

Requests for Information

1 **Q. Precisely what figures, in respect of pension and other post-employment benefits**
2 **(OPEB) are being used to determine the rate requirements. Please provide detailed**
3 **instructions as to how to trace these numbers, separately for pension and OPEB, to**
4 **reports and documents dealing specifically with their derivation.**

6 A. The pension expense included in the 2010 Test Year is \$8,196,000. The increase in
7 OPEBs expense resulting from the Company's OPEB proposals is \$6,841,000.

9 ***2010 Forecast Pension Expense***

11 The 2010 pension expense is shown in Tables 3-4 and 3-13 (1st Revision) of
12 Newfoundland Power's filed evidence. It is also shown on line 6 of Exhibit 7 (1st
13 Revision) 2010 Revenue Requirements.

15 Newfoundland Power maintains both defined benefit and defined contribution pension
16 plans for its employees. Table 1 shows the 2010 forecast pension expense broken out
17 between the defined benefit pension plans and the defined contribution pension plans.

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Table 1
2010 Forecast Pension Expense
(\$000s)

Defined Benefit Plans	6,986 ¹
Defined Contribution Plans	1,210 ²
Total	8,196

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22 Newfoundland Power's defined benefit plans consist of a funded defined benefit plan and
23 an unfunded pension uniformity plan ("PUP"). Both defined benefit plans are closed to
24 new entrants. Pension expense projections for the defined benefit plans are completed by
25 Newfoundland Power's actuaries. The 2010 expense projections for the defined benefit
26 plan and the PUP have been included as Attachments A and B (1st Revision) respectively.

¹ From Table 2.

² Includes both individual and group registered retirement savings plans and supplementary employee retirement plan.

Table 2 shows the breakdown of the 2010 forecast defined benefit pension expense.

Table 2
2010 Defined Benefit Pension Expense
(\$000s)

Defined Benefit Plan	6,813 ³
PUP Plan	213 ⁴
Pension Plan Recoveries	(40)
Total	6,986

2010 Forecast OPEB Expense

The OPEB expense and associated revenue requirement impacts are detailed in the 'Report on Other Post Employment Benefits' filed in *Volume 2: Supporting Materials, Tab 4* of Newfoundland Power's filed evidence. The 2010 forecast increase in OPEB expense, resulting from the Company's proposals, are shown in Exhibit 7 (line 7) (1st Revision) of Newfoundland Power's filed evidence.

The OPEBs 2010 forecast expense projections were prepared by the actuary and are provided in Attachment C.

Table 3 shows the calculation of the 2010 forecast increase in OPEB expense of \$6,841,000 based upon the Company's proposal to adopt the accrual method of accounting for OPEB costs.

Table 3
Forecast increase in 2010 OPEB Expense
(\$000s)

OPEB Costs – Accrual Method	8,440 ⁵
Less: OPEB Costs – Cash Method	1,195 ⁶
Subtotal	7,245
Allocation to Capital and Recoveries	(404)
Net Increase in OPEB Expense	6,841

³ Projected 2010 expense from Attachment A (1st Revision).

⁴ Projected 2010 expense from Attachment B (1st Revision).

⁵ See Attachment C (1st Revision) net expense 2010 projection.

⁶ Based upon the Company's current method of accounting for OPEB costs.

Cost Projections for the Defined Benefit Plan

Newfoundland Power Inc. Retirement Income Plan

Projected Pension Expense Estimates to 2013 -status quo with assumptions as per December 31, 2008 disclosures

