

1 Q. Please provide reconciliation between EFB for 2004 forecast in the 2003
2 General Rate Application to 2004 actuals.

3
4
5 A. The table below shows the changes in Employee Future Benefits (EFB) from
6 the forecast presented during the 2003 GRA to the 2004 actuals. The
7 primary factors which impact the EFB actual expense and liability as
8 compared to the forecast are differences in the benefits actually paid out in a
9 year, and the impact of a revised actuarial valuation. Each year Hydro
10 estimates the amount of retiring allowance and its share of retiree health care
11 costs that are likely to be incurred. In both 2003 and 2004, the actual
12 payments exceeded those estimated. This increase in benefits paid out
13 reduces the EFB liability and therefore results in a small decrease in the
14 interest portion of the EFB expense. Hydro had an actuarial valuation
15 performed effective December 31, 2004. The results of this valuation were
16 an increase in the EFB obligation, therefore an increase in the unamortized
17 losses, as well as an increase in the projected current service cost.

	\$ Thousands					
	2003 GRA Forecast		Actual		Difference	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Accrued EFB Liability						
Opening balance	24,933	27,464	24,933	26,940	0	(524)
Current Service	1,062	1,010	1,062	1,308	0	298
Interest	2,265	2,413	2,248	2,395	(17)	(18)
Amortization of actuarial losses	<u>304</u>	<u>304</u>	<u>304</u>	<u>579</u>	<u>0</u>	<u>275</u>
Annual EFB Expense	3,631	3,727	3,614	4,282	(17)	555
Benefits paid	<u>(1,100)</u>	<u>(1,250)</u>	<u>(1,607)</u>	<u>(1,505)</u>	<u>(507)</u>	<u>(255)</u>
Ending balance	27,464	29,941	26,940	29,717	(524)	(224)
Unamortized losses	<u>6,616</u>	<u>6,311</u>	<u>6,616</u>	<u>10,241</u>	<u>0</u>	<u>3,930</u>
Accrued EFB Obligation	<u>34,080</u>	<u>36,252</u>	<u>33,556</u>	<u>39,958</u>	<u>(524)</u>	<u>3,706</u>