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January 17, 2001

To: Electricity Distribution Utilities

**Re: Release of Article 480 of the Accounting Procedures Handbook**

Enclosed please find a copy of Article 480 of the *Accounting Procedures Handbook* (the "APHandbook"). This article provides policies, procedures and guidance to distributors with respect to the accounting treatment for qualifying transition and extraordinary event costs. It supercedes Article 350, Performance Based Regulations of the APHandbook.

It is important to note that these accounting procedures and requirements are **effective January 01, 2000** and should be appropriately reflected in the utility's audited financial statements to comply with the filing requirements of Board's Rate Handbook (in Section 12.2.8).

The Board's Rate Handbook established the eligibility criteria for qualifying transition and extraordinary event costs (Section 5.5.1) and authorized the use of APHandbook deferral accounts (Section 3.4.2) for recording these costs. In the past year, the Board received inquiries on issues related to transition costs.

Representatives of the RP-2000-0069 Board Panel determined that certain policy matters needed to be addressed. Consequently, Article 480 was developed to provide deferral account implementation guidance to electricity distribution companies that will be recording and reporting qualifying transition and extraordinary event costs.

If you require further direction on these requirements, please contact Ben Baksh at 416-440-8128 ([bakshbe@oeb.gov.on.ca](mailto:bakshbe@oeb.gov.on.ca)) or Randy Pugh at 416-440-7648 ([pughra@oeb.gov.on.ca](mailto:pughra@oeb.gov.on.ca)).

Yours truly,

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

Paul B. Pudge  
Board Secretary