

1 **REGULATORY ASSET ACCOUNTS REQUESTED**

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3 This exhibit requests approval to establish new variance accounts for Hydro One
4 Distribution as follows:

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- 6 • Pension Cost Differential
 - 7 • OEB Cost Differential
 - 8 • Impact of Change in IFRS
 - 9 • Fixed Charge for Micro-Generators
 - 10 • Bill Impact Mitigation
- 11

12 The need for these accounts and the accounting and control process is described in further
13 detail in the remainder of this exhibit.

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15 **1.0 PENSION COST DIFFERENTIAL**

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17 Hydro One Distribution proposes to track the difference between the actual pension costs
18 booked using the actuarial assessment provided by Mercer, and the estimated pension
19 costs used in this filing.

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21 **2.0 OEB COST DIFFERENTIAL**

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23 This account will track the difference between the annual OEB Cost Assessments,
24 intervenor cost awards, and costs associated with OEB-initiated studies and the amount
25 for these expenditures approved by the OEB as part of the 2010 and 2011 Distribution
26 Rates until these rates are rebased.

1 **3.0 IMPACT OF CHANGE IN IFRS**

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3 This account will track the difference between costs in the current revenue requirement
4 and any difference in revenue requirement due to changes in the application of IFRS
5 standards once they are approved.

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7 **4.0 FIXED CHARGE FOR MICRO-GENERATORS**

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9 This account will record revenue collected from the new fixed meter charge that will be
10 applied to micro-generators. This revenue will be tracked in a variance account to be
11 refunded in the future to customers.

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13 **5.0 BILL IMPACT MITIGATION ACCOUNT**

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15 This account will record any revenue forgone and any incremental costs associated with
16 implementing any additional mitigation measures that might be required as a result of
17 completing the harmonization process.

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19 **6.0 ACCOUNTING AND CONTROL PROCESS**

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21 The variance accounts requested above will be managed in the same manner as existing
22 Hydro One Distribution variance accounts. Accounts will be updated monthly and
23 interest applied consistent with the Board approved rate. Balances will be reported to the
24 Board as part of the quarterly reporting process. The outstanding balance whether in a
25 debit or credit position will be submitted for approval by the Board as part of Hydro One
26 Distribution's next rate filing.