



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

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**DECISION AND ACCOUNTING ORDER**

**EB-2017-0332**

**CANADIAN NIAGARA POWER INC.**

**Application for an Accounting Order approving the establishment  
of a deferral account for 2017 Forgone Transmission Revenue**

**BY DELEGATION, BEFORE: Theodore Antonopoulos**

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**February 8, 2018**

## INTRODUCTION AND SUMMARY

Canadian Niagara Power Inc. (CNPI), in its function as a rate regulated transmitter, filed an application on October 30, 2017 for an accounting order to establish a new deferral account, the “CNPI 2017 Foregone Transmission Revenue Deferral Account”. The deferral account is intended to record the differences between revenue earned by CNPI under the interim 2017 rates set at the 2016 Uniform Transmission Rate (UTR) level, and the revenues that would have been received under the approved 2017 UTR based on the OEB approved 2017 load forecast. The account will capture the foregone revenue from January 1, 2017 to October 31, 2017.

In the OEB Decision and Order in Hydro One Networks Inc.’s (Hydro One) transmission rate case for 2017 and 2018<sup>1</sup>, the OEB ordered an effective date of January 1, 2017 for Hydro One’s 2017 revenue requirement. The OEB then issued a further Decision and Order<sup>2</sup> on November 9, 2017, setting an effective date of January 1, 2017 for the 2017 UTRs and an implementation date of November 1, 2017.

The November 9, 2017 Decision and Order included an approval for a Foregone Revenue Deferral Account for Hydro One so that Hydro One can track any forgone revenue for 2017. In that Decision and Order, the OEB also approved a 2017 revenue requirement for CNPI of \$4,647,201. CNPI’s 2017 revenue requirement was again noted in the final 2017 UTR Decision and Rate Order<sup>3</sup>.

## PROCESS

The CNPI request for an accounting order is based on a previously approved revenue requirement for CNPI as well as the previously approved 2017 UTRs. The OEB has considered the application without holding a hearing pursuant to section 6(4) of the *Ontario Energy Board Act, 1998*.

## THE APPLICATION

CNPI noted that Hydro One received approval for an account of this nature, and that the methodology used by CNPI and other transmitters to calculate 2017 foregone revenue should be consistent with the methodology directed in the recent EB-2016-0160 decision to capture the differences between revenue earned by the transmitter

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<sup>1</sup> EB-2016-0160, Decision and Order on Hydro One Transmission Revenue Requirement, September 28, 2017, revised November 1, 2017.

<sup>2</sup> EB-2016-0160, Decision and Order on Draft Rate Order material, November 9, 2017

<sup>3</sup> EB-2017-0280, Decision and Rate Order on 2017 UTRs, November 23, 2017

under the interim 2017 UTRs, and the revenues that would have been received under the approved final 2017 UTRs.

## **FINDINGS**

The OEB notes that CNPI's 2017 revenue requirement has already been approved as part of the OEB's Decision and Order for Hydro One's 2017 and 2018 transmission revenue requirement and charge determinant case as well as the 2017 UTR Decision and Rate Order. The requested account is a placeholder for CNPI to record the revenue variance for review and disposition in its next rate case.

The OEB finds that the draft accounting order filed by CNPI is consistent with the accounting order approved for Hydro One Networks Inc. Transmission. The OEB approves the requested deferral account as filed.

## **THE ONTARIO ENERGY BOARD ORDERS THAT:**

1. CNPI shall establish the 2017 Foregone Transmission Revenue Deferral Account as set out in Schedule A, effective January 1, 2017.

**DATED** at Toronto, February 8, 2018

## **ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

**Schedule A**

**Accounting Order**

**Canadian Niagara Power Inc.**

**Board Order No: EB-2017-0322**

**Dated: February 8, 2018**

**CNPI 2017 Foregone Transmission Revenue Deferral Account****Accounting Entries**

This account records the differences between revenue earned by Canadian Niagara Power Inc. under the interim 2017 rates set at the 2016 Uniform Transmission Rates (UTRs) level, and the revenues that would have been received under the approved 2017 UTR based on the OEB approved 2017 load forecast (Foregone Revenue). The account will capture the Foregone Revenue from January 1, 2017 to October 31, 2017, when the approved 2017 UTRs are reflected in the revenue earned by Canadian Niagara Power Inc. The accounting entries to be recorded are as follows:

<b>USofA #</b>	<b>Account Description</b>
Dr: 1508	Other Regulatory Assets – Sub account “2017 Foregone Transmission Revenue Deferral Account”
Cr: 4110	Transmission Services Revenue

To record the Foregone Revenue.

<b>USofA #</b>	<b>Account Description</b>
Dr: 1508	Other Regulatory Assets – Sub account “2017 Foregone Transmission Revenue Deferral Account” carrying charges
Cr: 4405	Interest Income

To record interest improvement on the principal balance of the “Foregone Transmission Revenue Deferral Account”.