



BY EMAIL

July 14, 2020

Mr. Albert P. Singh
Vice-President Finance and Chief Financial Officer
Waterloo North Hydro Inc.
526 Country Squire Road
Waterloo ON N2J 4G8
asingh@wnhydro.com

Dear Mr. Singh:

**Re: Waterloo North Hydro Inc. (Waterloo North Hydro)
2021 Cost of Service Rate Application
Ontario Energy Board (OEB) File Number: EB-2020-0059**

A preliminary review of the application has identified that certain sections of the evidence supporting the application do not comply with the OEB's Filing Requirements¹ for cost of service applications. As a result, the OEB is unable to process Waterloo North Hydro's application at this time. The OEB will commence processing the application after the noted information is filed.

The missing information is noted below:

Chapter 2 Filing Requirement Reference	Description
Section 2.1.4 p. 7	<p>The Filing Requirements state: "Identification of OEB directions from any previous OEB Decisions and/or Orders. The applicant must clearly indicate how these are being addressed in the current application."</p> <p>Per the OEB-approved settlement proposal in Waterloo North Hydro's last cost of service application (EB-2015-0108), Waterloo</p>

¹ Chapter 2 of the *Filing Requirements for Electricity Distribution Applications Rate Applications*, dated May 14, 2020

	<p>North Hydro was required to “prior to its next rebasing application, undertake a review of executive compensation incentive plans with its board of directors to evaluate the potential for more objective measures, and to identify potential opportunities for even better alignment with the OEB’s Renewed Regulatory Framework outcomes and the metrics of the Distribution System Plan.”</p> <p>It is unclear if Waterloo North Hydro has addressed the above requirement in its current application. Please provide an update on the status of the above requirement and identify the sections of the evidence where Waterloo North Hydro has addressed the requirement.</p>
<p>Section 2.4.3.1 p. 31</p>	<p>The Filing Requirements state the applicant must provide: “A breakdown of the pension and other post-employment retirement benefits amounts included in OM&A and capital must be provided for the last OEB-approved rebasing application, and for historical, bridge and test years.”</p> <p>Waterloo North Hydro has not provided a breakdown of the pension and other post-employment retirement benefits amounts (that are included in OM&A and capital) for each of the following: the last OEB-approved rebasing application, historical, bridge and test years.</p>
<p>Section 2.9.4 p. 71</p>	<p>With respect to the establishment of the new deferral and variance accounts, the Filing Requirements state: “Applicants must include a draft accounting order which must include a description of the mechanics of the account, including providing examples of general ledger entries, and the manner in which the applicant proposes to dispose of the account at the appropriate time.”</p> <p>Please provide the draft accounting orders for the proposed deferral and variance accounts:</p> <ul style="list-style-type: none"> • Power Liability variance account • Account 1592 – PILs and Tax Variance – CCA Changes Sub-account – Incentive Phase Out • Account 1509 – Impacts Arising from the COVID-19 Emergency Sub-account – Load Forecast Variance.

The OEB expects that Waterloo North Hydro will file the above listed required information as soon as possible.

If any of the information that is identified as missing is located in sections other than those identified in the Filing Requirements, or if any of the information is not applicable in your circumstances, please provide an explanation when re-filing the application.

Any questions relating to this letter should be directed to Donald Lau at donald.lau@oeb.ca or at 416-440-7681. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original signed by

Christine E. Long
Registrar and Board Secretary