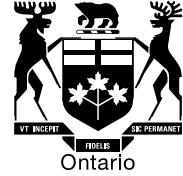


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BY E-MAIL

February 14, 2017

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: London Hydro Inc.
2017 Distribution Cost of Service Application
Board File Number EB-2016-0091
Submission on Comment Letter filed by Mr. Mark Rosehart**

London Hydro Inc.'s (London Hydro) application for approval of its 2017 distribution rates was filed on August 26, 2016. The OEB issued a Notice of Hearing on October 17, 2016.

Mr. Mark Rosehart, a residential customer of London Hydro, submitted a letter of comment on December 9, 2016 providing his view that the application contained a financial discrepancy estimated to be in the range of \$3.2 million to \$3.5 million. Mr. Rosehart stated that the discrepancy was in relation to the \$7.6 million RSVA-GA 2014 variance account additions included in London Hydro's 2016 IRM application, (EB-2015-0087) which could not be accurately reconciled, resulting in potential financial impacts to Class B customers. Mr. Rosehart provided a detailed analysis of this issue as an attachment to his letter of comment.

On January 17, 2017 London Hydro, in its response to OEB staff interrogatory 1-1-1, indicated that it did not agree with Mr. Rosehart's comments. London Hydro indicated that it had attempted to satisfy Mr. Rosehart's concerns but also noted that the transaction in question had been thoroughly vetted both by London Hydro's independent third party annual financial auditors and also by the OEB during the 2016 IRM process.

On January 22, 2017 Mr. Rosehart filed another letter with the OEB replying to the London Hydro interrogatory response, reiterating his request to have this issue considered by the OEB when it hears this rates case.

On January 25 and 26, 2017 a Settlement Conference was held and a Settlement Proposal was filed on February 9, 2017. On February 13, 2017, in an effort to address Mr. Rosehart's concerns, OEB staff convened a conference call to discuss the accounting issues he raised. All four intervenors in this proceeding participated as well as London Hydro staff and OEB staff. During this conference call, Mr. Rosehart summarized his concerns and OEB staff addressed the accounting issues raised.

As expressed in the conference call, OEB staff wishes to inform the OEB, intervenors and Mr. Rosehart that it performed a detailed review of the issues raised by Mr. Rosehart, and is of the view that London Hydro has appropriately applied the OEB's accounting procedures in this current application. It is also OEB staff's understanding that Mr. Rosehart was satisfied with OEB staff's explanations.

Staff recommends that the OEB accept any submissions from parties regarding the conference call, in advance of the February 16, 2017 presentation of the Settlement Proposal.

Yours truly,

Original Signed By

Harold Thiessen
Ontario Energy Board staff
Case Manager – EB-2016-0091