



August 20, 2015

BY EMAIL/COURIER

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

Dear Ms. Walli,

**RE: Whitby Hydro Electric Corporation
Application for Rate Adder for Disposition of Account 1576**

Please find attached Whitby Hydro Electric Corporation's ("Whitby Hydro") application for Rate Adder for Disposition of Account 1576.

Whitby Hydro is submitting this stand-alone application for the establishment of a 1576 rate adder which is a refund to customers. This rate adder will advance the provision of credits on customer bills associated with the 1576 balances that have accumulated to the end of 2014 prior to Whitby Hydro's next cost of service at which time it will finalize the disposition.

This stand-alone application of a 1576 rate adder is referenced in Whitby Hydro's 2016 Price Cap IR Distribution Rate Application (EB-2015-0113)

The evidence for this application has been prepared in accordance with Chapter 2, Filing Requirements For Electricity Distribution Rate Applications, section 2.9.5 Account 1576, Accounting Changes Under CGAAP. Whitby Hydro understands these are filing requirements for a 1576 rate rider within a cost of service application but submits they are also applicable for this 1576 rate adder application.

Two (2) paper copies of the application will be sent via courier.

Please contact me if you have any questions.

Regards,

Original signed by
Ramona Abi-Rashed
Treasurer



WHITBY HYDRO ELECTRIC CORPORATION

2016

**RATE APPLICATION –
RATE ADDER FOR
DISPOSITION OF ACCOUNT
1576**

August 20th, 2015

MANAGER'S SUMMARY

Introduction

Whitby Hydro Electric Corporation ("Whitby Hydro") is submitting this stand-alone application for the establishment of a 1576 rate adder which is a refund to customers. This rate adder will advance the provision of credits on customer bills associated with the 1576 balances that have accumulated prior to Whitby Hydro's next cost of service at which time it will finalize the disposition. The rate adder calculation represents a return of \$2,159,600 to Whitby Hydro's customers over a one year period and is based on 2013 and 2014 audited information. The refund includes a weighted average cost of capital ("WACC") component of \$142,036. Whitby Hydro confirms that no carrying charges are applied to the balance in the account.

In considering the disposition period of this rate adder, Whitby Hydro weighed the financial impact of such a significant refund on the business as well as bill impact considerations for customers and is proposing a disposition period of one year. The cumulative balance owing to customers in Account 1576 has been building over a two year period and Whitby Hydro believes the refund should be returned to customers in a timely manner. The refund will provide customers some measure of financial relief to assist in offsetting the proposed disposition of Group 1 Deferral and Variance accounts included in Whitby Hydro's 2016 IRM rate application, and the impact of the removal of the Ontario Clean Energy Benefit (OCEB) as announced by the provincial government starting on January 1, 2016.

1576 Accounting Changes Under CGAAP Balance + WACC Component

This account is used to record financial differences arising as a result of accounting changes for depreciation and capitalization policies permitted by the Board under CGAAP in 2012 or as mandated by the Board in 2013. On July 17, 2012 the Board issued a statement that changes to depreciation rates and capitalization policies that would have been implemented under IFRS could be made in 2012 under CGAAP (i.e. effective January 1, 2012), and must be made no later than 2013 (i.e. effective January 1, 2013), regardless of whether the Canadian Accounting Standards Board ("AcSB") permitted further deferrals beyond 2012 for the changeover to IFRS (Board Letter, July 17, 2012 *"Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies in 2012 and 2013"*). Whitby Hydro implemented

1 the change effective January 1st, 2013. In accordance with direction by the Board, Whitby Hydro
2 has used Account 1576, Accounting Changes under CGAAP, to record the financial differences
3 arising from these accounting changes. It is expected that the Account 1576 will continue to be
4 used until such time as a full disposition is approved during a cost of service application. Whitby
5 Hydro will transition to IFRS on January 1, 2015 and it is anticipated this transition will not
6 create 1575 IFRS-CGAAP Transitional PP&E amounts.

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8 KPMG assisted with determining the level of PP&E componentization required under IFRS,
9 establishing updated useful lives based on the Kinectrics report and examining whether any
10 changes to overhead capitalization were required as part of the planned conversion to Revised
11 CGAAP ("RCGAAP"). A significant amount of analysis was done with regards to asset
12 componentization and the related impacts on depreciation, including reassessing the remaining
13 useful service lives of all distribution system assets. As a result of the changes to depreciation,
14 Whitby Hydro has recorded a significantly lower depreciation expense for the 2013 (36%) and
15 2014 (30%); the difference between the depreciation calculated with the prior service lives and
16 the amount recognized in the income statement for the fiscal periods 2013 and 2014 has been
17 recorded in Account 1576 as shown below in Table 1.

18 KPMG assisted Whitby Hydro in determining which overheads were eligible or not eligible for
19 capitalization. In each of 2013 and 2014 the Overhead accounts were examined in detail.
20 Whitby Hydro traced all appropriate labour or equipment hours, as well as material, that
21 previously would have had overheads attached to them and determined the amount that was
22 incremental to OM&A due to overhead policy change. These adjustments have also been
23 reflected in the calculations provided in Table 1.

24 Whitby Hydro's PP&E has increased by \$2,017,564 as of December 31, 2014 as a result of
25 these changes as indicated in Table 1 below.

