REGULATORY ACCOUNTS

1. INTRODUCTION

The purpose of this Exhibit is to provide a description of Hydro One Transmission's Regulatory Accounts.

All of the Regulatory Accounts reported by Hydro One Transmission have been established consistent with the OEB's requirements as set out in the Accounting Procedures Handbook, subsequent OEB direction, or as per specific requests initiated by Hydro One Transmission.

Hydro One Transmission's outstanding deferral and variance accounts balances are summarized in Table 1 below:

Table 1: Summary of Regulatory Accounts Balances Outstanding

($ Million)[1]

Description	Balance as at Dec 31, 2016	Balance as at Dec. 31, 2017	Balance as at Dec. 31, 2018	Balance as at Dec. 31, 2019 (Forecast)
Total Regulatory Accounts Seeking Disposition	**(126.5)**	**(83.6)**	**(17.2)**	**20.5**
Total Regulatory Accounts Not Seeking Disposition	**15.9**	**81.5**	**92.6**	**93.1**
Total Regulatory Accounts	**(110.7)**	**(2.2)**	**75.4**	**113.6**

[1] Note that rounded numbers presented in charts may not add to the total due to rounding.

The forecast interest for 2019 is calculated by applying interest on the December 31, 2018 year-end principal balances less any amounts approved for disposition in 2019 using OEB prescribed interest rates, as per the Bankers' Acceptances three month rate plus a spread of 25 basis points.

Information on each account and its balance is described in Section 2.0 and Section 3.0 of this Exhibit. Details on regulatory accounts requested are found in Exhibit H, Tab 1, Schedule 2. Details on the proposed disposition of the account balances are found in Exhibit H, Tab 1, Schedule 3. Further details on deferral and variance accounts are provided in:

- Exhibit H, Tab 1, Schedule 4: Schedule of Annual Recoveries
- Exhibit H, Tab 1, Schedule 5: Continuity Schedule Regulatory Accounts

No adjustments have been made to deferral and variance account balances that were previously approved by the OEB on a final basis.

2. REGULATORY ACCOUNTS

The EB-2016-0160 Decision approved or required the establishment or continuance of certain regulatory accounts. Table 2 below provides a list of the Transmission Regulatory Account balances requested for approval and disposition as part of 2020-2022 transmission rates. Hydro One Transmission is requesting an adjustment to its revenue requirement over a three year period commencing in 2020.

Table 2: Transmission Regulatory Accounts Requested for Approval ($ Millions)

Description	US of A Account Ref.	Balance as at Dec 31, 2016	Balance as at Dec 31, 2017	Balance as at Dec 31, 2018	Balance as at Dec 31, 2019 (Forecast)
Excess Export Service Revenue	2405	(28.3)	(15.6)	(1.8)	4.8
External Secondary Land Use Revenue	2405	(37.2)	(29.0)	(26.1)	(10.4)
External Station Maintenance, E&CS and Other External Revenue	2405	1.2	(1.7)	2.4	4.5
Tax Rate Changes	1592	0.1	0.5	0.4	0.0
Rights Payments	2405	(3.6)	0.1	4.0	2.4
Pension Costs Differential	2405	(3.9)	(9.8)	(17.2)	(4.5)
Long-Term Transmission Future Corridor Acquisition and Development	1508	0.6	0.3	0.0	0.0
LDC CDM and Demand Response Variance Account	1508	(54.1)	(27.5)	22.3	23.6
External Revenue – Partnership Transmission Projects Account	2405	(0.9)	(0.5)	(0.0)	(0.0)
OEB Cost Differential Account	1508	(1.1)	(1.2)	(1.4)	(0.1)
Waasigan Transmission Deferral	1508	0.6	0.7	0.8	0.9
In-Service Capital Additions Variance	2405	0.0	0.0	(0.6)	(0.6)
Total Regulatory Accounts Seeking Disposition		**(126.5)**	**(83.6)**	**(17.2)**	**20.5**
East West Tie Deferral	1508	2.8	7.2	15.8	15.8
SECTR Deferral	1508	13.0	52.0	54.3	54.3
OPEB Cost Deferral	1508	0.0	0.0	22.5	23.0
OPEB Asymmetrical Carrying Charge Account	1522	0.0	0.0	0.0	0.0
Total Regulatory Accounts Not Seeking Disposition		**15.9**	**81.5**	**92.6**	**93.1**
Total		**(110.7)**	**(2.2)**	**75.4**	**113.6**

REGULATORY ACCOUNTS SEEKING CONTINUANCE AND DISPOSITION

2.1 EXCESS EXPORT SERVICE REVENUE

This variance account was initially created as a result of the OEB's decision of May 28, 2009 (EB-2008-0272). In the EB-2016-0160 Decision, the OEB approved continuance of this account. The OEB requested that Hydro One Transmission continue to capture any differences between forecast export service revenue approved by the OEB as part of 2017 and 2018 Transmission Rates and the actual export service revenue. As part of its decision, the OEB approved an Export Transmission Services (ETS) rate of $1.85/MWh and approved the Hydro One Transmission forecast at $39.2 million and $40.1 million in revenue for both 2017 and 2018 respectively. As at December 31, 2018, Hydro One Transmission had an excess export service revenue liability balance of $1.8 million, inclusive of accrued interest. The balance in this account is reported to the OEB on a quarterly basis, consistent with the OEB's Reporting and Record Keeping Requirements.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation date, and reduced by $6.5 million liability balance approved for disposition in 2019. This will result in a forecast asset account balance of $4.8 million at the end of 2019.

2.2 EXTERNAL SECONDARY LAND USE REVENUE

This variance account was created as a result of the OEB's decision of May 28, 2009 (EB-2008-0272). In the EB-2016-0160 Decision, the OEB approved the continuance of this account requesting that Hydro One Transmission maintain a variance account to capture any difference between the forecast external secondary land use revenues approved by the OEB, for each test year, as part of 2017 and 2018 transmission rates, and

the actual secondary land use revenues for each of these years. The total external revenue, including secondary land use approved by the EB-2016-0160 Decision was $28.2 million and $28.5 million for 2017 and 2018 respectively. The portion related to secondary land use was $15.4 million and $15.6 million, respectively.

As at December 31, 2018, Hydro One Transmission had an excess external secondary land use revenue liability balance of $26.1 million, inclusive of accrued interest. This account is reported to the OEB on a quarterly basis consistent with the OEB's Reporting and Record Keeping Requirements.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation date, and reduced by $16.0 million liability balance approved for disposition in 2019. This will result in a forecast liability account balance of $10.4 million at the end of 2019.

2.3 EXTERNAL STATION MAINTENANCE, E&CS AND OTHER EXTERNAL REVENUE ACCOUNT

This variance account was created as a result of the OEB's decision of May 28, 2009 (EB-2008-0272). In the EB-2016-0160 Decision, the OEB approved continuance of this account. The OEB requested that Hydro One Transmission continue to capture any differences between the OEB approved and actual net external station maintenance, engineering & construction services revenue and other external revenue. The total external revenue, including station maintenance, E&CS and other approved by the OEB in the EB-2016-0160 Decision was $28.2 million and $28.5 million for 2017 and 2018 respectively. The portion related to this account was $12.8 million and $12.9 million, respectively.

As at December 31, 2018, Hydro One Transmission had an excess external station maintenance, engineering and construction services and other external net revenues asset balance of $2.4 million, inclusive of accrued interest. The balance in this account is reported to the OEB on a quarterly basis consistent with the OEB's Reporting and Record Keeping Requirements.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation date, and reduced by $2.1 million liability balance approved for disposition in 2019. This will result in a forecast asset account balance of $4.5 million at the end of 2019.

2.4 TAX RATE CHANGE

This variance account was created as a result of the OEB's decision of August 16, 2007 (EB-2006-0501). In the EB-2016-0160 Decision, the OEB approved continuance of this account. The variance account captures the tax impact to Hydro One Transmission of:

- differences that result from a legislative or regulatory change to the tax rates or rules; and
- differences that result from a change in, or a disclosure of, a new assessment or administrative policy that is published in the public tax administration or interpretation bulletins by relevant federal or provincial tax authorities.

As at December 31, 2018, Hydro One Transmission had recognized an asset balance of $0.4 million, inclusive of accrued interest. This account is reported to the OEB on a quarterly basis consistent with the OEB's Reporting and Record Keeping Requirements.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation

date, and reduced by $0.4 million asset balance approved for disposition in 2019. This will result in a forecast asset account balance of $0.0 million at the end of 2019.

2.5 RIGHTS PAYMENTS

This account was established based on the OEB's decision on Hydro One's Transmission Rates for 2011 and 2012 (EB-2010-0002). In the EB-2016-0160 Decision, the OEB approved continuance of this account. The OEB requested that Hydro One Transmission use a variance account to capture the difference between the forecast Rights Payments approved by the OEB for 2017 and 2018 Transmission Rates and the actual Rights Payments.

As at December 31, 2018, Hydro One Transmission has recorded an asset balance of $4.0 million, inclusive of accrued interest. This account is reported to the OEB on a quarterly basis consistent with the OEB's Reporting and Record Keeping Requirements.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation date, and reduced by $1.6 million asset balance approved for disposition in 2019. This will result in a forecast asset account balance of $2.4 million at the end of 2019.

2.6 PENSION COSTS DIFFERENTIAL

This account tracks the difference between the OM&A pension cost estimates based on actuarial assessments used for this Application and the actual OM&A pension contributions. This account was established based on the OEB's decision on Hydro One Transmission's Rates for 2011 and 2012 (EB-2010-0002). In the EB-2016-0160 Decision, the OEB approved continuance of this account.

As at December 31, 2018, Hydro One Transmission has recognized a liability balance of $17.2 million, inclusive of accrued interest. This account is reported to the OEB on a quarterly basis consistent with the OEB's Reporting and Record Keeping Requirements.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation date, and reduced by $13.0 million liability balance approved for disposition in 2019. This will result in a forecast liability account balance of $4.5 million at the end of 2019.

2.7 LONG-TERM TRANSMISSION FUTURE CORRIDOR ACQUISITION AND DEVELOPMENT ACCOUNT

This deferral account approved during EB-2012-0031, records transmission planning and study costs associated with preliminary corridor routing considerations for new transmission infrastructure. In order to ensure land corridor availability in near-urban areas, long term investment planning is required. The costs recorded in the account will be associated with land assessment work such as environmental studies and assessments, preliminary engineering studies, public and First Nations/Métis consultations, etc. The outcome of this work will be helpful in making siting determinations for new corridors and in setting aside the required land for planning purposes, thus ensuring its availability and affordability when the project proceeds.

As at December 31, 2018, Hydro One Transmission has recognized an asset balance of $0.0 million, inclusive of interest accrued. This account is reported to the OEB on a quarterly basis consistent with the OEB's Reporting and Record Keeping Requirements.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation

date, and reduced by $0.0 million asset balance approved for disposition in 2019. This will result in a forecast account balance of $0.0 million at the end of 2019.

2.8 LOCAL DISTRIBUTION COMPANY ("LDC"), CONSERVATION AND DEMAND MANAGEMENT ("CDM"), AND DEMAND RESPONSE VARIANCE ACCOUNT

This account was established upon the Settlement Agreement approved by the OEB in EB-2012-0031 relating to Hydro One Transmission's 2013 and 2014 rates. The account tracks the difference between the forecast and actual CDM savings and Demand Response results of the Ontario Power Authority ("OPA")-funded, LDC-delivered programs for 2013 and 2014.

Hydro One used the annual results reported for the previous year by the OPA in September of 2014 and 2015 (for 2013 and 2014 results, respectively) and recorded to this variance account the difference between the actual CDM savings reported by the OPA and the forecast for 2013 and 2014. As at December 31, 2018, Hydro One Transmission has recognized an asset balance of $22.3 million, inclusive of accrued interest. This account is reported to the OEB on a quarterly basis consistent with the OEB's Reporting and Record Keeping Requirements.

As per the EB-2016-0160 Decision, Hydro One has maintained this account to record a variance for 2017 and 2018 as directed by the OEB. The OEB noted that the IESO will no longer be providing the data required to calculate the variance amounts and as such, the OEB directed Hydro One to use its best efforts to determine a methodology to calculate the variance. Refer to Exhibit H, Tab 1, Schedule 2 Attachment 11 for more information.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation date, and adjusted by $0.8 million liability balance approved for disposition in 2019. This will result in a forecast asset account balance of $23.6 million at the end of 2019.

