

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



Regulatory Audit & Accounting

VIA E-MAIL AND WEB POSTING

October 15, 2009

Regulatory Audit & Accounting Bulletin 200901

To: All Licensed Electricity Distributors

Re: Regulatory Accounting & Reporting of Account 1588 RSVAPower and Account 1588 RSVAPower Sub-account Global Adjustment

This Bulletin is intended to remind licensed electricity distributors of the regulatory accounting and reporting requirements under the Accounting Procedures Handbook (“APH”), the Electricity Reporting and Record Keeping Requirements (“RRR”), and other Board guidance regarding Account 1588 RSVAPower and Account 1588 RSVAPower Sub-account Global Adjustment.

On September 28, 2009, Board staff in conjunction with the IESO, conducted a Webinar regarding the regulatory accounting and reporting of Account 1588 RSVAPower and Account 1588 RSVAPower Sub-account Global Adjustment. This Webinar covered common observations and requirements related to the regulatory accounting treatment of Account 1588. In addition, Board staff prepared a Questions & Answers document related to this Webinar which was posted on the Board’s website on October 14, 2009. The accounting treatment requirements are as follows:

1. A consistent method of either the billed or accrual basis is to be used throughout the life of Account 1588 RSVAPower. The accounting information reported in Q4 RRR 2.1.1 and RRR 2.1.7 filings need to agree as they are from the same data source.

2. Regarding Alternative A of recording the RSVA Accounts: At period-end, the energy sales accounts are compared to the cost of power expense accounts and a journal entry is processed. The higher of the revenue or expense account is to be reduced, with an offsetting entry to Account 1588 RSVAPower.
 - i.e. if revenue account is higher, then revenue is to be debited or if expense account is higher, then expense is to be credited.
3. Accounting treatment is to follow Board guidance and any corrections are to be made on a timely basis in the RRR filings.
4. The RPP portion of the global adjustment expense (part of IESO Charge Type 146) is to be included in:
 - Account 4705, Power Purchased, and
 - The variance reported in Account 1588 RSVAPower at period-end.
5. The global adjustment attributable to non-RPP consumers is to be separately accounted for in Account 1588 RSVAPower Sub-account Global Adjustment.
6. Only the non-RPP portion of IESO Charge Type 146 is to be reflected in the variance recorded in Account 1588 RSVAPower Sub-account Global Adjustment.
7. For RRR 2.1.1 filing, the balances reported in the control Account 1588 RSVAPower is to include the balances reported in Account 1588 RSVAPower Sub-account Global Adjustment.
8. Journal entries to Account 1588 RSVAPower Sub-account Global Adjustment are to be posted on a monthly basis to this sub-account.
9. Carrying charges are to be calculated on the monthly opening principal balance (accumulated) in Account 1588 RSVAPower and recorded in a separate sub-account.
10. Interest revenue and expense are to be recorded separately in Account 4405 from interest expense in Account 6035, respectively.

11. Carrying charges are to be calculated on a monthly opening principal balance in sub-account of Account 1588 RSVAPower and recorded in a separate carrying charges sub-account.

The maintenance of good record keeping is important, as Account 1588 RSVAPower is reviewed quarterly by the Board for potential disposition. This quarterly review process is stated in Section 78(6.1) of the *Ontario Energy Board Act, 1998*:

“If a distributor has a deferral or variance account that relates to the commodity of electricity, the Board shall, at least once every three months, make an order under this section that determines whether and how amounts recorded in the account shall be reflected in rates. 2003, c. 3, s. 52 (4).”

Licensed electricity distributors whose RRR filings have not been made in accordance with the above accounting guidance should re-file the data no later than **November 30, 2009**. Revised filings should be provided to correct any misstatements since January 1, 2005, or since the last time Account 1588 RSVAPower and Account 1588 RSVAPower Sub-account Global Adjustment were cleared by the Board on a final basis.

No statutory power of decision has been delegated to Regulatory Audit and Accounting, and the views expressed in this Regulatory Audit and Accounting Bulletin are not binding on the Board.

Please direct any questions you may have on the subject matter of this Bulletin by e-mail to market.operations@oeb.gov.on.ca with the subject title “Regulatory Audit and Accounting Bulletin 200901.”

Yours truly,

Original signed by

Daria Babaie, P. Eng., CMA
Manager, Regulatory Audit & Accounting