Ontario Energy Board
Accounting Procedures Handbook
Frequently Asked Questions
August 2008

INDEX

New accounts approved for recording the disposition and recoveries/ refunds of deferral and variance account balances:

Q.1 For regulatory asset/liability balances of deferral and variance accounts approved for recovery in 2008 (e.g., as part of the 2008 EDR and IRM applications process), what account should be used to record these recoveries collected (or refunded) in rates?

A.1 The Board has approved a new control account to record the disposition and recoveries of deferral and variance account balances for electricity distributors receiving approval to recover (or refund) account balances in rates as part of the regulatory process. The account is 1595, Disposition and Recovery of Regulatory Balances Control Account. In addition, the Board approved Sub-account - Disposition of Account Balances Approved in 2008, to capture amounts approved for recovery (or refund) through the 2008 rate review process and a sub-account for carrying charges (i.e., Sub-account - Carrying Charges for Disposition of Account Balances Approved in 2008). The 1595 account and sub-accounts come into effect on May 1, 2008.

The Board may consider approving additional sub-accounts under this control account 1595 to accommodate the recording of disposition and recoveries of deferral and variance account balances, approved as part of other regulatory processes in the future.

Q.2 What items are recorded in the new sub-account of 1595 (Sub-account - Disposition of Account Balances Approved in 2008)?

A.2 Distributors approved to recover (or refund) account balances, as part of the 2008 regulatory process (i.e., 2008 EDR and 2008 IRM rate applications or other) will use this sub-account to record the approved amount of each regulatory asset/liability account approved for recovery (or refund). The offsetting entries will be to the respective approved regulatory asset/liability accounts to transfer the approved amount from those accounts into the new sub-account, inclusive of accumulated interest, if applicable. The date of these entries is the start of the recovery period, which normally coincides with the start of rate year for most distributors (e.g. May 1, 2008 or date specified by the Board).

In addition, the distributor will also record in the sub-account of 1595 the amounts recovered or refunded in rates over the approved period (e.g., May 1, 2008 to April 30, 2009, or period specified by the Board). These amounts will draw down the recoverable (or refundable) balance created in this sub-account.

Q.3 Do carrying charges apply to the 1595 sub-account (Sub-account - Disposition of Account Balances Approved in 2008)?

A.3 Yes. The Board-prescribed accounting interest rates will be applied to the monthly opening principal balance (i.e., net of refund/recovery and carrying charges) in this sub-account to calculate the carrying charge amounts. The distributor will record these carrying charges in account 1595, Sub-account - Carrying Charges for Disposition of Account Balances Approved in 2008, and the offsetting entry will be to account 4405 or 6035.

In addition, the distributor will need to segregate and record in a second separate sub-account the cumulative carrying charge balances transferred from the respective approved regulatory asset/liability accounts in Sub-account - Carrying Charges Transferred to Account 1595. No additional carrying charges will be added to these transferred amounts (i.e., no interest on interest is applicable). Consequently, only the principle amounts transferred to Sub-account - Disposition of Account Balances Approved in 2008, net of recoveries/refunds will be eligible for carrying charges.

Q.4 Do the residual balances in the sub-accounts of 1595 require Board review and approval?

A.4 The residual balances in principal and carrying charges sub-accounts at the end of the collection (or refund) period will require Board review and approval consistent with the requirements for other deferral and variance accounts. To facilitate review of the residual balance, the distributor should ensure finalization of collection of recoveries (or refunding) activities are completed. The timing associated with this usually coincides with the completion of a distributor's billing cycles to the end of the approved period and after recording all applicable revenues/refunds in the account. See also FAQ #6 below.

Q.5 Are there additional procedures for account balances approved for disposition and recovery on a forecast basis (e.g., forecast of an account balance as of a date not supported by year-end audited financial statements)?

