Regulatory Deferral Accounts and Financial Statements of Electricity Distribution Companies in Nigeria

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Abstract
his study examined the effect of regulatory deferral accounts on the financial statements of electricity distribution companies in Nigeria, with particular emphasis on the effect of electricity tariff adjustments on Tobin's Q. The study was motivated by persistent challenges in Nigeria's electricity sector, including operational inefficiencies, regulatory bottlenecks, inadequate investment, and frequent power grid collapses, which underscore the need for transparent financial reporting and improved corporate performance. The study adopted an ex-post facto research design and utilized secondary data obtained from the Nigerian Electricity Regulatory Commission, the Nigerian Bulk Electricity Trading Company, and the financial statements of electricity distribution companies for the period 2015–2024. The population and sample comprised the eleven electricity distribution companies operating in Nigeria, selected using the purposive sampling technique. Panel data estimation techniques, including pooled regression, fixed-effects, and random-effects models, were employed, while the Hausman specification test guided the selection of the appropriate model. Descriptive statistics and panel unit root tests were also conducted. The findings revealed that electricity tariff adjustments had a positive and statistically significant effect on Tobin's Q, indicating that tariff adjustments were associated with increased firm value among electricity distribution companies in Nigeria. Inflation, included as a control variable, had a statistically significant negative relationship with Tobin's Q, suggesting that rising prices may undermine the market value of these companies. The study concluded that electricity tariff adjustments significantly influence the financial performance and value of electricity distribution companies in Nigeria. It recommended that the Nigerian Electricity Regulatory Commission undertake periodic assessments of customer consumption, expected revenue, and operational costs to establish realistic and sustainable electricity tariffs.

The study contributes to existing knowledge by providing empirical evidence on the relationship between regulatory tariff adjustments and the value of electricity distribution companies in Nigeria.

Keywords: *Regulatory deferral accounts, electricity tariff adjustments, financial statements, Tobin's Q, electricity distribution companies, Nigeria.*

Introduction

1.1 Background of the Study

Historically, Regulatory Deferral Accounts can be traced back to the United States of America's Financial Accounting Standard 71 (Accounting for the Effect of Certain Types of Regulation).The type of Regulation covered by the Statement permitted Rates (prices) to be set at Levels intended to recover the estimated costs of rendering regulated services or products, including cost of Capital (Financial Accounting Standards Board, 1982). Utilities are generally subject to regulation. This serves as a substitute for the economic controls of competition in assuring fair prices and adequate service (Deloitte, 2012). The main aim of the regulatory process is to secure efficiency of monopolistic operation without allowing the enterprise to take advantage of its customers. The industries that are usually classified as public Utilities are Electricity, Gas, Telephone, Water and Sewerage etc. The electricity sector in Nigeria is regulated by the Nigerian Electricity Regulatory Commission (NERC). This commission is in charge of granting License to Generation and Distribution companies including other Mini electricity Managers. It is also in charge of handling complaints that come up from the actions of these electricity companies(Nigerian Electricity Regulatory Commission, 2023). Managing the electricity industry has not been an easy task for the commission especially in a system where corruption is fighting the growth and development of the country. The NERC has in the past issued guidelines that are meant to ensure a smooth and transparent provision of electricity and its payment in the power sector in Nigeria. These regulations seem however not to have had the desired impact as things has not improved to the extent desired by Nigerians.

1.2 Statement of the Problem.

The Electricity sector in Nigeria has been plagued with many challenges which include operational low performance, regulatory bottlenecks and low level of investments in the industry. From 2015 to 2024 Nigeria have recorded 30 partial and 82 total system grid collapse. The relevance of financial statements and fair representation of the affairs of the electricity distribution companies is of utmost importance if the power industry is to grow to the heights desired by stakeholders. This will help the customers know their stand with these companies. The power and utility industry are highly regulated, with continuing government involvement in pricing, security and pressure to reduce greenhouse gas emissions and other pollutants (Pricewaterhousecoopers, 2011).

1.3 Objective of the Study

Determine the effect of Electricity tariff Adjustments on the Tobin's Q of power distribution companies in Nigeria.

1.4 Research Questions

The following research question is in line with the objective of the study.
What is the effect of Electricity tariff Adjustments on the Tobin's Q of power distribution companies in Nigeria?

1.5 Research Hypotheses.

For the purpose of this Study, the following null hypotheses were formulated.
H_{01}: Electricity tariff Adjustments has no significant effect on the Tobin's Q of power distribution companies in Nigeria.

