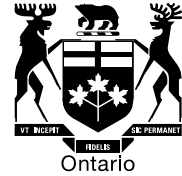


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BY E-MAIL

March 26, 2018

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

Dear Ms. Walli:

**Re: Hydro One Networks Inc.
Request to Establish a New Variance Account
OEB Staff Interrogatories
OEB File No.: EB-2017-0338**

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Hydro One Networks Inc. (Hydro One Networks (Transmission)) and all intervenors have been copied on this filing.

Hydro One Networks' (Transmission) responses to interrogatories are due by April 2, 2018.

Yours truly,

Original Signed By

Mark Rozic
Project Advisor – Incentive Rate-setting & Accounting

Attach.

OEB Staff Interrogatories
Request to Establish a New Variance Account
Hydro One Networks Inc.
EB-2017-0338
March 26, 2018

OEB Staff-1:

Using the table below, please provide the total pension costs and the total other post-employment benefit (OPEB) costs that were approved by the OEB in EB-2016-0160 and included in the 2018 transmission revenue requirement. Please ensure that the amount presented for each cost type is broken down between capital and OM&A.

	Pension Costs	OPEB Costs
Capital		
OM&A		
Total		

OEB Staff-2:

Ref: Request for Accounting Order, p. 3.

At the above reference, the applicant indicates that the Financial Accounting Standards Board issued ASU 2017-07 in March 2017. Given that a Decision and Order for EB-2016-0160 was not issued by the OEB until September 28, 2017, Hydro One Networks (Transmission) had ample opportunity to notify the OEB of this accounting standard change during that proceeding, which would have allowed the presiding OEB panel to determine how they wanted to handle the resulting impact to the 2018 transmission revenue requirement.

Why did Hydro One Networks (Transmission) not bring this information forward during the EB-2016-0160 proceeding?

OEB Staff-3:

Ref: Request for Accounting Order, p. 5.

The change in accounting standard for pensions and OPEB costs affects multiple components of OM&A as well as other aspects of the 2018 transmission revenue requirement.

- a) Please provide a comprehensive list of all components of the 2018 transmission revenue requirement that are expected to be impacted by this change (i.e. return on rate base, depreciation, OPEB expense in OM&A, PILs etc).
- b) For each component listed in a) above, please quantify the estimated dollar impact on the 2018 transmission revenue requirement as a result of the change in accounting standard.

OEB Staff-4:

Ref: Request for Accounting Order, Appendix A.

Appendix A (draft accounting order) includes a narrative that explains the purpose of the proposed variance account along with the expected accounting entries.

- a) The narrative provided in Appendix A does not clearly state that the proposed variance account will only be capturing the impact that the accounting standard change has on the 2018 transmission revenue requirement. Please update the narrative accordingly to reflect this.
- b) The accounting entries proposed do not appear to address all aspects of the 2018 transmission revenue requirement that will be captured in this variance account. Please update accordingly. If no other journal entries are required in addition to what has already been presented in Appendix A, please explain why.