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1 **Table 1 - Impact of Accounting Changes to PP&E**
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Table 1 (Appendix 2-EC)
Account 1576 - Accounting Changes under CGAAP
2013 Changes in Accounting Policies under CGAAP

For applicants that made capitalization and depreciation expense accounting policy changes under CGAAP effective January 1, 2013

Reporting Basis	2011				
	Rebasing	2011	2012	2013	2014
	Year	IRM	IRM	IRM	IRM
	CGAAP	Actual	Actual	Actual	Actual
	Forecast				\$
PP&E Values under former CGAAP					
Opening net PP&E - Note 1				62,595,123	67,383,734
Net Additions - Note 4				11,211,167	5,892,600
Net Depreciation (amounts should be negative) - Note 4				-6,422,556	-4,874,387
Closing net PP&E (1)				67,383,734	68,401,947
PP&E Values under revised CGAAP (Starts from 2013)					
Opening net PP&E - Note 1				62,595,123	68,625,082
Net Additions - Note 4				10,119,200	5,126,384
Net Depreciation (amounts should be negative) - Note 4				-4,089,241	-3,331,955
Closing net PP&E (2)				68,625,082	70,419,511
Difference in Closing net PP&E, former CGAAP vs. revised CGAAP				-1,241,348	-2,017,564

Effect on Deferral and Variance Account Rate Riders

Closing balance in Account 1576	-2,017,564
Return on Rate Base Associated with Account 1576 balance at WACC - Note 2	-142,036
Amount included in Deferral and Variance Account Rate Rider Calculation	-2,159,600

WACC	7.04%
# of years of rate rider disposition period	1

Notes:

- 1 For an applicant that made the capitalization and depreciation expense accounting policy changes on January 1, 2013, the PP&E values as of January 1, 2013 under both former CGAAP and revised CGAAP should be the same.
- 2 Return on rate base associated with Account 1576 balance is calculated as:
the variance account opening balance as of 2015 rebasing year x WACC X # of years of rate rider disposition period
* Please note that the calculation should be adjusted once WACC is updated and finalized in the rate application.
- 3 Account 1576 is cleared by including the total balance in the deferral and variance account rate rider calculation.
- 4 Net additions are additions net of disposals; Net depreciation is additions to depreciation net of disposals.

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5 The application of the accounting policies change began in 2013, the year in which the
6 accounting change occurred. This is evident in the continuity schedules provided in Table 2 and
7 3 below as the Fixed Asset Continuity Schedules for CGAAP and RCGAAP for 2013 confirm
8 that opening values for cost and accumulated depreciation are the same. These tables are
9 consistent with Board Appendix 2-BA. Tables 4 and 5 provide Fixed Asset Continuity Schedules
10 under CGAAP and RCGAAP for 2014.

Whitby Hydro Electric Corporation
Rate Adder for Disposition of Account 1576
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**TABLE 2 (Appendix 2-BA)
Fixed Asset Continuity Schedule**