2.9 EXTERNAL REVENUE – PARTNERSHIP TRANSMISSION PROJECTS ACCOUNT

This account was approved by the OEB in EB-2012-0031 to allow Hydro One to record costs related to services provided by Hydro One employees to partnership companies, e.g. for work not directly to the benefit of Hydro One Transmission's ratepayers. These costs would be invoiced to the appropriate partnered company, and current transmission revenues equal to the invoiced amount would be recorded in this account for reduction of future transmission revenue requirements.

The balance in this account reflects the external revenue garnered as a result of the services provided to and on behalf of B2M LP to create the partnership. Most all of these services were provided before B2M LP was an established entity and, as such, B2M LP had no ability to procure these services independently. B2M LP has subsequently paid Hydro One for the services rendered.

All amounts submitted to this account were provided on a cost basis in compliance with the Affiliate Relationship Code.

As at December 31, 2018, Hydro One Transmission has recognized a liability balance of $0.0 million, inclusive of accrued interest. This account is reported to the OEB on a quarterly basis consistent with the OEB's Reporting and Record Keeping Requirements.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation date, and reduced by $0.0 million liability balance approved for disposition in 2019. This will result in a forecast liability account balance of $0.0 million at the end of 2019.

2.10 OEB COST DIFFERENTIAL ACCOUNT

In a letter from the OEB dated February 9, 2016, entitled "Revisions to the Ontario Energy OEB Cost Assessment Model"; the OEB authorized the establishment of Account 1508 'Other Regulatory Assets', Sub-Account 'OEB Cost Assessment Variance'.
The OEB authorized this account to record any material differences between the annual OEB cost assessment currently approved in rates and the actual OEB cost assessment amounts charged to Hydro One Transmission that will result from the application of the new cost assessment model effective April 1, 2016.

As at December 31, 2018, Hydro One Transmission has recorded a liability balance of $1.4 million, inclusive of accrued interest. This account is reported to the OEB on a quarterly basis consistent with the OEB's Reporting and Record Keeping Requirements.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation date, and reduced by $1.3 million liability balance approved for disposition in 2019. This will result in a forecast liability account balance of $0.1 million at the end of 2019.

The OEB approved the discontinuation of the OEB Cost Differential Account as the account was established in 2016 to record differences resulting from changes made by the

OEB to its cost assessment model. Hydro One Transmission has rebased its costs since this change was made; therefore, it is appropriate to discontinue this account.[2]

2.11 WAASIGAN TRANSMISSION DEFERRAL ACCOUNT

This account was approved by the OEB in EB-2014-0311, to establish a deferral account that records expenses relating to the Waasigan Transmission Line, formerly known as the North West Bulk Transmission Line ("NWBTL"), associated with preliminary design/engineering, cost estimation, public engagement/consultation, routing and siting, and Environmental Assessment preparation work. These costs would not qualify as Construction Work In Progress ("CWIP") and therefore would be OM&A costs. These OM&A costs were not included in the rates, thereby necessitating the establishment of this deferral account.

As at December 31, 2018, the account had an asset balance of $0.8 million. This account is reported to the OEB on a quarterly basis consistent with the OEB's Reporting and Record Keeping Requirements.

On October 24, 2018 the IESO issued a letter, "Update of the Need and Scope for the Northwest Bulk Transmission Line", confirming the need for additional electricity capacity in the area. The IESO recommended that Hydro One begin development work on Phase 1 and 2 of the Waasigan (NWBTL) Project as soon as possible to shorten the Project lead time required to have the assets ready to be in-serviced in order to meet the electricity capacity needs when they materialize (expected mid-2030s but could occur

[2] OEB Decision and Order dated April 25, 2019 re: Application for 2019 Electricity Transmission Revenue Requirement (EB-2018-0130), p. 14

earlier). As the IESO has now determined that supply needs West of Thunder Bay and North of Dryden will be met by electricity infrastructure (a 'wires' solution), Hydro One believes that it is now able to record its development expenditures in CWIP. On December 21, 2018, Hydro One requested the OEB to change the nature of the Waasigan Transmission Line Deferral Account (NWBTL Account) from a deferral account to a tracking deferral account. Hydro One would continue to report the balance of this account through the quarterly Reporting and Record Keeping Requirements. Hydro One requested the change in this account be effective from January 1, 2019. Refer to Exhibit H, Tab 1, Schedule 2 Attachment 9 for a copy of this submission. The request is currently under review by the OEB.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation date. This will result in a forecast asset account balance of $0.9 million at the end of 2019.

2.12 IN SERVICE CAPITAL ADDITIONS VARIANCE ACCOUNT

As per the Settlement Agreement approved by the OEB, relating to Hydro One Transmission's 2015 and 2016 rates in EB-2014-0140, parties agreed that Hydro One would establish a net cumulative asymmetrical variance account for 2014, 2015 and 2016 to track the impact on revenue requirement of any in-service addition shortfall compared to OEB approved amounts, for disposition in a future rates application. The cumulative in service additions for those years exceeded the OEB-approved amount and therefore no entry was recorded.

As part of the EB-2016-0160 Decision, the OEB approved the continuance of this account to record the impact on 2017 and 2018 Transmission Revenue Requirement due

to an actual amount for 2016 in-service additions that is less than $911.7 million, along with the difference between the 2017 and 2018 in-service additions embedded in 2017 and 2018 rate base and actual in-service additions in each of those years. As at December 31, 2018, the account had a liability balance of $0.6 million. This account is reported to the OEB on a quarterly basis consistent with the OEB's Reporting and Record Keeping Requirements.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation date. This will result in a forecast liability balance of $0.6 million at the end of 2019.

3. REGULATORY ACCOUNTS NOT BEING REQUESTED FOR DISPOSITION

3.1 EAST WEST TIE DEFERRAL ACCOUNT

This account was approved by the OEB on July 12, 2012 in Hydro One's application (EB-2012-0180) to establish a deferral account related to the East-West Tie Line proceeding (EB-2011-0140).

Hydro One was permitted to track costs in the EWTDA that relate to the following two categories:

1. costs incurred by Hydro One Transmission as incumbent transmitter to support the OEB through the designation process and to eventually facilitate the line's connection; and
2. expenditures incurred relating to preliminary engineering and other station connection work required to accommodate the East West Tie line.

At December 31, 2018 the account had an asset balance of $15.8 million. Hydro One is not requesting disposition of the balance in this account at this time, as this is currently a tracking account.

3.2 SECTR DEFERRAL ACCOUNT

This account was approved by the OEB in its decision on EB-2013-0421 relating to the Supply to Essex County Transmission Reinforcement project (SECTR project). This account was established to record all construction project costs relating to the SECTR project.

Hydro One is tracking costs relating to the SECTR project in this deferral account and at December 31, 2018 the account had an asset balance of $54.3 million. As this is a tracking account, Hydro One is not requesting disposition of the balance in this account.

3.3 OPEB COST DEFERRAL ACCOUNT

Refer to Exhibit H, Tab 1, Schedule 2 for details regarding this account.

As at December 31, 2018, this account had an asset balance of $22.5 million, inclusive of accrued interest. The account is reported to the OEB on a quarterly basis consistent with the OEB's Reporting and Record Keeping Requirements.

Included in the balance submitted for approval is interest forecast through to December 31, 2019 to reflect carrying charges anticipated through to the proposed implementation date. This will result in a forecast asset account balance of $23.0 million at the end of 2019.

3.4 OPEB ASYMMETRICAL CARRYING CHARGE ACCOUNT

Refer to Exhibit H, Tab 1, Schedule 2 for details regarding this account.

Hydro One Transmission calculated the reference amount using the proposed modified approach. As at December 31, 2018, the balance in this account is $0.

REGULATORY ACCOUNTS REQUESTED

1. INTRODUCTION

This Exhibit requests approval to continue or to establish new deferral accounts for Hydro One Transmission as follows:

- Excess Export Service Revenue
- External Secondary Land Use Revenue
- External Station Maintenance, E&CS Revenue and Other Revenue
- Tax Rate Changes
- Rights Payments
- Pension Cost Differential
- East West Tie Deferral Account
- Long-Term Transmission Future Corridor Acquisition and Development Account
- Waasigan Transmission Line Account (formerly known as the North West Bulk Transmission Line Account)
- Supply to Essex County Transmission Reinforcement (SECTR) Account
- External Revenue – Partnership Transmission Projects Account
- In-Service Capital Additions Variance Account
- LDC CDM and Demand Response Variance Account
- ESM Deferral Account
- CCRA True-up Variance Account
- Other Post-Employment Benefit (OPEB) Asymmetrical Carrying Charge Account
- Other Post-Employment Benefit (OPEB) Cost Deferral Account

The need for these accounts and the accounting and control process are described in further detail in the remainder of this Exhibit.

2. DISCONTINUED REGULATORY ACCOUNT

Hydro One is not seeking to discontinue any deferral accounts.

3. DESCRIPTION OF REGULATORY ACCOUNTS REQUESTED

3.1 EXCESS EXPORT SERVICE REVENUE

Hydro One Transmission proposes to continue to record the difference between the actual export service revenue and the revenues approved by the OEB as part of 2020-2022 transmission rates. Export transmission revenues are directly dependent on the findings of the OEB on the Export Transmission Service Rate.

3.2 EXTERNAL SECONDARY LAND USE REVENUE

Hydro One Transmission proposes to continue to record the difference between the actual External Secondary Land Use Revenues and the revenues approved by the OEB as part of 2020-2022 Transmission Rates.

3.3 EXTERNAL STATION MAINTENANCE, E&CS REVENUE AND 'OTHER' EXTERNAL REVENUE

Hydro One Transmission proposes to continue to record the difference between the actual External Station Maintenance, E&CS Revenues and Other External Revenues against the estimated revenues approved by the OEB as part of 2020-2022 Transmission Rates.

3.4 TAX RATE CHANGES

Hydro One Transmission will continue to use this account to track the revenue requirement impact of legislative or regulatory changes to tax rates or rules compared to costs approved by the OEB as part of 2020-2022 Transmission Rates.

3.5 RIGHTS PAYMENTS

Hydro One Transmission proposes to continue to record the difference between the actual Rights Payments paid and those approved by the OEB as part of 2020-2022 Transmission Rates.

3.6 PENSION COSTS DIFFERENTIAL

Hydro One Transmission proposes to continue to record the difference between the actual OM&A pension costs and the forecast OM&A pension costs approved by the OEB as part of 2020-2022 transmission rates.

3.7 EAST-WEST TIE DEFERRAL ACCOUNT

This account is a continuation of the account accepted in EB-2012-0031. However, following the EB-2016-0160 Decision, Hydro One has only continued the second category of the prior approved account whereby, as the incumbent transmitter, Hydro One will track costs for expenditures incurred relating to preliminary engineering and other station connection work required to accommodate the East West Tie line.

3.8 LONG-TERM TRANSMISSION FUTURE CORRIDOR ACQUISITION AND DEVELOPMENT ACCOUNT

This account is a continuation of the account approved in proceeding EB-2012-0031. This deferral account records transmission planning and study costs associated with preliminary corridor routing considerations for new transmission infrastructure.

Due to the variable and unpredictable nature of the work and the low materiality of the costs, Hydro One Transmission has not included the costs for the above-noted unplanned work as part of its 2020-2022 requested revenue requirement. Hydro One Transmission continues to collect the costs in this deferral account and will seek its disposition in a future rates application.

3.9 WAASIGAN TRANSMISSION LINE [FORMERLY KNOWN AS THE NORTH WEST BULK TRANSMISSION LINE (NWBTL)]

On October 24, 2018 the IESO issued a letter, "Update of the Need and Scope for the Northwest Bulk Transmission Line", confirming the need for additional electricity capacity in the area. The IESO recommended that Hydro One begin development work on Phase 1 and 2 of the Waasigan (NWBTL) Project as soon as possible to shorten the Project lead time required to have the assets ready to be in-serviced in order to meet the electricity capacity needs when they materialize (expected mid-2030s but could occur earlier). As the IESO has now determined that supply needs West of Thunder Bay and North of Dryden will be met by electricity infrastructure (a 'wires' solution), Hydro One believes that it is now able to record its development expenditures in CWIP. On December 21, 2018, Hydro One requested the OEB to change the nature of the Waasigan Transmission Line Deferral Account (NWBTL Deferral Account) from a deferral account to a tracking deferral account. Hydro One would continue to report the balance of this

account through the quarterly Reporting and Record Keeping Requirements. Hydro One requested the change in this account be effective from January 1, 2019. Refer to Attachment 9 for a copy of this submission. The request is currently under review by the OEB.

If the OEB approves the change in status from a deferral account to a tracking deferral account, Hydro One proposes to continue the use of this account on that basis to record the development expenditures associated with the Waasigan (NWBTL) Project.

