



**EB-2016-0167**

**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:** Peter Fraser  
Vice President

**Decision and Order  
November 24, 2016**

**Background**

On December 21, 2015, the Distribution System Code (DSC) was amended in order to facilitate distributors' compliance with the OEB's policy on the elimination of load transfer arrangements between electricity distributors in Ontario. A load transfer arrangement is a situation in which an electricity consumer located in the licensed service area of one distributor (the geographic distributor) is physically served by another distributor (the physical distributor). Section 6.5.3 of the DSC now requires distributors to eliminate all load transfer arrangements by June 21, 2017, and section 6.5.6 prohibits distributors from entering into any new load transfer arrangements.

On April 26, 2016, Hydro One Networks Inc. (Hydro One) and Hydro Ottawa Limited (Hydro Ottawa) submitted a joint application under sections 74 and 86(1)(b) of the *Ontario Energy Board Act, 1998* (the Act) to eliminate the load transfer arrangements between the two distributors. The applicants filed their updates to the application on May 5, 2016, June 1, 2016 and August 11, 2016.

On August 18, 2016, the OEB issued its Decision and Order on the application and granted both Hydro One and Hydro Ottawa leave to sell distribution assets and amended the service areas accordingly. As prescribed in section 6.5.4 of the DSC, the affected Residential and General Service rate class customers moving from Hydro Ottawa to Hydro One shall receive a monthly bill credit to offset the increase in delivery charges. Hydro One requested a deferral account to record lost revenue resulting from the rate impact mitigation plan and the OEB allowed Hydro One to track these costs in a deferral account. The Decision and Order requested Hydro One to record these costs in Account 1508, Other Regulatory Assets, Sub-Account LTLT Rate Impact Mitigation, and required Hydro One to file a draft Accounting Order.

On September 20, 2016, Hydro One filed a draft Accounting Order to specifically record:

1. lost revenue resulting from the rate impact mitigation plan associated with the transfer of long term load transfer customers; and
2. any costs involved in the set-up of such a plan.

## Findings

The OEB approves the use of Account 1508, Other Regulatory Assets, Sub-Account LTLT Rate Impact Mitigation. The accounting treatment of the costs associated with the elimination of load transfer arrangements is set out in Appendix A and 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 August 18, 2016.

**DATED** at Toronto, November 24, 2016

## ONTARIO ENERGY BOARD

*Original signed by*

Peter Fraser  
Vice President

**Appendix A**

**Hydro One Accounting Order**

**Board Order No: EB-2016-0167**

**Dated November 24, 2016**

## **Hydro One Networks Inc. Accounting Order EB-2016-0167**

### **Account 1508 Other Regulatory Assets – Sub-account LTLT Rate Impact Mitigation Deferral Account**

Hydro One Networks Inc. shall establish this new deferral account effective August 18, 2016 to record costs associated with lost revenue resulting from the rate impact mitigation plan associated with the transfer of long term load transfer customers and any costs involved in the set-up of such a plan, as per the OEB's direction set out in its decision for EB-2016-0167.

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: 1508	Other Regulatory Assets – Sub account "LTLT Rate Impact Mitigation Deferral
Cr: 1100	Customer Accounts Receivable

To record the lost revenue resulting from the rate impact mitigation plan.

<b>USofA #</b>	<b>Account Description</b>
Dr: 1508	Other Regulatory Assets – Sub account "LTLT Rate Impact Mitigation Deferral
Cr: 6035	Other Interest Expense

To record interest improvement on the principal balance of the "LTLT Rate Impact Mitigation Deferral Account"