

BY EMAIL AND RESS

January 21, 2025

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

Dear Ms. Marconi,

EB-2024-0216 – Chatham x Lakeshore Limited Partnership (CLLP) – 2025-2029 Transmission Revenue Requirement Application – Draft Accounting Order – Tax Rate and Rule Changes Variance Account

In accordance with the Decision and Order issued on December 17, 2024, in the above-referenced proceeding, CLLP has prepared its comments to OEB staff's submission on the Draft Accounting Order for the Tax Rate and Rule Changes Variance Account that was approved for establishment in this Decision.

In response to OEB staff's request to revise the CLLP Draft Accounting Order for Account 1592 to align with the accounting orders for the same account approved by the OEB for NRLP (EB-2018-0275) and B2M LP (EB-2015-0026), Hydro One has filed an updated Draft Accounting Order for the Tax Rate and Rule Changes Variance Account that corresponds with the Accounting Order approved in EB-2018-0275.

Hydro One notes that the EB-2018-0275 (NRLP) Accounting Order for Account 1592 did not specifically reference the CCA changes sub-account established by the OEB in its letter issued on July 25, 2019. Nevertheless, any CCA changes would be captured in this account, as stated in lines 21 and 22,¹ "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 an improvement and for additional clarity to set out the requirement for separate tracking of 1592 balances that result from CCA rule changes for Hydro One transmission partnerships, Hydro One has added a reference to sub-account 1592 – PILs and Tax Variances – CCA Changes in the CLLP Draft Accounting Order.

Hydro One further acknowledges that minor differences exist between the CLLP Draft Accounting Order for Account 1592 and the B2M LP Accounting Order for the same account. The B2M LP accounting order was approved as part of EB-2015-0026. Following that application, Hydro One revised its proposed entries, which were reflected in the Draft Accounting Order filed for NRLP in EB-2018-0275. Hydro One confirms that there have been no entries into this account on behalf of B2M LP.

¹ EB-2018-0275, Draft Rate Order, May 22, 2020, Exhibit 6, P. 2

As such, Hydro One intends to update both the NRLP and B2M LP Accounting Orders for Account 1592 in their 2026 one-time update application to align with the CLLP Draft Accounting Order.

An electronic copy of these responses has been submitted using the Board's Regulatory Electronic Submission System.

Sincerely,

A handwritten signature in dark ink that reads "Kathleen Burke". The signature is written in a cursive style with a large, flowing "K" and a distinct "B".

Kathleen Burke

Transmission Accounting Order – Tax Rate and Rule Changes Variance Account

CLLP proposes the establishment of a new “Tax Rate and Rule Changes Variance Account” to track the revenue requirement impact of legislative or regulatory changes to tax rates or rules compared to costs approved by the OEB in CLLP’s 2025 to 2029 transmission rates.

The account will be established as Account 1592, PILS and Tax Variances for 2006 and Subsequent Years effective January 1, 2025. CLLP 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.

Variances specific to the impact of changes in CCA rules will be reflected in a sub-account of this account, 1592 – PILs and Tax Variances – CCA Changes.

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

USofA #	Account Description
DR: 1592	PILS and Tax Variances for 2006 and Subsequent Years
CR: 4000	Transmission Services Revenue

Initial entry to record the revenue requirement impact of legislative or regulatory changes to tax rates or rules compared to costs approved by the OEB.

USofA #	Account Description
DR: 1592	PILS and Tax Variances for 2006 and Subsequent Years
CR: 6035	Other Interest Expense

To record interest improvement on the principal balance of the tax rate and rule changes variance account.