



November 15, 2017

**BY RESS/COURIER**

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

Dear Ms. Walli,

**RE: Whitby Hydro Electric Corporation  
2018 Rate Applications (EB- 2017-0085/EB-2017-0292)**

Please find enclosed Whitby Hydro Electric Corporation's ("Whitby Hydro") interrogatory responses pursuant to Procedural Order #1. The one week time frame provided to complete the interrogatories did not allow sufficient time for Whitby Hydro to prepare responses to questions on Exhibit 1 Stranded Meters (OEB Staff IR# 6 through #12). Whitby Hydro undertakes to complete those responses by November 23, 2017.

Whitby Hydro regrets any inconvenience this may cause.

As Procedural Order #1 has outlined a Settlement Conference date of November 21, 2017, Whitby Hydro respectfully asks that the Board consider and advise whether the Settlement Conference should proceed as scheduled or provide for an amendment to the current process.

Please contact me if you have any questions.

Regards,

A handwritten signature in black ink, appearing to read "S Reffle". The signature is written in a cursive, somewhat stylized font.

Susan Reffle  
Vice-President

cc: Mr. John Vellone (email)  
Ms. Katherine Wang (email)

**Whitby Hydro Electric Corporation**  
**Response to OEB Staff Interrogatories**

**November 15, 2017**

**OEB Staff IR #1**

**Ref: IRM Model – Tab 3: Account 1589 Global Adjustment - RPP True-up**

As noted on page 10 of the manager's summary, there is a RPP true-up amount of \$18,358.91 included in column BM related to the account 1589 Global Adjustment. The true-up relates to the 2016 period but was posted to account 1589 in 2017.

- 1) In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approach is used:
  - a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively
  - b) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.
  - c) Another approach. Please explain this approach in detail.

**Response:**

**Whitby Hydro confirms that it uses the approach identified in (a) to book Global Adjustment for non-RPP consumption to account 4707 (which ultimately clears to variance account 1589).**

**With respect to 1588, Whitby Hydro performs a monthly adjustment (true-up) to:**

- **Use information from the customer information system to isolate the difference between the actual amount of RPP versus market price compared to that used in the initial settlement with the IESO.**
- **Isolate any differences between settlement estimates for RPP GA and the estimated value of RPP GA from the IESO invoice**

**A clearing account is used to hold the differences until final settlement with the IESO occurs. As a result, the 1588 balance ultimately reflects the true variance between revenue (billed + unbilled) calculated using market rates and**

**the IESO power cost (line 101) - all other items net to zero and therefore have no impact to 1588.**

- 2) Whitby Hydro indicated that a true-up adjustment related to global adjustment has been included. With regards to the **Dec. 31, 2015 and Dec. 31, 2016** balances in Account 1589, all components that flow into Account 1589 (i to iv in tables below) should all be based on actuals at year end. Please complete the following tables to:
- a) indicate whether the component is based on estimates or actuals at year end and therefore, whether the component is being trued up, and
  - b) quantify the adjustment pertaining to each component that is trued up from estimate to actual.

For 2015:

	<b>Component</b>	<b>a) Estimate or Actual</b>	<b>Notes/Comments</b>	<b>b) Quantify True Up Adjustment</b>
i	Revenues (i.e. is unbilled revenues trued up by year end)	Estimate	Like all other variance accounts, Unbilled Revenue is not subject to "True-up" prior to disposition. Unbilled is trued-up naturally as billings occur and unbilled is reset. The unbilled process and calculations are thoroughly scrutinized by external auditors for reasonability.	N/A
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Actual	All amounts invoiced by the IESO for charge type 148 for Jan-Dec 2015 are posted	N/A
iii	Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages	Estimate	True-up amount posted in 2016. As it has not been picked up in any previous disposition, it is appropriate to capture in this disposition request, therefore no true-up adjustment is required to the balance included for disposition. Amount is identified in GA Analysis Workform \$95,880.	N/A for any adjustment to the balance requested for disposition.
iv	Credit of GA RPP: Charge Type 142 if the approach under IR 1b is used	N/A	N/A	N/A

For 2016:

	<b>Component</b>	<b>a) Estimate or Actual</b>	<b>Notes/Comments</b>	<b>b) Quantify True Up Adjustment</b>
i	Revenues (i.e. is unbilled revenues trued up by year end)	Estimate	Like all other variance accounts, Unbilled Revenue is not subject to "True-up" prior to disposition. Unbilled is trued-up naturally as billings occur and unbilled is reset. The unbilled process and calculations are thoroughly scrutinized by external auditors for reasonability.	N/A
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Actual	All amounts invoiced by the IESO for charge type 148 for Jan-Dec 2016 are posted.	N/A
iii	Expenses - GA non-RPP: Charge Type 148 with respect and RPP/non-RPP pro-ratio percentages	Estimate	True-up amount posted in 2017. The amount identified in the GA Analysis Workform has been identified in the application and picked up in the disposition requested for 1589 GA variance account	\$18,359 included in disposition request.
iv	Credit of GA RPP: Charge Type 142 if the approach under IR 1b is used	NA	N/A	N/A

- 3) Whitby Hydro indicated that the 2016 Account 1588 balance have already been adjusted to for true-up. With regards to the **Dec. 31, 2015 and Dec. 31, 2016** balances in Account 1588, all components that flow into Account 1588 (i to iv in table below) should be based on actuals, please complete the following tables to:
- confirm that each of the components is based on actuals at year end and
  - quantify the adjustment pertaining to each component that is trued up from estimate to actual

**Response:**

With respect to 1588, Whitby Hydro performs a monthly adjustment (true-up) to:

- Use information from the customer information system to isolate the difference between the actual amount of *RPP versus market price* compared to that used in the initial settlement with the IESO.
- Isolate any differences between settlement estimates for RPP GA and the estimated value of RPP GA from the IESO invoice

A clearing account is used to hold the differences until final settlement with the IESO occurs. As a result, the 1588 balance ultimately reflects the true variance between revenue (billed + unbilled) calculated using market rates and the IESO power cost (line 101) - all other items net to zero and therefore have no impact to 1588.