Accounting Standard CGAAP
Year 2013

OEB	Description	Cost				Accumulated Depreciation				
		Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
1611	Computer Software (Formally known as Account 1925)				\$ -				\$ -	\$ -
1612	Land Rights (Formally known as Account 1906)				\$ -				\$ -	\$ -
1805	Land	\$ 245,786			\$ 245,786				\$ -	\$ 245,786
1806	Land Rights	\$ 10,971			\$ 10,971				\$ -	\$ 10,971
1808	Buildings	\$ 1,117,302			\$ 1,117,302	-\$ 1,113,011	-\$ 2,807		-\$ 1,115,818	\$ 1,484
1810	Leasehold Improvements	\$ -			\$ -				\$ -	\$ -
1815	Transformer Station Equipment >50 kV	\$ -			\$ -				\$ -	\$ -
1820	Distribution Station Equipment <50 kV	\$ 17,707,465	\$ 173,204		\$ 17,880,669	-\$ 6,798,861	-\$ 551,576		-\$ 7,350,437	\$ 10,530,231
1825	Storage Battery Equipment	\$ -			\$ -				\$ -	\$ -
1830	Poles, Towers & Fixtures	\$ 26,768,950	\$ 1,984,129		\$ 28,753,079	-\$ 11,348,583	-\$ 995,045		-\$ 12,343,628	\$ 16,409,451
1835	Overhead Conductors & Devices	\$ 16,827,902	\$ 1,054,000		\$ 17,881,902	-\$ 8,136,111	-\$ 601,504		-\$ 8,737,615	\$ 9,144,287
					\$ -				\$ -	\$ -
1840	Underground Conduit	\$ 20,466,528	\$ 1,216,607		\$ 21,683,135	-\$ 8,223,080	-\$ 807,004		-\$ 9,030,084	\$ 12,653,051
1845	Underground Conductors & Devices	\$ 17,706,836	\$ 1,088,431		\$ 18,795,268	-\$ 9,818,552	-\$ 678,727		-\$ 10,497,279	\$ 8,297,989
1850	Line Transformers	\$ 32,381,502	\$ 1,056,693	-\$ 135,483	\$ 33,302,712	-\$ 16,153,947	-\$ 1,106,416	\$ 99,299	-\$ 17,161,064	\$ 16,141,648
1855	Services (Overhead & Underground)	\$ 18,794,812	\$ 120,357		\$ 18,915,169	-\$ 12,843,086	-\$ 602,122		-\$ 13,445,208	\$ 5,469,961
					\$ -				\$ -	\$ -
1860	Meters (includes Smart Meters)	\$ 1,580,037	\$ 6,310,019		\$ 7,890,055	-\$ 397,943	-\$ 1,947,934	\$ 704	-\$ 2,345,173	\$ 5,544,883
1905	Land	\$ 182,215			\$ 182,215				\$ -	\$ 182,215
1908	Buildings & Fixtures	\$ 5,941,575	\$ 299,710		\$ 6,241,285	-\$ 2,396,272	-\$ 122,097		-\$ 2,518,369	\$ 3,722,916
1908	HVAC	\$ -			\$ -				\$ -	\$ -
1908	Parking & Paving	\$ -			\$ -				\$ -	\$ -
1908	Roof	\$ -			\$ -				\$ -	\$ -
					\$ -				\$ -	\$ -
1910	Leasehold Improvements	\$ -			\$ -				\$ -	\$ -
1915	Office Furniture & Equipment (10 years)	\$ 1,032,336	\$ 8,833		\$ 1,041,169	-\$ 866,935	-\$ 29,915		-\$ 896,850	\$ 144,319
1915	Office Furniture & Equipment (5 years)	\$ -			\$ -				\$ -	\$ -
1920	Computer Equipment - Hardware	\$ 1,554,329	\$ 55,920		\$ 1,610,249	-\$ 1,315,603	-\$ 74,539		-\$ 1,390,142	\$ 220,107
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -			\$ -				\$ -	\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -				\$ -	\$ -
1925	Computer Equip.-Software	\$ 1,999,572	\$ 130,098		\$ 2,129,670	-\$ 1,631,888	-\$ 131,412		-\$ 1,763,300	\$ 366,370
					\$ -				\$ -	\$ -
1930	Transportation Equipment	\$ -			\$ -				\$ -	\$ -
1935	Stores Equipment	\$ 56,187			\$ 56,187	-\$ 56,187			-\$ 56,187	\$ -
1940	Tools, Shop & Garage Equipment	\$ 4,284			\$ 4,284	-\$ 3,427	-\$ 428		-\$ 3,855	\$ 429
1945	Measurement & Testing Equipment	\$ 20,903			\$ 20,903	-\$ 16,721	-\$ 2,090		-\$ 18,811	\$ 2,092
1950	Power Operated Equipment	\$ -			\$ -				\$ -	\$ -
1955	Communications Equipment	\$ 78,103			\$ 78,103	-\$ 78,103			-\$ 78,103	\$ -
1955	Communication Equipment (Smart Meters)	\$ -			\$ -				\$ -	\$ -
1960	Miscellaneous Equipment	\$ -			\$ -				\$ -	\$ -
1970	Load Management Controls Customer Premises	\$ -			\$ -				\$ -	\$ -
1975	Load Management Controls Utility Premises	\$ -			\$ -				\$ -	\$ -
1980	System Supervisor Equipment	\$ 2,337,752	\$ 88,446		\$ 2,426,198	-\$ 1,709,884	-\$ 84,152		-\$ 1,794,036	\$ 632,162
1985	Miscellaneous Fixed Assets	\$ -			\$ -				\$ -	\$ -
1990	Other Tangible Property	\$ -			\$ -				\$ -	\$ -
1995	Contributions & Grants	-\$ 29,200,787	-\$ 2,239,797		-\$ 31,440,584	\$ 7,888,758	\$ 1,215,209		\$ 9,103,967	-\$ 22,336,617
2075	Non Rate-Regulated Utility Assets		91,998.19		\$ 91,998				\$ -	\$ 91,998
	Sub-Total	\$ 137,614,560	\$ 11,438,648	-\$ 135,483	\$ 148,917,725	-\$ 75,019,436	-\$ 6,522,559	\$ 100,003	-\$ 81,441,993	\$ 67,475,732
	Less Socialized Renewable Energy Generation Investments (input as negative)				\$ -				\$ -	\$ -
	Less Other Non Rate-Regulated Utility Assets (input as negative)		91,998.19		\$ 91,998				\$ -	\$ 91,998
	Total PP&E	\$ 137,614,560	\$ 11,346,650	-\$ 135,483	\$ 148,825,727	-\$ 75,019,436	-\$ 6,522,559	\$ 100,003	-\$ 81,441,993	\$ 67,383,734

Less: Fully Allocated Depreciation
Transportation
Stores Equipment
Net Depreciation

\$ -
\$ -
\$ -
-\$ 6,522,559

Whitby Hydro Electric Corporation
Rate Adder for Disposition of Account 1576
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**TABLE 3 (Appendix 2-BA)
Fixed Asset Continuity Schedule**

