

1 Q. Reference: Finance and Accounting: Evidence, p. 16 pertaining to employee
2 future benefits.

3 Please:
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5 a. explain what Hydro employees are entitled to receive a severance
6 payment upon retirement;

7 b. explain what the rules are for determining a Hydro employee's
8 entitlement to a severance;

9 c. explain how the amount of the severance for a particular employee is
10 determined;

11 d. explain how severances and pensions for employees, who have been
12 engaged in both regulated and non-regulated activities, are funded.
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15 A. a.-c. All permanent employees are eligible for remuneration upon
16 termination. In the case of normal or early retirement, an employee
17 would receive a lump sum retiring allowance payment equal to the
18 amount obtained by multiplying the employee's weekly salary by the
19 number of completed years of service to a maximum of twenty-six (26)
20 weeks.
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22 d. Pensions for all employees of Hydro, whether engaged in regulated or
23 non-regulated activities are funded through employee and employer-
24 matched contributions to the Public Service Pension Plan. Severance
25 payments upon retirement are recognized over the service life of an
26 employee through the employee future benefits (EFB) expense which
27 is actuarially determined. For employees who are involved in both
28 regulated and non-regulated activities, the bill rate at which their time

1 is charged to non-regulated business units, and vice versa, includes a
2 mark-up for pensions and EFBs so that these costs are transferred in
3 addition to base salary and other direct employee expenses.