



EB-2012-0180

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. to Establish a Deferral Account Related to the
East-West Tie Line Proceeding (EB-2011-0140).

BEFORE: Cynthia Chaplin
Vice Chair and Presiding Member

Cathy Spoel
Member

ACCOUNTING ORDER
August 2, 2012

On March 22, 2012 Hydro One Networks Inc. (“HONI”) filed an application for an accounting order authorizing it to establish a new deferral account, the East-West Tie deferral account (“EWTDA”). The purpose of the EWTDA is to record expenses relating to the East-West Tie Line proceeding (EB-2011-0140, also referred to as the “Designation Proceeding”) and subsequent connection project-related activities related to the new electricity transmission line.

On July 12, 2012, the Board issued its Decision and Order on the application. Therein, the Board granted, with conditions, HONI’s request to establish a deferral account, with two sub-accounts, for two cost categories: Support Costs for OEB Designation Process; and Development Work Associated with Stations and Other Supporting Assets. The Board also directed that HONI may record these costs in the following new deferral sub-accounts, effective March 22, 2012:

- Account 1508, Other Regulatory Assets, Sub-account EWTDA - Support Costs for OEB Designation Process; and
- Account 1508, Other Regulatory Assets, Sub-account EWTDA - Development Work Associated with Stations and Other Supporting Asset Expenditures.

In that July 12 Decision, the Board cautioned that the establishment of these two deferral sub-accounts does not guarantee that the amounts collected therein will be automatically disposed, consistent with the principles underlying all Board-approved deferral accounts. In regard to Sub-account EWTDA - Support Costs for OEB Designation Process, the Board further indicated that:

- it does not expect that HONI will seek to recover any costs related to the provision of information prior to July 12, 2012 (the decision date) in the Designation Proceeding, including the information which the Board ordered HONI to produce. The Board will also review these costs for materiality and prudence when HONI requests disposition of this account.
- it acknowledges HONI's proposal to track incremental costs via time tracking sheets to record the number of hours worked and to have these documents made available upon request. The Board also indicated agreement with Board staff's proposal that HONI be required to keep a log of consultant reports and associated costs, so that such information is readily available in the future.

HONI filed a draft Accounting Order on July 19, 2012, and filed an amendment to it on July 20 by attaching the detailed accounting entries for the two approved deferral sub-accounts as Attachment A to that draft. No party filed any comments on the draft Accounting Order.

THE BOARD ORDERS THAT:

1. The Accounting Order set out in Appendix "A" of this Order is approved effective March 22, 2012.

DATED at Toronto, August 2, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX A

TO ACCOUNTING ORDER

Hydro One Networks Inc.

EB-2012-0180

DATED: August 2, 2012

HYDRO ONE NETWORKS INC.
TRANSMISSION ACCOUNTING ORDER

Hydro One Networks Inc. Transmission (Hydro One Transmission) received permission (EB-2012-0180) to record incremental costs related to the East-West Tie Designation Proceeding (EB-2011-0140) in two new sub-accounts of Deferral Account 1508 on July 12, 2012.

Hydro One Transmission will establish the following **two new sub-accounts effective March 22, 2012:**

1. Sub-Account EWTDA-Support Costs for OEB Designation Process

Hydro One Transmission will establish a new sub-account *East West Tie Deferral Account ("EWTDA") – Support Costs for OEB Designation Process* to track incremental support costs relating to the EWT designation process and any costs related to station development work prior to the designation of a transmitter.

The account shall be established as Account 1508, Other Regulatory Assets, sub-account 'EWTDA-Support Costs for OEB Designation Process'.

Hydro One 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.

2. Sub-Account EWTDA-Development Work Associated with Stations and Other Supporting Asset Expenditures.

Hydro One Transmission will establish a new sub-account *EWTDA – Development Work Associated with Stations and Other Supporting Asset Expenditures*. Hydro One will track

1 costs related to station development work subsequent to the designation of a transmitter
2 in this sub-account for regulatory purposes. These costs will be captured in sufficient
3 detail for them to be reviewed for prudence when Hydro One requests disposition at a
4 future date.

5
6 The account shall be established as Account 1508, Other Regulatory Assets, sub-account
7 'EWTDA-Development Work Associated with Stations and Other Supporting Asset
8 Expenditures'.

9
10 Hydro One Transmission will record interest on any balance in the sub-account using the
11 interest rates set by the Board. Simple interest will be calculated on the opening monthly
12 balance of the account until the balance is fully disposed.

13
14 Detailed accounting entries for the above two sub-accounts are attached as Attachment A.

Attachment A
Proposed Accounting Entries

<u>USofA #</u>	<u>Account Description</u>
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1) East West Tie Deferral Account – Support Costs for OEB Designation Process

Dr:	48XX	Operational Transmission Expense account range
Cr:	2205	Accounts Payable

To record preliminary recognition of the support costs for the East West Tie OEB designation process – HONI's costs incurred.

Dr:	1508	Other Regulatory Assets – Sub account “East West Tie Deferral Account – Support Costs for OEB Designation Process”
Cr:	48XX	Operational Transmission Expense account range

To record incremental costs incurred from supporting the OEB in the East West Tie Allocation Proceeding in a deferral account for future disposition (includes consulting, incremental administration and incremental labour).

Dr:	1508	Other Regulatory Assets – Sub account “East West Tie Deferral Account - Support Costs for OEB Designation Process”
Cr:	6035	Other Interest Expense

To record interest improvement on the principal balance of the “East West Tie Deferral Account”.

2) **East West Tie Deferral Account – Development Work Associated with Stations and Other Supporting Asset Expenditures**

Dr: 2055 Construction Work in Progress – Electric
Cr: 2205 Accounts Payable

To record HONI's development work associated with stations and other supporting asset expenditures for connection of the East West Tie line.

Dr: 1508 Other Regulatory Asset - Sub account "East West Tie Deferral
Account - Development Work Associated with Stations and Other
Supporting Asset Expenditures
Cr: 1508 Other Regulatory Asset - Sub account "East West Tie Deferral
Account - Development Work Associated with Stations and Other
Supporting Asset Expenditures - Contra

Entry to track capital expenditures in the EWTDA.