For 2015:

	<b>Component</b>	<b>a) Estimate or Actual</b>	<b>Notes/Comments</b>	<b>b) Quantify True Up Adjustment</b>
i	Revenues (i.e. is unbilled revenues trued up by year end)	Estimate	Like all other variance accounts, Unbilled Revenue is not subject to "True-up" prior to disposition. Unbilled is trued-up naturally as billings occur and unbilled is reset. The unbilled process and calculations are thoroughly scrutinized by external auditors for reasonability.	N/A
ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)	Actual	All amounts invoiced by the IESO for charge type 101 for Jan-Dec 2015 are posted.	N/A
ijj	Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Actual	All amounts invoiced by the IESO for charge type 148 for Jan-Dec 2015 are posted.	N/A
iv	Expenses - GA RPP: Charge	Actual	True-up ensures that there is no GA	N/A for any

	Type 148 with respect and RPP/non-RPP pro-ration percentages		impact to 1588 as outlined in the initial response above. The amount adjusted was \$299,288	adjustment to the balance requested for disposition.
v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type	Actual	True-up done to remove any differences between estimates used for IESO settlement and actual amounts posted. See initial response above. The amount adjusted was \$1,097,677	N/A for any adjustment to the balance requested for disposition.

For 2016:

	Component	a) Estimate or Actual	Notes/Comments	b) Quantify True Up Adjustment
i	Revenues (i.e. is unbilled revenues trued up by year end)	Estimate	Like all other variance accounts, Unbilled Revenue is not subject to "True-up" prior to disposition. Unbilled is trued-up naturally as billings occur and unbilled is reset. The unbilled process and calculations are thoroughly scrutinized by external auditors for reasonability.	N/A
li	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)	Actual	All amounts invoiced by the IESO for charge type 101 for Jan-Dec 2016 are posted.	N/A
ijj	Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Actual	All amounts invoiced by the IESO for charge type 148 for Jan-Dec 2016 are posted.	N/A
iv	Expenses - GA RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages	Actual	True-up ensures that there is no GA impact to 1588 as outline in the initial response above. The amount was \$277,680.	N/A for any adjustment to the balance requested for disposition.

v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type	Actual	True-up done to remove any differences between estimates used for IESO settlement and actual amounts posted. See initial response above. The amount was \$695,917.	N/A for any adjustment to the balance requested for disposition.
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**OEB Staff IR #2**

**Ref: IRM Model – Tab 12: RTSR – Historical Wholesale**

Using the “Units Billed” and “\$ Amount” data Whitby Hydro entered in the “Hydro One” table in tab 12, the model calculates Hydro One retail transmission rates for each month in 2016. As shown in the screenshot below, there are 6 rates (highlighted) that do not match the Hydro One sub-transmission rates approved for the time period (as listed in tab 11).

1. Please provide explanation for the discrepancies.

Hydro One	Network			Line Connection			Transformation Connection			To
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	
January	37,025	\$3.3896	\$ 125,498	37,025	\$0.7852	\$ 29,071	37,025	\$1.7923	\$ 66,360	\$
February	36,050	\$3.3396	\$ 120,393	36,050	\$0.7791	\$ 28,087	36,050	\$1.7713	\$ 63,855	\$
March	33,518	\$3.3396	\$ 111,937	33,518	\$0.7791	\$ 26,114	33,518	\$1.7713	\$ 59,371	\$
April	32,680	\$3.3396	\$ 109,136	32,679	\$0.7791	\$ 25,461	32,679	\$1.7713	\$ 57,885	\$
May	41,703	\$3.3396	\$ 139,273	41,703	\$0.7791	\$ 32,491	41,703	\$1.7713	\$ 73,869	\$
June	45,684	\$3.3396	\$ 152,565	45,684	\$0.7791	\$ 35,592	45,684	\$1.7713	\$ 80,919	\$
July	48,409	\$3.3396	\$ 161,665	48,409	\$0.7791	\$ 37,715	48,409	\$1.7713	\$ 85,746	\$
August	49,001	\$3.3396	\$ 163,644	49,001	\$0.7791	\$ 38,177	49,001	\$1.7713	\$ 86,796	\$
September	41,046	\$3.3396	\$ 137,077	41,046	\$0.7791	\$ 31,979	41,046	\$1.7713	\$ 72,705	\$
October	33,978	\$3.3396	\$ 113,472	33,978	\$0.7791	\$ 26,472	33,978	\$1.7713	\$ 60,185	\$
November	35,749	\$3.3396	\$ 119,387	35,749	\$0.7791	\$ 27,852	35,749	\$1.7713	\$ 63,322	\$
December	37,258	\$3.2968	\$ 122,834	37,258	\$0.7767	\$ 28,939	37,258	\$1.7648	\$ 65,755	\$
<b>Total</b>	<b>472,099</b>	<b>\$ 3.3401</b>	<b>\$ 1,576,880</b>	<b>472,099</b>	<b>\$0.7794</b>	<b>\$ 367,948</b>	<b>472,099</b>	<b>\$1.7724</b>	<b>\$ 836,768</b>	<b>\$</b>

**Response:**

Whitby Hydro is not billed on a calendar month from Hydro One. The billing cycle normally goes from a date close to the 8th of one month to the next. When there is a rate change, the bill will be calculated using a proration of the old and new rates. The December 2016 invoice, for example, has 24 days from December and 10 days from January 2017 included. This practice of recording the Hydro One invoice in the period that it predominately relates to has been accepted by our auditors as it is recognized that the differences in billing cycle versus calendar month would not create a material difference in costs.

**OEB Staff IR #3**

**Ref: Exhibit 2: Low Voltage (LV) Rates Page 10 of 13**

In the application, Whitby Hydro states:

In order to determine appropriate 2018 LV service rates, Whitby Hydro has used the same approach that is currently used in the IRM application process for the annual calculation of RTSR rates. Whitby Hydro modelled the calculation of the proposed LV service rates based on the RTSR tabs in the 2018 Rate Generator Model. The model applies the most current HONI rates to historical wholesale units to forecast the LV costs.

Table 2-14 below from Whitby Hydro's 2018 Stand Alone Rate Application<sup>1</sup> calculates the class shares of the Low Voltage Charges.<sup>2</sup> The class shares were determined based on the calculated LV revenue amounts based on 2016 metered kWhs and kW multiplied by the updated current LV service rates.