A.5 In this circumstance, the distributor will record the approved forecast amount(s) in 1595 (sub-account) consistent with the requirements outlined in FAQ #2 above. However, the distributor will need to true up the forecasted amount(s) approved for disposition in rates to actual when the actual amount is verifiable (e.g. RRR submission of financial statements, USoA trial balance and quarterly balances, etc.). In addition, the distributor will need to bring forward the trued-up account balance(s) for Board review in a subsequent rate setting proceeding. In the interim period until the account is reviewed, the distributor should track the difference between the forecast and actual amounts in order to provide information needed for regulatory purposes and to facilitate the true up.

Additional guidance provided on the finalization and use of the previous disposition and recovery account (2004 - 2007 rate years):

Q.6 The Board has indicated that a future proceeding (post 2008) will address settlement of the residual balance in account 1590, Recovery of Regulatory Asset Balances, (after the approved recoveries/refunds are finalized and recorded). Are there additional accounting procedures needed to finalize the residual balance in the account?

A.6 A distributor's billing cycles for the regulatory asset/liability recovery (or refund) rate riders may not coincide with the date to the end of approved collection period of April 30, 2008 (or other date approved by the Board) and therefore straddle this date. The distributor should ensure distribution revenues generated by rate riders during these transition billing cycles are included as part of the regulatory asset recoveries and these amounts are recorded in account 1590. Accordingly, the distributor will need to track and record the regulatory asset rate rider(s) amounts in billings on or after April 30, 2008, as they occur. The discontinuance of a rate rider at the end of its approved term should be done on the same basis as the rate rider was initially phased in to ensure customers in the same billing cycles are not over charged (or over refunded).
A distributor should maintain records to support all entries in account 1590 to

facilitate disposition of the account balance in a Board proceeding or audit review in the future.

Q.7 Should recordings for regulatory asset recoveries continue in account 1590, where the distributor received Board approval to continue the 2006 EDR regulatory asset rate rider in rates after April 30, 2008?

A.7 The recording of these recoveries should continue in account 1590, Recovery of Regulatory Asset Balances. Also, in the circumstance where a distributor continues to recover interim rate recovery for prior years' regulatory assets (e.g. 2003 or 2004 account balances), the distributor should record these recoveries in this account and not account 1595.

Additional accounting guidance provided for smart meters revenue requirement approved in a rate order:

Q.8 Please provide an example for smart meter accounting where the distributor has received Board approval for its smart meters investment and the associated revenue requirement in a rate order.

A.8 The following example is provided to illustrate the accounting treatment applicable to the smart meters variance accounts upon the Board's review of a distributor's in-service smart meters, which results in the issuance of a rate order to the distributor. The information in this **illustrative example** is not precedent setting and does not imply Board approval of any smart meter policy matter. The specific approval of these matters in the individual decision and order of a distributor apply.

Assume a distributor filed an application with the Board in 2008. In the application, it shows that as of December 31, 2007, the distributor installed 15,000 smart meters in service for residential customers in 2007. At an average cost of $200, the investment in smart meters was $3,000,000 (15,000 × $200). As well, assume for simplicity, 15 years useful life and the half-rule for the in-service smart meters apply for amortization purposes. Note on an actual basis GAAP accounting treatment may differ. In addition, assume funding received for the smart meter initiative through a smart meter rate adder in the 2006 to 2007 period was $214,000. For simplicity, this illustration assumes there are no other concurrent smart meter investments or funding activities for the distributor.

Based on the revenue requirement calculation of $250,000 shown below, assume the Board issued a rate order, which included a rate adder effective May 1, 2008 for one year to recover the net revenue requirement amount of $36,000 from residential customers ($250,000 - $214,000). The journal entries for the variance and other related accounts are separately shown below in three sections: A. the initial recordings in the variance accounts; B. the reclassification to various accounts on issuance of rate order and; C. a summary of the account balances.

The accounting illustrated below in **Section A**, conforms to the Board's instructions outlined in a letter of June 13, 2006 to distributors in the period prior to Board review and approval of smart meters.

