

1 **Volume 3, Section 2 – Browne, Regulatory Accounting**

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3 **Q. Please explain the difference between accounting for OPEBs on an accrual basis,**  
4 **which NP already does in accordance with Section 3461 of the CICA Handbook**  
5 **“Employee Future Benefits” and funding OPEBs which, like companies generally,**  
6 **NP does not do.**

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8 A. The two are not incompatible. GAAP, including Section 3461 of the CICA Handbook,  
9 deals with financial reporting whereas the funding of OPEBs is an economic activity. If a  
10 company were to fund its OPEB liability it would still be required to use the accrual  
11 method in recognizing its OPEB costs.