3.10 SUPPLY TO ESSEX COUNTY TRANSMISSION REINFORCEMENT (SECTR)

This account was approved by the OEB in EB-2013-0421 for the purpose of recording construction costs relating to the OEB-approved SECTR Project. The major portions of the SECTR project was completed and placed in-service during 2017 and 2018. Work on certain minor portions of the project continues in 2019. Hydro One proposes to continue the account until the SECTR cost allocation issue that gave rise to this account is resolved.

3.11 EXTERNAL REVENUE – PARTNERSHIP TRANSMISSION PROJECTS ACCOUNT

The intent of this deferral account is to record costs for services provided by Hydro One employees for work they are performing for partnership companies, whether partnered with Hydro One Networks Inc. or Hydro One Inc., working on competitive or other partnership transmission projects.

Hydro One has and will identify specific employees to work with partnership companies in which it has a vested interest. Hydro One will track employee time and any expenses and the resulting costs will be invoiced to the appropriate partner. The amount of invoiced costs will be recorded in the External Revenue Partnership Transmission Project Account for reduction to future revenue requirements.

3.12 IN SERVICE CAPITAL ADDITIONS VARIANCE ACCOUNT

Hydro One proposes the continuation of this variance account to record the net cumulative variance over 2020-2022 between the OEB-approved in-service capital additions forecasts and the actual amounts.

Hydro One proposes to track the impact on revenue requirement of any capital in-service additions that are 98% of the OEB-approved amount or less for each year of the three-year term, on a cumulative basis. For cumulative in-service additions that are 98% of the OEB-approved level or less, the associated revenue requirement impact will be computed and reported on an annual basis in the variance account. The variance account will be asymmetrical to the benefit of the ratepayer. An illustrative example is included as Attachment 5 to this Exhibit.

3.13 LDC CDM AND DEMAND RESPONSE VARIANCE ACCOUNT

This account was established as part of the Settlement Agreement that pertained to 2013 and 2014 transmission rates. In Hydro One's 2015 and 2016 rates application, the parties accepted Hydro One's CDM forecast in the load forecast and did not request that Hydro One record any variance for 2015 and 2016. In the EB-2016-0160 Decision, the OEB directed Hydro one to continue recording a variance relating to 2017 and 2018 and noted that this account should not be closed as previously requested by Hydro One.

As per the EB-2016-0160 Decision, Hydro One has maintained this account to record a variance for 2017 and 2018 as directed by the OEB. The OEB noted that the IESO will no longer be providing the data required to calculate the variance amounts and as such, the OEB directed Hydro One to use its best efforts to determine a methodology to calculate the variance. Please refer to Attachment 11 to this Exhibit.

3.14 ESM DEFERRAL ACCOUNT

Hydro One proposes a new earnings sharing mechanism deferral account, effective January 1, 2020, to record any over-earnings realized during any year of the three-year term through Hydro One's transmission revenue. Hydro One proposes to share with customers 50% of any earnings that exceed the regulatory return on equity reflected in this Application by more than 100 basis points in any year of the three-year term.

The customer share of the earnings will be adjusted for any tax impacts and will be credited to a new deferral account that will be put forward for disposition at the time of Hydro One's next rates rebasing application. A draft accounting order is provided as Attachment 3 to this Exhibit.

3.15 CCRA TRUE-UP VARIANCE ACCOUNT

Hydro One proposes to create a new variance account to track the differences between components of revenue requirement and actual results related to load true-ups performed in accordance with Transmission System Code section 6.5.3. Please refer to Exhibit C, Tab 7, Schedule 1 for more information. A draft accounting order is provided as Attachment 4 to this Exhibit.

3.16 OTHER POST-EMPLOYMENT BENEFIT (OPEB) ACCOUNTS

Two prior proceedings dealing with other post-employment benefits (OPEBs) have given rise to issues for determination in this proceeding, as follows:

EB-2015-0040 – In the OEB's generic proceeding on the regulatory treatment of pension and OPEBs utilities were directed, among other things, to establish a variance account to track the difference between the forecasted OPEB accrual amount in rates and actual cash payments made, with a carrying charge applied to the differential, or "reference amount". In its distribution rate application (EB-2017-0049), Hydro One applied for an alternative method of calculating the reference amount given that it capitalizes a portion of its OPEB costs. During the course of the distribution proceeding in June 2018, Hydro One agreed to defer the determination of the issue for both its transmission and distribution businesses to this transmission proceeding. Correspondence between Hydro One and the OEB on this subject are included at Attachment 6 to this Exhibit.

EB-2017-0338 – In March 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update ASU 2017-07 to amend the US GAAP accounting standard for pension and OPEB costs to preclude the capitalization of the non-current service component of pension and OPEB costs. Hydro One requested approval to establish a deferral account for its transmission business to record the financial impact of the new standard (the "OPEB Cost Deferral Account"), indicating that it intended to seek future approval for the capitalization of its OPEB costs. The OEB approved the OPEB Cost Deferral Account and found that the panel in Hydro One's next transmission rate application (this proceeding) could "consider… whether Hydro One should continue to capitalize OPEBs". The OEB also directed the company to propose an approach for the disposition of the OPEB Cost Deferral Account as part of this proceeding and suggested that it may be appropriate to amend

the calculation and treatment of interest depending on the selected approach to the disposition of the account.

In light of the direction received in the prior proceedings, Hydro One submits as follows:

i. EB-2015-0040 – Hydro One requests that the OEB approve the methodology proposed in section 3.16.1 below to calculate the "reference amount" (i.e. the difference between the forecasted OPEB accrual amount in rates and actual cash payments made) for both its transmission and distribution businesses; and

ii. EB-2017-0338 – Hydro One requests that the OEB approve the capitalization of the non-service component of OPEB costs for the reasons set out in section 3.16.2 below for both its transmission and distribution businesses, with the following contingent requests:

   a. If the OEB approves the request, Hydro One proposes to dispose of the audited 2018 OPEB Cost Deferral Account principal and interest balances in the manner described below in section 3.16.2; and

   b. If the OEB denies the request, Hydro One proposes that the OPEB Cost Deferral Account be continued and disposed of in the manner described below in section 3.16.2.

3.16.1 OPEB ASYMMETRICAL CARRYING CHARGE ACCOUNT (EB-2015-0040)

The Ontario Energy Board (OEB) issued a report on September 14, 2017 titled Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs.[1]

[1] EB-2015-0040, Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs, Report of the Ontario Energy Board (September 14, 2017) (OPEB Report) online

In the report, the OEB determined that it would set rates for the recovery of pension and OPEB costs using the accrual method of accounting and directed utilities to establish a variance account to track the difference between the forecasted accrual amount in rates and actual cash payments made, with a carrying charge applied to the differential, or "reference amount".

In Appendix C of the report, the OEB indicated that the guidance provided was based on the assumption that the total gross accrual cost was reflected in utilities' total OM&A expense. It also recognized that where utilities capitalize a portion of their pension or OPEB amounts, this approach may not be appropriate and utilities were given the option to propose an alternative method of calculating the reference amount.[2] More specifically, the OEB stated that:

> *The forecast accrual reference amount that will be used to calculate the entries recorded in this new account assumes that the total gross accrual cost as determined by an actuarial valuation is what is recorded in a utility's total OM&A expense. If a utility capitalizes a material portion of its total pension and OPEB accrual costs, and there is sufficient incremental value to warrant the added complexity of tracking amounts that are capitalized separately from those that are expensed, any party may propose an enhanced methodology for determining the reference amount and the appropriate carrying charge to be applied, including journal entries consistent with the intent of the account as outlined in this report.*[3]

[2] OPEB Report at page 14
[3] OPEB Report at page 20

While Hydro One recovers some of its OPEB costs through OM&A, it also capitalizes a material amount of the cost and recovers a portion through a regulatory account, as follows:

Allocation of OPEB Cost Recovery[4]	Transmission (2018)	Distribution (2018)	Transmission (2020 - forecasted)	Distribution (2020 - forecasted)
Recovered through OM&A	31%	51%	29%	48%
Capitalized to Property Plant and Equipment (PP&E)	29%	20%	33%	24%
Recorded in the OPEB Cost Deferral Account	40%	29%	38%	28%

Given that a material portion of OPEB costs for Hydro One's distribution (49% in 2018 and 52% in 2020) and transmission (69% in 2018 and 71% in 2020) businesses is not recovered through OM&A, Hydro One proposes a modified approach that is more reflective of the actual amounts recovered in rates. Rather than determining the reference amount using the gross costs from the actuarial valuation, Hydro One proposes to calculate the reference amount based on the sum of the following, less cash expenses:

- The full amount of OPEB costs recorded in OM&A;
- The capitalized OPEB expense which is recovered as part of the depreciation of PP&E; and
- The annual recovery of the OPEB costs recorded in the OPEB Cost Deferral Account and recovered over a 20 year period as proposed below.

Hydro One proposes to track the difference between the sum of these amounts and the actual cash payments in the OPEB Asymmetrical Carrying Charge Account. With this

[4] Rebasing years of each respective application were selected for context purposes. 2018 figures are based on actual 2018 costs and allocations.

change in calculating the reference amount, Hydro One would follow journal entries as outlined in Attachment 8 to this Exhibit.

3.16.2 OPEB COST DEFERRAL ACCOUNT (EB-2017-0338)

On November 2, 2017 Hydro One submitted its application for an accounting order establishing a deferral account to capture the financial impacts associated with a change to USGAAP accounting standards from the issuance of Accounting Standards Update (ASU) 2017-07, which related to the accounting for pension and OPEB (EB-2017-0338). Upon adoption of ASU 2017-07 on January 1, 2018, only the service cost component of the net periodic pension cost and net periodic post-retirement benefit cost is eligible for capitalization where applicable. The proposed account will be used to record the net periodic post-retirement benefit cost other than service cost that would have been classified as capital prior to the adoption of ASU 2017-07. A draft accounting order is provided as Attachment 2 to this Exhibit. The accounting order was updated to reflect input from OEB staff.

On May 10, 2018, the OEB approved the establishment of the deferral account, effective January 1, 2018 until the effective date of Hydro One's next transmission revenue requirement.[5] In the deferral account, Hydro One records the OPEB cost previously capitalized but no longer allowed to be capitalized as per Accounting Standards Update 2017-07.

[5] EB-2017-0338, Decision and Order, Hydro One Networks Inc., Application for an Accounting Order approving the establishment of a deferral account (May 10, 2018), online at: http://www.rds.oeb.ca/HPECMWebDrawer/Record/608190/File/document

On June 7, 2018, the OEB approved Hydro One's accounting order,[6] directed the company to propose an approach to the disposition of the deferral account and suggested that it may also be appropriate to amend the calculation and treatment of interest depending on the selected approach to the disposition of the deferral account.

In the EB-2017-0338 proceeding, the OEB found that the panel in Hydro One's next transmission rate application (this proceeding) could "consider… whether Hydro One should continue to capitalize OPEBs". Hydro One requests approval to capitalize the non-service component of its OPEB costs and repeats and relies on its submissions in EB-2017-0338[7] (included at Attachment 7 of this Exhibit) that it is eligible to do so without the requirement of a deferral account, consistent with FERC guidelines. Such a decision would achieve the same objective as the requested deferral account without the additional regulatory overhead associated with the ongoing tracking and disposition of balances in the account and would avoid material adverse rate impacts to Hydro One's customers.

On March 7, 2019, the OEB issued their Decision on Hydro One's Distribution rates for 2018-2022 (EB-2017-0049). The OEB approved the establishment of the deferral account, effective January 1, 2018 and instructed Hydro One to file the necessary evidence regarding the OPEB deferral account in its next rebasing transmission rate proceeding (this Application) to permit this matter to be determined for both Hydro One's transmission and distribution operations. The OPEB deferral account was also

[6] EB-2017-0338, Decision and Account Order, Hydro One Networks Inc., Application for an Accounting Order approving the establishment of a deferral account (June 7, 2018), online at: http://www.rds.oeb.ca/HPECMWebDrawer/Record/610853/File/document

[7] EB-2017-0338, Hydro One Submissions, Application for an Accounting Order approving the establishment of a deferral account (April 16, 2018), online at: http://www.rds.oeb.ca/HPECMWebDrawer/Record/605384/File/document

approved for continuance in Hydro One's 2019 Transmission rates application (EB-2018-0130) effective until the effective date of the revenue requirement in this Application.

If the OEB does not approve the capitalization of the non-service cost component for OPEBs, Hydro One proposes that the OPEB Cost Deferral Account be approved for continuance and be disposed of on a twenty year rolling balance as shown in the example in Attachment 10 (as opposed to periodic clearances aligned with future rate applications). Twenty years is consistent with the US GAAP requirement that recovery of OPEB related amounts is not to exceed a period of twenty years. The twenty year rolling balance disposition method is also beneficial to ratepayers as it will minimize the impact on rates. Hydro One further proposes that the interest be calculated and treated in the same manner presented in the accounting example whereby interest improvement is recorded on the opening monthly balance of the principal amount.