**Table 2-14: Low Voltage Rates to cover current wholesale LV costs**

<i>The purpose of this table is to re-align the current LV Rates to recover current wholesale LV costs.</i>									
Rate Class	Unit	Current LV	Non-Loss Adjusted Metered kWh	Billed kW	No Customers	Billed Amount	Billed Amount %	Current Wholesale Billing	Adjusted LV Service Rate
Residential	\$/kWh	0.0001	367,928,950			36,793	40.1%	295,807	0.0008
Residential	\$	0.1200			39,588	57,007			
GS <50	\$/kWh	0.0003	88,118,790			26,436	11.3%	83,360	0.0009
GS >50	\$/kW	0.1164		959,662		111,705	47.8%	352,240	0.3670
USL	\$/kWh	0.0003	1,759,728			528	0.2%	1,665	0.0009
Sentinel Lighting	\$/kW	0.0919		92		8	0.0%	0	0.0000
Street Lighting	\$/kW	0.0901		16,143		1,454	0.6%	4,586	0.2841
						233,931		737,658	

OEB staff notes that Whitby Hydro established the existing LV service rates based on each customer class's proportion of the transmission connection amounts in its last cost of service (CoS) application.<sup>3</sup> Table 8-10 below from Whitby Hydro's 2011 CoS application calculates the class shares of the LV Charges.<sup>4</sup>

**Table 8-10: Settlement Allocation of 2011 LV Charges to Rate Class**

Customer Class Name	Test Year Revenues <sup>6</sup> Transmission - Connection	Class Share	Low Voltage Charges <sup>7</sup>
Residential	2,087,999	46.5%	112,136
General Service Less Than 50 kW	408,524	9.1%	21,940
General Service 50 to 4,999 kW	1,941,550	43.2%	104,271
Unmetered Scattered Load	13,557	0.3%	728
Sentinel Lighting	190	0.0%	10
Street Lighting	37,840	0.8%	2,032
<b>TOTAL</b>	<b>4,489,660</b>	<b>100.0%</b>	<b>241,117</b>

<sup>1</sup> EB-2017-0085

<sup>2</sup> 2018 Stand-Alone Rate Application Exhibit 2: Low Voltage Rates Page 13 of 13

<sup>3</sup> EB-2009-0274 Proposed Settlement Agreement, Appendix C Page 8 of 10.

<sup>4</sup> EB-2009-0274 Proposed Settlement Agreement, Appendix C Page 9 of 10

- a) Please explain why Whitby Hydro did not calculate class shares based on forecast transmission connection revenues from the 2018 IRM Rate Generator Model,<sup>5</sup> and explain why Whitby Hydro's feels its approach is more appropriate in light of the fact that the LV Charges from its host distributor increased by over three times since it last set its retail LV Service Charges.

**Response:**

In this application, Whitby Hydro proposed the mechanistic approach of the RTSR model to proportion the costs between rate classes. The approach uses the current rates and billing determinants as the starting point to allocate forecasted costs by rate class. This is consistent with the OEB recognized approach for re-setting the RTSR rates each year.

Whitby Hydro is not opposed to calculating rate class shares based on the 2018 forecasted transmission connection revenues as this approach is consistent with that used in our last Cost of Service application.

Both approaches appear to be reasonable.

- b) Please create two new tables, similar to Tables 2-14 and 2-15 calculating LV Service Rates from Whitby Hydro's 2018 Stand-Alone Rate Application<sup>6</sup> allocating costs based on forecast Transmission Connection revenues from the 2018 IRM Rate Generator Model<sup>7</sup> and calculate the resulting updated proposed LV Service Rates.

**Response:**

The table below is the allocation by rate class based on the forecast Transmission Connection revenues from the 2018 IRM Rate Generator Model.

Rate Class	Transmission Connection Revenue 2018 Forecast	Class Share
Residential Service Classification	2,506,443	47.4%
General Service Less Than 50 kW Service Classification	552,650	10.5%
General Service 50 To 4,999 kW Service Classification	2,187,468	41.4%
Unmetered Scattered Load Service Classification	11,036	0.2%
Sentinel Lighting Service Classification	166	0.0%
Street Lighting Service Classification	28,448	0.5%
Total	5,286,210	100.0%

<sup>5</sup> From Tab 15 RTSR Rates to Forecast.

<sup>6</sup> Exhibit 2: Low Voltage Rates Page 13 of 13

<sup>7</sup> Ibid 4

The tables below calculate LV Service Rates by allocating costs based on the forecast Transmission Connection revenue allocation above.

Table 2-14 Revised: Low Voltage Rates to cover current wholesale LV costs

<i>The purpose of this table is to re-align the current LV Rates to recover current wholesale LV costs.</i>									
Rate Class	Unit	Current LV	Non-Loss Adjusted Metered kWh	Billed kW	No Customers	Billed Amount	Billed Amount % <sub>1</sub>	Current Wholesale Billing	Adjusted LV Service Rate
Residential	\$/kWh	0.0001	367,928,950			36,793	47.4%	349,782	0.0010
Residential	\$	0.1200			39,588	57,007			
GS <50	\$/kWh	0.0003	88,118,790			26,436	10.5%	77,119	0.0009
GS >50	\$/kW	0.1164		959,662		111,705	41.4%	305,248	0.3181
USL	\$/kWh	0.0003	1,759,728			528	0.2%	1,540	0.0009
Sentinel Lighting	\$/kW	0.0919		92		8	0.0%	0	0.0000
Street Lighting	\$/kW	0.0901		16,143		1,454	0.5%	3,970	0.2459
						<u>233,931</u>		<u>737,658</u>	

