SEC INTERROGATORY #10

INTERROGATORY

[D1-5-1, App 1, p.2]

Please explain how Mercer incorporated impact of the Ontario Ministry of Finance upcoming pension reforms. Please provide the revenue requirement impact of that proposed change in the 2018.

RESPONSE

EGD's 2018 contributions are required in order to estimate the 2018 forecasted accrual expense. To provide a best estimate of EGD's contributions for 2018, Mercer made assumptions based on the best information available including the most likely filing scenario and anticipated funding reforms. Please refer to BOMA Interrogatory 29(b), at Exhibit I.D1.EGDI.BOMA.29, for a further description of the anticipated reforms. As provided in response to BOMA Interrogatory #29(d), the 2018 accrual based pension and OPEB cost amount would have been forecast $0.06 million lower ($20.74 million versus $20.80 million), while the 2018 forecast cash based amount would have been forecast $17.68 million higher ($44.60 million versus $26.92 million), had the anticipated funding reforms not been reflected. Had the lower forecast accrual and higher cash based amounts been utilized it would have resulted in a decrease of $6.5 million to the forecast 2018 revenue requirement/Allowed Revenue and gross deficiency amounts. The decrease to the revenue requirement results from a lower accrual based amount included in O&M, and because the cash based amounts are tax-deductible (so that a higher cash-based amount results in a higher tax benefit).

Witness: Mercer