

**Ontario Energy  
Board**

**Commission de l'énergie  
de l'Ontario**



**EB-2011-0268**

**IN THE MATTER OF AN APPLICATION BY**

**HYDRO ONE NETWORKS INC.**

**2012 TRANSMISSION REVENUE REQUIREMENT AND  
RATES**

**Request to adopt USGAAP for rate application filings, regulatory  
accounting and regulatory reporting commencing January 1, 2012.**

**DECISION WITH REASONS**

November 23, 2011

## **Background**

Hydro One Networks Inc. (“Hydro One”) is a licensed Ontario electricity transmitter.

On December 23, 2010, the Ontario Energy Board issued its EB-2010-0002 Decision with Reasons (the “Decision”) determining Hydro One’s 2011 and 2012 transmission revenue requirement. The Decision included a provision for the company to begin using Modified International Financial Reporting Standards (“MIFRS”) for rate setting, regulatory accounting and reporting starting in the 2012 rate year.

The Board issued a rate order on January 18, 2011, which set the Ontario Uniform Transmission Rates effective January 1, 2011. The Hydro One transmission revenue requirement for 2012 and the 2012 Uniform Transmission Rates will be updated to reflect the Board’s fall 2011 Cost of Capital parameters.

## **The Motion**

On July 15, 2011, Hydro One filed a Notice of Motion with the Board seeking to vary the Decision. The Motion sought to review and vary the Decision to permit Hydro One to use United States Generally Accepted Accounting Principles (“USGAAP”) as the basis for rate application filings, regulatory accounting and regulatory reporting commencing January 1, 2012.

The Motion also sought to adjust the 2012 revenue requirement previously approved by the Board and to adjust the variance accounts approved in the Decision, to reflect the adoption of USGAAP rather than MIFRS for regulatory purposes. This would have the effect of reducing the 2012 transmission revenue requirement by \$195 million, from \$1,657.6 million to \$1,462.3 million.

The Motion was copied to all intervenors in the EB-2010-0002 proceeding. In the Motion, and by letter dated August 11, 2011, Hydro One informed the Board that it had sought, and on July 21, 2011 received, approval from the Ontario Securities Commission (“OSC”) to use USGAAP as the basis for preparing its financial statements for public securities filings beginning January 1, 2012 and terminating January 1, 2015.

On August 25, 2011, the Board issued a Decision, Notice of Hearing and Procedural Order No. 1. The Board determined under Rule 45 of the Rules of Practice and Procedure that the matter ought not to be considered as a review of the Decision.

However, the Board did determine that on its own motion, it would commence a hearing under section 78 of the *Ontario Energy Board Act, 1998* to consider adjustments to Hydro One's 2012 transmission revenue requirement and other adjustments to variance accounts that may be necessary should Hydro One use USGAAP rather than MIFRS for regulatory purposes.

The Board indicated that it would restrict its consideration of the 2012 transmission revenue requirement and transmission rates to adjustments related to the adoption of USGAAP by Hydro One.

### **The Proceeding**

The Board assigned File No. EB-2011-0268 to the proceeding. The Board also granted intervenor status to all intervenors in the previous Hydro One transmission proceeding (EB-2010-0002).

Procedural Order No. 1 provided for the submission of additional evidence by Hydro One, and for interrogatories and responses. Hydro One filed additional evidence on September 6, 2011 which included the following requests:

- Approval to utilize USGAAP as its approved framework for rate setting, regulatory accounting and regulatory reporting commencing January 1, 2012 in a manner appropriate for a rate regulated entity.
- Acknowledgement and approval that if USGAAP is adopted to establish the revenue requirement and rates for Hydro One Transmission, it is appropriate for Hydro One Networks to do so for Hydro One Distribution.
- A reduction to the base revenue requirement from \$1,657.6 million to \$1,462.3 million for 2012.
- Approval of an increase in the 2012 capital expenditures from \$781.3 million to \$981.3 million.
- Approval of an increase in the 2012 rate base from \$8,726.3 million to \$8,774.4 million.

