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Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs



BY COURIER

April 2, 2015

Ms. Kirsten Walli
Secretary Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, ON.
M4P 1E4

Dear Ms. Walli:

EB-2014-0311 - Hydro One Networks' Application for an Accounting Order regarding the establishment of a North West Bulk Transmission Line Deferral Account – Hydro One Networks Draft Rate Order

Hydro One Networks Inc. ("**Hydro One**") submits its draft Accounting Order to the Ontario Energy Board ("**the Board**") as requested in the Board's Decision with Reasons (EB-2014-0311) dated March 27, 2015, for an Accounting Order authorizing Hydro One to establish a new deferral account, "North West Bulk Transmission Line Deferral Account ("**NWBTDA**")", for the purpose of recording expenses relating to the North West Bulk Transmission Line Project ("**NWBTL Project**"). Hydro One will record costs relating to work undertaken in preliminary design/engineering, cost estimation, public engagement/consultation, routing and siting, and Environmental Assessment preparation work associated with this project before the costs qualify to be recorded in Construction Work In Progress ("**CWIP**").

The account will be established as Account 1508, Other Regulatory Assets, sub-account - "North West Bulk Transmission Line Deferral Account – Preliminary Engineering and Planning Costs"

The effective date of the deferral account is March 27, 2015.

Hydro One Transmission will record interest monthly 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. Balances will be reported to the Board as part of the quarterly reporting process.

Proposed Disposition of the Accounts

Hydro One Transmission will request disposition of the actual audited regulatory account values plus forecast interest on the principal balances at a future transmission rates application.

Sincerely,

ORIGINAL SIGNED BY ODED HUBERT FOR SUSAN FRANK

Oded Hubert
for
Susan Frank

Attach.

c. Intervenor (electronic only)

PROPOSED ACCOUNTING ENTRIES

North West Bulk Transmission Line Deferral Account – Preliminary Engineering and Planning Costs

USofA # Account Description

Dr: 4XXX Transmission Expense account range

Cr: 2205 Accounts Payable

To record the preliminary recognition of Hydro One's preliminary engineering and planning costs incurred for the NWBTL Project prior to the selection of a preferred alternative.

Dr: 1508 Other Regulatory Assets – Sub account “North West Bulk Transmission Line Deferral Account – Preliminary Engineering and Planning Costs”

Cr: 4XXX Transmission Expense account range

Where Hydro One incurs incremental costs due to the NWBTL Project, during the phase prior to identification of a preferred alternative, this entry will record the costs for preliminary engineering and planning of the NWBTL Project in a deferral account for future disposition.

Dr: 1508 Other Regulatory Assets – Sub account “North West Bulk Transmission Line Deferral Account - Preliminary Engineering and Planning Costs –Interest Improvement”

Cr: 6035 Other Interest Expense

To record interest improvement on the principal balance of the “North West Bulk Transmission Line Deferral Account”.