



EB-2013-0368
EB-2013-0369

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 Algoma Power Inc. and Canadian Niagara Power Inc. for an order pursuant to Section 78 of the *Ontario Energy Board Act, 1998*, to establish additional deferral and variance accounts.

BEFORE: Marika Hare
Presiding Member

Cathy Spoel
Member

ACCOUNTING ORDER

On December 12, 2013, the Board issued a Decision and Order, EB-2013-0368 and EB-2013-0369, that approved the establishment of specific deferral and variance accounts for Algoma Power Inc. ("API") and Canadian Niagara Power Inc. ("CNPI"), subject to conditions noted in the Decision and Order. API and CNPI were ordered to file with the Board a draft Accounting Order for the new deferral and variance accounts within 10 days of the date of the issuance of the Decision and Order. Board staff was also ordered to file any comments on the draft Accounting Order with the Board within 7 days of the date of filing of the draft Accounting Order.

API and CNPI filed a draft Accounting Order with the Board on December 20, 2013. On December 23, 2013, Board staff filed a submission noting that it had no concerns with the draft Accounting Order.

The Board has reviewed the draft Accounting Order submitted by API and CNPI and the submission by Board staff and hereby approves the Accounting Order as filed.

THE BOARD ORDERS THAT:

1. The Accounting Order set out in Appendix "A" of this Order is approved effective January 1, 2013.

DATED at Toronto, January 9, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX A

TO ACCOUNTING ORDER

Algoma Power Inc. and Canadian Niagara Power Inc.

EB-2013-0368 and EB-2013-0369

DATED: January 09, 2014

EB-2013-0368
EB-2013-0369

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 Algoma Power Inc. and Canadian Niagara Power Inc. for an order pursuant to Section 78 of the *Ontario Energy Board Act, 1998*, to establish additional deferral and variance accounts.

Accounting Order

On October 21, 2013, Algoma Power Inc. ("API") and Canadian Niagara Power Inc. ("CNPI") each filed an application (the "Applications") seeking the establishment of specific deferral and variance accounts related to pension and other post-employment benefits. The Board assigned File No. EB-2013-0368 to the API application and File No. EB-2013-0369 to the CNPI application. Pursuant to section 21(5) of the Act, the Board decided to combine the EB-2013-0368 and EB-2013-0369 proceedings.

On December 12, 2013, the Board issued a Decision and Order in the combined proceeding. In its Decision and Order, the Board ordered both API and CNPI to establish a deferral account and variance account, effective January 1, 2013, subject to conditions noted in the Decision and Order. Further, API and CNPI was ordered to file with the Board a draft Accounting Order for each of the new deferral and variance accounts within 10 days of the date of the issuance of the Decision and Order.

This Accounting Order is intended to reflect the Board's Decision and Order in EB-2013-0368 and EB-2013-0369, dated December 12, 2013. CNPI and API shall both establish the following deferral and variance accounts effective January 1, 2013:

- Account 1508 Other Regulatory Assets
 - Subaccount – Pension Deferral Account
 - Subaccount – Pension Expense Variance Account
 - Subaccount – Other Post Employment Benefits Deferral Account
 - Subaccount – Other Post Employment Benefits Expense Variance Account

Disposition of the accounts is proposed to occur in a future cost of service proceeding and will be subject to the Board's prudence review. The proposed recovery through a rate rider will be based on the average remaining service lives of employees in each respective company; CNPI and API. CNPI and API will not record any principal transactions in the above deferral and variance accounts after submitting the balances for prudence review in its next cost of service rebasing period. Respectively, in the next cost of service

proceedings, CNPI and API may propose methodologies to ongoing address matters related to pension and other post-employment benefits.

No carrying charges will be recorded on these accounts.

Sample Journal Entries

The following are examples of the journal entries that will be made by both CNPI and API. The amounts shown are intended for illustrative purposes only.

To record the transitional entries to Section 3462, Employee Future Benefits, in Part II of the CICA Handbook, as of January 1, 2013 for unamortized pension and OPEB amounts the following entries will be made. (Assuming unamortized accumulated pension actuarial losses of \$3,000,000 and unamortized accumulated OPEB actuarial losses of \$2,000,000 as of January 1, 2013)

	(000's)	
<u>Other Regulatory Assets account 1508:</u>	<u>Dr.</u>	<u>Cr.</u>
Subaccount 1508 Pension Deferral Account	3,000	
Subaccount OPEB Deferral Account	2,000	
Pension liability (balance sheet)		3,000
OPEB liability (balance sheet)		2,000

To record the difference between pension and OPEB expense under Section 3461 and Section 3462 the following entries will be made. (Assuming that pension and OPEB expense under Section 3462 is higher than under Section 3461 by \$500,000 and \$300,000 respectively)

	(000's)	
<u>Other Regulatory Assets account 1508:</u>	<u>Dr.</u>	<u>Cr.</u>
Subaccount Pension Expense Variance Account	500	
Subaccount OPEB Expense Variance Account	300	
Pension expense (income statement)		500
OPEB expense (income statement)		300

To record the difference between pension and OPEB expense under Section 3461 and Section 3462 the following entries will be made. (Assuming that pension and OPEB expense under Section 3462 is lower than under Section 3461 by \$500,000 and \$300,000 respectively)

	(000's)	
	<u>Dr.</u>	<u>Cr.</u>
Pension expense (income statement)	500	
OPEB expense (income statement)	300	
<u>Other Regulatory Assets account 1508:</u>		
Pension expense variance account 1508		500
OPEB expense variance account 1508		300