The ensuing issuance of the Board order approving the smart meters investment and the associated (net) revenue requirement for the smart meters in rates triggers the accounting recognition of the investment in smart meters as assets and the funding received for the smart meters as revenues. Consequently, this requires the accounting reclassification of these items recorded in the variance accounts to their applicable asset and revenue USoA accounts as shown in **Section B** below.

Following the reclassification clearance of amounts from the variance accounts to their applicable accounts, the balances in the variance accounts should be zero (assuming no other smart meter investment or funding activities) as shown in **Section C** below. Therefore, no true up of the 1555 and 1556 variance account balances are required or no recordings of the recoverable (or refundable) net revenue requirement amount in account 1595 are required.

In summary, the approved revenue requirement, net of the funding received for the period, results in a net revenue requirement amount of $36,000 recoverable in rates via an approved rate adder. This amount will be recorded in the distribution revenue account 4080 over the recovery period from May 1, 2008 to April 30, 2009 and not the smart meter variance accounts or account 1595.

Calculation of Smart Meters Approved Revenue Requirement per Assumptions Provided

Smart Meters as of December 31, 2007

Investment in Smart Meters (recorded in Account 1555)	$ 3,000,000		
(Assume 15,000 in-service residential meters @ $200 each)			
Carrying charges at prescribed interest rates (avg. 5%):			
Account 1555 (applied to net of investment and funding)	$ 69,650		
Account 1556 (applied to expenses on average basis)	2,919		
Total Interest (debit)	$ 72,569		
Return Calculation (per assumptions shown):			
Average smart meters in rate base (half-year average)	$ 1,500,000		
Return on rate base (assume 5.25%) deemed debt (60%)	900,000	$	47,250
Return on rate base (assume 9.00%) deemed equity (40%)	600,000		54,000
Return on smart meters before PILs		$	101,250
Add:			
OM&A expenses (recorded in Account 1556)			16,754
Amortization expense (recorded in Sub-account of 1556)			100,000
Carrying charges recoverable (recorded in Sub-account of 1556)			2,919
PILs gross-up (for simplicity 35% tax rate used, not actual tax rate)			29,077
Revenue Requirement		$	250,000
Less:			
Funding collected in rates (recorded in Sub-account of 1555)			214,000
Approved Net Revenue Requirement		$	36,000

Notes:

(1) The Board issued a rate order effective May 1, 2008 for the recovery of the Net Revenue Requirement amount of $36,000 through a rate adder for the residential rate class.

(2) There will be no future true-up of the $36,000 amount in the variance accounts because the residual amount is not recorded in a variance account. Consequently, the rate adder billed to customers will be recorded in distribution revenues (account 4080).

Illustrative Journal Entries per the Assumptions made for the Smart Meters Above

No.	Account	Description	Debit	Credit
	Section A - Initial Recordings in the Variance Accounts (Up to December 31, 2007)			
		(for simplicity shown on a cumulative basis up to Dec. 31, 2007)		
		Smart Meter Capital Asset		
1	1555	Smart Meter Capital & Recovery, Sub-account Capital	3,000,000	
	2205	Accounts Payable/Bank		3,000,000
		To record smart meter investment in variance account		
2	4080	Distribution Services Revenues-Residential	214,000	
	1555	Smart Meter Capital & Recovery, Sub-account Recovery		214,000
		To record smart meter ("seed money") funding in variance account		
3	1555	Smart Meter Cap. & Recov., Sub-account Carrying Charges	69,650	
	4405	Interest and Dividend Income		69,650
		To record carrying charges net of investments and funding amounts		
		Smart Meters OM&A Expenses		
1	5175	Maintenance of Meters	16,754	
	2205	Accounts Payable		16,754
		To record OM&A expenses (for simplicity one account used)		
2	5695	OM&A Contra Account	16,754	
	5175	Maintenance of Meters		16,754
		To transfer OM&A expenses to smart meter contra account		
3	1556	Smart Meter OM&A	16,754	
	5695	OM&A Contra Account		16,754
		To record OM&A expenses to variance account		
4	1556	Smart Meter OM&A, Sub-account Amortization Expense	100,000	
	1555	Smart Meter Cap. & Recov., Sub-account Accum. Amort.		100,000
		To record smart meter amortization expense		
5	1556	Smart Meter OM&A, Sub-account Carrying Charges	2,919	
	4405	Interest and Dividend Income		2,919
		To record carrying charges		

