

**OPUCN**  
**Year-end Financial Reporting versus Regulatory Reporting**  
**Account 1555 and Account 1556**

**Journal Entries Done in GL for financial reporting purposes:**

Accrual of smart meter funding adder money, OM&A expense and depreciation expense at year-end in GL, for financial reporting purposes – done in order to “recognize” smart meter revenue and expenses for audited financial statement purposes that may not be recognized for regulatory purposes until a Board Decision has been made:

|    |                             |         |         |
|----|-----------------------------|---------|---------|
| DR | Unbilled Revenue A/R        | 563,000 |         |
| CR | Distribution Revenue        |         | 563,000 |
| DR | OM&A Expense                | 77,000  |         |
| DR | Depreciation Expense        | 184,000 |         |
| CR | A/P and Accrued Liabilities |         | 261,000 |

**Spreadsheet adjustments made to GL numbers for regulatory reporting purposes:**

To adjust to regulatory reporting the following incorrect entries were made at year-end, for regulatory purposes:

|    |                             |         |         |
|----|-----------------------------|---------|---------|
| DR | Distribution Revenue        | 563,000 |         |
| CR | Unbilled Revenue A/R        |         | 563,000 |
| DR | A/P and Accrued Liabilities | 261,000 |         |
| CR | OM&A Expense                |         | 77,000  |
| CR | Depreciation Expense        |         | 184,000 |

**The following spreadsheet adjustments should have been made to GL numbers for regulatory reporting purposes:**

|    |                      |         |         |
|----|----------------------|---------|---------|
| DR | Distribution Revenue | 563,000 |         |
| CR | Account 1555         |         | 563,000 |
| DR | Account 1556         | 261,000 |         |
| CR | OM&A Expense         |         | 77,000  |
| CR | Deprecation Expense  |         | 184,000 |

Therefore the impact on the regulatory balances is that:

|   |                |
|---|----------------|
| Account 1555 is overstated by                                   | 563,000        |
| Account 1556 is understated by                                  | <u>261,000</u> |
| Net impact on smart meter variance accounts is overstatement of | <u>302,000</u> |