



EB-2013-0234

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 Toronto
Hydro-Electric System Limited for an order pursuant
to section 29 of the *Ontario Energy Board Act*, 1998.

AND IN THE MATTER OF a proceeding under
section 74 of the *Ontario Energy Board Act*, 1998
amending Toronto Hydro-Electric System Limited's
licence ED-2002-0497.

Before: Cynthia Chaplin
Presiding Member

Cathy Spoel
Member

Christine Long
Member

DECISION AND ACCOUNTING ORDER

June 5, 2014

On June 14, 2013, Toronto Hydro-Electric System Limited ("THESL") filed an application with the Ontario Energy Board seeking an order pursuant to section 29 of the *Ontario Energy Board Act*, 1998 that the Board refrain from regulating the terms, conditions and rates for the attachment of wireless telecommunications devices to THESL's utility poles.

On May 12-13, 2014 a Settlement Conference was held for the purposes of settling or narrowing Issues in the proceeding. A Settlement Agreement was filed with the Board on May 15, 2014.

An oral hearing was held on May 16, 2014 to hear submissions on the Settlement Agreement. At the oral hearing, the Board accepted the Settlement Agreement and ordered THESL to file a draft Accounting Order by May 23, 2014.

A draft Accounting Order was filed by THESL on May 23, 2014.

A record of all procedural matters that have been dealt with up to this point in this proceeding is available on the Board's website and at the Board's office.

Submissions on the Draft Accounting Order

No submissions were filed.

Board Decision

The Board has reviewed the draft Accounting Order and finds that it is consistent with the settlement agreement. The Accounting Order is now final.

THE BOARD ORDERS THAT:

1. Toronto Hydro-Electric System Limited shall comply with the Accounting Order that is attached as Appendix A to this Decision.

ISSUED at Toronto, June 5, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX A
TO DECISION AND ORDER
EB-2013-0234
ACCOUNTING ORDER
Dated June 5, 2014

ACCOUNTING ORDER

Pursuant to the Settlement Agreement approved by the Ontario Energy Board in EB-2013-0234, Toronto Hydro shall establish the following Deferral Accounts to record the Costs and Revenues associated with Wireless pole attachments:

- Account 1508, Other Regulatory Assets, Subaccount THESL wireless attachment costs
- Account 1508, Other Regulatory Assets, Subaccount THESL wireless attachment revenues
- Account 1508, Other Regulatory Assets, Subaccount THESL wireless attachment cost carrying charges
- Account 1508, Other Regulatory Assets, Subaccount THESL wireless attachment revenue carrying charges

In assessing the costs of attaching the wireless equipment, Toronto Hydro will rely on the methodology as detailed in company's response to CCC IR 16 in this proceeding (Tab J, Schedule 2-16, attached as Appendix A to this Accounting Order), which was developed in accordance with the methodology approved in the Board's CCTA decision (RP-2003-0249). This methodology estimates direct costs (admin and loss in productivity) and indirect costs (capital costs of the poles with attachments).

Since the indirect costs related to poles are included and inseparable from Toronto Hydro's regulated revenue requirement (and recovered through distribution rates), they will not be recorded in the deferral account as treating them as such would effectively double-count the costs. The direct costs, to the extent that they are incremental to any OM&A costs included in Toronto Hydro's regulated revenue requirement, will be recorded in the deferral account. Additionally, the one-time costs (such as the make-ready costs, as described by THESL in its evidence (Tab J, Schedule 2-16)) will be recorded as they occur.

Revenues to be recorded in the Deferral Account are the actual revenues received through the negotiated contracts with wireless carriers, as well as the one-time revenues collected directly to cover the one-time costs.

Carrying charges will be determined by applying the Board-approved rate to the opening monthly balances record in the sub-accounts (exclusive of accumulated interest).

The net of the costs and revenues inclusive of carrying charges, as recorded in the subaccounts, shall be brought forward for disposition in Toronto Hydro's next Cost of

Service rates application. As part of the evidence to support the disposition of the net amounts recorded in the approved Deferral Accounts, Toronto Hydro shall include information showing the full actual costs to demonstrate that revenues received were equal to or in excess of the costs of wireless attachments.

The sample accounting entries for the Deferral Accounts are provided below.

A: To record the incremental costs associated with wireless attachments:

DR 1508 Other Regulatory Assets, subaccount THESL wireless
attachment costs

CR 5005 Operation Supervision and Engineering

B: To record the incremental revenues associated with the wireless attachments:

CR 1508 Other Regulatory Assets, subaccount THESL wireless
attachment Revenue

DR 4210 Rent from Electric Property

C: To record the monthly carrying charges in subaccounts wireless attachment costs and revenues:

DR 1508 Other Regulatory Assets, subaccount THESL wireless
attachment cost carrying charges

CR 1508 Other Regulatory Assets, subaccount THESL wireless
attachment revenue carrying charges

DR 6035 Other Interest Expense

CR 4405 Interest and Dividend Income