



Ontario Energy Board Commission de l'énergie de l'Ontario

ACCOUNTING ORDER

EB-2015-0141

ROGERS COMMUNICATIONS PARTNERSHIP *ET AL.*

Motion to Review and Vary Decision EB-2013-0416/EB-2014-0247 Approving
Distribution Rates and Charges for Hydro One Networks Inc. for 2015-2017

Before: Ken Quesnelle
Vice Chair and Presiding Member

Emad Elsayed
Member

September 28, 2016

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1 INTRODUCTION AND SUMMARY

This is an accounting order of the Ontario Energy Board (OEB) resulting from the OEB decision and order EB-2015-0141 (Decision) on a motion to review and vary the March 12, 2015 OEB decision EB-2013-0416/EB-2014-0247 approving distribution rates and charges for Hydro One Networks Inc. (Hydro One) for 2015 to 2017.

The motion to review and vary was filed by Rogers Communications Partnership (Rogers) and several other cable and telecommunications providers and associations (collectively, the Carriers).

The OEB issued its Decision on the motion on August 4, 2016 and determined that the pole attachment charge of \$41.28 (per pole per year) would be final, effective January 1, 2015. In its Decision the OEB directed Hydro One to establish two deferral accounts for eventual disposition to Hydro One's distribution customers.

The first will record the revenue difference between the interim pole attachment charge (\$22.35) and the final approved charge (\$41.28) over the term that interim rates were in place.

The second will record the revenue difference between the pole attachment charge initially proposed in Hydro One's rate application and the final approved charge because the impact of the initially proposed charge is what is currently reflected in Hydro One's distribution rates.

The OEB has reviewed the submissions of Hydro One and OEB staff and has determined that the accounting order attached as Appendix A accurately reflects the August 4, 2016 Decision.

2 THE PROCESS

In the Decision, the OEB directed Hydro One to file draft accounting orders in respect of the two deferral accounts by August 11, 2016 and provided an opportunity for comments from OEB staff and intervenors.

Hydro One filed draft accounting orders on August 11, 2016. OEB staff filed comments on Hydro One's draft accounting orders on August 18, 2016 and Hydro One filed its reply to OEB staff comments on August 25, 2016.

3 HYDRO ONE'S COMMENTS ON THE OEB STAFF DRAFT ACCOUNTING ORDER SUBMISSION

In response to the draft accounting order filed by Hydro One on August 11, 2016, OEB staff filed a revised version with a number of changes to the original Hydro One draft.

In its August 25, 2016 reply submission on OEB staff's submission, Hydro One indicated that it differed with the staff submission in two areas:

- 1) With respect to the first account (Account 1508 Other Regulatory Assets, Sub-account Revenue Differences – Interim pole attachment charge vs. approved pole attachment charge variance 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 OEB in its Decision for the 2015, 2016 and 2017 test years:

Hydro One noted that OEB staff had suggested a change to the credit account entry to USofA Account 4210, Rent from Electric Property, instead of Account 4325, Revenue from Merchandise as submitted in Hydro One's draft order.

Hydro One submitted that as it has always used Account 4325 for the recording of joint use revenues and that it would prefer to continue this practice.

Hydro One also requested that upon final approval of the accounting order by the OEB, Hydro One is to invoice the Carriers the difference between the final approval charge of \$41.28 and the interim rate of \$22.35 for 2015 and 2016.

- 2) Hydro One indicated that it had no issues with the OEB staff proposal for the second account: Account 1508 Other Regulatory Assets, Sub-account Revenue Offset difference related to pole attachment forecast charge approved in rates vs. approved pole attachment charge. This 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 the OEB in its Decision for EB-2015-0141.

However, Hydro One submitted that the rates revenue requirement be adjusted for the 2017 test year to reflect the difference between the \$41.28 approved

charge and the amount reflected in distribution rates revenue of \$37.05, as part of the finalization of the 2017 Rate Order. This would ensure that Hydro One's distribution customers would then receive the benefit of the final pole attachment charge sooner than its next rebasing period.

Findings

With regard to the account number to be used for the first account, the OEB will mandate the use of USofA Account 4210. The OEB has issued a Uniform System of Accounts and regulated entities are required to follow it for their regulatory reporting to the OEB. Using the USofA accounts provides consistency and facilitates comparability across the entities.

The OEB approves Hydro One's request that the rates revenue requirement be adjusted for the 2017 test year to reflect the difference between the \$41.28 approved charge and the amount reflected in distribution rates revenue of \$37.05, as part of the finalization of the 2017 Rate Order, in order to ensure that Hydro One's distribution customers will receive the benefit of the final pole attachment charge sooner than the next rates rebasing. The second account will reflect this intention.

The OEB confirms that with the final approval of this accounting order, Hydro One is to invoice the appropriate pole attachment customers for the difference between the final approved charge of \$41.28 and the interim charge of \$22.35, for 2015 and 2016.

4 ACCOUNTING ORDER

The OEB has reviewed Hydro One's revised draft accounting order, and has amended it to appropriately reflect the Decision.

The approved Accounting Order is attached as Schedule A.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Accounting Order set out in Schedule A of this Rate Order is final effective January 1, 2015.
2. Hydro One will adjust its rates revenue requirement for the 2017 test year to reflect the difference between the revenue offset reflected in distribution rates at \$37.05 per pole and the revenue offset resulting from the \$41.28 approved pole attachment charge, as part of the finalization of the 2017 Rate Order.
3. Hydro One is to invoice the appropriate pole attachment customers for the difference between the final approved charge of \$41.28 and the interim charge of \$22.35, for 2015 and 2016.

DATED at Toronto September 28, 2016

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

SCHEDULE A
ACCOUNTING ORDER
HYDRO ONE NETWORKS INC.
EB-2015-0141
SEPTEMBER 28, 2016

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 differences – interim pole attachment charge vs approved pole attachment charge
Cr: 4210	Rent from Electric Property

To record the revenue difference between the interim pole attachment charge and the final pole attachment charge 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 charge of \$41.28 per pole per year.

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

Upon finalization of this Accounting Order the balance in this account will be allocated to, and recovered from, pole attachment customers.

This account will be closed after the allocated balances have been invoiced to the 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 charge approved by the OEB in EB-2015-0141.

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

Accounting entries shall be made in this Account until the rates are next approved effective January 1, 2017.

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 revenues included in current rates and revenues based on the final approved pole attachment charge approved by OEB.