

Page 1	Page 3
<p>1 October 19, 2009</p> <p>2 (2:00 p.m.)</p> <p>3 CHAIRMAN:</p> <p>4 Q. Our vice-chairman has advised me, if she</p> <p>5 passes out, we are to keep going. We'll not be</p> <p>6 deterred by flu.</p> <p>7 VICE-CHAIR WHALEN:</p> <p>8 Q. You could check on me though.</p> <p>9 CHAIRMAN:</p> <p>10 Q. Check on you, yeah. Now when we broke off,</p> <p>11 where were we? You were going to continue</p> <p>12 your cross-examination, sir, were you not, I</p> <p>13 believe?</p> <p>14 MR. JOHNSON:</p> <p>15 Q. That's right.</p> <p>16 CHAIRMAN:</p> <p>17 Q. Is there anything preliminary before? Yes,</p> <p>18 sir.</p> <p>19 KELLY, Q.C.</p> <p>20 Q. Thank you, one small matter, Mr. Chairman. An</p> <p>21 undertaking from the last day was to provide</p> <p>22 the BMO document with the current spread and</p> <p>23 that's being circulated and can be marked.</p> <p>24 MS. GLYNN:</p> <p>25 Q. We'll mark that as Undertaking No. 1.</p>	<p>1 A. No, it was actually a fully distributed cost</p> <p>2 for all four of those individuals.</p> <p>3 MR. JOHNSON:</p> <p>4 Q. Okay. So that would be, in addition to the</p> <p>5 technologists, that would be like the</p> <p>6 treasurer and those positions as well?</p> <p>7 MS. PERRY:</p> <p>8 A. Yes, that is correct.</p> <p>9 MR. JOHNSON:</p> <p>10 Q. And with respect to workers that are</p> <p>11 dispatched to the Caribbean to work on</p> <p>12 properties that Fortis owns down there, do</p> <p>13 they get anything extra for doing that, in</p> <p>14 terms of their pay or recognition?</p> <p>15 MS. PERRY:</p> <p>16 A. No, they do not.</p> <p>17 CHAIRMAN:</p> <p>18 Q. Some nice weather, I guess.</p> <p>19 MS. PERRY:</p> <p>20 A. Nice weather.</p> <p>21 MR. JOHNSON:</p> <p>22 Q. Okay, and turning to Kenmount Road, for a</p> <p>23 second, Ms. Perry, how did that sale come</p> <p>24 about?</p> <p>25 MS. PERRY:</p>
Page 2	Page 4
<p>1 KELLY, Q.C.</p> <p>2 Q. No. 1, thank you.</p> <p>3 CHAIRMAN:</p> <p>4 Q. That's this one here, yeah, okay. All right.</p> <p>5 So you're ready, Mr. Johnson? I guess, we</p> <p>6 can--back to you, sir.</p> <p>7 MS. JOCELYN PERRY, MR. EARL LUDLOW, RESUMES STAND, CROSS-</p> <p>8 EXAMINATION BY MR. THOMAS JOHNSON (CONT'D)</p> <p>9 MR. JOHNSON:</p> <p>10 Q. Thank you, Mr. Chairman, Commissioners, good</p> <p>11 afternoon. Just to start off, Ms. Perry, with</p> <p>12 just a couple of snappers, short snappers that</p> <p>13 were left over from Mr. Ludlow, and one there</p> <p>14 was an issue that he suggested I ask you</p> <p>15 about, and that was whether the charge out</p> <p>16 rate for the technologists who were seconded,</p> <p>17 whether that would be a market rate?</p> <p>18 MS. PERRY:</p> <p>19 A. The four seconded individuals that was noted</p> <p>20 in that RFI were actually charged at fully</p> <p>21 distributed cost.</p> <p>22 MR. JOHNSON:</p> <p>23 Q. Okay. So they would not have been charged at</p> <p>24 market rate?</p> <p>25 MS. PERRY:</p>	<p>1 A. The adjacent property owner was actually</p> <p>2 expanding its facilities, so the lands person</p> <p>3 at Newfoundland Power actually queried as to</p> <p>4 where they were actually building or expanding</p> <p>5 and it became obvious that it was an</p> <p>6 opportunity that they actually wanted</p> <p>7 additional land coming towards the</p> <p>8 Newfoundland Power Kenmount Road building and</p> <p>9 also some land going out back. So it came</p> <p>10 about as their expansion of their facility.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. Okay, and what's the process, Ms. Perry,</p> <p>13 that's followed at Newfoundland Power for</p> <p>14 deciding whether or when or whether something,</p> <p>15 an asset should come out of rate base?</p> <p>16 MS. PERRY:</p> <p>17 A. If I understand the question, Mr. Johnson, how</p> <p>18 it was decided that this land could actually</p> <p>19 be sold and not included in rate base?</p> <p>20 MR. JOHNSON:</p> <p>21 Q. No. No, I mean how does Newfoundland Power,</p> <p>22 you know, determine or what tests or process</p> <p>23 does it apply in saying, you know, this now is</p> <p>24 a property or an asset that should no longer</p> <p>25 be in our rate base because it's not used or</p>

Page 5	Page 7
<p>1 useful?</p> <p>2 MS. PERRY:</p> <p>3 A. Well, I haven't went through a process like</p> <p>4 that. This particular piece of property was</p> <p>5 considered useful in the fact, as Mr. Ludlow</p> <p>6 explained, this piece of property was bought</p> <p>7 for the consolidation of the offices in the</p> <p>8 St. John's area and this land was not</p> <p>9 accessible through the Kenmount Road location.</p> <p>10 So it was a piece of land that was just</p> <p>11 adjoined to our head office land and when it</p> <p>12 became obvious that there was an opportunity</p> <p>13 to sell a bit of it on the side and up at the</p> <p>14 back of the adjacent property owner's</p> <p>15 facility, we determined, at that point, that</p> <p>16 yes, this is something we could dispose of to</p> <p>17 the adjacent property owner.</p> <p>18 MR. JOHNSON:</p> <p>19 Q. When was Newfoundland Power's control centre</p> <p>20 built, do you know?</p> <p>21 MS. PERRY:</p> <p>22 A. That was early 2000.</p> <p>23 MR. LUDLOW:</p> <p>24 A. Could I -</p> <p>25 MR. JOHNSON:</p>	<p>1 I'd refer to it as a ditch. It looks no more</p> <p>2 than a property line, and up back, it's just a</p> <p>3 wooded area.</p> <p>4 MR. JOHNSON:</p> <p>5 Q. Okay, and as you say, or someone said, it was</p> <p>6 zoned rural. Would that be correct?</p> <p>7 MS. PERRY:</p> <p>8 A. There was one piece of it zoned rural, yes.</p> <p>9 MR. JOHNSON:</p> <p>10 Q. And I think in one of the RFI replies numbered</p> <p>11 184 there was a reference to a previous Board</p> <p>12 order having to do with property located up at</p> <p>13 Duffy Place.</p> <p>14 MS. PERRY:</p> <p>15 A. Yes.</p> <p>16 MR. JOHNSON:</p> <p>17 Q. And my understanding is that there was a Board</p> <p>18 order that Newfoundland Power's rate base for</p> <p>19 2000 be reduced by the \$487,000 book value of</p> <p>20 that property should it not be used for</p> <p>21 regulatory--regulated purposes by 2000.</p> <p>22 MS. PERRY:</p> <p>23 A. Yes, that's my understanding.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. I think you got to keep going there, Mike.</p>
Page 6	Page 8
<p>1 Q. Yeah, I think it would be helpful if you</p> <p>2 would, yeah, sure.</p> <p>3 MR. LUDLOW:</p> <p>4 A. That would have been in 1999, just prior to</p> <p>5 Y2K, Mr. Chair.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. And I think we're referring there, Mr. Ludlow,</p> <p>8 to the operation out on Topsail Road?</p> <p>9 MR. LUDLOW:</p> <p>10 A. Yes, that's correct.</p> <p>11 MR. JOHNSON:</p> <p>12 Q. And I think Duffy Place was built in 1990.</p> <p>13 Ms. Perry, I think that's the evidence from</p> <p>14 last day.</p> <p>15 MS. PERRY:</p> <p>16 A. 1990? Subject to check, yes.</p> <p>17 MR. JOHNSON:</p> <p>18 Q. Around there, okay, and so prior to the</p> <p>19 property being sold to the adjacent people,</p> <p>20 who you've referred to, can you recall what</p> <p>21 the property looked like, what had been done</p> <p>22 with it, Ms. Perry?</p> <p>23 MS. PERRY:</p> <p>24 A. The particular property just has trees on it.</p> <p>25 The piece going up between the two buildings,</p>	<p>1 MS. PERRY:</p> <p>2 A. That piece of property was deemed surplus</p> <p>3 property and that particular Board order</p> <p>4 basically indicated that if this piece of</p> <p>5 property wasn't sold by a specific time, it</p> <p>6 had to be removed from rate base.</p> <p>7 MR. JOHNSON:</p> <p>8 Q. Okay, and do you know any of the history</p> <p>9 behind that piece of property, Ms. Perry?</p> <p>10 MS. PERRY:</p> <p>11 A. I do know that that piece of property was sold</p> <p>12 and the gain on that sale of property was</p> <p>13 recorded the same way that the gain on the</p> <p>14 Kenmount Road land was accounted for.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. But do you--I should have been more specific.</p> <p>17 Do you know, you know, the story of how come</p> <p>18 that property was not used and the Board had</p> <p>19 to say "look, if it's not going to be used by</p> <p>20 2000, it's got to come out of rate base"? Do</p> <p>21 you know that story?</p> <p>22 MS. PERRY:</p> <p>23 A. Not in detail, Mr. Johnson. I know that they</p> <p>24 purchased this plot of land to--which</p> <p>25 subsequently the call centre was built, but</p>

Page 9	Page 11
<p>1 there was some excess land that resulted,</p> <p>2 after they decided to put the control centre</p> <p>3 on Topsail Road and the call centre on Duffy,</p> <p>4 and it was just considered surplus land at</p> <p>5 that time.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. Okay, and just so I can understand, is there</p> <p>8 any--is there a process internally followed at</p> <p>9 Newfoundland Power as to when an asset or</p> <p>10 assets are looked at and said "look, guys,</p> <p>11 should this be in rate base any more or not?"</p> <p>12 Is there a process like that?</p> <p>13 MS. PERRY:</p> <p>14 A. Not a formal process. I mean, our assets are</p> <p>15 bought with the intention of using it for the</p> <p>16 provision of service. So very rarely would we</p> <p>17 have anything that wouldn't be deemed for use</p> <p>18 for the provision of service.</p> <p>19 MR. JOHNSON:</p> <p>20 Q. And like in relation to this Kenmount Road</p> <p>21 property, would your expectation be that the</p> <p>22 Board or say the Consumer Advocate would have</p> <p>23 to be asking you guys on, say, a yearly basis,</p> <p>24 perhaps in the Capital Budget Application or</p> <p>25 some other application, "look, is this all</p>	<p>1 MS. PERRY:</p> <p>2 A. Yes, that is correct.</p> <p>3 MR. JOHNSON:</p> <p>4 Q. Okay, and I note that there is a reference</p> <p>5 there that the forecast for 30 years at a</p> <p>6 coupon rate of 7.25 percent, and I'm just</p> <p>7 wondering how you--how is the forecast arrived</p> <p>8 at?</p> <p>9 MS. PERRY:</p> <p>10 A. Well, it's certainly hard to pinpoint the</p> <p>11 forecasted cost of debt because we are looking</p> <p>12 out a few years to 2012. So that's about 50</p> <p>13 basis points above the last debt issue that we</p> <p>14 had completed. There's really no fundamental</p> <p>15 basis, other than it approximates the value</p> <p>16 that we just issued debt at.</p> <p>17 MR. JOHNSON:</p> <p>18 Q. Do you make any estimate--in reaching that</p> <p>19 number, do you make any forecast as to what</p> <p>20 the long Canada will look like in 2012 in</p> <p>21 June?</p> <p>22 MS. PERRY:</p> <p>23 A. No, this is more of an all-in rate that we're</p> <p>24 looking at here.</p> <p>25 MR. JOHNSON:</p>
Page 10	Page 12
<p>1 still being used and useful?" Would that be</p> <p>2 your expectation?</p> <p>3 MS. PERRY:</p> <p>4 A. I'm not sure that that is necessary. As I</p> <p>5 said, we only--these pieces of land are very</p> <p>6 infrequent. Most of the assets that are</p> <p>7 acquired are for use in the provision of</p> <p>8 service.</p> <p>9 MR. JOHNSON:</p> <p>10 Q. I'd like to turn to another issue, and that is</p> <p>11 in relation to your next long-term debt issue,</p> <p>12 Ms. Perry.</p> <p>13 MS. PERRY:</p> <p>14 A. Yes.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. It might be useful to turn to CA-NP-43,</p> <p>17 Attachment A, and in particular, page nine of</p> <p>18 nine. If you could come down a little bit</p> <p>19 further there, Michael? Yes, I'm focusing in</p> <p>20 on the long-term debt line there. Ms. Perry,</p> <p>21 the first paragraph talks about the 65 million</p> <p>22 dollar issue in May of '09 and then the next</p> <p>23 paragraph talks about a 50 million dollar</p> <p>24 long-term debt issue forecast for June 15th,</p> <p>25 2010--2012, I'm sorry. Is that correct?</p>	<p>1 Q. Okay. So by extension, no assumptions made</p> <p>2 with respect to a credit spread of the long</p> <p>3 Canada?</p> <p>4 MS. PERRY:</p> <p>5 A. That would be difficult to do at this point.</p> <p>6 MR. JOHNSON:</p> <p>7 Q. Okay, and I take it, do I have this right that</p> <p>8 there were long bonds issued by Newfoundland</p> <p>9 Power in 2002, 2005, 2007 and 2009 and we</p> <p>10 won't see it again until 2012? Would that be</p> <p>11 right?</p> <p>12 MS. PERRY:</p> <p>13 A. Based on today's assumptions, yes, that is</p> <p>14 true.</p> <p>15 MR. JOHNSON:</p> <p>16 Q. And if I could turn you to, again, page 312 of</p> <p>17 the Amended Application, and at the bottom,</p> <p>18 there's a footnote 40, and again, this is</p> <p>19 where you talked about the trust deed coverage</p> <p>20 being two times or higher. Do you see that,</p> <p>21 Ms. Perry?</p> <p>22 MS. PERRY:</p> <p>23 A. Yes, I do.</p> <p>24 MR. JOHNSON:</p> <p>25 Q. And I just want to focus in, because I don't</p>

Page 13	Page 15
<p>1 know if I got this properly the last time, 2 focus in on the part that says that the 3 company's 2010E trust deed interest is 2.1 4 times, and then it goes on to say "this is 5 near the bottom of the range at which the 6 company can issue additional first mortgage 7 bonds." Can you explain exactly what's meant 8 there? 9 (2:15 p.m.) 10 MS. PERRY: 11 A. The trust deed requires that Newfoundland 12 Power meet an earnings coverage test before it 13 can issue new bonds. So if we are going to 14 issue and to use assumptions within this 15 application, if we are going to issue debt in 16 2012, we have to take 2011's earnings before 17 interest and taxes and we then have to divide 18 by total interest. The total interest would 19 also have to include the new interest on the 20 new bond issued in 2012, and that has to be 21 over two times. 22 MR. JOHNSON: 23 Q. And just go back for a moment. The May 25th 24 2009 bond issue, who were the underwriters of 25 that bond issue, Ms. Perry?</p>	<p>1 utilities. 2 MR. JOHNSON: 3 Q. So has Moody's given you a list of the 4 companies on your peer group? 5 MS. PERRY: 6 A. No. However, in the Moody's report, if we 7 could turn to it, under Exhibit 4, and they're 8 not numbered, but on page two of the report - 9 MR. JOHNSON: 10 Q. Is that the March 6th '09 one? 11 MS. PERRY: 12 A. Yes. If you turn to the second last paragraph 13 on that page, they do indicate there, the 14 second line, "however, Newfoundland Power's 15 ratios generally continue to be somewhat 16 weaker than those of other Baa1 rated peers 17 predominately engaged in T and D" and they 18 have identified Atlantic City Electric 19 Company, Connecticut Light and Power, and 20 Fortis Alberta. 21 MR. JOHNSON: 22 Q. Okay. Are you aware of whether or not you 23 have more peers than just those? 24 MS. PERRY: 25 A. Moody's has not provided who the peer group is</p>
Page 14	Page 16
<p>1 MS. PERRY: 2 A. RBC. We didn't actually underwrite that 3 particular issue, but RBC was the agent. 4 MR. JOHNSON: 5 Q. Okay. They were the sole agent on that? 6 MS. PERRY: 7 A. Yes, they were. 8 MR. JOHNSON: 9 Q. And just to clean up a little bit more, I 10 notice on the transcript from October 15th, 11 page 116 actually, yes, at the bottom around 12 line 20, that's where we're having a 13 discussion about Moody's, etcetera, and you 14 say "so to say that they will accept lower 15 financial metrics within our peer group, I 16 don't believe that to be the case." Now, and 17 just to follow up on that, what peer group are 18 you referring to? 19 MS. PERRY: 20 A. Moody's actually indicate in our annual credit 21 rating that they consider our credit metrics 22 to be low compared to our peer group. So this 23 particular peer group that I'm referring to is 24 the peer group that Moody's has grouped us 25 with within their assessment of regulated</p>	<p>1 for Newfoundland Power, no. 2 MR. JOHNSON: 3 Q. And would the peer group only consist of 4 transmission and distribution utilities or 5 others? 6 MS. PERRY: 7 A. I suspect so, but I'm not sure. 8 MR. JOHNSON: 9 Q. See, what gets me about that is that Moody's 10 is saying that you appear to be somewhat 11 weaker than those of other Baa1 rated peers, 12 and then they say such as, which is a subset 13 of peers, and so your evidence is that there 14 is no other peers that Moody's have told you 15 about? 16 MS. PERRY: 17 A. No, I've not specifically received a list from 18 Moody's of all peers that they compare us to. 19 MR. JOHNSON: 20 Q. Would you be able to find out who they are 21 comparing you to when they talk about peers 22 and provide that as an undertaking? 23 KELLY, Q.C. 24 Q. I don't know if that's even possible, Mr. 25 Chairman.</p>

Page 17

Page 19

1 MR. JOHNSON:
 2 Q. Well, I guess, I think it would be possible,
 3 Mr. Chairman, I mean, on the basis that
 4 Moody's has provided a letter. They refer to
 5 peers and as an information say, "by the way,
 6 further to that letter, who is in the peer
 7 group with us?" I can't see Moody's being
 8 upset by that.
 9 KELLY, Q.C.
 10 Q. All we can do is inquire, Mr. Chairman.
 11 Beyond that, I can't undertake because we
 12 don't know.
 13 CHAIRMAN:
 14 Q. You can ask.
 15 KELLY, Q.C.
 16 Q. We can ask.
 17 CHAIRMAN:
 18 Q. Well, let's ask and see what happens.
 19 KELLY, Q.C.
 20 Q. Oh yes, no problem with that. I just can't
 21 undertake to do more than that.
 22 MR. JOHNSON:
 23 Q. Okay. Thank you very much. Just turning to
 24 another issue now for a moment. On October
 25 16th, I provided copies of certain answers to

1 A. Yes, that is correct.
 2 MR. JOHNSON:
 3 Q. Okay, and do you agree, looking at this
 4 document, that the percentage ranged plus or
 5 minus 11 percent over that period of time on a
 6 yearly basis?
 7 MS. PERRY:
 8 A. Yes, it would be minus 11 percent in 1986 and
 9 it ranged to 11.6 in 2006.
 10 MR. JOHNSON:
 11 Q. Okay, and for instance, in 2006, there was
 12 3.48 million as a total adjustment, but the
 13 bulk of that 2.7 million was Weather
 14 Normalization Reserve adjustment, right?
 15 MS. PERRY:
 16 A. Yes, that is correct.
 17 MR. JOHNSON:
 18 Q. Okay, and would these be considered material
 19 adjustments on your return on equity?
 20 MS. PERRY:
 21 A. Yes, it's certainly material, yes.
 22 MR. JOHNSON:
 23 Q. Yeah, and you'll recall, so you recall then
 24 when we discussed CA-189 in relation to a
 25 PEVDA transfer, if you would have had the

Page 18

Page 20

1 RFIs from Newfoundland Power's last case. Ms.
 2 Perry, you've seen that I take it?
 3 MS. PERRY:
 4 A. Yes, I have.
 5 MR. JOHNSON:
 6 Q. Just -
 7 MS. GLYNN:
 8 Q. We can enter those as Information items 5, 6
 9 and 7.
 10 MR. JOHNSON:
 11 Q. That's fine, thank you. Yes, Ms. Perry, the
 12 first one, I guess, I'd like to take you to is
 13 CA-NP-141 from the last hearing.
 14 MS. PERRY:
 15 A. Yes, I have it.
 16 MR. JOHNSON:
 17 Q. Yeah, and in that one, that has to do with the
 18 Weather Normalization account and basically
 19 what that question asks and you provided was a
 20 table showing adjustments to the Weather
 21 Normalization account and the Rate
 22 Stabilization account as a percentage of
 23 return on equity, and for the years 1986 to
 24 2006, correct?
 25 MS. PERRY:

1 PEVDA set up for 2006, I think that would
 2 have--that showed, and I think the record will
 3 bear me out, that the transfer would have been
 4 another 2.864 million dollars in 2006, just in
 5 relation to the PEVDA. Would that be correct?
 6 MS. PERRY:
 7 A. What RFI was that again, Mr. Johnson?
 8 MR. JOHNSON:
 9 Q. 189, Ms. Perry.
 10 MS. PERRY:
 11 A. 189. Yes, I have it now, Mr. Johnson.
 12 MR. JOHNSON:
 13 Q. Okay, and if you just go down a little bit,
 14 that figure I just mentioned, the 2.864
 15 million dollar figure, that was in the 2006
 16 column?
 17 MS. PERRY:
 18 A. Yes.
 19 MR. JOHNSON:
 20 Q. So now, like if you're--and I realize we're
 21 looking back, but had your PEVDA been an
 22 account by my looking at the math on CA-NP-
 23 141, you would have been talking about a
 24 percentage of return on equity of up around 20
 25 odd, low 20s, say, percent if you combined the

Page 21	Page 23
<p>1 Weather Normalization Reserve with the nearly 2 2.9 million dollars from the PEVDA in 2006. 3 Would that be accurate? Would that be more or 4 less fair? 5 MS. PERRY: 6 A. If you assume that the PEVDA was in operation 7 for 2006 and if you assume you benchmarked it 8 off of 2004's test year, yes, this is the 9 amount that would have been transferred to the 10 PEVDA account. However, of the 2.8 variance, 11 I spoke of the reason why pension expense was 12 higher than the test year was because we 13 implemented an early retirement program. So 14 about 1.1 million of that increase actually 15 related to that early retirement program. So 16 I'm not so sure that the cost associated with 17 an early retirement program would have flown 18 through a PEVDA, if in fact it had existed at 19 that time. 20 MR. JOHNSON: 21 Q. That's fine. I just want to get a sense of 22 the magnitude of the number as a percentage of 23 return on equity. The other point that I'll 24 just raise with you, and it has to do with the 25 letter that I sent over on Friday, which would</p>	<p>1 MS. PERRY: 2 A. Yes, it is correct. 3 MR. JOHNSON: 4 Q. Those are my questions, Ms. Perry. Thank you. 5 CHAIRMAN: 6 Q. I guess it's Mr. Simmons now, is it? 7 MS. GLYNN: 8 Q. No, actually, I believe Mr. Earle is going to 9 continue with some cross-examination. 10 EARLE, Q.C.: 11 Q. We're going to find out now, Mr. Chairman, if 12 a change is as good as a rest. I have some 13 questions for the witness in the area of 14 OPEBs. 15 CHAIRMAN: 16 Q. You're the OPEB man, are you? 17 EARLE, Q.C.: 18 Q. I'm the OPEB man. 19 CHAIRMAN: 20 Q. We look forward to it. 21 MS. PERRY - CROSS-EXAMINATION BY RANDY EARLE, Q.C.: 22 EARLE, Q.C. 23 Q. Good afternoon, Ms. Perry. Would it be fair 24 to say, Ms. Perry, that OPEBs are, with the 25 exception of the retirement allowance,</p>
Page 22	Page 24
<p>1 be number 202. 2 MS. PERRY: 3 A. Yes. 4 MR. JOHNSON: 5 Q. And I take it that this -- the reason I ask 6 you this, Ms. Perry, is that in CA-NP-364, I 7 asked when these utilities had switched to the 8 accrual method, but Newfoundland Power 9 indicated it didn't have the requested 10 information. So 202 from the last case, that 11 would be accurate as of the date that was 12 filed, right? 13 MS. PERRY: 14 A. Yes, it would. 15 MR. JOHNSON: 16 Q. And finally, and I promise this will be my 17 last foray into OPEBs, is 213. 18 MS. PERRY: 19 A. Yes. 20 MR. JOHNSON: 21 Q. This from last case would represent 22 Newfoundland Power's forecast of proforma 23 OPEBs expense for the period '08 to '10, both 24 assuming cash and accrual method of 25 accounting, correct?</p>	<p>1 essentially a subset of group benefits? 2 MS. PERRY: 3 A. Yes, that would be a fair statement. 4 EARLE, Q.C. 5 Q. And would it also be fair to say that you're 6 in a position in common with most of the 7 Financial VPs or Chief Financial Officers of 8 Canadian corporations providing group 9 benefits, that the cost of group benefits is a 10 matter very much on your agenda? 11 MS. PERRY: 12 A. It's certainly on the agenda for Newfoundland 13 Power, yes. 14 EARLE, Q.C. 15 Q. And would it also be fair to say that of group 16 benefits, for instance, cost of drugs over the 17 past few years has probably been one of the 18 most quickly escalating costs in your company, 19 let alone just within the group benefits area? 20 MS. PERRY: 21 A. We have seen some pressures on our group 22 benefits plan. The utilization, in 23 particular, at Newfoundland Power, so our loss 24 ratios inside the plan are really the key 25 drivers to our premium renewals each year</p>

Page 25

1 versus the drug cost even though that is
 2 playing into it, but we've -- you know, the
 3 costs have increased and they have certainly
 4 increased in the last couple of years, but we
 5 have controlled those costs over the last
 6 couple of years.
 7 EARLE, Q.C.
 8 Q. So utilization is a driver, as well as the
 9 cost of prescription drugs, in particular?
 10 MS. PERRY:
 11 A. Yes, it is.
 12 EARLE, Q.C.
 13 Q. Perhaps you can tell the Commissioners how
 14 generally your plan operates, and I'm sure,
 15 for instance, that the curiosity was probably
 16 tweaked by -- if we could look at CA-NP-356,
 17 and we see discussion of transfers from funds
 18 and things of that nature. You have an
 19 unrestricted deposit account, and that tells
 20 me a fair bit about the nature of the plan you
 21 have, but I think the Commissioners would
 22 benefit from a description of the way your
 23 plan operates?
 24 MS. PERRY:
 25 A. This is a very high level view of our group

Page 26

1 benefits plan. The key benefits that we offer
 2 are health, life, disability. That would be
 3 the three key areas. With respect to
 4 disability, it's a fully insured plan, so we
 5 pay a premium and the -- for that particular
 6 year the insurer takes the risk of the
 7 disability program. With respect to health
 8 and life plans, like many large plans, like
 9 Newfoundland Power, it's actually done on what
 10 is called a refund accounting basis. So the
 11 insurer and the company plays a part in the
 12 risk of utilization versus premiums on an
 13 annual basis. The financial arrangements are
 14 such that certain large claims will not make
 15 it into the pool of losses. The insurer will
 16 take that risk, but certainly Newfoundland
 17 Power and the insurer shares in the losses
 18 based on the utilization for each year.
 19 EARLE, Q.C.
 20 Q. So you pool certain large claims essentially,
 21 right?
 22 MS. PERRY:
 23 A. Yes, we do.
 24 EARLE, Q.C.
 25 Q. And you have this unrestricted deposit account

Page 27

1 which allows, if you will, for a smoothing of
 2 deficits or surpluses in the operation of the
 3 plan year to year?
 4 (2:30 p.m.)
 5 MS. PERRY:
 6 A. The unrestricted deposit account actually came
 7 about as a result of our change from Great
 8 West Life to Blue Cross. When we went to
 9 market in 2006, the premiums that were
 10 negotiated for 2006 and onward were actually
 11 lower than the current premiums that were paid
 12 the year prior. So instead of reducing
 13 premiums for both employees and the company,
 14 we agreed to keep the premiums at the same
 15 relative level to the previous year, and the
 16 difference went into this unrestricted deposit
 17 account. So when we renewed for January 1,
 18 2008, which was the next subsequent renewal,
 19 we did use some of that funds, which was
 20 around \$300,000.00. We did use some of those
 21 funds to offset the benefit increases, the
 22 premium increases that we were seeing.
 23 EARLE, Q.C.
 24 Q. And, of course, if you didn't offset the
 25 premium increases, you'd have a deficit on the

Page 28

1 plan?
 2 MS. PERRY:
 3 A. There are actually still deficits on both
 4 health and life today.
 5 EARLE, Q.C.
 6 Q. A larger one now?
 7 MS. PERRY:
 8 A. Yes, a larger deficit.
 9 EARLE, Q.C.
 10 Q. Now the other post-employment benefits, they
 11 would include for the post 65 retiree?
 12 MS. PERRY:
 13 A. Yes, it would.
 14 EARLE, Q.C.
 15 Q. What benefits?
 16 MS. PERRY:
 17 A. For retirees over 65, they get a life benefit
 18 of \$10,000.00, plus health benefits which are
 19 capped at \$5,000.00 per retiree and dependant.
 20 EARLE, Q.C.
 21 Q. And is there a travel benefit?
 22 MS. PERRY:
 23 A. Yes, there is, yes.
 24 EARLE, Q.C.
 25 Q. But they do not have dental?

