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**Oded Hubert**

Vice President  
Regulatory Affairs



BY COURIER

October 7, 2016

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

Dear Ms. Walli,

**EB-2016-0201 – Hydro One Networks Inc. Draft Accounting Order – Smart Grid Fund Pilot Deferral Account**

The Ontario Energy Board (“Board”) September 23, 2016 Decision and Order directs Hydro One to prepare a draft accounting order in respect of the Smart Grid Fund Pilot deferral account as approved by the Board. Accordingly, Hydro One is submitting a Draft Accounting Order with respect to this account as Attachment A.

As noted in Hydro One’s August 19, 2016 “Guideline for Pilot Projects on RPP Pricing” submission, Hydro One is of the view that its customers should not bear the entire cost of this pilot, as the outcome of the pilot is expected to benefit all electricity consumers in Ontario. Therefore, Hydro One respectfully submits that the ultimate disposition of this account should be applied to all electricity consumers in Ontario.

Sincerely,

ORIGINAL SIGNED BY ODED HUBERT

Oded Hubert  
Attach.

**ATTACHMENT A**  
**PROPOSED ACCOUNTING ENTRIES**

This account records the costs associated with extending the existing SGF pilot as approved by OEB in its decision for EB-2016-0201. As noted in the decision, these costs shall not exceed \$1 million. The accounting entries to be recorded are as follows:

<b>USofA #</b>	<b>Account Description</b>
Dr: 43XX	Billing and Collecting Expense account range
Cr: 2205	Accounts Payable

<b>USofA #</b>	<b>Account Description</b>
Dr: 1508	Other Regulatory Assets – Sub account “SGF Deferral Account”
Cr: 43XX	Billing and Collecting Expense account range

To record rebates to customers as well as implementation and maintenance costs associated with the extension of the SGF pilot program.

<b>USofA #</b>	<b>Account Description</b>
Dr: 1508	Other Regulatory Assets – Sub account “SGF Deferral Account”
Cr: 6035	Other Interest Expense

To record interest improvement on the principal balance of the “SGF Deferral Account”.