If the OEB allows Hydro One to continue to capitalize the non-service cost component of OPEBs, Hydro One proposes to add the accumulated amounts in the approved variance account to rate base as a single high level adjustment.

Note that the current rate base proposed, which is inclusive of capital expenditures and in-service additions, is based on the assumption that Hydro One is not capitalizing the non-service cost component for OPEBs as those costs are removed from rate base for revenue requirement purposes. If the OEB does approve the capitalization, Hydro One will prepare an updated rate base during the draft rate order process.

ACCOUNTING ENTRIES

FOREGONE TRANSMISSION REVENUE DEFERRAL ACCOUNT

This account records the differences between revenue earned by Hydro One Transmission under any interim Uniform Transmission Rates (UTR) level, and the revenues that would have been received under the approved 2020 UTR based on the OEB-approved 2020 load forecast ("Foregone Revenue"). The account will capture the Foregone Revenue from January 1, 2020 to the date when the approved 2020 UTR are reflected in the revenue earned by Hydro One Transmission. The accounting entries to be recorded are as follows:

USofA#	**Account Description**
Dr/Cr: 1508	Other Regulatory Assets – Sub account "Foregone Transmission Revenue Deferral Account"
Cr/Dr: 4110	Transmission Services Revenue

To record the Foregone Revenue.

USofA#	**Account Description**
Dr/Cr: 1508	Other Regulatory Assets – Sub account "Foregone Transmission Revenue Deferral Account"
Cr/Dr: 6035	Other Interest Expense

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

ACCOUNTING ENTRIES
OPEB COST DEFERRAL ACCOUNT

The "Other Post- Employment Benefit (OPEB) Cost Deferral Account" will record all elements of the net periodic benefit cost other than the service cost that would have been classified as capital prior to the adoption of ASU 2017-07. The account will capture actual costs and will be effective until the Ontario Energy Board has made a determination on the regulatory treatment of these costs at Hydro One's application for 2020-2022 transmission rates in EB-2019-0082. A Decision on the disposition of the deferral account and the calculation and treatment of interest will be made as part of Hydro One's application for 2020-2022 transmission rates in EB-2019-0082.

The account was established as Account 1508, Other Regulatory Assets – Sub-Account "OPEB Cost Deferral Account" effective January 1, 2018. Hydro One Transmission will record interest on any balance in the sub-account using the interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this account:

USofA #	**Account Description**
Dr: 1508	Other Regulatory Assets – Sub-Account "OPEB Cost Deferral Account"
Cr: 2055	Construction Work In Progress - Electric

To record the capitalized elements of the net periodic post-retirement benefit cost other than service cost.

USofA #	**Account Description**
Dr: 1508	Other Regulatory Assets – Sub-Account "OPEB Cost Deferral Account"
Cr: 6035	Other Interest Expense

To record interest improvement on the principal balance of the "OPEB Cost Deferral Account".

ACCOUNTING ENTRIES
ESM DEFERRAL ACCOUNT

Transmission Accounting Order – ESM Deferral Account

Hydro One proposes the establishment of a new "Earnings Sharing Mechanism ("ESM") Deferral Account" to record any over-earnings realized during any year of the three-year term through Hydro One's transmission revenue.

The account will be established as Account 2435, Accrued Rate-Payer Benefit effective January 1, 2020. Hydro One will record interest on any balance in the sub-account using the interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this deferral account.

USofA #	**Account Description**
DR: 4395	Rate-Payer Benefit Including Interest
CR: 2435	Accrued Rate-Payer Benefit

Initial entry to record the over-earnings realized in any year of the three-year term.

USofA #	**Account Description**
DR: 4395	Rate-Payer Benefit Including Interest
CR : 2435	Accrued Rate-Payer Benefit

To record interest improvement on principal balance of ESM deferral account.

ACCOUNTING ENTRIES
CCRA TRUE-UP VARIANCE ACCOUNT

Transmission Accounting Order – CCRA True-up Variance Account

Hydro One proposes to create a new variance account to track the differences between components of revenue requirement and actual results related to load true-ups performed in accordance with Transmission System Code section 6.5.3.

The account will be established as Account 1508, Other Regulatory Asset, subaccount "CCRA True-up Variance Account" effective January 1, 2020. Hydro One will record interest on any balance in the sub-account using the interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this deferral account.

USofA #	**Account Description**
Dr/Cr: 1508	Other Regulatory Assets – Sub account "CCRA True-up Variance Account"
Cr/Dr: 4110	Transmission Services Revenue

Initial entry to record the CCRA true-up variance.

Dr/Cr: 1508	Other Regulatory Assets – Sub account "CCRA True-up Variance Account"
Cr/Dr: 6035	Other Interest Expense

To record interest improvement on principal balance of CCRA True-up Variance Account.

ILLUSTRATIVE EXAMPLE

IN SERVICE CAPITAL ADDITIONS VARIANCE ACCOUNT

Tx ISAVA Calculation:
$ in millions

	2020	2021	2022
Tx ISA Actual	900	1,123	1,230
Tx ISA Forecast	920	1,145	1,206
Cumulative ISA Percentage of Forecast:	97.8%	98.0%	99.4%
			No Entry
Impact on rate base:	(10.0)	(30.7)	
Fixed Rate Debt	(0.3)	(0.8)	
Floating Rate Debt	(0.0)	(0.0)	
ROE	(0.4)	(1.1)	
Tax Gross Up on ROE	(0.1)	(0.4)	
Depreciation	(0.3)	(0.8)	
Total Revenue Requirement	(1.0)	(3.2)	
Regulatory ISA VA Account Balance:	**(1.0)**	**(4.2)**	**(4.2)**

Notes:
1) ISA amounts and revenue requirement impact are intended for demonstrational purposes only.
2) Illustration assumes that there is no ISA actual to forecast impact flowing into opening 2020 rate base.
3) Interest improvement is not included in these calculations.

Hydro One Networks Inc.
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com
Tel: (416) 345-5680
Fax: (416) 345-5870
Frank.Dandrea@HydroOne.com

Frank D'Andrea
Vice President, Chief Regulatory Officer,
Chief Risk Officer

BY COURIER

June 7, 2018

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms Walli:

RE: Hydro One Distribution Rate Application EB-2017-0049 - Regulatory Treatment of Pension and Other Post-employment Benefits (OPEB) Costs (EB-2015-0040)

This letter is further to the Ontario Energy Board's (OEB) report dated September 14, 2017 titled *Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs* (EB-2015-0040) wherein the OEB determined that it would set rates for the recovery of pension and OPEB costs using the accrual method of accounting and directed utilities to establish a variance account to track the difference between the forecasted accrual amount in rates and actual cash payments made, with a carrying charge applied to the differential, or "reference amount". The OEB provided the option for alternative methods of calculating the differential to be proposed by utilities.

Hydro One filed its distribution rates application on March 31, 2017 and had intended to submit its proposal on the treatment of OPEB expenses in a subsequent application. However, after further review the company notes that it would have been more appropriate to make a submission as part of this application.

Given the timing of this submission, Hydro One respectfully suggests that it could be dealt with as part of the EB-2017-0049 hearing through written interrogatories and responses and final submissions to be made as part of the written argument. Hydro One is also prepared to provide a witness on the final day of the hearing to answer questions about its proposed methodology. Failing this Hydro One submits the final determination of this process may be dealt with in a subsequent application at the time of requested disposition of the carrying charges account.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea

cc Parties to EB-2017-0049 (electronic)

Pension and OPEB Asymmetrical Carrying Charge Account

Background – EB-2015-0040

The Ontario Energy Board (OEB) issued a report on September 14, 2017 titled *Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs* (Report).[1] In the Report, the OEB determined that it would set rates for the recovery of pension and OPEB costs using the accrual method of accounting and directed utilities to establish a variance account to track the difference between the forecasted accrual amount in rates and actual cash payments made, with a carrying charge applied to the differential, or "reference amount".

In Appendix C of the Report, the OEB indicated that the guidance provided was based on the assumption that the total gross accrual cost was reflected in utilities' total OM&A expense. It also recognized that where utilities capitalize a portion of their pension or OPEB amounts, this approach may not be appropriate and utilities were given the option to propose an alternative method of calculating the reference amount.[2] More specifically, the OEB stated that:

> *The forecast accrual reference amount that will be used to calculate the entries recorded in this new account assumes that the total gross accrual cost as determined by an actuarial valuation is what is recorded in a utility's total OM&A expense. If a utility capitalizes a material portion of its total pension and OPEB accrual costs, and there is sufficient incremental value to warrant the added complexity of tracking amounts that are capitalized separately from those that are expensed, any party may propose an enhanced methodology for determining the reference amount and the appropriate carrying charge to be applied, including journal entries consistent with the intent of the account as outlined in this Report.*[3]

[1] *Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs*, Report of the Ontario Energy Board (September 14, 2017) (the Report) available online at https://www.oeb.ca/sites/default/files/Report-of-the-Board-Pension-OPEB-20170914.pdf
[2] Report at page 14
[3] Report at page 20

Witness: BAIG Kamil

Hydro One Treatment of OPEB Costs

While Hydro One recovers some of its OPEB costs through OM&A, it also capitalizes a material amount of the cost and also recovers a portion through a regulatory account, as follows:

(i) 51% recovered through OM&A;

(ii) 23% capitalized to Property Plant and Equipment; and

(iii) 26% recorded in a regulatory account[4] that Hydro One is proposing to recover over a twenty year rolling balance.

Proposed Calculation of the Reference Amount

Given that a material portion (49%) of OPEB costs is not recovered through OM&A, Hydro One proposes a modified approach that is more reflective of the actual amounts recovered in rates. Rather than determining the reference amount using the gross costs from the actuarial valuation, Hydro One proposes to calculate this amount based on the sum of the following, less cash expenses:

- The full amount of OPEB costs recorded in OM&A;
- The annual recovery of the OPEB costs recorded in the regulatory account and recovered over a 20 year period; and
- The capitalized OPEB expense which is recovered as part of the depreciation of PP&E.

Hydro One proposes to track the difference between the sum of these amounts and the actual cash payments in the variance account. With this change in calculating the reference amount, Hydro One would follow journal entries as outlined in Appendix D of the Report.

[4] The regulatory account was approved in EB-2017-0338 for Hydro One's application for an accounting order establish a deferral account and is being proposed in Hydro One's ongoing distribution application EB-2017-0049

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'Énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273

Ontario

BY E-MAIL

June 27, 2018

To: All Parties to EB-2017-0049

Re: Hydro One Networks Inc.
Application for Rates
Board File Number EB-2017-0049

On June 7, 2018, Hydro One Networks Inc. (Hydro One) sent a letter to the OEB further to the OEB's report dated September 14, 2017 titled *Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs* (EB-2015-0040).

Hydro One noted that it had filed its distribution rates application (EB-2017-0049) on March 31, 2017 and had intended to submit its proposal on the treatment of OPEB expenses in a subsequent application, but after further review, Hydro One suggested that it would have been more appropriate to make a submission as part of the present application. Hydro One then suggested a process that could be used to deal with this matter as part of the EB-2017-0049 hearing. Failing this, Hydro One submitted that the final determination of this process could be dealt with at the time of requested disposition of the carrying charges account.

The OEB notes that this matter is an issue that is relevant to both Hydro One Distribution and Transmission, and would therefore be best addressed in Hydro One's upcoming transmission filing where the OEB can order remedies that will apply to both transmission and distribution.

The OEB asked Hydro One if doing so would place any limitations on the OEB's discretion, and whether the full range of possibilities available now would still be available if this matter is dealt with later.[1] Hydro One responded that it did not believe

[1] EB-2017-0049 Transcript Volume 1, p.195, L 22 - p.196, L13

that any restrictions or constraints would be placed on the OEB's ability to address this issue for both transmission and distribution in the transmission proceeding.[2] On this basis, the OEB will not further consider this matter in the current proceeding.

Yours truly,

Original Signed by

Kirsten Walli,
Board Secretary

[2] EB-2017-0049 Transcript Volume 2, p.1, L 13 - p.2, L22

Hydro One Networks Inc.
7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5680
Cell: (416) 568-5534
frank.dandrea@HydroOne.com

Frank D'Andrea
Vice President
Regulatory Affairs & Chief Risk Officer

BY COURIER

April 16, 2018

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

EB-2017-0338 Hydro One Networks Inc. (Transmission) – Application for an Accounting Order Establishing a Deferral Account

On November 2, 2017, Hydro One Networks Inc. ("Hydro One") submitted an application for an accounting order establishing a deferral account to capture the financial impacts associated with a change to USGAAP accounting standards related to the accounting of pension and other post-employment benefits for Hydro One's transmission business, to be effective January 1, 2018.