Page 29	Page 31
<p>1 MS. PERRY: 2 A. No, there's no dental offered post 65. 3 EARLE, Q.C. 4 Q. And when you talk health benefits, and I think 5 this is consistent throughout, we're talking 6 about what is generally considered extended 7 health care, that is prescription drugs, 8 hospitalization, allied health professionals, 9 etc? 10 MS. PERRY: 11 A. Yes, that is correct. 12 EARLE, Q.C. 13 Q. And for your under 65 retirees, they receive 14 what benefits? 15 MS. PERRY: 16 A. Retirees under 65 avail of similar benefits 17 that they received when they were active 18 employees. There are some modest reductions 19 when you go into retirement, but they are very 20 similar to the active benefits -- benefits 21 that you would get when you're an active 22 employee of Newfoundland Power. 23 EARLE, Q.C. 24 Q. And do they receive disability? 25 MS. PERRY:</p>	<p>1 supplied us indicates that for your active 2 employees the disability premium for tax 3 reasons is being paid entirely by the 4 employee? 5 MS. PERRY: 6 A. Yes, when you're an active employee of 7 Newfoundland Power, we apply 50 percent of the 8 premium that the employee pays towards 9 disability first, such that in the event that 10 they avail of the disability income, it'll be 11 non-taxable. 12 EARLE, Q.C. 13 Q. So with the diversion of that money back to 14 the extended health care and dental, one would 15 expect that there might be some reduction in 16 the overall premium? 17 MS. PERRY: 18 A. Once the -- 19 EARLE, Q.C. 20 Q. For the pre 65 retiree? 21 MS. PERRY: 22 A. I suspect there would be some reduction in 23 premium, yes, for the employee. 24 EARLE, Q.C. 25 Q. Now if we could go to Table 8 of the report on</p>
Page 30	Page 32
<p>1 A. No, we do not offer disability in retirement. 2 EARLE, Q.C. 3 Q. Now the under 65 retirees pay half of the 4 cost, correct? 5 MS. PERRY: 6 A. Yes, that is correct. 7 EARLE, Q.C. 8 Q. The over 65 retirees pay nothing, is that 9 correct? 10 MS. PERRY: 11 A. That is correct, yes. 12 EARLE, Q.C. 13 Q. And, of course, your under 65 retirees are 14 somewhat cushioned because with the 15 termination of the disability benefit, there 16 is a significant cost to which employee 17 contributions were being made that no longer 18 applies, right? 19 MS. PERRY: 20 A. Once you go into retirement, there's no need 21 for the employee to pay their portion of the 22 disability premium. I believe that's your 23 question, Mr. Earle? 24 EARLE, Q.C. 25 Q. Yes, and I believe the information you have</p>	<p>1 OPEBs. 2 MS. PERRY: 3 A. I'm sorry, Mr. Earle, is that under an 4 exhibit? 5 MR. JOHNSON: 6 Q. It's at Volume 2, is it? 7 EARLE, Q.C. 8 Q. Perhaps you can go to Table 8. 9 MR. JOHNSON: 10 Q. Tab 8, is it? 11 EARLE, Q.C. 12 Q. Table 8. There we go. So just to confirm, 13 with the revisions being made, this indicates 14 that you have after incorporating the tax 15 effect, you have as the result of accruing 16 OPEBs, in the 2010 test year, just that one 17 item will require 6.8 million dollars more 18 revenue, correct? 19 MS. PERRY: 20 A. Yes, that is correct. 21 EARLE, Q.C. 22 Q. And if we go to Table 8, not of the revised 23 application, but of the original, if we could, 24 and see that the revenue requirement there was 25 5.6 million?</p>

Page 33	Page 35
<p>1 MS. PERRY: 2 A. Yes. 3 EARLE, Q.C. 4 Q. So that's a change of 1.2 million over how 5 long a period has that happened? How long is 6 it since your original application was filed 7 to the revision? 8 MS. PERRY: 9 A. This particular application -- the first 10 application was filed in May, and this revised 11 application -- 12 EARLE, Q.C. 13 Q. The revision was filed late September, wasn't 14 it? 15 MS. PERRY: 16 A. September. 17 EARLE, Q.C. 18 Q. And would it be fair to say that this change 19 in valuation is solely a function of a change 20 in the discount rate if there are no other 21 variables considered? 22 MS. PERRY: 23 A. That is correct, yes. 24 EARLE, Q.C. 25 Q. Now how did you calculate the discount rate?</p>	<p>1 EARLE, Q.C. 2 Q. At the end of every month. So would you 3 recalculate your accrual expense every month? 4 MS. PERRY: 5 A. No. The discount rate that is used to 6 calculate the expense is the discount rate in 7 effect on December 31st each year. So the 8 actuaries provide the discount rate, so we can 9 have some visibility as to where the discount 10 rates are going, but it's certainly pegged off 11 the December 31st actual discount rate, and 12 that will determine the expense for the 13 upcoming year. 14 EARLE, Q.C. 15 Q. So even though the discount rate might vary as 16 much as 1 percent in the course of a year, you 17 won't recalculate your expense, you'll just do 18 it on an annual basis? 19 MS. PERRY: 20 A. If we are forecasting out and looking forward, 21 I would use the discount rate, the most 22 current discount rate that was provided by the 23 actuary because that's the best information 24 that we would have available. 25 EARLE, Q.C.</p>
Page 34	Page 36
<p>1 MS. PERRY: 2 A. The discount rate that is used to determine 3 the OPEB expense is provided by our actuaries, 4 and it is based on CICA standards for 5 generally accepted accounting principles. 6 Fundamentally it is matched with -- the rate 7 that's used is matched with bonds with similar 8 durations of payments that we expect to pay 9 with our post-retirement benefits. So that 10 number is provided by our actuary. 11 EARLE, Q.C. 12 Q. Would you in the normal course of business, if 13 you were not dealing with a rate application, 14 go back to your actuaries on a four month 15 basis to have these figures recalculated? 16 MS. PERRY: 17 A. The actuary actually provides us the discount 18 rates at the end of every month. I'm not sure 19 if I answered your question, Mr. Earle. 20 EARLE, Q.C. 21 Q. Well, I think you're about to answer it, 22 anyway. How often does the actuary provide 23 you with the discount rate? 24 MS. PERRY: 25 A. At the end of every month.</p>	<p>1 Q. That's when you're forecasting? 2 MS. PERRY: 3 A. Yes. 4 EARLE, Q.C. 5 Q. You're not using a forecast discount rate here 6 now, are you? You're using a current discount 7 rate? 8 MS. PERRY: 9 A. Yes, that is correct. 10 EARLE, Q.C. 11 Q. So while it's a 2010 expense that we're 12 talking about here for test year purposes, 13 you're actually using a September, 2009, 14 discount rate? 15 MS. PERRY: 16 A. That is correct, and I've actually queried 17 whether there are any forecasted discount 18 rates, but there's no such thing. So the best 19 information that we would have is the current 20 rate in effect when we're doing our forecast. 21 EARLE, Q.C. 22 Q. So if things continue on as they have been in 23 terms of change in the discount rate, by the 24 end of the year we could theoretically be down 25 another 1 percent, couldn't we?</p>

Page 37	Page 39
<p>1 MS. PERRY:</p> <p>2 A. Theoretically, we could be down one or up one,</p> <p>3 yes.</p> <p>4 EARLE, Q.C.</p> <p>5 Q. Now you indicated that your actuary supplies</p> <p>6 this to you. Is your arrangement then that</p> <p>7 you have a standing contract with your</p> <p>8 actuaries to provide you with this information</p> <p>9 for all purposes, or is this something new you</p> <p>10 put in place because of the possibility of</p> <p>11 accrual of OPEBs?</p> <p>12 (2:45 p.m)</p> <p>13 MS. PERRY:</p> <p>14 A. No, I've been receiving the discount rate from</p> <p>15 Mercers for as long as I can remember.</p> <p>16 EARLE, Q.C.</p> <p>17 Q. Do you pay for this service?</p> <p>18 MS. PERRY:</p> <p>19 A. We pay for every hour worked by Mercers.</p> <p>20 They're our service provider.</p> <p>21 EARLE, Q.C.</p> <p>22 Q. And these actuaries aren't cheap people, are</p> <p>23 they?</p> <p>24 MS. PERRY:</p> <p>25 A. They're reasonable.</p>	<p>1 MS. PERRY:</p> <p>2 A. Yes.</p> <p>3 EARLE, Q.C.</p> <p>4 Q. If you go to line 4, actuarial loss[gain], and</p> <p>5 you'll see for fiscal year ending December</p> <p>6 31st, 2008, it's \$14,885,000.00, and for</p> <p>7 fiscal year December 31st, 2007, you see that</p> <p>8 it's \$3,383,000.00. Could you tell the</p> <p>9 Commissioners what this is, this actuarial</p> <p>10 loss or gain?</p> <p>11 MS. PERRY:</p> <p>12 A. I think the best way to explain the actuarial</p> <p>13 loss or gain, if you'll go to page 11 of that</p> <p>14 report, you'll see the breakdown of the 14.9</p> <p>15 million there, so -- and this is prepared by</p> <p>16 the actuaries, so I can't comment on every</p> <p>17 number, but you'll see one of the biggest</p> <p>18 changes there is a change in discount rate of</p> <p>19 20.9 million, and that was the higher discount</p> <p>20 rate that we experienced in 2008 because this</p> <p>21 was done as of December 31st, 2008. So other</p> <p>22 changes that go through there, change in</p> <p>23 demographics, they review the actual data of</p> <p>24 Newfoundland Power from the last time that</p> <p>25 they had done a valuation. They review claims</p>
Page 38	Page 40
<p>1 EARLE, Q.C.</p> <p>2 Q. Would you need that expense if you were</p> <p>3 dealing with OPEBs on a cash basis?</p> <p>4 MS. PERRY:</p> <p>5 A. Yes, we would. We record OPEBs on a cash</p> <p>6 basis for regulatory purposes, but we still</p> <p>7 recognize the total obligation on an accrual</p> <p>8 basis in your financial statements, but the</p> <p>9 difference between how we account for it from</p> <p>10 a regulatory perspective and from a pure gap</p> <p>11 financial accounting perspective is recorded</p> <p>12 as an OPEB regulatory asset. So we do have to</p> <p>13 know what the discount rate is to determine</p> <p>14 what the obligation is.</p> <p>15 EARLE, Q.C.</p> <p>16 Q. But not for regulatory purposes?</p> <p>17 MS. PERRY:</p> <p>18 A. No, not for regulatory purposes.</p> <p>19 EARLE, Q.C.</p> <p>20 Q. So if you could look -- if we could then turn</p> <p>21 to Tab 5 of Volume 2, page 2.</p> <p>22 MS. PERRY:</p> <p>23 A. I'm sorry, Mr. Earle, what page was that?</p> <p>24 EARLE, Q.C.</p> <p>25 Q. Tab 5, Volume 2, of your application, page 2.</p>	<p>1 cost compared to their actuary projected</p> <p>2 assumptions that they had previously provided.</p> <p>3 The change in medical trend there on line 4 of</p> <p>4 18 million, this was -- this resulted from a</p> <p>5 regrading of how they trended the expected</p> <p>6 increase in health care trend costs. So there</p> <p>7 was a change -- I don't know if it was just</p> <p>8 with Mercers or with the industry in terms of</p> <p>9 how it was expected over time that health care</p> <p>10 trend costs were going to levelize in the</p> <p>11 future. So that changed a piece of their</p> <p>12 assumption. In the change in mortality</p> <p>13 assumption, and the increase in the liability,</p> <p>14 is surrounding people are generally living</p> <p>15 longer and the new mortality table indicates</p> <p>16 that. So there's a number of things that will</p> <p>17 make up the actuarial gains and losses.</p> <p>18 EARLE, Q.C.</p> <p>19 Q. Yes, well, I had intended to come here in my</p> <p>20 next question, so if we could just stay here,</p> <p>21 we're talking here a change year over year,</p> <p>22 right?</p> <p>23 MS. PERRY:</p> <p>24 A. Yes.</p> <p>25 EARLE, Q.C.</p>

Page 41	Page 43
<p>1 Q. So in one year the consequence of the change</p> <p>2 in the actuarial assumption arising from the</p> <p>3 demographics of your plan improves the picture</p> <p>4 of the plan by \$4,243,000.00, right?</p> <p>5 MS. PERRY:</p> <p>6 A. Yes, that's correct.</p> <p>7 EARLE, Q.C.</p> <p>8 Q. Pardon?</p> <p>9 MS. PERRY:</p> <p>10 A. That is correct, yes.</p> <p>11 EARLE, Q.C.</p> <p>12 Q. Yes. Likewise, a change in claims costs</p> <p>13 improves the picture by \$9,391,000.00, right?</p> <p>14 MS. PERRY:</p> <p>15 A. Yes, that is correct.</p> <p>16 EARLE, Q.C.</p> <p>17 Q. And the change in aging, it changes things by</p> <p>18 \$14,000.00. I get more interested in terms</p> <p>19 like that as years go on. What's the change</p> <p>20 in aging?</p> <p>21 MS. PERRY:</p> <p>22 A. It's a claim pattern by age. It's just a</p> <p>23 change in the claim pattern.</p> <p>24 EARLE, Q.C.</p> <p>25 Q. Okay. Then we see the change in medical trend</p>	<p>1 EARLE, Q.C.</p> <p>2 Q. So they've had to boost the projections up,</p> <p>3 and then the discount rate we've talked about</p> <p>4 before, and the change in mortality</p> <p>5 assumption, I don't know if that's good news</p> <p>6 of bad news. It seems to me if you're better</p> <p>7 off in terms of morality assumption, that</p> <p>8 means more of us are going to die early, is</p> <p>9 that correct?</p> <p>10 MS. PERRY:</p> <p>11 A. People are generally living longer with the</p> <p>12 new mortality table. So, therefore, it</p> <p>13 increases the benefit obligation that we would</p> <p>14 have under our plan.</p> <p>15 EARLE, Q.C.</p> <p>16 Q. So if we could just bring up CA-NP-189, and I</p> <p>17 think it's towards the bottom of this you make</p> <p>18 the statement that OPEBs are rather different</p> <p>19 than pension expenses, and would not be</p> <p>20 amenable to something like a PEVDA?</p> <p>21 MS. PERRY:</p> <p>22 A. Yes, that is correct.</p> <p>23 EARLE, Q.C.</p> <p>24 Q. So it's fair to say, is it not, in calculating</p> <p>25 the year over year change in the OPEB expense,</p>
Page 42	Page 44
<p>1 wipes out all of the gain that you've made</p> <p>2 above essentially, doesn't it?</p> <p>3 MS. PERRY:</p> <p>4 A. In this particular case, yes.</p> <p>5 EARLE, Q.C.</p> <p>6 Q. And the change in medical trend, that is the</p> <p>7 increased cost in drugs, the increased cost in</p> <p>8 hospitalization, increased cost of</p> <p>9 physiotherapy, occupational therapy, all those</p> <p>10 sorts of things, right?</p> <p>11 MS. PERRY:</p> <p>12 A. I'm probably, to quote Mr. Ludlow, over my</p> <p>13 waders with respect to all of the basis behind</p> <p>14 actuarial changes because I will never profess</p> <p>15 to be an actuary with respect to how these</p> <p>16 things move, but my understanding of the</p> <p>17 change in medical trend is that there is a</p> <p>18 specific grading off period that there is</p> <p>19 expectation that the health care trend cost</p> <p>20 will eventually levelize or come down to a</p> <p>21 certain level, and the health care costs have</p> <p>22 not come down as fast as what was expected</p> <p>23 during the last valuation that was completed.</p> <p>24 So, therefore, there was this 18 million</p> <p>25 dollar adjustment.</p>	<p>1 whether transitional expense or the annual</p> <p>2 accrual, that we are dealing with something</p> <p>3 that is actually fairly complex in terms of</p> <p>4 its calculation?</p> <p>5 MS. PERRY:</p> <p>6 A. OPEBs is an actuarially determined number, so</p> <p>7 that by its nature, I believe, is complex.</p> <p>8 When we talk about the expense risk of OPEBs</p> <p>9 compared to pensions, what I was referring to</p> <p>10 there was the amount of volatility in the</p> <p>11 expense that we would see as a result of</p> <p>12 changes and assumptions. With respect to</p> <p>13 pension expense, a 1 percent change in the</p> <p>14 discount rate changes the expense by up to 3</p> <p>15 million, which is what we had seen from May to</p> <p>16 September. The OPEBs expense will move with</p> <p>17 changes in the discount rate, but only by one</p> <p>18 third of that of pension expense. So that's</p> <p>19 what we were referring to there.</p> <p>20 EARLE, Q.C.</p> <p>21 Q. And pension being quantitatively larger?</p> <p>22 MS. PERRY:</p> <p>23 A. Exactly.</p> <p>24 EARLE, Q.C.</p> <p>25 Q. So the impact of a 1 percent change being</p>

Page 45	Page 47
<p>1 larger, but the -- to go back to what you just</p> <p>2 said, the volatility of OPEBs is, in fact - I</p> <p>3 suppose we don't know if it's different, but</p> <p>4 we do know it's subject to an awful lot more</p> <p>5 variables, don't we?</p> <p>6 MS. PERRY:</p> <p>7 A. I'm not sure I understand the question.</p> <p>8 Compared to --</p> <p>9 EARLE, Q.C.</p> <p>10 Q. Compared to pensions?</p> <p>11 MS. PERRY:</p> <p>12 A. Both of them are subject to a number of</p> <p>13 assumptions. With respect to OPEBs, it's</p> <p>14 really discount rate and the health care trend</p> <p>15 costs. Those are the two moving assumptions.</p> <p>16 With respect to pension plans, defined benefit</p> <p>17 pension plans, it's the discount rate and the</p> <p>18 actual asset returns because in that</p> <p>19 particular case we have investments that the</p> <p>20 asset returns will factor into the expense</p> <p>21 going forward. So both have a number of</p> <p>22 assumptions. The magnitude of the expense</p> <p>23 movement, though, is less under OPEBs than it</p> <p>24 is under pensions.</p> <p>25 EARLE, Q.C.</p>	<p>1 are you doing that currently for non-regulated</p> <p>2 purposes?</p> <p>3 MS. PERRY:</p> <p>4 A. I'm not sure what the non-regulated reference</p> <p>5 is to.</p> <p>6 EARLE, Q.C.</p> <p>7 Q. Well, you indicated that you accounted OPEBs</p> <p>8 already for non-regulated purposes using the</p> <p>9 discount rate. Do you currently have an</p> <p>10 actuarial study done on a regular basis to</p> <p>11 come up with the actuarial gain or loss, the</p> <p>12 change in the valuation from those variables?</p> <p>13 MS. PERRY:</p> <p>14 A. Yes, we do. The pension, the actuarial report</p> <p>15 is done at a minimum every three years and</p> <p>16 that's required for pension funding purposes.</p> <p>17 There are no specific requirements to have an</p> <p>18 OPEBs valuation completed every -- for a</p> <p>19 specific number of years. Typically, we have</p> <p>20 been every three years.</p> <p>21 EARLE, Q.C.</p> <p>22 Q. Who's requiring that?</p> <p>23 MS. PERRY:</p> <p>24 A. Requiring?</p> <p>25 EARLE, Q.C.</p>
Page 46	Page 48
<p>1 Q. Simply because it's a different total amount</p> <p>2 of money that we're dealing with in the first</p> <p>3 place?</p> <p>4 MS. PERRY:</p> <p>5 A. That's certainly a part of it, yes.</p> <p>6 EARLE, Q.C.</p> <p>7 Q. Of course, if you wanted to fund your OPEBs,</p> <p>8 then you could have the asset value variable</p> <p>9 thrown in as well, couldn't you?</p> <p>10 MS. PERRY:</p> <p>11 A. If it were funded, yes.</p> <p>12 (3:00 p.m.)</p> <p>13 EARLE, Q.C.</p> <p>14 Q. Yes, but clearly when dealing with OPEBs, you</p> <p>15 have things like drug pricing trends,</p> <p>16 utilization trends, all going into the mix,</p> <p>17 right?</p> <p>18 MS. PERRY:</p> <p>19 A. That goes into the determination of the</p> <p>20 premium itself, yes.</p> <p>21 EARLE, Q.C.</p> <p>22 Q. Now you told us that you get the discount rate</p> <p>23 for non-regulated purposes. What about your</p> <p>24 actuarial study for OPEBs, have you</p> <p>25 established a frequency for doing this study,</p>	<p>1 Q. That the OPEBs valued every three years?</p> <p>2 MS. PERRY:</p> <p>3 A. There is no specific requirement. However,</p> <p>4 for your gap financial statements, every so</p> <p>5 often to have a valuation completed such that</p> <p>6 you ensure that the assumptions you're using</p> <p>7 are still valid, that you compare your claims</p> <p>8 cost with what was actuarially assumed during</p> <p>9 the last valuation. It's certainly a way to</p> <p>10 test that what you have in your financial</p> <p>11 statements is as close to reality as possible.</p> <p>12 EARLE, Q.C.</p> <p>13 Q. Well, is the cost of doing that actuarial</p> <p>14 study a regulated expense for Newfoundland</p> <p>15 Power at the present time?</p> <p>16 MS. PERRY:</p> <p>17 A. Yes, it is.</p> <p>18 EARLE, Q.C.</p> <p>19 Q. So you treat that as a regulated expense?</p> <p>20 MS. PERRY:</p> <p>21 A. Yes.</p> <p>22 EARLE, Q.C.</p> <p>23 Q. I take it, though, there is no necessity for</p> <p>24 an actuarial study to pay your OPEBs on a cash</p> <p>25 basis?</p>

Page 49	Page 51
<p>1 MS. PERRY:</p> <p>2 A. It certainly is very standard that if you have</p> <p>3 an OPEBs obligation for financial statement</p> <p>4 purposes, that there be a OPEB valuation</p> <p>5 completed every so often to validate the</p> <p>6 assumptions that are determining your</p> <p>7 obligation, which is ultimately in your public</p> <p>8 disclosures.</p> <p>9 EARLE, Q.C.</p> <p>10 Q. That's fine, but is it necessary? I mean, do</p> <p>11 you need to make a prediction as to the cost</p> <p>12 of OPEBs 17 or so years down the road, which</p> <p>13 is the sort of requirements that are built</p> <p>14 into this actuarial study to pay them on a</p> <p>15 cash basis?</p> <p>16 MS. PERRY:</p> <p>17 A. I believe that's two separate issues. The</p> <p>18 cash basis is just determining the cash</p> <p>19 premiums and you pay the cash premiums. With</p> <p>20 respect to financial statement purposes,</p> <p>21 that's governed by disclosure rules and</p> <p>22 certainly generally accepted accounting</p> <p>23 principles with respect to how you recognize</p> <p>24 the liability, and I'm not aware of a legal</p> <p>25 requirement to have it done, however, I can't</p>	<p>1 reconciliation of funded status to accrued</p> <p>2 benefit asset liability, and fiscal year</p> <p>3 ending December 31st, 2008; fiscal year ending</p> <p>4 December 31st, 2007, and would you agree with</p> <p>5 me that there is approximately a 6.5 million</p> <p>6 dollar change year over year in those two</p> <p>7 figures?</p> <p>8 MS. PERRY:</p> <p>9 A. Yes.</p> <p>10 EARLE, Q.C.</p> <p>11 Q. And those two figures are essentially what</p> <p>12 your transitional charge would be, or cost? I</p> <p>13 shouldn't say charge.</p> <p>14 MS. PERRY:</p> <p>15 A. The annual cost of changing to the accrual</p> <p>16 basis is about 6.8 million, yes.</p> <p>17 EARLE, Q.C.</p> <p>18 Q. No, no, not -- the annual cost is 6.8, but the</p> <p>19 cost that's hanging out there, the gorilla in</p> <p>20 the closet, so to speak, has got to be</p> <p>21 arguably, anyway, to be dealt with down the</p> <p>22 road, that's that 41 million as of December</p> <p>23 31st, 2008, but it was 34 million as of</p> <p>24 December 31st, 2007, right?</p> <p>25 MS. PERRY:</p>
Page 50	Page 52
<p>1 imagine that we would be -- it would be</p> <p>2 permissible to go beyond a few years before</p> <p>3 the auditors of the financial statements would</p> <p>4 not require that you have a valuation done to</p> <p>5 validate what it is you're including in your</p> <p>6 financial statements.</p> <p>7 EARLE, Q.C.</p> <p>8 Q. Well, as compared to the pension situation</p> <p>9 where pensions legislation and regulations</p> <p>10 actually require you to have an actuarial</p> <p>11 study done on a three year cycle, right?</p> <p>12 MS. PERRY:</p> <p>13 A. At a minimum three year cycle, yes.</p> <p>14 EARLE, Q.C.</p> <p>15 Q. So there's no such requirement as that, and</p> <p>16 can you tell me what is your current cycle</p> <p>17 because I think your answer was "every so</p> <p>18 often"?</p> <p>19 MS. PERRY:</p> <p>20 A. It has been every three years on average.</p> <p>21 EARLE, Q.C.</p> <p>22 Q. And if we can go to Tab 5 of Volume 2 again,</p> <p>23 and page 4. Now if we look at the -- if we</p> <p>24 could go back where we were. If we go back</p> <p>25 right down to the bottom. Thank you. The</p>	<p>1 A. Yes, that is correct.</p> <p>2 EARLE, Q.C.</p> <p>3 Q. And the changes in that again are a reflection</p> <p>4 of things like changes in the discount rate,</p> <p>5 medical trend, so on and so forth, all those</p> <p>6 items we looked at a few moments ago?</p> <p>7 MS. PERRY:</p> <p>8 A. It would certainly include more than that.</p> <p>9 Under the accrual basis, you are fundamentally</p> <p>10 present valuing your expected future payments</p> <p>11 of your post-retirement benefits. Under the</p> <p>12 cash basis, you're just recording the cash</p> <p>13 premium. So each and every year that you're</p> <p>14 under the cash versus the accrual, the</p> <p>15 transitional obligation will grow by roughly 6</p> <p>16 million.</p> <p>17 EARLE, Q.C.</p> <p>18 Q. So you have a lot of factors in there?</p> <p>19 MS. PERRY:</p> <p>20 A. There are a lot of factors, yes.</p> <p>21 EARLE, Q.C.</p> <p>22 Q. And you're indicating that you would have an</p> <p>23 actuarial study done every three years?</p> <p>24 MS. PERRY:</p> <p>25 A. Yes, that's on average what we have been</p>

