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**Frank D'Andrea**

Vice President  
Regulatory Affairs & Chief Risk Officer

BY COURIER

May 15, 2018

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**EB-2017-0338 Hydro One Networks Inc. (Transmission) – Application for an Accounting Order Establishing a Deferral Account**

On November 2, 2017, Hydro One Networks Inc. (“Hydro One”) filed an application (“the Application”) for an accounting order establishing a deferral account to capture the financial impacts associated with a change to USGAAP accounting standards related to the accounting of pension and other post-employment benefits (“OPEB”) for Hydro One’s transmission business, to be effective January 1, 2018.

On May 10, 2018, the OEB issued its decision for the Application and ordered Hydro One to file a revised accounting order reflecting its findings. The revised accounting order is attached to this letter and has also been filed through the Ontario Energy Board’s (“OEB”) Regulatory Electronic Submission System (RESS).

If further clarification or additional information is needed please feel free to contact us at [Regulatory@HydroOne.com](mailto:Regulatory@HydroOne.com).

Sincerely,

ORIGINAL SIGNED BY FRANK D’ANDREA

Frank D’Andrea  
Encls.

## APPENDIX A

### Proposed Accounting Entries

Hydro One Networks Transmission proposes the establishment of a new “Other Post-Employment Benefit (OPEB) Cost Deferral Account” to record all elements of the net periodic benefit cost other than the service cost that would have been classified as capital prior to the issuance of ASU 2017-07, as noted in the Application.

The account will be established as Account 1508, Other Regulatory Assets – Sub-Account “OPEB Cost Deferral Account” effective January 1, 2018 until such time as the effective date of the next transmission revenue requirement. Hydro One Networks Transmission will record interest on any balance in the sub-account using the interest rates set by the Board. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this account:

<b>USofA #</b>	<b>Account Description</b>
Dr: 1508	Other Regulatory Assets – Sub-Account “OPEB Cost Deferral Account”
Cr: 2055	Construction Work In Progress - Electric

To record the capitalized elements of the net periodic post-retirement benefit cost other than service cost.

<b>USofA #</b>	<b>Account Description</b>
Cr: 1508	Other Regulatory Assets – Sub-Account “OPEB Cost Deferral Account”
Cr: 6035	Other Interest Expense

To record interest improvement on the principal balance of the “OPEB Cost Deferral Account”.