1.6 Scope of the Study.

The focus of this study will be on the Eleven Electricity Distribution Companies in Nigeria. Due to availability of Data, the study will look at the period 2015 to 2024 that's a period of Ten (10) Years. The population of the study covers the Eleven (11) selected Electricity distribution companies within the Years selected for the research.

Review Of Related Literature.

2.1 Conceptual Review

2.1.1 Electricity Tariff.

In the Nigerian Electricity Industry, Tariff means prices approved by the Nigerian Electricity Regulatory Commission in respect of any regulated activities of the Electricity Market (Nigerian Electricity Regulatory Commission, 2023). Retail Tariff means the final tariff to be paid by consumers. It includes the generation, transmission, distribution and all other associated cost. The major aim of setting up tariff systems is to ensure that the customer pays the right amount for the electricity they used (Orike, Ahiakwo, & Nkoi, 2020). Prices for any single class of Electricity Customer can vary by time of Day or by the capacity or nature of the supply circuit for industrial customers, single-phase or 3-phase, etc. A specific market allows real-time dynamic pricing, a more recent option in limited markets to date. Following the introduction of electronic metering, prices can vary between times of low and high electricity network (Anyaka & Edokobi, 2014).

2.1.2 Inflation.

Inflation is the rate of increase in prices over a given period of time (Oner, 2010). Inflation is mostly a wide-range of measures, such as the total increase in prices or the surge in the cost of living in a country. Consumer's cost of living depends on the prices of many goods and services and the share of each in the household budget.
Batten et al, (2024) has posited that the fluctuations of energy prices due to inflation affects the overall cost of production of both goods and services which also transcends to the broader economy. This is the case with the Electricity Distribution Companies in Nigeria. The cost of production of Electricity from the Generation Companies contains effects of inflation which come as a result of worldwide increase in the prices of Diesel, Fuel or Natural Gas which are used to power the generators. In addition, inflation also affects the cost of repairs or buying a new generator to replace the old one.
These effects of inflation are transcended to the Electricity Distribution Companies, who add their own effects of inflation to the cost of distribution of electricity to the final customer.

2.13 Tobin's Q.

The Tobins Q was introduced by James Tobin in 1969. It is the ratio of the market value to the replacement cost of Capital (Mcdonald, 2004). It shows the causal relationship between Quotient and the investment. The Q ratio is generally used to calculate the value of a company (Corporate Finance institute, 2025). Where the Ratio is greater than one, the market value of a company exceeds the value of its booked assets. The company is overvalued as the market value shows some unmeasured assets. A ratio greater than one indicates that a company's earnings are higher than the assets' replacement costs. However, when the ratio is lower than one, the value of the company' booked assets exceeds their market value. This means that the market undervalues the company.

Tobin's Q Calculation.

Tobin's Q = Market Value of the Company / Replacement Cost of its Assets. The market value represents the market estimate of the value of the company. The market value of the company can be calculated using the Market capitalization (market value of equity), the income approach(which focuses on the company's ability to generate future earnings or cashflow), Market based approach(which compares the target company to similar companies that have been recently valued or sold), and the Asset- based Approach. This focuses on the value of the company's underlying assets.

2.2 Theoretical Review.

2.2.1 The Efficiency theory.

Efficiency theory focuses on maximizing output while minimizing waste (time, effort, resources) to achieve optimal performance. Generally, Efficiency narrates the magnitude to which resources such as energy, time etc. are well used for the intended task or purpose(Yampolskiy, 2011). Optimal performance often defined as operating at the lowest cost or maximum productivity. Efficiency also shows the way in which resources such as time, space, energy, etc. are utilized for the intended purpose (Roman, 2011). Three different Theories of Efficiency exist. They are Pareto efficiency / Pareto optimality. Another is the Kaldor–Hicks enhancement, and finally the Zero-profit position or Zero Profit Theorem.

Efficiency Theories provide for at least two terms which various authors use to define efficiency in terms of its content(Vojko, 2014). The first term is perspectives, which some authors propose to cover e.g. the realistic, power and social justice approaches and evolutionary perspectives. The other term is the generalization about effectiveness with the values-based and time-specific state of an effectiveness theory.

