



EB-2005-0215

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 Hydro
One Brampton Networks Inc. for an order authorizing
the establishment of a deferral account to record
pension costs and associated carrying charges.

BEFORE Gordon Kaiser
Presiding Member

Bob Betts
Member

Paul Vlahos
Member

DECISION AND ORDER

On February 1, 2005, Hydro One Brampton Networks Inc. ("HOBNI") requested that the Ontario Energy Board authorize it to establish a deferral account for pension costs and associated carrying charges. HOBNI sought the Minister of Energy's approval to file the application on December 21, 2004. The Minister granted his approval in a December 30, 2004 letter.

HOBNI'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. During 2004, HOBNI contributed \$500,363

and in 2005 expects to contribute \$540,000, not including carrying charges. HOBNI asserted that these cash pension costs are material and are not recovered through rates; HOBNI did not file evidence supporting this claim.

The Board believes it is appropriate to deal with HOBNI's cash pension costs for an entire year, rather than a portion of a period. As approval to file the subject application was granted by the Minister of Energy in 2004, the Board considers that HOBNI acted to remedy the revenue deficiency in that year. The relevant time period is therefore from January 1, 2004 onwards. The Board however will not allow either the tracking or recording of pension costs incurred in 2003 as these costs are out of period.

The Minister of Energy's December 30, 2004 letter to HOBNI references the government's policy of consumer protection with respect to prices and electricity service. HOBNI'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 for Board approved 2006 rates for electricity distributors.

The Board finds that, for 2004 and future years as applicable, it is appropriate to allow HOBNI to track its OMERS cash pension costs. The Board approves the application to establish a deferral account for these amounts. The Board emphasizes that the establishment of this deferral account does not prejudice or predetermine a subsequent decision on disposition. The ultimate disposition of these balances, and their eligibility for recovery through rates, will be the subject of a future proceeding. For this reason the Board has dispensed with the provision of Notice and hearing at this time.

The interest rate authorized for 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 at a later date.

THE BOARD THEREFORE ORDERS THAT:

1. Hydro One Brampton Networks 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, March 2, 2005.

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

APPENDIX "A"

DECISION AND ORDER

BOARD FILE NO. EB-2005-0215

DATED March 2, 2005

EB-2005-0215

Hydro One Brampton Networks 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 Title: Other Regulatory Assets, Sub-account Pension Contributions
Credit	-	Account 5645 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 Title: Other Regulatory Assets, Sub-account Pension Contributions Carrying Charges
Credit	-	Account 4405 Title: Interest and Dividend Income