- Approval to discontinue the Impact for Changes in IFRS Account (2012 only), the IFRS – Gains and Losses Account (2012 only), and the IFRS Capitalization Policy Variance Account (2012 only).
- Approval to continue, with a revised scope, the IFRS Incremental Transition Costs Account.
- Approval to establish a new Impact for USGAAP Account (2012 only).

The Board's *Addendum to Report of the Board: Implementing International Financial Reporting Standards in an Incentive Rate Mechanism Environment* (EB-2008-0408) (the "Addendum") issued on June 13, 2011, sets out the Board's expectations regarding proposals to use USGAAP:

A utility, in its first cost of service application following the adoption of the new accounting standard, must demonstrate the eligibility of the utility under the relevant securities legislation to report financial information using that standard, include a copy of the authorization to use the standard from the appropriate Canadian securities regulator (if applicable) showing any conditions or limitations, and set out the benefits and potential disadvantages to the utility and its ratepayers of using the alternate accounting standard for rate regulation.

The Board cautions utilities that the adoption of USGAAP as a short term solution may be counter-productive. If a utility is required to transition to IFRS for financial reporting purposes a few years after adopting USGAAP, certain transitional issues may not have been avoided, but delayed, and additional costs may be incurred if the utility changes its accounting standard twice. The Board will carefully scrutinize the costs incurred to accomplish two successive transitions if the utility seeks to recover these costs from ratepayers.<sup>1</sup>

Hydro One filed the approval from the Ontario Securities Commission to adopt USGAAP and also filed Ontario Regulation 395/11 under which Hydro One Inc. is required to prepare its financial statements in accordance with USGAAP, beginning January 1, 2012.

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<sup>1</sup> *Addendum to Report of the Board: Implementing International Financial Reporting Standards in an Incentive Rate Mechanism Environment* (EB-2008-0408) (the "Addendum") June 13, 2011, page 19

Submissions were filed by Board staff, the Power Workers Union, London Property Management Association, Canadian Manufacturers and Exporters, Consumers Council of Canada, School Energy Coalition (“SEC”), Association of Major Power Consumers of Ontario (“AMPCO”) and Vulnerable Energy Consumers Coalition on October 17, 2011 and reply submissions were filed by Hydro One on October 25, 2011.

## **Positions of the Parties**

### *Adoption of USGAAP for Hydro One Transmission*

Intervenors and Board staff generally supported Hydro One’s request to utilize USGAAP as the regulatory accounting and rate setting framework for the company’s transmission business and the proposed adjustments to 2012 transmission revenue requirement and rate base. All parties were satisfied that the transition to USGAAP instead of MIFRS would be of substantial benefit to ratepayers and stakeholders. The parties cited the following benefits from adopting USGAAP:

- Reduced revenue requirement and rate impacts;
- Increased rate stability as USGAAP is very similar to Canadian GAAP; currently being used by Hydro One, and deferral and variance accounts can continue to be used if rate smoothing is needed;
- Higher retained earnings (estimated at \$2 billion);
- Reduced regulatory compliance costs since Hydro One will not have to duplicate transactional accounting in two sets of books and reconcile them;
- Alignment of the accounting frameworks used for external financial reporting and rate making providing a clearer and more understandable relationship between the accounting basis used to set rates and that used to report results; and
- Improved ability to benchmark Hydro One against other large North American transmission utilities and other regulated entities which are retaining or adopting USGAAP.

AMPCO submitted that Hydro One did not provide sufficient evidence on the potential disadvantages. AMPCO highlighted three areas of concern:

- The possibility that Hydro One will be required to switch to IFRS for financial reporting in 2015, and that there may be cost issues. The resulting transitional issues represent a potential disadvantage that needs to be evaluated.

