

TORONTO HYDRO ELECTRIC SYSTEM LIMITED ACCOUNTING ORDER
ACCOUNT 1508 – OTHER REGULATORY ASSETS, SUB-ACCOUNT
LOCATE DELIVERY SERVICES VARIANCE ACCOUNT

Toronto Hydro Electric System Limited (“Toronto Hydro”) proposes the establishment of a new Account 1508 – Other Regulatory Assets Sub-Account “Locate Delivery Services Variance Account” to record the variance between actual locate costs and the approved cost included in base rates.

This account includes costs incurred to enable the locate activities.

The following accounts will be established to record the amounts described above effective January 1, 2023:

- Account 1508, Other Regulatory Assets Sub-Account “Locate Costs Variance Account”
- Account 1508, Other Regulatory Assets Sub-Account “Locate Costs Variance Account” Carrying Charges

The utility will record interest on the balance in the sub-account using the prescribed interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed. Carrying charges will apply to the opening balances in the account (exclusive of accumulated interest) at the OEB-approved rate for deferral and variance accounts.

The utility will apply to clear the balances in this account to ratepayers.

The following outlines the proposed accounting entries for this variance account.

<u>USofA #</u>	<u>Account Description</u>
DR/CR 1508	Other Regulatory Assets, Sub-Account “Locate Delivery Services Variance Account”
CR/DR 4080	Distribution Services Revenue

Initial entry to record the variance between actual locate costs and the approved cost included in base rates.

<u>USofA #</u>	<u>Account Description</u>
CR/DR 6035	Other Interest Expense
DR/CR 1508	Locate Delivery Services Variance Account-Carrying Charges

To record interest improvement on the principal balance of the Locate Delivery Services Variance Account.