



November 17, 2016

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-2016-0114

In accordance with Procedural Order No. 1, please find attached Whitby Hydro's Reply Submission in regards to the above proceeding.

Regards

A handwritten signature in black ink that reads "S. Reffle".

Susan Reffle
Vice President

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

Whitby Hydro Electric Corporation

EB-2016-0114

Interrogatory Responses

November 17, 2016

**Whitby Hydro Electric Corporation
Reply Submission
EB-2016-0114**

Whitby Hydro Electric Corporation (Whitby Hydro) has reviewed the submissions of the Ontario Energy Board staff (OEB staff) and those provided by the Vulnerable Energy Consumers Coalition (VECC).

Deferral and Variance Account Disposition

OEB staff is in agreement with Whitby Hydro that any customer who transitions to Class A should expect to have any customer specific financial implications related to a prior period to their transition identified and addressed in a timely manner. OEB staff also states,

Accordingly, OEB staff has no issue with Whitby Hydro's request to dispose of the GA amount to these two customers over 12 equal installments as requested.

Whitby Hydro wishes to clarify that for the disposition of GA variance amounts identified for the two customers who transitioned to Class A during 2015, the following disposition options (page 9, lines 33-35) were requested based on the customers preference.

Whitby Hydro also proposes that the affected Class A customers be given the option of settling this through 12 equal adjustments to their bills consistent with EDDVAR or a one-time settlement.

As the disposition affects only two individual customers, there appears to be no harm in permitting each customer to provide input regarding the manner and timeline of the disposition bill impact within the one year period.

Tax-Savings

OEB staff submission acknowledges that Whitby Hydro's request to record the Tax Savings amount of \$50,174 in Account 1595 for future disposition is consistent with prior IRM decisions for Whitby Hydro. OEB staff also notes that the differences identified by Whitby Hydro are not material and an alternative would be to dispose of the tax savings amount using the calculated rate riders.

Whitby Hydro acknowledges the alternative raised by OEB staff however, submits that there would be no harm to the customers by allowing the tax savings amount to be recorded in Account 1595 for future disposition for the following reasons:

- The tax savings in totality is below what would otherwise be considered to be the materiality threshold for Whitby Hydro for other purposes (ie. generally 0.5% of distribution revenue for discussion of variances in a cost of service or alternatively \$0.001 per kWh when considering disposition of Group 1 deferral and variance accounts)
- A tax saving amount recorded in Account 1595 would be combined with other Group 1 deferral and variance accounts and reviewed on a timely basis (annually) for disposition once materiality levels have been met.
- Whitby Hydro has identified a disconnect between intended refunds to customers compared to those produced by calculated rate riders for tax savings due to the low level of the tax savings amount spread between customer classes.
- The OEB has previously approved a tax savings transfer to Account 1595 for similar dollar levels of tax savings amounts in prior IRM decisions.