



**EB-2005-0196**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B;

**AND IN THE MATTER OF** an application by Enersource Hydro Mississauga Inc. for an order authorizing the establishment of a deferral account to record pension costs and associated carrying charges.

**BEFORE**

Gordon E. Kaiser  
Presiding Member and Vice Chair

Bob Betts  
Member

Paul Vlahos  
Member

**DECISION AND ORDER**

By letter dated August 17, 2004, Enersource Hydro Mississauga Inc. ("EHMI") requested that the Ontario Energy Board authorize it to establish a deferral account for pension costs and associated carrying charges. As this letter was not accompanied by a letter from the Minister of Energy granting his approval to file an application, the Board returned it. The Minister granted EHMI his approval to file with the Board an application to establish a deferral account to track pension costs. Subsequently, EHMI filed a letter dated January 10, 2005 that requested that the Board reactivate its August 17, 2004 request. The Board assigned the January 10, 2005 request Board file number EB-2005-0196.

EHMI's pension plan is administered by the Ontario Municipal Employees Retirement System ("OMERS"). From August 31, 1998 to December 31, 2002, OMERS provided a cash contribution holiday for its members. By December 31, 2004, EHMI's cash contributions reached \$1.9 million, not including carrying charges; the anticipated annual cash pension cost is about \$1.4 million. EHMI asserted that these cash pension

costs were not part of its 1999 revenue requirement and thus were not reflected in its approved rates; EHMI did not file evidence supporting this claim.

The Board is of the opinion that, in the instant case, it is appropriate to deal with EHMI's cash pension costs for an entire year, rather than a portion of a period. As EHMI's application was filed and the Minister of Energy approved its filing in 2004, the Board considers that EHMI anticipated an inadequacy in its rates and acted to remedy it in the year. The relevant period under consideration is therefore from January 1, 2004 onwards. The Board will not allow either the tracking or recording of pension costs incurred in 2003. These costs are out of period.

The Minister of Energy's December 30, 2004 letter to EHMI references the government's policy of consumer protection with respect to prices and electricity service. EHMI's filing concerns the establishment of a deferral account - not its disposition. The Board also notes that cash pension costs and post-retirement benefits will be among the issues considered during the process that will result in the Board approving rates for electricity distributors for 2006.

The Board finds that, for 2004 and future years as applicable, it is appropriate to allow EHMI to track its OMERS cash pension costs. The Board approves EHMI's application to establish a deferral account to record these amounts. The Board emphasizes that the establishment of this deferral account does not imply any outcome respecting disposition. The ultimate disposition of these balances, and their eligibility for recovery through rates, will be the subject of a future proceeding. It is for this reason that the Board has dispensed with the provision of Notice and hearing at this time.

The interest rate to be associated with this account shall be at the annual rate of 5.75% for 2004. The applicable interest rate beyond 2004 shall be determined by the Board and communicated to EHMI.

**THE BOARD THEREFORE ORDERS THAT:**

1. Enersource Hydro Mississauga Inc. is hereby authorized to record in Deferral Account No. 1508 (Other Regulatory Assets, Sub-account Pension Contributions) the pension costs associated with the contributions paid to OMERS with applicable interest, as specified in Appendix "A".

**Issued** at Toronto, February 11, 2005

ONTARIO ENERGY BOARD

Peter H. O'Dell  
Assistant Board Secretary

**APPENDIX "A"**

**DECISION AND ORDER**

**BOARD FILE NO. EB-2005-0196**

**DATED FEBRUARY 11, 2005**

**EnerSource Hydro Mississauga Inc.**

Accounting Entries for  
OMERS Pension Costs

Deferral Account No. 1508  
Other Regulatory Assets, Sub-account Pension Contributions

To record as a debit in Deferral Account No. 1508 - Other Regulatory Assets, Sub-account Pension Contributions, the pension costs associated with the cash contributions paid to OMERS.

|        |   |   |
|--------|---|---|
| Debit  | - | Account 1508<br>Title: Other Regulatory Assets, Sub-account Pension Contributions |
| Credit | - | Account 5645<br>Title: Employee Pensions and Benefits                             |

To record as a debit in Deferral Account No. 1508 - Other Regulatory Assets, Sub-account Pension Contributions, interest expense on the balance in Deferral Account No. 1508. Simple interest will be computed monthly on the opening balance in this account at the annual rate of 5.75% for 2004. Beyond 2004, the rate shall be authorized by the Ontario Energy Board.

|        |   |  |
|--------|---|--|
| Debit  | - | Account 1508<br>Title: Other Regulatory Assets, Sub-account Pension Contributions Carrying Charges |
| Credit | - | Account 4405<br>Title: Interest and Dividend Income  |