



Ontario
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BY EMAIL AND WEB POSTING

March 2, 2023

**To: All Licensed Rate-regulated Electricity Distributors
All Registered Intervenors in 2022 and 2023 Rate Applications
All Other Interested Stakeholders**

**Re: Accounting Order (001-2023) for the Establishment of a Deferral Account to
Record Impacts Arising from Implementing the Ultra-Low Overnight (ULO)
Regulated Price Plan Option
Ontario Energy Board File No. EB-2022-0160**

Background

On October 18, 2022, the Ontario Energy Board (OEB) gave [notice](#) (Notice) of proposed amendments to the Standard Supply Service Code and the Regulated Price Plan (RPP) Manual to implement a new optional ultra-low overnight (ULO) price plan for electricity consumers on the RPP. The Notice stated that the OEB would allow distributors to track the revenue requirement impacts of their material costs of implementing the ULO option in a deferral account and that a generic accounting order would be issued.

After a public comment period, the OEB gave [notice](#) on December 14, 2022 that the proposed amendments were adopted and would come into force on January 1, 2023.

Pursuant to amendments to O. Reg. 95/05 (Classes of Consumers and Determination of Rates) under the *Ontario Energy Board Act, 1998* (OEB Act) that came into force on January 1, 2023, distributors are required to offer the new ULO price plan to RPP consumers no later than November 1, 2023; those distributors who are able to make it available earlier may do so as of May 1, 2023. The OEB is required to set ULO prices for the first time for May 1, 2023.

This accounting order is being issued by delegated authority under section 6 of the OEB Act, to give effect to the OEB's approval of the deferral account.

This letter sets out the accounting order that establishes a generic deferral account for distributors to track the revenue requirement impacts of their material costs of implementing the ULO option. Distributors may record incremental revenue requirement impacts directly attributable to the costs of implementing the ULO option. The OEB expects these costs to be one-time implementation costs, as opposed to on-going costs.

Accounting Order

Electricity distributors may establish two new accounts effective October 18, 2022:

1. Account 1508 - Other Regulatory Assets, Sub-account ULO Implementation Costs
2. Account 1508 - Other Regulatory Assets, Sub-account ULO Implementation Costs, Carrying Charges

In Account 1508, Other Regulatory Assets, Sub-account ULO Implementation Costs, electricity distributors may record the revenue requirement impacts of their material costs of implementing the ULO option. Carrying charges will apply at the OEB's prescribed rates that are published on the OEB's website on a quarterly basis.¹

Distributors are expected to track costs at a sufficiently detailed level or category to assist in a prudence review of the costs incurred.

The OEB will assess any claimed costs recorded in the sub-accounts, including the appropriate revenue requirement treatment, at the time the sub-accounts are requested for disposition, and subject to the causation, materiality, and prudence criteria.²

Sample Journal Entries

To record the revenue requirement impacts of material costs of implementing the ULO option:

Dr. 1508 Other Regulatory Assets, Sub-account ULO Implementation Costs

Cr. XXXX Account(s) associated with revenue requirement impacts, as applicable

To record revenue requirement impacts of material costs of implementing the ULO option.

¹ Please refer to the OEB's [Prescribed Interest Rates](#) webpage

² Filing Requirements for Electricity Distribution Rate Applications - 2023 Edition for 2024 Rate Applications, Chapter 2 Cost of Service, December 15, 2022, p. 66

Dr. 1508 Other Regulatory Assets, Sub-account ULO Implementation Costs, Carrying Charges

Cr. 6035 Other Interest Expense

To record the carrying charges on the monthly opening balance in Account 1508, Other Regulatory Assets, Sub-account ULO Implementation Costs.

Yours truly,

Theodore Antonopoulos
Vice President, Applications