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BY E-MAIL

March 31, 2021

Jennifer Dionne
Welland Hydro Electric System Corp.
P.O. Box 280
Welland, ON L3B 5P6
Email: jdionne@wellandhydro.com

Dear Ms. Dionne:

**Re: Application for 2022 Electricity Rates
OEB File No. EB-2021-0063**

This letter is in response to your letter expressing an interest to defer Welland Hydro Electric System Corporation's (Welland Hydro) rebasing of its rates beyond the 2022 rate year.

The OEB has reviewed the letter and based on Welland Hydro's 2019 performance and the continuing impact of COVID-19, the OEB is granting approval for Welland Hydro's request to defer its 2022 cost of service application. The OEB will place Welland Hydro on the list of distributors whose rates will be scheduled for rebasing for the 2023 rate year, including a distribution system plan.

Welland Hydro did not indicate that its request is reliant upon the availability of an Incremental Capital Module (ICM), as such the OEB expects that Welland Hydro will not file an ICM for the 2022 rate year.

If Welland Hydro intends to seek a rate adjustment for 2022 rates, the OEB expects Welland Hydro to adhere to the process for Price Cap Incentive Rate-setting applications for the 2022 rate year.

The OEB will be reviewing how deferrals are granted in the future, which may have an impact on the options available to distributors seeking subsequent deferral(s). The review will consider the availability of Incremental Capital Module, filing of a Distribution

System Plan, and whether distributors would be moved from the Price Cap Incentive Rate-setting method to the Annual Incentive Rate-setting Index method for any deferral request.

Yours truly,

Original signed by

Christine E. Long
Registrar