Page 53	Page 55
<p>1 completing the actual study.</p> <p>2 EARLE, Q.C.</p> <p>3 Q. But that you get the discount rate at the end</p> <p>4 of each year?</p> <p>5 MS. PERRY:</p> <p>6 A. We do get the discount rate at the end of each</p> <p>7 year, yes.</p> <p>8 EARLE, Q.C.</p> <p>9 Q. So you would be changing your OPEB accrual</p> <p>10 each year to reflect the change in the</p> <p>11 discount rate?</p> <p>12 MS. PERRY:</p> <p>13 A. On December 31st each year, the discount rate</p> <p>14 would then be used to value the OPEBs</p> <p>15 obligation. That would factor into next</p> <p>16 year's pension expense.</p> <p>17 EARLE, Q.C.</p> <p>18 Q. Pension expense?</p> <p>19 MS. PERRY:</p> <p>20 A. OPEB expense, OPEB expense, and -- but a</p> <p>21 change in discount rate year over year would</p> <p>22 be exactly what we reviewed earlier, which is</p> <p>23 that actuarial gain or loss based on changes</p> <p>24 in assumption. That will then --</p> <p>25 EARLE, Q.C.</p>	<p>1 rate. Each year, you have an expense which is</p> <p>2 the accrual of your OPEB costs, right?</p> <p>3 MS. PERRY:</p> <p>4 A. Yes.</p> <p>5 EARLE, Q.C.</p> <p>6 Q. And that determines your revenue requirement?</p> <p>7 MS. PERRY:</p> <p>8 A. Yes, it does.</p> <p>9 EARLE, Q.C.</p> <p>10 Q. Now when you get that new discount rate, will</p> <p>11 you -- for instance, at the end of 2009, you</p> <p>12 get a discount rate. Will that determine your</p> <p>13 actual figure that you use for accrual</p> <p>14 purposes for 2010?</p> <p>15 MS. PERRY:</p> <p>16 A. Yes, it will.</p> <p>17 EARLE, Q.C.</p> <p>18 Q. Okay, and you will do that annually?</p> <p>19 MS. PERRY:</p> <p>20 A. Yes, we will.</p> <p>21 EARLE, Q.C.</p> <p>22 Q. So there will be -- for instance, if there's a</p> <p>23 1 percent change in the discount rate, you</p> <p>24 could see year over year changes in that</p> <p>25 annual accrual expense in the range of 1.2</p>
Page 54	Page 56
<p>1 Q. Can you repeat that again?</p> <p>2 MS. PERRY:</p> <p>3 A. The change in the discount rate from one year</p> <p>4 to the next, so from one December to the</p> <p>5 following December, will result in a change in</p> <p>6 the OPEBs obligation. That doesn't get fully</p> <p>7 recognized in the expense in the following</p> <p>8 year. That "true itself up" over what is</p> <p>9 referred to as the average remaining service</p> <p>10 life of the employees on the inside of this</p> <p>11 plan. So the discount rate at December 31st</p> <p>12 is used in the determination of next year's</p> <p>13 pension expense, and there is a piece of the</p> <p>14 actuarial gain or loss because chances are it</p> <p>15 will move, the discount rate will move, and</p> <p>16 then that will be factored into the expense</p> <p>17 going forward as well.</p> <p>18 EARLE, Q.C.</p> <p>19 Q. I'm going to have to get you to -- you keep</p> <p>20 referring to pension expense.</p> <p>21 MS. PERRY:</p> <p>22 A. Sorry, it's OPEBs is what I'm referring to.</p> <p>23 EARLE, Q.C.</p> <p>24 Q. And the end of the year is here. You get</p> <p>25 advice from your actuaries as to the discount</p>	<p>1 million dollars, as we saw earlier?</p> <p>2 MS. PERRY:</p> <p>3 A. Yes, if the discount rate moves by 1 percent,</p> <p>4 yes.</p> <p>5 EARLE, Q.C.</p> <p>6 Q. Now there's another set of changes, and those</p> <p>7 are the sets of changes which are driven by</p> <p>8 the factors that we saw a few minutes ago;</p> <p>9 change in demographics, change in medical</p> <p>10 trend, aging, so on, a total of seven in all,</p> <p>11 including the discount rate, so six other than</p> <p>12 the discount rate, is that correct?</p> <p>13 MS. PERRY:</p> <p>14 A. Yes, that is correct.</p> <p>15 EARLE, Q.C.</p> <p>16 Q. And they will be reflected in an actuarial</p> <p>17 study, you say, will be done on a three year</p> <p>18 cycle, correct?</p> <p>19 MS. PERRY:</p> <p>20 A. If I could clarify, the actuarial study is</p> <p>21 done every couple of years, three years on</p> <p>22 average, but every single year we get a cost</p> <p>23 projection from the actuary to basically</p> <p>24 advise us what our OPEBs expense is going to</p> <p>25 be for the upcoming year. So we will actually</p>

Page 57	Page 59
<p>1 receive the actual cost for OPEBs for 2010.</p> <p>2 We'll get that around mid January.</p> <p>3 EARLE, Q.C.</p> <p>4 Q. So it's a guess, is it?</p> <p>5 MS. PERRY:</p> <p>6 A. It's their best estimate.</p> <p>7 (3:15 p.m.)</p> <p>8 EARLE, Q.C.</p> <p>9 Q. Their best guess. So will you change your</p> <p>10 annual accrual on the basis of that</p> <p>11 guesstimate by your actuaries?</p> <p>12 MS. PERRY:</p> <p>13 A. We will adjust our accrued OPEB expense each</p> <p>14 year once we receive it from the actuary, yes.</p> <p>15 EARLE, Q.C.</p> <p>16 Q. As we've seen from the information in your</p> <p>17 actuarial report, the expense can be quite</p> <p>18 volatile irrespective of the discount rate, is</p> <p>19 that correct?</p> <p>20 MS. PERRY:</p> <p>21 A. I'm not sure I agree. The biggest moving</p> <p>22 factor for our OPEBs expense is the discount</p> <p>23 rate. When there's --</p> <p>24 EARLE, Q.C.</p> <p>25 Q. Let's go back to page 11 of the report.</p>	<p>1 trend of 18 million dollars, there's nothing</p> <p>2 about the discount rate that's going to affect</p> <p>3 that change in the medical trend. That</p> <p>4 happens as a result of a whole world of</p> <p>5 factors that, if you will, have a life of</p> <p>6 their own, correct?</p> <p>7 MS. PERRY:</p> <p>8 A. Yeah, and I guess that was my point. Inside</p> <p>9 of the changes in actuarial assumptions to</p> <p>10 reality with each valuation there's completed,</p> <p>11 there always a number of changes that seem to</p> <p>12 happen, because the valuation is obviously the</p> <p>13 best estimate at the time of the valuation.</p> <p>14 So in this particular case, yes, we did have</p> <p>15 18 million in change in the medical trend and</p> <p>16 that was offset to some degree by change in</p> <p>17 demographics and change in claims cost. So</p> <p>18 there seems to be always a number of moving</p> <p>19 pieces each time we get a valuation done, yes.</p> <p>20 EARLE, Q.C.</p> <p>21 Q. That's right, but if your discount rate had</p> <p>22 held, you would have had a figure that would</p> <p>23 be a loss of about 5.5 million at the bottom</p> <p>24 of this column, right?</p> <p>25 MS. PERRY:</p>
Page 58	Page 60
<p>1 MS. PERRY:</p> <p>2 A. This actuarial loss, or gain in this</p> <p>3 particular case, it doesn't impact the expense</p> <p>4 all in one year. It actually gets</p> <p>5 fundamentally amortized in over the average</p> <p>6 remaining service life. So these changes</p> <p>7 would be amortized, so you're not seeing big</p> <p>8 swings in the actual discounted OPEBs expense.</p> <p>9 It certainly could, but the biggest driver</p> <p>10 that we've seen in OPEBs expense is actually</p> <p>11 movements in the discount rate.</p> <p>12 EARLE, Q.C.</p> <p>13 Q. Well, let's just analyze that for a moment,</p> <p>14 because up until this most recent year, the</p> <p>15 discount rate has been stable within quite a</p> <p>16 narrow range, hasn't it?</p> <p>17 MS. PERRY:</p> <p>18 A. I would agree with that, yes.</p> <p>19 EARLE, Q.C.</p> <p>20 Q. Yes. I mean, 5, 5.25, year over year, not</p> <p>21 unusual, correct?</p> <p>22 MS. PERRY:</p> <p>23 A. It's been within that range, yes.</p> <p>24 EARLE, Q.C.</p> <p>25 Q. But if we look at the change in the medical</p>	<p>1 A. Yes, that is correct.</p> <p>2 EARLE, Q.C.</p> <p>3 Q. And the point is, of course, that that change</p> <p>4 is, as you said, amortized throughout and will</p> <p>5 affect as well your annual accrual?</p> <p>6 MS. PERRY:</p> <p>7 A. Yes, that is correct.</p> <p>8 EARLE, Q.C.</p> <p>9 Q. I put it to you, Ms. Perry, that this can be</p> <p>10 quite a volatile figure?</p> <p>11 MS. PERRY:</p> <p>12 A. We have not seen the volatility in the past</p> <p>13 with changes in our OPEBs costs as a result of</p> <p>14 these changes. It's not to say that going</p> <p>15 forward it certainly cannot impact future</p> <p>16 pension expense, and it would in this</p> <p>17 particular case. It is built into the</p> <p>18 actuarial gain or loss that gets amortized. I</p> <p>19 guess what we're talking about is the</p> <p>20 magnitude of the change that it has on annual</p> <p>21 OPEBs expense is what we are referring to.</p> <p>22 EARLE, Q.C.</p> <p>23 Q. Are you saying you've not seen a change in the</p> <p>24 medical trend of the magnitude of 18 million</p> <p>25 before?</p>

Page 61	Page 63
<p>1 MS. PERRY:</p> <p>2 A. I would have to go back through the other</p> <p>3 valuation reports to do that comparison.</p> <p>4 EARLE, Q.C.</p> <p>5 Q. So you can't really say that you haven't seen</p> <p>6 changes of this magnitude before?</p> <p>7 MS. PERRY:</p> <p>8 A. No, what I -- what I'm saying is that we</p> <p>9 haven't seen annual changes in our OPEBS</p> <p>10 expense, the actual impact on the annual OPEBS</p> <p>11 expense to Newfoundland Power.</p> <p>12 EARLE, Q.C.</p> <p>13 Q. And what would you do when you get your actual</p> <p>14 actuarial study in on the three year cycle?</p> <p>15 How would -- how would you account for the</p> <p>16 accuracy or inaccuracy of the guesses that you</p> <p>17 had received from your actuaries over the</p> <p>18 previous couple of years?</p> <p>19 MS. PERRY:</p> <p>20 A. The purpose of a valuation is to reassess the</p> <p>21 best estimates that the actuary had made at</p> <p>22 the previous valuation, but regardless of the</p> <p>23 valuation, the calculation of the OPEBS</p> <p>24 expense is actually completed in accordance</p> <p>25 with Section 3461 of the CICA Handbook under</p>	<p>1 on to the transitional amount and amortized?</p> <p>2 Is the variation dealt with in annual expenses</p> <p>3 over a shorter period of time? What happens</p> <p>4 because of the difficulty of predicting these</p> <p>5 things?</p> <p>6 MS. PERRY:</p> <p>7 A. Any changes in actuarial assumptions, which</p> <p>8 can happen from year to year, not just with a</p> <p>9 valuation because the actuary will extrapolate</p> <p>10 their best assumptions each year, the gains or</p> <p>11 losses that arise at any particular time is</p> <p>12 certainly -- would certainly impact the</p> <p>13 accrued benefit obligation, so the total OPEBS</p> <p>14 obligation of Newfoundland Power. That would</p> <p>15 then get recognized into the expense over a</p> <p>16 certain period of time, and for us, it's about</p> <p>17 15 years. So it doesn't fully impact next</p> <p>18 year's pension cost, but it just -- so it</p> <p>19 continually trues itself up over time.</p> <p>20 EARLE, Q.C.</p> <p>21 Q. So we are talking about making an adjustment</p> <p>22 and basically adding it into -- adding it in</p> <p>23 or subtracting it from the future flow of</p> <p>24 charges?</p> <p>25 MS. PERRY:</p>
Page 62	Page 64
<p>1 generally accepted accounting principles. So</p> <p>2 actual gains or losses are whatever they are</p> <p>3 determined at a valuation point in time are</p> <p>4 accounted for in accordance with accounting</p> <p>5 principles, and they are outside of the</p> <p>6 specific valuation itself.</p> <p>7 EARLE, Q.C.</p> <p>8 Q. That's fine. You can appreciate that I'm not</p> <p>9 an accountant; you are, but the fact of the</p> <p>10 matter is when you have your actual actuarial</p> <p>11 valuation at the point, your three year cycle,</p> <p>12 it will tell you whether your accrual, your</p> <p>13 annual accrual, and for that matter, if you</p> <p>14 have a transitional amortization in place,</p> <p>15 whether your amortization has been correct,</p> <p>16 and you'll have to make some move or other</p> <p>17 terms of your accruals for regulated purposes</p> <p>18 and your transitional amount, if that were in</p> <p>19 place for regulated purposes as a result of</p> <p>20 this new information, correct?</p> <p>21 MS. PERRY:</p> <p>22 A. Yes, it certainly would be "trued up" over</p> <p>23 time, yes.</p> <p>24 EARLE, Q.C.</p> <p>25 Q. So what happens, does the variation get added</p>	<p>1 A. Yes, that is correct.</p> <p>2 EARLE, Q.C.</p> <p>3 Q. Would you agree with me then that while it is</p> <p>4 perhaps not as long a range issue, that that</p> <p>5 poses some of the same issues as inter-</p> <p>6 generational in equity, but that supposedly</p> <p>7 underlie the need to go with an accrual basis</p> <p>8 because you are moving expenses ahead or back,</p> <p>9 as the case may be?</p> <p>10 MS. PERRY:</p> <p>11 A. Accrual accounting is generally a better</p> <p>12 matching of current costs, but it is not</p> <p>13 perfect, and it is certainly similar to the</p> <p>14 actuarial pension expense that we receive each</p> <p>15 year as well from the actuary. There will be</p> <p>16 changes because we are estimating health care</p> <p>17 trend costs, discount rates, market movement,</p> <p>18 plan asset performance and these things will</p> <p>19 inevitably move. So there's one sure thing is</p> <p>20 that the accrual will, albeit based on the</p> <p>21 best estimate, will be different from what is</p> <p>22 projected, but it's certainly a better</p> <p>23 matching of current cost, I believe, versus</p> <p>24 the cash premiums, which just reflect exactly</p> <p>25 the cash premiums made in that year. So I</p>

Page 65	Page 67
<p>1 will agree that there are some expense 2 variations that will occur over time, but they 3 should level out over time and it's certainly 4 a better measure of current cost. 5 EARLE, Q.C.: 6 Q. I could see that on a current year basis, Ms. 7 Perry, but when it comes to your transitional 8 expense, and you can appreciate while your 9 application is not to set up an amortization 10 of the transitional cost or expense at this 11 point in time, there's a certain tendency on 12 our part to see transitional costs, you know, 13 following as night follows day when it comes 14 to this, that the transitional expense really 15 is just another visiting on tomorrow's users 16 of yesterday's costs. 17 MS. PERRY: 18 A. By its nature, I would agree, and certainly 19 the longer that we continue on a cash basis, 20 the higher this transitional obligation is 21 going to be and tomorrow's customers are going 22 to have to pay for today's costs. 23 EARLE, Q.C.: 24 Q. I'd like to turn to another area and the 25 question whether you can change your current</p>	<p>1 are similarly told that benefits terminate 2 with the contract? 3 MS. PERRY: 4 A. Yes, that is correct. 5 EARLE, Q.C.: 6 Q. And these booklets are given to every 7 participant in the plan, as required by law? 8 MS. PERRY: 9 A. Yes. 10 EARLE, Q.C.: 11 Q. And there is no written document out there of 12 any nature whereby a promise or a contract is 13 made to the employees of Newfoundland Power 14 that free group benefits will continue after 15 age 65? 16 MS. PERRY: 17 A. I would agree that there's no specific 18 contract at Newfoundland Power for existing 19 retirees over 65 today that said that we have 20 to provide the benefits that we are providing 21 today, including the cost mechanism that we 22 have. I would point out that, and this is 23 just one of the factors, that I believe that 24 if we were to change benefits substantially 25 from what they are today for existing</p>
Page 66	Page 68
<p>1 arrangement with respect to OPEBs and I'll 2 give you the reference to CA-NP-363, the 3 collective agreement, but it may not be 4 necessary to refer to them, and we asked you 5 for the--I think Commissioner Wells asked a 6 question, to paraphrase on this, there is no 7 provision in your collective agreements 8 respecting post employment benefits of the 9 group nature for retirees, is there? 10 (3:30 p.m.) 11 MS. PERRY: 12 A. That is correct. 13 EARLE, Q.C.: 14 Q. And in your answer to CA-NP-358, you confirmed 15 that retirees over the age of 65 are told in 16 the pension booklet that their benefit only-- 17 sorry, not the pension booklet, the group 18 benefits booklet, that their benefits will 19 terminate at the end of the contract, right? 20 MS. PERRY: 21 A. Yes, that is correct. 22 EARLE, Q.C.: 23 Q. And I think if you would look at CA-NP-304, 24 page 26 of Attachment D, which is the booklet 25 for retirees under the age of 65, that they</p>	<p>1 retirees, I believe we would have a challenge 2 on our hands, a legal challenge. 3 EARLE, Q.C.: 4 Q. That is something that you can speculate on 5 and I can speculate on, but we don't know, do 6 we? Now, but you have made some changes to 7 your group benefits for retirees, haven't you? 8 MS. PERRY: 9 A. Yes, we have. 10 EARLE, Q.C.: 11 Q. And most of them, I would allow, are in the 12 nature of improved benefits, but you have 13 reduced, for instance, the travel benefit? 14 MS. PERRY: 15 A. Yes, that is correct. 16 EARLE, Q.C.: 17 Q. Okay. Now as I understand Newfoundland 18 Power's position put forward is "look, you've 19 got to look at these things as a package, and 20 you know, we provide a certain amount of 21 pension and we provide these group benefits, 22 and if you look at our overall pension and 23 group insurance package, well, we're not that 24 much more generous than Newfoundland Hydro or 25 the Provincial Government." Am I correct in</p>

Page 69	Page 71
<p>1 stating that to be your position?</p> <p>2 MS. PERRY:</p> <p>3 A. We did undertake a review, I guess, of our</p> <p>4 plan to Newfoundland and Labrador Hydro and we</p> <p>5 provided cost estimates for the two plans, and</p> <p>6 I would agree that based on the fact that our</p> <p>7 post age 65 benefits are capped at 5,000 per</p> <p>8 individual and the fact that we do not offer a</p> <p>9 dental plan, that the two programs are</p> <p>10 reasonably similar.</p> <p>11 EARLE, Q.C.:</p> <p>12 Q. Your claim is that the savings would be \$260</p> <p>13 per participant, I take it.</p> <p>14 MS. PERRY:</p> <p>15 A. Yes, based on those cost estimates we</p> <p>16 provided.</p> <p>17 EARLE, Q.C.:</p> <p>18 Q. Could we have look at CA-NP-345? Now if we</p> <p>19 could go a little further down and I think</p> <p>20 it's probably the second or third page of your</p> <p>21 answer. Just go back up to the second page,</p> <p>22 please. You make a comparison between pension</p> <p>23 income for a member of the public service and</p> <p>24 a Newfoundland Power retiree over the age of</p> <p>25 65, and Mr. Ludlow made the statement that the</p>	<p>1 they are going to receive other pension</p> <p>2 income.</p> <p>3 EARLE, Q.C.:</p> <p>4 Q. Yes. So if we look at line eight, a</p> <p>5 Newfoundland Power retiree would receive an</p> <p>6 annual pension of approximately 43,000 from</p> <p>7 age 60 to 65 and 26,000 after age 65, and what</p> <p>8 you see there is that the difference between</p> <p>9 that 43,000 and the 26 is actually going to be</p> <p>10 made up by CPP and Old Age Security at age 65,</p> <p>11 right?</p> <p>12 MS. PERRY:</p> <p>13 A. A piece of the difference will be made up,</p> <p>14 yes.</p> <p>15 EARLE, Q.C.:</p> <p>16 Q. Yeah, that's the way it structured. It's</p> <p>17 intentionally done that way, isn't it?</p> <p>18 MS. PERRY:</p> <p>19 A. Yes, that is the purpose of levelizing.</p> <p>20 EARLE, Q.C.:</p> <p>21 Q. So, you know, you're not being entirely fair,</p> <p>22 are you, when you say that, you know, the poor</p> <p>23 old pensioner, who we're saying well maybe</p> <p>24 they should pay for some of their group</p> <p>25 benefits like others, only gets \$14,000.</p>
Page 70	Page 72
<p>1 average pension being received by Newfoundland</p> <p>2 Power retirees over the age of 65 was in the</p> <p>3 range of \$14,000. Tell me, in your figures as</p> <p>4 to the average pension being received by</p> <p>5 Newfoundland Power retirees over 65 have you</p> <p>6 included the Canada Pension benefit?</p> <p>7 MS. PERRY:</p> <p>8 A. The 14,000 that's referred to in this RFI is</p> <p>9 the pension that is being received out of</p> <p>10 Newfoundland Power's Defined Benefit Pension</p> <p>11 Plan, so it doesn't include any pensions from</p> <p>12 government.</p> <p>13 EARLE, Q.C.:</p> <p>14 Q. And isn't it true that the way you have</p> <p>15 structured the Newfoundland Power Defined</p> <p>16 Benefit plan is to essentially front-end load</p> <p>17 the benefit to take account of the fact that</p> <p>18 at age 65, most retirees will be receiving</p> <p>19 Canada Pension and Old Age Security. Is that</p> <p>20 correct?</p> <p>21 MS. PERRY:</p> <p>22 A. Yes, the retiree does have an option of</p> <p>23 choosing a levelizing option whereby they</p> <p>24 receive more during the first part of their</p> <p>25 retirement, up to age 65, because at age 65,</p>	<p>1 Because after all, the employer contribution</p> <p>2 to the Canada Pension Plan, three percent of</p> <p>3 YMPE, those are paid by the rate payers,</p> <p>4 aren't they?</p> <p>5 MS. PERRY:</p> <p>6 A. I would agree, but what I would point out on</p> <p>7 Table 1 is we are comparing like for like</p> <p>8 here. Under the Provincial Government, we</p> <p>9 have not assumed any other pension income to</p> <p>10 be received by the pensioners, and under the</p> <p>11 Provincial Government plan, between age 60 and</p> <p>12 65, they will receive 42. There is a bridge</p> <p>13 that is offered under the Provincial</p> <p>14 Government plan that you don't have to give</p> <p>15 back. So it's not levelizing. It's actually</p> <p>16 a bridge to age 65. So when you're comparing</p> <p>17 like for like, after age 65, our pensioners</p> <p>18 will receive 26 and I agree they will receive</p> <p>19 some supplemental pension income as well, but</p> <p>20 that compares to a Provincial Government</p> <p>21 pension of 32,500. So all we were trying to</p> <p>22 do here was compare like to like. We've</p> <p>23 excluded--we have excluded the government</p> <p>24 pension.</p> <p>25 EARLE, Q.C.:</p>

Page 73	Page 75
<p>1 Q. I'm interested in your assertion that, you</p> <p>2 know, that all they receive is \$14,000 and I'm</p> <p>3 using this to show, in fact, for instance,</p> <p>4 that someone who starts off of a \$43,000</p> <p>5 pension at age 60 from Newfoundland Power will</p> <p>6 yes, receive 26,000 from Newfoundland Power at</p> <p>7 age 65, but that's because you worked in--that</p> <p>8 they'll get about 800 and some odd per month</p> <p>9 CPP and an old age security benefit of 400 and</p> <p>10 some odd per month?</p> <p>11 MS. PERRY:</p> <p>12 A. Yes, they will receive that pension at age 65.</p> <p>13 This is just purely what they would receive</p> <p>14 from the company pension plan.</p> <p>15 EARLE, Q.C.:</p> <p>16 Q. Now, but there's also a supplemental RRSP</p> <p>17 contribution, right?</p> <p>18 MS. PERRY:</p> <p>19 A. Yes, that is correct.</p> <p>20 EARLE, Q.C.:</p> <p>21 Q. Right, and that's 1.5 percent matched by the</p> <p>22 employee and Newfoundland Power, correct?</p> <p>23 MS. PERRY:</p> <p>24 A. Yes, that is correct.</p> <p>25 EARLE, Q.C.:</p>	<p>1 contributions, right?</p> <p>2 MS. PERRY:</p> <p>3 A. Yes, I would agree that the employee has to</p> <p>4 contribute more under the Provincial</p> <p>5 Government plan, as opposed to employees under</p> <p>6 the Newfoundland Power plan, but the same will</p> <p>7 hold with respect to Newfoundland Power would</p> <p>8 have to pay more as well, if in fact we were</p> <p>9 offering more benefits like bridging or</p> <p>10 indexing.</p> <p>11 EARLE, Q.C.:</p> <p>12 Q. Ms. Perry, I'm going to your like for like</p> <p>13 position, and I'm pointing out to you that in</p> <p>14 your like for like, you haven't compared</p> <p>15 similar pension contributions and you've left</p> <p>16 out 1.5 percent which would make it a lot</p> <p>17 closer to like for like.</p> <p>18 (3:45 p.m.)</p> <p>19 MS. PERRY:</p> <p>20 A. The 1.5 percent which came in in the early</p> <p>21 '90s, on average for someone retiring today,</p> <p>22 they may have 30 to 40,000 in this pool, so I</p> <p>23 guess if you--now that depends on their</p> <p>24 investment choices. It will depend on their</p> <p>25 investment return, and it will depend on if</p>
Page 74	Page 76
<p>1 Q. And the 1.5 percent that is matched, that's a</p> <p>2 regulated expense?</p> <p>3 MS. PERRY:</p> <p>4 A. Yes, it is.</p> <p>5 EARLE, Q.C.:</p> <p>6 Q. Now you haven't included any of the income</p> <p>7 that would be produced from that RRSP here,</p> <p>8 have you?</p> <p>9 MS. PERRY:</p> <p>10 A. No, this is just the defined benefit pension</p> <p>11 plan income and we made a note that there is a</p> <p>12 1.5 supplemental available.</p> <p>13 EARLE, Q.C.:</p> <p>14 Q. Yes. So you haven't included a retirement</p> <p>15 benefit that has been paid for 50 percent by</p> <p>16 the rate payers?</p> <p>17 MS. PERRY:</p> <p>18 A. Not in Table 1, no, you are correct.</p> <p>19 EARLE, Q.C.:</p> <p>20 Q. That's right, and more particularly, you have</p> <p>21 compared a pension plan which costs the</p> <p>22 employee with the Government of Newfoundland</p> <p>23 and the Government of Newfoundland matching</p> <p>24 contributions in the range of 6.87 percent</p> <p>25 with a pension plan that requires five percent</p>	<p>1 they contributed right from 1990. It will--</p> <p>2 certainly could yield a couple thousand</p> <p>3 dollars over the span of their retirement.</p> <p>4 It's hard to pin down just by the very nature</p> <p>5 of RRSPs, but it could yield a couple</p> <p>6 thousand.</p> <p>7 EARLE, Q.C.:</p> <p>8 Q. So to summarize, the rate payers have</p> <p>9 contributed five percent to your Defined</p> <p>10 Benefit, 1.5 percent, because we know from</p> <p>11 your answers that 98 percent of employees</p> <p>12 participate in the voluntary RRSP, 1.5 percent</p> <p>13 to the voluntary RRSP and approximately three</p> <p>14 percent to Canada Pension, correct?</p> <p>15 MS. PERRY:</p> <p>16 A. I didn't get the last piece of what you were</p> <p>17 saying.</p> <p>18 EARLE, Q.C.:</p> <p>19 Q. Pardon?</p> <p>20 MS. PERRY:</p> <p>21 A. I didn't get the last piece of your question.</p> <p>22 EARLE, Q.C.:</p> <p>23 Q. Approximately three percent employer</p> <p>24 contribution to Canada Pension plan?</p> <p>25 MS. PERRY:</p>

Page 77	Page 79
<p>1 A. Yes.</p> <p>2 EARLE, Q.C.:</p> <p>3 Q. And we are certainly not talking about people</p> <p>4 who are going to be left with, on average,</p> <p>5 \$14,000 to pay their retirement expenses?</p> <p>6 MS. PERRY:</p> <p>7 A. No, and certainly that's not what we were</p> <p>8 referring to. The \$14,000 is for existing</p> <p>9 retirees today. Those over 65, retired from</p> <p>10 Newfoundland Power, on average the pension</p> <p>11 from Newfoundland Power is just under 14,000</p> <p>12 per year.</p> <p>13 EARLE, Q.C.:</p> <p>14 Q. Now if we could look at CA-NP-337? You didn't</p> <p>15 answer the question we asked, did you?</p> <p>16 MS. PERRY:</p> <p>17 A. Sorry, Mr. Earle, on this particular RFI?</p> <p>18 EARLE, Q.C.:</p> <p>19 Q. CA-NP-337, we said "further to CA-NP-326,</p> <p>20 please provide the information requested so</p> <p>21 that the impact of all retirees paying one</p> <p>22 half of premiums on the calculations</p> <p>23 respecting OPEBs as set out in the application</p> <p>24 may be ascertained." You provided us with an</p> <p>25 answer that assumes that as of January 1st,</p>	<p>1 be, say, 2.5 million on your annual accrual?</p> <p>2 Is that correct?</p> <p>3 MS. PERRY:</p> <p>4 A. Yes, based on 337, we did ask the actuaries</p> <p>5 that if going forward if all future retirees</p> <p>6 paid one half of the premium and the benefits</p> <p>7 cap be removed in such instance, they prepared</p> <p>8 a pro forma indication, because they would</p> <p>9 have to look at it in much greater detail</p> <p>10 about what the premiums would likely be,</p> <p>11 claims costs, you know, there are a number of</p> <p>12 factors that would go in, but they did provide</p> <p>13 a pro forma indication that indicated that the</p> <p>14 expense would decrease by about 2.5 million</p> <p>15 annually.</p> <p>16 EARLE, Q.C.:</p> <p>17 Q. So in the same fashion that they give you the</p> <p>18 annual indication of where the OPEB expense</p> <p>19 should go without doing an actuarial study?</p> <p>20 MS. PERRY:</p> <p>21 A. Yes, I would agree.</p> <p>22 EARLE, Q.C.:</p> <p>23 Q. Now you have a substantial number of retirees</p> <p>24 under the age of 65. Indeed, you have a</p> <p>25 substantial number of retirees under age 60,</p>
Page 78	Page 80
<p>1 2010, new retirees would pay half.</p> <p>2 MS. PERRY:</p> <p>3 A. Yes, that's the basis of the answer to 337.</p> <p>4 EARLE, Q.C.:</p> <p>5 Q. Yes, which is not our question, is it?</p> <p>6 MS. PERRY:</p> <p>7 A. The question referred to "all retirees," so</p> <p>8 future and existing retirees to pay half of</p> <p>9 the premiums, and we've indicated in CA-NP-345</p> <p>10 that Newfoundland Power believes it is obliged</p> <p>11 to continue to offer the benefits and the cost</p> <p>12 sharing mechanism that we currently have to</p> <p>13 existing retirees and today, there is</p> <p>14 certainly no intention on materially changing</p> <p>15 what we offer to existing retirees.</p> <p>16 EARLE, Q.C.:</p> <p>17 Q. Appreciate that that's your position.</p> <p>18 However, I don't think that is particularly</p> <p>19 helpful in having us understand the financial</p> <p>20 impact, but let me ask you this. You have</p> <p>21 indicated that if this were done, if you said</p> <p>22 to every person who retires as of January 1st,</p> <p>23 2010 that "when you reach 65, you're going to</p> <p>24 have to continue on paying for half your group</p> <p>25 insurance as you have before," that that would</p>	<p>1 correct?</p> <p>2 MS. PERRY:</p> <p>3 A. Yes, we do.</p> <p>4 EARLE, Q.C.:</p> <p>5 Q. Would you agree that it would save</p> <p>6 substantially more again than that 2.5 million</p> <p>7 if you were to say that retirees who reach age</p> <p>8 65 in the next--after the expiration of five</p> <p>9 years, i.e. your retirees 60 and under, say to</p> <p>10 them "when you reach 65, you're going to have</p> <p>11 to continue doing as you are doing now," that</p> <p>12 would save more money even again, wouldn't it?</p> <p>13 MS. PERRY:</p> <p>14 A. I would agree in the fact that any time you</p> <p>15 reduce benefits, if that's what you deem</p> <p>16 appropriate to do, it will in fact decrease</p> <p>17 your expense going forward, yes.</p> <p>18 EARLE, Q.C.:</p> <p>19 Q. And suffice it to say that would, given what</p> <p>20 is generated by telling future retirees that</p> <p>21 they will have to pay when they reach age 65,</p> <p>22 that the change that would be brought by</p> <p>23 telling persons 60 or under that they will</p> <p>24 have to pay half the cost when they reach age</p> <p>25 65, that that would produce a material change</p>

