



BY E-MAIL

March 9, 2022

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 2023 Electricity Rates
OEB File No. EB-2022-0068**

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 2023 rate year for two years. Welland Hydro was originally scheduled to file an application for 2022 rates but was granted a one-year deferral.

The OEB has reviewed the letter and based on Welland Hydro's financial and service quality performance is granting approval for Welland Hydro's request to defer its 2023 and 2024 cost of service applications. The OEB will place Welland Hydro on the list of distributors whose rates will be scheduled for rebasing for the 2025 rate year, including a distribution system plan (DSP).

If Welland Hydro intends to seek a rate adjustment for 2023 and 2024 rates, the OEB expects Welland Hydro to adhere to the process for Price Cap Incentive Rate-setting applications for the 2023 and 2024 rate year.

In Welland Hydro's last cost of service proceeding, Welland Hydro agreed to a full Asset Condition Assessment (ACA) and a new DSP that is informed by that ACA in its next rebasing application.¹ Noting the combined deferral period of three years and the importance of asset condition information and continuous planning, the OEB requests Welland Hydro to provide an update on the status its ACA, including a copy of the ACA report - if possible, in its application for 2023 rates.

The OEB's [letter of December 1, 2021](#), regarding changes to the OEB's approach to deferrals, established a transitional measure allowing distributors with existing deferrals, such as Welland Hydro, to make one more deferral request or select Annual Incentive Rate-setting Index. With this deferral, Welland Hydro must file a cost of service

¹ EB-2016-0110, Settlement Proposal, page 12 of 64

application for 2025 rates. If the rebasing application is not filed by the commencement of the 2025 rate year, the OEB will declare Welland Hydro's rates interim until Welland Hydro files a rebasing application. Additionally, there is no availability of an Incremental Capital Module for 2023 or 2024 rates and the OEB will not require Welland Hydro to file a DSP during this deferral period.

Yours truly,

Nancy Marconi
Registrar