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Vice President
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BY COURIER

August 25, 2016

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON
M4P 1E4

Dear Ms. Walli,

EB-2015-0141 – Hydro One Networks Inc. Response to OEB Staff Comments on Draft Accounting Order – Rogers Communications Partnership ET AL – Pole Attachment Charge Deferral Accounts

Per the Ontario Energy Board's ("the Board") direction in its August 4, 2016 Decision and Order on the Motion to Review and Vary Decision EB-2013-01416/EB-2014-0247 brought by Rogers Communications Partnerships et al, Hydro One filed a draft accounting order with respect to the two deferral accounts Hydro One agreed to establish in its Reply Argument. Only Board staff filed written comments on the draft accounting order, which was received on August 18, 2016.

With respect to the first account, which records the revenue difference between the interim pole attachment charge billed by Hydro One to pole attachment customers and the rate approved as final by the Board in its decision for the 2015, 2016 and 2017 test years, Board staff have suggested a change to the credit account entrie.

Staff believe the credit account entrie should be to USofA #4210 Rent from Electric Property instead of to account 4325 Revenue from Merchandise as submitted in Hydro One's draft order. As Hydro One has always used account 4325 for the recording of joint use revenues it would prefer to continue this practice. As such, Hydro One requests the accounting entries to be recorded, should remain as per our draft submission as follows:

USofA #	Account Description
Dr: 1508	Other Regulatory Assets – Sub account “Revenue difference – interim pole attachment charge vs approved pole attachment charge”
Cr: 4325	Revenues from Merchandise

Hydro One has no issue with the other changes suggested by Board staff with respect to this account.

Hydro One requests that the Board confirm in its final accounting order that “upon final approval of the accounting order by the Board, Hydro One is to invoice the carriers the difference between the final approved rate of \$41.28 and the interim rate of \$22.35 for 2015 and 2016.”

The second account records the revenue difference between the pole attachment charge at pole attachment volumes originally proposed by Hydro One in its rate application and the rate approved by OEB in its decision for EB-2015-0141. Hydro One has no issues with Board staff proposed changes to the accounting entries for this account.

Hydro One, would however, recommend that the rates revenue requirement be adjusted for the 2017 test year to reflect the difference between the \$41.28 approved rate and the amount reflected in distribution rates revenue of \$37.05, as part of the finalization of the 2017 Rate Order. Hydro One’s distribution customers would then receive the benefit of the final pole attachment rate sooner than its next rebasing period.

Sincerely,

ORIGINAL SIGNED BY KAREN TAYLOR ON BEHALF OF ODED HUBERT

Oded Hubert

Cc: Intervenor
AnitaVarjadic

ATTACHMENT A

PROPOSED ACCOUNTING ENTRIES

1. Account 1508 Other Regulatory Assets, Sub-account Revenue Differences - Interim pole attachment charge vs approved pole attachment charge Variance Account

Hydro One shall establish this new variance account effective January 1, 2015 to record the difference between revenues based on the interim pole attachment charge of \$22.35 billed by Hydro One to pole attachment customers and revenues based on the approved rate of \$41.28 in the OEB decision EB-2015-0141. The accounting entries to be recorded with respect to this account are as follows:

USofA #	Account Description
Dr: 1508	Other Regulatory Assets – Sub account Revenue difference – interim pole attachment charge vs approved pole attachment charge
Cr: 4325	Revenues from Merchandise

To record the revenue difference between the interim pole attachment rate and the final pole attachment rate approved by OEB.

It is expected that no differences would be recorded in this account after Hydro One begins billing pole attachment customers at the final approved rate of \$41.28 per pole per year.

This account will accrue carrying charges based on the OEB prescribed interest rates.

The account balance shall be proposed for OEB’s review and disposition at Hydro One’s next rebasing. The balance in this account will be allocated to, and recovered from, pole attachment customers.

2. Account 1508 Other Regulatory Assets, Sub-account Revenue Offset difference related to Pole attachment forecast approved in rates vs approved pole attachment charge, Variance Account

Hydro One shall establish this new variance account effective January 1, 2015 to record the differences in the revenue offsets related to forecast pole attachment revenues included in rates in EB-2013-0416/EB-2015-0079 and revenue offsets based on the pole attachment rate approved by the OEB in EB-2015-0141.

The OEB had approved distribution rate revenues based on a pole attachment rate of \$37.05 per pole per year. The final approved rate is \$41.28 per pole per year.

Accounting entries shall be made in this Account until the next rebasing of rates.

This account will accrue carrying charges based on the OEB prescribed interest rates.

The account balance shall be proposed for OEB's review and disposition at Hydro One's next rebasing.

The accounting entries to be recorded with respect to this account are as follows:

USofA #	Account Description
Dr: 4080	Distribution Revenues
Cr: 1508	Other Regulatory Assets, Sub account Revenue offset difference related to Pole attachment forecast approved in rates vs. amount based on approved pole attachment charge

To record the difference in revenue between pole attachment charge included in rates and the final approved pole attachment rate approved by OEB.