Accounting Standard
Year

RCGAAP
2013

OEB	Description	Cost				Accumulated Depreciation					Net Book Value
		Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
1611	Computer Software (Formally known as Account 1925)	\$ -			\$ -	\$ -			\$ -	\$ -	
1612	Land Rights (Formally known as Account 1906)	\$ -			\$ -	\$ -			\$ -	\$ -	
1805	Land	\$ 245,786			\$ 245,786	\$ -			\$ -	\$ 245,786	
1806	Land rights	\$ 10,971			\$ 10,971	\$ -			\$ -	\$ 10,971	
1808	Buildings	\$ 1,117,302			\$ 1,117,302	\$ 1,113,011	\$ 2,807		\$ 1,115,818	\$ 1,484	
1810	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -	
1815	Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	\$ -	
1820	Distribution Station Equipment <50 kV	\$ 17,707,465	\$ 173,204		\$ 17,880,669	\$ 6,798,861	\$ 305,457		\$ 7,104,318	\$ 10,776,351	
1825	Storage Battery Equipment	\$ -			\$ -	\$ -			\$ -	\$ -	
1830	Poles, Towers & Fixtures	\$ 26,768,950	\$ 1,478,899		\$ 28,247,849	\$ 11,348,563	\$ 413,076		\$ 11,761,659	\$ 16,486,191	
1835	Overhead Conductors & Devices	\$ 16,827,902	\$ 791,944		\$ 17,619,846	\$ 8,136,111	\$ 198,317		\$ 8,334,428	\$ 9,285,418	
1835	Overhead Conductors & Devices (Switches)										
1840	Underground Conduit	\$ 20,466,528	\$ 1,216,607		\$ 21,683,134	\$ 8,223,080	\$ 111,777		\$ 8,334,857	\$ 13,348,277	
1845	Underground Conductors & Devices	\$ 17,706,837	\$ 886,693		\$ 18,593,530	\$ 9,818,552	\$ 599,068		\$ 10,417,620	\$ 8,175,910	
1850	Line Transformers	\$ 32,381,502	\$ 933,749	\$ 135,483	\$ 33,179,768	\$ 16,153,947	\$ 425,373	\$ 99,299	\$ 16,480,021	\$ 16,699,747	
1855	Services (Overhead)	\$ 6,045,627	\$ 107,529		\$ 6,153,156	\$ 4,241,051	\$ 81,372		\$ 4,322,423	\$ 1,830,733	
1855	Services (Underground)	\$ 12,749,186	\$ 12,828		\$ 12,762,013	\$ 8,602,035	\$ 355,008		\$ 8,957,043	\$ 3,804,970	
1860	Meters	\$ 1,580,037	\$ 6,310,019		\$ 7,890,055	\$ 397,943	\$ 1,941,590	\$ 704	\$ 2,338,829	\$ 5,551,227	
1905	Land	\$ 182,215			\$ 182,215	\$ -			\$ -	\$ 182,215	
1908	Buildings & Fixtures	\$ 5,941,575	\$ 291,010		\$ 6,232,585	\$ 2,396,272	\$ 12,708		\$ 2,408,980	\$ 3,823,605	
1908	HVAC	\$ -	\$ 8,700		\$ 8,700	\$ -	\$ 200		\$ 200	\$ 8,500	
1908	Parking & Paving					\$ -			\$ -	\$ -	
1908	Roof					\$ -			\$ -	\$ -	
1910	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -	
1915	Office Furniture & Equipment (10 years)	\$ 1,032,336	\$ 8,833		\$ 1,041,169	\$ 866,935	\$ 29,923		\$ 896,858	\$ 144,311	
1915	Office Furniture & Equipment (5 years)	\$ -			\$ -	\$ -			\$ -	\$ -	
1920	Computer Equipment - Hardware	\$ 1,554,329	\$ 55,920		\$ 1,610,249	\$ 1,315,603	\$ 100,631		\$ 1,416,234	\$ 194,015	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -			\$ -	\$ -			\$ -	\$ -	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -	\$ -			\$ -	\$ -	
1925	Computer Equip.-Software (Application)	\$ 1,999,572	\$ 130,098		\$ 2,129,671	\$ 1,631,888	\$ 131,450		\$ 1,763,338	\$ 366,333	
1925	Computer Equip.-Software (Server)	\$ -			\$ -	\$ -			\$ -	\$ -	
1930	Transportation Equipment	\$ -			\$ -	\$ -			\$ -	\$ -	
1935	Stores Equipment	\$ 56,187			\$ 56,187	\$ 56,187			\$ 56,187	\$ -	
1940	Tools, Shop & Garage Equipment	\$ 4,284			\$ 4,284	\$ 3,427	\$ 428		\$ 3,856	\$ 428	
1945	Measurement & Testing Equipment	\$ 20,903			\$ 20,903	\$ 16,721	\$ 2,091		\$ 18,812	\$ 2,091	
1950	Power Operated Equipment	\$ -			\$ -	\$ -			\$ -	\$ -	
1955	Communications Equipment	\$ 78,103			\$ 78,103	\$ 78,103			\$ 78,103	\$ -	
1955	Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -	
1960	Miscellaneous Equipment	\$ -			\$ -	\$ -			\$ -	\$ -	
1970	Load Management Controls Customer Premises	\$ -			\$ -	\$ -			\$ -	\$ -	
1975	Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	\$ -	
1980	System Supervisor Equipment	\$ 2,337,752	\$ 88,446		\$ 2,426,199	\$ 1,709,884	\$ 90,171		\$ 1,800,056	\$ 626,143	
1985	Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	\$ -	
1990	Other Tangible Property	\$ -			\$ -	\$ -			\$ -	\$ -	
1995	Contributions & Grants	\$ 29,200,787	\$ 2,239,797		\$ 31,440,584	\$ 7,888,758	\$ 612,203		\$ 8,500,961	\$ 22,939,623	
2075	Non Rate-Regulated Utility Assets		\$ 91,998.19		\$ 91,998	\$ 0			\$ -	\$ 91,998	
	Sub-Total	\$ 137,614,561	\$ 10,346,681	-\$ 135,483	\$ 147,825,758	\$ 75,019,436	\$ 4,189,244	\$ 100,003	\$ 79,108,678	\$ 68,717,081	
	Less Socialized Renewable Energy Generation Investments (input as negative)				\$ -				\$ -	\$ -	
	Less Other Non Rate-Regulated Utility Assets (input as negative)		\$ 91,998.19		\$ 91,998	\$ 0			\$ -	\$ 91,998	
	Total PP&E	\$ 137,614,561	\$ 10,254,683	-\$ 135,483	\$ 147,733,760	\$ 75,019,436	\$ 4,189,244	\$ 100,003	\$ 79,108,678	\$ 68,625,083	