No.	Account	Description	Debit	Credit
	Section B - Reclassification to Various Accounts on Issuance of Rate Order (as of May 1, 2008)			
		Smart Meter Capital Asset		
1	1860	Meters, Sub-account Smart Meters - Residential	3,000,000	
	1555	Smart Meter Capital and Recovery, Sub-account Capital		3,000,000
		To transfer approved smart meters to asset account		
2	1555	Smart Meter Cap. & Recov., Sub-account Accum. Amort.	100,000	
	2105	Accumulated Amortization, Sub-account Smart Meters		100,000
		To transfer accumulated amortization to asset account		
3	4405	Interest and Dividend Income	69,650	
	1555	Smart Meter Cap. & Recov., Sub-account Carrying Charges		69,650
		To reverse carrying charges as return on asset provides long-term interest for recovery		
		Smart Meters OM&A Expenses		
1	5695	OM&A Contra Account	16,754	
	1556	Smart Meter OM&A		16,754
		To transfer approved OM&A expenses to contra account		
2	5175	Maintenance of Meters	16,754	
	5695	OM&A Contra Account		16,754
		To transfer OM&A expenses to expense account		
3	5705	Amortization Expense, Sub-account Smart Meters	100,000	
	1556	Smart Meter OM&A, Sub-account Amortization Expense		100,000
		To transfer amortization expense to expense account		
4	4405	Interest and Dividend Income	2,919	
	1556	Smart Meter OM&A, Sub-account Carrying Charges		2,919
		To reverse carrying charges, which are included in the revenue reqmt.		
		(Note: Re-recognized as revenue when collected in future rates)		
5	1555	Smart Meter Capital and Recovery, Sub-account Recovery	214,000	
	4080	Distribution Services Revenues - Residential		214,000
		To transfer funds (previously collected) to revenue account		

No.	Account	Description	Debit	Credit
	Section C - Summary of Account Balances (As of May 1, 2008)			
	1555	Smart Meter Capital and Recovery	0	
	1556	Smart Meter OM&A	0	
	1860	Meters, Sub-account Smart Meters - Residential	3,000,000	
	2105	Accumulated Amortization, Sub-account Smart Meters	100,000	
	4080	Distribution Services Revenues - Residential		214,000
	4405	Smart Meter Cap. & Recov., Sub-account Carrying Charges	0	
	5175	Maintenance of Meters	16,754	
	5695	OM&A Contra Account	0	
	5705	Amortization Expense, Sub-account Smart Meters		100,000
	NB	The net revenue requirement amount of $36,000 to be recovered in rates		
		will be recorded in account 4080		

Pro-forma Partial Income Statement (April 30, 2009 assuming no other transactions)

Revenues:		
Distribution 4080 (prior rate adder)	214,000	
Distribution 4080 (new adder May 1, 2008 to Apr 30, 2009)	36,000	250,000
Expenses:		
OM&A	16,754	
Amortization	100,000	
Long-term interest (per return on asset)	47,250	
PILs (for simplicity gross-up and expense assumed same)	29,077	193,081
Net Income (1)		**56,919**
(1) Comprised of return and carrying charges ($54,000 + $2,919)		

Pro-forma Partial Balance Sheet (April 30, 2009 assuming no other transactions)

Fixed Assets:	
Smart Meters - Residential	2,900,000
Regulatory Assets (Smart Meters):	
Balance in Account 1555	0
Balance in account 1556	0

Q.9 The distributor received a rate order that included approval of the revenue requirement for smart meters installed up to April 30, 2007, as part of the 2008 IRM application process. The rate order approved a rate adder for the smart meters (net) revenue requirement effective in rates on May 1, 2008. No revenue requirement was approved for these smart meters in the past. How should the distributor account for the smart meters and the rate adder?

