



**EB-2016-0201**

**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 accounting order to establish a deferral account.

**BEFORE:** Ken Quesnelle  
Presiding Member

**DECISION AND ORDER**  
**November 17, 2016**

**Background**

On July 18, 2016, the OEB issued its Regulated Price Plan Roadmap: *Guideline for Pilot Projects on RPP Pricing (Guideline)*. With the release of the Guideline, the OEB invited distributors to participate in developing and implementing priority price and non-price pilots that have been identified by the OEB.

On August 19, 2016, Hydro One Networks Inc. (HONI) submitted an application to develop and implement price and non-price pilots, including the continuation of pilots that it currently has underway which would support the OEB's objectives as set out in the Guideline.

On September 23, 2016, the OEB issued its Decision and Order on the application and granted HONI a deferral account for costs associated with extending the existing Smart Grid Fund (SGF) pilot. HONI filed a draft Accounting Order and OEB staff filed a submission on the draft Accounting Order. In HONI's reply submission, HONI agreed with all of OEB staff's comments in its submission except for the usage of Account 4405 Interest Income to record carrying charges instead of Account 6035 Other

Interest Expense. HONI indicated that it expects to have an overall interest expense position in its financial statements and therefore, expects any interest income relating to the SGF deferral account to offset the interest expense. HONI also cited as precedent the OEB's approval to use Account 6035 in two prior decisions.

### **Findings**

The OEB approves the use of Account 6035 to record carrying charges. The accounting treatment of the costs associated with this initiative must simply track the amounts to be disposed of at a later date. The use of either suggested account would suit this purpose. The use of Account 6035 is consistent with Hydro One's current approach and is in keeping with prior OEB decisions. The OEB approves the Accounting Order as set out in Appendix A.

### **THE BOARD ORDERS THAT:**

1. Hydro One shall establish the following Accounting Order as set out in Appendix A, effective October 1, 2016.

**DATED** at Toronto, November 17, 2016

### **ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

**Appendix A**  
**HONI Accounting Order**  
**Decision and Order**  
**EB-2016-0201**  
**Dated November 17, 2016**

**Hydro One Networks Inc. Accounting Order  
EB-2016-0201**

**Account 1508 Other Regulatory Assets – Sub-account SGF Pilot Deferral Account**

Hydro One Networks Inc. shall establish this new deferral account effective October 1, 2016 to record 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 in the account and all such amounts shall be limited to the costs for extending the pilots from October 1, 2016 to April 30, 2017.

The disposition of the deferral account will be subject to an OEB determination of prudence.

The accounting entries to be recorded are as follows:

<b>USofA #</b>	<b>Account Description</b>
Dr: 53XX	Billing and Collecting Expense account
Cr: 2205	Accounts Payable

<b>USofA #</b>	<b>Account Description</b>
Dr: 1508	Other Regulatory Assets – Sub account “SGF Pilot Deferral Acct”
Cr: 53XX	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 Pilot Deferral Acct”
Cr: 6035	Other Interest Expense

To record carrying charges on the principal balance of the “SGF Pilot Deferral Acct”.