Page 81	Page 83
<p>1 in your expense again, a further material</p> <p>2 change in your expense?</p> <p>3 MS. PERRY:</p> <p>4 A. I would have to run the numbers, but again,</p> <p>5 any time you reduce a benefit, if that's what</p> <p>6 you deem appropriate to do, it will tend to</p> <p>7 reduce the expense.</p> <p>8 EARLE, Q.C.:</p> <p>9 Q. Now in the example at CA-NP-345, if you go to,</p> <p>10 I think, page three at Table 2, you see the</p> <p>11 cost of dental care?</p> <p>12 MS. PERRY:</p> <p>13 A. Yes, I do.</p> <p>14 EARLE, Q.C.:</p> <p>15 Q. And according to the footnotes at the bottom,</p> <p>16 you tell us that that's calculated by taking</p> <p>17 the average dental cost for active employees</p> <p>18 and retirees under age 65, right?</p> <p>19 MS. PERRY:</p> <p>20 A. Yes.</p> <p>21 EARLE, Q.C.:</p> <p>22 Q. Would you not agree with me that for retirees</p> <p>23 over 65 a far better proxy for their costs</p> <p>24 would be retirees under the age of 65?</p> <p>25 MS. PERRY:</p>	<p>1 A. When we were actually compiling this</p> <p>2 particular example, I did contact our benefits</p> <p>3 consultant, because we do not offer a dental</p> <p>4 program, so we would not have access to what</p> <p>5 it would cost to put in a comparable dental</p> <p>6 program for Newfoundland Power. So I did ask</p> <p>7 the question to ensure we're reasonable with</p> <p>8 respect to the costs that we are providing in</p> <p>9 this particular instance, and Aon indicated</p> <p>10 that certainly the \$750 a year premium is a</p> <p>11 good indication of what it would cost in a</p> <p>12 total premium to offer a dental program to</p> <p>13 retirees, and we actually used 640 here.</p> <p>14 EARLE, Q.C.:</p> <p>15 Q. I find that surprising because I don't think</p> <p>16 there's a person in this room who has gone</p> <p>17 through that part of their life when they've</p> <p>18 had dependents, i.e. children requiring dental</p> <p>19 care and orthodontic and all those good</p> <p>20 things, who wouldn't say that their dental</p> <p>21 expenses will be substantially less as a</p> <p>22 retiree than when they were paying the shot</p> <p>23 or, thanks be to heaven, having a group plan</p> <p>24 pay the shot for a bunch of youngsters.</p> <p>25 Now if we could return now to CA-NP-293?</p>
Page 82	Page 84
<p>1 A. Currently, I believe that the dental rate for</p> <p>2 retirees under 65 and active employees are the</p> <p>3 same rate. So that's the rate that we have</p> <p>4 applied to this example.</p> <p>5 EARLE, Q.C.:</p> <p>6 Q. You've got a blended plan, but I'm talking</p> <p>7 about your cost, your claims cost.</p> <p>8 MS. PERRY:</p> <p>9 A. The actual dental claims in a particular year?</p> <p>10 EARLE, Q.C.:</p> <p>11 Q. Claims cost grossed up by administration,</p> <p>12 retention.</p> <p>13 MS. PERRY:</p> <p>14 A. We do not have a refund accounting basis</p> <p>15 dental program. It's actually a fully insured</p> <p>16 dental program, so we pay a specific dental</p> <p>17 premium each year and this is what we've</p> <p>18 included in this estimate.</p> <p>19 EARLE, Q.C.:</p> <p>20 Q. But you do have access to your claims cost?</p> <p>21 MS. PERRY:</p> <p>22 A. Yes, we do.</p> <p>23 EARLE, Q.C.:</p> <p>24 Q. So you could have found out that information?</p> <p>25 MS. PERRY:</p>	<p>1 Could you tell us what the purpose of having</p> <p>2 the report, which is Attachment A, done?</p> <p>3 MS. PERRY:</p> <p>4 A. The report from Aon was completed during the</p> <p>5 latter part of 2005. Aon actually were not</p> <p>6 the benefits consultants for Newfoundland</p> <p>7 Power at that time. We had Morneau Sobeco.</p> <p>8 Aon was obviously trying for the business of</p> <p>9 Newfoundland Power and they, during one of</p> <p>10 their visits to Newfoundland Power, indicated</p> <p>11 that they could and would like to come in to</p> <p>12 do a full benefits review to offer a fresh</p> <p>13 perspective in respect to our complete</p> <p>14 benefits package, so we agreed in 2005 to do</p> <p>15 that and Aon did complete--without, I will</p> <p>16 say, with limited knowledge of Newfoundland</p> <p>17 Power, but certainly they came in to do a</p> <p>18 detailed review of the benefit that we offered</p> <p>19 under all of our benefit plans.</p> <p>20 EARLE, Q.C.:</p> <p>21 Q. From the point of view of Newfoundland Power,</p> <p>22 what was the purpose of having the study done?</p> <p>23 MS. PERRY:</p> <p>24 A. Certainly to identify where we are with</p> <p>25 respect to market, where exposures are with</p>

Page 85	Page 87
<p>1 respect to the financial arrangements on the</p> <p>2 inside of our Health and Life Plans, looking</p> <p>3 at the comparativeness of the renewal rates</p> <p>4 that are being offered to Newfoundland Power.</p> <p>5 EARLE, Q.C.:</p> <p>6 Q. And if we could go to page 3 of the</p> <p>7 attachment, go to the recommendations, under</p> <p>8 plan design you recommend that Newfoundland</p> <p>9 Power develop a statement of plan objectives</p> <p>10 to provide a link with overall human resource</p> <p>11 and corporate strategy. Did you do that?</p> <p>12 MS. PERRY:</p> <p>13 A. No, we specifically decided not to develop a</p> <p>14 statement of plan objective. This was a</p> <p>15 recommendation from Aon, but subsequent</p> <p>16 discussions with them indicated that a lot of</p> <p>17 corporations choose not to do this in the fact</p> <p>18 that it sets certain expectations for the</p> <p>19 Company with respect to what has to be offered</p> <p>20 in the future. And we do have a Health and</p> <p>21 Wellness strategy in the human resources area</p> <p>22 of Newfoundland Power, but we do not have a</p> <p>23 statement of plan objective.</p> <p>24 EARLE, Q.C.:</p> <p>25 Q. That sounds pretty much to me like don't do</p>	<p>1 Newfoundland Power to make plan amendments, we</p> <p>2 actually do that that, we reserve the right to</p> <p>3 make plan amendments. They made a</p> <p>4 recommendation that any changes should be made</p> <p>5 with reasonable notice, would not -</p> <p>6 EARLE, Q.C.:</p> <p>7 Q. You skipped over one though, you skipped over</p> <p>8 consider future hire separately.</p> <p>9 MS. PERRY:</p> <p>10 A. Yes, certainly. We have not made any changes</p> <p>11 to our OPEB's plan for new hires.</p> <p>12 EARLE, Q.C.:</p> <p>13 Q. And that would be a process analogous, for</p> <p>14 instance to Newfoundland Power switch to the</p> <p>15 D.C. Pension Plan, would it not?</p> <p>16 MS. PERRY:</p> <p>17 A. I'm not sure I understand the question.</p> <p>18 EARLE, Q.C.:</p> <p>19 Q. Considering future hires separately, that's</p> <p>20 analogous to the process you adopted by</p> <p>21 telling at a point, telling future hires that</p> <p>22 they would not be participating in the D.B.</p> <p>23 Pension Plan but would be eligible to</p> <p>24 participate in a Declined Contribution Pension</p> <p>25 Plan?</p>
Page 86	Page 88
<p>1 that, you might get bumped over the head with</p> <p>2 it in collective bargaining.</p> <p>3 MS. PERRY:</p> <p>4 A. No comment.</p> <p>5 EARLE, Q.C.:</p> <p>6 Q. If we could go to page 5, retiree</p> <p>7 considerations and just go over onto page 6,</p> <p>8 where we just had it with page 5 there. Has</p> <p>9 Newfoundland Power undertaken any of these</p> <p>10 recommendations with respect to retirees?</p> <p>11 MS. PERRY:</p> <p>12 A. So starting on page 5, Mr. Earle?</p> <p>13 EARLE, Q.C.:</p> <p>14 Q. Yes, starting on -</p> <p>15 MS. PERRY:</p> <p>16 A. Retiree considerations?</p> <p>17 EARLE, Q.C.:</p> <p>18 Q. Yes.</p> <p>19 MS. PERRY:</p> <p>20 A. With respect to retiree consideration, Aon</p> <p>21 recommended that we look at current and future</p> <p>22 retirees separate. We currently still offer</p> <p>23 the same programs that we offered back in</p> <p>24 2005. The second point they made here with</p> <p>25 respect to that we should reserve the right of</p>	<p>1 MS. PERRY:</p> <p>2 A. Yes, I would agree it's the same similar</p> <p>3 concept.</p> <p>4 EARLE, Q.C.:</p> <p>5 Q. So if you could go through the rest of these</p> <p>6 and I think we need to move down the screen.</p> <p>7 Thank you.</p> <p>8 MS. PERRY:</p> <p>9 A. Do I need to read out the -</p> <p>10 EARLE, Q.C.:</p> <p>11 Q. Well I'd like to know which of these that you,</p> <p>12 you undertook, if any?</p> <p>13 MS. PERRY:</p> <p>14 A. When this report was provided by Aon in 2005,</p> <p>15 we certainly acknowledged the recommendations</p> <p>16 that they made with respect to retiree</p> <p>17 benefits and their views on how to potentially</p> <p>18 reduce the exposure to the post-retirement</p> <p>19 plans that were offered at Newfoundland Power.</p> <p>20 Again, this is already in the context of this</p> <p>21 is all they were reviewing and they certainly</p> <p>22 did not have A) visibility with respect to</p> <p>23 Newfoundland Power's Pension Plans or the</p> <p>24 overall benefits that we offered. We did</p> <p>25 change benefits consultants in early 2006 to</p>

Page 89	Page 91
<p>1 Aon and we, at that point, renegotiated new 2 carriers for Newfoundland Power. We changed 3 from Great West Life to Blue Cross in 2006 and 4 as a part of, what I call the continue of 5 benefits review for Newfoundland Power, we 6 certainly did put, I guess, further boarders 7 around what we offered when we did change to 8 Blue Cross. Now that is with specific 9 reference to active employees and the benefits 10 that are provided to active members, but those 11 are the benefits that move into retirement. 12 So we did make some changes. 13 EARLE, Q.C.: 14 Q. Clearly you're essentially saying you've 15 tightened up on active employee - 16 MS. PERRY: 17 A. Our benefits, yes. 18 EARLE, Q.C.: 19 Q. - benefits and that change flows over into 20 retiree benefits. 21 MS. PERRY: 22 A. It certainly flows through because the 23 benefits are offered, continue to be offered 24 when you retire up to age 65 and then 25 certainly after the benefits are capped. So</p>	<p>1 Pension Plan, when you compare that to others 2 in this market, there are deficiencies in our 3 plan, compared to others, so it is a big 4 issue. So we agreed that we would get through 5 collective bargaining, which we did and we 6 came out of collective bargaining without 7 making any changes to our Defined Benefit 8 Pension Plan. We managed to get through it 9 without those changes, because they're simply 10 too costly. Any changes at this point are too 11 expensive. We did manage, as a part of our 12 collective bargaining, to open up the door 13 with respect to doing a review of our benefits 14 plan and certainly the employees that are 15 engaged with that because no one likes to see 16 premium increases year over year, but 17 certainly there is an expectation that we're 18 going to look at the benefits that we're 19 offering as well, because I'm sure any time 20 you open up a benefits review, there is an 21 expectation that certain benefits will 22 improve. So we've agreed to do this, which we 23 are going to include retirees as well, future 24 retirees as well, as a part of this review by 25 the end of 2010.</p>
Page 90	Page 92
<p>1 in 2006 we changed, in October of 2006 we 2 changed the carriers and on going into 2007, 3 there was initial indication that we would do 4 a benefits review--a further, a stage 2, I 5 guess, to this review as to it's time to look 6 at benefits and have a review as to what is 7 offered and what is the best way to offer 8 reasonable benefits at reasonable costs. 2007 9 was, it seems like a long time ago now, but in 10 2007, there was certainly pressures with 11 respect to wanting changes to Newfoundland 12 Power's D.B Pension Plan and we were about to 13 come out of a five-year collective agreement, 14 and there was a pension committee struck in 15 2007 to actually investigate how to improve 16 the Defined Benefit Pension Plan. So it was 17 certainly a big topic and this was at a time 18 when the market out west for skilled trades 19 was certainly taking off and, so we made a 20 decision at that particular time that this was 21 not the time that we were going to start 22 having a review, I guess, or we're not going 23 to touch the other post employment benefits 24 because pensions was a big issue at 25 Newfoundland Power. Our Defined Benefit</p>	<p>1 EARLE, Q.C.: 2 Q. Ms. Perry, if I could summarize a rather long 3 answer, you did not undertake any of the 4 recommended changes in CA-NP-293 for retiree 5 benefits, correct? 6 MS. PERRY: 7 A. If I could just have one second, I'll go down 8 through. There was a point here where they 9 asked us to apply more stringent minimum 10 service requirements for retirees. We did 11 increase it to 10 years of service. You have 12 to be 55 with 10 years of service, if in fact 13 you were under a group RRSP plan. 14 EARLE, Q.C.: 15 Q. So you did make that change. 16 MS. PERRY: 17 A. We did make that change. 18 EARLE, Q.C.: 19 Q. Any others? 20 MS. PERRY: 21 A. No, that would be it. 22 EARLE, Q.C.: 23 Q. And you do not, in your collective agreement, 24 have a provision with respect to retiree 25 benefits?</p>

Page 93	Page 95
<p>1 MS. PERRY:</p> <p>2 A. No, you are correct.</p> <p>3 EARLE, Q.C.:</p> <p>4 Q. If we could look at CA-NP-341? And go to page</p> <p>5 43, you will notice in answer to question No.</p> <p>6 24, "Please indicate the benefit you currently</p> <p>7 offer to retirees?" And none is 58.7 percent,</p> <p>8 correct?</p> <p>9 MS. PERRY:</p> <p>10 A. Yes, that is correct.</p> <p>11 EARLE, Q.C.:</p> <p>12 Q. So I take it that you are, in terms of your</p> <p>13 benefits to retirees, you are somewhat better</p> <p>14 than the 50th percentile that Mr. Ludlow</p> <p>15 suggested?</p> <p>16 MS. PERRY:</p> <p>17 A. But I think that would matter with respect to</p> <p>18 which market you are comparing yourself to.</p> <p>19 This is a national, a national survey from Aon</p> <p>20 and it gives a broad indication of what is</p> <p>21 happening nationally.</p> <p>22 EARLE, Q.C.:</p> <p>23 Q. This is a national survey and if you want to</p> <p>24 flip back to the identified employers, this is</p> <p>25 the same sort of people that you referred to</p>	<p>1 be applied to Newfoundland Power.</p> <p>2 (4:15 p.m.)</p> <p>3 EARLE, Q.C.:</p> <p>4 Q. Well let's take Health Care spending account,</p> <p>5 is that worthy of consideration by an</p> <p>6 organization such as Newfoundland Power to</p> <p>7 look into the cost of OPEBs?</p> <p>8 MS. PERRY:</p> <p>9 A. I think everything is worthy of consideration</p> <p>10 when we do a benefits review.</p> <p>11 EARLE, Q.C.:</p> <p>12 Q. Let me ask you to turn to CA-NP-362? And if</p> <p>13 we go to the letters there attached, and</p> <p>14 particularly those that are signed by</p> <p>15 yourself. These move along in time and this</p> <p>16 one is 2008, December 17th, 2008, and if you</p> <p>17 will, I notice the signatories have moved up</p> <p>18 the corporate ladder and with due respect to</p> <p>19 Mr. Frank and others, and you're higher up in</p> <p>20 the organization, what's the intent of having</p> <p>21 you sign these letters rather than someone, if</p> <p>22 you will, lower down in the corporate</p> <p>23 structure of Newfoundland Power?</p> <p>24 MS. PERRY:</p> <p>25 A. I'm not sure there was any purpose or intent</p>
Page 94	Page 96
<p>1 when you're looking for data on salaries,</p> <p>2 isn't it, for executives?</p> <p>3 MS. PERRY:</p> <p>4 A. For executives I would agree, yes.</p> <p>5 EARLE, Q.C.:</p> <p>6 Q. Now, if you go to question No. 25, you see</p> <p>7 that there are a number of options that are</p> <p>8 being considered by employers in respect to</p> <p>9 retiree benefits. And I'll just ask you to</p> <p>10 review those and tell the Board of</p> <p>11 Commissioners if you would consider those</p> <p>12 reasonable sorts of items for an employer to</p> <p>13 be looking at, in terms of reducing cost of</p> <p>14 OPEBs.</p> <p>15 MS. PERRY:</p> <p>16 A. With respect to the items noted in question</p> <p>17 No. 25, there's a list here of things you can</p> <p>18 look at to change your OPEB plan. Whether it</p> <p>19 is reasonable would depend on what is</p> <p>20 reasonable for individual companies, but for</p> <p>21 Newfoundland Power, one of the things that we</p> <p>22 are going to do is to take a review of our</p> <p>23 group benefits plan to see what is reasonable</p> <p>24 for us. So right now I cannot say which one</p> <p>25 of these items are actually going to, if ever,</p>	<p>1 of me signing the letter. It certainly could</p> <p>2 be signed by a manager or a V.P.</p> <p>3 EARLE, Q.C.:</p> <p>4 Q. And if you could go down to the--there's a</p> <p>5 number of suggestions there. "In addition to</p> <p>6 maintaining a healthy lifestyle, you can</p> <p>7 further help by"--and see there's three</p> <p>8 suggestions and the first two are "asking your</p> <p>9 doctor for a generic brand of any drug</p> <p>10 prescribed, asking your doctor for less</p> <p>11 expensive brands of prescribed medication if</p> <p>12 generic drugs are not available." Would you</p> <p>13 agree with me that those two items are in fact</p> <p>14 cost-saving features that are often</p> <p>15 mandatorily required in group health plans?</p> <p>16 MS. PERRY:</p> <p>17 A. The first two bullets, Mr. Earle?</p> <p>18 EARLE, Q.C.:</p> <p>19 Q. Yes.</p> <p>20 MS. PERRY:</p> <p>21 A. Yes, I would agree and with respect to generic</p> <p>22 brands, that is a requirement under our plan,</p> <p>23 it has to be--the generic drug has to be</p> <p>24 offered first.</p> <p>25 EARLE, Q.C.:</p>

1 Q. Why are you writing asking people to do that?

2 MS. PERRY:

3 A. What we find is that if the doctor

4 specifically prescribes a specific drug, then

5 there is--then they can flow through the plan

6 and not always do the general drug prevail, so

7 we're just reminding employees or retirees

8 that they should, should remind doctors that

9 the generic drug is what's covered under the

10 plan.

11 EARLE, Q.C.:

12 Q. What happens when they flow through? Do you

13 have the claim rejected and sent back? Do you

14 enforce it?

15 MS. PERRY:

16 A. I would say we do. I'm not sure about how

17 many or to what degree it's enforced, but it's

18 only supposed to be generic drugs covered.

19 EARLE, Q.C.:

20 Q. Well clearly it must be a problem if it rates

21 a notation in a letter from the vice president

22 of finance of the Company.

23 MS. PERRY:

24 A. I'm not sure it was deemed to be a problem to

25 make it to this letter, it was more of a

1 MS. PERRY:

2 A. Yes, it's based on a proforma indication, yes,

3 a reduction of the benefit would yield around

4 those cost reductions and that's assuming

5 there are no other changes with respect to

6 retiree benefits.

7 EARLE, Q.C.:

8 Q. So given that you're engaging in a review to

9 be concluded by the end of 2010, what do you

10 see as being the damage that would be caused

11 by dealing with OPEBs when, at the end of the

12 last GRA application for Newfoundland Power,

13 it was thought that OPEBs would be dealt with,

14 that is not on the test year 2010, but a test

15 year 2011?

16 MS. PERRY:

17 A. With respect to the benefits review and the

18 adoption, I guess, of accrual accounting, I do

19 see those two particular items as separate

20 items and I indicated that in my opening

21 testimony. We have proposed, I guess, the

22 adoption of accrual accounting on several

23 occasions and to be waiting for a benefits

24 review such that we can nail down an accrued

25 cost, I just don't see, I don't see the

1 friendly reminder that you will ask your

2 doctor for a generic drug brand.

3 EARLE, Q.C.:

4 Q. You've indicated that a change in retirees

5 being eligible for the free, if you will,

6 post-retirement group held benefit as of

7 January 1st, 2010 would be worth about 2.5

8 million on the annual OPEB expense, so we're

9 talking about, because I realize you've got to

10 integrate the tax effect. We're talking about

11 going from 6.8 to 4. something, right?

12 MS. PERRY:

13 A. Yes, that would be correct.

14 EARLE, Q.C.:

15 Q. Would you agree with me that on an annual

16 basis it wouldn't be significantly different

17 if you were to do that in 2011?

18 MS. PERRY:

19 A. Sorry, to do what in 2011?

20 EARLE, Q.C.:

21 Q. To say that effective January 1st, 2011,

22 retirees will not be receiving this benefit at

23 age 65? The impact would still be in the

24 range of two million plus on the annual

25 accrual?

1 linkage there. The change that will come

2 about as a result of this review is, it's

3 completely unknown at this point in time. I

4 suspect that some change will occur, that

5 change will occur in the future and certainly

6 when those changes are known and if they do

7 have a cost impact, that will certainly be

8 factored into customer rates in the future.

9 But in terms of waiting until we can actually

10 nail down the accrued OPEBs' cost on an annual

11 basis, I don't think it's necessary to wait.

12 Adoption of accrual accounting is a better

13 estimate of what today's costs are based on

14 the plan that we have today and certainly if

15 we continue to wait, the transitional

16 obligation will continue to grow and it's

17 certainly going to be a bigger cost that we

18 have to deal with in the future. And

19 recognizing--is my last point with this,

20 recognizing that we have only proposed to deal

21 with a portion of the accrued benefit

22 obligation, we have not proposed to deal with

23 the transitional obligation, so the proposal

24 that we have is balanced to begin with and

25 certainly reasonable. So when and if changes

Page 101	Page 103
<p>1 should occur with respect to the benefits</p> <p>2 review, that will certainly be incorporated in</p> <p>3 customer rates going in the future.</p> <p>4 EARLE, Q.C.:</p> <p>5 Q. Ms. Perry, Newfoundland Power is proposing a</p> <p>6 test year 2010 for the purpose of setting</p> <p>7 rates of--with, excuse me, with a 6.8 million</p> <p>8 dollar OPEB expense, correct, 6.84 I think,</p> <p>9 actually.</p> <p>10 MS. PERRY:</p> <p>11 A. Yes, that is correct.</p> <p>12 EARLE, Q.C.:</p> <p>13 Q. If you were to make the kind of change we're</p> <p>14 discussing, that is essentially tell anyone</p> <p>15 who retires in January 1st, 2011 that they</p> <p>16 will not be receiving free health care</p> <p>17 benefits at age 65 effective January 1st,</p> <p>18 2011, doesn't that mean that Newfoundland</p> <p>19 Power's 2011 bottom line is more than two</p> <p>20 million dollars better off, unless we have a</p> <p>21 whole bunch of changes in your forecast is not</p> <p>22 right.</p> <p>23 MS. PERRY:</p> <p>24 A. If we just simply assume that we make the</p> <p>25 changes that you're referring to, Mr. Earle,</p>	<p>1 your cost picture, isn't it?</p> <p>2 MS. PERRY:</p> <p>3 A. Yes, that is correct.</p> <p>4 EARLE, Q.C.:</p> <p>5 Q. And just as you don't know what the outcome</p> <p>6 will be, neither does the rate payer, right?</p> <p>7 MS. PERRY:</p> <p>8 A. I would agree, there are many things that</p> <p>9 could change the accrued expense.</p> <p>10 EARLE, Q.C.:</p> <p>11 Q. But, Ms. Perry, isn't it true that your 2010</p> <p>12 test year essentially provides a worse case</p> <p>13 scenario?</p> <p>14 MS. PERRY:</p> <p>15 A. I'm not sure I agree in the fact that as I</p> <p>16 said earlier, we may actually incur some costs</p> <p>17 to get this done or to make some changes, so</p> <p>18 to say that we will be actually--we will</p> <p>19 actually reduce costs in the short term, I</p> <p>20 can't say for sure.</p> <p>21 EARLE, Q.C.:</p> <p>22 Q. I have no further questions.</p> <p>23 CHAIRMAN:</p> <p>24 Q. We're going to take a little break for, say 10</p> <p>25 minutes, is that all right?</p>
Page 102	Page 104
<p>1 the expense would be two million or so lower</p> <p>2 going forward, but I guess that's where I</p> <p>3 struggle with respect to making that</p> <p>4 assumption that that is going to be the</p> <p>5 change. I simply do not know the change today</p> <p>6 or the magnitude of the change and I also do</p> <p>7 expect that there will be a reasonable notice</p> <p>8 period. I don't expect to see changes January</p> <p>9 1, 2010 and there may be some transitional</p> <p>10 arrangements that we will make to secure or to</p> <p>11 institute change in our post retirement</p> <p>12 benefits, and I'd even go as far as to say</p> <p>13 that we may actually incur some costs in the</p> <p>14 short term to achieve any long-term savings.</p> <p>15 So with respect to what the cost changes are</p> <p>16 going to be, at this particular point that 2.5</p> <p>17 that you're referring to is a scenario that</p> <p>18 you ask for, but it's certainly not, it's not</p> <p>19 something that is on the table today with</p> <p>20 respect to what it is we're actually going to</p> <p>21 do. So the cost changes at this point are</p> <p>22 still unknown.</p> <p>23 EARLE, Q.C.:</p> <p>24 Q. But it is true, Ms. Perry, that you're going</p> <p>25 into a review with the objective of changing</p>	<p>1 MR. JOHNSON:</p> <p>2 Q. That's fine with us.</p> <p>3 CHAIRMAN:</p> <p>4 Q. Yes, okay.</p> <p>5 (RECESS)</p> <p>6 (4:42 p.m.)</p> <p>7 CHAIRMAN:</p> <p>8 Q. So you guys have finished, have you gentlemen</p> <p>9 with these two witnesses?</p> <p>10 MR. JOHNSON:</p> <p>11 Q. Subject to anything arising.</p> <p>12 CHAIRMAN:</p> <p>13 Q. Yes, but you're finished for now?</p> <p>14 MR. JOHNSON:</p> <p>15 Q. That's good, yes.</p> <p>16 CHAIRMAN:</p> <p>17 Q. So now, I guess, I turn it over to Mr.</p> <p>18 Simmons, is that correct?</p> <p>19 CROSS-EXAMINATION BY MR. DAN SIMMONS</p> <p>20 MR. SIMMONS:</p> <p>21 Q. Thank you, Mr. Chair, yes, that's correct.</p> <p>22 Mr. Ludlow and Ms. Perry, I have a number of</p> <p>23 questions, I'm going to try and keep it as</p> <p>24 short as I can, given the hour, and I may not</p> <p>25 direct them to either of you in particular,</p>

