



EB-2011-0399

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an application by Hydro One
Networks Inc. for an order or orders approving a
distribution revenue requirement and rates and other
charges for the distribution of electricity;

AND IN THE MATTER OF a request by Hydro One
Networks Inc. for Approval for the use of the USGAAP
accounting standard for Rate Setting, Regulatory
Accounting and Regulatory Reporting, as of January 1,
2012, in its Distribution business.

NOTICE OF HEARING AND PROCEDURAL ORDER NO. 1

On November 23, 2011, the Ontario Energy Board (the “Board”) issued its EB-2011-0268 Decision with Reasons granting approval for Hydro One Networks Inc. (Hydro One) to utilize United States Generally Accepted Accounting Principles (USGAAP) for rate setting, regulatory accounting and regulatory reporting for its Transmission business.

In that Decision, the Board indicated that that Hydro One Distribution “should not be precluded from applying to extend the use of the US GAAP accounting standard ... on appropriate terms and conditions, as a standalone application”, rather than waiting to deal with the choice of accounting standard in its next rate application.

On December 1, 2011 Hydro One Networks Inc. submitted an application for approval to adopt USGAAP for rate setting, regulatory accounting and regulatory reporting for its

Distribution business as of January 1, 2012. The Board assigned file number EB-2011-0399 to the application.

The application includes:

- Evidence addressing the justification of the move to USGAAP;
- The decision of the Ontario Securities Commission (OSC) granting Hydro One permission to use USGAAP in its financial statements filed with the OSC for the fiscal year beginning January 1, 2012;
- Hydro One's request to the OSC, incorporating the rationale for its request for permission to use USGAAP in its financial statements filed with the OSC;
- The Board's Decision With Reasons in the EB-2011-0268 proceeding; and,
- A summary of the regulatory asset accounts that would be requested, continued and discontinued if adoption of USGAAP is approved.

Hydro One has estimated that the 2012 notional Hydro One Distribution revenue requirement would be \$166 million higher if Modified International Financial Reporting Standards (MIFRS) were utilized rather than USGAAP. The use of MIFRS would result in an approximate rate increase of 14% in 2012 as compared to USGAAP.

Hydro One has indicated that it is not requesting any change to its approved distribution rates in this application, but expects its currently approved 2011 distribution rates to continue into 2012. Hydro One also indicated that all appropriate costs will continue to be tracked in Board approved deferral and variance accounts, including its Green Energy related expenditures for Smart Grid, Express Feeders and other Renewable Generation Investments.

The Board grants intervenor status in this proceeding to all intervenors in Hydro One's previous distribution rates proceeding (EB-2009-0096) and those intervenors in the Transmission USGAAP (EB-2011-0268) proceeding.

The Board intends to proceed by way of written hearing unless a party satisfies the Board that there is good reason for holding an oral hearing. Any party objecting to the Board holding a written hearing in this proceeding must provide written reasons why an oral hearing is necessary. Any submissions objecting to a written hearing must be received by the Board and copied to the applicant within **10 days** of the issuance of this notice.

Please be aware that this procedural order may be amended, and further procedural orders may be issued as required.

THE BOARD THEREFORE ORDERS THAT:

1. Hydro One shall provide an electronic copy of the application and this notice to all EB-2009-0096 and EB-2011-0268 intervenors.
2. Intervenors or Board staff wishing information and material from Hydro One that is in addition to the evidence filed with the Board and that is relevant to the proceeding, shall request it by written interrogatories filed with the Board and delivered to Hydro One on or before Thursday, December 22, 2011.
3. Hydro One shall file with the Board complete responses to the interrogatories and deliver them to all intervenors no later than Monday, January 16, 2012.
4. Written submissions by intervenors or Board staff must be filed with the Board and copied to all other parties, by Tuesday, January 31, 2012.
5. If Hydro One wishes to respond to the submissions, its written response must be filed with the Board and delivered to all other parties by Monday, February 13, 2012.

All filings to the Board must quote file number **EB-2011-0399**, be made through the Board's web portal at, www.errr.ontarioenergyboard.ca and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available parties may email their document to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

ADDRESS

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary

E-mail: Boardsec@ontarioenergyboard.ca
Tel: 1-888-632-6273 (toll free)
Fax: 416-440-7656

DATED at Toronto, December 13, 2011

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary