

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

AND IN THE MATTER OF an application by Guelph Hydro Electric Systems Inc. under Section 78 of the OEB Act to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of January 1, 2016.

**SUPPLEMENTAL INTERROGATORY RESPONSES OF
GUELPH HYDRO ELECTRIC SYSTEMS INC.
("GUELPH HYDRO")**

August 27, 2015

Board Staff Supplemental Interrogatory:

1. Other Post-Employment Benefits (OPEBs)

Guelph Hydro Electric Systems Inc. (GHESI) has recovered OPEBs in rates previously.

- a) Please indicate if OPEBs were recovered on a cash or accrual accounting basis for each year since GHESI started to recover OPEBs.
- b) Please complete the table below to show how much more than the actual cash benefit payments, if any, have been recovered from ratepayers from the year GHESI started recovering amounts for OPEBs.

OPEBs	First year of recovery to 2011	2012	2013	2014	2015	2016	Total
Amounts included in rates							
OM&A							
Capital							
Sub-total							
Paid benefit amounts							
Net excess amount included in rates greater than amounts actually paid							

- c) Please describe what GHESI has done with the recoveries in excess of cash benefit payments.

Response:

- a) GHESI has recovered OPEBs using the accrual basis of accounting for each year since GHESI started to recover OPEBs.
- b) GHESI has supplied the requested information in the Table below.

GHESI has also supplied a summary of the actuarial gains and losses experienced by the company since its last cost of service proceeding EB-2011-0123 in which the OEB approved the settlement to dispose the 2012 OPEB actuarial gain of \$ 2.292MM through a rate rider. In the event that the OEB continues to approve for inclusion in rates the OPEB amount based on accrual accounting, GHESI requests that the \$1.212MM net actuarial loss for 2013 and 2014 (shown below) be considered for recovery in a manner similar to that approved in the last cost of service proceeding (EB-2011-0123).

Additionally, when preparing the response to this interrogatory, GHESI realized that it had been capturing all OPEBs costs in OM&A. Clearly, some of these costs should be capitalized in keeping with GHESI's (and other LDCs') accounting practice to appropriately allocate the fully burdened costs between capital and OM&A. GHESI has not made this change retroactively but is proposing to make this change to the 2016 Test Year data.

OPEBs	\$'000s						
	2006 to 2011	2012 Board Approved	2013 IRM	2014 IRM	2015 IRM	2016 Test Year	Total
Amounts included in rates							
OM&A	\$ 4,003	\$ 626	\$ 633	\$ 642	\$ 650	\$ 439	\$ 6,993
Capital	-	-	-	-	-	236	236
Sub-total	4,003	626	633	642	650	675	7,229
Paid benefit amounts	(1,486)	(257)	(251)	(221)	(213)	(232)	(2,660)
Net excess amount included in rates greater than amounts actually paid	\$ 2,517	\$ 369	\$ 382	\$ 421	\$ 437	\$ 443	\$ 4,569
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Re-measurement of obligation loss (gain)	\$ -	\$ (2,292)	\$ 159	\$ 1,053	\$ -	\$ -	
Total 2013 to 2014 loss	\$ 1,212						

Notes:

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In rate proceeding EB-2011-0123 for GHESI, the OEB approved a settlement where the Parties agreed to dispose of this OPEB actuarial gain over the average remaining service life of the employees covered. The total amount of the actuarial gain paid back to customers up to the end of July 2015 is shown in the table below.

Post Retirement Actuarial Gain paid back to customers

Rate Class	2012	2013	2014	January 1 to July 31, 2015
Residential	\$74,387	\$95,220	\$105,385	\$60,804
GS< 50 kW	\$15,712	\$21,928	\$23,783	\$14,722
GS 50 to 999 kW	\$17,876	\$25,757	\$25,216	\$14,926
GS 1000 to 4999 kW	\$17,128	\$20,867	\$23,205	\$13,279
Large Use	\$6,471	\$8,416	\$8,426	\$5,029
Unmetered Scattered Load	\$14	\$225	\$336	\$210
Sentinel Lighting	\$23	\$24	\$8	\$4
Street Lighting	\$1,207	\$1,469	\$1,631	\$958
Total	\$132,818	\$173,906	\$187,990	\$109,933
Grand Total 2012 to 2015				\$604,647

- c) The recoveries in excess of cash benefit payments are part of the funds retained in GHESI.