Page 105	Page 107
<p>1 but if you do, I don't mind if you have to 2 defer one to the other for the answer or if 3 you both want to contribute in turn, so we can 4 address the question in one go, without having 5 to have an examination of one of you and then 6 the other. And I wanted to ask you first 7 questions about the Automatic Adjustment 8 Formula and in particular just what 9 Newfoundland Power's position is on the future 10 of the formula. And I'd like to start by 11 referring you please to page 319 of the 12 application. Yes, near the bottom of the 13 page, please. There starting on line 318, it 14 says that given the current financial market 15 conditions, this amended application proposes 16 discontinuing use of the formula for the 17 adjustment of the Company's rate of return on 18 rate base and customer rates in years 19 subsequent to the 2010 test year and I'd like 20 to refer you, please, to CA-NP-44, and in 21 answer a) to the question posed there, the 22 statement is made that Newfoundland Power's 23 proposal is to discontinue use of AAF based 24 upon fairness of cost of equity, including 25 forecast 2010 cost of equity, which suggests</p>	<p>1 MR. LUDLOW: 2 A. Okay, Mr. Simmons and Mr. Chairman, I will 3 start and then hand off to--I had better get 4 this right this time, Ms. Perry. And as we 5 filed, we're proposing the discontinuance of 6 the AAF until such time, either the market 7 settles or whatever conditions can occur as we 8 move to the future. There may be alternatives 9 to the design of the formula which we have not 10 been prepared or haven't gotten ourselves 11 ready to discuss at this time, Commissioners. 12 So given the current volatility of the market 13 and the decreased revenue which we're 14 forecasting in 2010, that's the way we looked 15 at this was to propose it that way. The fact 16 that we're discontinuing don't mean that it 17 cannot be restarted with some changes or with 18 some adjustments and that was the basis upon 19 which we had proposed, Mr. Simmons, in the 20 actual filing. And Jocelyn, if you'd like to 21 add? 22 MS. PERRY: 23 A. Yes, I think when we look forward at the 24 formula when we were filing the Application, 25 we were seeing a decrease in the cost of</p>
Page 106	Page 108
<p>1 there that the proposal is to consider 2 discontinuing the AAF because of the result 3 from its use in the 2010 year, and at the 4 commencement of this hearing last week in the 5 opening statements from your counsel, I 6 understood him to say that Newfoundland Power 7 proposed discontinuing the Automatic 8 Adjustment Formula until the next GRA or until 9 a further hearing is called by the Board. So 10 my question to you is there are a number of 11 alternatives available about what can happen 12 coming out of this hearing. We could simply 13 suspend the Automatic Adjustment Formula for 14 the 2010 year in order to allow a new rate to 15 be set, or we could suspend the Automatic 16 Adjustment Formula for future years until 17 there is another hearing of the Board, or it 18 could be as seen to be presented in the 19 Application originally, permanently 20 discontinuing use of the Automatic Adjustment 21 Formula. So maybe, Mr. Ludlow, if you could 22 tell us just what it is that Newfoundland 23 Power sees as being the future of the 24 Automatic Adjustment Formula after this 25 hearing?</p>	<p>1 equity coming out of the formula and certainly 2 this was at a time when our cost of debt was 3 actually going up. So--and albeit the markets 4 have improved somewhat since we filed, our 5 cost of debt is certainly not going down 6 though from previous levels, so the fact that 7 we are experiencing historical low long-Canada 8 bond yields and the fact that we are 9 projecting a declining cost of equity, that 10 relationship was flawed when we filed--and 11 today. There are other jurisdictions that are 12 reviewing the formula as well. I know that 13 the BCUC and the AUB, the Alberta Utilities 14 Board, and certainly the National Energy Board 15 have all recently considered the formula in 16 light of current market conditions. And so in 17 terms of discontinuing the formula, it was 18 certainly based on the fact that there was 19 some apparent flaws with the formula itself. 20 As Mr. Ludlow said, we're not against 21 formulas, it's just this particular one wasn't 22 yielding a fair return in today's market 23 conditions. Our approach with this is to let 24 markets, I guess, come to some stabilizing 25 place and also look to see what other</p>

Page 109	Page 111
<p>1 regulatory jurisdictions propose coming out of 2 their reviews and certainly we would revisit a 3 formula or some version of the formula at a 4 later date and also we certainly can be called 5 to put forward a proposal before then.</p> <p>6 MR. SIMMONS:</p> <p>7 Q. You've told us that you anticipate that it's 8 also going to be necessary to come back with a 9 General Rate Application for 2011, I believe. 10 Can you foresee any circumstances in which you 11 will not be here in 2011 for a General Rate 12 Application?</p> <p>13 MS. PERRY:</p> <p>14 A. Well I guess a lot would have to change from 15 what we see today. I did indicate in my 16 opening that we do have a number of 17 amortizations that are expiring and that's 18 certainly contributing to almost half of the 19 short fall that we're currently projecting, 20 but we are still short about two million, so 21 that certainly will be a challenge. We will 22 have to look to see where are sales are, we 23 got to look forward as we move out to the next 24 couple of months. We got to take a harder 25 look at our operating, see where short-term</p>	<p>1 because of the current conditions that exist 2 in the market and your current forecast for 3 increasing expenses in the face of declining 4 revenues if the Automatic Adjustment Formula 5 is used, is that right?</p> <p>6 MS. PERRY:</p> <p>7 A. Yes, we're proposing to discontinue the 8 formula out past 2010.</p> <p>9 MR. SIMMONS:</p> <p>10 Q. Right, but you're open to reinstatement of the 11 formula or a modified formula when those 12 conditions abate, for example when the markets 13 return to a more normal state of operation?</p> <p>14 MS. PERRY:</p> <p>15 A. Certainly, we're not against formulas.</p> <p>16 MR. SIMMONS:</p> <p>17 Q. Okay. If you do come back for another GRA in 18 2011, is there any imperative or any 19 particular reason why it's necessary to make 20 any decision regarding the Automatic 21 Adjustment Formula on this Application?</p> <p>22 MS. PERRY:</p> <p>23 A. Well I guess timing is of an issue, we will be 24 making a definitive decision on whether or not 25 we have to file for 2011 early in the new year</p>
Page 110	Page 112
<p>1 interest rates are. There are a number of 2 factors that can impact the outlook going 3 forward, but particularly the deferrals that 4 we have expiring, certainly is a big piece of, 5 I guess, a solution, for lack of a better 6 word, with respect to potentially not having 7 to file. 8 (5:00 p.m.)</p> <p>9 MR. SIMMONS:</p> <p>10 Q. So although, based on what you're looking 11 ahead to 2011 for right now, you're expecting 12 it would be necessary to come in, at the same 13 time, there are things that you can do between 14 now and then that may result in it not being 15 necessary to file in 2011, is that a fair 16 summary?</p> <p>17 MS. PERRY:</p> <p>18 A. That certainly could be a possibility, we're 19 unsure about that as of yet, but certainly we 20 are going to be looking four ways to, I guess, 21 stay out.</p> <p>22 MR. SIMMONS:</p> <p>23 Q. Okay, so the request now is to, I'll say 24 suspend the Automatic Adjustment Formula and 25 you described it as being necessary to do that</p>	<p>1 and a part of that decision will include what 2 we see going forward with respect to our cost 3 of capital. So early in the year we will have 4 to, if the formula were in effect, we would 5 have to look forward and to see what the 6 formula is yielding and that could very well 7 be one of the reasons why we decide to come 8 back in is because of what the formula is 9 yielding for 2011.</p> <p>10 MR. SIMMONS:</p> <p>11 Q. Now if the Board were to agree and suspend the 12 operation of the Automatic Adjustment Formula 13 and Newfoundland Power did not come back for a 14 General Rate Application in 2011, am I correct 15 that the rates that are now set for 2010 would 16 then continue to apply in 2011?</p> <p>17 MS. PERRY:</p> <p>18 A. Yes.</p> <p>19 MR. SIMMONS:</p> <p>20 Q. That would be the effect?</p> <p>21 MS. PERRY:</p> <p>22 A. That would be the effect.</p> <p>23 MR. LUDLOW:</p> <p>24 Q. Mr. Simmons, if I may, I have to say that we 25 have absolutely no desire to be back into this</p>

Page 113	Page 115
<p>1 hearing room in 2010 and it's a distraction to</p> <p>2 the Company, we started this filing in March</p> <p>3 of this year and we're not into mid to late</p> <p>4 October, so as Ms. Perry has said, whatever</p> <p>5 can be overturned or found or done, it is our</p> <p>6 objective to find that. Now the point that is</p> <p>7 being made is that by the end of the first</p> <p>8 quarter when we will start to get some</p> <p>9 visibility of the analysis and forecasting as</p> <p>10 it starts to firm up as we move into 2010.</p> <p>11 MR. SIMMONS:</p> <p>12 Q. I've looked back a little bit to educate</p> <p>13 myself because I'm new to this process about</p> <p>14 some of the history of the Automatic</p> <p>15 Adjustment Formula and I just wanted to run</p> <p>16 through just a brief outline of how it's been</p> <p>17 used since it was instituted in 1999. I won't</p> <p>18 go to the documents to demonstrate this</p> <p>19 because I expect you're familiar with it and</p> <p>20 that will take time, but the formula was set</p> <p>21 up in 1999. 1999 was a test year, so rates</p> <p>22 were actually set using the hearing process to</p> <p>23 set rates for 1999. The formula was then used</p> <p>24 to set rates in the three subsequent years,</p> <p>25 2000, 2001 and 2002, there was then a General</p>	<p>1 effect on a lower ROE over this period, so the</p> <p>2 fairness of the return, I guess, could be at</p> <p>3 question over those years, but it certainly</p> <p>4 yielded reasonable returns to allow us to</p> <p>5 certainly maintain our credit worthiness over</p> <p>6 those three years.</p> <p>7 MR. SIMMONS:</p> <p>8 Q. And for those three years, in each of those</p> <p>9 years I presume if the formula was returning</p> <p>10 unsatisfactory results to the point where it</p> <p>11 affected the credit rating of Newfoundland</p> <p>12 Power or your ability to proceed, Newfoundland</p> <p>13 Power had the ability to bring an application</p> <p>14 for a new GRA, just as it is being done this</p> <p>15 year?</p> <p>16 MS. PERRY:</p> <p>17 A. Yes, that is correct. There would be some</p> <p>18 practical limitations from a timing</p> <p>19 perspective with respect to when we could</p> <p>20 practically file a GRA, so if the formula was</p> <p>21 actually yielding an unfair return, by the</p> <p>22 time we get to that point, which is October or</p> <p>23 November, it's late in the year to be filing a</p> <p>24 General Rate Application for the upcoming</p> <p>25 year, I guess.</p>
Page 114	Page 116
<p>1 Rate Application brought in '03, which</p> <p>2 resulted in two test years, '03 and '04. The</p> <p>3 formula was then used to set rates for the</p> <p>4 next three years, '05, '06 and '07. There was</p> <p>5 a General Rate Application in '08 with the</p> <p>6 result that '08 was a test year and the</p> <p>7 formula was used then to set the rate in '09,</p> <p>8 so I think I got that right?</p> <p>9 MS. PERRY:</p> <p>10 A. I think so, yes.</p> <p>11 MR. SIMMONS:</p> <p>12 Q. So we do have a number of years of experience</p> <p>13 of the operation of the formula here in this</p> <p>14 jurisdiction. And in the first three-year</p> <p>15 period when it was used from 2000 and 2002,</p> <p>16 I'm interested in knowing your views on</p> <p>17 whether you regard the operation of the</p> <p>18 formula as having produced satisfactory</p> <p>19 results in that period?</p> <p>20 MS. PERRY:</p> <p>21 A. I think the formula in those years produced a</p> <p>22 return that allowed us to maintain our</p> <p>23 performance over those years. There has been</p> <p>24 a lot of material, I guess, with respect to</p> <p>25 declining long-Canada bond yields and its</p>	<p>1 MR. SIMMONS:</p> <p>2 Q. But where it's used for three years in a row,</p> <p>3 we can safely say that at least for the first</p> <p>4 of those two years Newfoundland Power must</p> <p>5 have been satisfied with the operation of the</p> <p>6 formula?</p> <p>7 MS. PERRY:</p> <p>8 A. Yes, that's fair.</p> <p>9 MR. SIMMONS:</p> <p>10 Q. Okay, and then in the second three-year</p> <p>11 period, which was 2005 to 2007, did in your</p> <p>12 view the formula similarly produce a</p> <p>13 satisfactory result in the sense that</p> <p>14 Newfoundland Power was able to maintain its</p> <p>15 credit ratings and continue without having to</p> <p>16 bring a GRA to address any problems that were</p> <p>17 being produced by the formula in that period?</p> <p>18 MS. PERRY:</p> <p>19 A. Yes, I would agree that it has produced</p> <p>20 reasonable returns that allowed us to maintain</p> <p>21 our credit worthiness, again, in 2007 in</p> <p>22 particular, our cost of equity was, I believe</p> <p>23 it was 8.6, so there was a decline from the</p> <p>24 previous year. But it has allowed us, the</p> <p>25 returns have allowed us to maintain our credit</p>

Page 117	Page 119
<p>1 worthiness, yes.</p> <p>2 MR. SIMMONS:</p> <p>3 Q. And the real difference now is that the market</p> <p>4 has been behaving differently over the last</p> <p>5 couple of years than it had through those</p> <p>6 earlier time periods when the formula worked</p> <p>7 satisfactorily, is that correct?</p> <p>8 MS. PERRY:</p> <p>9 A. Absolutely, yes.</p> <p>10 MR. SIMMONS:</p> <p>11 Q. Now a hypothetical question, but we've been</p> <p>12 dealing with lots of those, should the markets</p> <p>13 return to the type of stability that existed</p> <p>14 prior to the last couple years, is there any</p> <p>15 reason why you think the formula would not</p> <p>16 work as well in the future as it did in the</p> <p>17 past?</p> <p>18 MS. PERRY:</p> <p>19 A. It's a hard question in the fact that it is</p> <p>20 hypothetical, I guess. I think it's worthy to</p> <p>21 look across the country as to what other</p> <p>22 formulas may result as a result of this review</p> <p>23 that's taking place across the country. So</p> <p>24 there may, in fact, be a better formula.</p> <p>25 MR. SIMMONS:</p>	<p>1 Newfoundland Power, that an Automatic</p> <p>2 Adjustment Formula is an appropriate part of</p> <p>3 that regime because it allows rates to be set</p> <p>4 in intervening years without having to have a</p> <p>5 full hearing every year to determine the rate</p> <p>6 of return on rate base. Does Newfoundland</p> <p>7 Power have any position on whether the</p> <p>8 Automatic Adjustment Formula is an appropriate</p> <p>9 part of a multi-year regulatory regime, or any</p> <p>10 comment on that position taken by Mr. Todd?</p> <p>11 MR. LUDLOW:</p> <p>12 A. I'll start on that one. I mean, I think the</p> <p>13 Automatic Adjustment Formula is one mechanism,</p> <p>14 as long as it yields appropriate outputs, and</p> <p>15 what we're seeing is that that is not the</p> <p>16 case, in our opinion, at this point in time.</p> <p>17 Now there may be other alternatives to multi-</p> <p>18 year regimes that we have not studied</p> <p>19 ourselves, similar to PBR, and other types of</p> <p>20 regulatory mechanisms that do exist. It can</p> <p>21 be, Mr. Simmons, a fundamental principle, but</p> <p>22 at this point we're seeing that it is not</p> <p>23 yielding the returns that we would require.</p> <p>24 MR. SIMMONS:</p> <p>25 Q. So the prospect exists then that Newfoundland</p>
Page 118	Page 120
<p>1 Q. Uh-hm.</p> <p>2 MS. PERRY:</p> <p>3 A. And I'll certainly leave that up to the</p> <p>4 experts with respect to the appropriate</p> <p>5 relationships between long term bond yields</p> <p>6 and corporation's cost of equity, but</p> <p>7 certainly there may be lessons to be learned</p> <p>8 from this market change, and what a better</p> <p>9 formula should look like going forward. So I</p> <p>10 wouldn't be surprised if there's some element</p> <p>11 that may come about as a result of the</p> <p>12 formula.</p> <p>13 MR. SIMMONS:</p> <p>14 Q. The Consumer Advocate has a report filed in</p> <p>15 pre-filed evidence from Mr. John Todd, and you</p> <p>16 probably had a look at that at some point in</p> <p>17 your preparation. Mr. Todd makes the case, or</p> <p>18 takes the position that an Automatic</p> <p>19 Adjustment Formula is just one element of</p> <p>20 multi-year regulation and other elements</p> <p>21 include the deferrals that allow for the</p> <p>22 smoothing of the effects of variations and</p> <p>23 expenses over years and so on, and that he</p> <p>24 makes the case that if you have a regime which</p> <p>25 includes deferrals, such as exist here for</p>	<p>1 Power would accept that an Automatic</p> <p>2 Adjustment Formula again becomes relevant and</p> <p>3 useful once market conditions subside, but</p> <p>4 you're suggesting that it may be necessary</p> <p>5 that there be some variation to the way the</p> <p>6 formula works, and you probably answered this</p> <p>7 question already, has there been any</p> <p>8 consideration given to what types of changes</p> <p>9 might be necessary to improve the formula?</p> <p>10 MS. PERRY:</p> <p>11 A. No. I would say that it's early days for a</p> <p>12 look at what the formula should look like. So</p> <p>13 we have not -- we have not taken that extra</p> <p>14 step now to engage and review the appropriate</p> <p>15 formula or what the formula should look like.</p> <p>16 I don't believe there's really a whole lot out</p> <p>17 there just yet with respect to regulatory</p> <p>18 developments across the country with respect</p> <p>19 to what a formula should look like. So I</p> <p>20 think all that will play into what the formula</p> <p>21 should look like going forward.</p> <p>22 MR. SIMMONS:</p> <p>23 Q. Okay. So if I could summarize what you've</p> <p>24 told me then about the automatic -- the</p> <p>25 position of the company on the Automatic</p>

Page 121	Page 123
<p>1 Adjustment Formula, the problem with the</p> <p>2 formula has not so much been its use</p> <p>3 historically, but the problem is the effect</p> <p>4 that its use will have under current market</p> <p>5 conditions. That's the first point.</p> <p>6 MS. PERRY:</p> <p>7 A. That is correct, yeah.</p> <p>8 MR. SIMMONS:</p> <p>9 Q. And the second point is that the company is</p> <p>10 not philosophically imposed in any way to the</p> <p>11 use of an Automatic Adjustment Formula in the</p> <p>12 future?</p> <p>13 MS. PERRY:</p> <p>14 A. Absolutely.</p> <p>15 MR. SIMMONS:</p> <p>16 Q. And the question is, is the current formula</p> <p>17 the appropriate one, and your view is that</p> <p>18 it's too early to be able to tell what changes</p> <p>19 would have to be made to improve the formula?</p> <p>20 MS. PERRY:</p> <p>21 A. That's correct.</p> <p>22 MR. LUDLOW:</p> <p>23 A. That's correct.</p> <p>24 MR. SIMMONS:</p> <p>25 Q. Now unfortunately I have some questions on</p>	<p>1 MS. PERRY:</p> <p>2 A. Yes, that is correct, yeah, DBRS does follow</p> <p>3 the pre-tax interest coverage as well.</p> <p>4 MR. SIMMONS:</p> <p>5 Q. Okay, and if you look back at that settlement</p> <p>6 agreement that was used and adopted in the</p> <p>7 2007 GRA, the rates that were agreed upon and</p> <p>8 implemented then were projected to produce a</p> <p>9 cash flow interest coverage of 2.9 times? I</p> <p>10 don't know if you recognize that number as</p> <p>11 correct. You do?</p> <p>12 MS. PERRY:</p> <p>13 A. I do, yes.</p> <p>14 MR. SIMMONS:</p> <p>15 Q. You have a good head for it, and a cash flow</p> <p>16 debt coverage of 14.9 percent.</p> <p>17 MS. PERRY:</p> <p>18 A. That's right.</p> <p>19 MR. SIMMONS:</p> <p>20 Q. Now you were taken to the Moody's March, 2009,</p> <p>21 report at Exhibit 4, and we'll take you there</p> <p>22 again, and we saw in that report that Moody's</p> <p>23 said that Newfoundland Power would be at risk</p> <p>24 of a downgrade in its credit rating if several</p> <p>25 things coincided, and one of those would be</p>
Page 122	Page 124
<p>1 credit metrics. I'll try and summarize a</p> <p>2 little bit some of what we've heard already,</p> <p>3 so I can pose the questions that I'm</p> <p>4 interested in. There's three particular</p> <p>5 credit metrics that seem to have been</p> <p>6 discussed that have been used in the past, one</p> <p>7 less so currently, and one is pre-tax interest</p> <p>8 coverage, which is a credit metric measurement</p> <p>9 that's been discussed here at the Board</p> <p>10 before, and am I correct that in 2007 when</p> <p>11 there was a settlement agreement at the GRA,</p> <p>12 there was information presented to the Board</p> <p>13 that the effect of that settlement agreement</p> <p>14 would have achieved a pre-tax interest</p> <p>15 coverage of two and a half times?</p> <p>16 MS. PERRY:</p> <p>17 A. Yes, that's correct.</p> <p>18 MR. SIMMONS:</p> <p>19 Q. Okay, and that the other two credit metrics</p> <p>20 that have been discussed here are cash flow</p> <p>21 interest coverage and cash flow debt coverage,</p> <p>22 and that both of those are ones that are used</p> <p>23 by the credit rating agencies, in particular</p> <p>24 Moody's, in reference to the pre-tax interest</p> <p>25 coverage metric?</p>	<p>1 cash flow interest coverage falling below two</p> <p>2 and a half times, right?</p> <p>3 MS. PERRY:</p> <p>4 A. Yes.</p> <p>5 (5:15 p.m.)</p> <p>6 MR. SIMMONS:</p> <p>7 Q. So two and a half times would be a floor</p> <p>8 really of the cash flow interest coverage that</p> <p>9 the company wants to achieve, and that cash</p> <p>10 flow debt coverage should not be in the low</p> <p>11 teens. Can I see CA-NP-65, please, and the</p> <p>12 first page of Attachment "A". This was a</p> <p>13 response to a Request for Information from the</p> <p>14 Consumer Advocate, and as I understand it, it</p> <p>15 presents financial performance information,</p> <p>16 actual information for the years 2004 to 2008,</p> <p>17 and forecasts for 2009 and 2010?</p> <p>18 MS. PERRY:</p> <p>19 A. Yes, that's correct.</p> <p>20 MR. SIMMONS:</p> <p>21 Q. And the 2010 forecast, is that based on there</p> <p>22 being on the use of the Automatic Adjustment</p> <p>23 Formula and there being no changes as a result</p> <p>24 of this application?</p> <p>25 MS. PERRY:</p>

Page 125	Page 127
<p>1 A. That's correct.</p> <p>2 MR. SIMMONS:</p> <p>3 Q. So it's the pre-application position?</p> <p>4 MS. PERRY:</p> <p>5 A. Yes.</p> <p>6 MR. SIMMONS:</p> <p>7 Q. And if you look down at the bottom there,</p> <p>8 there are credit metrics described in the last</p> <p>9 three lines, line 38 to 40. I'm just going to</p> <p>10 look first at the interest coverage, and I</p> <p>11 draw your attention to 2004, which we</p> <p>12 identified was the test year, and the interest</p> <p>13 coverage in that test year was 2.5 times, and</p> <p>14 that appears to be the same as what was</p> <p>15 approved by the Board in the 2007 GRA,</p> <p>16 correct?</p> <p>17 MS. PERRY:</p> <p>18 A. Yes.</p> <p>19 MR. SIMMONS:</p> <p>20 Q. The next test year is 2008, and again the</p> <p>21 interest coverage is 2.5 times, and in the</p> <p>22 intervening years from '04 to '08, there's a</p> <p>23 gradual decline of about .1 percent per year.</p> <p>24 If you then look at the cash flow interest</p> <p>25 coverage for the 2004 test year, it's at 3,</p>	<p>1 which is a decrease and is less than the 2.5</p> <p>2 that's regarded as the floor. The cash flow</p> <p>3 interest coverage is 2.8, which is only a</p> <p>4 slight bit below the 2.9 that was approved in</p> <p>5 the 2008 GRA, and the cash flow debt coverage</p> <p>6 is 13.1, which is a little bit below the</p> <p>7 target. So your projection then for 2010, if</p> <p>8 there was no change, would produce credit</p> <p>9 metrics that are not quite as good as the</p> <p>10 previous two test years and not as good as</p> <p>11 what was approved in 2008. Now if you go to</p> <p>12 Exhibit 11, please. This is an exhibit that</p> <p>13 demonstrates what the effect would be, I</p> <p>14 believe, of granting all the relief claimed in</p> <p>15 this application, correct?</p> <p>16 MS. PERRY:</p> <p>17 A. Yes.</p> <p>18 MR. SIMMONS:</p> <p>19 Q. And if you go down to the bottom, you'll see</p> <p>20 that the effect would be that interest</p> <p>21 coverage now would become 2.7 times?</p> <p>22 MS. PERRY:</p> <p>23 A. Yes.</p> <p>24 MR. SIMMONS:</p> <p>25 Q. Cash flow interest coverage becomes 3.6, and</p>
Page 126	Page 128
<p>1 and for the next test year it is -- 2008, it's</p> <p>2 at 3.1, and both of those numbers are better</p> <p>3 than the ones that were approved in the 2005</p> <p>4 GRA, correct?</p> <p>5 MS. PERRY:</p> <p>6 A. 2008?</p> <p>7 MR. SIMMONS:</p> <p>8 Q. 2008 GRA.</p> <p>9 MS. PERRY:</p> <p>10 A. Yes.</p> <p>11 MR. SIMMONS:</p> <p>12 Q. Yeah, 2.9 was what the Board accepted as being</p> <p>13 appropriate there, and the actual performance</p> <p>14 of those test years was 3 and 3.1, and the</p> <p>15 cash flow debt coverage was 16 percent in test</p> <p>16 year 2004, and 15.8 in test year 2008. Both</p> <p>17 those are better than what was used in the</p> <p>18 2008 GRA approval, correct?</p> <p>19 MS. PERRY:</p> <p>20 A. Yes.</p> <p>21 MR. SIMMONS:</p> <p>22 Q. And then if you look at what's proposed for</p> <p>23 2010, if the Automatic Adjustment Formula were</p> <p>24 used and no changes were made, the interest</p> <p>25 coverage is projected to be only two times,</p>	<p>1 cash flow debt coverage becomes 19.5. Now</p> <p>2 it's taken me a long while to get there, but</p> <p>3 you will see that what is predicted for your</p> <p>4 credit metrics, if all the relief claimed in</p> <p>5 this application is granted, is an improvement</p> <p>6 of credit metrics over what was approved in</p> <p>7 2008, and better credit metrics than were the</p> <p>8 actual results for 2004 and 2008, which were</p> <p>9 test years, and my question is, why is it</p> <p>10 necessary now to set a rate of return that</p> <p>11 improves those credit metrics compared to what</p> <p>12 they've been in the past?</p> <p>13 MS. PERRY:</p> <p>14 A. I'll start with the cash flow metrics first,</p> <p>15 and particularly as it relates to CA-NP-65.</p> <p>16 MR. SIMMONS:</p> <p>17 Q. Yes.</p> <p>18 MS. PERRY:</p> <p>19 A. The cash flow metrics that you see from 2004</p> <p>20 up through 2007 were -- well, if we go to line</p> <p>21 39, it goes from three times and it reduces</p> <p>22 down to 2.6 times.</p> <p>23 MR. SIMMONS:</p> <p>24 Q. Over three years, yes.</p> <p>25 MS. PERRY:</p>

