



**EB-2013-0421**

**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 pursuant to section 92  
of the *Ontario Energy Board Act, 1998* (as amended)  
granting leave to construct transmission line facilities in the  
Windsor-Essex Region, Ontario.

**PROCEDURAL ORDER NO. 8  
AND ACCOUNTING ORDER**

**August 28, 2015**

Hydro One Networks Inc. (Hydro One) applied to the Ontario Energy Board (the OEB) for an order granting leave to construct approximately 13 kilometers of transmission line in the Windsor-Essex area and to install optic ground wire on existing and new towers as part of the Supply to Essex County Transmission Reinforcement project (SECTR Project). The Application was filed on January 22, 2014, under s. 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the Act). Pursuant to Procedural Order No. 3, Hydro One filed an updated application on February 12, 2015, which also included the approvals sought for the associated Leamington Transformer Station (TS) arising out of the decision on threshold questions issued by the OEB on December 16, 2014. The OEB decided that the proceeding would be addressed in two phases. Phase 1 would deal with the leave to construct application, including consideration of the component and total costs of the project, but would not address the cost allocation issues. Phase 2 of the proceeding would deal with the cost allocation.

## Phase 1

On July 16, 2015, the OEB issued its Decision and Order on Phase 1. The OEB approved the application subject to certain conditions. The OEB also accepted Hydro One's submission that a deferral account be established to facilitate the allocation of project costs and ordered Hydro One to prepare and file a draft accounting order for each of the deferral accounts requested.

On July 30, 2015, Hydro One filed its draft accounting order and filed the detailed accounting entries for the new deferral account. On August 7, 2015, Hydro One filed an updated draft accounting order. The updated draft accounting order included journal entries to bring the deferral accounts to a nil balance, once the SECTR Project is placed in-service.

## Phase 2

As outlined in the accompanying letter, the OEB has determined that it will not proceed with Phase 2 through an adjudicative process, but instead will review the issues from a policy development perspective. The OEB considers it necessary at this time to recognize the work that has been completed to date, and therefore will initiate the cost awards process.

Pursuant to Procedural Order No. 3, cost awards are available to eligible persons under section 30 of the Act. The OEB determined that costs to be awarded in Phase 2 will be recovered from all licensed rate-regulated electricity transmitters and all licensed rate-regulated distributors based on their respective transmission or distribution revenues. The OEB determined that the E3 Coalition (made up of E.L.K. Energy Inc., Entegrus Powerlines Inc., and Essex Powerlines Corporation) is eligible to make a cost claim for Phase 2.

Pursuant to Procedural Order No. 4, the OEB also granted cost award eligibility to the Association of Major Power Consumers in Ontario, the Building Owners and Managers Association, Canadian Manufacturers & Exporters, Consumers Council of Canada, Energy Probe Research Foundation, London Property Management Association, School Energy Coalition, and Wataynikaneyap Power Corporation. The OEB expects parties to follow the *Practice Direction on Cost Awards* (Practice Direction) when submitting their cost claims.

The OEB will use the process set out in section 12 of its Practice Direction to implement the payment of the cost awards. Therefore, the OEB will act as a clearing house for all payments of cost awards in this process.

**THE OEB ORDERS THAT:**

1. The Accounting Order set out in Schedule "A" of this Order is approved effective July 16, 2015.
2. The intervenors listed above shall submit their cost claim no later than 7 days from the date of this order.
3. If a licensed rate-regulated electricity transmitter and/or licensed rate-regulated distributor has any objection to the claimed costs, such objections must be filed with the OEB within 14 days from the date of this order.
4. Intervenors shall file with the OEB and forward to the objecting party (or the licensed rate-regulated electricity transmitter and/or licensed rate-regulated distributor) any response to any objection for cost claims within 21 days from the date of this decision.
5. All licensed rate-regulated electricity transmitters and all licensed rate-regulated electricity distributors shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

**DATED at Toronto, August 28, 2015****ONTARIO ENERGY BOARD***Original Signed By*

Kirsten Walli  
Board Secretary

**SCHEDULE "A"**

**TO PROCEDURAL ORDER NO. 8  
AND ACCOUNTING ORDER**

**HYDRO ONE NETWORKS INC.  
EB-2013-0421**

**DATED: AUGUST 28, 2015**

**SCHEDULE A  
HYDRO ONE NETWORKS INC. ACCOUNTING ORDER**

SECTR Project Construction Costs Deferral Account

During the construction phase of the SECTR Project, where Hydro One’s management remains confident that the project will be placed in-service, the following accounting entries will be recorded:

USofA #	Account Description
Dr: 2055 Cr: 2205	Construction Work In Progress – Electric Accounts Payable

To record construction expenditures incurred by Hydro One relating to the approved SECTR Project

USofA #	Account Description
Dr: 1508  Cr: 1508	Other Regulatory Assets – Sub account “SECTR Project Construction Costs Deferral Account” Other Regulatory Assets – Sub account “SECTR Project Construction Costs Deferral Account – Contra Account”

To record the amount in the regulatory deferral account and contra-account to track the construction costs incurred by Hydro One on the SECTR project.

**The following accounting entries will be recorded when the SECTR Project is placed in-service:**

USofA #	Account Description
Dr: 1508  Cr: 1508	Other Regulatory Assets – Sub account “SECTR Project Construction Costs Deferral Account – Contra Account” Other Regulatory Assets – Sub account “SECTR Project Construction Costs Deferral Account”

To recognize the deferral account and offsetting contra account balances are no longer applicable. When the project is completed and placed in-service the 1508 deferral account tracking entries will be reversed and the balance in both deferral accounts will be nil.

USofA #	Account Description
Dr: 17XX Cr: 2055	Electric Plant in Service – Transmission (Asset Account Range) Construction Work in Progress - Electric

To capture when the electric transmission plant asset is placed in-service, the capital expenditures are transferred from CWIP to asset accounts within Property, Plant and Equipment.

**In the event that the SECTR Project is not placed in-service, Hydro One will record the following accounting entries:**

USofA #	Account Description
Dr: 1508	Other Regulatory Assets – Sub account "SECTR Project Construction Costs Deferral Account – Contra Account"
Cr: 2055	Construction Work in Progress - Electric

To remove the construction costs for the SECTR Project from Construction Work in Progress, to the SECTR Project Construction Costs Deferral Account.

USofA #	Account Description
Dr: 1508	Other Regulatory Assets – Sub account "SECTR Project Construction Costs Deferral Account – Interest Improvement"
Cr: 6035	Other Interest Expense

To record interest improvement on the debit principal balance of the SECTR Project Construction Costs Deferral Account.