- Allowing Hydro One to use a different accounting standard than the other Ontario utilities adds a new layer of complexity to regulation that is not desirable and may not allow for a meaningful comparison with other utilities
- Under USGAAP Hydro One would be able to accumulate assets and grow at a faster pace than other utilities under MIFRS, due to differences in capitalization. As a result, Hydro One could potentially have an unfair advantage over other utilities and the Board should consider whether this represents equitable treatment for all utilities or unduly favours Hydro One.

Hydro One replied that it is unclear what the alleged disadvantages are. Hydro One pointed out that the need to cease the use of USGAAP in 2015 is not a certainty and Hydro One would always have the option to issue debt in the United States and become a U.S. Securities and Exchange Commission issuer.

#### Deferral and Variance Accounts

Parties also did not oppose the discontinuation of certain previously approved Deferral and Variance Accounts: Impact for Changes in IFRS Account, the IFRS – Gains and Losses Account and the IFRS Capitalization Policy Variance Account.

Board staff expressed concern over the establishment of the Impact for USGAAP Account, indicating that insufficient evidence was provided to support the creation of this account. Board staff submitted that the main justification for the adoption of USGAAP by Hydro One is the elimination or reduction of differences between CGAAP and IFRS that would have large impacts on the utility and its revenue requirement. If the Board agrees to adjust rates to reflect the adoption of USGAAP in preference to MIFRS, it should be able to rely on Hydro One's evidence that the impacts of a transition to USGAAP will be minimal. Board staff invited Hydro One to provide further justification of the need for this account in its reply submission.

SEC supported the proposed Impact for USGAAP Account, but submitted that it should be re-characterized as "Impact of Changes in USGAAP Account". In SEC's view, this is consistent with the Decision, where the Board said:

The Impact for Changes in IFRS Account is approved to record the impact on revenue requirement of changes in IFRS arising between those IFRS standards in force at the date of the company's application and those in force at the time of their next application, i.e. IFRS to IFRS changes. The Board considers it reasonable that Hydro One be allowed to record the effects from changes that

might arise under IFRS after the date of their application for consideration in a future proceeding. This account is not for use in recording differences between Canadian generally accepted accounting principles and IFRS. [Decision, p. 58]

SEC submitted that the same reasoning applied to USGAAP. Hydro One is proposing a change to that accounting standard, and must be presumed to have reviewed all of the impacts of that change. In SEC's view, all such impacts should be included in the application, and the company should be at risk if they are not. SEC noted that under the Board's rules, Hydro One is allowed to make accounting changes approved by the Board, which in this case would be limited to the change in capitalization policy requested. In the event that Hydro One discovers further differences between CGAAP and USGAAP, SEC submitted that the company must either make a separate application to reflect those differences, or wait until its next rate case to implement them.

Hydro One responded that it is proposing a symmetrical variance account to track any yet to be identified differences which could arise from the transition to USGAAP from the current accounting framework. Hydro One submitted that the requested account is generally consistent with previous IFRS accounts approved by the Board when a rate application was submitted prior to completion of an accounting change project.

With respect to the IFRS Incremental Transition Costs Account, SEC submitted that Hydro One elected late in the process to go with USGAAP instead of IFRS. SEC submitted that there will likely be a duplication of expenditures, which should not be to the account of ratepayers. SEC referred to page 19 of the Addendum, which makes clear that costs of two transitions may not be recoverable from ratepayers.

SEC submitted that the IFRS Incremental Transition Costs Account should be changed to "USGAAP Incremental Transition Costs Account", and that only USGAAP transition costs should be eligible for that account. Where there are costs that were incurred for IFRS transition, but are also applicable for USGAAP, those costs should also be eligible. The rest of the IFRS transition costs, including those already included in 2011 and 2012 rates, should not be recoverable in SEC's view.

Adoption of USGAAP by Hydro One Distribution

There was general support from intervenors for the concept that if Hydro One Transmission is granted approval to use USGAAP then it is also appropriate for Hydro One Distribution to use the same accounting standard.