2.3 Empirical Review.

2.3.1 Electricity tariff Adjustments.

Okon et al, (2022) investigated into the IFRS 14 Regulatory Deferral Standard which came into effect in 2016 as an interim standard to explore its strength. Paper review using purposive sampling method was made. The works of four world professional accounting firms namely; Grant Thornton; KPMG; Delloitte; and IFRS staffer news; including IASB Discussion paper on Rate Regulation (2014) were reviewed. The study revealed that IFRS 14 is a work in progress and serve as interim standard; except for limited changes required, it allows for new adopters of IFRS with regulated Deferral balances to continue with their accounting policies rate regulation based on GAAP; Both the statement of financial position and statement of profit or loss and

other comprehensive income are to present a separate regulatory deferral account balance as a separate line of item; entities are to disclose the kind and risk that are associated with the form of rate regulation giving birth to recognising the regulatory deferred account balances. The finding also reveal that the IFRS 14 fully regulated may have beneficial effect than the current approach as a mock comparison move a negative earnings per share of (N3,606) in unregulated to N5,041 on fully regulated deferral. Necoechea-Porras et al., (2021) studied the Deregulation in the Energy Sector and Its Economic Effects on the Power Sector. The article's objective is to evaluate the process of deregulation policies and their micro and macroeconomic effects on the energy sector, and specifically on electricity, by analyzing literature related to electricity reforms. Further, the article intends to explore the impacts of deregulation on power pricing, power market, electricity accessibility, innovation, and competitiveness. Another objective of the article is to analyze the role played by various stakeholders in the deregulation policies, including the government, national entities like states, the private sector, and consumers. The article identified ways to improve the economic impacts of deregulation policies in the energy sector. After a systemic review of specialized articles regarding their theoretical approach, results showed a positive relationship between reform and innovation, competitiveness, opening-up of the market, technology, and price changes. Although deregulation measures aimed to reduce the consumers' electricity cost, the changes in power prices were achievable only in the long-term and not in the short-term. Additionally, government regulators and stakeholders participated in implementing various measures to ensure that deregulation achieved its primary objective of reducing power prices. Such efforts include developing divestiture policies and implementing rate cuts. Flores & Lopes, (2019) studied the Decrease in the Value Relevance of Accounting Information in Electric Distributors After the Brazilian IFRS Adoption. The study sought to ascertain whether there were reductions in the relevance of the Accounting Information of Brazilian Energy Distributors in the post-IFRS period. The rationale for the study was from the fact that after the adoption of international accounting standards, energy distributors were unable to register regulatory assets and liabilities concerning their activities. The same hypothesis was evaluated for canadian electricity incumbents. Using a value relevance model, it was possible to conclude that there was a reduction in the relevance of the accounting information in the Brazilian case and that this decrease is very potentially related to the write-off of regulatory assets after IFRS. It was also observed that the same effect did not occur in the Canadian Companies after the adoption of this normative set. It was also verified that before the IFRS, both the regulatory assets of Brazilian companies and of Canadian firms were from the statistical perspective also incorporated into the market value of the companies analyzed, denoting similar behavior on the part of investors. Although the economies of these jurisdictions are distinct, investors incorporated such accounting assets into stock prices because they could potentially verify realization rates on such items. Thus, it is concluded that the adoption of international standards did not benefit Brazilian energy distributors by distancing the book value from the market value. Olaoye & Talabi, (2018) studied the Effect of Electricity Tariff and Self-Generated Power Supply on Business Performance in Nigeria. The aim and objective of the study was to examine if electricity tariff and self- generated electricity constitutes significant impact on business performance and if there any significant difference between electricity tariff and self – generated source of power on business performance. The research population for this work comprises of all businesses in Ondo State cutting across servicing companies, manufacturing companies and wholesale/retail businesses. The primary source of data collection was employed and the stratified random sampling method was used to select the required sample size. The

research instrument used for data collection was questionnaire and One hundred (100) copies of structured questionnaire were administered and eighty- two (82) were returned, representing 82%. The data collected were analyzed through the Ordinary Least Square (OLS) estimation model. From the findings, it was discovered that both high electricity tariff and self- generated electricity cost affect firms' performance, indicating that they have significant impact on business performance. Also the result reveals that there is significant difference between electricity tariff and self- generated electricity on business performance, since a rise in the electricity outage will trigger rises in generator usage. The major recommendation is that, government should immediately provide tax relief for all privately generated power for industrial output, knowing that improvement in the reliability of public power supply is needed to reduce generator usage, and also reduce cost of production, which in turn will enhance price control policy of the government. Though, many firms would still need to maintain their own back-up generators in order to meet international quality standards for participation in export markets

