



# WELLAND HYDRO-ELECTRIC SYSTEM CORP.

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November 3, 2008

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

Dear Ms Walli:

Re: Welland Hydro-Electric System Corp.  
2009 Cost of Service Application  
Board File Number EB-2008-0247  
Supplemental - Retail Transmission Rates

Please find enclosed the following materials in regards to proposed 2009 Retail Transmission Rates for Welland Hydro-Electric System Corporation. The proposed changes are being made to reflect the Ontario Uniform Transmission Rate Order EB-2008-0113 as directed in Guideline G-2008-0001.

- Manager's Summary -2 hard copies
- Transmission Rate Analysis -2 hard copies
- CD containing electronic copies of the Manager's Summary (Word) and Supplemental Rate Application (PDF).

An electronic copy of the Supplemental Rate Application (PDF) has been filed using the OEB's E-filing services.

Yours very truly,

Wayne Armstrong  
Director of Finance  
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[warmstrong@wellandhydro.com](mailto:warmstrong@wellandhydro.com)

**Welland Hydro-Electric System Corp.**  
**Manager's Summary**  
**2009 Retail Transmission Rates**

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**Retail Transmission Rate Analysis**

On August 28, 2008, the Ontario Energy Board issued its Decision and Rate Order in proceeding EB-2008-0113, setting new Uniform Transmission Rates for Ontario transmitters, effective January 1, 2009. As a result of this decision, Network Service Rate will increase from \$2.31 to \$2.57 per kW per month, an increase of 11.3%. The total of Line Connection Service Rate and Transformation Connection Service Rate will increase from \$2.20 to \$2.32 per kW per month, an increase of 5.5%. On October 22, 2008 the Ontario Energy Board issued Guideline G-2008-0001 Electricity Distribution Retail Transmission Service Rates. This document provides guidelines for Local Distribution Companies to adjust their Retail Transmission Rates charged to customers effective May 1, 2009.

Welland Hydro-Electric System Corp. adjusted its Retail Transmission Rates on May 1, 2008 as part of the 2008 Incentive Rate Mechanism Application EB-2007-0855. The goal of the adjusted rates was for the LDC to become revenue neutral from May 1, 2008 going forward. The rates were adjusted based on past variances and reduced charges effective November 1, 2007 as a result of the Ontario Energy Board decision on Ontario Uniform Transmission Rates Order EB-2007-0759.

The attached Exhibit A provides a comparison of Welland Hydro-Electric System Corp.'s revenue and expenses along with the resulting variances for both Network (158400) and Connection (158600) transmission accounts. Prior to November 1, 2007 both accounts were experiencing unfavorable variances on a monthly basis. The monthly variances changed to favorable from November 2007 to April 2008 as a result of the decreased Ontario Uniform Transmission Rates. Since May 1, 2008, when Welland Hydro-Electric System Corp. decreased retail transmission rates both the Network and Connection accounts have been revenue neutral.

As the current monthly variances for both Network and Connection accounts are revenue neutral, Welland Hydro-Electric System Corp. proposes to increase its Retail Transmission Rates effective May 1, 2009 to match the corresponding increase in Ontario Uniform Transmission Rates. The current and revised Network and Connection rates are outlined in the attached Exhibit B. As a result of the timing differences between the rate increases, Welland Hydro-Electric System Corp. expects to have unfavorable variances from January 2009 to April 2009 for both Network and Connection accounts.

**Welland Hydro-Electric System Corp.  
Wholesale vs Retail Transmission Rates  
Revenue vs Expenses Analysis**

**Exhibit A**

<u>Network - 158400</u>	<u>Revenue</u>	<u>Expense</u>	<u>Avg Mth Var Fav/(Unfav)</u>	<u>Balance 158400</u>	<u>Balance 158444</u>
Total May 06 to Oct 07 (18 mths)	(3,911,366)	4,232,763	(17,855)	443,667	27,908
Total Nov 07 to Apr 08 ( 6 mths)	(1,265,382)	1,008,328	42,842	186,613	36,843
Total May 08 to Sep 08 ( 5 mths)	(943,971)	938,513	1,092	181,155	39,594
<u>Connection - 158600</u>	<u>Revenue</u>	<u>Expense</u>	<u>Avg Mth Var Fav/(Unfav)</u>	<u>Balance 158600</u>	<u>Balance 158644</u>
Total May 06 to Oct 07 (18 mths)	(3,371,746)	3,559,513	(10,432)	159,448	9,133
Total Nov 07 to Apr 08 ( 6 mths)	(1,088,330)	1,016,624	11,951	87,741	12,956
Total May 08 to Sep 08 ( 5 mths)	(945,864)	944,742	224	86,618	14,355

Welland Hydro-Electric System Corp.  
Wholesale vs Retail Transmission Rates  
Revised Rates Effective May 1, 2009

Exhibit B

		Current Rates		Revised Rates	
		NETWORK	LIN/TRAN	NETWORK	LIN/TRAN
		TOTAL RTR		TOTAL RTR	
Residential	kwh	0.0056	0.0047	0.0062	0.0050
General Service <50	kwh	0.0049	0.0043	0.0055	0.0045
General Service 50 to 4999	Non-Interval	1.7011	1.4490	1.8926	1.5280
	Interval	1.6874	1.7356	1.8773	1.8303
Large Use	kw	1.2364	1.9274	1.3756	2.0325
Unmetered Scattered Load	kwh	0.0049	0.0043	0.0055	0.0045
Sentinel Lighting	kw	1.5844	1.3496	1.7627	1.4232
Street Lighting	kw	1.5809	1.3466	1.7588	1.4201
IESO RATES		Increase		11.3%	5.5%
		NETWORK	LIN/TRAN	NETWORK	LIN/TRAN
		2.31	2.20	2.57	2.32