Less: Fully Allocated Depreciation

Transportation

Stores Equipment

Net Depreciation

-\$ 4,189,244

Transportation	
Stores Equipment	

**TABLE 4 (Appendix 2-BA)
Fixed Asset Continuity Schedule**

Accounting Standard CGAAP
Year 2014

OEB	Description	Cost				Accumulated Depreciation				
		Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
1611	Computer Software (Formally known as Account 1925)				\$ -				\$ -	\$ -
1612	Land Rights (Formally known as Account 1906)				\$ -				\$ -	\$ -
1805	Land	\$ 245,786			\$ 245,786				\$ -	\$ 245,786
1806	Land Rights	\$ 10,971			\$ 10,971				\$ -	\$ 10,971
1808	Buildings	\$ 1,117,302			\$ 1,117,302	-\$ 1,115,818	-\$ 1,484		-\$ 1,117,302	\$ 0
1810	Leasehold Improvements	\$ -			\$ -				\$ -	\$ -
1815	Transformer Station Equipment >50 kV	\$ -			\$ -				\$ -	\$ -
1820	Distribution Station Equipment <50 kV	\$ 17,880,669	\$ 104,934	-\$ 59,985	\$ 17,925,618	-\$ 7,350,437	-\$ 556,212	\$ 59,985	-\$ 7,846,664	\$ 10,078,954
1825	Storage Battery Equipment	\$ -			\$ -				\$ -	\$ -
1830	Poles, Towers & Fixtures	\$ 28,753,079	\$ 2,155,792		\$ 30,908,871	-\$ 12,343,628	-\$ 1,045,299		-\$ 13,388,927	\$ 17,519,944
1835	Overhead Conductors & Devices	\$ 17,881,902	\$ 1,208,676		\$ 19,090,578	-\$ 8,737,615	-\$ 625,718		-\$ 9,363,333	\$ 9,727,246
		\$ -			\$ -				\$ -	\$ -
1840	Underground Conduit	\$ 21,683,135	-\$ 9,290,511		\$ 12,392,623	-\$ 9,030,084	-\$ 804,662		-\$ 9,834,746	\$ 2,557,878
1845	Underground Conductors & Devices	\$ 18,795,268	\$ 12,452,175		\$ 31,247,443	-\$ 10,497,279	-\$ 677,517		-\$ 11,174,796	\$ 20,072,647
1850	Line Transformers	\$ 33,302,712	-\$ 5,259,430	-\$ 279,268	\$ 27,764,014	-\$ 17,161,064	-\$ 1,081,392	\$ 241,612	-\$ 18,000,844	\$ 9,763,170
1855	Services (Overhead and Underground)	\$ 18,915,169	\$ 6,466,096		\$ 25,381,266	-\$ 13,445,208	-\$ 549,515		-\$ 13,994,724	\$ 11,386,542
		\$ -			\$ -				\$ -	\$ -
1860	Meters	\$ 7,890,055	\$ 267,582	-\$ 67,289	\$ 8,090,348	-\$ 2,345,173	-\$ 715,284	\$ 38,097	-\$ 3,022,360	\$ 5,067,989
1905	Land	\$ 182,215			\$ 182,215				\$ -	\$ 182,215
1908	Buildings & Fixtures	\$ 6,241,285	\$ 545,229		\$ 6,786,514	-\$ 2,518,369	-\$ 134,237		-\$ 2,652,606	\$ 4,133,908
1908	HVAC	\$ -			\$ -				\$ -	\$ -
1908	Parking & Paving	\$ -			\$ -				\$ -	\$ -
1908	Roof	\$ -			\$ -				\$ -	\$ -
1910	Leasehold Improvements	\$ -			\$ -				\$ -	\$ -
1915	Office Furniture & Equipment (10 years)	\$ 1,041,169	\$ 46,725		\$ 1,087,894	-\$ 896,850	-\$ 30,220		-\$ 927,071	\$ 160,823
1915	Office Furniture & Equipment (5 years)	\$ -			\$ -				\$ -	\$ -
1920	Computer Equipment - Hardware	\$ 1,610,249	\$ 172,435		\$ 1,782,684	-\$ 1,390,142	-\$ 84,417		-\$ 1,474,559	\$ 308,125
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -			\$ -				\$ -	\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -				\$ -	\$ -
1925	Computer Equip.-Software	\$ 2,129,670	\$ 261,323		\$ 2,390,993	-\$ 1,763,300	-\$ 134,276		-\$ 1,897,577	\$ 493,417
		\$ -			\$ -				\$ -	\$ -
1930	Transportation Equipment	\$ -			\$ -				\$ -	\$ -
1935	Stores Equipment	\$ 56,187			\$ 56,187	-\$ 56,187			-\$ 56,187	\$ -
1940	Tools, Shop & Garage Equipment	\$ 4,284			\$ 4,284	-\$ 3,855	-\$ 428		-\$ 4,284	\$ 0
1945	Measurement & Testing Equipment	\$ 20,903			\$ 20,903	-\$ 18,811	-\$ 2,090		-\$ 20,901	\$ 2
1950	Power Operated Equipment	\$ -			\$ -				\$ -	\$ -
1955	Communications Equipment	\$ 78,103			\$ 78,103	-\$ 78,103			-\$ 78,103	\$ -
1955	Communication Equipment (Smart Meters)	\$ -			\$ -				\$ -	\$ -
1960	Miscellaneous Equipment	\$ -			\$ -				\$ -	\$ -
1970	Load Management Controls Customer Premises	\$ -			\$ -				\$ -	\$ -
1975	Load Management Controls Utility Premises	\$ -			\$ -				\$ -	\$ -
1980	System Supervisor Equipment	\$ 2,426,198	\$ 65,322		\$ 2,491,520	-\$ 1,794,036	-\$ 89,279		-\$ 1,883,315	\$ 608,205
1985	Miscellaneous Fixed Assets	\$ -			\$ -				\$ -	\$ -
1990	Other Tangible Property	\$ -			\$ -				\$ -	\$ -
1995	Contributions & Grants	-\$ 31,440,584	-\$ 2,897,207		-\$ 34,337,791	\$ 9,103,967	\$ 1,317,949		\$ 10,421,916	-\$ 23,915,875
2075	Non Rate-Regulated Utility Assets	\$ 91,998	\$ 293,708		\$ 385,706	\$ -	-\$ 9,643		-\$ 9,643	\$ 376,063
	Sub-Total	\$ 148,917,725	\$ 6,592,849	-\$ 406,542	\$ 155,104,032	-\$ 81,441,993	-\$ 5,223,724	\$ 339,693	-\$ 86,326,023	\$ 68,778,009
	Less Socialized Renewable Energy Generation Investments (input as negative)				\$ -				\$ -	\$ -
	Less Other Non Rate-Regulated Utility Assets (input as negative)	-\$ 91,998	-\$ 293,708		-\$ 385,706	0	9643		\$ 9,643	-\$ 376,063
	Total PP&E	\$ 148,825,727	\$ 6,299,142	-\$ 406,542	\$ 154,718,326	-\$ 81,441,993	-\$ 5,214,081	\$ 339,693	-\$ 86,316,380	\$ 68,401,947

