**Draft Accounting Order**

**Account 1508 Other Regulatory Assets - Sub-account Rate Year Alignment Revenue Refund**

Elexicon Energy Inc. shall establish a new Account 1508 sub-account for the Rate Year Alignment Revenue Refund, effective January 1, 2021 for its Veridian Rate Zone. This sub-account will record the financial impacts from the incremental 2021 distribution rate increase for Veridian Rate Zone customers from the alignment of the rate year from May 1, 2021, to January 1, 2021. Actual incremental distribution revenues will be recorded in the sub-account as incurred from January 1, 2021 to April 30, 2021.

Upon implementation of the Rate Year Alignment Rate Riders (effective January 1, 2021 to April 30, 2021) that are calculated from the Rate Year Alignment Rate Rider Model, the rate rider transactions will be recorded in the same Rate Year Alignment Revenue Refund Sub-account. This will draw down the accumulated balance of the actual incremental 2021 distribution rate increase for the period January 1, 2021 to April 30, 2021.

Any residual balance after the expiry of the rate riders should be requested for final disposition in a future rate application (cost of service or IRM), once the balance has been audited in accordance with normal deferral and variance account disposition practices. If disposition is approved, the residual balance in the Rate Year Alignment Revenue Refund Sub-account should be disposed proportionately by customer class and the residual balance will be transferred to Account 1595.

The Rate Year Alignment Rate Rider Model does not take carrying charges into account when calculating rate riders so as not to complicate the model for an immaterial carrying charge amount. Carrying charges will apply to the Rate Year Alignment Revenue Refund Sub-account at the OEB’s prescribed interest rates.

The accounting method will ensure that the total amount collected from the Rate Year Alignment rate riders will offset the sum of (i) the amount collected from the incremental 2021 distribution rate increase for the period January 1, 2021 to April 30, 2021 and the associated carrying charges. It also ensures that the net journal entries recorded will result in the similar revenue balances as if the rate year alignment had not occurred and rate implementation had not been advanced to align with January 1, 2021.

Sample journal entries to be recorded in the account are:

1. DR Account 4080 Distribution Revenue

CR Account 1508 Other Regulatory Assets, Sub-account Rate Year Alignment Revenue Refund - Principal

***To record the monthly revenue collected from January – April 2021 (billed plus unbilled) associated with the incremental 2021 distribution rate increase.***

1. DR Account 1508 Other Regulatory Assets, Sub-account Rate Year Alignment Revenue Refund – Principal

CR Account 1100 – Accounts Receivable

***To record rate riders for Rate Year Alignment Revenue Refund to customers***

1. DR/CR Account 6035 Interest Expense/4405 Interest Income

CR/DR Account 1508 Other Regulatory Assets, Sub-Account Rate Year Alignment Revenue Refund - Carrying Charges

***To record carrying charges on the principal balance in the sub-account Rate Year Alignment Revenue Refund - Principal.***