



Gerry Hilhorst, P. Eng.
VP, Regulatory Affairs

WATERLOO NORTH HYDRO INC.

PO Box 640
300 Northfield Drive East
Waterloo ON N2J 4A3
Telephone 519-888-5550
Fax 519-886-8592

E-mail ghilhorst@wnhydro.com
www.wnhydro.com

January 18, 2007

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: EB-2006-0327 Staff Proposal on Filing Requirements for Service Area Amendments

Waterloo North Hydro Inc. (WNH) welcomes the opportunity to provide input on the OEB's Staff Proposal on Filing Requirements for Service Area Amendments as presented with their letter of December 20, 2006. WNH has the following comments:

General

WNH notes that this staff proposal will be used as a filing requirement to phase out Long Term Load Transfers (LTLT). The DSC has an arbitrary deadline of April 30, 2007 as the date by which LDC's must address LTLT. This date is fast approaching. Distributors and the EDA LTLT working group have identified that this is not achievable for some distributors. It is also our understanding that the Board does not have an appetite for service area amendments that provide temporary transfer to the currently supplying LDC and back to the geographic LDC. The EDA LTLT Working Group proposal includes LDCs providing their LTLT business plan for the Board to review LTLT, including extensions, beyond April 2007.

The current draft Board Staff proposal emphasizes in section 7.0 that:

Economic efficiency is a primary consideration as to whether the proposal represents the most optimal use of resources and reflects the long run economic cost of service to all parties, not necessarily the lowest cost to any particular party.

The current Board Staff proposal makes no provisions for extension of current LTLT arrangements where LTLT is the most economic solution for the near to mid term. If an extension is not granted, a distributor may be required to reach a solution that is not in the best interests of customers and other parties, nor provide the optimal utilization of resources, over the long term.

WNH strongly recommends that provision for application of extensions to an LDC's LTLT arrangements are explicitly permitted where interim or other solutions do not advance the longer term goal of economic expansion and reliability of service.

If there are any questions, please contact myself, Gerry Hilhorst at 519-888-5550, ghilhorst@wnhydro.com

Yours truly,

Original signed by

Gerry Hilhorst, P.Eng
VP, Regulatory Affairs