

Draft Accounting Order
Working Capital Allowance Percentage
Deferral Account

NPEI shall establish the following deferral account effective May 14, 2015:

- **Account 1508 Other Regulatory Assets, Subaccount Working Capital Allowance Percentage Deferral Account**

NPEI shall establish the Working Capital Allowance Percentage Deferral Account to record the incremental costs, both internal and external, associated with conducting a lead/lag study.

Carrying charges shall apply to this account. These amounts shall be calculated using simple interest applied to the monthly opening balances in the account (exclusive of accumulated interest) and shall be recorded monthly in a separate carrying charges sub-account related to this account. The interest rate shall be the rate prescribed by the Board.

Sample Journal Entry

The following are examples of the journal entries that will be made by NPEI.

The amounts assumed in the examples are for illustration purposes only.

	\$	
	<u>Dr.</u>	<u>Cr.</u>
1508 - Working Allowance Percentage Deferral Account	30,000	
2205 - Accounts Payable		30,000

To record incremental external costs relating to the lead/lag study.

	\$	
	<u>Dr.</u>	<u>Cr.</u>
1508 - Working Allowance Percentage Deferral Account	15,000	
1005 – Cash		10,000
2292 – Payroll Deductions/Expenses Payable		5,000

To record incremental internal costs relating to the lead/lag study.