



December 17, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27th Floor/ P.O. Box 2319
2300 Yonge St.
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: 2014 IRM4 Electricity Distribution Rate Application, Reply Submission
Halton Hills Hydro Inc.,
Board File no. EB-2013-0136**

Please find attached two (2) copies of Halton Hills Hydro Inc.'s Reply Submission. The Reply Submission has been filed through RESS.

In the event of any additional information, questions or concerns, please contact David Smelsky, Chief Financial Officer, at dsmelsky@haltonhillshydro.com or (519) 853-3700 extension 208, or Tracy Rehberg-Rawlingson, Regulatory Affairs Officer, at tracyr@haltonhillshydro.com or (519) 853-3700 extension 257.

Sincerely,

(Original signed)

David J. Smelsky, CPA, CMA
Chief Financial Officer

Cc: Arthur A. Skidmore, President & CEO, HHHI
Tracy Rehberg-Rawlingson, Regulatory Affairs, HHHI

**Halton Hills Hydro Inc.
2014 IRM Rate Application
Reply Submission
EB-2013-0136**

Introduction

Halton Hills Hydro Inc. (“HHHI”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on September 27, 2013, seeking approval for changes to the rates that HHHI charges for electricity distribution, to be effective May 1, 2014. The Application is based on the 2014 Incentive Regulation Mechanism (“IRM”).

This document is being submitted in response to the Board Staff submission, dated December 3, 2013.

Tax-Sharing Model

HHHI thanks Board Staff for revising the Tax-Sharing model. HHHI has reviewed the revised model and accepts the revisions. Board Staff has suggested recording the resulting \$2,913 credit in USofA account 1595 for future disposition as the resultant rate rider would be negligible. HHHI is in agreement with Board Staff’s suggestion and requests the \$2,913 be included in USofA 1595.

Disposition of Group 1 Deferral and Variance Accounts

Board Staff stated in their submission that they have no issue with HHHI’s request to dispose of the Group 1 Deferral and Variance over one (1) year. HHHI and Board Staff are in agreement of the Group 1 Deferral and Variance Account balance, including interest calculated to April 30, 2013, of \$976,553 including the balance of \$1,037,057 in Account 1589-Global Adjustment (applicable only to Non-RPP customers). HHHI continues to request a one (1) year disposition for the Group 1 Deferral and Variance accounts.

Stretch Factor

On November 21, 2013, the Board issued its Report of the Board on Rate setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors. In the November 21, 2013, the Board listed the 2014 Stretch Factor Assignments (Appendix D). HHHI was listed in Group II with the corresponding Stretch Factor of 0.15%. In a letter dated December 4, 2013, the Board noted,

“that revisions have been made to correct a transposition error in the table that is in Appendix D to its report entitled “Report of the Board on Rate Setting Parameters and

Benchmarking under the Renewed Regulatory Framework” released on November 21, 2013. That table sets out the Board’s 2014 stretch factor assignments for Ontario’s electricity distributors based on the cost evaluation ranking set out in Table 17 in the report prepared by Pacific Economics Group Research, LLC, entitled “Empirical Research in Support of Incentive Rate-Setting: Final Report to the Ontario Energy Board”. Cooperative Hydro Embrun Inc. and Enersource Hydro Mississauga Inc. have now been correctly placed into Group II (from Group I) and Halton Hills Hydro Inc. and Hearst Power Distribution Company Limited have now been correctly placed into Group I (from Group II)”

HHHI requests confirmation that the Rate Generator model will be adjusted by Board Staff to reflect the revised Group I Stretch Factor value of 0.00%.

Respectively submitted,

David J. Smelsky, CPA, CMA
Chief Financial Officer
Halton Hills Hydro Inc.

Cc: Arthur Skidmore, President & CEO, HHHI
Tracy Rehberg-Rawlingson, Regulatory Affairs, HHHI