Some intervenors, though, took the view that this was a decision that is more appropriately made by the Board panel that adjudicates the next Hydro One Distribution rates case.

There were also some concerns expressed with respect to the implications of the adoption of USGAAP by the distribution business. Board staff submitted that it would increase the difficulty in benchmarking Hydro One Distribution with other Ontario electricity distribution utilities. While Hydro One's evidence showed that benchmarking between its Distribution business and other Ontario distributors can still take place once normalization occurs, and that any required adjustments could reasonably be made on a top-down basis, Board staff invited Hydro One to address in its reply submission whether there are any specific accounting standards and practices that must be uniform among all Ontario distribution utilities to allow robust benchmarking to occur. Staff also requested Hydro One to provide an example of a reconciliation to effectively compare Hydro One Distribution, with rates set on a USGAAP basis, to other Ontario electricity distribution utilities, with rates set on a MIFRS basis.

Hydro One responded that it will continue to be able to benchmark with other distributors. In the company's view, OM&A cost comparisons can still be made between Hydro One's Distribution Business, operating under USGAAP, and other Ontario distributors subject to MIFRS following the application of appropriate top-down adjustments to Hydro One's actual OM&A costs to adjust them to an MIFRS basis. Hydro One submitted that it has a good understanding of how its OM&A costs would be impacted by a move to MIFRS and which costs disallowed for capitalization under MIFRS would have to be added.

Hydro One agreed that total cost benchmarking presents more of a challenge over time due to the inclusion of depreciation expense in total costs. Hydro One allowed that calculating a top-down adjustment for depreciation expense would be difficult due to multiple accounting differences affecting property, plant and equipment balances that are subject to different capitalization policies under USGAAP versus MIFRS. Further, benchmarking depreciation for distributors will present substantial challenges for the

Board in any event as all utilities are now free to select their own asset componentization and depreciation rates under MIFRS as long as they are considered reasonable by the Board.

Hydro One concluded that no matter what adjustments are made, it would not resolve the historical difficulties inherent in benchmarking Hydro One's essentially rural distribution business with other Ontario distributors that primarily operate urban systems. Hydro One pointed out that the Board's own consultant, Pacific Economics Group, when establishing benchmarking of costs amongst all Ontario power distributors, indicated that unit cost appraisal on Hydro One cannot be done due to the lack of comparably-scaled Ontario peers. Hydro One therefore submitted that it does not believe that there is a need to modify its financial information to allow comparison between Hydro One using USGAAP with other Ontario distributors using MIFRS.

#### Capitalization

SEC noted the concern expressed by the Board in the Decision that Hydro One's approach to overhead capitalization was "at the high end of accepted practice under Canadian GAAP". SEC submitted that the Board should require Hydro One to conduct a full review of its overhead capitalization policies for filing with the next rate case. The Canadian Manufacturers and Exporters supported this proposal. SEC maintained that the review should include not only an analysis of the rationale for Hydro One's current policy, but also comparisons to other large transmission and distribution utilities in Canada and the United States. SEC suggested that the review should be prepared for the next Transmission rates application, but that it should be made available to the Board as early as possible in Hydro One's 2012-2013 distribution rates proceeding.

Hydro One responded that it capitalizes overheads based on independent external studies, applying causality and benefit principles that are subject to Board review and approval. Hydro One noted that in the prior and past transmission applications the company has filed studies by external consultants supporting its capitalization methodology. Hydro One indicated that it will continue to file such studies as part of its cost of service applications which are available for review.

Hydro One submitted that it is not necessary for it to conduct a benchmarking study to support its capitalization policy because the overhead capitalization policy has to be specific to each utility based on how the business carries out its work activities. Hydro One concluded that utility specific studies are the most appropriate.

## Board Findings

Over the last several years the Board has worked with the full range of stakeholders to consider the implications of the apparent global adoption of International Financial Reporting Standards (“IFRS”). This culminated in the production of the *Report of the Board, Transition to IFRS* in July 2009 and subsequently the issuance in June 2011 of the *Addendum to Report of the Board: Implementing International Financial Reporting Standards in an Incentive Rate Mechanism Environment*.

