

March 1, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms Walli:

Re: EB-2010-0118
Welland Hydro-Electric System Corp.
2011 IRM Distribution Rates Effective May 1, 2011
Reply Submission

Please find attached two copies of Welland Hydro's response to Board Staff Submission issued January 26, 2011.

Yours very truly,



Wayne Armstrong
Director of Finance
Tel: (905)732-1381 Ext 234
Fax: (905)732-0123
warmstrong@wellandhydro.com

WELLAND HYDRO-ELECTRIC SYSTEM CORP.

APPLICATION FOR APPROVAL OF ELECTRICITY DISTRIBUTION RATES

EFFECTIVE MAY, 2011

EB-2010-0118

REPLY SUBMISSION

1) INTRODUCTION

On January 26, 2011 Board Staff issued its Submission concerning Welland Hydro's 2011 IRM3 Distribution Rate Application. As Welland Hydro did not have any concerns with the submission, Welland Hydro inadvertently failed to file a Reply Submission by February 16, 2011. As a result, Welland Hydro is now filing a formal response with the Board and can confirm that Welland Hydro had no issues with the Board Staff submission of January 26, 2011.

2) SMART METER FUNDING ADDER

Since Board Staff's original submission, Welland Hydro has reviewed the Smart Meter Funding Module and accepts that two changes should be made:

- A) The tax rate for 2011 should be revised from 30.50% to 28.25%
- B) Smart Meter Revenue Collected should be added from January 2011 to April 2011 in the amount of \$160,000

The two changes will result in a reduction in the proposed Smart Meter Funding Adder from \$2.73/mth to \$2.11/mth.

3) SUMMARY

Welland Hydro will review its completion of the Smart Meter Funding Adder Module for the 2012 IRM to properly align Revenue Requirement and Smart Meter Revenue Collected. Welland Hydro believes that this will result in a Smart Meter Funding Adder closer to the original amount applied for. This is the result of the fact that Welland Hydro has already deferred increases in the Smart Meter Funding Adder in the 2009 Rate Rebasing Application. However, in order to mitigate the impact on customers at the current time, Welland Hydro is requesting that the Board approve a Smart Meter Funding Adder of \$2.11/mth in its decision on EB-2010-0118