



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

DECISION AND ORDER

EB-2017-0097

ALECTRA UTILITIES CORPORATION

**Application for an accounting order approving the establishment
of a deferral account**

BY DELEGATION, BEFORE: Theodore Antonopoulos

May 12, 2017

INTRODUCTION AND SUMMARY

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. In this application, Alectra Utilities Corporation (Alectra) requested an accounting order for the establishment of a deferral account for costs associated with its pilot program for the former PowerStream rate zone.

PROCESS

The OEB has considered the application without holding a hearing pursuant to section 6(4) of the OEB Act.

THE APPLICATION

On October 27, 2016, PowerStream Inc. (PowerStream) sent a letter proposing to extend its current Advantage Power Pricing pilot as part of the RPP pilot initiative. Powerstream also requested that a deferral account be set up to track costs associated with continuing the program. On November 4, 2016, PowerStream submitted an application to develop and implement pilots, including the continuation of the Advantage Power Pricing pilot, which would support the OEB's objectives as set out in the Guideline. On March 3, 2017 and March 14, 2017, Alectra (formerly PowerStream) filed updates to its application to develop and implement RPP pilots.

The OEB approved Alectra's application to develop and implement pilots in a letter dated April 25, 2017.

On February 16, 2017, Alectra resubmitted its request for a deferral account and filed an Accounting Order application. The proposed deferral account would record costs associated with the Advantage Power Pricing pilot between November 1, 2016 (when the IESO funding for the pilot ends) and October 31, 2017 (when the funding for approved RPP pilots is expected to commence). Alectra estimated the costs recorded in the deferral account to be in the range of \$1.05 million to \$1.1 million.

FINDINGS

Since the request is for the establishment of deferral account, and the costs recorded in the deferral account will be subject to a prudence review before any costs are recovered

from ratepayers, no person other than Alectra will be adversely affected in a material way by the outcome of this process.

The OEB agrees that there is value in extending Alectra's existing pilot, not least as a means of avoiding customer recruitment and other costs for Alectra's new RPP pilot. The OEB is of the view that the eligibility criteria to establish a new deferral account (i.e. causation, prudence and materiality) have been met pursuant to the information filed by Alectra (and approved by the OEB) in its RPP pilot application. The OEB grants Alectra a deferral account for costs associated with extending the existing pilot. Based on the information provided by Alectra, it shall not record more than \$1.1 million in the account and all such amounts shall be limited to the costs for extending the pilots from November 1, 2016 to October 31, 2017. The disposition of the deferral account will be subject to an OEB determination of prudence prior to any disposition of the account. The OEB approves the accounting order as set out in Appendix A.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Alectra Utilities Corporation application for the pilot deferral account is approved to be effective on November 1, 2016 until October 31, 2017.
2. Alectra Utilities Corporation shall establish the Accounting Order for Account 1508 Other Regulatory Assets, Sub-account APP Deferral Account as set out in Appendix A.

DATED at Toronto, May 12, 2017

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

Accounting Order

Alectra Utilities Corporation

Board Order No: 2017-0097

Dated May 12, 2017

**Alectra Utilities Corporation Accounting Order
EB-2017-0097**

Account 1508 - Other Regulatory Assets, Sub-account APP Deferral Account

Alectra Utilities Corporation shall establish Account 1508 – Other Regulatory Assets, Sub-account APP Deferral Account effective November 1, 2016. The account is to record costs associated with extending the Advantage Power Pricing pilot from November 1, 2016 to October 31, 2017. Costs recorded in this account shall not exceed \$1.1 million.

Carrying charges at the OEB prescribed rate will apply to the account.

The following are sample journal entries:

USoA # Account Description

Dr. 1508 Other Regulatory Assets, Sub-account APP Deferral Account

Cr. 2205 Accounts Payable

To record rebates to customers as well as costs to run the APP program

USoA # Account Description

Dr. 1508 Other Regulatory Assets, Sub-account APP Deferral Account Carrying
Charges

Cr. 4405 Interest Income

To record carrying charges on the principal balance of the APP Deferral Account at the OEB prescribed interest rate.