Less: Fully Allocated Depreciation
Transportation
Stores Equipment
Net Depreciation

-\$	5,214,081

Transportation
Stores Equipment

Whitby Hydro Electric Corporation
Rate Adder for Disposition of Account 1576
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**TABLE 4 (Appendix 2-BA)
Fixed Asset Continuity Schedule**

Accounting Standard
Year

RCGAAP
2014

OEB	Description	Cost				Accumulated Depreciation						
		Opening Balance	Additions	Reclassification	Disposals	Closing Balance	Opening Balance	Additions	Reclassification	Disposals	Closing Balance	Net Book Value
1611	Computer Software (Formally known as Account 1925)	\$ -				\$ -	\$ -				\$ -	\$ -
1612	Land Rights (Formally known as Account 1906)	\$ -				\$ -	\$ -				\$ -	\$ -
1805	Land	\$ 245,786				\$ 245,786	\$ -				\$ -	\$ 245,786
1806	Land rights	\$ 10,971				\$ 10,971	\$ -				\$ -	\$ 10,971
1808	Buildings	\$ 1,117,302				\$ 1,117,302	\$ 1,115,818				\$ 1,115,818	\$ 1,484
1810	Leasehold Improvements	\$ -				\$ -	\$ -				\$ -	\$ -
1815	Transformer Station Equipment >50 kV	\$ -				\$ -	\$ -				\$ -	\$ -
1820	Distribution Station Equipment <50 kV	\$ 17,880,669	\$ 104,934		\$ 59,985	\$ 17,925,618	\$ 7,104,318	\$ 306,648		\$ 59,985	\$ 7,350,981	\$ 10,574,637
1825	Storage Battery Equipment	\$ -				\$ -	\$ -				\$ -	\$ -
1830	Poles, Towers & Fixtures	\$ 28,247,849	\$ 1,865,319			\$ 30,113,168	\$ 11,761,659	\$ 449,957			\$ 12,211,616	\$ 17,901,553
1835	Overhead Conductors & Devices	\$ 17,619,846	\$ 856,712	\$ 5,166,891		\$ 13,309,667	\$ 8,334,428	\$ 127,549	\$ 1,929,922		\$ 6,532,055	\$ 6,777,612
1835	Overhead Conductors & Devices (Switches)	\$ -	\$ 199,550	\$ 5,166,891		\$ 5,366,441	\$ -	\$ 157,029	\$ 1,929,922		\$ 2,086,951	\$ 3,279,490
1840	Underground Conduit	\$ 21,683,134	\$ 725,628	\$ 10,016,138		\$ 12,392,624	\$ 8,334,857	\$ 287,360	\$ 2,805,792		\$ 5,816,425	\$ 6,576,199
1845	Underground Conductors & Devices-db	\$ 18,593,530	\$ 1,630,102	\$ 10,573,726		\$ 30,797,358	\$ 10,417,620	\$ 638,336	\$ 2,961,988		\$ 14,017,944	\$ 16,779,414
1850	Line Transformers	\$ 33,179,768	\$ 1,182,092	\$ 6,516,504	\$ 279,268	\$ 27,566,088	\$ 16,480,021	\$ 659,372	\$ 1,825,450	\$ 241,612	\$ 15,072,331	\$ 12,493,757
1855	Services (Overhead)	\$ 6,153,156	\$ 84,556			\$ 6,237,712	\$ 4,322,423	\$ 67,721			\$ 4,390,144	\$ 1,847,568
1855	Services (Underground)	\$ 12,762,013	\$ 422,624	\$ 5,958,916		\$ 19,143,553	\$ 8,957,043	\$ 404,098	\$ 1,669,254		\$ 11,030,395	\$ 8,113,158
1860	Meters	\$ 7,890,055	\$ 267,583		\$ 67,289	\$ 8,090,349	\$ 2,338,829	\$ 715,284		\$ 38,097	\$ 3,016,016	\$ 5,074,334
1905	Land	\$ 182,215				\$ 182,215	\$ -				\$ -	\$ 182,215
1908	Buildings & Fixtures	\$ 6,232,585	\$ 61,943			\$ 6,294,528	\$ 2,408,980	\$ 120,912			\$ 2,529,892	\$ 3,764,636
1908	HVAC	\$ 8,700				\$ 8,700	\$ 200	\$ 895			\$ 1,095	\$ 7,605
1908	Parking & Paving	\$ -	\$ 118,644			\$ 118,644	\$ -	\$ 6,133			\$ 6,133	\$ 112,511
1908	Roof	\$ -	\$ 364,641			\$ 364,641	\$ -	\$ 18,896			\$ 18,896	\$ 345,745
1910	Leasehold Improvements	\$ -				\$ -	\$ -				\$ -	\$ -
1915	Office Furniture & Equipment (10 years)	\$ 1,041,169	\$ 46,725			\$ 1,087,894	\$ 896,858	\$ 30,220			\$ 927,078	\$ 160,816
1915	Office Furniture & Equipment (5 years)	\$ -				\$ -	\$ -				\$ -	\$ -
1920	Computer Equipment - Hardware	\$ 1,610,249	\$ 172,435			\$ 1,782,684	\$ 1,416,234	\$ 101,555			\$ 1,517,789	\$ 264,895
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -				\$ -	\$ -				\$ -	\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -				\$ -	\$ -				\$ -	\$ -
1925	Computer Equip.-Software (Application)	\$ 2,129,671	\$ 176,000			\$ 2,305,671	\$ 1,763,338	\$ 126,290			\$ 1,889,628	\$ 416,043
1925	Computer Equip.-Software (Server)	\$ -	\$ 85,323			\$ 85,323	\$ -	\$ 22,678			\$ 22,678	\$ 62,645
1930	Transportation Equipment	\$ -				\$ -	\$ -				\$ -	\$ -
1935	Stores Equipment	\$ 56,187				\$ 56,187	\$ 56,187				\$ 56,187	\$ -
1940	Tools, Shop & Garage Equipment	\$ 4,284				\$ 4,284	\$ 3,856	\$ 428			\$ 4,284	\$ 0
1945	Measurement & Testing Equipment	\$ 20,903				\$ 20,903	\$ 18,812	\$ 2,091			\$ 20,903	\$ 0
1950	Power Operated Equipment	\$ -				\$ -	\$ -				\$ -	\$ -
1955	Communications Equipment	\$ 78,103				\$ 78,103	\$ 78,103				\$ 78,103	\$ -
1955	Communication Equipment (Smart Meters)	\$ -				\$ -	\$ -				\$ -	\$ -
1960	Miscellaneous Equipment	\$ -				\$ -	\$ -				\$ -	\$ -
1970	Load Management Controls Customer Premises	\$ -				\$ -	\$ -				\$ -	\$ -
1975	Load Management Controls Utility Premises	\$ -				\$ -	\$ -				\$ -	\$ -
1980	System Supervisor Equipment	\$ 2,426,199	\$ 65,322			\$ 2,491,521	\$ 1,800,056	\$ 105,542			\$ 1,905,598	\$ 585,923
1985	Miscellaneous Fixed Assets	\$ -				\$ -	\$ -				\$ -	\$ -
1990	Other Tangible Property	\$ -				\$ -	\$ -				\$ -	\$ -
1995	Contributions & Grants	\$ 31,440,584	\$ 2,897,207			\$ 34,337,791	\$ 8,500,961	\$ 677,345			\$ 9,178,306	\$ 25,159,485
2075	Non Rate-Regulated Utility Assets	\$ 91,998	\$ 293,708			\$ 385,706	\$ -	\$ 9,643			\$ 9,643	\$ 376,063
	Sub-Total	\$ 147,825,758	\$ 5,826,634	\$ -	\$ 406,542	\$ 152,245,850	\$ 79,108,678	\$ 3,681,292	\$ -	\$ 339,694	\$ 82,450,276	\$ 70,795,575
	Less Socialized Renewable Energy Generation Investments (input as negative)											
	Less Other Non Rate-Regulated Utility Assets (input as negative)	\$ 91,998	\$ 293,708			\$ 385,706	\$ -	\$ 9,643			\$ 9,643	\$ 376,063
	Total PP&E	\$ 147,733,760	\$ 5,532,926	\$ -	\$ 406,542	\$ 152,860,145	\$ 79,108,678	\$ 3,671,649	\$ -	\$ 339,694	\$ 82,440,633	\$ 70,419,512

