



WELLAND HYDRO-ELECTRIC SYSTEM CORP.

P.O. Box 280 950 East Main Street, Welland, Ontario L3B 5P6 Telephone 905-732-1381 Fax 905-732-0123

December 11, 2008

Association of Major Power Consumers in Ontario
372 Bay Street, Suite 1702
Toronto ON M5H 2W9
Attention: Shelley Grice
cc Christine Dade

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School Energy Coalition
c/o Ontario Public School Boards Association
439 University Avenue, 18th Floor
Toronto, ON M5G 1Y8
Attention: Bob Williams
cc John De Vellis, Rachel Chen

&

Vulnerable Energy Consumers Coalition
c/o Public Interest Advocacy Centre
34 King Street East, Suite 1102
Toronto, ON M5C 2X8
Attention: Michael Buonaguro
cc Bill Harper

&

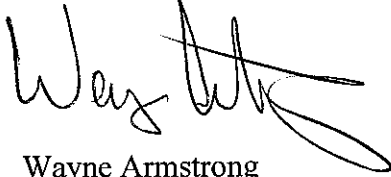
Energy Probe Research Foundation
225 Brunswick Ave.
Toronto, ON M5S 2M6
Attention: Randy Aiken
cc David S. MacIntosh

In accordance with Procedural Order No. 1, in the matter of an Application by Welland Hydro-Electric System Corp. (EB-2008-0247), please find enclosed copies of documents and schedules filed with the Ontario Energy Board in response to Interrogatories filed by OEB Technical Staff and Intervenors.

After completing responses to the interrogatories filed by Board Staff and the intervenors, Welland Hydro is proposing adjustments to the original application as filed on August 11,

2008. Attached is a summary of the proposed changes to the Revenue Deficiency and Regulatory Rate Rider. Welland Hydro-Electric System Corp. recognizes that the OEB will adjust the approved Rates of Return on both Equity and Debt components of Cost of Capital before distribution rates are finalized. As a result, Welland Hydro-Electric System Corp. has not filed a revised rate application until such rates are known.

Yours truly,

A handwritten signature in black ink, appearing to read 'Wayne Armstrong', with a long horizontal flourish extending to the right.

Wayne Armstrong
Director of Finance
905-732-1381 Ext 234
905-732-0266 Fax
Email: warmstrong@wellandhydro.com

cc James C. Sidlofsky
Partner
Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street West
Toronto, ON M5H 3Y4

**Welland Hydro-Electric System Corp.
Summary of Proposed Changes
2009 Rate Application
EB-2008-0247**

Revenue Deficiency

Revenues

Reduced Revenue as per response to OEB Board Staff - Exhibit G	\$284,730
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Expenses

Reduction in Account 5135 (Board Staff 3a ii)	-34,000
Reduction in Account 5160 (Board Staff 3a ii)	-30,000
Reduction in Overtime Expense (Board Staff 3a ii)	-20,000
Reduction in Depreciation Expense (Board Staff 3a ii)	-4,677

Return on Debt/Equity

Reduction in Rate Base	\$137,666	
Rate of Return 7.18%	9,844	-9,844
PILS 33%	3,248	
Gross Up PILS	4,847	<u>-4,847</u>
Total Increase in Revenue Deficiency		<u><u>\$181,362</u></u>

Regulatory Rate Rider**

Year 1

Total Rate Rider Revenue/Year as per Application	\$138,976
Proposed Rate Rider Revenue (Board Staff 3a ii)	<u>-251,403</u>
Reduction in Rate Rider Revenue Year 1	<u><u>\$390,379</u></u>

Year 2 & 3

Total Rate Rider Revenue/Year as per Application	\$138,976
Proposed Rate Rider Revenue (Board Staff 3a ii)	<u>0</u>
Reduction in Rate Rider Revenue Year 2 & 3	<u><u>\$138,976</u></u>

**Subject to Adjustment for 1588 Account