



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 extension of an existing deferral account.

BEFORE: Ken Quesnelle
Presiding Member

DECISION AND ORDER
July 28, 2017

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 had underway.

On September 23, 2016, the OEB issued a Decision and Order granting HONI a deferral account for costs associated with extending the existing Smart Grid Fund pilot. The OEB required that HONI not record more than \$1 million in the account, and limited the time period for cost recording from October 1, 2016 to April 30, 2017. Through a Decision and Order dated November 17, 2016, the OEB established the Accounting Order for the deferral account.

On April 27, 2017, the OEB issued a decision and order granting HONI an extension

of the period during which it may record costs associated with extending its SGF pilot until July 31, 2017.

By letter dated July 26, 2017, HONI asked for an increase in the amount that can be accrued within its deferral account by \$200,000 and extension of the time period for the deferral account to September 30, 2017, in order to continue to record the costs of its SGF pilot.

Findings

The OEB has proceeded to issue this Decision and Order without a hearing. As the request is for the increase in the total amount recorded and an extension of an existing 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 HONI will be adversely affected in a material way by the outcome of this process.

The OEB has determined that it will extend the end date for HONI's deferral account associated with the existing SGF pilot until September 30, 2017 to facilitate continuation of the pilot. The amount that HONI may record in this deferral account will be increased by \$200,000 to \$1.2 million.

The recovery of amounts recorded in the deferral account will be subject to an OEB determination of prudence prior to any disposition of the account. At the inception of the deferral account ten months ago, Hydro One indicated that the deferral account would "enable transitioning to the new pilot by maintaining current recruitments, avoiding expensive future recruitment, maintaining customer experience by preventing a stop-and-go approach, and assessing persistence based on a longer time frame for customer data monitoring and analysis." The OEB's review will include a consideration of the quantum of the avoided recruitment costs that the maintenance of the existing customer group was intended to achieve.

Hydro One has always been in the best position to gauge whether or not the total costs of the requested extensions are warranted when measured against the benefits cited in its original request. The OEB approves the requested extension and increase in the amount that can be accrued in recognition that Hydro One understands the nature of a future OEB review and its onus to demonstrate that the cited benefits outweigh the incurred costs.

THE BOARD ORDERS THAT:

1. The period for which costs may be recorded by Hydro One Networks Inc. in

Account 1508 Other Regulatory Assets – Sub-account SGF Pilot Deferral Account is extended to September 30, 2017. The upper limit for the amount that may be recorded in the account is increased to \$1.2 million. An amended Accounting Order is attached as Appendix A to this Decision and Order.

DATED at Toronto, July 28, 2017

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

HONI Accounting Order

Board Order No: EB-2016-0201

Dated July 28, 2017

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 \$1.2 million in the account and all such amounts shall be limited to the costs for extending the pilots from October 1, 2016 to September 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:

USofA #

Dr: 53XX

Cr: 2205

Account Description

Billing and Collecting Expense account

Accounts Payable

USofA #

Dr: 1508

Cr: 53XX

Account Description

Other Regulatory Assets – Sub account “SGF Pilot Deferral Acct”

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.

USofA #

Dr: 1508

Cr: 6035

Account Description

Other Regulatory Assets – Sub account “SGF Pilot Deferral Acct”

Other Interest Expense

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