Table 2-15 Revised: Low Voltage Rates to cover forecast wholesale LV costs

<i>The purpose of this table is to update the re-aligned LV Rates to recover future wholesale LV costs.</i>									
Rate Class	Unit	Adjusted LV	Non-Loss Adjusted Metered kWh	Billed kW		Billed Amount	Billed Amount % <sub>1</sub>	Current Wholesale Billing	Proposed LV Service Rate
Residential	\$/kWh	0.0010	367,928,950			349,782	47.4%	349,782	<b>0.0010</b>
GS <50	\$/kWh	0.0009	88,118,790			77,119	10.5%	77,119	<b>0.0009</b>
GS >50	\$/kW	0.3181		959,662		305,248	41.4%	305,248	<b>0.3181</b>
USL	\$/kWh	0.0009	1,759,728			1,540	0.2%	1,540	<b>0.0009</b>
Sentinel Lighting	\$/kW	0.0000		92		0	0.0%	0	<b>0.0000</b>
Street Lighting	\$/kW	0.2459		16,143		3,970	0.5%	3,970	<b>0.2459</b>
						<u>737,658</u>		<u>737,658</u>	

Note 1: Allocation based on forecast Transmission Connection revenues from the 2018 IRM Rate Generator Model, tab 15

**OEB Staff IR #4**

**Ref: Exhibit 2: Low Voltage Rates Page 11 of 13**

As part of a distributors CoS rate application, per section 2.8.7 (Low Voltage Service Rates), of the Chapter 2 of the Filing Requirements,<sup>8</sup> distributors are to provide additional information regarding LV Service Rates. Please provide information for the following:

- Historical year data for 2014 and 2015 for LV Costs from Whitby Hydro's host distributor in the same format as Table 2-11 for 2014 and 2015.

**Response:**

**2014 LV Costs**

Month	Volumetric			Fixed			Amount
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	
January	31,796	0.9890	31,446.24	4	298.89	1,195.56	32,641.80
February	31,419	0.9890	31,073.35	4	298.89	1,195.56	32,268.91
March	38,440	0.9890	38,017.44	4	298.89	1,195.56	39,213.00
April	37,154	0.9890	36,745.53	4	298.89	1,195.56	37,941.09
May	39,008	0.9890	38,578.55	4	298.89	1,195.56	39,774.11
June	42,059	0.9890	41,596.62	4	298.89	1,195.56	42,792.18
July	42,936	0.9890	42,463.91	4	298.89	1,195.56	43,659.47
August	46,279	0.9890	45,769.46	4	298.89	1,195.56	46,965.02
September	48,619	0.9890	48,084.57	4	298.89	1,195.56	49,280.13
October	34,052	0.9890	33,677.31	4	298.89	1,195.56	34,872.87
November	38,276	0.9890	37,855.04	4	298.89	1,195.56	39,050.60
<sup>1</sup> December	38,069	0.8774	33,399.97	4	298.89	1,195.56	34,595.53
<b>Total</b>	<b>468,107</b>	<b>0.9799</b>	<b>458,707.99</b>	<b>48</b>	<b>298.89</b>	<b>14,346.72</b>	<b>473,054.71</b>

<sup>1</sup> Reflects expiration of 2014 HONI rate rider

<sup>8</sup> Filing requirements for Electricity Distribution Rate Applications - 2017 Edition for 2018 Rate Applications, July 20, 2017

## 2015 LV Costs

Month	Volumetric			Fixed			Amount
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	
January	52,979	0.6820	36,131.83	4	298.89	1,195.56	37,327.39
February	54,855	0.6820	37,411.23	4	298.89	1,195.56	38,606.79
March	45,704	0.6820	31,170.08	4	298.89	1,195.56	32,365.64
<sup>1</sup> April	33,010	1.0011	33,047.12	4	351.60	1,406.41	34,453.53
May	36,606	1.4943	54,700.20	4	1132.02	4,528.08	59,228.28
June	42,303	1.4943	63,213.76	4	1132.02	4,528.08	67,741.84
July	46,706	1.4943	69,792.82	4	1132.02	4,528.08	74,320.90
August	46,642	1.4943	69,697.49	4	1132.02	4,528.08	74,225.57
September	39,853	1.4943	59,552.49	4	1132.02	4,528.08	64,080.57
October	45,665	1.4943	68,237.76	4	1132.02	4,528.08	72,765.84
November	59,273	1.4943	88,571.43	4	1132.02	4,528.08	93,099.51
<sup>2</sup> December	47,657	1.4943	71,213.47	4	904.57	3,618.28	74,831.75
<b>Total</b>	<b>551,254</b>	<b>1.2385</b>	<b>682,739.68</b>	<b>48</b>	<b>839.75</b>	<b>40,307.93</b>	<b>723,047.61</b>

<sup>1</sup> Reflects May 2015 rate change

<sup>2</sup> Reflects expiration of foregone revenue rate rider

- Year-over-year variances with explanations for substantive changes in the costs from 2014 actuals to 2018 forecasts.

### Response:

#### Year-over-year variances

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Low Voltage Charges	737,658	737,658	726,056	723,048	473,055
Year over year change	-	11,602	3,008	249,993	

The substantive change in costs happened in 2015 with an increase in one year of \$250,000. This is largely driven by increased rates (both \$/kW and fixed monthly charges) with some impact related to change in billed peak demands.

#### Rates

In Board Case number EB-2013-0416 Hydro One's sub transmission rates increased substantially in 2015 as outlined below:

Hydro One Sub Transmission Rates	2014	Interim	2015	% increase
	Jan 1/14	2015 Jan 1/15	2015 May 1/15	
Service Charge (incl SMFA)	\$ 298.89	\$ 298.89	\$ 433.07	44.9%
Rate Rider for Disposition of D/V (2015) #16			\$ 16.60	
Rate Rider for Recovery of Foregone Revenue #19			\$ 682.35	
	<u>\$ 298.89</u>	<u>\$ 298.89</u>	<u>\$ 1,132.02</u>	278.7%
Facility Charge for connection to Common ST Lines (44kW to 13.8 kV)	\$ 0.68	\$ 0.68	\$ 1.02	49.9%
Volumetric Rate Rider #9A, 10, 11, 12	\$ 0.31			
Volumetric Rate Rider #14 - D/V			\$ 0.47	
	<u>\$ 0.99</u>	<u>\$ 0.68</u>	<u>\$ 1.49</u>	51.1%

The increase in 2015 rates accounts for approximately \$166,000 (or 66%) of the year-over-year change in LV costs in 2015.

