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September 16, 2020

To: All Rate-regulated Electricity Distributors

**Re: Accounting Order for the Establishment of a Deferral Account to Record Impacts Arising from Implementing the Customer Choice Initiative
Ontario Energy Board File No. EB-2020-0152**

On September 8, 2020, the Ontario Energy Board adopted [final amendments](#) to the Standard Supply Service Code (SSSC), to come into force on October 13, 2020, which will enable electricity consumers on the Regulated Price Plan to opt out of time-of-use prices and to elect instead to be charged on the basis of tiered pricing.

In response to comments on the proposed amendments, the OEB [approved](#) the establishment of a generic deferral account in which licensed, rate-regulated distributors could record their costs associated with implementing the customer choice initiative, and indicated that a generic accounting order would follow.

This accounting order is being issued by delegated authority under section 6 of the Ontario Energy Board Act, 1998, to give effect to the OEB's approval of the deferral account.

Accounting Order:

Electricity distributors may establish two new accounts effective August 25, 2020:

1. Account 1508 - Other Regulatory Assets, Sub-account Customer Choice Initiative Costs
2. Account 1508 - Other Regulatory Assets, Sub-account Customer Choice Initiative Costs, Carrying Charges

In Account 1508 Other Regulatory Assets, Sub-account Customer Choice Initiative Costs, electricity distributors may record incremental costs directly attributable to the customer choice initiative. Carrying charges will apply at the OEB's prescribed rate.

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-account at the time the sub-account is requested for disposition, subject to the causation, materiality and prudence criteria.¹

Sample Journal Entries:

To record incremental costs directly attributable to the customer choice initiative:

Dr. 1508 Other Regulatory Assets, Sub-account Customer Choice Initiative Costs
Cr. XXXX Account(s) associated with incremental costs, as applicable

To record incremental costs directly attributable to the customer choice initiative.

Dr. 1508 Other Regulatory Assets, Sub-account Customer Choice Initiative 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 Customer Choice Initiative Costs.

Yours truly,

Original Signed By

Theodore Antonopoulos
Vice President Applications

¹ Ontario Energy Board, Filing Requirements for Electricity Distribution Rate Applications - 2020 Edition for 2021 Rate Applications - Chapter 2 – Cost of Service - 2.9.4 Establishment of New Deferral and Variance Accounts