

GUIDING PRINCIPLES
REGULATORY ACCOUNTING POLICIES
KEY POINTS

The OEB should develop guiding principles for the development and maintenance of regulatory accounting policies and not just changes arising from the adoption of IFRS. These principles should include the following points

- Regulatory accounting policies should be set / approved by the OEB.
- Regulatory accounting policies should be designed to meet regulatory objectives, and therefore, should not be the same as financial accounting principles (e.g., IFRS) unless use of those financial accounting principles achieves regulatory objectives.
- Regulatory accounting policies should not be changed until the change has been approved by the OEB, even where there is a change in financial accounting principles,
- Changes in regulatory accounting policies should be undertaken only after the OEB has considered the implications of the changes on all regulated entities, using a rigorous framework.
- Estimates that affect the recognition of costs (e.g., estimates that affect depreciation rates) should not be changed for regulatory purposes until the change has been approved by the OEB.
- Unless justified by differing circumstances, the same regulatory accounting policies should apply to all utilities.