Pursuant to the Notice of Application and Hearing and Procedural Order No. 1, Hydro One is filing its written reply submission in this proceeding. The submission is attached to this letter and has also been filed through the Ontario Energy Board's Regulatory Electronic Submission System (RESS).

If further clarification or additional information is needed please feel free to contact us at Regulatory@HydroOne.com.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea
Encls.

Hydro One Networks Inc.

EB-2017-0338

Reply Submission

On November 2, 2017, Hydro One Networks Inc. ("Hydro One") filed an Application ("the Application") with the Ontario Energy Board ("OEB") seeking an accounting order to establish a deferral account for its transmission business to capture the financial impacts associated with a change to the Financial Accounting Standards Board's accounting standard (ASU 2017-07) related to the accounting of pensions and other post-employment benefits ("OPEB"), effective January 1, 2018.

This is Hydro One's written reply argument. It responds to the submissions filed by OEB staff, the Society of United Professionals ("the Society") and the London Property Management Association ("LPMA"). For the reasons set out below, the continued capitalization of the affected costs should be approved consistent with Hydro One's existing policy. In the alternative, the requested deferral account should be approved.

Background

In March 2017, the Financial Accounting Standards Board ("FASB") issued an Accounting Standard Update (ASU 2017-07) that affects the accounting for pension and OPEBs. The Update is effective January 1, 2018. As part of ASU 2017-07, Topic 715 – Compensation – Retirement Benefits of the USGAAP Accounting Standards Codification was amended. The amendments allow only the service cost component of the net periodic pension cost and net periodic post-retirement benefit cost to be eligible for capitalization when applicable.

For rate-setting purposes, Hydro One accounts for its pension costs on a cash basis and therefore this amendment is not anticipated to affect the pension related amounts embedded in the OEB-approved revenue requirements for 2017 and 2018. However, Hydro One accounts for OPEBs on an accrual basis. The amendments therefore result in a re-classification of the net periodic post-retirement benefit cost other than service cost to OM&A. This will materially affect Hydro One's 2018 expenses.

Request for Approval of Continued Capitalization

Subsequent to the filing of the Application, Hydro One discussed with its auditor KPMG the requirements surrounding FASB standard ASU 2017-07, including the eligibility of utilities to

continue capitalizing OPEB costs, without the requirement of a deferral account, if approved to do so by its regulator. The Federal Energy Regulatory Commission ("FERC") has provided such an approval for regulated entities under its jurisdiction.[1]

Hydro One submits that the OEB should approve the continued capitalization of the affected costs, consistent with the FERC guidance. Such a decision would achieve the same objective as the requested deferral account without the additional regulatory overhead associated with the ongoing tracking and disposition of balances in the account and would avoid material adverse rate impacts to Hydro One's customers.

Hydro One notes that the submissions of the Society and LPMA both support the continued capitalization of the affected costs as proposed by Hydro One. The concerns raised by OEB staff are discussed in a separate section below.

Proposed Deferral Account

In the alternative to continuing with Hydro One's existing policy, Hydro One submits that the deferral account should be approved to track the impact of the accounting change in 2018 and beyond. All parties that filed submissions agree that the account meets the OEB's criteria of need, materiality and prudence, as outlined by Hydro One on pages 4 and 5 of the Application.

OEB staff and LPMA submit, however, that, if approved by the OEB, the scope of the proposed account should be revised to reflect the net revenue requirement impact of the reduction to capitalized costs, not just the increase to OM&A expenses. These parties argue that Hydro One is disaggregating the impact of the accounting policy change and not fully capturing its impact. This is incorrect.

As noted in its response to OEB staff interrogatory #3, the capital-related revenue requirement impact of the accounting change will already be captured in Hydro One's In-service Variance Account. Both LPMA and OEB ignore this in their submissions.

Hydro One's In-service Variance Account, which was approved by the OEB in Hydro One's 2017/2018 transmission rate proceeding[2], tracks the revenue requirement impact of the difference between Hydro One's forecast in-service additions and actual amounts that are placed in-service in 2017 and 2018. The forecast costs that will be used as the comparison for making entries in to this account reflect Hydro One's evidence in that proceeding and thus reflect Hydro

[1] A copy of the FRC guidance can be found at https://www.ferc.gov/enforcement/acct-matts/docs/AI18-1-000.pdf
[2] EB-2016-0160.

One's historical practice of capitalizing OPEB costs. All other things being equal, Hydro One's actual in-service costs will be lower than those forecast amounts as a result of the accounting change and the associated revenue requirement difference will be captured in the in-service variance account and refunded to customers.

If the OEB approves the change in scope of the proposed deferral account without adjusting Hydro One's In-Service Variance account, as proposed by LPMA and OEB staff, it would amount to the double counting of the capital-related revenue requirement impact of the accounting policy change. Hydro One submits that this outcome is neither just nor reasonable and should not be approved by the OEB.

As noted above, the proposed deferral account will track the impact of the ASU 2017-07 accounting policy going forward. OEB staff submits that the OEB should only allow the proposed deferral account to track the net revenue requirement impact of the accounting policy change in 2018 and that a decision on the regulatory treatment of the impacted costs for 2019 and beyond can be addressed in Hydro One's upcoming transmission rate application.

OEB staff's rationale in its submission is reproduced below:

> In EB-2011-0188, Hydro One Networks Inc. received OEB approval to use US GAAP as the basis of its rate application filings, regulatory accounting and regulatory reporting requirements, instead of the OEB mandated Modified IFRS (MIFRS) framework that most utilities across Ontario follow. OEB staff notes that US GAAP allows for a more broad interpretation of what types of costs may be capitalized to assets, and therefore Hydro One Networks is already able to capitalize significantly more than they otherwise would be permitted to had they been following the OEB's MIFRS framework. For example, as part of the 2017 and 2018 transmission rates proceeding, the applicant indicated that on a consolidated basis, they would be able to capitalize approximately $310 million less over the test period had they been required to follow MIFRS. On this basis, OEB staff submits that only the net revenue requirement impact of the accounting change on the 2018 approved transmission revenue requirement should be tracked in the proposed variance account. A decision on the regulatory treatment of the impacted costs for 2019 and beyond can be addressed in the applicant's upcoming transmission rates application.

In essence, OEB staff submits that the OEB should only approve the tracking of the impact of the accounting policy change in 2018 because USGAAP allows Hydro One to capitalize more costs

than would be allowed if Hydro One were required to follow MIFRS. OEB staff makes this submission after noting that the OEB itself has already determined Hydro One does not need to follow the MIFRS framework.

OEB staff made similar submissions in Hydro One's 2017/2018 transmission rate application. These were rejected by the OEB who approved the continued use of USGAAP, including the capitalization of overheads.

Hydro One submits that OEB staff has not provided any true rationale to justify limiting recovery of amounts in the proposed deferral account to 2018. Additionally, OEB staff has not provided any rationale that would justify a deviation from the findings made by the OEB in Hydro One's 2017/2018 transmission rate proceeding, as well as, prior proceedings where the OEB has approved the use of USGAAP by Hydro One. Hydro One submits that there is no reason to revisit the continued capitalization of these costs in Hydro One's upcoming transmission proceeding. Hydro One agrees with the submissions of the Society that any changes to current accounting practices should be considered broadly for all Ontario utilities under USGAAP as part of a broad policy consultation.

OEB staff further claims in its submission that Hydro One's capitalization policies are more "aggressive" than other OEB regulated utilities that follow USGAAP. The sole basis provided for this claim appears to be the fact that no other Ontario utility has yet filed any similar request to Hydro One's. OEB staff says:

> as part the EB-2017-0307 proceeding (Union/Enbridge MADDs Application), OEB staff asked an interrogatory about the impact that ASU 2017-07 has on the 2019 revenue requirement. In the response, the applicants indicated that ASU 2017-07 is not expected to have a significant impact since Enbridge Gas does not currently capitalize pension and OPEB related costs, while Union Gas estimated its impact to be less than $1 million.

Hydro One strongly questions OEB staff's comparison which solely considers the quantum of the impact of the accounting policy change and does not consider any relevant factors and differences between the comparators that would reasonably lead to such differences.

For example, OEB staff's analysis ignores the fact that some utilities, such as Enbridge Gas and Union Gas, outsource labour for capital work (e.g. construction projects, customer installs) rather than utilizing internal resources similar to Hydro One. Rather than capitalizing the pension and OPEB costs of their own internal employees, such utilities would capitalize the construction

charge from their contractors who would embed the pension and OPEB costs of their employees in the rate that they charge to the utility. Logically, a utility that places a higher reliance on outsourced labor would have a lesser financial impact due to the ASU 2017-07 standard.

OEB staff also ignore the differences in the size of the work force for each utility. A utility with a larger workforce will typically have higher OPEB costs on an overall basis. It stands to reason that the overall quantum of the impact of the accounting policy change would be higher for such a utility.

Hydro One submits that OEB staff has not provided any true evidentiary basis for its submission that Hydro One capitalizes more "aggressively" than any other OEB-regulated utility under USGAAP and that those unsubstantiated claims should not deter the OEB from approving the continued capitalization of the effected costs consistent with Hydro One's past practice and with the FERC guidance.

Conclusion

In conclusion, Hydro One submits that the OEB should approve the continued capitalization of the effected costs consistent with its past practices. Such an approval would avoid an adverse rate impact to customers and is appropriate as capitalization matches the recovery of these costs over the life of the assets which matches the period over which customers benefit from these assets.

Should the OEB not wish to approve the continued capitalization of the affected costs, consistent with the FERC guidance, Hydro One submits that the deferral account should be approved as proposed.

ILLUSTRATIVE EXAMPLES
PENSION AND OPEB ASYMMETRICAL CARRYING CHARGE ACCOUNT

The following are simplified examples that illustrate the accounting treatment for recording transactions in the sub-account Pension and OPEB Asymmetrical Carrying Charge Account. The figures in the assumptions in the example are to be considered solely for the purpose of illustrating the proposed accounting treatment.

Assumptions:

- Hydro One's transmission rates application include total OPEB cost recovery of $16M in 2020; $18M in 2021; and $19M in 2022 as shown in the table below. The cash payments are estimated to be $29M in 2020; $31M in 2021; and $32M in 2022.
- Hydro One's distribution rate application includes total OPEB cost recovery of $26M in 2018; $27M in 2019; $29M in 2020; $30M in 2021; and $31M in 2022 as shown in the table below. The cash payments are estimated to be $26M in 2018; $27M in 2019; $28M in 2020; $28M in 2021; and $30M in 2022.
- Assumes that the OEB approves the continuance of the OPEB Cost Deferral Account (EB-2017-0338) for Hydro One Transmission.
- Deferred OPEB costs are recovered on a 20-year rolling balance in both examples.
- Yearly capitalized OPEB costs are amortized over 40 years in both examples.
- For illustrative purposes, instead of the required monthly journal entries, the journal entries below are simplified to reflect the cumulative annual amounts that would be recorded in the accounts in both examples.

Hydro One Transmission Example:

In millions $CAD	2020	2021	2022
Modified Recovery			
OM&A Recovery	$ 16	$ 16	$ 16
Recovery of Capitalized OPEB (via depreciation)	0	1	$ 1
Recovery of deferred OPEB (regulatory deferral) - **Note 1**	-	1	$ 2
Recovered Amounts (reference amount)	**$ 16**	**$ 18**	**$ 19**
OPEB Cash Payments	**$ 29**	**$ 31**	**$ 32**
Tracking Accounts			
Excess recovery / (deficiency) vs benefits paid	$ (13)	$ (13)	$ (13)
Cumulative excess recovery / (deficiency) vs benefits paid	$ (13)	$ (26)	$ (39)
Interest on Excess Recovery@ CWIP prescribed rate (3.35% as at Q4 2018 - assume constant)	**$ -**	**$ -**	**$ -**

Note 1 - Note that this is the regulatory deferral account recently approved by the OEB (EB-2017-0338) to allow Hydro One Transmission to establish a deferral account to capture the financial impacts associated with a change to accounting standards for OPEB costs. Hydro One has assumed that the OEB will approve the continuance of this account. The costs will be recovered on a 20-year rolling balance.

Journal entries are in millions $CAD.

2020

DR. Other Regulatory Assets – Sub-Account "Pension and OPEB Accrual and Payment Differential Account"	13	
CR. Other Regulatory Assets – Sub-Account "Pension and OPEB Accrual and Payment Differential Account - Contra Account"		13

To record the difference between the total OPEB accrual amount approved in rates (reference amount) and the actual cash amount paid.

2021

DR. Other Regulatory Assets – Sub-Account "Pension and OPEB Accrual and Payment Differential Account"	13	
CR. Other Regulatory Assets – Sub-Account "Pension and OPEB Accrual and Payment Differential Account - Contra Account"		13

To record the difference between the total OPEB accrual amount approved in rates (reference amount) and the actual cash amount paid.

2022

DR. Other Regulatory Assets – Sub-Account "Pension and OPEB Accrual and Payment Differential Account"	13	
CR. Other Regulatory Assets – Sub-Account "Pension and OPEB Accrual and Payment Differential Account - Contra Account"		13

To record the difference between the total OPEB accrual amount approved in rates (reference amount) and the actual cash amount paid.

Note that from 2020-2022, forecasted yearly OPEB cash payments are greater than recovered amounts (reference amount). Therefore, no carrying charges are calculated in accordance with the asymmetric nature of this account.

Hydro One Networks Distribution Example:

In millions $CAD	2018	2019	2020	2021	2022
Modified Recovery					
OM&A Recovery	$ 26	$ 26	$ 27	$ 27	$ 27
Recovery of Capitalized OPEB (via depreciation)	$ -	$ -	$ 1	$ 1	$ 1
Recovery of deferred OPEB (regulatory deferral) **- Note 1**	$ -	$ 1	$ 1	$ 2	$ 3
Recovered Amounts (reference amount)	**$ 26**	**$ 27**	**$ 29**	**$ 30**	**$ 31**
OPEB Cash Payments	**$ 26**	**$ 27**	**$ 28**	**$ 28**	**$ 30**
Tracking Accounts					
Excess recovery / (deficiency) vs benefits paid	$ 0	$ 0	$ 1	$ 2	$ 1
Cumulative excess recovery / (deficiency) vs benefits paid	$ 0	$ 0	$ 1	$ 3	$ 4
Interest on Excess Recovery@ CWIP prescribed rate (3.35% as at Q2 2018 - assume constant)	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**

Note 1 - Note that this is the regulatory deferral account recently approved by the OEB (EB-2017-0338) to allow Hydro One Transmission to establish a deferral account to capture the financial impacts associated with a change to accounting standards for OPEB costs. Hydro One has assumed that a similar account will be approved for Hydro One Distribution. Hydro One has assumed that the costs will be recovered on a 20-year rolling balance.

Journal entries are in millions $CAD.

2020

DR. Other Regulatory Assets – Sub-Account "Pension and OPEB Accrual and Payment Differential Account – Contra Account" 1

CR. Other Regulatory Assets – Sub-Account "Pension and OPEB Accrual and Payment Differential Account" 1

2021

DR. Other Regulatory Assets – Sub-Account "Pension and OPEB Accrual and Payment Differential Account – Contra Account" 2

CR. Other Regulatory Assets – Sub-Account "Pension and OPEB Accrual and Payment Differential Account" 2

2022

DR. Other Regulatory Assets – Sub-Account "Pension and OPEB Accrual and Payment Differential Account – Contra Account" 1

CR. Other Regulatory Assets – Sub-Account "Pension and OPEB Accrual and Payment Differential Account" 1

Hydro One Networks Inc.
7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5393
Fax: (416) 345-5866
Joanne.Richardson@HydroOne.com

Joanne Richardson
Director – Major Projects and Partnerships
Regulatory Affairs

BY COURIER

December 21, 2018

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 27, 2300 Yonge Street
P.O. Box 2319
Toronto, ON
M4P 1E4

Dear Ms. Walli:

EB-2014-0311 – North West Bulk Transmission Line Deferral Account

On March 27, 2015, the OEB approved Hydro One Networks Inc.'s ("Hydro One") establishment of a deferral account to record expenses relating to the North West Bulk Transmission Line ("NWBTL")[1]. The account was approved to record costs related to Hydro One undertaking preliminary design/engineering, costs estimation, public engagement/consultation, routing and siting, and Environmental Assessment preparation work associated with the NWBTL Project prior to the point from which costs would qualify to be recorded in construction work in progress ("CWIP").

On October 24, 2018 the IESO issued a letter, "Update of the Need and Scope for the Northwest Bulk Transmission Line" (Attachment 1), confirming the need for additional electricity capacity in the area. The IESO recommended that Hydro One begin development work on Phase 1 and 2 of the NWBTL Project as soon as possible to shorten the Project lead time required to have the assets ready to be in-serviced in order to meet the electricity capacity needs when they materialize (expected mid-2030s but could occur earlier). As the IESO has now determined that supply needs West of Thunder Bay and North of Dryden will be meet by electricity infrastructure (a 'wires' solution), Hydro One is now able to record its development expenditures in CWIP.

Hydro One requests that the nature of its North West Bulk Transmission Line Deferral Account be changed from a deferral account to a tracking deferral account. Hydro One will report the balance of this account through the quarterly Reporting and Record Keeping Requirements. Hydro One requests the change in this account be effective from January 1, 2019. Appendix A to this letter provides the proposed Accounting Entries.

[1] EB-2014-0311

If you require any further information, please contact me.

An electronic copy of this has been filed through the Ontario Energy Board's Regulatory Electronic Submission System (RESS).

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON

Joanne Richardson

APPENDIX A

PROPOSED ACCOUNTING ENTRIES

North West Bulk Transmission Line Project Construction Costs Deferral Account

During the construction phase of the NWBTL project where Hydro One's management remains confident that the project will be placed in-service, the following accounting entries will be recorded;

USofA #	Account Description
Dr: 2055	Construction Work in Progress – Electric
Cr: 2205	Accounts Payable

To record construction expenditures incurred by Hydro One relating to the approved NWBTL project.

USofA #	Account Description
Dr: 1508	Other Regulatory Assets – Sub account "NWBTL Project Construction Costs Deferral Account"
Cr: 1508	Other Regulatory Assets – Sub account "NWBTL Project Construction Costs Deferral Account – Contra Account"

To record the amount in the regulatory deferral account and contra-account to track the construction costs incurred by Hydro One on the NWBTL project. The deferral account at this stage is used as a tracking account until the project is placed in-service.

In the event that the NWBTL project is ultimately not placed in-service, Hydro One would record the following accounting entries;

USofA #	Account Description
Dr: 1508	Other Regulatory Assets – Sub account "NWBTL Project Construction Costs Deferral Account – Contra Account"
Cr: 2055	Construction Work in Progress – Electric

To effectively remove the construction costs for the NWBTL project from Construction Work in Progress, to the NWBTL Project Construction Costs Deferral Account. At this point, the deferral account will have a positive debit balance (the 'Contra Account' balance is reduced to nil) and the account no longer functions as a 'tracking' account. The balance would be held in this account until Hydro One can apply to the Board for disposition at a future rate filing.

USofA #	**Account Description**
Dr: 1508	Other Regulatory Assets – Sub account "NWBTL Project Construction Costs Deferral Account - Interest Improvement"
Cr: 6035	Other Interest Expense

To record interest improvement on the debit principal balance of the "NWBTL Project Construction Costs Deferral Account".

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H 1T1
t 416.967.7474
www.ieso.ca

October 24, 2018

Mr. Robert Reinmuller
Director, Transmission Planning
Hydro One Inc.
483 Bay Street, 13th Floor, North Tower
Toronto, Ontario M5G 2P5

Dear Robert,

Update on the Need and Scope for the Northwest Bulk Transmission Line

The Independent Electricity System Operator (the "IESO") recently updated its electrical load forecast and completed an assessment of the need for additional capacity to supply the West of Thunder Bay and North of Dryden areas (together, the "Region"), shown in Figure 1. The purpose of this letter is to describe the supply needs for the Region and the IESO's recommended next steps for meeting those needs.

Figure 1 – The Region

Supply Needs in the Region

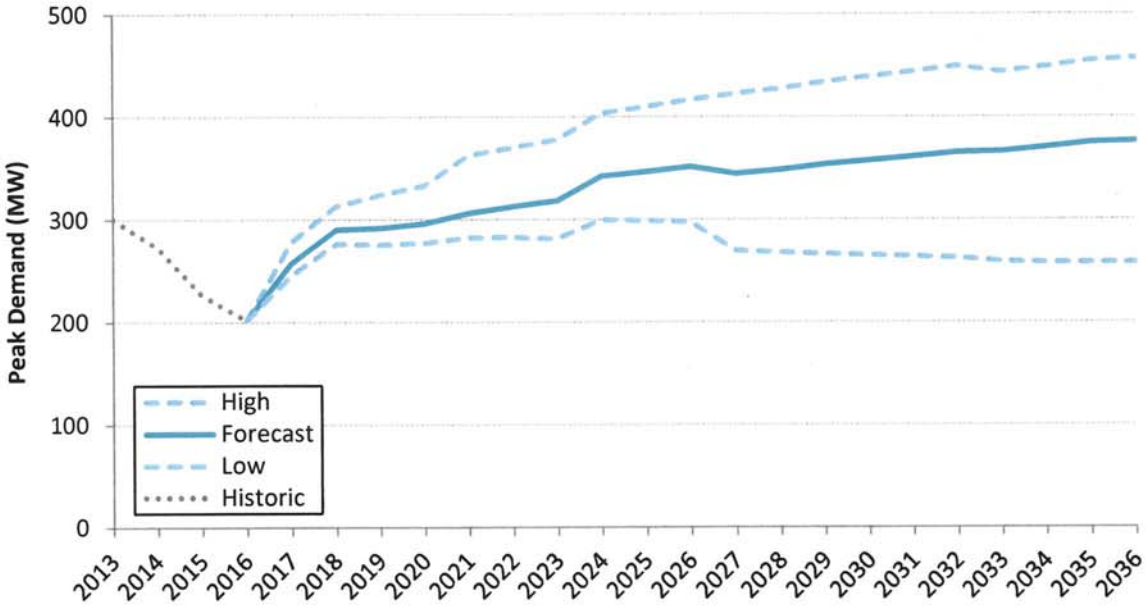
Figure 2 below shows an updated electrical load forecast for the Region. The updated forecast considers new loads from potential mining developments, the connection of remote communities and the removal of loads from the cancelled Energy East pipeline conversion project.

Based on the forecast the Region is adequately supplied today; however, a need for additional capacity will arise in the mid-2030s.

The IESO's updated electrical load forecast also includes high and low growth scenarios to capture the uncertainty around industrial developments. Under the high growth scenario, which considers

development of the Ring of Fire with electricity supplied by the Ontario transmission system, a capacity need could potentially arise in the early 2020s.

Figure 2 - Electrical Load Forecast – the Region



Addressing the Need

The Northwest Bulk Transmission Line Project (the "Project") was identified as a priority project in the 2017 Long-Term Energy Plan (the "LTEP") and can address the capacity needs described above. The LTEP divides the Project into three phases:

Phase 1 – a line from Thunder Bay to Atikokan;

Phase 2 – a line from Atikokan to Dryden; and

Phase 3 – a line from Dryden to the Manitoba border.

An Order in Council issued December 11, 2013 directed the Ontario Energy Board to amend the Hydro One Networks Inc. Electricity Transmission License to require Hydro One to develop and seek approvals for the Project in accordance with the scope and timing recommended by the IESO. The IESO's recommended scope and timing is outlined in the following paragraphs.

Scope and Timing

Since the capacity need is not likely to materialize until the mid-2030s, a commitment for additional supply to the Region is not required at this time. However, the IESO recognizes the

risks associated with load forecast uncertainty and the potential for large industrial projects to add significant load to the Region utilizing the remaining capacity margin sooner than anticipated.

Therefore, to shorten the Project lead time if the need for additional capacity materializes earlier than expected, the IESO recommends that Hydro One begin development work on Phase 1 and Phase 2 of the Project as soon as possible. The scope of development work is to include preliminary design/engineering, cost estimation, public engagement/consultation, routing and siting, and Environmental Assessment. At this time the IESO is not committing to a timeline for the construction of the line. The IESO will continue to monitor developments in the Region to determine when construction of the transmission line should begin.

To supply the Region under the high growth scenario, the Project must meet the following specifications:

a) Consist of a new double circuit 230 kV line between Lakehead TS and Mackenzie TS (Phase 1) with a thermal capacity that is equal to or greater than the existing double-circuit 230 kV transmission between Lakehead TS and Mackenzie TS. This would achieve the required westbound transfer of at least 350 MW into Mackenzie TS and Moose Lake TS.

b) Consist of a new single circuit 230 kV line from Mackenzie TS to Dryden TS (Phase 2) with a thermal capacity that is equal to or greater than the existing single-circuit 230 kV transmission line between Mackenzie TS and Dryden TS. This would achieve the required westbound transfer of at least 350 MW from MacKenzie and Moose Lake.

c) Separate the necessary sections of F25A and D26A to ensure the circuits do not share a common structure over a distance that exceeds one mile.

Hydro One should consider various routing options as appropriate. Since requirements for switching and reactive facilities would depend on the configuration and line options, they are not specified at this time.

The 2014 letter from the Ontario Power Authority (the "OPA") to Hydro One indicated that the Project must be capable of 550 MW transfer west from the Thunder Bay area. At the time the letter was written, the OPA's electrical load forecast was significantly higher and included potential mining developments and the Energy East pipeline conversion project. If in the future additional transfer capability beyond 350 MW is needed, the solution would be to install dynamic reactive facilities in addition to the transmission lines indicated above.

The IESO will provide support to Hydro One as required, including discussion of possible routing alternatives. As well, the IESO will continue to monitor developments in the Region and confirm the best course of action to address supply needs, and will keep Hydro One apprised of this work.

Sincerely,

Ahmed Maria
Director - Transmission Planning
Independent Electricity System Operator

OPEB COST DEFERRAL ACCOUNT - DISPOSITION EXAMPLE

*****Amounts reflected below are for illustrative purposes only**

	2018	2019	2020	2021	2022
Recovery of deferred OPEB Costs					
Capitalized to Regulatory Deferral Account	**$ 22.0**	**$ 23.0**	**$ 23.0**	**$ 23.0**	**$ 24.0**
Recovery (rolling 20 years, 1/20th per yr)					
2018 deferred amount	**n/a**	**$ 1.1**	**$ 1.1**	**$ 1.1**	**$ 1.1**
2019 deferred amount	**n/a**	**n/a**	**$ 1.2**	**$ 1.2**	**$ 1.2**
2020 deferred amount	**n/a**	**n/a**	**n/a**	**$ 1.2**	**$ 1.2**
2021 deferred amount	**n/a**	**n/a**	**n/a**	**n/a**	**$ 1.2**
2022 deferred amount	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Recovery of deferred OPEB Costs	**$ -**	**$ 1.1**	**$ 2.3**	**$ 3.4**	**$ 4.6**

CALCULATION OF THE 2017 CDM AND DEMAND RESPONSE (DR) VARIANCE ACCOUNT

1. OVERVIEW

An LDC CDM and DR Variance Account for Transmission was established as part of the Settlement Agreement approved by the OEB in Hydro One's EB-2012-0031 Transmission Application. As part of the Settlement Agreement, Hydro One agreed to track the difference between the forecasted and actual CDM and DR savings in 2013 and 2014.

In Hydro One's EB-2016-0160 Transmission Application, the OEB determined that this account should not be closed and the variances should continue to be recorded by Hydro One for 2017 and 2018. The OEB also recognized that that the IESO no longer provided actual peak savings information, and directed Hydro One to use its best efforts to obtain from other sources the peak savings information needed to determine the variances to be recorded in this account.

2. 2017 FORECASTED CDM PEAK SAVINGS

The CDM peak savings assumptions in HONI's load forecast includes the impact due to energy efficiency programs (EE), Code and standards (C&S) and DR programs, which include the impact from the Industrial Conservation Initiative (ICI), Dispatched Load program, and DR auctions. The forecasted savings due to EE and C&S programs was based on the 2016 IESO Ontario Planning Outlook (OPO) which includes savings due to the historical programs (2006-2014) and the conservation first framework (2015-2020).

Hydro One's 2017 load forecast approved by the OEB included the same total CDM peak savings amount assumed for 2016, as shown in Table 1.[1] As such, the 2017 target peak savings to be used for calculating the CDM and DR Variance Account balance is zero incremental EE and DR peak savings amounts in 2017 over 2016.

Table 1: 2015-2017 CDM peak saving assumptions in the approved 2017 load forecast

	2015	2016	2017
CDM peak impact (MW)	1,434	1,638	1,638

3. CALCULATION OF 2017 ACTUAL PEAK SAVINGS

EE Amounts

Hydro One calculated the EE CDM impacts using updated annual peak savings by EE programs for 2006-2017 provided by the IESO. The monthly peak savings was derived using the monthly EE savings profile from the approved load forecast applied to the reported annual peak savings. The difference between the incremental change in actual EE monthly peak savings and the incremental change in monthly peak amounts assumed in the approved forecast was used to calculate the revenue impact tracked in the CDM and DR Variance Account.

ICI Amounts

Hydro One has calculated the ICI peak impacts using a methodology similar to that used by the IESO:

- Compared ICI participant consumption against a baseline consumption value.
- Determined the baseline consumption by taking the hourly average for the previous 90 days excluding weekends, holidays and other ICI days.

[1] Exhibit E1, Tab 3, Schedule 1, pg.20 from EB-2016-0160.

- Used the 30 top peak demand days to capture the impact of customer actions related to the ICI program in recognition of the fact that Class A customers will take actions to reduce their demand on all potential peak days when the temperature is extremely high or low, and not just on the high-five peak days associated with the calculation of Global Adjustment costs.
- Class A customers include both transmission- connected and distribution-connected customers. Given that Hydro One only has meter data to estimate the ICI peak savings for its own distribution Class A participants, the calculation used Hydro One's 17.5% share of all distribution Class A participants in Ontario to estimate the total ICI peak savings from all distribution Class A customers.

The hourly peak data for transmission-connected and distribution-connected ICI participants required to determine the ICI peak impacts was collected from Hydro One's Itron Enterprise Edition (IEE) meter data management system.

The difference in ICI peak impacts observed in 2017 versus 2016 was used to calculate the revenue impact tracked in the CDM and DR Variance Account.

Dispatched Load and DR Auction Amounts

The information on Dispatched Load, as well as the DR auction activation date and capacity impacts, for 2016 and 2017 was provided by the IESO. The difference between 2016 and 2017 is used to calculate the revenue impact tracked in the CDM and DR Variance Account.

Determination of the DR Peak Impacts (MW)

Table 2 shows the monthly actual peak savings for the DR programs in 2016 and 2017, and the calculation of the incremental peak savings achieved in 2017.

Table 2: Actual Peak Savings Achieved (MW)

	2016 MW				2017 MW				Incremental MW (2017 vs 2016)				
Month	ICI	Dispatched load	DR	EE	ICI	Dispatched load	DR	EE	ICI	Dispatched load	DR	EE	Total
Jan	-	11		333	389	55	0	455	389	44	0	122	556
Feb	-	50		329	252	40	0	450	252	(10)	0	121	363
Mar	-	42		305	-	60	0	417	-	18	0	112	130
Apr	-	54		312	-	40	0	422	-	(14)	0	111	97
May	-	94		329	-	40	0	446	-	(54)	0	117	63
Jun	788	55		435	539	117	0	590	(249)	62	0	155	(32)
Jul	915	50		473	1,283	58	0	621	368	8	0	148	524
Aug	926	90	316	431	847	66	0	585	(80)	(24)	-316	154	(266)
Sep	735	94		390	1,495	105	240	530	761	11	240	139	1,151
Oct	-	40		308	-	83	0	419	-	42	0	111	153
Nov	-	40		314	-	40	0	428	-	-	0	114	114
Dec	-	72		334	634	123	0	456	634	51	0	122	807
Total MW	**3,364**	**692**	**316**	**4,294**	**5,440**	**826**	**240**	**5,819**	**2,076**	**134**	**-76**	**1,525**	**3,659**

4. Calculation of Variance Account Amount

Given the forecasted 2017 incremental peak savings is zero, as discussed in Section 2, the 2017 incremental peaks savings to be used for determining the CDM and DR variance account balance are the values shown in Table 2.

The variance account balance is determined by multiplying the amounts in Table 2 by the approved Uniform Transmission Rates ($/kW) and revenue allocation factors in effect over that period, which are shown in Table 3.

Table 3: Uniform Transmission Rates and revenue allocation factors

Period	Uniform Transmission Rates ($/kW)			Hydro One's Revenue Allocator		
	Network	Line Connection	Transformation Connection	Network	Line Connection	Transformation Connection
Jan to Oct 2017	3.66	0.87	2.02	0.93219	0.96648	0.96648
Nov to Dec 2017	3.52	0.88	2.13	0.92828	0.96539	0.96539

The resulting 2017 total dollar variance by transmission rate pool is summarized in Table 4.

Table 4: Total Variance for 2017 EE & DR Savings by Rate Pool ($ Millions)

	ICI	Dispatched load	DR Auction	EE	Total
Network Variance	$ 6.99	$ 0.45	$ (0.26)	5.17	$ 12.35
Line Connection Variance	$ 1.75	$ 0.11	$ (0.06)	1.28	$ 3.08
Transformation Connection Variance	$ 4.12	$ 0.27	$ (0.15)	3.00	$ 7.24
Total Variance $	**$ 12.86**	**$ 0.83**	**$ (0.47)**	**9.46**	**$ 22.67**

PLANNED DISPOSITION OF REGULATORY ACCOUNTS

1. INTRODUCTION

The purpose of this evidence is to outline the planned disposition of Hydro One Transmission's regulatory accounts.

2. PLANNED DISPOSITION OF REGULATORY ACCOUNTS

Hydro One is requesting disposition of the regulatory account values as at December 31, 2018 less dispositions requested in 2019 in EB-2018-0130 plus forecast interest improvement accrued in 2019.

It is expected that new transmission rates will be effective and implemented on January 1, 2020 and that disposition of the accounts requested will be effective as of that date.

Table 1: Transmission Disposition of Regulatory Account Balances ($ Millions)[1]

Description	Forecast Balance as at Dec 31, 2019
Excess Export Service Revenue	4.8
External Secondary Land Use Revenue	(10.4)
External Stations Maintenance, E&CS & Other External Revenue	4.5
Tax Rate Changes	0.0
Rights Payments	2.4
Pension Costs Differential	(4.5)
Long-Term Transmission Future Corridor Acquisition and Development	0.0
LDC CDM and Demand Response Variance Account	23.6
External Revenue – Partnership Transmission Projects Account	(0.0)
OEB Cost Differential Account	(0.1)
Waasigan Transmission Line Deferral (Formerly NWBTL)	0.9
In-Service Capital Additions Variance	(0.6)
Total Regulatory Accounts for Approval	**20.5**

Hydro One is requesting an adjustment to its revenue requirement over a three year period commencing in 2020. Exhibit H, Tab 1, Schedule 5 contains details on the remaining regulatory accounts for which Hydro One is not proposing disposition in this Application.

[1] Note that figures presented may not add to the total due to rounding.

SCHEDULE OF ANNUAL RECOVERIES

HYDRO ONE NETWORKS TRANSMISSION
Planned Disposition of Regulatory Accounts
Schedule of Annual Recoveries*

Year Ending December 31[1]
($ Millions)

	2020	2021	2022	Total
Adjustment to Revenue Requirement	6.8	6.8	6.8	20.5

** Note: Above figures do not include interest improvement during the recovery period.*

[1] Note that numbers presented may not add to the total due to rounding.

CONTINUITY SCHEDULES - REGULATORY ACCOUNTS

Please see the attached MS Excel file.

