Power (Excluding Global Adjustment)	1598	(1,161,316)	278,159				(883,157)	9,520		(28,792)	(19,272)	(822,422)	(822,422)	0
RSVA - Power (Global Adjustment Sub-account)	1599	(331,704)	313,076				(18,628)	(31,129)		(8,331)	(40,460)	(59,086)	(59,086)	0
Recovery of Regulatory Asset Balances	1590	626,524		626,524			1,253,048	639,760	(231,463)	11,853	419,550	419,550	419,550	14,301
Disposition and recovery of Regulatory Balances Account	1595													
Total		(769,596)	755,742	(1,208,142)	0	0	(1,222,396)	645,594	(231,463)	(28,938)	(385,033)	(838,353)	(838,353)	14,301

1 For RSVA accounts only, report the net additions to the account during the year. For all other accounts, report the additions and reductions separately.

2 For RSVA accounts only, report the net additions to the account during the year. For all other accounts, report the additions and reductions separately.

3 Provide supporting statement indicating nature of the adjustments and period they relate to



Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-2252
Effective Date: Saturday, May 01, 2010

Regulatory Assets - Continuity Schedule 2008

Account Description	Account Number	Opening Principal Amount as of Jan 1, 08	Transactions (Interest) during 2008 and during 2008 interest and adjustments 1	Adjustments during 2008, instructed by Board 2	Adjustments during 2008 - other 3	Transfer of Board-approved 2008 amounts to 1999 (2008 copy)	Closing Principal Balance as of Dec 31, 08	Closing Interest Amounts as of Dec 31, 08	Interest Jan 1 to Dec 31, 08	Transfer of Board-approved 2008 amounts to 1999 (2008 copy)	Interest Recovery Transactions ending 2008	Closing Interest Amounts as of Dec 31, 08	Total Closing Amounts as of Dec 31, 08	RRI Filing Amount as of Dec 31, 08	Difference C = A - B
LV Meter Account	1550	0					0	0				0	0		0
RSVA - Wholesale Market Sewer Charge	1550	(665,191)	(275,522)				(1,143,843)	(56,433)	(64,102)			(56,433)	(1,200,281)	(1,200,281)	0
RSVA - Retail Transmission Network Charge	1554	322,602	(723,397)				(400,795)	14,528	14,528			14,528	59,230	59,230	0
RSVA - Retail Transmission Connection Charge	1556	374,978	(120,919)				254,059	14,528	14,528			14,528	59,230	59,230	0
RSVA - Power (Blanketing Global Adjustment)	1558	(800,100)	(274,674)				(1,074,774)	(67,845)	(28,573)			(67,845)	(1,143,317)	(1,143,317)	0
RSVA - Power (Global Adjustment Sub-account)	1559	(18,038)	(374,611)				(392,649)	(63,601)	8,559			(63,601)	(384,090)	(384,090)	0
Recovery of Regulatory Asset Balances	1560	0					0	28,135				28,135	28,135	28,135	28,135
Depositor and Recovery of Regulatory Balances Account	1565	(1,227,386)	(374,611)				(1,601,997)	(157,815)	(40,514)			(157,815)	(1,759,812)	(1,759,812)	0
Total															

1 For RSVA accounts only, report the net additions to the amount during the year. For all other accounts, report the additions and reductions separately.

2 Provide supporting evidence i.e. Board Decision, CRC Order, etc.

3 Provide supporting statement indicating nature of this adjustments and periods they relate to

4 This records the values of amounts removed from Group One accounts in previous proceedings, but does not enter effects for disposition of 1999, as recovery has not been completed.

Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

Regulatory Assets - Continuity Schedule 2009 - 1588 Power Account Only

Account Description	Account Number	Transactions (additions) during 2009, excluding interest and adjustments ¹	Transactions (reductions) during 2009, excluding interest and adjustments ¹	Adjustments during 2009 - instructed by Board ²	Adjustments during 2009 - other ³	Closing Principal Balance as of Sep-30-09
LV Variance Account	1550					
RSVA - Wholesale Market Service Charge	1580					
RSVA - Retail Transmission Network Charge	1584					
RSVA - Retail Transmission Connection Charge	1586					
RSVA - Power (Excluding Global Adjustment)	1588		(608,102)	903,150	(1,177,824)	(882,776)
RSVA - Power (Global Adjustment Sub-account)		396,259		0	356,186	752,445
Recovery of Regulatory Asset Balances	1590					
Disposition and recovery of Regulatory Balances Account	1595					
Total		396,259	(608,102)	903,150	(821,638)	(130,331)

¹ For RSVA accounts only, report the net additions to the account during the year. For all other accounts, record the additions and reductions separately.