Page 129	Page 131
<p>1 A. Up to 2007, yes, and then it goes from 16 2 percent, which is CFO to debt to 12.6. This 3 was coming after a period of a number of cost 4 deferrals we had proposed, but it certainly 5 was imposing a strain on the company's cash 6 flow from operations, which in turn reduced 7 these particular credit metrics. Coming out 8 of the 2008 GRA, we had a hill to climb with 9 respect to those metrics because we were 10 starting at relatively low levels, levels that 11 were considered too low by credit rating 12 agencies. So, yes, we did settle, but we did 13 indicate in 2008 that the 2.9 times CFO 14 interest coverage, and the CFO to debt of 14.9 15 percent, was at the bottom end of the range. 16 It truly was just right at the limit of what 17 was recommended. The proposals in this 18 particular application is still within the 19 range of a Baa-1 rated utility, and I think 20 it's important to note that both DBRS and 21 Moody's indicate that these particular 22 coverages that we've seen in the past are low 23 relative to our Baa 1 peers that we talked 24 about earlier. So the proposal that we've put 25 forward of -- if we go to CFO interest</p>	<p>1 Q. So you're saying now if what you want to do 2 was achieve a credit metric of 2.5 instead of 3 2.7 for interest coverage, the rate of -- the 4 return on equity would have to be between 59. 5 and 9.75? 6 MS. PERRY: 7 A. Yes. If you go to Exhibit 5 -- 8 MR. SIMMONS: 9 Q. Yes. 10 MS. PERRY: 11 A. If you go to Exhibit 5, on the second page of 12 Exhibit 5, and the first quadrant here is the 13 pre-tax interest coverage at a number of 14 ranges with respect to return equity. So if 15 you go to the second line there at a 45 16 percent common equity, which is where we are 17 today, if you go along the top row there over 18 to 9.50 to 9.75, you'll see a pre-tax interest 19 cover of 2.5 to 2.54. So that's where I am 20 referring to that particular metrics. 21 MR. SIMMONS: 22 Q. Okay. Now Exhibit 5, am I correct that these 23 credit metrics here calculated at different 24 allowed rates of return on equity presume that 25 what's asked for in this application is</p>
Page 130	Page 132
<p>1 coverage of -- just one second, of 2.7, the 2 range -- sorry, CFO interest coverage of 3.6, 3 the range is 2.7 to 4.5 that's recommended by 4 Moody's. So we're proposing 3.6, so certainly 5 within the range. The CFO to debt coverage 6 that's recommended by Moody's for a Baa1 7 rated utility is 13 to 22 percent, and we are 8 proposing 19.5. So again we're still within 9 the relative ranges recommended by Moody's. 10 With respect to pre-tax interest coverage, 11 again we have slipped based on the existing 12 rates and our current cost projections. 13 Interest coverage is projected to go down to 14 two times. At 8.39, which is the projected 15 cost of capital under the formula, if we did 16 get recovery for other costs, we would still 17 be down around the 2.2/2.3 range. So the 18 proposal that we've put forward is 11 percent 19 return on equity, and that gets us to 2.7 pre- 20 tax interest coverage. To achieve the 2.5 21 that we've achieved in the last general rate 22 proceeding, we have -- the ROE would have to 23 be between 9.5 and 9.75, I believe, to achieve 24 the 2.5. 25 MR. SIMMONS:</p>	<p>1 approved? So it's calculated on the basis of 2 Exhibit 11 rather than Exhibit 3, is that 3 correct? 4 MS. PERRY: 5 A. Yes, that is right. The pre-tax interest 6 cover would not be materially impacted -- 7 MR. SIMMONS: 8 Q. Either way? 9 MS. PERRY: 10 A. Yes, by the proposal to recommend OPEBs, to 11 adopt accrual accounting for OPEBs. That 12 would, in fact, change the cash flow metrics. 13 They would actually improve the cash flow 14 metrics. If you go to the first page of 15 Exhibit 5. 16 MR. SIMMONS: 17 Q. Yes. 18 MS. PERRY: 19 A. This assumes the metrics that OPEBs is not 20 adopted, the accrual accounting for OPEBs is 21 not adopted. 22 MR. SIMMONS: 23 Q. So if the only objective were to achieve the 24 same pre-tax interest coverage credit metric 25 coming out of this GRA as had been achieved in</p>

Page 133	Page 135
<p>1 2004 and 2008, that could be done with a</p> <p>2 return on equity of between 9.5 and 9. 75</p> <p>3 percent?</p> <p>4 MS. PERRY:</p> <p>5 A. To achieve the interest cover metric, that was</p> <p>6 the objective, yes.</p> <p>7 MR. SIMMONS:</p> <p>8 Q. Now for cash flow interest coverage, if we</p> <p>9 stay on Exhibit 5, in the 2008 GRA it was 2. 9</p> <p>10 times cash flow interest coverage that was</p> <p>11 approved, and Moody's targets above 2.5 in</p> <p>12 order to maintain your credit rating, and it</p> <p>13 is the second table there that addresses the</p> <p>14 cash flow interest coverage, I think, and</p> <p>15 would it be correct that even if you go to the</p> <p>16 lowest allowed return on equity of 8. 5</p> <p>17 percent, you would meet at least that minimum</p> <p>18 cash flow interest coverage number?</p> <p>19 MS. PERRY:</p> <p>20 A. Yes, Moody's indicate that they expect us to</p> <p>21 be over three to sustain our rating. Based on</p> <p>22 their ratings action, they indicate they</p> <p>23 expect us to be over three.</p> <p>24 MR. SIMMONS:</p> <p>25 Q. Okay.</p>	<p>1 Q. And I realize we're leaving aside the other</p> <p>2 reasons why you're looking for the increased</p> <p>3 return on equity, but would it be fair to say</p> <p>4 then that if the credit metrics were the only</p> <p>5 concern, that it would not be necessary to go</p> <p>6 to 11 percent in order to achieve satisfactory</p> <p>7 credit metrics to maintain your credit rating?</p> <p>8 MS. PERRY:</p> <p>9 A. I think that's a fair statement, that to</p> <p>10 sustain the credit worthiness is one thing,</p> <p>11 and credit metrics just being one element of</p> <p>12 that decision, but the fair return is a</p> <p>13 separate issue, yes.</p> <p>14 MR. SIMMONS:</p> <p>15 Q. Okay. I had a question of clarification for</p> <p>16 you, and we can do this by looking at Exhibit</p> <p>17 11, please. I believe you answered this in</p> <p>18 your direct-examination, but I want to make</p> <p>19 sure that we have it right. The column there</p> <p>20 under "Existing" shows the projections for</p> <p>21 what happened if the Automatic Adjustment</p> <p>22 Formula were used and there were no changes as</p> <p>23 a result of a GRA Application, and if you</p> <p>24 could scroll back up, please, to the Revenue</p> <p>25 from Rates line. In your direct-examination,</p>
Page 134	Page 136
<p>1 MS. PERRY:</p> <p>2 A. So, yes, you are right.</p> <p>3 MR. SIMMONS:</p> <p>4 Q. So even at 8.5 percent, these projections</p> <p>5 would predict that you would meet that</p> <p>6 requirement?</p> <p>7 MS. PERRY:</p> <p>8 A. Yeah, we would meet the minimum.</p> <p>9 MR. SIMMONS:</p> <p>10 Q. The minimum, yes.</p> <p>11 MS. PERRY:</p> <p>12 A. That they've indicated.</p> <p>13 MR. SIMMONS:</p> <p>14 Q. And similarly with cash flow to debt coverage,</p> <p>15 Moody's had said that you should not be in the</p> <p>16 low teens, and in the 2008 GRA, the projection</p> <p>17 was to have a rate of 14.9 percent, and if you</p> <p>18 look at the bottom table there, even at 8.5</p> <p>19 percent, you would meet those credit metric</p> <p>20 requirements as well, correct?</p> <p>21 (5:30 p.m.)</p> <p>22 MS. PERRY:</p> <p>23 A. Yes, certainly we would not be in the low</p> <p>24 teens.</p> <p>25 MR. SIMMONS:</p>	<p>1 I believe you had said that the effect of the</p> <p>2 Automatic Adjustment Formula in 2010 would be</p> <p>3 to remove 3 million dollars from the revenue</p> <p>4 from rates?</p> <p>5 MS. PERRY:</p> <p>6 A. Yes.</p> <p>7 MR. SIMMONS:</p> <p>8 Q. And that figure of \$509,992.00, that is</p> <p>9 calculated after that 3 million has been</p> <p>10 deducted, correct?</p> <p>11 MS. PERRY:</p> <p>12 A. Yes.</p> <p>13 MR. SIMMONS:</p> <p>14 Q. Okay. Can I have EAL #1, please, and, Ms.</p> <p>15 Perry, this is probably a question for you as</p> <p>16 well. This first page of EAL #1 summarizes</p> <p>17 the rate impact of different components, and</p> <p>18 describes the return on equity as having an</p> <p>19 impact of increasing rates by 2.2 percent.</p> <p>20 MS. PERRY:</p> <p>21 A. Yes.</p> <p>22 MR. SIMMONS:</p> <p>23 Q. Now in -- a couple days ago you, Mr. Ludlow,</p> <p>24 were also referred to CA-NP-66. So maybe I</p> <p>25 can see that, please.</p>

Page 137

Page 139

1 MS. PERRY:

2 A. Yes.

3 MR. SIMMONS:

4 Q. And the return on rate base there, the first
5 line, if you extend it across there's a
6 percent rate change there showing that it
7 contributes 2.8 percent to the rate increase.
8 I think there might have been a little bit of
9 confusion when those two numbers came up
10 before, and I wonder if maybe you could
11 explain how you reconciled the two figures,
12 the 2.2 and the 2.8?

13 MS. PERRY:

14 A. I will try.

15 MR. SIMMONS:

16 Q. Okay. I know it's late, but --

17 MS. PERRY:

18 A. The 2.2 that's referred to in EAL #1 is the
19 difference between what we're currently
20 collecting from customers -- currently in
21 rates today it's an 8.95 return on equity.
22 That's in customer rates today. So to go from
23 8.95 to 11 percent, that would be the 2.2
24 percent that we're referring to. What CA-NP-66
25 is displaying, it is basically going from the

1 to produce some different projects for us on a
2 different basis and Newfoundland Power has
3 been very efficient and actually prepared them
4 over the weekend. So I'd like to introduce
5 two exhibits, JHP #1 and 2. There's copies
6 for the Board?

7 MS. GLYNN:

8 A. They've already been circulated.

9 MR. SIMMONS:

10 Q. Okay. Ms. Perry, the request concerned the
11 preparation of a projection to show what the
12 effect would be if instead of the application
13 being brought or granted on the terms that
14 have been requested, instead there were a
15 deferral of two elements of cost out of 2010,
16 one being a deferral of the 2010 conservation
17 costs, and the other being a deferral of what
18 I generally call the extraordinary pension
19 expense compared to the previous year, and I
20 understand that there's been two different
21 projections prepared based on a variation in
22 the assumption of how the variance and the
23 pension cost -- pension expense is calculated.

24 MS. PERRY:

25 A. Yes.

Page 138

Page 140

1 6.45 projections today which we've seen in
2 Exhibit #3. So that's assuming all of our new
3 costs, the end ROE for Newfoundland Power
4 today, if we didn't file a General Rate
5 Application, would be 6.45 percent that we
6 would be getting as a return on equity.

7 MR. SIMMONS:

8 Q. That would be with the Automatic Adjustment
9 Formula used?

10 MS. PERRY:

11 A. Right, with the Automatic Adjustment Formula,
12 and with all of our new costs as well, we
13 would be yielding an ROE of 6.45. So by
14 default, the return on rate base going from 64
15 to 79 is fundamentally going from a return on
16 equity of 645 to 11 percent. So it's just a
17 different display of a set of numbers, but
18 when we talk about the proposed rate request
19 and what it entails, we base it on what end
20 rates today, which is the 895 is what's end
21 rates today, and we are going from 895 to 11.

22 MR. SIMMONS:

23 Q. Okay, thank you, that clarifies that. Friday
24 afternoon I advised your counsel that I'd be
25 asking you if you might be able to undertake

1 MR. SIMMONS:

2 Q. And you probably understand that now better
3 than I do, so just take maybe a moment and
4 just tell us what JP-1 and JP-2 show.

5 MS. PERRY:

6 A. So under JP-1, the only difference between the
7 Exhibit 3, which is based off of existing
8 rates and forecasted costs for Newfoundland
9 Power, which yielded a 645 return on equity,
10 the adjustments that have been made to that
11 forecast were two adjustments. The first is
12 on--they're both on line 20. They're called
13 deferred costs. So 4,364,000 and that is made
14 up of deferred conservation costs, deferred
15 2010 conservation costs of \$1,869,000 and it
16 also includes the change in pensions back to
17 the first initial filing that we completed in
18 May. So it removed the impact of the change
19 in the discount rate between May and
20 September.

21 MR. SIMMONS:

22 Q. Okay, and -

23 MS. PERRY:

24 A. And that was 2,495,000. So together, that's
25 4,364,000 in deferred costs.

Page 141	Page 143
<p>1 MR. SIMMONS:</p> <p>2 Q. If you look at page nine of nine, there's a</p> <p>3 section in bold there under cost recovery</p> <p>4 deferral. Do those two describe those two</p> <p>5 assumptions that you've just--if I can scroll</p> <p>6 up there, okay. So you see there under "cost</p> <p>7 recovery deferral" fourth paragraph down, it</p> <p>8 refers to deferral of 2010 conservation</p> <p>9 program costs.</p> <p>10 MS. PERRY:</p> <p>11 A. Yes.</p> <p>12 MR. SIMMONS:</p> <p>13 Q. And the next one is the deferral of pension</p> <p>14 costs based on using the 7.5 percent discount</p> <p>15 rate instead of changing the 6.5, and also</p> <p>16 based on asset returns of seven percent?</p> <p>17 MS. PERRY:</p> <p>18 A. Yes, which were the asset returns in the May</p> <p>19 filing, yes.</p> <p>20 MR. SIMMONS:</p> <p>21 Q. Right, right, so if you do this pro forma on</p> <p>22 that basis, what impact does that then have on</p> <p>23 what the rate of return on rate base might be?</p> <p>24 MS. PERRY:</p> <p>25 A. So if you look down to line 35, so 35 through</p>	<p>1 MR. SIMMONS:</p> <p>2 Q. And what effect does that have then on return</p> <p>3 on rate base?</p> <p>4 MS. PERRY:</p> <p>5 A. When you go down through lines 35 to 40, the</p> <p>6 rate of return on rate base is 7.59. Line 36,</p> <p>7 the regulated return on book equity goes to</p> <p>8 7.7 and again that's up from the 645. With</p> <p>9 respect to the credit metrics, interest</p> <p>10 coverage is 2.2 times and CFO to interest and</p> <p>11 CFO to debt doesn't change. It's 2.8 and</p> <p>12 13.1.</p> <p>13 MR. SIMMONS:</p> <p>14 Q. Okay, thank you, and thank you to your staff</p> <p>15 as well for turning those around for us on the</p> <p>16 weekend.</p> <p>17 MS. PERRY:</p> <p>18 A. No problem.</p> <p>19 MR. SIMMONS:</p> <p>20 Q. Just a couple more general type questions</p> <p>21 about OPEBs, nothing detailed. The statement</p> <p>22 has been made that if nothing is done to move</p> <p>23 accounting for OPEBs from a cash basis to</p> <p>24 accrual basis that the amount of the</p> <p>25 transitional obligation will continue to grow</p>
Page 142	Page 144
<p>1 40, on line 35, the rate of return on rate</p> <p>2 base would be 7.37. The return on equity</p> <p>3 would be 7.19 percent. So that would--so the</p> <p>4 return on equity would have changed from 46.</p> <p>5 percent to 7.19 percent, and just looking at</p> <p>6 the three credit metrics that we just</p> <p>7 discussed, interest coverage, on line 38, is</p> <p>8 still 2.1 and CFO interest coverage is 2.8 and</p> <p>9 CFO to debt is 13.1 percent.</p> <p>10 MR. SIMMONS:</p> <p>11 Q. Okay, and then what is the difference then on</p> <p>12 JHP No. 2, different in the assumption made</p> <p>13 here?</p> <p>14 MS. PERRY:</p> <p>15 A. So the change in the assumption here is that</p> <p>16 we've still deferred the 2010 CDM cost, but</p> <p>17 the pension costs that we've deferred is</p> <p>18 actually the difference between the 2010</p> <p>19 forecasted pension expense and the forecasted</p> <p>20 pension expense for 2009. So on line 19, the</p> <p>21 difference in the third and fourth column, the</p> <p>22 difference between the 2703 in 2009 and the</p> <p>23 8196, which is 5493, is added to the 2010 CDM</p> <p>24 cost of 1869 to get total deferrals of 7.362</p> <p>25 million.</p>	<p>1 into the future, and is the reason that the</p> <p>2 transitional obligation is growing related to</p> <p>3 the fact that the costs of providing OPEBs to</p> <p>4 those employees who will be retired in the</p> <p>5 future is projected to be greater than the</p> <p>6 cash cost of providing benefits to employees</p> <p>7 that are retired today?</p> <p>8 MS. PERRY:</p> <p>9 A. That is certainly part of the answer. Accrual</p> <p>10 accounting is not just paying--it's not the</p> <p>11 premiums for people that are retired. Accrual</p> <p>12 accounting would actually accrue post</p> <p>13 retirement benefits for me today. So even</p> <p>14 though I'm not retired, so there's no premium</p> <p>15 to pay with respect to my post retirement</p> <p>16 benefits, you're actually accruing some of the</p> <p>17 cost for me. So it would conceptually be</p> <p>18 higher than the cash premium.</p> <p>19 MR. SIMMONS:</p> <p>20 Q. If the OPEBs continue to be accounted for on a</p> <p>21 cash basis, is it correct that the</p> <p>22 transitional obligation would continue to grow</p> <p>23 forever or would the point come where the</p> <p>24 transitional obligation would stabilize or</p> <p>25 even reduce?</p>

Page 145	Page 147
<p>1 MS. PERRY:</p> <p>2 A. There would be a point where it would cross</p> <p>3 over, yes.</p> <p>4 MR. SIMMONS:</p> <p>5 Q. Yes, and what -</p> <p>6 MS. PERRY:</p> <p>7 A. I would not project -</p> <p>8 MR. SIMMONS:</p> <p>9 Q. - would cause that to happen?</p> <p>10 MS. PERRY:</p> <p>11 A. Well, eventually--accrual accounting is simply</p> <p>12 just the present value of your expected future</p> <p>13 payments. So at some point in time, they will</p> <p>14 meet. I've not asked the actuaries to project</p> <p>15 out when that's going to be, but at some</p> <p>16 point, they would cross over, yes.</p> <p>17 MR. SIMMONS:</p> <p>18 Q. Okay. This application only deals with moving</p> <p>19 to accrual for the current pension expense and</p> <p>20 doesn't deal with the transitional obligation,</p> <p>21 but it is, as has been described, the gorilla</p> <p>22 that's out there to be dealt with at some</p> <p>23 point. Have you conducted any kind of study</p> <p>24 or given any consideration to what the options</p> <p>25 are for dealing with the transitional expense</p>	<p>1 than to amortize it and recover it through</p> <p>2 rates?</p> <p>3 MS. PERRY:</p> <p>4 A. No, that's the only thing I see with--the only</p> <p>5 other option that could potentially be there</p> <p>6 is if we had some other offsetting regulatory</p> <p>7 liabilities to offset, and at this particular</p> <p>8 time, we do not have any. I know when we've</p> <p>9 deferred--we proposed and it was approved to</p> <p>10 defer depreciation expense in 2005 and '06, we</p> <p>11 did, at that time, have an unbilled revenue</p> <p>12 liability that we had as well. So there were</p> <p>13 some offsetting balances there that we had</p> <p>14 that we could take advantage of. But in this</p> <p>15 particular case, there's none currently on the</p> <p>16 books for Newfoundland Power. So the only</p> <p>17 option that I see with respect to the</p> <p>18 transitional obligation is to actually recover</p> <p>19 it through customer rates.</p> <p>20 MR. SIMMONS:</p> <p>21 Q. If the transitional obligation were frozen and</p> <p>22 put to one side, am I correct that it forms</p> <p>23 part of the rate base and--it forms part of</p> <p>24 the rate base, the transitional obligation</p> <p>25 amount, does it?</p>
Page 146	Page 148
<p>1 should this application be granted and the</p> <p>2 move be made to accrual?</p> <p>3 MS. PERRY:</p> <p>4 A. No, we have not completed a study with respect</p> <p>5 to options. I know in the past, I believe we</p> <p>6 changed the GEC policy for Newfoundland Power,</p> <p>7 we did propose, and it was granted by this</p> <p>8 Board, I believe that was over a five-year</p> <p>9 period, and most often, with the amortizations</p> <p>10 that we've put forward, we have amortized it</p> <p>11 over three to five years. What you're trying</p> <p>12 to do is you're trying to not continuously</p> <p>13 push it so far out into the future, but</p> <p>14 understanding that there are rate impacts and</p> <p>15 for something of the magnitude of 46 million,</p> <p>16 we've indicated that between five or ten years</p> <p>17 appeared reasonable. It's hard to get</p> <p>18 information with respect to what other</p> <p>19 utilities have done with their transitional</p> <p>20 obligations, but I think five to ten years is</p> <p>21 a reasonable supposition.</p> <p>22 (5:45 p.m.)</p> <p>23 MR. SIMMONS:</p> <p>24 Q. Can you foresee there being any options for</p> <p>25 dealing with the transitional obligation other</p>	<p>1 MS. PERRY:</p> <p>2 A. No, not today.</p> <p>3 MR. SIMMONS:</p> <p>4 Q. No, it doesn't.</p> <p>5 MS. PERRY:</p> <p>6 A. What will impact rate base is the--any money</p> <p>7 that we received in customer rates above and</p> <p>8 beyond what we pay out as cash premiums, that</p> <p>9 will serve to reduce rate base as we go</p> <p>10 forward.</p> <p>11 MR. SIMMONS:</p> <p>12 Q. In the future?</p> <p>13 MS. PERRY:</p> <p>14 A. In the future.</p> <p>15 MR. SIMMONS:</p> <p>16 Q. Right. How the transitional obligation is</p> <p>17 dealt with, whether it's amortized over two</p> <p>18 years, five years, ten years or whatever,</p> <p>19 would that have any impact on rate base?</p> <p>20 MS. PERRY:</p> <p>21 A. Yes, as we collect from customers, the</p> <p>22 difference in what we collect from what we pay</p> <p>23 out will in turn reduce rate base.</p> <p>24 MR. SIMMONS:</p> <p>25 Q. Okay, so deferring the amortization of the</p>

Page 149	Page 151
<p>1 transitional obligation will have the effect</p> <p>2 as well of deferring the reduction in the rate</p> <p>3 base and the reduction in the rate base would</p> <p>4 have a benefit for the rate payer?</p> <p>5 MS. PERRY:</p> <p>6 A. Yes, absolutely.</p> <p>7 MR. SIMMONS:</p> <p>8 Q. Okay. A question a PEVDAS, and I have only</p> <p>9 PEVDAS and one other topic. Oh, and first,</p> <p>10 just a point of clarification. Do I</p> <p>11 understand correctly that the PEVDA account</p> <p>12 will not--if the OPEBs are accrued, OPEB</p> <p>13 expenses are accrued, those will not flow</p> <p>14 through the PEVDA account? Is that correct?</p> <p>15 MS. PERRY:</p> <p>16 A. Yes, that is correct.</p> <p>17 MR. SIMMONS:</p> <p>18 Q. The proposal does not include the OPEBs, okay,</p> <p>19 and did I understand you earlier this</p> <p>20 afternoon to say that conceptually it would</p> <p>21 not work in future to flow OPEBs through the</p> <p>22 PEVDA account? Is there any particular reason</p> <p>23 why that would not be appropriate?</p> <p>24 MS. PERRY:</p> <p>25 A. No, the proposal that we've put forward for</p>	<p>1 yes.</p> <p>2 MR. SIMMONS:</p> <p>3 Q. Okay. Now the PEVDA account has been proposed</p> <p>4 and recommended to the Board for acceptance as</p> <p>5 an appropriate way to deal with the variances</p> <p>6 of pension expense that have resulted from</p> <p>7 changes in discount rate and changes in the</p> <p>8 rate of return on the asset values in the</p> <p>9 pension plans. I think that's--have I got</p> <p>10 that right?</p> <p>11 MS. PERRY:</p> <p>12 A. Yes, it's the volatility of the discount rate</p> <p>13 that is--so our ability to actually predict</p> <p>14 what next year's pension expense is going to</p> <p>15 look like is becoming quite problematic.</p> <p>16 MR. SIMMONS:</p> <p>17 Q. Now in answering some questions from Mr.</p> <p>18 Johnson about the past pension expenses, one</p> <p>19 thing that you commented on was the early</p> <p>20 retirement program that had been in effect a</p> <p>21 number of years ago.</p> <p>22 MS. PERRY:</p> <p>23 A. Yes.</p> <p>24 MR. SIMMONS:</p> <p>25 Q. Which had resulted in a fairly large variance</p>
Page 150	Page 152
<p>1 the pension expense was predicated off of the</p> <p>2 volatility in the market, and the extent that</p> <p>3 that volatility could have on Newfoundland</p> <p>4 Power's pension expense.</p> <p>5 MR. SIMMONS:</p> <p>6 Q. Okay.</p> <p>7 MS. PERRY:</p> <p>8 A. So that was the basis by which we proposed the</p> <p>9 PEVDA. OPEBs is conceptually similar in that</p> <p>10 it moves with the market, but not to the same</p> <p>11 degree that we have seen pension expense move</p> <p>12 around. So we've only proposed that the</p> <p>13 pension--Defined Benefit pension expense would</p> <p>14 actually flow through the PEVDA.</p> <p>15 MR. SIMMONS:</p> <p>16 Q. Okay, so some people would expect that once</p> <p>17 the OPEB accrual is put in place, the next</p> <p>18 step would seem to be to then want to flow</p> <p>19 variances through an account like PEVDA, but</p> <p>20 you're telling me that the volatility of the</p> <p>21 OPEBs is not enough to cause us to suspect</p> <p>22 that that would be something that you'd want</p> <p>23 to do in the future?</p> <p>24 MS. PERRY:</p> <p>25 A. Based on where we are today, that is right,</p>	<p>1 in that particular year, but it was due to a</p> <p>2 factor other than the unpredictability of</p> <p>3 discount rates. In effect, it was due from a</p> <p>4 factor within Newfoundland Power's control, in</p> <p>5 that it was a choice to have an early</p> <p>6 retirement plan?</p> <p>7 MS. PERRY:</p> <p>8 A. That's correct.</p> <p>9 MR. SIMMONS:</p> <p>10 Q. If Newfoundland Power was to choose to take a</p> <p>11 similar step, such as an early retirement plan</p> <p>12 or some other step in its control that would</p> <p>13 have the effect of creating a variance in</p> <p>14 pension expense, what would happen then with</p> <p>15 the PEVDA account? Would the PEVDA account,</p> <p>16 in your view, apply to that?</p> <p>17 MS. PERRY:</p> <p>18 A. Well, I guess the first good or bad news is</p> <p>19 that we don't foresee any early retirement</p> <p>20 programs coming our way, but in the event that</p> <p>21 there were--that we were going to offer an</p> <p>22 early retirement program, that was not the</p> <p>23 intent of the PEVDA. So certainly, I don't</p> <p>24 see cost changes as a result of an early</p> <p>25 retirement program flowing through the PEVDA.</p>

Page 153	Page 155
<p>1 MR. SIMMONS:</p> <p>2 Q. Right, so if the Board were, for example, to</p> <p>3 consider requesting that Newfoundland Power</p> <p>4 notify in advance of any programs or steps it</p> <p>5 chose to take which could affect the pension</p> <p>6 expense, that that I presume would be</p> <p>7 something that would not be objectionable to</p> <p>8 Newfoundland Power?</p> <p>9 MS. PERRY:</p> <p>10 A. No, certainly not.</p> <p>11 MR. SIMMONS:</p> <p>12 Q. Okay, and the last thing that I wanted to ask</p> <p>13 you about are a couple of questions about the</p> <p>14 IFRS. Now Newfoundland Power has been</p> <p>15 reporting, I think, on a quarterly basis to</p> <p>16 the Board on the progress towards moving from</p> <p>17 Canadian GAP to the IFRS as a basis for its</p> <p>18 accounting?</p> <p>19 MS. PERRY:</p> <p>20 A. Yes.</p> <p>21 MR. SIMMONS:</p> <p>22 Q. Okay. Can you give us an idea of--I'll try</p> <p>23 and cut this short now, just take a moment.</p> <p>24 If I understand correctly, 2011 is the year</p> <p>25 that Newfoundland Power is going to have--</p>	<p>1 Reporting Standards regulatory assets and</p> <p>2 liabilities would in fact be allowed to be</p> <p>3 recognized. So for a rate regulated utility,</p> <p>4 that's a big deal. So, because we, if we are</p> <p>5 unable to recognize the RSA or things such as</p> <p>6 the PEVDA or the DMI account, then that will</p> <p>7 obviously cause volatility in our earnings and</p> <p>8 potentially could impact how customer rates</p> <p>9 need to be adjusted. So that was a big</p> <p>10 unknown during the last rate case. Since</p> <p>11 then, there are some good developments in the</p> <p>12 fact that the International Accounting</p> <p>13 Standards Board released an exposure draft</p> <p>14 which identified under what instances it would</p> <p>15 allow the recognition and measurement of</p> <p>16 regulatory assets and liabilities. It's not a</p> <p>17 standard. It's only an exposure draft. So</p> <p>18 until it's a standard, I'm always only</p> <p>19 cautiously optimistic because it can change,</p> <p>20 because accounting standard boards have been</p> <p>21 known to do other different things. But based</p> <p>22 on the exposure draft, I would say that we</p> <p>23 definitely meet the scope criteria that we are</p> <p>24 a utility that can recognize regulatory assets</p> <p>25 and liabilities. So that would be a good</p>
Page 154	Page 156
<p>1 start preparing its statements on the IFRS</p> <p>2 basis?</p> <p>3 MS. PERRY:</p> <p>4 A. Yes.</p> <p>5 MR. SIMMONS:</p> <p>6 Q. Is that right?</p> <p>7 MS. PERRY:</p> <p>8 A. January 1, 2011 with comparative financials</p> <p>9 for 2010.</p> <p>10 MR. SIMMONS:</p> <p>11 Q. Okay. So you need to be in a position to know</p> <p>12 how you're going to account for this in 2010?</p> <p>13 MS. PERRY:</p> <p>14 A. Yes.</p> <p>15 MR. SIMMONS:</p> <p>16 Q. Okay. Are you anticipating that the move to</p> <p>17 IFRS is itself going to have any material</p> <p>18 impacts on the calculation of rates that would</p> <p>19 be of interest to the Board?</p> <p>20 MS. PERRY:</p> <p>21 A. Well, during the last proceeding, we did talk</p> <p>22 at length with respect to IFRS and the impact</p> <p>23 that it could potentially have on Newfoundland</p> <p>24 Power. The big issue with IFRS is surrounding</p> <p>25 whether or not under International Financial</p>	<p>1 development for us. We have been through all</p> <p>2 of our regulatory assets and liabilities and</p> <p>3 today, nothing is, I guess, standing out as</p> <p>4 one that may result in not being permissible</p> <p>5 under the new standard. It may require some</p> <p>6 review and maybe even further consideration by</p> <p>7 this Board with respect to orders that have</p> <p>8 been previously written about the reserves,</p> <p>9 just for clarifications as to what they are.</p> <p>10 But certainly nothing that stands out that we</p> <p>11 believe today is--cannot be recognized under</p> <p>12 IFRS. The only one issue that stands out is</p> <p>13 the fact that it is just exposure draft, not a</p> <p>14 standard, but also the recognition criteria</p> <p>15 for these assets and liabilities. There's</p> <p>16 currently a lot of discussion going on about</p> <p>17 whether we need to be present valuing all of</p> <p>18 our regulatory assets and liability. Now,</p> <p>19 where that's going to go, I'm not sure, but</p> <p>20 one would think that if we present valued at</p> <p>21 our WACC or weighted average cost of capital,</p> <p>22 then we would have no--it would be the values</p> <p>23 that we recognize today. But until that's</p> <p>24 nailed down, I get nervous that they're asking</p> <p>25 us to recognize a different value for these</p>