**Peak Demand (units billed)**

The units billed in 2015 increased year-over-year due to the load transfers between the two transformer stations (TS) serving Whitby Hydro, only one of which is embedded in Hydro One. The Thornton TS (which is embedded in Hydro One) was required to take on more load due to station maintenance undertaken by Hydro One, construction work surrounding the 407ETR project and Town of Whitby road widening. Whitby Hydro reviews the requirements for load transfers between stations to try to minimize the financial impacts while ensuring safety and reliability. Demand moved back to more typical levels in 2016 however, rates continued to remain higher.

**OEB Staff IR #5**

**Ref: Account 1508, Other Regulatory Assets – Sub account OEB Cost Assessments**

**Exhibit 2: Group 2 DVA Page 2 of 18**

Whitby Hydro is requesting the disposition of the December 31, 2016 balances in Account 1508, Sub Account OEB Cost Assessments.

The OEB established the Cost Assessment Deferral Sub Account for electricity distributors and transmitters to record any material differences between OEB cost assessments currently built into rates and cost assessments that will result from the application of the new cost assessment model effective April 1, 2016.

Please confirm what Whitby Hydro's materiality threshold is and whether or not the amount being requested for disposition exceeds its materiality threshold.

**Response:**

**Whitby Hydro's general materiality threshold of 0.5% is approximately \$100,000. Whitby Hydro acknowledges that the amount included in Account 1508, Other Regulatory Assets - Sub account OEB Cost Assessment is below this amount.**

**Whitby Hydro suggests that the general materiality threshold should not apply in the disposition request for the 1508 individual sub-account, OEB Cost Assessments due to the following reasons:**

- **The applicable materiality level is not clearly defined or consistently applied.**
- **Disposition requests that do not meet general materiality thresholds have been permitted in the past. Conversely, electricity distributors may also make a case as to why a balance should not be disposed of in an application.**
- **As the balance is a sub-account of Account 1508 – Other Regulatory Costs, and all other 1508 balances are being requested for disposition, it seems a reasonable and efficient process to clear all 1508 sub-account balances in a single stand-alone application.**
- **Account 1508 sub-account for OEB Cost Assessments is part of a request to address multiple Group 2 balances which in total, are well above the general materiality threshold.**
- **Whitby Hydro notes that in the case of electricity distributors who are involved in or contemplating a merger, rates may not be re-set for a period of up to ten years in order for there to be sufficient time for cost-efficiencies to be realized and shared. Electricity distributors should be permitted to record and make reasonable proposals to address balances to ensure timely dispositions to customers and avoid impacts which might be viewed as detrimental to merger or acquisition decisions.**

**On this basis, Whitby Hydro proposes the amount in Account 1508, Other Regulatory Assets – Sub account OEB Cost Assessments is appropriately recorded and included for disposition along with other 1508 sub-accounts and Group 2 Account balances.**

**OEB Staff IR #6**

**Ref: Exhibit 1/page 8**

In Table 1-3, Whitby Hydro shows a Gross Fixed Assets value of \$4,443,935 and an Accumulated Depreciation of (\$2,841,852) for conventional meters stranded due to replacement by smart meters for 2011. The resulting Net Fixed Assets is \$1,602,083 for 2011.

- a) Please confirm whether this is an average for the year (i.e., average of opening and closing amounts from fixed asset continuity schedules) or fiscal year-end (December 31, 2011).
- b) If the amounts are fiscal year-end, please provide the rationale for using year-end.
- c) If necessary, please provide a version that is based on average 2011 net book value of assets.
- d) Please prepare a variation of Table 1-3 based on the average net book value of stranded meters for 2017. From the year-end 2016 and 2017 values shown in Appendix 2-S, OEB staff estimates that this would be \$828,721, based on the average of the opening and closing GBV of stranded meters  $(\$4,443,935 + \$4,443,935) / 2 = \$4,443,935$  less the average accumulated depreciation from 2017 opening and closing balances  $(\$3,553,003 + \$3,649,404) / 2 = \$3,601,204$  and also less the net proceeds from disposition of \$14,011.

**Response:**

**The one week time frame provided to complete interrogatory responses did not allow sufficient time for Whitby Hydro to prepare responses to questions on Exhibit 1 Stranded Meters (OEB Staff IR# 6 through #12). Whitby Hydro undertakes to complete those responses by November 23, 2017.**

**OEB Staff IR #7**

**Ref: OEB Electricity Distributor Yearbooks for 2012 to 2016**

From the Statistical Yearbooks issued by the OEB on the data provided by electricity distributors under the Reporting and Record-keeping Requirements, OEB staff has prepared the following table based on Whitby Hydro's reported Residential and GS < 50 kW customer numbers:

<b>Whitby Hydro</b>				
<b>Year</b>	<b>Number of Customers</b>		<b>Annual Growth Rate</b>	
	<b>Residential</b>	<b>GS &lt; 50 kW</b>	<b>Residential</b>	<b>GS &lt; 50 kW</b>
2012	38,471	2,066		
2013	38,730	2,094	0.67%	1.36%
2014	38,963	2,156	0.60%	2.96%
2015	39,251	2,179	0.74%	1.07%
2016	39,588	2,220	0.86%	1.88%
Geometric Mean Growth Rate (2012-2016)			0.72%	1.81%

- a) Please confirm or correct the numbers.
- b) OEB staff would assume that the growth of in-service smart meters by class would match the growth rate in the number of customer connections for each of these customer classes since the completion of initial smart meter deployment as reviewed in Whitby Hydro's smart meter application EB-2012-0479. Please confirm this, or provide Whitby Hydro's estimate of the growth rate for in-service smart meters since 2012, along with the rationale for Whitby Hydro's estimate.

**Response:**

The one week time frame provided to complete interrogatory responses did not allow sufficient time for Whitby Hydro to prepare responses to questions on Exhibit 1 Stranded Meters (OEB Staff IR# 6 through #12). Whitby Hydro undertakes to complete those responses by November 23, 2017.

**OEB Staff IR #8**

**Ref: Age Distribution of Smart Meters**

Please fill out the following table showing the age distribution of in-service smart meters by customer class.