² Provide supporting evidence i.e. Board Decision, CRO Order, etc.

³ Provide supporting statement indicating nature of this adjustments and periods they relate to

⁴ This records the values of amounts removed from Group One accounts in previous proceedings; but does not enter offsets for disposition of 1590, as recovery has not been completed.



Name of LDC: Wolland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

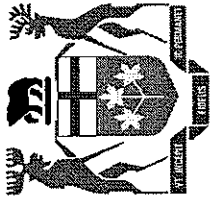
Regulatory Assets - Continuity Schedule Final

Account Description	Account Number	Opening Principal Amounts as of Jan-1 09 or Oct-01-09	Global Adjustment Reconciliation	Transfer of Board-approved 2007 amounts to 1995 (2009 COS)	Principal Amounts to be disposed	E = A + B + C + D	Opening Interest Amounts as of Jan-1-09	Global Adjustment Reconciliation	Interest on Board-approved 2007 transfer Jan-1, 2009 to Date of Transfer	Transfer of Board-approved 2007 Interest amounts to 1995 (2009 COS)	Projected Interest on Dec 31 -08 balance from 2008 to Dec 31, 2009	Projected Interest on Dec 31 -09 balance 2010 to April 30, 2010	Interest Amounts to be disposed	N = E + M	Total Claim
LV Variance Account	1550	0			0	0	0							0	0
RSVA - Wholesale Market Samba Charge	1580	(1,143,843)		868,191	(275,652)	(275,652)	(66,436)		(7,090)	57,977	(3,117)	(498)	(9,166)	(284,816)	(284,816)
RSVA - Retail Transmission Network Charge	1584	160,405		(392,802)	(232,397)	(232,397)	41,024		3,206	(60,431)	(2,625)	(420)	(9,245)	(241,443)	(241,443)
RSVA - Retail Transmission Connection Charge	1586	44,301		(174,880)	(130,579)	(130,579)	14,929		1,429	(18,942)	(1,478)	(236)	(4,288)	(134,377)	(134,377)
RSVA - Power (Excluding Global Adjustment)	1588	(1,177,824)		903,150	(274,674)	(274,674)	(47,846)		(7,376)	62,583	(3,106)	(497)	(3,769)	(370,691)	(370,691)
RSVA - Power (Global Adjustment Sub-account)		356,185			356,185	356,185	(33,501)				4,027	644	(29,233)	326,555	326,555
Recovery of Regulatory Asset Balances	1590	0			0	0	28,135							28,135	28,135
Disposition and recovery of Regulatory Balances Account	1595	(1,750,776)		1,203,759	(547,017)	(547,017)	(54,096)		(9,831)	51,197	(6,239)	(1,507)	(20,035)	(977,053)	(977,053)
Total			0					0							

¹ Interest projected on December 31, 2008 closing principal balance

Month	Prescribed Rate	Monthly Interest
Saturday, January 31, 2009	2.45	0.2081
Saturday, February 28, 2009	2.45	0.1819
Wednesday, March 31, 2009	2.45	0.2393
Thursday, April 30, 2009	2.45	0.2393
Friday, May 31, 2009	1.00	0.0922
Saturday, June 30, 2009	1.00	0.0949
Monday, July 31, 2009	1.00	0.0922
Monday, August 31, 2009	0.55	0.0467
Wednesday, September 30, 2009	0.55	0.0467
Saturday, October 31, 2009	0.55	0.0452
Monday, November 30, 2009	0.55	0.0467
Thursday, December 31, 2009	0.55	0.0452
Effective Rate		1.1307

Month	Prescribed Rate	Monthly Interest
Sunday, January 31, 2010	0.55	0.0452
Sunday, February 28, 2010	0.55	0.0423
Wednesday, March 31, 2010	0.55	0.0467
Friday, April 30, 2010	0.55	0.0452
Effective Rate		0.1608



Ontario

Name of LDC: Welland Hydro-Electric System
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

Threshold Test

Rate Class	Billed kWh B
Residential	166,999,701
General Service Less Than 50 kW	55,348,528
General Service 50 to 4,999 kW	160,782,066
Large Use	49,804,199
Unmetered Scattered Load	1,072,774
Sentinel Lighting	1,098,311
Street Lighting	4,722,781
	<hr/> 439,828,360
Total Claim	(577,053)
Total Claim per kWh	- 0.001312

D1.1 Threshold Test

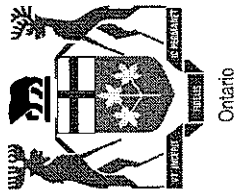


Name of LDC: Welland Hydro-Electric System Corp.
 File Number: EB-2009-0252
 Effective Date: Saturday, May 01, 2010

Cost Allocation - kWh

Rate Class	Billed kWh	% kWh	1550	1580	1584	1586	1588 ¹	Total
Residential	166,999,701	38.0%	0	(108,143)	(91,674)	(51,250)	(102,861)	(353,928)
General Service Less Than 50 kW	55,348,528	12.6%	0	(35,842)	(30,383)	(16,986)	(34,091)	(117,302)
General Service 50 to 4,999 kW	160,782,066	36.6%	0	(104,117)	(88,261)	(49,342)	(99,031)	(340,751)
Large Use	49,804,199	11.3%	0	(32,252)	(27,340)	(15,284)	(30,676)	(105,552)
Unmetered Scattered Load	1,072,774	0.2%	0	(695)	(589)	(329)	(661)	(2,274)
Sentinel Lighting	1,098,311	0.2%	0	(711)	(603)	(337)	(676)	(2,328)
Street Lighting	4,722,781	1.1%	0	(3,058)	(2,593)	(1,449)	(2,909)	(10,009)
	439,828,360	100.0%	0	(284,818)	(241,443)	(134,977)	(270,905)	(932,143)

¹ RSA - Power (Excluding Global Adjustment)



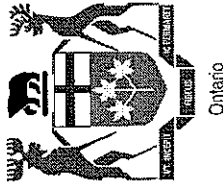
Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

Cost Allocation - Non-RPP kWh

Rate Class	Non-RPP kWh	% kWh	1588 ¹
Residential	25,884,954	11.4%	37,240
General Service Less Than 50 kW	7,970,188	3.5%	11,467
General Service 50 to 4,999 kW	138,594,141	61.0%	199,392
Large Use	49,804,199	21.9%	71,652
Unmetered Scattered Load	5,364	0.0%	8
Sentinel Lighting	278,971	0.1%	401
Street Lighting	4,722,781	2.1%	6,795
	227,260,598	100.0%	326,955

¹ RSVA - Power (Global Adjustment Sub-account)

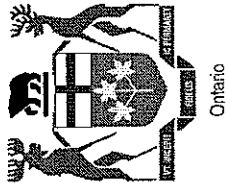
E1.2 Cost Allocation Non-RPPkWh



Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

Cost Allocation - 1590

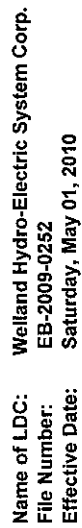
Rate Class	1590 Recovery Share Proportion	1590
Residential	44.4%	12,478
General Service Less Than 50 kW	12.4%	3,486
General Service 50 to 4,999 kW	29.3%	8,232
Large Use	13.2%	3,722
Unmetered Scattered Load	0.0%	0
Sentinel Lighting	0.3%	73
Street Lighting	0.5%	141
	100.0%	28,135
		3



Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

Cost Allocation - 1595

Rate Class	1595 Recovery Share Proportion	1595
Residential	0.0%	0
General Service Less Than 50 kW	0.0%	0
General Service 50 to 4,999 kW	0.0%	0
Large Use	0.0%	0
Unmetered Scattered Load	0.0%	0
Sentinel Lighting	0.0%	0
Street Lighting	0.0%	0
	0.0%	0



Rate Rider Recovery Period - Years

Monday, April 30, 2012

Enter the above value onto Sheet "J2.1 Deferral/Account Rate Rider" of the 2010 OEB IRM2 Rate Generator



Name of LDC: Welland Hydro-Electric System Corp.
File Number: EB-2009-0252
Effective Date: Saturday, May 01, 2010

Request for Clearance of Deferral and Variance Accounts

Account Description	Account Number	Principal Amounts A	Interest Amounts B	Total Claim C = A + B
LV Variance Account	1550	0	0	0
RSVA - Wholesale Market Service Charge	1580	275,852	9,166	284,818
RSVA - Retail Transmission Network Charge	1584	232,197	9,246	241,443
RSVA - Retail Transmission Connection Charge	1586	130,679	4,298	134,977
RSVA - Power (Excluding Global Adjustment)	1588	274,674	(3,769)	270,905
RSVA - Power (Global Adjustment Sub-account)	1588	(356,185)	29,230	(326,955)
Recovery of Regulatory Asset Balances	1590	0	(28,135)	(28,135)
Disposition and recovery of Regulatory Balances Account	1595	(557,017)	(20,036)	(577,053)
Total		0	0	0