

Requests for Information

1 **Q. Further to CA-NP-326, please provide the information requested so that the impact**
2 **of all retirees paying one-half of premiums on the calculations respecting OPEBs as**
3 **set out in the Application may be ascertained.**
4

5 A. As indicated in response to Request for Information CA-NP-326, an updated OPEBs
6 valuation is required to determine the impacts requested. Such a valuation requires
7 detailed plan amendments including specific coverage changes, member participation and
8 claims estimates.
9

10 The Company has requested a *pro-forma* indication of cost impacts from its actuary to
11 respond to this Request for Information.
12

13 The *pro-forma* indication assumes (i) all employees retiring effective January 1, 2010 and
14 onward were required to pay one-half of premiums for medical coverage in an amended
15 OPEBs plan, (ii) 100% of employees retiring effective January 1, 2010 elected to
16 participate in the amended OPEBs plan, (iii) the maximum annual benefit cap of \$5,000
17 was removed and as a result (iv) total medical claims increase only 10%.
18

19 Based upon these assumptions, the projected accrued benefit OPEBs obligation would
20 decrease from approximately \$74.6 million to \$63.9 million.¹ The *pro-forma* OPEBs cost
21 for 2010 (on an accrual basis of accounting) would decrease by approximately \$2.5
22 million.
23

24 Newfoundland Power does not consider these assumptions to be realistic for the reasons
25 set out in the response to Request for Information CA-NP-345(d) and (e).
26

27 Further, Newfoundland Power observes that *any* change from current employee post
28 retirement benefits will impact annual OPEBs costs.

¹ Reflects a discount rate of 6.50%.