Age Distribution of Installed Smart Meters								
Year	Age of installed smart meter (as of December 31, 2017)	Average age on December 31, 2017 for smart meters installed during year	Smart Meters Installed per year		Removals/Replacements (by year of original smart meter installation)		Number of In-service smart meters by year of installation	
			Residential	GS < 50 kW	Residential	GS < 50 kW	Residential	GS < 50 kW
2006	11	11.5					0	0
2007	10	10.5					0	0
2008	9	9.5					0	0
2009	8	8.5					0	0
2010	7	7.5					0	0
2011	6	6.5					0	0
2012	5	5.5					0	0
2013	4	4.5					0	0
2014	3	3.5					0	0
2015	2	2.5					0	0
2016	1	1.5					0	0
2017	0	0.5					0	0
	Average age of smart meters		#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!

**Response:**

The one week time frame provided to complete interrogatory responses did not allow sufficient time for Whitby Hydro to prepare responses to questions on Exhibit 1 Stranded Meters (OEB Staff IR# 6 through #12). Whitby Hydro undertakes to complete those responses by November 23, 2017.

## OEB Staff IR #9

### Ref: Exhibit 1/page 11, Decision EB-2012-0479

In the current application, Whitby Hydro has proposed to update the SMIRR from 2013 to 2018 by cumulatively applying the Price Cap IR adjustment applicable in each year. Under Whitby Hydro's proposal, the SMIRR would increase from \$2.20 per month to \$2.37 per month for Residential customers, and from \$7.11 per month to \$7.65 per month for GS < 50 kW customers.

In its Decision and Order EB-2012-0479 issued April 25, 2013 and corrected May 6, 2013, under Accounting Matters on pages 9 and 10, the OEB states:

In granting its approval for the historically incurred costs and the costs projected for 2012, the Board considers WHEC to have completed its smart meter deployment. ...

WHEC is authorized to continue to use the established sub-account Stranded Meter Costs of Account 1555 to record and track remaining costs of the stranded conventional meters replaced by smart meters. The balance of this sub-account should be brought forward for disposition in WHEC's next cost of service application.

While smart meter installations for new growth have continued since 2012, and are not taken into account as the SMIRR has not been updated, please confirm that new customers since 2012 (and even for new customers (i.e. new residential and commercial businesses) added in Whitby since Whitby Hydro started deploying smart meters a few years prior, these customers have been paying through their base distribution rates for "phantom" conventional meters that these new customers never had and Whitby Hydro never paid for. This situation arises because rates are essentially averaged or "postage-stamped" for all customers in that class.

- a) Based on the responses to interrogatory 2 above, growth in smart meters is relatively low, in about the 1 to 2% range per year for Residential and GS < 50 kW. Based on a 15-year expected life for smart meters assumed in EB-2012-0479, this gives a depreciation rate of 6.67% per year. This is more than double the combined impact of customer growth and the annual Price Cap IR adjustment, which ranges from 1.30% to 1.80% and averages about 1.5% per annum. Based on this, OEB staff estimates that the average net book value per installed smart meter is decreasing over time, based on the fact that the original smart meters are depreciating at a rate significantly faster than growth and inflation less productivity.

As the average NBV decreases, we would have the following:

- Return of capital (depreciation expense) will remain essentially constant (it is constant for the smart meters installed to the end of 2012; to the extent that there are any inflationary increases for smart meters installed after 2012, there may be some slight increase, but this would be relatively small due to the low annual growth rate.
- OM&A may increase, but we also have the fact that there are meter-related OM&A expenses factored into Whitby Hydro's base distribution rates and these are subject to the annual Price Cap IR adjustment. These expenses would include costs no longer being incurred, as one example, manual meter reads. It is not clear if all of the incremental OM&A expenses factored into the SMIRR calculation in EB-2012-0479 are ongoing. As a result, it is not clear that OM&A expenses would increase or be fully subject to the annual Price Cap IR adjustment.
- Interest expense on debt would not increase. It would remain constant or could even decrease if the principal is being repaid on an ongoing basis.
- Subject to changes in the cost of capital parameters, which have decreased since Whitby Hydro's last rebasing application and have been fairly constant at historically low levels since EB-2012-0479, the return on the equity portion of capital would decrease in line with the decrease of the average net book value per in-service smart meter. Taxes/PILs expense would move in line with the decrease in the average NBV per smart meter.

The SMIRR, by its derivation, is the incremental revenue requirement per in-service smart meter at the time that it is calculated. Since installed smart meters are depreciating faster than growth and inflation, the revenue requirement should be decreasing at this time. In this situation, what is the rationale for applying the Price Cap IR adjustment to increase the SMIRR over time?

- c) Please explain how Whitby Hydro's proposal complies with the OEB's instructions on the accounting of smart meter capital and operating expenses as documented on pages 9 and 10 of Decision and Order EB-2012-0479.

**Response:**

**The one week time frame provided to complete interrogatory responses did not allow sufficient time for Whitby Hydro to prepare responses to questions on Exhibit 1 Stranded Meters (OEB Staff IR# 6 through #12). Whitby Hydro undertakes to complete those responses by November 23, 2017.**

## **OEB Staff IR #10**

### **Ref: Exhibit 1**

Whitby Hydro's proposal for the adjustments to remove the revenue requirement of stranded conventional meters and to add in the revenue requirement of smart meters is based on retrospective analyses. The conventional meter revenue requirement is derived from Whitby Hydro's 2010 cost of service application and its 2013 smart meter application for the smart meter revenue requirement. It has then updated for the amounts of the cumulative impact of Price Cap IR adjustments.

An alternative approach would be to do the calculations on a prospective basis. This approach was used in a recent application filed by EnWin with respect to stranded meter and smart meter cost recovery (EB-2017-0132). This approach arose through discovery in that application and was agreed to as part of a proposed Settlement Agreement between EnWin and OEB staff; the Settlement Agreement was approved by the OEB in its decision issued on October 12, 2017.

In the approach agreed to in the EnWin application, both the stranded meter and smart meter incremental revenue requirement calculations were updated to correspond with the test period (settled on as the 2018-19 calendar and fiscal years). OEB staff notes that the end result was slightly different, in that EnWin was approved a stranded meter rate rider (SMRR) and an updated SMIRR for each of the Residential and GS < 50 kW classes for the two-year test period. Base rates were not adjusted, and the updated rate riders sunset on December 31, 2019.<sup>9</sup> At that point, the stranded meters will be fully recovered. The SMIRR is not extended; EnWin will have the option to make an application for any adjustment, but must take into account the revenue requirement for conventional meters embedded in base distribution rates given that the capital costs of stranded conventional meters will be fully recovered as of December 31, 2019.

