**InnPower Corporation**

**Draft Accounting Order**

**Account 1508 – Other Regulatory Assets, Sub-account BATU Installment Account**

InnPower Corporation (InnPower) shall establish the “BATU Installment Account”. In the Decision and Order in EB-2023-0033 dated XXX XX, 2023, the Ontario Energy Board (OEB) approved the establishment of a new deferral account, “BATU Installment Account” to capture the revenue requirement associated with InnPower’s capital contribution installments paid to Hydro One Networks Inc. (Hydro One) for its proportionate share of the BATU Project, as approved in EB-2018-0117, exclusive of the capital contribution installment paid in 2023 and the portion of the 2024 capital contribution installment paid which has been entered into rate base in the 2024 Test Year in accordance with the Half-Year Rule. The BATU Installment Account will also be used to true-up variances in InnPower’s BATU capital contribution installments in two ways:

1. Should the in-service date for the BATU project vary from 2023 into 2024, InnPower would make entries in the BATU Installment Account such that on disposition of the BATU Installment Account as part of InnPower’s next Cost of Service application, costs recovered from ratepayers are reflective of InnPower’s actual revenue requirement associated with the BATU capital contributions over the 2023 through 2028 period; and,
2. Should the cost of the BATU project vary from Hydro One’s most recent April 2022 estimate, with corresponding adjustments to InnPower’s capital contribution and installments, InnPower will make entries in the BATU Installment Account to adjust for cost variances such that on disposition as part of InnPower’s next Cost of Service application the revenue requirement recovered from ratepayers is reflective of the actual capital contribution and installments paid.

The deferral account will include five sub-accounts.

The first deferral sub-account established is Account 1508 – Other Regulatory Assets, Sub-Account BATU Installments Paid, which will be used to record InnPower’s cumulative capital contribution installments as they are paid to Hydro One, exclusive of amounts paid in 2023 and 2024 which are otherwise included in rate base as a result of the OEB’s Decision in EB-2023-0033.

The second deferral sub-account established is Account 1508 – Other Regulatory Assets, Sub-Account BATU Installment Return and PILs which will be used to record return on rate base (i.e., interest and return on equity) and PILs associated with the amounts included in Sub-Account BATU Installments paid.

The third deferral sub-account established is Account 1508 – Other Regulatory Assets, Sub-Account BATU Depreciation Expense, which will record depreciation expense associated with the capital contributions recorded in Sub-Account BATU Installments paid.

The fourth deferral sub-account established is Account -1508 – Other Regulatory Assets, Sub-Account Accumulated Depreciation, which will be credited with the amounts charged to the BATU Installment Depreciation Expense Sub-Account.

The fifth deferral sub-account established is Account 1508 – Other Regulatory Assets, Sub-Account BATU Installments Paid, Carrying Charges, which will be used to record interest on the amounts included in sub-accounts Return and PILs and Depreciation Expense, as described above.

The deferral account sub-accounts will be established as follows:

1) Account 1508, Other Regulatory Assets – Sub-Account BATU Installments Paid

2) Account 1508, Other Regulatory Assets – Sub-Account BATU Installment, Return and PILs

3) Account 1508, Other Regulatory Assets – Sub-Account BATU Installment Depreciation Expense

4) Account 1508, Other Regulatory Assets – Sub-Account BATU Installment Accumulated Depreciation

5) Account 1508, Other Regulatory Assets – Sub-Account BATU Installment, Carrying Charges

The deferral account and its sub-accounts will be effective January 1, 2024, and will be disposed at the time of InnPower’s next Cost of Service application, or as otherwise prescribed by the OEB. InnPower will record interest on the balances in Sub-account BATU Installment, Carrying Charges using the prescribed interest rates set by the OEB. Simple interest will be calculated on the opening monthly balances of the accounts until the balance is fully disposed.

The following outlines the proposed accounting entries:

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| USoA # | Account Description |
| Dr: 1508 | Other Regulatory Assets – Sub-Account BATU Installments Paid |
| Cr: 1609 | Capital Contributions Paid |
| To record capital contribution installments paid by InnPower to Hydro One relating to the BATU project | |
|  |  |
| Dr: 1508 | Other Regulatory Assets – Sub-Account BATU Installment Return and PILs |
| Cr: 3046 | Balance Transferred from Income |
| To record Return on Equity component of Return on Rate Baseassociated with amounts recorded in Sub-Account BATU Installments Paid | |
|  |  |
| Dr: 1508 | Other Regulatory Assets – Sub-Account BATU Installment Return and PILs |
| Cr: 4405 | Regulatory Carrying Charges |
| To record interest component of Return on Rate Base associated with amounts recorded in Sub-Account BATU Installments Paid | |
|  |  |
| Dr: 1508 | Other Regulatory Assets – Sub-Account BATU Installment Return and PILs |
| Cr: 6110 | Income Taxes |
| To record PILs associated with amounts recorded in Sub-Account BATU Installments Paid | |
|  |  |
| Dr: 1508 | Sub-Account BATU Installment Depreciation Expense |
| Cr: 1508 | Sub-Account BATU Installment Accumulated Depreciation |
| To record depreciation expense associated with amounts recorded in Sub-Account BATU Installments Paid | |
|  |  |
| Dr: 1508 | Other Regulatory Assets – Sub-Account BATU Installments Paid, Carrying Charges |
| Cr: 1525 | Miscellaneous Deferred Debits |
| To record Carrying Charges associated with amounts recorded in Sub-Accounts BATU Installment Return and PILs, and BATU Installment Depreciation Expense | |