



EB-2011-0427

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, for Hydro One Remote Communities Inc.

**NOTICE OF HEARING
AND PROCEDURAL ORDER NO. 1**

On November 25, 2011, Hydro One Networks Inc. ("Hydro One") submitted an application to set 2012 distribution rates to the Ontario Energy Board ("the Board") for Hydro One Remote Communities Inc. ("Remotes") under the Board's 2012 IRM3 framework. The Board assigned EB-2011-0175 to this application. As part of the application, Hydro One included a request to utilize United States Generally Accepted Accounting Principles (USGAAP) for regulatory purposes for Remotes, effective January 1, 2012.

On December 8, 2011 the Board issued a letter acknowledging receipt of this application. In that letter the Board stated: "The Board is of the view that the 2012 IRM3 rate application is not an appropriate forum in which to consider these issues..." and indicated that Remotes should "...not be precluded from requesting, in a stand-alone application, approval to use USGAAP for regulatory purposes and authorization for deferral and variance accounts associated with the use of USGAAP for regulatory purposes".

On December 16, 2011 Hydro One made a separate application for approval to utilize USGAAP for rate setting, regulatory accounting and regulatory reporting for Remotes. This application follows the steps outlined by the Board in its EB-2011-0268 Transmission USGAAP Decision. The Board assigned file number EB-2011-0427 to the application.

The Application includes:

- The justification of the move to USGAAP as per the page 19 of the Board's Addendum to Report of the Board: Implementing International Financial reporting Standards in an Incentive Rate Mechanism Environment (EB-2008-0408), issued June 13, 2011;
- The decision of the OSC granting Hydro One permission to use USGAAP in its financial statements filed with the OSC for the fiscal year beginning January 1, 2012, as dated July 21, 2011;
- Hydro One's request to the OSC, incorporating the rationale for its request, that they grant Hydro One permission to use USGAAP in its financial statements filed with the OSC, as dated July 7, 2011;
- The Board's Decision With Reasons in Hydro One's EB-2011-0268 proceeding; and
- A request to establish a variance account, "Impact for USGAAP Account" which will be used to record the 2012 impact of differences between CGAAP and USGAAP.

Hydro One has estimated that the 2012 notional Remotes revenue requirement would be \$2 million higher if MIFRS were utilized rather than USGAAP.

The Board grants intervenor status in this proceeding to all intervenors in Hydro One's previous Remotes Cost of Service distribution rates proceeding (EB-2008-0232).

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-2008-0232 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 Tuesday, February 14, 2012.
3. Hydro One shall file with the Board complete responses to the interrogatories and deliver them to all intervenors no later than Thursday, February 23, 2012.
4. Written submissions by intervenors or Board staff must be filed with the Board and copied to all other parties, by Tuesday, March 6, 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 Tuesday, March 13, 2012.

All filings to the Board must quote file number **EB-2011-0427**, 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, February 2, 2012

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary