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**Frank D'Andrea**

Vice President, Reliability Standards and Chief Regulatory Officer

BY EMAIL AND RESS

June 8, 2021

Ms. Christine E. Long  
Registrar  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Long,

**EB-2020-0194 - Hydro One Networks Inc. 2017-2022 Transmission Revenue Requirement and Charge Determinants and 2018-2022 Distribution Revenue Requirement and Rates, Remittal of Future Tax Savings Issue – Draft Rate Order – Revised Accounting Orders**

Further to the Ontario Energy Board's (OEB) Decision and Interim Rate Order and Revenue Requirement and Charge Determinant Order (EB-2020-0194) dated May 27, 2021 wherein the OEB directed Hydro One Networks Inc. (Hydro One) to report back to it in respect of *Account 1595 – Disposition and Recovery/Refund of Regulatory Balances, Sub-account Principal Balances of Misallocated Future Tax Savings* and *Account 1508 – Other Regulatory Assets, Sub-account Misallocated Future Tax Savings Carrying Charges*, Hydro One wishes to advise the OEB panel that it reached a consensus with OEB Staff on the proposed journal entries for the two accounts.

The revised accounting orders are attached. Hydro One requests OEB approval of the two accounting orders.

This filing has been submitted electronically using the OEB's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in dark ink that reads "Frank D'Andrea".

Frank D'Andrea

1                   **HYDRO ONE DISTRIBUTION ACCOUNTING ORDER**  
2                   **ACCOUNT 1595 - DISPOSITION AND RECOVERY/REFUND OF**  
3                   **REGULATORY BALANCES, SUB-ACCOUNT PRINCIPAL BALANCES OF**  
4                   **MISALLOCATED FUTURE TAX SAVINGS**

5  
6 Hydro One Distribution proposes the establishment of a new **Account 1595 –**  
7 **Disposition and Recovery/Refund of Regulatory Balances, Sub-account Principal**  
8 **Balances of Misallocated Future Tax Savings** to track the difference between the  
9 amount of Misallocated Future Tax Savings approved in EB-2020-0194 and the amount  
10 recovered during the period of July 1, 2021 - June 30, 2023. The account will be  
11 established effective July 1, 2021.

12  
13 Hydro One Distribution will record interest on the outstanding balance of the  
14 Misallocated Future Tax Savings over the recovery period and up until any residual  
15 balance remains in **Account 1595 – Disposition and Recovery/Refund of Regulatory**  
16 **Balances, Sub-account Principal Balances of Misallocated Future Tax Savings**, using  
17 the prescribed CWIP interest rate set by the Board in the Carrying Cost Differential  
18 Account.<sup>1</sup>

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<sup>1</sup> This is an account with a separate Accounting Order – please refer to Exhibit 1.2.

The following outlines the initial entries into the Rider Account:

<u>USofA #</u>	<u>Account Description</u>
DR. 1595	Account 1595 – Disposition and Recovery/Refund of Regulatory Balances, Sub-account Principal Balances of Misallocated Future Tax Savings
CR. 6110	Income Taxes (Tax Expense)
CR. 4405	Interest and Dividend Income

The following outlines the proposed accounting entries for this Rider account, as the  
Misallocated Future Tax Saving are billed:

<u>USofA #</u>	<u>Account Description</u>
DR. 1100	Customer Accounts Receivable
CR. 4080	Distribution Revenues
DR. 6110	Income Taxes (Tax Expense)
CR. 1595	Account 1595 – Disposition and Recovery/Refund of Regulatory Balances, Sub-account Principal Balances of Misallocated Future Tax Savings (Drawdown)
DR. 4405	Interest and Dividend Income
CR. 1595	Account 1595 – Disposition and Recovery/Refund of Regulatory Balances, Sub-account Principal Balances of Misallocated Future Tax Savings (Drawdown)

Monthly entry to record the Misallocated Future Tax Savings billed to ratepayers.

**HYDRO ONE DISTRIBUTION ACCOUNTING ORDER**  
**ACCOUNT 1595 - DISPOSITION AND RECOVERY/REFUND OF**  
**REGULATORY BALANCES, SUB-ACCOUNT MISALLOCATED FUTURE TAX**  
**SAVINGS CARRYING CHARGES**

Hydro One Distribution proposes the establishment of a new **Account 1595 – Disposition and Recovery/Refund of Regulatory Balances, Sub-account Misallocated Future Tax Savings Carrying Charges** to record the carrying charge on the outstanding principal balance (which excludes accrued interest up to June 30, 2021) of the Misallocated Future Tax Savings over the recovery period. The account will be established effective July 1, 2021.

Hydro One Distribution will record interest on the outstanding principal balance of the Misallocated Future Tax Savings over the recovery period and up until any residual balance remains in **Account 1595 – Disposition and Recovery/Refund of Regulatory Balances, Sub-account Principal Balances of Misallocated Future Tax Savings**, using the prescribed CWIP interest rate set by the Board. Simple interest will be calculated on the opening monthly outstanding principal balance of the Misallocated Future Tax Savings until the outstanding balance is fully disposed.

The following outlines the proposed accounting entries for this account.

<u>USofA #</u>	<u>Account Description</u>
DR. 1595	Account 1595 – Disposition and Recovery/Refund of Regulatory Balances, Sub-account Misallocated Future Tax Savings Carrying Charges
CR. 4405	Interest and Dividend Income

Updated: 2021-06-08  
EB-2020-0194  
DRO Reply Submission  
Exhibit 1.2  
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- 1 To record interest improvement on the outstanding principal balance of the Misallocated
- 2 Future Tax Savings.