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Vice-President, Finance & CFO

## WATERLOO NORTH HYDRO INC.

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May 12, 2015

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

**Attention: Ms. Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**Re: January 1, 2016 Rate Application / EB-2015-0108 – Revised Exhibit 7 Page 12**

On May 1, 2015 Waterloo North Hydro Inc. (WNH) filed its 2016 Cost of Service Application. Subsequent to this date, WNH has determined that Table 7-8 on page 12 of Exhibit 7 was incorrect.

WNH has attached the revised page 12 of Exhibit 7 which reflects the corrected Table 7-8. WNH requests that this revised page be inserted into its Application and the previously submitted page 12 of Exhibit 7 be removed.

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

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

Yours truly,

*Original Signed By*

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

**2.10.3 Revenue-to-Cost-Ratios**

The results of a Cost Allocation Study are typically presented in the form of Revenue to Cost Ratios. The ratio is shown by rate classification and is the percentage of Distribution Revenue collected by rate classification compared to the costs allocated to the classification. The percentage identifies the rate classifications that are being subsidized and those that are over-contributing. A percentage of less than 100% means the rate classification is under-contributing and is being subsidized by other classes of customers. A percentage of greater than 100% indicates the rate classification is over-contributing and is subsidizing other classes of customers.

In the March Board Report, the Board established what it considered to be the appropriate ranges of Revenue to Cost Ratios which are summarized in Table 7-8 below. In addition, Table 7-8 provides WNH's Revenue to Cost Ratios from the 2011 COS Application and the updated proposed 2016 Cost Allocation.

**Table 7-8 Revenue to Cost Ratios – Consistent with Appendix 2-P:  
 Revenue to Cost Ratios**

Rate Class	2011 Board Approved	2016 Updated Cost Allocation Study	2016 Proposed Ratios	Board Targets
	%	%	%	%
Residential	107.72%	104.68%	104.63%	85 - 115
GS < 50 kW	93.78%	104.23%	104.23%	80 - 120
GS > 50 kW	91.04%	91.84%	91.84%	80 - 120
Large User	90.77%	76.65%	85.00%	85 - 115
Unmetered Scattered Load	120.00%	192.69%	120.00%	80 - 120
Street Lighting	86.20%	78.76%	78.76%	70 - 120
Embedded Distributor	100.00%	71.42%	100.00%	