



Ontario | Commission  
Energy | de l'énergie  
Board | de l'Ontario

BY EMAIL AND WEB POSTING

July 7, 2022

**TO: All Licensed Rate-Regulated Electricity Distributors  
All Other Interested Stakeholders**

**Re: Accounting Order (001-2022) for the Establishment of a Deferral Account to Record Impacts Pertaining to Ontario Regulation 410/22 (Electricity Infrastructure – Designated Broadband Projects)**

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**Background:**

On April 21, 2022, [Ontario Regulation 410/22](#) (Electricity Infrastructure – Designated Broadband Projects) was filed under the *Ontario Energy Board Act, 1998* (the Act). The Regulation, among other matters, requires that licensed distributors whose rates are set by the Ontario Energy Board (OEB) under section 78 of the Act must establish a deferral account with respect to all designated broadband projects in their service area. Designated broadband projects are defined in the *Building Broadband Faster Act, 2021*.<sup>1</sup> The Regulation stipulates that the deferral account shall include the amounts referred to in the Regulation regardless of whether they were incurred or paid before or after the Regulation came into force.

In accordance with the Regulation, the OEB is establishing a generic deferral account for rate regulated distributors to record the incremental impacts associated with carrying out activities pertaining to designated broadband projects.

This accounting order is being issued by delegated authority under section 6 of the Act.

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<sup>1</sup> O. Reg. 809/21 (Designated Broadband Projects) under the *Building Broadband Faster Act, 2021* specifies that “Every broadband project where funding, in full or in part, has been provided through the Ministry of Infrastructure for the purposes of deploying broadband and high-speed internet infrastructure in Ontario is a designated broadband project for the purposes of the Act.”

**Accounting Order:**

Licensed, rate-regulated electricity distributors with any designated broadband projects in their service area shall establish two new accounts:

1. Account 1508 - Other Regulatory Assets, Sub-account Designated Broadband Project Impacts
2. Account 1508 - Other Regulatory Assets, Sub-account Designated Broadband Project Impacts, Carrying Charges

In Account 1508 Other Regulatory Assets, Sub-account Designated Broadband Project Impacts, distributors shall record all incremental costs, and incremental revenues, attributable to carrying out activities pertaining to designated broadband projects, in a manner that accords with the requirements set out in the Regulation. Carrying charges will apply at the OEB's prescribed rate from the date on which the costs or revenues, as applicable, are incurred.

The Regulation specifies that balances recorded in the account may not be recovered unless the OEB is satisfied that:

- (a) costs incurred and amounts paid are accurately recorded in the account;
- (b) the recorded costs are material and were prudently incurred; and
- (c) if the licensed distributor and proponent [of the designated broadband project] have entered into an agreement described in subsection 5 (7) [of the Regulation], the costs and revenues provided for in the agreement and recorded by the distributor reflect a reasonable allocation of costs between them.

Distributors are expected to track costs and revenues at a sufficiently detailed level or category to assist in a prudence review of the costs incurred and revenues realized at the time disposition is requested.

**Sample Journal Entries:**

Dr./Cr. 1508 Other Regulatory Assets, Sub-account Designated Broadband Project Impacts  
     Cr./Dr. XXXX Account(s) associated with incremental costs or revenues, as applicable

*To record incremental costs and revenues pertaining to designated broadband projects.*

Dr./Cr. 1508 Other Regulatory Assets, Sub-account Designated Broadband Project Impacts, Carrying Charges  
     Cr./Dr. 6035 Other Interest Expense

*To record the carrying charges on the monthly opening balance in Account 1508 Other Regulatory Assets, Sub-account Designated Broadband Project Impacts.*

Yours truly,

Theodore Antonopoulos  
Vice President Applications