



November 16, 2015

BY RESS/COURIER/EMAIL

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
EB-2015-0251 and EB-2015-0113**

In accordance with Procedural Order No. 1, please find attached Whitby Hydro's Reply Submission to Board Staff and the Vulnerable Energy Consumers Coalition ("VECC") submissions on November 9, 2015.

Regards

Susan Reffle
Vice President

cc: Ms. Kelli Benincasa (email)
Mr. Richard Lanni (email)
Ms. Shelley Grice (email)
Mr. Michael Janigan (email)

Whitby Hydro Electric Corporation

EB-2015-0251 and EB-2015-0113

Reply Submission to Board Staff and VECC

November 16, 2015

1 Whitby Hydro Electric Corporation (“Whitby Hydro”) filed two applications with the Ontario
2 Energy Board (“OEB”) on August 13, 2015 and August 20, 2015 seeking approval for
3 changes to the rates Whitby Hydro charges for electricity distribution, effective January 1,
4 2016. The applications included a 2016 Price Cap IR as well as a request to refund a
5 balance in a deferral account (account 1576), which addresses depreciation and
6 capitalization changes.

7
8 Board Staff and VECC provided submissions on November 9, 2015. Whitby Hydro’s reply
9 submissions addresses Board Staff’s overall comments and VECC’s position regarding the
10 1576 application and Total bill impacts.

11
12 Board Staff

13 Whitby Hydro has reviewed Board Staff’s submissions which are supportive of Whitby
14 Hydro’s application specifically in the areas of Retail Transmission Service rates, Tax-
15 Savings, Deferral and Variance Account dispositions as well as the disposition of Account
16 1576 Balance.

17
18 With regards to the Deferral and Variance Account disposition, Whitby Hydro requested
19 clarification and approval regarding an adjustment to previously approved amounts in sub-
20 account 1595 (2010). The adjustment resulted from a difference in approved projected
21 interest as compared to actual interest. Inclusion of this adjustment would result in a
22 benefit to customers. Whitby Hydro appreciates Board Staff’s clarification on this item and
23 submission indicating they had no opposition to Whitby Hydro’s approach as no party would
24 be negatively impacted.

25
26 Board Staff acknowledged that the OEB has not established a true-up process for the use of
27 forecast vs actual interest rates. Whitby Hydro appreciates any consideration that the OEB
28 might give in developing such a true-up process in the future. A true-up process would
29 ensure that no party (customer nor distributor) would bear the volatility in projected interest
30 amounts on defined approved principal balances.

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1 VECC

2 Whitby Hydro has reviewed VECC's submissions which are supportive of Whitby Hydro's
3 application specifically in the approach to allocating Account 1576 balance and the
4 calculation of the 1576 Rate Adder amounts by customer class as well as the proposal to
5 clear the balance (\$2.1M) as a refund to customers over a one year period.

6
7 VECC agrees with Whitby Hydro that the removal of the Ontario Clean Energy Benefit
8 (OCEB) in 2016 will have a significant impact on customer bills (particularly for RPP eligible
9 customers). VECC also notes that other changes will take place for 2016 which include the
10 transition to the new fixed rate design policy for residential customers; the new Ontario
11 Electricity Support Program (OESP); and the removal of the Debt Retirement Charge (DRC).

12
13 VECC is concerned with bill impacts and notes that the total bill impact analysis provided
14 does not take into account the impact of the OESP in 2016 and asks that Whitby Hydro
15 indicate in its reply submission if the total bill impact for any customer class exceeds 10%
16 when the implementation of the OESP in 2016 is included. VECC submits that mitigation
17 plans should be put in place for customer classes where the total bill impact exceeds 10%.

18
19 Whitby Hydro has expressed its concern regarding bill impacts due to changes which are
20 outside of its control (OCEB in particular is the most significant). When the OCEB was
21 introduced it was understood that it would provide significant relief to eligible customers as
22 soon as it was implemented and it had a distinct end date at which time the opposite effect
23 of upward pressure on the bill would occur. While it was aligned with the removal of the
24 DRC (for residential customers), it was clear that removing a 10% credit from the bill would
25 create notable upward pressure on the bill.

26
27 Whitby Hydro has demonstrated in both its applications that it is sensitive of the impacts of
28 upward pressures on customer's bills. Whitby Hydro acknowledged in its cost of service
29 deferral request that it would not delay a return (credit) to customers associated with the
30 Account 1576 balances and would provide a separate application to address this in order to
31 expedite the refund in a timely fashion. Whitby Hydro also requested an adjustment (credit
32 of \$38K) to the 1595 Deferral and Variance account (2010) which provided a small amount

1 of additional relief to customers. Whitby Hydro was not required to provide this adjustment
2 but clearly choose an approach which had the most beneficial impact to customers.

3
4 Whitby Hydro submits that it has provided bill impacts as per the applications submitted.
5 OESP rates have not been determined at this time.

6
7 The elimination of the OCEB affects customers across the province and the impact would
8 have been understood and anticipated by the provincial government and the OEB. As
9 previously mentioned, the removal of the OCEB is not in the control of electricity distributors.
10 Whitby Hydro also notes that Board Staff has not raised mitigation in their submission.

11
12 Whitby Hydro submits that it is not fair and reasonable to expect that a rate mitigation plan
13 be developed by distributors to adjust distribution rates in some way to offset the impact of a
14 government decision to remove the OCEB. However, in the case of Whitby Hydro, although
15 the primary objective of requesting the disposition of Account 1576 before a cost of service
16 application was to provide benefits to customers in a timely manner, the outcome of
17 addressing Account 1576 has essentially reduced the bill impacts to be within the 10%
18 range (or only very slightly above). In other words, Whitby Hydro has already provided an
19 application which has the effect of mitigating customer bill impacts.

20
21 Whitby Hydro has managed to keep bill impacts lower than what they otherwise would have
22 been as a result of the Account 1576 Disposition application and the adjustment credit for
23 1595 Deferral and Variance account (account). Whitby Hydro has identified that residential
24 customers currently have a total bill impact of 5.73% (well below 10%) and other customer
25 classes are largely below 10% (or close to 10%) even with the expiration of the OCEB.
26 When the OCEB impact is excluded, Whitby Hydro has demonstrated that customer bill
27 impacts are negative for most all customer classes (Residential, GS<50 kW, Unmetered
28 Scattered Load, and Sentinel Lights) and other classes (GS>50 kW and Streetlighting) have
29 proposed increases of 2.46% and 2.03% respectively. Whitby Hydro submits that there are
30 no further requirements to address bill mitigation for 2016.