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November 14, 2001

To: Electricity Distribution Utilities

Re: Release of Article 490 of the Accounting Procedures Handbook (“APH”)

Please find attached Article 490, Retail Services and Settlement Variances. This Article provides guidance on accounting for variance accounts related to retail service charges, non-competitive electricity charges, power charges, and some other related recoveries and charges discussed in Chapters 10 and 11 of the Electricity Distribution Rate Handbook.

Article 490 provides assistance to utilities in developing their billing, accounting, and information systems to facilitate market opening and contains examples developed at the request of and in co-operation with participating stakeholders.

This Article will be effective on the date of market opening.

The reader should note that while there may be alternative approaches to accounting and reporting of the material contained herein for external financial reporting purposes, this Article is primarily concerned with regulatory reporting requirements.

As stated on page 8 of Article 100 of the APH "Ythe APHandbook does not prescribe how the accounts contained in the USoA are to be rolled up for financial statement reporting purposes. Accordingly, electric utilities should follow the general standards of financial statement presentation contained in the CICA Handbook". In addition, page 7, item h) of Article 100 emphasizes that the APH provides a sufficient degree of flexibility for the utility to account for its activities in the manner most appropriate to its specific circumstances with the understanding that utilities are to report information to the Board in the format prescribed in the APH.

If you require further information please contact Vito DiTaranto at 416-440-4678 (ditaravi@oeb.gov.on.ca) or Randy Pugh at 416-440-7648 (pughra@oeb.gov.on.ca).

Yours truly,

A handwritten signature in cursive script that reads "Paul B. Pudge".

Paul B. Pudge
Board Secretary