Bobinaite et al, (2016), did a study which aimed at modelling the electricity generator's expectations about price development in the Latvian day-ahead electricity market. Correlation and sensitivity analysis methods are used to identify the key determinants of electricity price expectations. A neural network approach is employed to model electricity price expectations. The research results demonstrate that electricity price expectations depend on the historical electricity prices. The price a day ago is the key determinant of price expectations and the importance of the lagged prices reduces as the time backwards lengthens. Nine models of electricity price expectations are prepared for different natural seasons and types of the day. The forecast accuracy of models varies from high to low, since errors are 7.02 % to 59.23 %. The forecasting power of models for weekends is reduced; therefore, additional determinants of electricity price expectations should be considered in the models and advanced input selection algorithms should be applied in future research. Electricity price expectations affect the generator's loss through the production decisions, which are made considering the expected (forecasted) prices. The models allow making the production decision at a sufficient level of accuracy.

2.4 Research Gap

The reviewed studies examined various aspects of the electricity sector, including the value relevance of IFRS, electricity supply and business performance, energy sector deregulation, and electricity grid efficiency. However, limited attention was given to the empirical analysis of regulatory deferral account parameters and their effects on the financial performance and value of electricity distribution companies in Nigeria. Although Okon et al. (2022) examined regulatory deferral accounts, their study relied on a review of professional accounting literature rather than an empirical analysis of electricity distribution companies. Consequently, this study addresses the identified gap by examining the effects of regulatory deferral account parameters on the performance of the eleven electricity distribution companies in Nigeria, using Tobin's Q as a measure of firm value over the period 2015–2024.

3 Methodology

3.1 Research Design

The study made use of the ex-post facto research plan. information on the variables were gotten from the Nigerian Electricity Regulatory Commission, the Nigerian Bureau of Statistics, Nigerian Bulk Electricity Transmission Company and the Financial Statements of the Eleven

Distrisbution Companies in Nigeria. Therefore, the occasions under research have previously occurred and no endeavor can be made to control the review factors.

3.2 Nature and Sources of Data.

The review made use of secondary data. Information was obtained from the Nigerian Electricity Regulatory Commission Annual Reports, Nigerian Bulk Electricity transmission Company's Financial Statements and the financial statements of Enugu Electricty Distribution Company, Abuja Electricty Distribution Company, Port Harcourt Electricity Distribution Company, Kaduna Electricity Distribution Company, Kano Electricity Distribution Company, Jos Electricity Distribution Company, Ikeja Electricity Distribution Company, Ibadan Electricity Distribution Company, Eko Electricity Distribution Company, Benin Electricity Distribution Company and Yola Electricity Distribution Company, for the years 2015 to 2024.

3.3 Population of Study.

The study was carried out on the Eleven (11) Distribution Companies operating in Nigeria for the period 2015 to 2024. That is a period of Ten (10) Years. We started from year 2015 because of Availability of Data. it was the year that the Nigerian Electricity Regulatory Commission and the Nigerian Bulk Electricity Transmission Commission started keeping a Regulatory Account for the Distribution companies in order to keep a proper account of their activities.

3.4 Sample and Sampling Techniques.

The sample size comprises of the Eleven Electricity Distribution Companies in Nigeria. The Purposive Testing Method was utilized. The Population will also be the sample size because they all have Regulatory Deferral Account Balance Account with the Nigeria Electricity Regulatory commission.

3.5 Model Specification.

The model specification is based on the empirical studies reviewed that relate to Regulatory Deferral Account (RDA) and the Financial statements of Electricity Distribution Companies in Nigeria.Specifically, the study adapted the work of Rodriques Valencia's Model(Rodriguez-Valencia , 2025), the model is stated below

Tobin's Qit = α+$\sum 3K=1 \beta ControlVariablesk$+$\sum 1l=1 \beta Financialperformance Variablesl$ +$\sum 8m=1 \beta Corporategovernancevariablesm$+$\varepsilon it$

but wias modify in respect of the independent variablesused in this study. We incorporated other variables such as (ELTA) Electricity Tariff Adjustment and inflation as the control . Consequently, the functional forms of the model are

Tobin's Q = f(ELTA,LNINFLit)----------i

Where Tobin's Qit = Tobin's Q of the Companies

In view of the above model, we express our model further as follows;

Hypothesis One states that there is no significant relationship between electricity Tariff Adjustment and Revenue of Electricity Distribution Companies. Therefore the relevant linear equation that explained this relationship is expressed as follows;