Year	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013
Change in benefit obligation									
Benefit obligation - end of prior period	182,960,711	226,724,493	239,175,804	235,476,644	190,390,811	221,115,528	226,615,840	232,652,295	239,266,970
Current service cost (employer)	2,455,628	3,361,972	3,781,000	3,651,000	2,134,000	2,983,000	3,102,000	3,226,000	3,355,000
Interest cost	11,716,952	11,769,386	12,367,785	12,739,985	13,923,289	14,093,239	14,456,382	14,854,602	15,290,633
Employee contributions	1,220,672	1,216,062	1,215,596	1,193,121	1,298,000	1,350,000	1,404,000	1,460,000	1,518,000
Plan amendments	11,276,828	3,076,700	0	0	0	0	0	0	0
Benefits paid	-12,217,932	-12,294,887	-12,596,098	-12,925,927	-12,925,927	-12,925,927	-12,925,927	-12,925,927	-12,925,927
Net transfer in (out)	-1,139,800	0	0	0	0	0	0	0	0
Special termination benefits	0	349,227	0	0	0	0	0	0	0
Actuarial loss (gain)	30,451,434	4,972,851	-8,467,443	-49,744,012	26,295,355	0	0	0	0
Benefit obligation - end	226,724,493	239,175,804	235,476,644	190,390,811	221,115,528	226,615,840	232,652,295	239,266,970	246,504,676
Change in plan assets									
Market value of plan assets - end of prior period	197,905,972	223,369,528	250,226,155	259,730,475	212,599,337	230,943,615	240,302,549	250,515,328	261,650,001
Actual return on plan assets	27,024,287	27,024,452	9,979,871	-40,823,332	25,106,205	15,935,861	16,597,706	17,319,600	18,106,308
Employer contributions	10,576,329	10,911,000	10,904,951	5,425,000	4,866,000	4,999,000	5,137,000	5,281,000	5,431,000
Employee contributions	1,220,672	1,216,062	1,215,596	1,193,121	1,298,000	1,350,000	1,404,000	1,460,000	1,518,000
Benefits paid	-12,217,932	-12,294,887	-12,596,098	-12,925,927	-12,925,927	-12,925,927	-12,925,927	-12,925,927	-12,925,927
Net transfer in (out)	-1,139,800	0	0	0	0	0	0	0	0
Market value of plan assets - end	223,369,528	250,226,155	259,730,475	212,599,337	230,943,615	240,302,549	250,515,328	261,650,001	273,779,382
Reconciliation of funded status									
Benefit obligation - end	226,724,493	239,175,804	235,476,644	190,390,811	221,115,528	226,615,840	232,652,295	239,266,970	246,504,676
Market value of plan assets - end	223,369,528	250,226,155	259,730,475	212,599,337	230,943,615	240,302,549	250,515,328	261,650,001	273,779,382
Funded status - surplus (deficit)	-3,354,965	11,050,351	24,253,831	22,208,526	9,828,087	13,686,709	17,863,033	22,383,031	27,274,706
Employer contributions after measurement date	0	0	0	0	0	0	0	0	0
Unamortized transitional obligation (asset)	15,445,073	14,157,984	12,870,894	11,583,805	10,296,715	9,009,626	7,722,537	6,435,447	5,148,358
Unamortized past service costs	10,840,395	12,560,519	11,097,850	9,635,181	8,254,383	6,914,514	5,574,645	4,234,776	2,894,907
Unamortized net actuarial loss (gain)	62,068,947	52,352,814	48,431,707	56,768,457	75,343,517	72,298,310	66,350,810	61,218,430	56,228,065
Accrued benefit asset (liability)	84,999,450	90,121,668	96,654,282	100,195,969	103,722,702	101,909,158	97,511,024	94,271,684	91,546,036
Unamortized transitional increase (decrease) in valuation allowance	0	0	0	0	0	0	0	0	0
Valuation allowance	0	0	0	0	0	0	0	0	0
Accrued benefit asset (liability), net of valuation allowance	84,999,450	90,121,668	96,654,282	100,195,969	103,722,702	101,909,158	97,511,024	94,271,684	91,546,036
Components of expense									
Current service cost (including provision for plan expens	2,455,628	3,361,972	3,781,000	3,651,000	2,134,000	2,983,000	3,102,000	3,226,000	3,355,000
Interest cost	11,716,952	11,769,386	12,367,785	12,739,985	13,923,289	14,093,239	14,456,382	14,854,602	15,290,633
Expected return on plan assets	-14,159,556	-15,790,240	-17,693,936	-19,168,558	-17,385,909	-16,661,801	-16,198,561	-17,155,830	-17,935,518
Amortization of transitional obligation (asset)	1,287,089	1,287,089	1,287,089	1,287,089	1,287,089	1,287,089	1,287,089	1,287,089	1,287,089
Amortization of past service costs	968,562	1,356,576	1,462,669	1,462,669	1,380,798	1,339,869	1,339,869	1,339,869	1,339,869
Amortization of net actuarial loss (gain)	2,316,366	3,454,771	3,167,731	1,911,127	0	3,771,147	5,548,355	4,968,609	4,819,574
Increase (decrease) in valuation allowance	0	0	0	0	0	0	0	0	0
Special termination benefits	0	349,227	0	0	0	0	0	0	0
Net expense (income)	4,585,041	5,788,781	4,372,338	1,883,313	1,339,267	6,812,544	9,535,134	8,520,340	8,156,648
Assumptions									
At beginning of period									
Discount rate	6.25%	5.25%	5.25%	5.50%	7.50%	6.50%	6.50%	6.50%	6.50%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected rate of return on plan assets	7.50%	7.50%	7.50%	7.50%	7.00%	7.00%	7.00%	7.00%	7.00%
At end of period									
Discount rate	5.25%	5.25%	5.50%	7.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Schedule of Amortization of net actuarial loss(gain)									
At end of period									
Market Related Value (MRV) of assets	210,944,466	236,087,093	258,534,324	251,751,098	241,314,189	234,600,480	248,175,743	259,210,148	271,230,229
Unamortized actuarial loss(gain) based on MRV	74,494,009	66,491,876	49,627,858	17,616,696	64,972,943	78,000,379	68,690,395	63,658,283	58,777,218
For following year									
10% Corridor	22,672,449	23,917,580	25,853,432	25,175,110	24,131,419	23,460,048	24,817,574	25,921,015	27,123,023
EARSL	15.0	13.4	12.4	11.4	10.8	9.8	8.8	7.8	6.8
Amortization	3,454,771	3,167,730	1,911,127	-	3,771,147	5,548,355	4,968,609	4,819,574	4,634,582