These consultations resulted in guidance from the Board to the effect that it expected the regulated utilities to use modified IFRS for the purposes of reporting to the Board and preparing rate applications.

This approach is consistent with the global adoption of IFRS as a reporting standard for corporations, while recognizing that the regulatory environment has some special attributes and requirements unavailable in unmodified IFRS. These differences centered primarily on the recognition of regulatory assets, such as deferral accounts, depreciation accounting, and capitalization practice. As expressed in its Report and the Addendum, for the Board's purposes IFRS was modified to enable regulated utilities to take into account the normal incidents of the regulated environment in a way that was functional and fair to all interests.

The Board's decision in EB–2010–0002 was consistent with the Board's general guidance to the regulated community in its adoption of MIFRS for Hydro One's transmission business.

It should be noted that the Board does not regulate the accounting system adopted by any regulated utility for general financial reporting purposes. Unless otherwise constrained by other regulatory requirements, utilities are free to adopt whatever accounting system they choose for such purposes. The Board's primary concern with respect to the choice of financial reporting accounting systems relates to its consideration of any additional costs that may be incurred as the result of maintaining two separate books of account for two separate accounting regimes.

The Board continues to be convinced that the adoption of modified IFRS for regulatory purposes is the most appropriate step for the utilities it regulates. The Addendum report noted, however, that if a utility can make a convincing case that another approach is

more appropriate for its circumstances it is free to apply to adopt it. The report explicitly acknowledged that the transition to USGAAP may be an option favoured by a utility.

The Board is satisfied that Hydro One has made a case for its transition to USGAAP for its transmission business, effective January 1, 2012. The Board takes this view in light of the particular circumstances presented by this applicant at this time. Among these considerations is the fact that the transition will enable the company to reduce its revenue requirement by a significant amount. This reduction is attributable largely to the varying treatment of capitalization as between MIFRS and USGAAP. This effect is not expected to be universal among regulated utilities, and variations which are not as significant as the one occasioned by this application may not be sufficient to justify deviation from the Report's guidance which indicates that it is desirable to have consistency and uniformity across utilities. The Board "will require utilities to explain the use of an accounting standard other than MIFRS for regulatory purposes."

But in this case the variation is significant.

This effect formed the basis of the support for the proposal of the applicant from a widely diverse group of intervenors. Virtually all of the intervenors regarded the reduction in revenue requirement as an extremely attractive and compelling reason to permit the company to transition to USGAAP.

In addition, the Board notes that the government has passed a regulation which requires the company to conduct its financial reporting in the USGAAP format. This means that if the Board were to insist on the use of modified IFRS, for regulatory purposes, the company would necessarily incur additional expense in maintaining two separate sets of books, reflecting two separate accounting regimes.

The Board also notes that the company has procured an exemption from the securities regulator, the Ontario Securities Commission, to enable it to conduct its financial reporting in the USGAAP format.

AMPCO expressed concern that the exemption granted by the OSC is time-limited and that if Hydro One switches to MIFRS in 2015, additional costs could be incurred. Hydro One has indicated, however, that the exemption could be extended. The Board further notes that it has articulated its policy with respect to the costs of two transitions in the Addendum Report, which clarifies that the costs of two transitions may not be

recoverable from ratepayers. The Board therefore considers the risk of additional costs being recovered from ratepayers due to two transitions to be minimal.

With respect to the concern that meaningful comparisons with other entities will be difficult if Hydro One is on USGAAP and others are on MIFRS, the Board notes that Hydro One Transmission does not have entities in Ontario that can serve as meaningful comparators. Moving to USGAAP may offer advantages in enabling more meaningful benchmarking possibilities.