A.9 The distributor should follow the guidance provided above in FAQ #8. Due to the Board's approval of the smart meters and the associated (net) revenue requirement for the smart meters in a rate order, this triggers the accounting recognition criteria for assets and revenues. Accordingly, this requires the reclassifications of items and amounts recorded in the variance accounts 1555 and 1556 to their applicable asset and revenue accounts as shown in Section B of Answer #8 above.

The revenues (or refunds) derived for the net revenue requirement via a rate adder or a permanent rate adder in the approved rate order are recorded in account 4080, as indicated in FAQ #8, <u>not</u> the smart meter variance accounts or account 1595.

Q.10 How should the distributor account for the additional smart meter installations after receiving approval of the initial/previous smart meter revenue requirement in a rate order (as cited in FAQs 8 and 9 above)?

A.10 Board review and approval of all smart meters installations, whether initial or additions, are required. Until such time the Board issues an order approving the revenue requirement associated with the additional smart meters, the accounting treatment for the variance accounts should continue in the same manner as cited above in FAQ# 8 Section A, Initial Recordings in Variance Accounts, in accordance with the Board's instructions in a letter of June 13, 2006 to distributors.

When the Board reviews and approves the additional smart meter installations through the approval of the (net) revenue requirement in a rate order, the accounting treatment cited above in FAQ #8, Section B, Reclassification to Various Accounts on Issuance of Rate Order, applies.

Q.11 By letter of January 16, 2007, the Board issued an accounting instruction related to stranded meter costs. This included the requirement to record in a new sub-account of account 1555 the stranded costs associated with conventional or accumulation meters removed at the time of installation of smart meters. Has this accounting requirement changed in light of Board decisions and orders related to this matter?

A.11 This account was provided to allow for the accounting of the impairment of conventional meter assets (or stranded asset costs) to conform to the requirements under GAAP and to allow the Board flexibility to decide how this matter can be dealt with through the review of distributors' applications. Accordingly, where the Board has approved a distributor's proposal for stranded meter costs treatment in a decision and/or order, the distributor should follow the distributor-specific instruction or direction related to the treatment of the stranded meter costs provided in the decision and/or order.

Additional accounting guidance provided for CDM transactions:

Q.12 What is the accounting treatment for fixed assets arising from a distributor's conservation and demand management (CDM) activities, which have been funded through the Ontario Power Authority (OPA) programs?

A.12 The Board does not regulate CDM programs of electricity distributors funded through OPA or other initiatives outside the distribution rates framework (referred to here collectively as "non-utility" activities). The transactions arising from such activities should be separate from distribution activities.

The distributor will use account 2075, Non-Utility Property Owned or Under Capital Leases, to record capital assets funded or created by OPA or other non-utility activities. These assets are not included in rate base and the associated amortization expenses are not included in the revenue requirement of the distributor.

In addition, the distributor will record transactions arising from non-utility CDM revenues and expenses in account 4375, Revenues from Non-Utility Operations, and 4380, Expenses from Non-Utility Operations, respectively. These amounts also are not included in the revenue requirement. Separate sub-accounts under accounts 2075, 4375 and 4380 should be used to differentiate these CDM transactions from other non-utility transactions.

Q.13 Should the recording of CDM expenses continue in account 1565 for the 3rd tranche CDM spending where the distributor has received approval to continue spending after September 30, 2007?

A.13 The recording of these expenses should continue in account 1565 and contra account 1566.

Accounting guidance provided for various other items and accounts:

Q.14 Hydro One distribution received Board approval to continue its regulatory assets – phase II rate rider (established in the Board's 2004 proceeding Final Recovery of Regulatory Assets - Phase II) on an interim basis until the establishment of its new rates for 2008. As a result, the historic low voltage (LV) charges included in Hydro One's regulatory assets – phase II rate rider will continue as a charge to embedded distributors beyond April 30, 2008.

How should the distributor account for these LV charges in the period from May 1, 2008 until an order is issued to discontinue the charge?