Page 157	Page 159
<p>1 particular assets. So there's a little bit of</p> <p>2 a road that we have to travel yet to get full</p> <p>3 clarification, but today, I think we're in a</p> <p>4 much better position than we were in 2007.</p> <p>5 MR. SIMMONS:</p> <p>6 Q. So based on what you know of what will happen</p> <p>7 if IFRS now and some things that still remain</p> <p>8 uncertain, is there any prospect that the</p> <p>9 implementation of the IFRS would, apart from</p> <p>10 any other causes, cause Newfoundland Power to</p> <p>11 have to come back in in 2011 for a GRA in</p> <p>12 order to deal with the effects of implementing</p> <p>13 IFRS? Anything that you can foresee now?</p> <p>14 MS. PERRY:</p> <p>15 A. There's nothing right now. I mean, as I said,</p> <p>16 I think there are still some uncertainties</p> <p>17 with respect to IFRS, but there's nothing that</p> <p>18 I can see right now.</p> <p>19 MR. SIMMONS:</p> <p>20 Q. Thank you very much. I don't have any other</p> <p>21 questions.</p> <p>22 CHAIRMAN:</p> <p>23 Q. I guess it's our turn now, is it? Is it our</p> <p>24 turn now? What's the--have you got--or do you</p> <p>25 do redirect? I forget.</p>	<p>1 spend, you've got about \$1,800,000 in there, I</p> <p>2 think it is.</p> <p>3 MS. PERRY:</p> <p>4 A. For 2010, yes.</p> <p>5 CHAIRMAN:</p> <p>6 Q. For 2010 for conservation costs, and I think I</p> <p>7 saw in something that for every dollar spent</p> <p>8 on conservation, the return to the rate payer</p> <p>9 is 2.7. Is that correct? Is that the number</p> <p>10 that you used?</p> <p>11 MS. PERRY:</p> <p>12 A. There are particular tests that we do that we</p> <p>13 have filed with our conservation plan. I'd</p> <p>14 have to look up the actual test, but yes,</p> <p>15 there is a total resource test, I believe.</p> <p>16 MR. LUDLOW:</p> <p>17 A. There's several tests, and I do believe Lorne,</p> <p>18 Mr. Henderson, I'm sorry, can probably go to</p> <p>19 excruciating detail -</p> <p>20 CHAIRMAN:</p> <p>21 Q. Is he the guy to ask about all that?</p> <p>22 MR. LUDLOW:</p> <p>23 A. I think he can take you to excruciating detail</p> <p>24 on that one, Mr. Chair.</p> <p>25 CHAIRMAN:</p>
Page 158	Page 160
<p>1 MR. JOHNSON:</p> <p>2 Q. I'll make it easy, Mr. Chairman. We don't</p> <p>3 plan to ask anything.</p> <p>4 CHAIRMAN:</p> <p>5 Q. Okay. Do you have any questions then?</p> <p>6 VICE-CHAIR WHALEN:</p> <p>7 Q. No, I have no questions, thank you.</p> <p>8 COMMISSIONER NEWMAN:</p> <p>9 Q. No questions. Thank you very much.</p> <p>10 CHAIRMAN:</p> <p>11 Q. I do. Just want to ask you a question about</p> <p>12 elasticity. You were saying because of the</p> <p>13 rate changes or proposed rate changes, there</p> <p>14 will be some loss of revenue because</p> <p>15 electricity is fairly elastic. Is that</p> <p>16 correct?</p> <p>17 MS. PERRY:</p> <p>18 A. Yes.</p> <p>19 CHAIRMAN:</p> <p>20 Q. And if it wasn't elastic, you'd have less of a</p> <p>21 revenue requirement?</p> <p>22 MS. PERRY:</p> <p>23 A. Yes, exactly.</p> <p>24 CHAIRMAN:</p> <p>25 Q. The conservation dollars that you're going to</p>	<p>1 Q. Because from what I've been reading in the</p> <p>2 States, all this smart grid and stuff, it's</p> <p>3 not saving any money. I mean, it's saving</p> <p>4 money for the consumers, but to the degree</p> <p>5 which demand is reduced, utilities lose</p> <p>6 revenue and they have to come back for</p> <p>7 increases in rates. So there seems to be a</p> <p>8 paradox here with respect to conservation. I</p> <p>9 don't know. Do you have any thoughts?</p> <p>10 MR. LUDLOW:</p> <p>11 A. Well, I mean, one of the biggest issues we're</p> <p>12 facing is just the topic you're bringing up,</p> <p>13 CDM, conservation. We look at the customers</p> <p>14 want it, it seems to be the right thing to do.</p> <p>15 At the same time, the paradox is that we're</p> <p>16 spending operating dollars to reduce sales.</p> <p>17 So that's going to, you know, drive rates and</p> <p>18 that's the balance, I guess, Mr. Henderson</p> <p>19 will speak to. Even internal to the company,</p> <p>20 as I look at it, it's almost like a counter</p> <p>21 intuitive exercise that as we reorganize the</p> <p>22 company and structurally organize and</p> <p>23 structure the company around that whole area,</p> <p>24 trying to convince, work with managers,</p> <p>25 engineers, technologists and line personnel</p>

Page 161	Page 163
<p>1 about the value of conservation, that's a real</p> <p>2 challenge we face, even within our own</p> <p>3 organization. So there's paradoxes on several</p> <p>4 fronts, Mr. Chairman, on that one.</p> <p>5 CHAIRMAN:</p> <p>6 Q. So conservation may, in fact, not save any</p> <p>7 money over the long run?</p> <p>8 MR. LUDLOW:</p> <p>9 A. No, I think, you know, from where we are, if</p> <p>10 we look at the island, we're a separate grid</p> <p>11 too, you know. If we look at the production</p> <p>12 system, transmission, distribution in its</p> <p>13 totality, you know, I think if every--if we</p> <p>14 look at Holyrood, if we can offset that 12-</p> <p>15 cent energy that's being produced at Holyrood,</p> <p>16 that's where we'll get the bang for the buck.</p> <p>17 It's on that whole system piece. So our sense</p> <p>18 and our assessment of it is that this is the</p> <p>19 right direction to be headed in.</p> <p>20 CHAIRMAN:</p> <p>21 Q. The other--just another quick question. With</p> <p>22 respect to people moving from rural to urban,</p> <p>23 are you finding or will you find over time as</p> <p>24 this trend continues, and it seems to be a</p> <p>25 long-term secular trend, that you're going to</p>	<p>1 locations around this province to be able to</p> <p>2 respond in a timely manner, and that's a</p> <p>3 bigger question as we look at how we structure</p> <p>4 and build. It's a real quandary, you know,</p> <p>5 and it's one we're facing and have been facing</p> <p>6 now for several years actually.</p> <p>7 (6:00 p.m.)</p> <p>8 CHAIRMAN:</p> <p>9 Q. I don't think I'm too worried about the next</p> <p>10 25 years. The last question is just your</p> <p>11 opinions on--I mean, economists are debating</p> <p>12 whether there is any--recovery is underway or</p> <p>13 whether it's not, and you can read 50</p> <p>14 economists and I read 50 and there's 25 are</p> <p>15 saying yes, things are starting to look up and</p> <p>16 there's another 25 saying things are not.</p> <p>17 What are you--Madame Controller, what do you</p> <p>18 think? What are your thoughts?</p> <p>19 MS. PERRY:</p> <p>20 A. I'm probably the same camp. You read 50</p> <p>21 articles and they all say different things. I</p> <p>22 guess the one real reservation that I have is</p> <p>23 once the Government spending dries up. You</p> <p>24 know, what is the true economic activity</p> <p>25 that'll be left after that's over? But you</p>
Page 162	Page 164
<p>1 have sort of stranded investment out there in</p> <p>2 the hinterlands that is not going to be--</p> <p>3 there's not going to be any use for?</p> <p>4 MR. LUDLOW:</p> <p>5 A. I'm not seeing to that end. Now maybe in 10</p> <p>6 or 20 years, there might be. But what seems</p> <p>7 to be happening is we're seeing--I think one</p> <p>8 of the things. tale of two economies was the</p> <p>9 quote that was used here somewhere in the last</p> <p>10 few days. It seems that houses are being kept</p> <p>11 in what I will call the non-Avalon, let's go</p> <p>12 that way, and split it. So you're still</p> <p>13 keeping services on, although the amount of</p> <p>14 revenue coming off some of those services is</p> <p>15 declining because a lot of them are seasonal</p> <p>16 homes and those type. So you're getting a</p> <p>17 dynamic in use change as well. Now if it ever</p> <p>18 came to the point that communities started to</p> <p>19 close down and things such as that, which is</p> <p>20 not in the next five to six years, at least in</p> <p>21 my viewpoint, let's go 20-25 years, that could</p> <p>22 be a different challenge. The real challenge</p> <p>23 in this exercise is the provision of service</p> <p>24 and keeping the right resources, the right</p> <p>25 people and the right equipment in the</p>	<p>1 know, we've seen a lot of movement in the</p> <p>2 market and it's movement that wasn't</p> <p>3 predicted. So I think after you go through</p> <p>4 that, you lose faith as to what's coming. So</p> <p>5 I've lost faith in the predictions that are</p> <p>6 out there, and even the predictions that we're</p> <p>7 out of a recession, we're in a recession, we</p> <p>8 never were, you know, we were never in a</p> <p>9 recession. It gets confusing. So I think</p> <p>10 time will be the testament over the next year,</p> <p>11 to just see how it all unfolds, but I'm</p> <p>12 sceptical about the level of Government</p> <p>13 spending, I guess, and about what's behind</p> <p>14 that.</p> <p>15 CHAIRMAN:</p> <p>16 Q. Dow Jones said today "the bond market yields</p> <p>17 and US treasuries have collapsed to historic</p> <p>18 lows. A 30-year bond is yielding just 4.2</p> <p>19 percent, well below long-term trends. This is</p> <p>20 usually a strong signal of tougher times</p> <p>21 ahead." Do you agree with that? You don't</p> <p>22 know?</p> <p>23 MS. PERRY:</p> <p>24 A. Never know what's--it's hard to make a</p> <p>25 prediction.</p>

1 CHAIRMAN:

2 Q. And I think Mr. Simmons answered the question,
3 but on the issue of the accrual versus the
4 expense, over time, it does not really matter?
5 I mean, both approaches are revenue neutral,
6 aren't they?

7 MS. PERRY:

8 A. Yes, they should equate over time, yes.

9 CHAIRMAN:

10 Q. It's just that the accrual better matches the
11 occurrence of the expense and who should pay
12 for it? Is that -

13 MS. PERRY:

14 A. That is exactly it, yes.

15 CHAIRMAN:

16 Q. So I guess if there's nothing further. Do you
17 have anything?

18 KELLY, Q.C.

19 Q. No, Mr. Chair.

20 CHAIRMAN:

21 Q. I guess so we're adjourned until 9:00
22 tomorrow.

23 MS. GLYNN:

24 Q. Mr. Chair.

25 CHAIRMAN:

1 CERTIFICATE

2 I, Judy Moss, hereby certify that the foregoing is
3 a true and correct transcript in the matter of
4 Newfoundland Power's 2010 General Rate Application
5 heard on the 19th day of October, A.D., 2009 before
6 Commissioners of the Public Utilities Board, Prince
7 Charles Building, St. John's, Newfoundland and
8 Labrador and was transcribed by me to the best of
9 my ability by means of a sound apparatus.
10 Dated at St. John's, Newfoundland and Labrador
11 this 19th day of October, A.D., 2009.
12 Judy Moss

1 Q. I'm sorry.

2 MS. GLYNN:

3 Q. Just one point.

4 CHAIRMAN:

5 Q. I can't see you. There you are.

6 MS. GLYNN:

7 Q. Just one point of housekeeping. I'd like to
8 note for the record that Mr. Young from
9 Newfoundland Hydro was not present today, nor
10 was he present for Friday's proceedings. I'd
11 just like to put that on the record, because
12 it was noted in the transcript that he was
13 here on Friday.

14 CHAIRMAN:

15 Q. Okay. Well, I guess, we are adjourned until
16 9:00 tomorrow morning.

17 KELLY, Q.C.

18 Q. Thank you, Mr. Chair.

19 CHAIRMAN:

20 Q. Thank you.

21 ADJOURNED AT 6:05 P.M.

NP's 2010 General Rate Application

<div>#-</div> <div>#1 [4] 136:14,16 137:18 139:5</div> <div>#3 [1] 138:2</div> <div>-\$-</div> <div>\$1,800,000 [1] 159:1</div> <div>\$1,869,000 [1] 140:15</div> <div>\$10,000.00 [1] 28:18</div> <div>\$14,000 [5] 70:3 71:25 73:2 77:5,8</div> <div>\$14,000.00 [1] 41:18</div> <div>\$14,885,000.00 [1] 39:6</div> <div>\$260 [1] 69:12</div> <div>\$3,383,000.00 [1] 39:8</div> <div>\$300,000.00 [1] 27:20</div> <div>\$4,243,000.00 [1] 41:4</div> <div>\$43,000 [1] 73:4</div> <div>\$487,000 [1] 7:19</div> <div>\$5,000.00 [1] 28:19</div> <div>\$509,992.00 [1] 136:8</div> <div>\$750 [1] 83:10</div> <div>\$9,391,000.00 [1] 41:13</div> <div>-'</div> <div>'03 [2] 114:1,2</div> <div>'04 [2] 114:2 125:22</div> <div>'05 [1] 114:4</div> <div>'06 [2] 114:4 147:10</div> <div>'07 [1] 114:4</div> <div>'08 [4] 22:23 114:5,6 125:22</div> <div>'09 [3] 10:22 15:10 114:7</div> <div>'10 [1] 22:23</div> <div>'90s [1] 75:21</div> <div>-.-</div> <div>.1 [1] 125:23</div> <div>-1-</div> <div>1 [15] 1:25 2:2 27:17 35:16 36:25 44:13,25 55:23 56:3 72:7 74:18 102:9 129:23 130:6 154:8</div> <div>1.1 [1] 21:14</div> <div>1.2 [2] 33:4 55:25</div> <div>1.5 [7] 73:21 74:1,12 75:16,20 76:10,12</div> <div>10 [4] 92:11,12 103:24 162:5</div> <div>11 [12] 19:5,8 39:13 57:25 127:12 130:18 132:2 135:6,17 137:23 138:16 138:21</div> <div>11.6 [1] 19:9</div> <div>116 [1] 14:11</div> <div>12 [1] 161:14</div> <div>12.6 [1] 129:2</div>	<div>13 [1] 130:7</div> <div>13.1 [3] 127:6 142:9 143:12</div> <div>14,000 [2] 70:8 77:11</div> <div>14.9 [4] 39:14 123:16 129:14 134:17</div> <div>141 [1] 20:23</div> <div>15 [1] 63:17</div> <div>15.8 [1] 126:16</div> <div>15th [2] 10:24 14:10</div> <div>16 [2] 126:15 129:1</div> <div>16th [1] 17:25</div> <div>17 [1] 49:12</div> <div>17th [1] 95:16</div> <div>18 [5] 40:4 42:24 59:1,15 60:24</div> <div>184 [1] 7:11</div> <div>1869 [1] 142:24</div> <div>189 [2] 20:9,11</div> <div>19 [2] 1:1 142:20</div> <div>19.5 [2] 128:1 130:8</div> <div>1986 [2] 18:23 19:8</div> <div>1990 [3] 6:12,16 76:1</div> <div>1999 [5] 6:4 113:17,21 113:21,23</div> <div>19th [2] 167:5,11</div> <div>1st [6] 77:25 78:22 98:7 98:21 101:15,17</div> <div>-2-</div> <div>2 [10] 32:6 38:21,21,25 38:25 50:22 81:10 90:4 139:5 142:12</div> <div>2,495,000 [1] 140:24</div> <div>2.1 [2] 13:3 142:8</div> <div>2.2 [5] 136:19 137:12,18 137:23 143:10</div> <div>2.2/2.3 [1] 130:17</div> <div>2.5 [13] 79:1,14 80:6 98:7 102:16 125:13,21 127:1 130:20,24 131:2,19 133:11</div> <div>2.54 [1] 131:19</div> <div>2.6 [1] 128:22</div> <div>2.7 [7] 19:13 127:21 130:1,3,19 131:3 159:9</div> <div>2.8 [6] 21:10 127:3 137:7 137:12 142:8 143:11</div> <div>2.864 [2] 20:4,14</div> <div>2.9 [6] 21:2 123:9 126:12 127:4 129:13 133:9</div> <div>20 [4] 14:12 20:24 140:12 162:6</div> <div>20-25 [1] 162:21</div> <div>20.9 [1] 39:19</div> <div>2000 [6] 5:22 7:19,21 8:20 113:25 114:15</div> <div>2001 [1] 113:25</div> <div>2002 [3] 12:9 113:25 114:15</div> <div>2004 [7] 124:16 125:11 125:25 126:16 128:8,19</div>	<div>133:1</div> <div>2004's [1] 21:8</div> <div>2005 [8] 12:9 84:5,14 86:24 88:14 116:11 126:3 147:10</div> <div>2006 [14] 18:24 19:9,11 20:1,4,15 21:2,7 27:9,10 88:25 89:3 90:1,1</div> <div>2007 [16] 12:9 39:7 51:4 51:24 90:2,8,10,15 116:11,21 122:10 123:7 125:15 128:20 129:1 157:4</div> <div>2008 [24] 27:18 39:6,20 39:21 51:3,23 95:16,16 124:16 125:20 126:1,6,8 126:16,18 127:5,11 128:7 128:8 129:8,13 133:1,9 134:16</div> <div>2009 [11] 1:1 12:9 13:24 36:13 55:11 123:20 124:17 142:20,22 167:5 167:11</div> <div>2010 [40] 10:25 32:16 36:11 55:14 57:1 78:1 78:23 91:25 98:7 99:9 99:14 101:6 102:9 103:11 105:19,25 106:3,14 107:14 111:8 112:15 113:1,10 124:17,21 126:23 127:7 136:2 139:15,16 140:15 141:8 142:16,18,23 154:9,12 159:4,6 167:4</div> <div>2010E [1] 13:3</div> <div>2011 [19] 98:17,19,21 99:15 101:15,18,19 109:9 109:11 110:11,15 111:18 111:25 112:9,14,16 153:24 154:8 157:11</div> <div>2011's [1] 13:16</div> <div>2012 [6] 10:25 11:12,20 12:10 13:16,20</div> <div>202 [2] 22:1,10</div> <div>20s [1] 20:25</div> <div>213 [1] 22:17</div> <div>22 [1] 130:7</div> <div>24 [1] 93:6</div> <div>25 [5] 94:6,17 163:10,14 163:16</div> <div>25th [1] 13:23</div> <div>26 [3] 66:24 71:9 72:18</div> <div>26,000 [2] 71:7 73:6</div> <div>2703 [1] 142:22</div> <div>2:00 [1] 1:2</div> <div>2:15 [1] 13:9</div> <div>2:30 [1] 27:4</div> <div>2:45 [1] 37:12</div> <div>-3-</div> <div>3 [8] 44:14 85:6 125:25 126:14 132:2 136:3,9 140:7</div> <div>3.1 [2] 126:2,14</div> <div>3.48 [1] 19:12</div>	<div>3.6 [3] 127:25 130:2,4</div> <div>30 [2] 11:5 75:22</div> <div>30-year [1] 164:18</div> <div>312 [1] 12:16</div> <div>318 [1] 105:13</div> <div>319 [1] 105:11</div> <div>31st [11] 35:7,11 39:6,7 39:21 51:3,4,23,24 53:13 54:11</div> <div>32,500 [1] 72:21</div> <div>337 [2] 78:3 79:4</div> <div>34 [1] 51:23</div> <div>3461 [1] 61:25</div> <div>35 [4] 141:25,25 142:1 143:5</div> <div>36 [1] 143:6</div> <div>38 [2] 125:9 142:7</div> <div>39 [1] 128:21</div> <div>3:00 [1] 46:12</div> <div>3:15 [1] 57:7</div> <div>3:30 [1] 66:10</div> <div>3:45 [1] 75:18</div> <div>-4-</div> <div>4 [6] 15:7 39:4 40:3 50:23 98:11 123:21</div> <div>4,364,000 [2] 140:13,25</div> <div>4.2 [1] 164:18</div> <div>4.5 [1] 130:3</div> <div>40 [4] 12:18 125:9 142:1 143:5</div> <div>40,000 [1] 75:22</div> <div>400 [1] 73:9</div> <div>41 [1] 51:22</div> <div>42 [1] 72:12</div> <div>43 [1] 93:5</div> <div>43,000 [2] 71:6,9</div> <div>45 [1] 131:15</div> <div>46 [1] 146:15</div> <div>4:15 [1] 95:2</div> <div>4:42 [1] 104:6</div> <div>-5-</div> <div>5 [14] 18:8 38:21,25 50:22 58:20 86:6,8,12 131:7 131:11,12,22 132:15 133:9</div> <div>5,000 [1] 69:7</div> <div>5.25 [1] 58:20</div> <div>5.5 [1] 59:23</div> <div>5.6 [1] 32:25</div> <div>50 [7] 10:23 11:12 31:7 74:15 163:13,14,20</div> <div>50th [1] 93:14</div> <div>5493 [1] 142:23</div> <div>55 [1] 92:12</div> <div>58.7 [1] 93:7</div> <div>5:00 [1] 110:8</div> <div>5:15 [1] 124:5</div> <div>5:30 [1] 134:21</div>	<div>5:45 [1] 146:22</div> <div>-6-</div> <div>6 [3] 18:8 52:15 86:7</div> <div>6.45 [4] 138:1,5,13 142:4</div> <div>6.5 [2] 51:5 141:15</div> <div>6.8 [5] 32:17 51:16,18 98:11 101:7</div> <div>6.84 [1] 101:8</div> <div>6.87 [1] 74:24</div> <div>60 [6] 71:7 72:11 73:5 79:25 80:9,23</div> <div>64 [1] 138:14</div> <div>640 [1] 83:13</div> <div>645 [3] 138:16 140:9 143:8</div> <div>65 [43] 10:21 28:11,17 29:2,13,16 30:3,8,13 31:20 66:15,25 67:15,19 69:7,25 70:2,5,18,25,25 71:7,7,10 72:12,16,17 73:7,12 77:9 78:23 79:24 80:8,10,21,25 81:18,23 81:24 82:2 89:24 98:23 101:17</div> <div>6:00 [1] 163:7</div> <div>6:05 [1] 166:21</div> <div>6th [1] 15:10</div> <div>-7-</div> <div>7 [1] 18:9</div> <div>7.19 [2] 142:3,5</div> <div>7.25 [1] 11:6</div> <div>7.362 [1] 142:24</div> <div>7.37 [1] 142:2</div> <div>7.5 [1] 141:14</div> <div>7.59 [1] 143:6</div> <div>7.7 [1] 143:8</div> <div>79 [1] 138:15</div> <div>-8-</div> <div>8 [5] 31:25 32:8,10,12,22</div> <div>8.39 [1] 130:14</div> <div>8.5 [3] 133:16 134:4,18</div> <div>8.6 [1] 116:23</div> <div>8.95 [2] 137:21,23</div> <div>800 [1] 73:8</div> <div>8196 [1] 142:23</div> <div>895 [2] 138:20,21</div> <div>-9-</div> <div>9.5 [3] 130:23 131:4 133:2</div> <div>9.50 [1] 131:18</div> <div>9.75 [4] 130:23 131:5,18 133:2</div> <div>98 [1] 76:11</div> <div>9:00 [2] 165:21 166:16</div> <div>-A-</div>
---	---	---	--	--