Less: Fully Allocated Depreciation

Transportation

Stores Equipment

Net Depreciation

\$ 3,671,649

Transportation
Stores Equipment

1

2 Whitby Hydro is seeking a 1576 rate adder to advance the process of providing credits on
3 customer bills associated with the balances that have accumulated prior to Whitby Hydro’s next
4 cost of service at which time it will finalize the disposition. The rate adder calculation represents
5 a return of \$2,159,600 to Whitby Hydro’s customers over a one year period. As mandated by
6 the Board in its letter of June 25, 2013, this balance includes a WACC component. In this
7 Application, Whitby Hydro has used its current Board- WACC of 7.04%, for the purposes of
8 determining the disposition amount proposed for Account 1576.

9

10 Method of allocation and calculation of 1576 rate adder

11 The balances in account 1576 reflect decreased depreciation expense for 2013 and 2014 due to
12 changes in estimates for PP&E useful lives. Since this balance is related to capital costs, it is
13 appropriate that customers receive credit based on their proportion of system utilization. Whitby
14 Hydro submits that kWh is an appropriate allocator for account 1576 and the allocation of
15 balances to customer classes has been done on the basis of kWh energy consumption by
16 customer class using the 2014 RRR data.

Table 5: Allocation of 1576 by Customer Class

	Amount	Allocator	Residential	General Service less than 50 kW	General Service 50-4,999 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
1576	(2,159,600)	kWh	(891,751)	(213,714)	(1,026,516)	(4,396)	(91)	(23,132)
Total Metered kWh*			354,735,995	85,014,850	408,344,810	1,748,609	36,294	9,201,877
Allocated %			41.29%	9.90%	47.53%	0.20%	0.00%	1.07%

17 * as reported in 2014 RRR

18 With regard to the calculation of the rate adder, the 1576 rate adder associated with allocated
19 balances for Rate Classes, excluding Residential, is proposed to be done through a variable
20 rate adder based on either kWh or kW using the 2014 RRR data. However, for the Residential
21 customers the proposed calculation of the 1576 rate adder has been anchored on the
22 requirement to consider a fixed rate adder as per the Board Policy: *A New Distribution Rate
23 Design for Residential Electricity Customers (EB-2014-0210)*. As outlined in section 2.8.2 of the

1 Chapter 2 Filing Requirements For Electricity Distribution Rate Applications dated July 16, 2015,
2 distributors must propose a fully fixed rate design for charges applicable to the residential class
3 provided that those charges are specifically related to the distribution of electricity. Examples of
4 distribution-specific charges include: Group 2 Deferral and Variance Accounts including
5 balances in accounts 1575/1576, ACM and ICM rate riders.

