



EB-2012-0200

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 approving the transfer of the balance in Account 1508, Special Purpose Charge Assessment Variance Account, effective April 1, 2012.

By delegation, before: Theodore Antonopoulos

DECISION AND ORDER
June 14, 2012

Hydro One Networks Inc. ("Hydro One"), a licensed distributor of electricity in Ontario, filed an application with the Ontario Energy Board on April 11, 2012 under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B), seeking approval for the transfer of a balance in a sub account of Account 1508, effective April 1, 2012. The Board assigned the application file number EB-2012-0200.

On April 13, 2012 Hydro One filed a letter with the Board requesting, under Section 21 (4)(b) of the OEB Act, that this application proceed without a hearing. Hydro One submitted that no person other than Hydro One would be adversely affected in a material way by the outcome of this proceeding. On May 23, 2012, Hydro One filed additional documentation with the Board to complete the application.

Background

Ontario Regulation 66/10 under the OEB Act deals with the recovery from electricity consumers of the expenses incurred and the expenditures made by the Ministry of Energy and Infrastructure for Conservation and Renewable Energy Programs. The regulation provides that electricity distributors will be assessed a portion of these costs, and that distributors are to pay the amount of the assessment to the Minister of Finance. Distributors may also recover an amount from their customers to cover the funds remitted to the Minister of Finance. According to the regulation, any difference between the amount remitted to the Minister of Finance and the amounts recovered from customers is to be recorded in a variance account authorized by the Board to track this variance. The Board established a sub-account in account 1521 Special Purpose Charge Assessment Variance Account, named "Sub-account 2010 SPC Assessment Variance" to track the variance.

In accordance with Section 8 of the regulation, distributors were required to apply no later than April 15, 2012 for an order authorizing the clearance of any residual balance in the variance account. The Incentive Rate Mechanism Filing Requirements, version 3.0 dated June 22, 2011, set out the Board's expectation that requests for disposition of this account balance would be heard as part of the proceedings to set rates for the 2012 year. Hydro One did not file a rate adjustment application for the 2012 year.

In this application, Hydro One sought authorization to clear the March 31, 2012 debit balance of \$168,840 (including carrying charges of \$43,982). Hydro One recorded this variance in a sub-account of Account 1508 as opposed to Account 1521 and provided no explanation for the choice of account. Hydro One proposed to clear the balance by transferring the amount to Account 1590. Hydro One stated that Account 1590 was chosen as accounts 1508 and 1590 are both recovered from the same ratepayer group. Hydro One indicated that it would seek disposition of the balance in Account 1590 at Hydro One's next distribution rates application.

To support its application, Hydro One filed:

- A copy of the assessment from the Ontario Ministry of Energy and Infrastructure for Conservation and Renewable Energy Program Costs, dated April 16, 2010, showing the amount to be paid to the Minister of Finance, and;
- A schedule that shows the monthly recoveries from customers over the applicable time period, including the carrying charge calculations.

Findings

In order to transfer any balance from an established deferral or variance account to account 1590 (or account 1595 as will be discussed below), a distributor must first receive approval to recover (or refund) that balance in rates as part of the regulatory process. Hydro One is not seeking recovery of the debit balance from customers at this time. However, in determining the transfer request, I will make a finding on the appropriateness of the quantum, both on the principle and the carrying charges.

Hydro One filed appropriate evidence to support the balance in the account. The calculation of the variance is mechanistic and does not involve judgement on the part of the utility. I find that the variance was correctly calculated, and I approve the balance of \$168,840 as of March 31, 2012 on a final basis. I also approve any applicable carrying charges to May 31, 2012 in order to effect the transfer as of June 1, 2012. I am approving the balance for future disposition at this time, despite the usual practice that the amounts be audited, since the variance is a pass through amount and does not require a prudence review.

Notwithstanding the use of the wrong account designation, I find that Hydro One has complied with the SPC Regulation that directs distributors to file for the disposition of any balance in the SPC Account no later than April 15, 2012.

The Board has established Account 1595, "Disposition and Recovery/Refund of Regulatory Balances Control Account" with applicable sub-accounts to track residual amounts of approved deferral and variance account balances. Accordingly, I approve the transfer of this amount to a sub-account of Account 1595 entitled "Sub-Account SPC Approved Balance" for future recovery. This transfer should be completed on a timely basis to ensure it is included in the June 30, 2012 data reported pursuant to the Board's Reporting and Record-keeping Requirements. Carrying charges shall continue to apply to the approved principal debit balance and should be recorded in a separate sub-account of Account 1595 until such time that Hydro One receives approval to dispose of the balance.

I further direct that Hydro One's SPC Account be closed as of June 1, 2012.

This Decision and Order is being made without a hearing pursuant to Section 21(4) (b) of the OEB Act. The applicant requested that the Board decide the application without a hearing. I note that the variance is insignificant compared to Hydro One's last Board-

approved distribution revenue requirement and would not cause a noticeable change in customer bills if it were recovered on a stand alone basis. I find that no customers will be adversely affected in a material way by the outcome of this proceeding.

THE BOARD ORDERS THAT:

1. The amount of \$168,840, plus additional carrying charges to May 31, 2012, are approved on a final basis.
2. Hydro One shall transfer the debit balance of \$168,840 plus carrying charges from April 1, 2012 to May 31, 2012 from Account 1508 to Account 1595, "Disposition and Recovery/Refund of Regulatory Balances Control Account", "Sub-Account SPC Approved Balance". The transfer shall be completed within the time frame specified in this Decision and Order.
3. Hydro One shall close its SPC Account effective June 1, 2012.

DATED at Toronto, June 14, 2012

ONTARIO ENERGY BOARD

Original signed by

Theodore Antonopoulos
Manager, Electricity Rates Applications