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January 7, 2008

Delivered by Courier and E-mail

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

Dear Ms. Walli:

Re: Board File No.: EB-2007-0663
Welland Hydro-Electric System Corp. 2007 Electricity Distribution Rate
Application – Draft Rate Order and Tariff of Rates and Charges

We are counsel to Welland Hydro-Electric System Corp. (“Welland Hydro”) with respect to the above-captioned matter. Pursuant to the Board’s Decision and Order (the “Decision”) issued on December 24, 2007, please find accompanying this letter 2 copies of Welland Hydro’s Draft Rate Order and Tariff of Rates and Charges, together with an electronic version of same. Mr. Armstrong, of Welland Hydro, will also be submitting an electronic copy through the Board’s web portal pursuant to its E-Filing Guidelines. Also in accordance with the Decision, a copy of this letter and the accompanying material is being forwarded to counsel to the School Energy Coalition.

Should you have any questions or require further information, please do not hesitate to contact me.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Original Signed by James C. Sidlofsky

James C. Sidlofsky
JCS/dp

Encls.

cc: Ross Peever, Welland Hydro
Wayne Armstrong, Welland Hydro
John De Vellis, Shibley Righton LLP
Keith C. Ritchie, OEB

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Vancouver
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DRAFT

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an Application by Welland
Hydro-Electric System Corp. pursuant to section 78 of
the Ontario Energy Board Act seeking approval to amend
electricity distribution rates.

BEFORE: Paul Vlahos
Presiding Member

Paul Sommerville
Member

DRAFT RATE ORDER ARISING FROM DECISION

FILED BY WELLAND HYDRO: JANUARY 8, 2008

Welland Hydro-Electric System Corp. ("Welland Hydro" or the "Applicant") is a licensed distributor providing electrical service to consumers within its defined service area. On June 14, 2007, Welland Hydro filed an application with the Ontario Energy Board, (the "Board") under section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c.15 (Schedule B) to adjust its electricity distribution rates. On July 24, 2007, Welland Hydro amended that application.

On December 24, 2007, the Board issued its Decision and Order (the "Decision") regarding Welland Hydro's Application. The Board approved Welland Hydro's requested relief effective October 1, 2007. The new Tariff of Rates and Charges arising out of the Board's Decision is to be implemented as of February 1, 2008. The notional revenues that would have flowed to Welland Hydro for the period October 1, 2007 to January 31, 2008 are to be recorded in a deferral account (Account 1574 – Deferred Rate Impact Amounts) for review and disposition at a later date.

The Board directed Welland Hydro to file with the Board, and forward to the School Energy Coalition, a Draft Rate Order attaching a proposed Tariff of Rates and Charges reflecting the Board's findings in the Decision, within 14 days of the date of the Decision. As directed, Welland Hydro has provided the Board with a Draft Rate Order and Tariff of Rates and Charges. The Board further directed that the School Energy Coalition had 21 calendar days from the date of the Decision to file comments on the Draft Rate Order. No such comments have been received by the Board or by Welland Hydro.

The Board has reviewed the documents and is satisfied that they accurately reflect the results of the Decision.

THE BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Appendix "A" of this Rate Order is approved, effective October 1, 2007, for electricity consumed or estimated to have been consumed on and after October 1, 2007.
2. The application of the revised distribution rates shall be prorated to February 1, 2008. Welland Hydro shall not collect the notional revenues that would have flowed to Welland Hydro for the period October 1, 2007 to January 31, 2008 at this time. Such revenues are to be recorded in a deferral account (Account 1574 – Deferred Rate Impact Amounts) for review and disposition at a later date.
3. The Tariff of Rates and Charges set out in Appendix "A" of this Order supersedes all previous distribution rate schedules approved by the Ontario Energy Board for Welland Hydro-Electric System Corp., and is final in all respects.
4. Welland Hydro shall notify its customers of the rate changes no later than with the first bill reflecting the new rates.

DATED at Toronto, January ■, 2008.

ONTARIO ENERGY BOARD

Peter H. O'Dell
Assistant Board Secretary

Appendix "A"
To The Rate Order Arising from Decision
EB-2007-0663
January ■, 2008

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Welland Hydro-Electric System Corp.

TARIFF OF RATES AND CHARGES

Effective October 1, 2007

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

EB-2007-0663

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 - October 1, 2007 for all consumption or deemed consumption services used on or after that date.

SPECIFIC SERVICE CHARGES - October 1, 2007 for all charges incurred by customers on or after that date.

LOSS FACTOR ADJUSTMENT – October 1, 2007 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

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EB-2007-0663

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	13.15
Distribution Volumetric Rate	\$/kWh	0.0130
Regulatory Asset Recovery	\$/kWh	0.0030
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0046
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service Less Than 50 kW

Service Charge	\$	19.40
Distribution Volumetric Rate	\$/kWh	0.0067
Regulatory Asset Recovery	\$/kWh	0.0020
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0042
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service 50 to 4,999 kW

Service Charge	\$	192.09
Distribution Volumetric Rate	\$/kW	0.8047
Regulatory Asset Recovery	\$/kW	0.5337
Retail Transmission Rate – Network Service Rate	\$/kW	1.8997
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4294
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	1.8844
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.7121
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Large Use

Service Charge	\$	10,646.53
Distribution Volumetric Rate	\$/kW	0.7183
Regulatory Asset Recovery	\$/kW	0.1004
Retail Transmission Rate – Network Service Rate	\$/kW	1.3808
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.9013
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Unmetered Scattered Load

Service Charge (per connection)	\$	9.71
Distribution Volumetric Rate	\$/kWh	0.0067
Regulatory Asset Recovery	\$/kWh	0.0020
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0042
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Welland Hydro-Electric System Corp.

TARIFF OF RATES AND CHARGES

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Sentinel Lighting

Service Charge (per connection)	\$	0.36
Distribution Volumetric Rate	\$/kW	0.8231
Regulatory Asset Recovery	\$/kW	1.2981
Retail Transmission Rate – Network Service Rate	\$/kW	1.7694
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3313
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Street Lighting

Service Charge (per connection)	\$	0.18
Distribution Volumetric Rate	\$/kW	0.7688
Regulatory Asset Recovery	\$/kW	0.0477
Retail Transmission Rate – Network Service Rate	\$/kW	1.7655
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3284
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
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
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	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

Welland Hydro-Electric System Corp.
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LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0599
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0493
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045