6 Table 6 below summarizes the proposed rate adder by class that results from the clearance of
7 account 1576, Accounting Changes under CGAAP. Whitby Hydro has used a one year
8 disposition period in the proposed rate adder calculation.

9

Table 6: Rate Adder Calculation for Accounts 1576

1576 Rate Adder Recovery Period 1 year

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Accounts 1575 and 1576	Rate Rider for Accounts 1576	
Residential	#customers	39,024	-\$ 891,751	-1.90	\$/customer
General Service less than 50 kW	kWh	85,014,850	-\$ 213,714	0.0025	/kWh
General Service 50-4,999 kW	kW	953,957	-\$ 1,026,516	1.0761	/kW
Unmetered Scattered Load	kWh	1,748,609	-\$ 4,396	0.0025	/kWh
Sentinel Lighting	kW	101	-\$ 91	0.9033	/kW
Street Lighting	kW	24,758	-\$ 23,132	0.9343	/kW
		-	\$ -	-	
Total			-\$ 2,159,600		

10

Bill Impacts

11 Whitby Hydro has submitted a 2016 Price Cap IR (IRM) application and provides bill impact
12 information which incorporates the proposed rate changes from the 2016 IRM application as
13 well as the 1576 rate adder.

14 The bill impact information summarized in Table 7 provides information to identify:

- 15 • Bill Impacts Including the 1576 Rate Adder
- 16 • Bill Impacts Excluding the 1576 Rate Adder (ie. IRM impacts only)
- 17 • Difference (to isolate the additional impact that the 1576 Rate Adder will have to
18 customers' bills in 2016)

1 As the removal of the Ontario Clean Energy Benefit (OCEB) has a very significant impact to
2 eligible customers (generally those that are on RPP), information has been provided at the total
3 bill level (both excluding and including the OCEB line on the customer bill. The 1576 rate adder
4 does provide approximately 2% of relief on the total bill impact for RPP customers as compared
5 to that which they would otherwise experience.

Table 7 – Bill Impacts

			Change in Total Bill excluding OCEB line		Change in Total Bill including OCEB line	
			\$	%	\$	%
Bill Impacts Including 1576 Rate Adder						
Residential	RPP TOU	@ 800 kWh	\$ (7.67)	-4.84%	\$ 8.17	5.73%
Residential - 10th percentile	RPP TOU	@ 400 kWh	\$ (3.10)	-3.40%	\$ 6.01	7.33%
GS<50 kW	RPP TOU	@ 2000 kWh	\$ (3.11)	-0.82%	\$ 34.74	10.20%
GS>50 kW	Non-RPP	@ 100 kW, 40000 kWh	\$ 156.22	2.46%	\$ 156.22	2.46%
Unmetered Scattered Load	RPP Tier	@ 500 kWh	\$ (0.99)	-1.00%	\$ 8.93	10.00%
Sentinel Lights	RPP Tier	@ 1 kW, 150 kWh	\$ (0.34)	-0.74%	\$ 4.30	10.29%
Street Lighting	Non-RPP	@ 2043 kW, 674600 kWh	\$ 2,767.85	2.03%	\$ 2,767.85	2.03%
Bill Impacts Excluding 1576 Rate Adder						
Residential	RPP TOU	@ 800 kWh	\$ (5.52)	-3.49%	\$ 10.32	7.24%
Residential - 10th percentile	RPP TOU	@ 400 kWh	\$ (0.95)	-1.05%	\$ 8.16	9.94%
GS<50 kW	RPP TOU	@ 2000 kWh	\$ 2.54	0.67%	\$ 40.39	11.86%
GS>50 kW	Non-RPP	@ 100 kW, 40000 kWh	\$ 277.82	4.38%	\$ 277.82	4.38%
Unmetered Scattered Load	RPP Tier	@ 500 kWh	\$ 0.42	0.43%	\$ 10.34	11.58%
Sentinel Lights	RPP Tier	@ 1 kW, 150 kWh	\$ 0.68	1.46%	\$ 5.32	12.74%
Street Lighting	Non-RPP	@ 2043 kW, 674600 kWh	\$ 4,924.77	3.60%	\$ 4,924.77	3.60%
Difference - Net Impact of 1576 Rate Adder						
Residential	RPP TOU	@ 800 kWh	\$ (2.15)	-1.36%	\$ (2.15)	-1.51%
Residential - 10th percentile	RPP TOU	@ 400 kWh	\$ (2.15)	-2.36%	\$ (2.15)	-2.62%
GS<50 kW	RPP TOU	@ 2000 kWh	\$ (5.65)	-1.49%	\$ (5.65)	-1.66%
GS>50 kW	Non-RPP	@ 100 kW, 40000 kWh	\$ (121.60)	-1.92%	\$ (121.60)	-1.92%
Unmetered Scattered Load	RPP Tier	@ 500 kWh	\$ (1.41)	-1.42%	\$ (1.41)	-1.58%
Sentinel Lights	RPP Tier	@ 1 kW, 150 kWh	\$ (1.02)	-2.20%	\$ (1.02)	-2.45%
Street Lighting	Non-RPP	@ 2043 kW, 674600 kWh	\$ (2,156.92)	-1.58%	\$ (2,156.92)	-1.58%