Cost Projections for the PUP Plan

Newfoundland Power Inc. PUP

Projected Pension Expense Estimates to 2013 -status quo with assumptions as per December 31, 2008 disclosures

Year	Actual 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013
Change in benefit obligation						
Benefit obligation - end of prior period	2,558,073	2,168,769	2,318,033	2,246,525	2,170,368	2,089,261
Current service cost (employer)	0	0	0	0	0	0
Interest cost	134,776	154,588	143,679	139,031	134,080	128,808
Employee contributions	0	0	0	0	0	0
Plan amendments	0	0	0	0	0	0
Benefits paid	-215,187	-215,187	-215,187	-215,187	-215,187	-215,187
Net transfer in (out)	0	0	0	0	0	0
Acquisitions (divestitures)	0	0	0	0	0	0
Increase (decrease) in obligation due to curtailment	0	0	0	0	0	0
Obligation being settled	0	0	0	0	0	0
Special termination benefits	0	0	0	0	0	0
Actuarial loss (gain)	-308,893	209,863	0	0	0	0
Benefit obligation - end	2,168,769	2,318,033	2,246,525	2,170,368	2,089,261	2,002,883
Change in plan assets						
Market value of plan assets - end of prior period	0	0	0	0	0	0
Actual return on plan assets	0	0	0	0	0	0
Employer contributions	215,187	215,187	215,187	215,187	215,187	215,187
Employee contributions	0	0	0	0	0	0
Benefits paid	-215,187	-215,187	-215,187	-215,187	-215,187	-215,187
Surplus paid out to employer	0	0	0	0	0	0
Settlement payments	0	0	0	0	0	0
Net transfer in (out)	0	0	0	0	0	0
Acquisitions (divestitures)	0	0	0	0	0	0
Actual plan expenses	0	0	0	0	0	0
Market value of plan assets - end	0	0	0	0	0	0
Reconciliation of funded status						
Benefit obligation - end	2,168,769	2,318,033	2,246,525	2,170,368	2,089,261	2,002,883
Market value of plan assets - end	0	0	0	0	0	0
Funded status - surplus (deficit)	-2,168,769	-2,318,033	-2,246,525	-2,170,368	-2,089,261	-2,002,883
Employer contributions after measurement date	0	0	0	0	0	0
Unamortized transitional obligation (asset)	419,183	372,607	326,031	279,455	232,879	186,303
Unamortized past service costs	1,035	951	867	783	699	615
Unamortized net actuarial loss (gain)	268,977	474,285	451,895	428,778	404,798	379,783
Accrued benefit asset (liability)	-1,479,575	-1,470,190	-1,467,731	-1,461,352	-1,450,885	-1,436,182
Unamortized transitional increase (decrease) in valuation	0	0	0	0	0	0
Valuation allowance	0	0	0	0	0	0
Accrued benefit asset (liability), net of valuation allowance	-1,479,575	-1,470,190	-1,467,731	-1,461,352	-1,450,885	-1,436,182
Components of expense						
Current service cost (including provision for plan expenses)	0	0	0	0	0	0
Interest cost	134,776	154,588	143,679	139,031	134,080	128,808
Expected return on plan assets	0	0	0	0	0	0
Amortization of transitional obligation (asset)	46,576	46,576	46,576	46,576	46,576	46,576
Amortization of past service costs	84	84	84	84	84	84
Amortization of net actuarial loss (gain)	28,152	4,554	22,390	23,117	23,980	25,016
Curtailment loss (gain)	0	0	0	0	0	0
Settlement loss (gain)	0	0	0	0	0	0
Amortization of transitional increase (decrease) in VA	0	0	0	0	0	0
Increase (decrease) in valuation allowance	0	0	0	0	0	0
Special termination benefits	0	0	0	0	0	0
Net expense (income)	209,588	205,802	212,728	208,808	204,720	200,484
Assumptions						
At beginning of period						
Discount rate	5.50%	7.50%	6.50%	6.50%	6.50%	6.50%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected rate of return on plan assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
At end of period						
Discount rate	7.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

OPEBs Cost Projections