OEB staff understands that Whitby Hydro's proposal is different, in that it is proposing to minimize the number of rate riders. A SMRR is proposed to recover the residual NBV of stranded conventional meters. However, to avoid a SMIRR or other rate riders, Whitby Hydro is proposing to decrement based distribution rates by the revenue requirement per stranded meter and add in the incremental revenue requirement per smart meter.

OEB staff would like Whitby Hydro's views on the following option for making the adjustments on a more current or prospective basis by calculating the conventional meter and smart meter revenue requirements based on 2017 values, rather than the historical values.

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<sup>9</sup> In the Settlement Agreement attached to Decision and Order EB-2017-0132 (see interrogatory 5 below), the sunset date was agreed to on the assumption that EnWin would file for rebased rates for January 1, 2020.

For the conventional meter revenue requirement, Whitby Hydro was requested to provide this calculation based on 2017 average net book value in response to Interrogatory # 1d).

With respect to smart meters, OEB staff has extended Whitby Hydro's final smart meter model from the Draft Rate Order stage of its EB-2012-0479 application. Years from 2014 to 2018 have been added. No new smart meters have been added or any capital costs. Certain OM&A expenses have been carried forward from the 2013 values, but this has not been done for all expenses. While some expenses were documented as being both incremental and ongoing in responses to interrogatories in the EB-2012-0479 proceeding, it is not clear that all OM&A expenses are ongoing.

OEB staff provides the following table documenting the changes made to the model, with the affected sheets highlighted by shading:

Sheet	Changes
1. Utility Info	None
2. Smart Meter Costs	Added columns for years 2014 to 2018 in Columns W through AE, but no new data, except for extending certain OM&A costs from 2013 onwards, as discussed in part b) of this interrogatory.
3. Cost of Service Parameters	Added years 2013 through 2019 in Columns W through AE. Cost of Service parameter data for 2013 extended to each year for 2014 through 2018.
4. SM Assets and Rate Base	Added years 2014 through 2018 in Columns W through AE. Formulae were extended for all added years.
5. SM Rev Req	Added years 2014 through 2018 in Columns W through AE, and copied all formulae. No changes to formulae or data, so that the model calculates the smart meter revenue requirement for each year.
6. UCC Calculation	Added years 2014 through 2018 in Columns W through AE, and copied all formulae. No changes to formulae or data.
7. Taxes PILs	Added years 2014 through 2018 in Columns W through AE, and copied all formulae. No changes to formulae or data.
8. Funding Adder Revs	No changes. Not needed for SMIRR calculation.
8A. Opex Interest Monthly	No changes. Not needed for SMIRR calculation
8B. Opex Interest Annual	No changes. Not needed for SMIRR calculation
9. SMFA SMDR SMIRR	Changes to rows 73 and 75, to calculate aggregate SMIRR on 2017 numbers.
10A. Cost Alloc SMDR	No changes. Not needed for SMIRR calculation
10B. Cost Alloc	Changes made in column Q to use revenue requirement

SMIRR 2017	components calculated based on 2017 for calculating Residential and GS < 50 kW SMIRR.
10B. Cost Alloc SMIRR 2018	This sheet is a copy of 10B. Cost Alloc SMIRR 2017, but calculates what would be the SMIRR based on a 2018 test year.

- a) Please provide Whitby Hydro’s perspectives on the appropriateness of OEB staff’s adjustments to the smart meter model to extend it to 2017 and 2018.
- b) It is not fully clear which operating expenses for 2013 were fully incremental and ongoing, as opposed to one time, in the EB-2012-0479. In preparing its model, OEB staff have estimated that the following 2013 operating expenses on Sheet 2: Smart Meter Costs appear to be ongoing:
  - 2.1.2 OM&A – Other - \$80,000
  - 2.2.1 Advanced Metering Regional Collector – Maintenance - \$1,000
  - 2.3.2 Advanced Metering Control Collector – Other - \$42,000
  - 2.5.6 Other AMI OM&A Expenses Related to Minimum Functionality – Other AMI Expenses - \$16,000

It is also not clear to OEB staff that 2.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with MDM/R, etc. of \$122,000 are ongoing, even though Whitby Hydro has been recovering this in its SMIRR since 2013.

Whitby Hydro should confirm which operating expenses are ongoing. If values differ from the 2013 value documented in EB-2012-0479, Whitby Hydro should itemize and propose these. All cost estimates and explanation of one-time versus ongoing operating expenses should be fully explained and supported.

Whitby Hydro should also provide the number of Residential and GS < 50 kW smart meters, and the associated capital costs for the purchase and installation of smart meters for new customers and for replacements for failures, based on updated actual information from 2012 onwards, and including forecasts for 2017 and 2018 on sheet 2 as well.

- c) In its application, Whitby Hydro has proposed that the adjustment for the stranded meter be applied 100% to the Monthly Service Charge for Residential and GS < 50 kW classes. Consistent with Residential Rate Design, it has also proposed that the adjustment for the smart meter revenue requirement be applied 100% for the Residential class. However, for the GS < 50 kW class, Whitby Hydro has allocated the smart meter adjustment between the Monthly Service Charge and volumetric (per kWh) charge. The meter costs are fixed and invariant to a customer’s consumption once installed. Please explain the basis for applying the smart meter revenue requirement adjustment to both fixed and variable charges for the GS < 50 kW class. If allocation between fixed and variable is appropriate for smart meter costs for this class, would not the same also hold for how conventional meter costs were allocated and recovered

historically? Would Whitby Hydro concur that it would be administratively simpler to apply all adjustments solely to the Monthly Service Charge for both customer classes, based on the fixed costs of smart meters once installed, and also in light of policies regarding rate design, both existent and under consideration, for Residential and General Service customers?

