

1 **Q. Further to the response of CA-NP-189, please confirm that although**
2 **“Newfoundland Power’s proposal to recongize costs associated with OPEBs on an**
3 **accrual basis will not result in an expense risk [that is entirely] analogous to the**
4 **pension risk discussed at pages 3-20 to 3.27” since “[a]nnual OPEBs expense is not**
5 **impacted by market asset performance”, variances in both OPEBs and pension**
6 **expense and related risk will result from variances in the average remaining service**
7 **life of employees and the discount rate. If not, please explain.**

8
9 A. Newfoundland Power confirms that use of the accrual basis of accounting for OPEBs
10 would result in OPEBs expense varying as a result of changes in the average remaining
11 service life of employees and changes in discount rate. Pension expense also varies as a
12 result of changes in the average remaining service life of employees and changes in
13 discount rate.