A.14 Accounting guidance on the treatment for LV charges arising from Hydro One regulatory asset recoveries was provided in APH-FAQs December 2005 (#8 Scenarios A and B). Note that while the scenarios cite an earlier period, the May 1, 2006 date (i.e., effective date of 2006 EDR regulatory assets approval for most distributors) can be substituted for the April 1, 2005 date in scenario A to make these examples germane to most distributors.

The accounting procedures in the original set-up of a distributor's books on recognition of the total historic Hydro One LV charges was to debit account 1586 and credit account 2405 (liability). On approval of the LV recorded in 1586, the distributor was required to transfer this amount to account 1590 for recovery purposes. The liability associated with the LV recorded in 2405 was reduced by amounts (charged by and) paid to Hydro One over a 36-months period (shown in Entry 5, December 2005 FAQ #8 example). Entry 5 is especially important to consider in light of the continuation of the Hydro One's LV charges after April 30, 2008.

Procedures to address the continuation of LV charges after April 30, 2008 (through the Hydro One regulatory asset rate rider) are as follows.

1. The distributor should determine whether the Hydro One LV charges up to April 30, 2008 cover the obligation (originally) recorded in 2405. (Note in the December 2005 FAQ #8 example, this was journal entry #1 for an amount of $90,000.)

2. If the LV obligation amount in account 2405 is Nil as of April 30, 2008, recordings to this account should cease. If not, recordings should continue until such time that the obligation amount reduces to Nil.

3. When the account 2405 amount is nil, all Hydro One charges after April 30, 2008 should be recognized as LV expenses and therefore recorded in account 4750, Charge – LV.

4. In the case of a distributor where the distributor's regulatory asset rate rider continues after April 30, 2008, these recoveries should continue to be record in account 1590. However, the portion attributable to the LV recovery should be transferred to account 4075, Billed – LV.

5. Lastly, Account1550, LV Variance Account, will record the net of amounts recorded in accounts 4075 and 4750. Accounting guidance on account 1550 was provided in the Board's letter of June 13, 2006 to distributors.

In summary, these procedures address the need to draw down the (original) obligation in account 2405 to Nil, record the subsequent LV charges after April 30, 2008, as expenses in account 4750 and, if applicable, record any LV recoveries included in the distributor's own regulatory asset rate rider continued after April 30, 2008, in account 4075. In terms of the disposition of amounts recorded in account 1550, the distributor can bring this forward in a future rate-setting proceeding.

Q.15 The Market Rules for the Transitional Arrangements of Wholesale Metering requires distributors that are metered market participants to acquire wholesale meters from Hydro One (transmission) and to arrange for servicing of these meters through a meter service provider. Please advise where the distributor should record the items listed below.

a) Assets: the distributor acquires wholesale meters at $5,200 per meter point (i.e., exit fee paid to Hydro One).

b) Expenses (in two situations): i) the distributor's expenses associated with servicing the acquired wholesale meter, and ii) the distributor's expenses related to Hydro One's $6,200 per meter point annual charge for wholesale meter services in the case where the distributor did not acquire the wholesale meter point.

c) Rebates: the distributor's receipt of $5,700 per meter point annually up to October 31, 2008, for Hydro One's avoided cost for not providing service in the transition period where the distributor acquired a meter point.

A.15 The following are the answers in respect to each of the above-noted items:

a) Asset – meter acquisition at $5,200

Distributors will record acquired metering points based on a payment of $5,200 exit fee per wholesale meter in sub-accounts of the following accounts:

- 1815, Transformer Station Equipment- Normally Primary Above 50kV, if the meter operates at voltages above 50kV, or
- 1820, Distribution Station Equipment – Normally Primary Below 50kV, if the meter operates at voltages below 50kV.