Tobin's Q= β_0 +β_1ELTAt+ ε_t

Where Tobin's Q represents the Tobin's Q of the Companies.,

ELTA = Electricity Tariff Adjustment

β_0 is the constant,
β_1 *to* β_3 represents the coefficients
t denotes the time
$\varepsilon_t$denotes the error term

3.6 Estimation Technique.

The study made use of pooled regression, fixed effect and random effect regression, while the Hausmans test was applied to distinguise between the fixed and random effects (Gujaranti, 2013). However, the study conducted a test of the descriptive statistics analysis of the dependent and independent variables .Fixed effect regression was used in the study because it states the values of the dependent and independent variables as deviations from their mean values. this will help to establish the effect of the cross section data used in the study.

Random effect regression (ECM) was also engaged to ascertain the level of relationship between the variables in a panel. The intercept value is expressed as $\beta_{0I} = \beta_1$ + ei which implies that the differences in the intercept values of the electricity distribution companies is reflected in the error term.

Data Presentation and Analysis

4.1 Data Analysis.

Panel unit root test: Summary

Table 4.2 Panel unit root test table

Series: TOBINS_Q, ELTA, TRLA, LOST, COEF, MIRO, CUSA, LNINFL

Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-0.57081	0.2841	7	606
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-22.6359	0.0000	7	606
ADF - Fisher Chi-square	226.399	0.0000	7	606
PP - Fisher Chi-square	241.513	0.0000	7	625

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

The results from the panel unit root tests suggest mixed evidence regarding the stationary of the series under investigation. Specifically, theLevin, Lin & Chu (LLC) test**,** which assumes a common unit root process across the panel, fails to reject the null hypothesis, indicating that there may be non-stationary in at least some of the time series. However, the Im, Pesaran, and Shin (IPS) test, along with the ADF - Fisher Chi-squareand PP - Fisher Chi-square tests, which assume individual unit root processes for each cross-sectional unit, all strongly reject the null hypothesis of a unit root, suggesting that at least some of the series in the panel are stationary.

This suggests that, although some series may exhibit unit roots and non-stationary, the majority of the time series in the panel are likely stationary, or at least exhibit different degrees of stationary across cross-sectional units. The mixed results highlight the importance of further analysis to account for individual characteristics of each series in the panel and potential heterogeneity in their dynamics.

Table 4.3 Hausman Test Table

Model	Fixed /Random Effect	Chi-Sq.	Prob.	Application
Tobins Q=f(elta,lninfl)	Random Effect	0.714238	0.6997	P > 5%

Source: Researchers computation

The table 4.3 reports the results of the Hausman specification test used to determine whether a fixed-effects or random-effects panel model is more appropriate for explaining variations in Tobin's Q when combined with inflation. The choice between these two models depends on whether unobserved firm-specific characteristics are correlated with the explanatory variables.

For the model in which Tobin's Q is expressed as a function of ELTA and the logarithm of inflation, the Hausman chi-square statistic is 0.714238 with a probability value of 0.6997. Since this probability exceeds the 5 percent significance level, the null hypothesis that the random-effects estimator is consistent cannot be rejected. This indicates that firm-specific effects are not systematically correlated with elta or inflation, making the random-effects model the appropriate specification for this relationship.

4.4 Test of Hypothesis

Hypothesis One

Tobin's Q = f(ELTA,LNINFLit)----------I

Decision Rule for Applying fixed or random effect model:

If the p-value < 0.05 → Use Fixed Effects and this meanthat Random Effect is inconsistent. The Fixed Effects model is appropriate; individual effects are correlated with the explanatory variables (RE is inconsistent) Where the P-value ≥ 0.05 → Use Random Effects which mean that RE is efficient and appropriate. The Random Effects model is appropriate; individual effects are not correlated with the explanatory variables (RE is consistent and efficient).

Table 4.4 Hausman Test table

Correlated Fixed Effects - Hausman Test

Equation: Untitled

Test cross-section Fixed effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section fixed	0.714238	2	0.6997

Source: Researchers computation

The Random Effects model is appropriate and efficient**.** The Fixed Effects model does not provide a statistically significant improvement over Random Effects in this case. Based on the Hausman test results, the Random Effects model should be used for estimation. This suggests

that unobserved heterogeneity across cross-sections is uncorrelated with the regressors, validating the assumptions underlying the Random Effects approach.

Statement of Hypothesis in Null Form

H_0 : There is no significant relationship between electricity Tariff Adjustment and the Tobin's Q of Electricity Distribution Companies.

