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Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, Ontario  
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**Attention: Mr. John Zych, Board Secretary**

Dear Mr. Zych:

**Re: EB-2006-0317 Cost Allocation Review: Staff Proposal Regarding Rate Classifications and Associated Load Data Requirements**

Waterloo North Hydro Inc. (WNH) has the following comments regarding the OEB Staff Proposal Regarding Rate Classifications and Associated Load Data Requirements:

**Proposed Rate Classifications for the Informational Filings – Summary of Planned Rate Classification Changes (Run 2)**

**i) Introduction**

WNH asks that the OEB address situations whereby a Historical Test Year Filer LDC has a certain type of customer at the time of the Cost Allocation Informational Filing (i.e. early 2007), however, this customer was not in existence at the time of the 2006 EDR filing and thus does not have an approved 2006 rate classification. Treatment of this situation does not appear in this proposal.

**iii) Modeling Separate Standby Rate Class**

The proposal states *“It is also proposed that all distributors with load displacement customers but no approved standby rate, be required to incorporate a separate standby rate class in Run 2.”*

**iii) *Modeling Separate Standby Rate Class - Continued***

The Staff Proposal does not provide a definition of ‘load displacement’ which if taken literally could mean that every customer that has a solar panel would be considered a load displacement customer.

WNH asserts that the concept of materiality needs to be reviewed in this situation (and throughout the entire Cost Allocation Process) and determine if the benefit to this type of customer and the entire organization outweighs the cost of investigating, and maintaining, all customers that may have load displacement.

WNH recommends that a threshold level be determined for load displacement customers and LDCs would not include customers below this threshold in the Separate Standby Rate Class. This would allow differentiation between those customers with a small amount of generation to those that customarily generate their own total requirement.

**iv) *Unmetered Scattered Loads***

The proposal states *“Staff recommend that the proposed separate USL rate classification include both photo-sensitive and non-photo sensitive loads, to promote simplicity in rate classification.”*

WNH is in agreement that photo-sensitive and non-photo sensitive loads should be maintained in one USL rate classification.

WNH further suggests that any future consideration of separation of the two types of loads be subject to a materiality threshold. The benefit of creating a new rate classification for a very small immaterial load may not justify the initial and ongoing administrative costs of administering such a class in the future.

### **Suggested Load Profile for Separate Standby Rates Class**

#### **iv) Use of Load Profiles in Run 2 and Run 1**

The proposal states *“Distributors are expected to make reasonable efforts to identify load displacement customers for the purposes of completing Run 2 of the filing; distributors must provide a full explanation in their filings if such information is not obtained and explain what alternative was modeled.”*

As discussed in *iii) Modeling Separate Standby Rate Class* above, WNH recommends that a threshold level be determined for load displacement customers and LDCs would not include customers below this threshold in the Separate Standby Rate Class. This suggestion would incorporate the concept of materiality, the benefits versus the costs.

If there are any questions, please contact Albert Singh at 519-888-5542 or [asingh@wnhydro.com](mailto:asingh@wnhydro.com).

Yours truly,



Rene W. Gatien, P.Eng  
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