Witness: Samir Chhelavda

		2016								
Account Descriptions	Account Number	**Opening Principal Amounts as of Jan-1-16**	**Transactions Debit/(Credit) during 2016 excluding interest and adjustments 6**	**Board-Approved Disposition during 2016**	**Closing Principal Balances as of Dec 31-16 Adjusted for Dispositions**	**Opening Interest Amounts as of Jan-1-16**	**Interest Disposition during 2016 - instructed by Board**	**Interest Jan-1 to Dec 31-16**	**Closing Interest Balance as at Dec 31 - 16 balance adjusted for disposition during 2016**	**2016 total bal (for evidence)**
Excess Export Service Revenue	2405	(40,131,449)	(9,746,763)	(22,414,720)	(27,463,492)	(1,483,557)	(1,044,254)	(376,875)	(816,178)	(28,279,670)
External Secondary Land Use Revenue	2405	(43,619,074)	(10,468,592)	(17,689,438)	(36,398,227)	(1,274,070)	(824,293)	(388,941)	(838,718)	(37,236,945)
External Station Maintenance, E&CS and Other External Revenue	2405	(496,944)	509,285	(1,118,104)	1,130,445	(55,624)	(136,605)	(54,933)	26,048	1,156,493
Tax Rate Changes	1592	950,170	-	785,229	164,941	(43,724)	(1,369)	6,491	(35,864)	129,077
Rights Payments	2405	(4,723,472)	(541,649)	(1,754,730)	(3,510,391)	(175,665)	(111,139)	(50,698)	(115,225)	(3,625,616)
Pension Costs Differential	2405	13,449,599	(9,827,903)	7,713,259	(4,091,564)	616,458	466,124	72,291	222,626	(3,868,938)
Long-Term Transmission Future Corridor Acquisition and Development	1508	675,349	4,226	68,391	611,184	8,474	1,624	7,109	13,959	625,143
LDC CDM and Demand Response Variance Account	1508	(52,490,000)			(52,490,000)	(988,662)	-	(577,390)	(1,566,052)	(54,056,052)
External Revenue – Partnership Transmission Projects Account	2405	(870,000)			(870,000)	(10,364)		(9,570)	(19,934)	(889,934)
Waasigan Transmission Deferral Account	1508	-	620,693		620,693	-		3,226	3,226	623,920
OEB Cost Differential Account	1508		(1,106,087)		(1,106,087)	-		(3,652)	(3,652)	(1,109,739)
In-Service Capital Additions Variance Account	2405									
Total Transmission Regulatory Accounts for Disposition		**(127,255,820)**	**(30,556,790)**	**(34,410,112)**	**(123,402,498)**	**(3,406,735)**	**(1,649,913)**	**(1,372,942)**	**(3,129,763)**	**(126,532,261)**
OPEB Cost Deferral	1508									
East-West Tie Deferral Account (Tracking only)	1508	1,095,943	1,742,775	-	2,838,718	-	-	-	-	2,838,718
SECTR Deferral Account (Tracking only)	1508	561,849	12,456,466	-	13,018,315	-	-	-	-	13,018,315
OPEB Asymmetrical Carrying Charge Account	1522									
Total Transmission Accounts NOT requesting Disposition		**1,657,792**	**14,199,241**	**-**	**15,857,033**	**-**	**-**	**-**	**-**	**15,857,033**
Total Transmission Regulatory Accounts		**(125,598,028)**	**(16,357,549)**	**(34,410,112)**	**(107,545,465)**	**(3,406,735)**	**(1,649,913)**	**(1,372,942)**	**(3,129,763)**	**(110,675,228)**

		2017								
Account Descriptions	Account Number	**Opening Principal Amounts as of Jan-1-17**	**Transactions Debit / (Credit) during 2017 excluding interest and adjustments 6**	**Board-Approved Disposition during 2017**	**Closing Principal Balances as of Dec 31-17 Adjusted for Dispositions**	**Opening Interest Amounts as of Jan-1-17**	**Interest Disposition during 2017 - instructed by Board**	**Interest Jan-1 to Dec 31-17**	**Closing Interest Balance as at Dec 31 - 17 balance adjusted for disposition during 2017**	**2017 total bal (for evidence)**
Excess Export Service Revenue	2405	(27,463,492)	3,773,868	(9,216,852)	(14,472,772)	(816,178)		(282,811)	(1,098,989)	(15,571,761)
External Secondary Land Use Revenue	2405	(36,398,227)	(4,738,428)	(13,356,623)	(27,780,032)	(838,718)		(381,309)	(1,220,026)	(29,000,058)
External Station Maintenance, E&CS and Other External Revenue	2405	1,130,445	(2,502,765)	351,369	(1,723,689)	26,048		16,944	42,992	(1,680,697)
Tax Rate Changes	1592	164,941	395,981	63,969	496,953	(35,864)		1,603	(34,261)	462,691
Rights Payments	2405	(3,510,391)	2,247,289	(1,513,465)	250,363	(115,225)		(33,761)	(148,985)	101,377
Pension Costs Differential	2405	(4,091,564)	(2,817,142)	2,989,383	(9,898,089)	222,626		(100,768)	121,858	(9,776,232)
Long-Term Transmission Future Corridor Acquisition and Development	1508	611,184		309,981	301,202	13,959		5,509	19,467	320,670
LDC CDM and Demand Response Variance Account	1508	(52,490,000)		(26,991,283)	(25,498,717)	(1,566,052)		(470,909)	(2,036,961)	(27,535,678)
External Revenue – Partnership Transmission Projects Account	2405	(870,000)		(444,358)	(425,642)	(19,934)		(7,823)	(27,757)	(453,399)
Waasigan Transmission Deferral Account	1508	620,693	89,100		709,793	3,226	-	8,233	11,460	721,253
OEB Cost Differential Account	1508	(1,106,087)	(108,742)		(1,214,829)	(3,652)	-	(13,950)	(17,602)	(1,232,431)
In-Service Capital Additions Variance Account	2405									
Total Transmission Regulatory Accounts for Disposition		**(123,402,498)**	**(3,660,840)**	**(47,807,878)**	**(79,255,459)**	**(3,129,763)**	**-**	**(1,259,042)**	**(4,388,805)**	**(83,644,264)**
OPEB Cost Deferral	1508							-	-	
East-West Tie Deferral Account (Tracking only)	1508	2,838,718	4,356,047	-	7,194,765	-	-	-	-	7,194,765
SECTR Deferral Account (Tracking only)	1508	13,018,315	38,990,124	-	52,008,439	-	-	-	-	52,008,439
OPEB Asymmetrical Carrying Charge Account	1522									
					-	-	-	-	-	-
Total Transmission Accounts NOT requesting Disposition		**15,857,033**	**43,346,171**	**-**	**59,203,204**	**-**	**-**	**-**	**-**	**59,203,204**
Total Transmission Regulatory Accounts		**(107,545,465)**	**39,685,331**	**(47,807,878)**	**(20,052,255)**	**(3,129,763)**	**-**	**(1,259,042)**	**(4,388,805)**	**(24,441,060)**

		2018								
Account Descriptions	Account Number	**Opening Principal Amounts as of Jan-1-18**	**Transactions Debit / (Credit) during 2018 excluding interest and adjustments**	**Board-Approved Disposition during 2018**	**Closing Principal Balances as of Dec 31 18 Adjusted for Dispositions**	**Opening Interest Amounts as of Jan-1-18**	**Board-Approved Disposition during 2018**	**Interest Jan-1 to Dec-31-18**	**Interest Balance as at Dec 31 -18 balance adjusted for disposition during 2018**	**2018 total bal (for evidence)**
Excess Export Service Revenue	2405	(14,472,772)	4,718,571	(8,499,877)	(1,254,324)	(1,098,989)	(716,975)	(154,303)	(536,318)	(1,790,641)
External Secondary Land Use Revenue	2405	(27,780,032)	(9,982,248)	(12,573,013)	(25,189,267)	(1,220,026)	(783,610)	(439,477)	(875,893)	(26,065,160)
External Station Maintenance, E&CS and Other External Revenue	2405	(1,723,689)	4,428,235	269,791	2,434,755	42,992	81,577	(27,269)	(65,854)	2,368,901
Tax Rate Changes	1592	496,953	-	100,972	395,981	(34,261)	(37,003)	8,676	11,417	407,398
Rights Payments	2405	250,363	2,309,597	(1,455,277)	4,015,236	(148,985)	(58,188)	29,308	(61,489)	3,953,747
Pension Costs Differential	2405	(9,898,089)	(4,166,480)	2,746,956	(16,811,525)	121,858	242,427	(276,803)	(397,372)	(17,208,897)
Long-Term Transmission Future Corridor Acquisition and Development	1508	301,202	-	296,976	4,226	19,467	13,005	2,760	9,222	13,448
LDC CDM and Demand Response Variance Account	1508	(25,498,717)	22,674,189	(25,498,717)	22,674,189	(2,036,961)	(1,492,566)	195,969	(348,426)	22,325,763
External Revenue – Partnership Transmission Projects Account	2405	(425,642)	-	(425,642)	-	(27,757)	(18,716)	(3,843)	(12,883)	(12,883)
Waasigan Transmission Deferral Account	1508	709,793	113,708	-	823,501	11,460	-	14,321	25,781	849,282
OEB Cost Differential Account	1508	(1,214,829)	(112,172)	-	(1,327,001)	(17,602)	-	(23,980)	(41,582)	(1,368,583)
In-Service Capital Additions Variance Account	2405		(635,462)		(635,462)	-		-	-	(635,462)
					-					
Total Transmission Regulatory Accounts for Disposition		**(79,255,459)**	**19,347,938**	**(45,037,830)**	**(14,869,691)**	**(4,388,805)**	**(2,770,048)**	**(674,639)**	**(2,293,396)**	**(17,163,087)**
OPEB Cost Deferral	1508		22,380,953	-	22,380,953	-		109,664	109,664	22,490,617
East-West Tie Deferral Account (Tracking only)	1508	7,194,765	8,598,790	-	15,793,555	-		-	-	15,793,555
SECTR Deferral Account (Tracking only)	1508	52,008,439	2,307,949	-	54,316,388	-		-	-	54,316,388
OPEB Asymmetrical Carrying Charge Account	1522				-					
		-		-	-	-		-	-	-
Total Transmission Accounts NOT requesting Disposition		**59,203,204**	**33,287,692**	**-**	**92,490,896**	**-**	**-**	**109,664**	**109,664**	**92,600,560**
Total Transmission Regulatory Accounts		**(20,052,255)**	**52,635,630**	**(45,037,830)**	**77,621,205**	**(4,388,805)**	**(2,770,048)**	**(564,975)**	**(2,183,732)**	**75,437,473**

		2019								
Account Descriptions	Account Number	**Opening Principal Amounts as of Jan-1-19**	**Projected Transactions Debit / (Credit) during 2019 excluding interest and adjustments**	**Board-Approved Disposition during 2019**	**Projected Closing Principal Balances as of Dec 31-19 Adjusted for Dispositions**	**Opening Interest Amounts as of Jan-1-19**	**Interest Disposition during 2019 - instructed by Board**	**Projected Interest Jan-1 to Dec-31-19**	**Projected Interest Balance as at Dec 31 - 19 balance adjusted for disposition during 2019**	**Projected 2019 total bal (for evidence)**
Excess Export Service Revenue	2405	(1,254,324)		(5,972,895)	4,718,571	(536,318)	(565,259)	38,929	67,871	4,786,442
External Secondary Land Use Revenue	2405	(25,189,267)		(15,207,019)	(9,982,248)	(875,893)	(821,687)	(395,240)	(449,445)	(10,431,693)
External Station Maintenance, E&CS and Other External Revenue	2405	2,434,755		(1,993,480)	4,428,235	(65,854)	(71,900)	77,123	83,169	4,511,405
Tax Rate Changes	1592	395,981		395,981	-	11,417	10,243	4,450	5,624	5,624
Rights Payments	2405	4,015,236		1,705,639	2,309,597	(61,489)	(73,267)	71,075	82,853	2,392,450
Pension Costs Differential	2405	(16,811,525)		(12,645,045)	(4,166,480)	(397,372)	(322,612)	(235,740)	(310,500)	(4,476,980)
Long-Term Transmission Future Corridor Acquisition and Development	1508	4,226		4,226	-	9,222	9,200	47	70	70
LDC CDM and Demand Response Variance Account	1508	22,674,189			22,674,189	(348,426)	(772,927)	509,602	934,104	23,608,293
External Revenue – Partnership Transmission Projects Account	2405	-			-	(12,883)	(12,856)	-	(28)	(28)
Waasigan Transmission Deferral Account	1508	823,501	-	-	823,501	25,781	-	18,508	44,289	867,790
OEB Cost Differential Account	1508	(1,327,001)		(1,214,829)	(112,172)	(41,582)	(39,378)	(16,173)	(18,377)	(130,549)
In-Service Capital Additions Variance Account	2405	(635,462)			(635,462)	-		(14,282)	(14,282)	(649,744)
					-					
Total Transmission Regulatory Accounts for Disposition		**(14,869,691)**	**-**	**(34,927,422)**	**20,057,731**	**(2,293,396)**	**(2,660,444)**	**58,301**	**425,348**	**20,483,080**
					-					
OPEB Cost Deferral	1508	22,380,953		-	22,380,953	109,664		503,012	612,676	22,993,629
East-West Tie Deferral Account (Tracking only)	1508	15,793,555		-	15,793,555	-			-	15,793,555
SECTR Deferral Account (Tracking only)	1508	54,316,388		-	54,316,388	-			-	54,316,388
OPEB Asymmetrical Carrying Charge Account	1522							-	-	
		-		-	-	-		-	-	
Total Transmission Accounts NOT requesting Disposition		**92,490,896**	**-**	**-**	**92,490,896**	**109,664**	**-**	**503,012**	**612,676**	**93,103,572**
Total Transmission Regulatory Accounts		**77,621,205**	**-**	**(34,927,422)**	**112,548,627**	**(2,183,732)**	**(2,660,444)**	**561,313**	**1,038,024**	**113,586,651**