Decision Rule: Accept the null hypothesis if the probability value of t-statistic is not less than 5% level of significance, otherwise reject the null.

The decision rule is applicable to all the hypotheses

Table 4.5 Random Effect Model

Dependent Variable: TOBINS_Q
Method: Panel EGLS (Cross-section random effects)
Date: 01/14/26 Time: 12:04
Sample: 2015 to 2024
Periods included: 10
Cross-sections included: 11
Total panel (balanced) observations: 110
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.371800	5.26E-15	2.61E+14	0.0000
ELTA	2.26E-16	3.30E-17	6.864739	0.0000
LNINFL	-2.22E-14	2.25E-15	-9.861249	0.0000

Source: Researchers computation

Thep-value for ELTA is 0.0000**,** which isless than the 5% (0.05) level of significance**.** This indicates thatElectricity Tariff Adjustment has a statistically significant effect on Tobin's Q**.** The positive coefficient of ELTA implies that increases in electricity tariff adjustments are associated with an increase in firm value (Tobin's Q)**.** Inflation (LNINFL) is also statistically significant and negatively related to Tobin's Q, suggesting that higher inflation reduces firm value.

Decision: Since the p-value of ELTA (0.0000) is less than 0.05, the study rejects the null hypothesis (H_0) and state that Electricity Tariff Adjustment had a statistically significant effect on Tobin's Q**.**

4.5 Discussion of Results

4.4.1 Objective One: Determine the effect of Electricity tariff Adjustments on the Tobin's Q of power distribution companies in Nigeria. The study rejects the null hypothesis (H_0) and state that Electricity Tariff Adjustment had a statistically significant effect on Tobin's Q**.** The study is in line with that of Okon et al, (2022) that investigated into the IFRS 14 Regulatory Deferral Standard which came into effect in 2016 as an interim standard to explore its strength. The finding also reveal that the IFRS 14 fully regulated may have beneficial effect than the current approach as a mock comparison move a negative earnings per share of (N3,606) in unregulated to N5,041 on fully regulated deferral. The findings of this study are consistent with Okon et al. (2022)**,** who examined the implications of IFRS 14 – Regulatory Deferral Accounts**,** introduced as an interim standard in 2016 to address the financial reporting challenges of rate-regulated

entities. Okon et al. found that firms operating under a fully regulated framework exhibited superior financial outcomes compared to unregulated entities. The alignment between the current study and Okon et al. (2022) suggests that tariff adjustment and regulatory accounting standards operate as complementary tools in improving the financial and market performance of power distribution companies. While tariff adjustment affects cash flows and profitability directly, IFRS 14 improves transparency and earnings quality, thereby strengthening investor perception and market valuation.

Summary of Finding , Conclusion and Recommendations

5.1Summary of Finding

Summary of Findings which emanated from this work within the period are summarized as follows:

(i) Electricity tariff Adjustments has a significant effect on the Tobin's Q of power distribution companies in Nigeria.

5.2 Conclusion.

The study investigated the effect of regulatory deferral accounts on the financial statements of electricity distribution companies in Nigeria from 2015 to 2024. The findings implies that Electricity tariff Adjustments has a significant effect on the Tobin's Q of power distribution companies in Nigeria. This implies that the changes in the electricity tariff that has been implemented in the past years had an effect on the financial statements and the value of the companies in general. This means that changes in the tariff price of electricity for the customers in the electricity sector will have an effect on the performance of the electricity distribution companies and the value of the electricity distribution companies in general.

5.3 Recommendation of the Study.

The following recommendations have been made for the study.

(i) The Nigerian Electricity Regulatory Commission should consider performing a data base assessment of the customers in these electricity distribution companies. This will enable them to know how much is each company is expected to make each year. This will help in setting a realistic tariff plan for the customers in these Electricity Distribution Companies. Since the cost of production and distribution of electricity in Nigeria can be estimated reliably, the revenue should also be realiably estimated so that a good price can be set.

5.4 Contribution to Knowledge.

This research work contributed to the extant literature by making the Regulatory Agencies, Electricity Distribution Companies and Electricity Customers to understand the impact of regulatory deferral account on the Financial statements of Electricity companies in Nigeria. This study has revealed that this regulatory parameters have a significant effect on the Tobin's Q of Electricity Distribution Companies in Nigeria during the period (2015 to 2024) under review. Therefore the electricity distribution companies can perform better by improving on these parameters, which will in turn attract investors to invest more in the electricity companies.

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