In summary, the advantages of Hydro One transitioning to USGAAP argue in favour of granting the applicant's request to use USGAAP for regulatory purposes. The Board therefore approves all the resulting adjustments to the 2012 transmission base revenue requirement, capital expenditures and rate base as identified by Hydro One is its evidence.

The Board agrees that the three existing accounts should be discontinued, namely, the Impact for Changes in IFRS Account, the IFRS – Gains and Losses Account and the IFRS Capitalization Policy Variance Account. All three of these accounts have zero balances and cannot be increased under USGAAP. The Board therefore finds they are no longer required.

The Board will also approve creation of a new deferral account entitled “USGAAP Incremental Transition Costs”, which can be used to track costs associated with the transition to USGAAP, but which shall not include any costs attributable to the heretofore planned transition from CGAAP to IFRS. The exception would be those costs that were required for the transition to MIFRS and that are still required for the transition to USGAAP.

The Board also approves the establishment of an “Impact for USGAAP Account”, which will be a symmetrical variance account to record the 2012 impact of differences between CGAAP and USGAAP. Upon request for disposition of this variance account, the Board will take into account whether Hydro One adequately reviewed in its application all of the impacts of the accounting changes associated with the transition, which in this case have been identified as only changes in capitalization policies.

The Board does have one concern with respect to the transition to USGAAP.

The Board has an interest in ensuring that capitalization practices among the utilities it regulates are as consistent with each other as possible, or that the differences between them can be appropriately normalized and accounted for. Some commentators have suggested that one of the primary virtues of the IFRS accounting format is a degree of regularization of capitalization practice.

In its submissions, SEC argues that Hydro One's capitalization policies to date have tended to be aggressive. While the company attempted to rebut this suggestion in its reply submission, the Board considers it appropriate to require Hydro One to conduct a critical review of its current and proposed capitalization practices. This review shall not be a benchmarking study per se, but should include information with respect to what other U.S. transmitters typically capitalize and the capitalization methodologies used by other transmitters with a view to comparing these to Hydro One's capitalization policies. This review should be available in time for the company's next rate application. While the Board will not require Hydro One to do so, the company is encouraged to engage the intervenors in the development of the terms of reference for the review, to ensure that it is appropriately directed.

Considerable comment was provided by the intervenors respecting the application of USGAAP not just for the transmission side of the applicant's business, but also for its distribution business.

The Board agrees that on the basis of the record presented in this application, it may be appropriate for Hydro One to adopt USGAAP for distribution rate applications and regulatory reporting. This finding is consistent with the Board's policy in its Addendum Report, which reaffirmed the principle in the original Report of the Board: that to require a utility to file and report in MIFRS when that utility is performing financial reporting under a different accounting standard is generally not desirable. In addition, as the Board has found that Hydro One transmission rates should be set on the basis of USGAAP, it would generally be inefficient to require the distribution utility to use MIFRS for regulatory reporting and rate making.

However, Hydro One must address this issue on the record of its next distribution rate application. The current application has been structured so as only to address the revenue requirement of the transmission business and the consequential Uniform Transmission rates. The Board will require Hydro One Distribution to file the information required on page 19 of the Board's Addendum, and particularly to address the potential

disadvantage raised by intervenors and Board staff of the increased difficulty in benchmarking Hydro One Distribution to other Ontario distributors if Hydro One uses the USGAAP accounting standard.

The Board notes that its policy states that a cost-of-service application is required for approval to transition to USGAAP. However, given the unique circumstances of Hydro One Transmission and Hydro One Distribution, the Board does not believe this applicant should be precluded from applying to extend the use of the USGAAP accounting standard to the Distribution business on appropriate terms and conditions, as a stand-alone application. That application would, of course, have to be considered on its own merits if and when it is made.

## **IMPLEMENTATION MATTERS AND COST AWARDS**

### **Implementation**

This decision will result in a modification of the Board's EB-2001-0002 Transmission Revenue Requirement and Rates Decision issued on December 23, 2010.