The Hydro One wholesale meter point charge of $5,200 amount is the net book value of the wholesale meters approved by the Board.

b) Expenses – i) distributor service expenses for acquired meter point ii) distributor fees paid for meter point not yet acquired

i) If the acquired meter point (asset) is recorded in account 1815, the expenses associated with the wholesale meter are recorded in account 5014, Transformer Station Equipment – Operating Labour, 5015, Transformer Station Equipment – Operating Supplies and Expense, or 5112, Maintenance of Transformer Station Equipment, as applicable. If the acquired meter point (asset) is recorded in account 1820, the expenses associated with the wholesale meter are recorded in account 5016, Distribution Station Equipment – Operating Labour, 5017, Distribution Station Equipment – Operating Supplies and Expense, or 5114, Maintenance of Distribution Station, as applicable.

ii) Effective November 1, 2007, the Hydro One approved fee is $6,200 per wholesale meter point in respect to services rendered to metered market participants (distributors included) for a meter point not yet acquired from Hydro One. This charge was approved as part of Hydro One's transmission rate order effective November 1, 2007. There is no account that specifically captures this type of wholesale meter fee in the electricity USoA. Due to the transitional nature of the metering fee effective until the metering point is acquired, a sub-account of account 5085, Miscellaneous Distribution Expense, can be used.

c) Rebates – avoided cost for service in the transition period ($5,700/ meter point)

The rebates provided annually for each meter point up to October 31, 2007 are offsets to distributors' expenses for servicing the acquired wholesale meters. Since they are not revenues derived through distribution rates, a distributor can elect (optional) to record the rebates of $5,700 per meter point as a credit in expense account 5112, Maintenance of Transformer Station Equipment or 5114, Maintenance of Distribution Station Equipment, depending to which asset account the acquired meters are recorded (i.e. account 1815 or 1820).

This treatment allows the matching of the rebate amounts with the wholesale meter service expenses (new costs) within one account in the wholesale metering transitional arrangement period.

The rebate payments served as avoided costs to Hydro One, the benefit of which was passed to metered market participants that acquired and serviced metering points. Effective November 1, 2007, Hydro One's new rate order was adjusted to remove the recovery of these expenses from rates. With this rate adjustment, the rebate payments have ceased.

Q.16 Is the mid-term yield data used to set the prescribed accounting interest rates for the CWIP (construction work in progress) account publicly available?

A.16 The original source reference used to determine the prescribed interest rate for the CWIP account, the Scotia Capital Inc. All Corporates Average Weighted Yield Mid-Term, was publicly available on the Bank of Canada's website until July 2007. The Board currently obtains this yield data under a licence with PC-Bond, a business unit of TSX Inc. The mid-term yield data used for the CWIP account was renamed DEX Mid Term Corporate Bond Index Yield.

The Board is not authorized to publish the PC-Bond yield data under the terms of the licence. However, to accommodate interested parties wishing to view the yield data, a copy of the data obtained from PC-Bond is available for public viewing at the Information Resource Centre of the Board's Office. The photocopying of this material is prohibited.

Q.17 An APH update was issued in July 2007. Were there any minor adjustments or corrections identified after the update?

A.17 The following amendments will be required in a future revision of the APH (except item # 3 below, which has been adjusted).

1) Reference: Article 220, page 23; account 1550, Paragraph D is not applicable and will be removed.

2) Reference: Article 220, page 34; account 1586, Paragraph A refers to "transmission network services." This reference is incorrect and will be replaced with "transmission connection services."

3) Reference: Article 220, page 46; the page-numbering sequence after page 46 continues as page 30 instead of page 47. An adjustment was made to reflect the correct page numbering in the current version (July 2007) of the APH on the OEB website (www.oeb.gov.on.ca).

4) Reference: Article 220, pages 124 and 125; account descriptions for accounts 4375 and 4380 provide date references of up to or until "Dec 31, 2004" to record "water or sewage services" in these accounts. This date restriction no longer applies and therefore water or sewage service transactions should continue to be recorded in these accounts. The date references will be removed from these accounts.

5) Reference: Article 410, page 6; CICA Handbook section references 3461.04 and 3461.10 are incorrect and will be replaced with 3061.04 and 3061.10 respectively.