- d) OEB staff is proposing an option whereby the adjustments to remove the revenue requirement related to stranded conventional meters and the addition of the incremental revenue requirement for smart meters is made to the current approved Monthly Service Charge for each of the Residential and GS < 50 kW customer classes. The adjustments are based on average or mid-year 2017 calculations per the amended model. This would create pro forma adjusted 2017 Monthly Service Charges to which would be applied the 2018 Price Cap IR adjustment. The Stranded Meter Rate Rider would be in place for the appropriate time as approved by the OEB, at which point all costs related to the stranded meters would be recovered (i.e., the balance of Account 1555/sub-account Stranded Meter Costs would be zero). With the adjustments made to the Monthly Service Charges for the Residential and GS < 50 kW customer classes, no costs would be included for conventional meters and all costs for in-service smart meters would be considered to be recovered through the base distribution rate on a going-forward basis. The Monthly Service Charges would be subject to IRM adjustments in accordance with OEB policy as it currently exists or may evolve in the future. Please provide Whitby Hydro's views on OEB staff's proposal.

**Response:**

**The one week time frame provided to complete interrogatory responses did not allow sufficient time for Whitby Hydro to prepare responses to questions on Exhibit 1 Stranded Meters (OEB Staff IR# 6 through #12). Whitby Hydro undertakes to complete those responses by November 23, 2017.**

## OEB Staff IR #11

### Ref: Decision and Rate Order EB-2017-0132 (EnWin Utilities Ltd.)

On March 13, 2017, EnWin Utilities Ltd. (EnWin) filed an application (EB-2017-0132) with the OEB to deal with the matter of recovering the residual net book value of stranded conventional meters and to deal with ongoing recovery of smart meters. OEB staff note that Whitby's application is similar to that of EnWin on these issues; however, the two utilities proposed different approaches.

EnWin's application was resolved by way of a proposed settlement agreement between EnWin and OEB staff, which agreement the OEB ultimately approved in its [Decision and Rate Order EB-2017-0132](#) issued on October 12, 2017. In the settlement, EnWin was approved a Stranded Meter Rate Rider (SMRR) to recover, along with the amounts recovered in distribution rate, the remaining net book value of stranded conventional meters so that all stranded conventional meter costs would be recovered by December 31, 2019, and an updated SMIRR for the period from January 1, 2018 to December 31, 2019.

Whitby Hydro has proposed an alternative approach which avoids adding additional rate riders, and instead is only proposing a SMRR to recover the remaining NBV of stranded meters, with the SMIRR being added to and an offsetting monthly revenue requirement per stranded meter removed from the distribution rates for Residential and GS < 50 kW. The intention is a retrospective proxy for what would occur in a traditional cost of service rebasing.

OEB staff considers that the same information filed in the application and being requested in interrogatories could be used to calculate SMRRs and SMIRRs as was the case for EnWin.

Settlement agreements are not necessarily precedential, but that does not necessarily preclude them from being used as a precedent where the settlement agreement or some aspect of it, is seen as improving existing policy.<sup>10</sup>

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<sup>10</sup> While not related to a formal settlement agreement, OEB staff notes a similar approach whereby a negotiated and agreed to methodology in an application subsequently became established OEB policy. In its 2008 IRM rate application ([EB-2007-0900](#)), Cambridge & North Dumfries Hydro (now Energy+) filed an Agreed Statement of Facts on behalf of itself and its partially embedded distributors, Hydro One Networks Inc. and Waterloo North Hydro Inc. This document resulted from a technical conference between the three distributors and OEB staff, dealing with the issue of calculating Low Voltage rates applicable to the embedded distributors. The proposal was an enhancement to the methodology documented in the 2006 Electricity Distribution Rate Handbook. The OEB approved the methodology proposed in the Agreed Statement of Facts. The approach was adopted subsequently by the OEB and

Please provide Whitby Hydro's views on the strengths, weaknesses, and the reasonableness of adopting an approach similar to that propose, and approved by the OEB, for establishing separate SMRR and SMIRR rate riders going forward.

**Response:**

**The one week time frame provided to complete interrogatory responses did not allow sufficient time for Whitby Hydro to prepare responses to questions on Exhibit 1 Stranded Meters (OEB Staff IR# 6 through #12). Whitby Hydro undertakes to complete those responses by November 23, 2017.**

## OEB Staff IR #12

Ref: EB-2012-0479, OEB Staff IR # 6

In its EB-2012-0479 application, in response to an interrogatory from OEB staff, Whitby Hydro stated that it had not accounted for any operational efficiencies from smart meters at that time:

### **6. Ref: Application [EB-2012-0479], page 8 – Operational Efficiencies**

On page 8 of the Application, WHEC states that “[a]ll costs claimed in this application are incremental, and have been incurred for the purpose of implementing the Smart Meter and TOU programs (they would not otherwise have been incurred).”

WHEC notes that it implemented TOU billing in 2012. Further, WHEC’s next Cost of Service application is scheduled for rates to be effective January 1, 2015. This is nearly two years hence.

What, if any efficiencies and costs savings, such as from reduction or elimination of manual meter reading, has WHEC identified and how are these taken into account in this Application?

#### **Response:**

WHEC has not included the impact of any efficiencies and cost savings that may occur as a result of shifting from conventional meters to smart meters in this application. At this time, the primary savings is expected to be gained from the elimination of manual meter reading, however, as completion of the smart meter rollout and time-of-use billing changes are still relatively recent, it is expected that WHEC will be in a better position to assess any costs eliminated or saved in its next cost of service application. WHEC believes that it is reasonable to review these savings at a time when there is a greater understanding of the on-going costs and benefits associated with operations in a smart meter environment.

As Whitby Hydro has noted, it has deferred rebasing and may not rebase for an extended period if a potential merger is consummated and approved.

- a) Please identify what operational efficiencies Whitby Hydro has recognized after over five years of operations with smart meters in place.
- b) Please identify how Whitby Hydro has factored these operation efficiencies into its proposal in this application.

- c) If it has not recognized operational efficiencies related to smart meters or taken them into account in this application, please explain.

**Response:**

**The one week time frame provided to complete interrogatory responses did not allow sufficient time for Whitby Hydro to prepare responses to questions on Exhibit 1 Stranded Meters (OEB Staff IR# 6 through #12). Whitby Hydro undertakes to complete those responses by November 23, 2017.**