The Board directs Hydro One to file with the Board and all intervenors of record, a draft exhibit showing the final revenue requirement to reflect the Board's findings in this Decision. The exhibit should reflect the relevant aspects of the Board's original EB-2010-0002 decision, as appropriate. This filing should also include the update of the Board's Cost of Capital parameters issued on November 10, 2011.

### **Ontario Uniform Transmission Rates**

Transmission rates in Ontario have been established on a uniform basis for all transmitters in Ontario since April 30, 2002. The revenue requirements for each of the three rate pools for each of the four transmitters are added to calculate the total transmission revenue requirement for each pool. The totals for each pool are divided by the charge determinant applicable for the pool to derive the uniform transmission rate.

The transmission revenues collected by the Independent Electricity System Operator are allocated by the System Operator to each of the four transmitters on the basis of revenue allocators approved by the Board. The revenue allocators are calculated by taking the percentage of the revenue for each transmitter and dividing it by the total

combined revenue of all the transmitters. The Board's findings in this proceeding will change both the charges for the three pools and the revenue allocators for each of the transmitters.

As noted above, the Board has directed Hydro One to file with the Board and all intervenors of record, a draft exhibit showing the final 2012 revenue requirement to reflect the Board's findings in this Decision.

In addition, at the same time, Hydro One shall file an exhibit showing the calculation of the uniform transmission rates, and revenue shares resulting from this Decision. This exhibit should include the most recent approved 2012 revenue requirements and pool load forecasts for each of the other Ontario transmitters including the most recent decisions for Great Lakes Power Transmission Inc., Canadian Niagara Power Inc. and Five Nations Energy Inc.

Hydro One shall file these exhibits no later than 21 calendar days after the issuance of this Decision. Hydro One should provide a clear explanation of all calculations and assumptions used in deriving the amounts used in these exhibits. Intervenors and Board staff shall have 7 calendar days to comment on Hydro One's exhibits. The Board notes that all three of the remaining Ontario transmitters are approved intervenors in this proceeding.

Hydro One should respond as soon as possible to any comments by intervenors or Board staff, but not later than 7 days after the deadline for comments from intervenors. If any specific matter has not been dealt with for purposes of drafting the rate order to implement the new rates or dispose of the deferral/variance accounts, Hydro One shall clearly identify these in its filing.

### **Cost Awards**

A number of intervenors were deemed eligible for cost awards in the previous Hydro One transmission EB-2010-0002 proceeding. On August 25, 2011, the Board issued its Decision, Notice of Hearing and Procedural Order No. 1 and among other items, granted intervenor status for the USGAAP proceeding to all intervenors in the EB-2010-0002 proceeding. Accordingly, the Board will receive cost claims from eligible intervenors for the EB-2011-0268 proceeding and will issue a cost awards decision after the steps set out below are completed.

1. Intervenor eligible for cost awards shall file with the Board and forward to Hydro One their respective cost claims within 35 days from the date of this Decision.
2. Hydro One may file with the Board and forward to intervenors eligible for cost awards any objections to the claimed costs within 40 days from the date of this Decision.
3. Intervenor, whose cost claims have been objected to, may file with the Board and forward to Hydro One any responses to any objections for cost claims within 47 days of the date of this Decision.

Hydro One Networks Inc. shall pay the Board's costs of and incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote file number **EB-2011-0268**, be made through the Board's web portal at, [www.errr.ontarioenergyboard.ca](http://www.errr.ontarioenergyboard.ca) and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at [www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca). If the web portal is not available parties may email their document to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

**ADDRESS**

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
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Attention: Board Secretary

E-mail: [Boardsec@ontarioenergyboard.ca](mailto:Boardsec@ontarioenergyboard.ca)  
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**DATED** at Toronto, November 23, 2011

**ONTARIO ENERGY BOARD**

*Original Signed By*

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Cynthia Chaplin  
Presiding Member

*Original Signed By*

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Paul Sommerville  
Member

*Original Signed By*

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Marika Hare  
Member