



August 13, 2018

BY RESS/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
2019 Annual IR Distribution Rate Application (EB- 2018-0079)**

Whitby Hydro Electric Corporation ("Whitby Hydro") is currently scheduled to file an incentive rate mechanism ("IRM") application under the annual IR index ("AIRI") method on August 13, 2018 for rates effective January 1, 2019 and has been actively preparing the application over the past months. As part of the 2019 rate application survey process, Whitby Hydro also identified that it may file a stand-alone application to address the balances in Account 1576. The timing or need of such an application was largely tied to the proposed merger discussions that were underway between Whitby Hydro and Veridian Connections Inc. ("Veridian").

On July 10, 2018, a merger participation agreement was executed, and on July 30, 2018, Whitby Hydro and Veridian submitted a merger, amalgamation, acquisition, and divestiture ("MAADs") application to the Ontario Energy Board ("OEB"). As part of the MAADs application, it was proposed that a new merged company would defer a cost of service rate application for a period of ten years.

As a result of the recent merger related activity, Whitby Hydro feels that it is prudent to address a final disposition of Account 1576 balances prior to the proposed merger and before the next cost of service which may not occur for a period of ten years. While Whitby Hydro understands that such an application is not typically included as part of an IRM application, the close timing of filing for both an IRM and a stand-alone application (both of which will request rates for January 1, 2019), results in dual processes that are inefficient and may cause confusion to customers and stakeholders whose ultimate objective is to understand the total combined rate and bill impacts that are being proposed for 2019.

As a result, Whitby Hydro would like to advise the OEB that it intends to file a combined 2019 application for IRM and the final disposition of Account 1576 balances. In the past, the OEB has acknowledged the inter-connected impacts of two rate related applications running

in parallel with similar effective dates and has generally determined that the combination of such applications into a single proceeding is more efficient and effective for all stakeholders and provides greater overall clarity of total customer bill impacts. Specifically, this was demonstrated in the following rate applications for Whitby Hydro:

EB-2015-0113/0251	IRM and Interim disposition of Account 1576 balances
EB-2016-0114	IRM and Interim disposition of Account 1576 balances
EB-2017-0085/0292	IRM and Other Rate Related Items (including stranded meters, smart meters, low voltage, group 2 dispositions)

In order to provide the OEB with a single, cohesive combined application covering the IRM as well as a final disposition of Account 1576 balances, Whitby Hydro will be delayed in submitting its 2019 rate application. It is anticipated that this application will be filed no later than September 13, 2018.

Please contact me if you have any questions.

Regards,



Susan Reffle
Vice President