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November 23, 2012

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms Walli:

Re: May 1, 2013 IRM Reply Submission EB-2012-0172

Waterloo North Hydro Inc. (WNH) hereby submits its Reply Submission to Board Staff's Submission of November 13, 2012. WNH has enclosed two (2) hard copies of the Reply Submission.

WNH has previously forwarded the PDF version of the Reply Submission via the Board's web portal.

If there are any questions, please contact Chris Amos at 519-888-5541, camos@wnhydro.com or myself at 519-888-5542, asingh@wnhydro.com.

Yours truly,

Original Signed By

Albert P. Singh, MBA, CGA
Vice-President, Finance and CFO

Waterloo North Hydro Inc.

Reply Submission

2013 ELECTRICITY DISTRIBUTION RATES EB-2012-0172

Waterloo North Hydro Inc. ("WNH") filed an application (the "Application") with the Ontario Energy Board (the "Board") on September 13, 2012, seeking approval for changes to the distribution rates that Waterloo North Hydro charges for electricity distribution, to be effective May 1, 2013. The Application is based on the 2013 3rd Generation Incentive Regulation Mechanism ("IRM").

Waterloo North Hydro Inc. (WNH) has provided its Reply Submission to the Board Staff Submission of November 13, 2012 below.

Tax Savings Workform

Waterloo North Hydro completed the Tax-Savings Workform with the rates which reflects the Revenue Requirement Work Form from the Board's Cost of Service Decision in EB-2010-0144.

Board Staff stated on page 1 of its Submission *"Board staff has no concerns with the workform as filed."*

WNH concurs with this position.

RTSR Workform

In its interrogatory responses, Waterloo North Hydro provided explanations as to why it chose to use its 2011 cost of service load ("COS") forecast as opposed to its 2011 RRR 2.1.5 filings in its RTSR Workform.

Board Staff stated on pages 1 and 2 of its Submission *“Board staff has reviewed the explanations and submits that it has no concerns with the data supporting the updated Retail Transmission Service Rates proposed by Waterloo North Hydro. Pursuant to Guideline G-2008-0001, updated on June 28, 2012, Board staff notes that the Board will update the applicable data at the time of this Decision based on any available updated Uniform Transmission Rates.”*

WNH concurs with this position.

Deferral and Variance Accounts

Waterloo North Hydro completed the Deferral and Variance Account continuity schedule included in the 2013 IRM Rate Generator Model at Tab 5 for its Group 1 Deferral and Variance Accounts. WNH's Total Group 1 Deferral and Variance Account balances exceeded the Board's threshold of \$.001/kWh, and as such, Waterloo North Hydro requested disposition of these accounts over a two year period.

Board Staff stated on page 2 of its Submission *“Board staff has no issue with Waterloo North Hydro's request to dispose of its 2011 Deferral and Variance Account balances at this time.”*

WNH concurs with this position.

Waterloo North Hydro is requesting a two year disposition period in the repayment of its Group 1 Accounts to protect its customers from rate shock that would occur if the entire balance was disposed during one rate year. If disposition occurred over one year, in the following year, when the rate riders cease, customers in all rate classes would experience a rate increase.

Board Staff stated on page 2 of its Submission *“Board staff notes that while recognizing the value of the EDDVAR Report in guiding decisions with respect to the disposition of deferral and variance accounts over a one year period, in the past, the Board has made decisions which deviate from the EDDVAR Report if it deems it in the public interest to do so. As such, Board staff takes no issue with respect to the two year disposition period requested by Waterloo North Hydro for the purposes of rate stability.”*

WNH concurs with this position.

Adjustment of General Service >50 kW Monthly Customer and Variable Charges

On Page 17 of WNH's Application it stated “Waterloo North Hydro notes that the charges would need to be updated upon release of the updated GDP-IPI, when Statistics Canada publishes its final 2012 data in late February, 2013 and once the distributor specific stretch factors become available. The Proxy Price Cap Index of .88%, as provided in Sheet 9 of the 2013 Rate Generator Model, has been used in Table 2.9a.”

The table 2.9a on page 18 of the application would need to be revised prior to the final determination of rates.