A.D [2] 167:5,11 AAF [3] 105:23 106:2 107:6 abate [1] 111:12 ability [4] 115:12,13 151:13 167:9 able [5] 16:20 116:14 121:18 138:25 163:1 above [4] 11:13 42:2 133:11 148:7 absolutely [4] 112:25 117:9 121:14 149:6 accept [2] 14:14 120:1 acceptance [1] 151:4 accepted [4] 34:5 49:22 62:1 126:12 access [2] 82:20 83:4 accessible [1] 5:9 accordance [2] 61:24 62:4 according [1] 81:15 account [22] 18:18,21 18:22 20:22 21:10 25:19 26:25 27:6,17 38:9 61:15 70:17 95:4 149:11,14,22 150:19 151:3 152:15,15 154:12 155:6 accountant [1] 62:9 accounted [4] 8:14 47:7 62:4 144:20 accounting [21] 22:25 26:10 34:5 38:11 49:22 62:1,4 64:11 82:14 99:18 99:22 100:12 132:11,20 143:23 144:10,12 145:11 153:18 155:12,20 accrual [36] 22:8,24 35:3 37:11 38:7 44:2 51:15 52:9,14 53:9 55:2,13,25 57:10 60:5 62:12,13 64:7 64:11,20 79:1 98:25 99:18,22 100:12 132:11 132:20 143:24 144:9,11 145:11,19 146:2 150:17 165:3,10 accruals [1] 62:17 accrue [1] 144:12 accrued [9] 51:1 57:13 63:13 99:24 100:10,21 103:9 149:12,13 accruing [2] 32:15 144:16 accuracy [1] 61:16 accurate [2] 21:3 22:11 achieve [8] 102:14 124:9 130:20,23 131:2 132:23 133:5 135:6 achieved [3] 122:14 130:21 132:25 acknowledged [1] 88:15 acquired [1] 10:7 action [1] 133:22 active [10] 29:17,20,21 31:1,6 81:17 82:2 89:9 89:10,15	activity [1] 163:24 actual [17] 35:11 39:23 45:18 53:1 55:13 57:1 58:8 61:10,13 62:2,10 82:9 107:20 124:16 126:13 128:8 159:14 actuarial [28] 39:4,9,12 40:17 41:2 42:14 46:24 47:10,11,14 48:13,24 49:14 50:10 52:23 53:23 54:14 56:16,20 57:17 58:2 59:9 60:18 61:14 62:10 63:7 64:14 79:19 actuarially [2] 44:6 48:8 actuaries [11] 34:3,14 35:8 37:8,22 39:16 54:25 57:11 61:17 79:4 145:14 actuary [12] 34:10,17,22 35:23 37:5 40:1 42:15 56:23 57:14 61:21 63:9 64:15 add [1] 107:21 added [2] 62:25 142:23 adding [2] 63:22,22 addition [2] 3:4 96:5 additional [2] 4:7 13:6 address [2] 105:4 116:16 addresses [1] 133:13 adjacent [4] 4:1 5:14,17 6:19 adjoined [1] 5:11 adjourned [3] 165:21 166:15,21 adjust [1] 57:13 adjusted [1] 155:9 adjustment [29] 19:12 19:14 42:25 63:21 105:7 105:17 106:8,13,16,20 106:24 110:24 111:4,21 112:12 113:15 118:19 119:2,8,13 120:2 121:1 121:11 124:22 126:23 135:21 136:2 138:8,11 adjustments [5] 18:20 19:19 107:18 140:10,11 administration [1] 82:11 adopt [1] 132:11 adopted [4] 87:20 123:6 132:20,21 adoption [3] 99:18,22 100:12 advance [1] 153:4 advantage [1] 147:14 advice [1] 54:25 advise [1] 56:24 advised [2] 1:4 138:24 Advocate [3] 9:22 118:14 124:14 affect [3] 59:2 60:5 153:5 affected [1] 115:11 afternoon [4] 2:11 23:23 138:24 149:20 again [19] 12:10,16,18 20:7 50:22 52:3 54:1	80:6,12 81:1,4 88:20 116:21 120:2 123:22 125:20 130:8,11 143:8 against [2] 108:20 111:15 age [32] 41:22 66:15,25 67:15 69:7,24 70:2,18 70:19,25,25 71:7,7,10 71:10 72:11,16,17 73:5 73:7,9,12 79:24,25 80:7 80:21,24 81:18,24 89:24 98:23 101:17 agencies [2] 122:23 129:12 agenda [2] 24:10,12 agent [2] 14:3,5 aging [3] 41:17,20 56:10 ago [5] 52:6 56:8 90:9 136:23 151:21 agree [26] 19:3 51:4 57:21 58:18 64:3 65:1 65:18 67:17 69:6 72:6 72:18 75:3 79:21 80:5 80:14 81:22 88:2 94:4 96:13,21 98:15 103:8,15 112:11 116:19 164:21 agreed [5] 27:14 84:14 91:4,22 123:7 agreement [6] 66:3 90:13 92:23 122:11,13 123:6 agreements [1] 66:7 ahead [3] 64:8 110:11 164:21 albeit [2] 64:20 108:3 Alberta [2] 15:20 108:13 all-in [1] 11:23 allied [1] 29:8 allow [5] 68:11 106:14 115:4 118:21 155:15 allowance [1] 23:25 allowed [7] 114:22 116:20,24,25 131:24 133:16 155:2 allows [2] 27:1 119:3 almost [2] 109:18 160:20 alone [1] 24:19 along [2] 95:15 131:17 alternatives [3] 106:11 107:8 119:17 always [4] 59:11,18 97:6 155:18 amenable [1] 43:20 amended [2] 12:17 105:15 amendments [2] 87:1,3 amortization [4] 62:14 62:15 65:9 148:25 amortizations [2] 109:17 146:9 amortize [1] 147:1 amortized [7] 58:5,7 60:4,18 63:1 146:10 148:17 amount [9] 21:9 44:10	46:1 62:18 63:1 68:20 143:24 147:25 162:13 analogous [2] 87:13,20 analysis [1] 113:9 analyze [1] 58:13 annual [21] 14:20 26:13 35:18 44:1 51:15,18 55:25 57:10 60:5,20 61:9 61:10 62:13 63:2 71:6 79:1,18 98:8,15,24 100:10 annually [2] 55:18 79:15 answer [12] 34:21 50:17 66:14 69:21 77:15,25 78:3 92:3 93:5 105:2,21 144:9 answered [4] 34:19 120:6 135:17 165:2 answering [1] 151:17 answers [2] 17:25 76:11 anticipate [1] 109:7 anticipating [1] 154:16 anyway [2] 34:22 51:21 Aon [10] 83:9 84:4,5,8 84:15 85:15 86:20 88:14 89:1 93:19 apart [1] 157:9 apparatus [1] 167:9 apparent [1] 108:19 appear [1] 16:10 appeared [1] 146:17 application [37] 9:24,25 12:17 13:15 32:23 33:6 33:9,10,11 34:13 38:25 65:9 77:23 99:12 105:12 105:15 106:19 107:24 109:9,12 111:21 112:14 114:1,5 115:13,24 124:24 127:15 128:5 129:18 131:25 135:23 138:5 139:12 145:18 146:1 167:4 applied [2] 82:4 95:1 applies [1] 30:18 apply [5] 4:23 31:7 92:9 112:16 152:16 appreciate [3] 62:8 65:8 78:17 approach [1] 108:23 approaches [1] 165:5 appropriate [11] 80:16 81:6 118:4 119:2,8,14 120:14 121:17 126:13 149:23 151:5 approval [1] 126:18 approved [8] 125:15 126:3 127:4,11 128:6 132:1 133:11 147:9 approximates [1] 11:15 area [7] 5:8 7:3 23:13 24:19 65:24 85:21 160:23 areas [1] 26:3 arguably [1] 51:21 arise [1] 63:11	arising [2] 41:2 104:11 arrangement [2] 37:6 66:1 arrangements [3] 26:13 85:1 102:10 arrived [1] 11:7 articles [1] 163:21 ascertained [1] 77:24 aside [1] 135:1 asks [1] 18:19 assertion [1] 73:1 assessment [2] 14:25 161:18 asset [12] 4:15,24 9:9 38:12 45:18,20 46:8 51:2 64:18 141:16,18 151:8 assets [10] 9:10,14 10:6 155:1,16,24 156:2,15,18 157:1 associated [1] 21:16 assume [3] 21:6,7 101:24 assumed [2] 48:8 72:9 assumes [2] 77:25 132:19 assuming [3] 22:24 99:4 138:2 assumption [10] 40:12 40:13 41:2 43:5,7 53:24 102:4 139:22 142:12,15 assumptions [14] 12:1 12:13 13:14 40:2 44:12 45:13,15,22 48:6 49:6 59:9 63:7,10 141:5 Atlantic [1] 15:18 attached [1] 95:13 attachment [5] 10:17 66:24 84:2 85:7 124:12 attention [1] 125:11 AUB [1] 108:13 auditors [1] 50:3 automatic [25] 105:7 106:7,13,15,20,24 110:24 111:4,20 112:12 113:14 118:18 119:1,8,13 120:1 120:24,25 121:11 124:22 126:23 135:21 136:2 138:8,11 avail [2] 29:16 31:10 available [4] 35:24 74:12 96:12 106:11 average [12] 50:20 52:25 54:9 56:22 58:5 70:1,4 75:21 77:4,10 81:17 156:21 aware [2] 15:22 49:24 awful [1] 45:4
-B-				
Baa [2] 129:23 130:6 Baa-1 [1] 129:19 Baa1 [2] 15:16 16:11 bad [2] 43:6 152:18 balance [1] 160:18				

balanced [1] 100:24 balances [1] 147:13 bang [1] 161:16 bargaining [4] 86:2 91:5 91:6,12 base [24] 4:15,19,25 7:18 8:6,20 9:11 105:18 119:6 137:4 138:14,19 141:23 142:2 143:3,6 147:23,24 148:6,9,19,23 149:3,3 based [23] 12:13 26:18 34:4 53:23 64:20 69:6 69:15 79:4 99:2 100:13 105:23 108:18 110:10 124:21 130:11 133:21 139:21 140:7 141:14,16 150:25 155:21 157:6 basis [39] 9:23 11:13,15 17:3 19:6 26:10,13 34:15 35:18 38:3,6,8 42:13 47:10 48:25 49:15,18 51:16 52:9,12 57:10 64:7 65:6,19 78:3 82:14 98:16 100:11 107:18 132:1 139:2 141:22 143:23,24 144:21 150:8 153:15,17 154:2 BCUC [1] 108:13 bear [1] 20:3 became [2] 4:5 5:12 become [1] 127:21 becomes [3] 120:2 127:25 128:1 becoming [1] 151:15 begin [1] 100:24 behaving [1] 117:4 behind [3] 8:9 42:13 164:13 believes [1] 78:10 below [4] 124:1 127:4,6 164:19 benchmarked [1] 21:7 benefit [32] 25:22 27:21 28:17,21 30:15 43:13 45:16 51:2 63:13 66:16 68:13 70:6,10,16,17 73:9 74:10,15 76:10 81:5 84:18,19 90:16,25 91:7 93:6 98:6,22 99:3 100:21 149:4 150:13 benefits [72] 24:1,9,9,16 24:19,22 26:1,1 28:10 28:15,18 29:4,14,16,20 29:20 34:9 52:11 66:8 66:18,18 67:1,14,20,24 68:7,12,21 69:7 71:25 75:9 78:11 79:6 80:15 83:2 84:6,12,14 88:17 88:24,25 89:5,9,11,17 89:19,20,23,25 90:4,6,8 90:23 91:13,18,20,21 92:5,25 93:13 94:9,23 95:10 99:6,17,23 101:1 101:17 102:12 144:6,13 144:16 best [11] 35:23 36:18 39:12 57:6,9 59:13 61:21 63:10 64:21 90:7 167:8	better [18] 43:6 64:11,22 65:4 81:23 93:13 100:12 101:20 107:3 110:5 117:24 118:8 126:2,17 128:7 140:2 157:4 165:10 between [16] 6:25 38:9 69:22 71:8 72:11 110:13 118:5 130:23 131:4 133:2 137:19 140:6,19 142:18 142:22 146:16 beyond [3] 17:11 50:2 148:8 big [8] 58:7 90:17,24 91:3 110:4 154:24 155:4,9 bigger [2] 100:17 163:3 biggest [4] 39:17 57:21 58:9 160:11 bit [11] 5:13 10:18 14:9 20:13 25:20 113:12 122:2 127:4,6 137:8 157:1 blended [1] 82:6 Blue [3] 27:8 89:3,8 BMO [1] 1:22 Board [24] 7:11,17 8:3 8:18 9:22 94:10 106:9 106:17 108:14,14 112:11 122:9,12 125:15 126:12 139:6 146:8 151:4 153:2 153:16 154:19 155:13 156:7 167:6 boarders [1] 89:6 boards [1] 155:20 bold [1] 141:3 bond [8] 13:20,24,25 108:8 114:25 118:5 164:16,18 bonds [4] 12:8 13:7,13 34:7 book [2] 7:19 143:7 booklet [4] 66:16,17,18 66:24 booklets [1] 67:6 books [1] 147:16 boost [1] 43:2 bottom [13] 12:17 13:5 14:11 43:17 50:25 59:23 81:15 101:19 105:12 125:7 127:19 129:15 134:18 bought [2] 5:6 9:15 brand [2] 96:9 98:2 brands [2] 96:11,22 break [1] 103:24 breakdown [1] 39:14 bridge [2] 72:12,16 bridging [1] 75:9 brief [1] 113:16 bring [3] 43:16 115:13 116:16 bringing [1] 160:12 broad [1] 93:20 broke [1] 1:10 brought [3] 80:22 114:1 139:13	buck [1] 161:16 Budget [1] 9:24 build [1] 163:4 building [3] 4:4,8 167:7 buildings [1] 6:25 built [5] 5:20 6:12 8:25 49:13 60:17 bulk [1] 19:13 bullets [1] 96:17 bumped [1] 86:1 bunch [2] 83:24 101:21 business [2] 34:12 84:8 <hr/> -C- <hr/> CA-189 [1] 19:24 CA-NP [1] 20:22 CA-NP-141 [1] 18:13 CA-NP-189 [1] 43:16 CA-NP-293 [2] 83:25 92:4 CA-NP-304 [1] 66:23 CA-NP-326 [1] 77:19 CA-NP-337 [2] 77:14 77:19 CA-NP-341 [1] 93:4 CA-NP-345 [3] 69:18 78:9 81:9 CA-NP-356 [1] 25:16 CA-NP-358 [1] 66:14 CA-NP-362 [1] 95:12 CA-NP-363 [1] 66:2 CA-NP-364 [1] 22:6 CA-NP-43 [1] 10:16 CA-NP-44 [1] 105:20 CA-NP-65 [2] 124:11 128:15 CA-NP-66 [2] 136:24 137:24 calculate [2] 33:25 35:6 calculated [5] 81:16 131:23 132:1 136:9 139:23 calculating [1] 43:24 calculation [3] 44:4 61:23 154:18 calculations [1] 77:22 camp [1] 163:20 Canada [7] 11:20 12:3 70:6,19 72:2 76:14,24 Canadian [2] 24:8 153:17 cannot [4] 60:15 94:24 107:17 156:11 cap [1] 79:7 capital [4] 9:24 112:3 130:15 156:21 capped [3] 28:19 69:7 89:25 care [12] 29:7 31:14 40:6 40:9 42:19,21 45:14 64:16 81:11 83:19 95:4 101:16	Caribbean [1] 3:11 carriers [2] 89:2 90:2 case [16] 14:16 18:1 22:10 22:21 42:4 45:19 58:3 59:14 60:17 64:9 103:12 118:17,24 119:16 147:15 155:10 cash [42] 22:24 38:3,5 48:24 49:15,18,18,19 52:12,12,14 64:24,25 65:19 122:20,21 123:9 123:15 124:1,8,9 125:24 126:15 127:2,5,25 128:1 128:14,19 129:5 132:12 132:13 133:8,10,14,18 134:14 143:23 144:6,18 144:21 148:8 caused [1] 99:10 causes [1] 157:10 cautiously [1] 155:19 CDM [3] 142:16,23 160:13 cent [1] 161:15 centre [4] 5:19 8:25 9:2 9:3 certain [9] 17:25 26:14 26:20 42:21 63:16 65:11 68:20 85:18 91:21 certainly [69] 11:10 19:21 24:12 25:3 26:16 35:10 46:5 48:9 49:2,22 52:8 58:9 60:15 62:22 63:12,12 64:13,22 65:3 65:18 76:2 77:3,7 78:14 83:10 84:17,24 87:10 88:15,21 89:6,22,25 90:10,17,19 91:14,17 96:1 100:5,7,14,17,25 101:2 102:18 108:1,5,14 108:18 109:2,4,18,21 110:4,18,19 111:15 115:3 115:5 118:3,7 129:4 130:4 134:23 144:9 152:23 153:10 156:10 CERTIFICATE [1] 167:1 certify [1] 167:2 CFO [10] 129:2,13,14,25 130:2,5 142:8,9 143:10 143:11 Chair [6] 6:5 104:21 159:24 165:19,24 166:18 Chairman [44] 1:3,9,16 1:20 2:3,10 3:17 16:25 17:3,10,13,17 23:5,11 23:15,19 103:23 104:3,7 104:12,16 107:2 157:22 158:2,4,10,19,24 159:5 159:20,25 161:4,5,20 163:8 164:15 165:1,9,15 165:20,25 166:4,14,19 challenge [6] 68:1,2 109:21 161:2 162:22,22 chances [1] 54:14 change [74] 23:12 27:7 33:4,18,19 36:23 39:18 39:22 40:3,7,12,21 41:1 41:12,17,19,23,25 42:6	42:17 43:4,25 44:13,25 47:12 51:6 53:10,21 54:3 54:5 55:23 56:9,9 57:9 58:25 59:3,15,16,17 60:3 60:20,23 65:25 67:24 80:22,25 81:2 88:25 89:7 89:19 92:15,17 94:18 98:4 100:1,4,5 101:13 102:5,5,6,11 103:9 109:14 118:8 127:8 132:12 137:6 140:16,18 142:15 143:11 155:19 162:17 changed [6] 40:11 89:2 90:1,2 142:4 146:6 changes [51] 39:18,22 41:17 42:14 44:12,14,17 52:3,4 53:23 55:24 56:6 56:7 58:6 59:9,11 60:13 60:14 61:6,9 63:7 64:16 68:6 87:4,10 89:12 90:11 91:7,9,10 92:4 99:5 100:6,25 101:21,25 102:8 102:15,21 103:17 107:17 120:8 121:18 124:23 126:24 135:22 151:7,7 152:24 158:13,13 changing [5] 51:15 53:9 78:14 102:25 141:15 charge [3] 2:15 51:12,13 charged [2] 2:20,23 charges [1] 63:24 Charles [1] 167:7 cheap [1] 37:22 check [3] 1:8,10 6:16 Chief [1] 24:7 children [1] 83:18 choice [1] 152:5 choices [1] 75:24 choose [2] 85:17 152:10 choosing [1] 70:23 chose [1] 153:5 CICA [2] 34:4 61:25 circulated [2] 1:23 139:8 circumstances [1] 109:10 City [1] 15:18 claim [4] 41:22,23 69:12 97:13 claimed [2] 127:14 128:4 claims [11] 26:14,20 39:25 41:12 48:7 59:17 79:11 82:7,9,11,20 clarification [3] 135:15 149:10 157:3 clarifications [1] 156:9 clarifies [1] 138:23 clarify [1] 56:20 clean [1] 14:9 clearly [3] 46:14 89:14 97:20 climb [1] 129:8 close [2] 48:11 162:19 closer [1] 75:17 closet [1] 51:20
---	--	---	---	--

coincided [1] 123:25	concerned [1] 139:10	copies [2] 17:25 139:5	cover [3] 131:19 132:6 133:5	dealt [5] 51:21 63:2 99:13 145:22 148:17
collapsed [1] 164:17	concluded [1] 99:9	corporate [3] 85:11 95:18,22	coverage [42] 12:19 13:12 122:8,15,21,21,25 123:3,9,16 124:1,8,10 125:10,13,21,25 126:15 126:25 127:3,5,21,25 128:1 129:14 130:1,2,5 130:10,13,20 131:3,13 132:24 133:8,10,14,18 134:14 142:7,8 143:10	debating [1] 163:11
collect [2] 148:21,22	conditions [8] 105:15 107:7 108:16,23 111:1 111:12 120:3 121:5	corporation's [1] 118:6	coverages [1] 129:22	debt [21] 10:11,20,24 11:11,13,16 13:15 108:2 108:5 122:21 123:16 124:10 126:15 127:5 128:1 129:2,14 130:5 134:14 142:9 143:11
collecting [1] 137:20	conducted [1] 145:23	corporations [2] 24:8 85:17	covered [2] 97:9,18	December [14] 35:7,11 39:5,7,21 51:3,4,22,24 53:13 54:4,5,11 95:16
collective [8] 66:3,7 86:2 90:13 91:5,6,12 92:23	confirm [1] 32:12	correct [90] 3:8 6:10 7:6 10:25 11:2 18:24 19:1 19:16 20:5 22:25 23:2 29:11 30:4,6,9,11 32:18 32:20 33:23 36:9,16 41:6 41:10,15 43:9,22 52:1 56:12,14,18 57:19 58:21 59:6 60:1,7 62:15,20 64:1 66:12,21 67:4 68:15 68:25 70:20 73:19,22,24 74:18 76:14 79:2 80:1 92:5 93:2,8,10 98:13 101:8,11 103:3 104:18 104:21 112:14 115:17 117:7 121:7,21,23 122:10 122:17 123:2,11 124:19 125:1,16 126:4,18 127:15 131:22 132:3 133:15 134:20 136:10 144:21 147:22 149:14,16 152:8 158:16 159:9 167:3	creating [1] 152:13	decide [1] 112:7
column [4] 20:16 59:24 135:19 142:21	confirmed [1] 66:14	cost [74] 2:21 3:1 11:11 21:16 24:9,16 25:1,9 30:4,16 40:1 42:7,7,8,19 48:8,13 49:11 51:12,15 51:18,19 56:22 57:1 59:17 63:18 64:23 65:4 65:10 67:21 69:5,15 78:11 80:24 81:11,17 82:7,7,11,20 83:5,11 94:13 95:7 99:4,25 100:7 100:10,17 102:15,21 103:1 105:24,25 107:25 108:2,5,9 112:2 116:22 118:6 129:3 130:12,15 139:15,23 141:3,6 142:16 142:24 144:6,17 152:24 156:21	CPP [2] 71:10 73:9	decided [3] 4:18 9:2 85:13
coming [10] 4:7 106:12 108:1 109:1 129:3,7 132:25 152:20 162:14 164:4	Connecticut [1] 15:19	correctly [2] 149:11 153:24	cross [6] 2:7 27:8 89:3,8 145:2,16	deciding [1] 4:14
commencement [1] 106:4	consequence [1] 41:1	costly [1] 91:10	cross-examination [4] 1:12 23:9,21 104:19	decision [5] 90:20 111:20 111:24 112:1 135:12
comment [3] 39:16 86:4 119:10	conservation [12] 139:16 140:14,15 141:8 158:25 159:6,8,13 160:8 160:13 161:1,6	costs [38] 24:18 25:3,5 40:6,10 41:12 42:21 45:15 55:2 60:13 64:12 64:17 65:12,16,22 74:21 79:11 81:23 83:8 90:8 100:13 102:13 103:16,19 130:16 138:3,12 139:17 140:8,13,14,15,25 141:9 141:14 142:17 144:3 159:6	curiosity [1] 25:15	decline [2] 116:23 125:23
commented [1] 151:19	consider [5] 14:21 87:8 94:11 106:1 153:3	cost-saving [1] 96:14	current [21] 1:22 27:11 35:22 36:6,19 50:16 64:12,23 65:4,6,25 86:21 105:14 107:12 108:16 111:1,2 121:4,16 130:12 145:19	Declined [1] 87:24
Commissioner [2] 66:5 158:8	consideration [6] 86:20 95:5,9 120:8 145:24 156:6	costly [1] 91:10	cushioned [1] 30:14	declining [4] 108:9 111:3 114:25 162:15
Commissioners [7] 2:10 25:13,21 39:9 94:11 107:11 167:6	considerations [2] 86:7 86:16	couple [13] 2:12 25:4,6 56:21 61:18 76:2,5 109:24 117:5,14 136:23 143:20 153:13	customer [7] 100:8 101:3 105:18 137:22 147:19 148:7 155:8	decrease [4] 79:14 80:16 107:25 127:1
committee [1] 90:14	considered [8] 5:5 9:4 19:18 29:6 33:21 94:8 108:15 129:11	counsel [2] 106:5 138:24	customers [4] 65:21 137:20 148:21 160:13	decreased [1] 107:13
common [2] 24:6 131:16	Considering [1] 87:19	country [3] 117:21,23 120:18	cut [1] 153:23	deducted [1] 136:10
communities [1] 162:18	consist [1] 16:3	coupon [1] 11:6	cycle [6] 50:11,13,16 56:18 61:14 62:11	deed [3] 12:19 13:3,11
companies [2] 15:4 94:20	consistent [1] 29:5	course [6] 27:24 30:13 34:12 35:16 46:7 60:3		deem [2] 80:15 81:6
company [15] 13:6 15:19 24:18 26:11 27:13 73:14 85:19 97:22 113:2 120:25 121:9 124:9 160:19,22 160:23	consolidation [1] 5:7			deemed [3] 8:2 9:17 97:24
company's [3] 13:3 105:17 129:5	consultant [1] 83:3			default [1] 138:14
comparable [1] 83:5	consultants [2] 84:6 88:25			defer [2] 105:2 147:10
comparative [1] 154:8	Consumer [3] 9:22 118:14 124:14			deferral [7] 139:15,16 139:17 141:4,7,8,13
comparativeness [1] 85:3	consumers [1] 160:4			deferrals [5] 110:3 118:21,25 129:4 142:24
compare [4] 16:18 48:7 72:22 91:1	CONT'D [1] 2:8			deferred [7] 140:13,14 140:14,25 142:16,17 147:9
compared [11] 14:22 40:1 44:9 45:8,10 50:8 74:21 75:14 91:3 128:11 139:19	contact [1] 83:2			deferring [2] 148:25 149:2
compares [1] 72:20	context [1] 88:20			deficiencies [1] 91:2
comparing [4] 16:21 72:7,16 93:18	continually [1] 63:19			deficit [2] 27:25 28:8
comparison [2] 61:3 69:22	continue [18] 1:11 15:15 23:9 36:22 65:19 67:14 78:11,24 80:11 89:4,23 100:15,16 112:16 116:15 143:25 144:20,22			deficits [2] 27:2 28:3
compiling [1] 83:1	continues [1] 161:24			defined [9] 45:16 70:10 70:15 74:10 76:9 90:16 90:25 91:7 150:13
complete [2] 84:13,15	continuously [1] 146:12			definitely [1] 155:23
completed [10] 11:14 42:23 47:18 48:5 49:5 59:10 61:24 84:4 140:17 146:4	contract [5] 37:7 66:19 67:2,12,18			definitive [1] 111:24
completely [1] 100:3	contribute [2] 75:4 105:3			degree [4] 59:16 97:17 150:11 160:4
completing [1] 53:1	contributed [2] 76:1,9			demand [1] 160:5
complex [2] 44:3,7	contributes [1] 137:7			demographics [4] 39:23 41:3 56:9 59:17
components [1] 136:17	contributing [1] 109:18			demonstrate [1] 113:18
concept [1] 88:3	contribution [4] 72:1 73:17 76:24 87:24			demonstrates [1] 127:13
conceptually [3] 144:17 149:20 150:9	contributions [4] 30:17 74:24 75:1,15			dental [16] 28:25 29:2 31:14 69:9 81:11,17 82:1 82:9,15,16,16 83:3,5,12 83:18,20
concern [1] 135:5	control [4] 5:19 9:2 152:4,12			depend [3] 75:24,25 94:19
	controlled [1] 25:5			dependant [1] 28:19
	Controller [1] 163:17			
	convince [1] 160:24			

-D-**D** [2] 15:17 66:24**D.B** [2] 87:22 90:12**D.C** [1] 87:15**damage** [1] 99:10**DAN** [1] 104:19**data** [2] 39:23 94:1**date** [2] 22:11 109:4**Dated** [1] 167:10**days** [3] 120:11 136:23 162:10**DBRS** [2] 123:2 129:20**deal** [7] 100:18,20,22 145:20 151:5 155:4 157:12**dealing** [9] 34:13 38:3 44:2 46:2,14 99:11 117:12 145:25 146:25**deals** [1] 145:18

dependents [1] 83:18 deposit [4] 25:19 26:25 27:6,16 depreciation [1] 147:10 describe [1] 141:4 described [3] 110:25 125:8 145:21 describes [1] 136:18 description [1] 25:22 design [2] 85:8 107:9 desire [1] 112:25 detail [4] 8:23 79:9 159:19,23 detailed [2] 84:18 143:21 determination [2] 46:19 54:12 determine [6] 4:22 34:2 35:12 38:13 55:12 119:5 determined [3] 5:15 44:6 62:3 determines [1] 55:6 determining [2] 49:6 49:18 deterred [1] 1:6 develop [2] 85:9,13 development [1] 156:1 developments [2] 120:18 155:11 die [1] 43:8 difference [12] 27:16 38:9 71:8,13 117:3 137:19 140:6 142:11,18 142:21,22 148:22 different [16] 43:18 45:3 46:1 64:21 98:16 131:23 136:17 138:17 139:1,2 139:20 142:12 155:21 156:25 162:22 163:21 differently [1] 117:4 difficult [1] 12:5 difficulty [1] 63:4 direct [1] 104:25 direct-examination [2] 135:18,25 direction [1] 161:19 disability [10] 26:2,4,7 29:24 30:1,15,22 31:2,9 31:10 disclosure [1] 49:21 disclosures [1] 49:8 discontinuance [1] 107:5 discontinue [2] 105:23 111:7 discontinuing [6] 105:16 106:2,7,20 107:16 108:17 discount [57] 33:20,25 34:2,17,23 35:5,6,8,9,11 35:15,21,22 36:5,6,14 36:17,23 37:14 38:13 39:18,19 43:3 44:14,17 45:14,17 46:22 47:9 52:4 53:3,6,11,13,21 54:3,11	54:15,25 55:10,12,23 56:3,11,12 57:18,22 58:11,15 59:2,21 64:17 140:19 141:14 151:7,12 152:3 discounted [1] 58:8 discuss [1] 107:11 discussed [5] 19:24 122:6,9,20 142:7 discussing [1] 101:14 discussion [3] 14:13 25:17 156:16 discussions [1] 85:16 dispatched [1] 3:11 display [1] 138:17 displaying [1] 137:25 dispose [1] 5:16 distraction [1] 113:1 distributed [2] 2:21 3:1 161:12 ditch [1] 7:1 diversion [1] 31:13 divide [1] 13:17 DMI [1] 155:6 doctor [4] 96:9,10 97:3 98:2 doctors [1] 97:8 document [3] 1:22 19:4 67:11 documents [1] 113:18 doesn't [9] 42:2 54:6 58:3 63:17 70:11 101:18 143:11 145:20 148:4 dollar [7] 10:22,23 20:15 42:25 51:6 101:8 159:7 dollars [10] 20:4 21:2 32:17 56:1 59:1 76:3 101:20 136:3 158:25 160:16 done [23] 6:21 26:9 39:21 39:25 47:10,15 49:25 50:4,11 52:23 56:17,21 59:19 71:17 78:21 84:2 84:22 103:17 113:5 115:14 133:1 143:22 146:19 door [1] 91:12 Dow [1] 164:16 down [29] 3:12 10:18 20:13 36:24 37:2 42:20 42:22 49:12 50:25 51:21 69:19 76:4 88:6 92:7 95:22 96:4 99:24 100:10 108:5 125:7 127:19 128:22 130:13,17 141:7 141:25 143:5 156:24 162:19 downgrade [1] 123:24 draft [4] 155:13,17,22 156:13 draw [1] 125:11 dries [1] 163:23 drive [1] 160:17	driven [1] 56:7 driver [2] 25:8 58:9 drivers [1] 24:25 drug [8] 25:1 46:15 96:9 96:23 97:4,6,9 98:2 drugs [6] 24:16 25:9 29:7 42:7 96:12 97:18 due [3] 95:18 152:1,3 Duffy [3] 6:12 7:13 9:3 durations [1] 34:8 during [7] 42:23 48:8 70:24 84:4,9 154:21 155:10 dynamic [1] 162:17 <hr/> -E-	163:14 educate [1] 113:12 effect [19] 32:15 35:7 36:20 98:10 112:4,20,22 115:1 121:3 122:13 127:13,20 136:1 139:12 143:2 149:1 151:20 152:3 152:13 effective [2] 98:21 101:17 effects [2] 118:22 157:12 efficient [1] 139:3 eight [1] 71:4 either [3] 104:25 107:6 132:8 elastic [2] 158:15,20 elasticity [1] 158:12 Electric [1] 15:18 electricity [1] 158:15 element [3] 118:10,19 135:11 elements [2] 118:20 139:15 eligible [2] 87:23 98:5 employee [11] 29:22 30:16,21 31:4,6,8,23 73:22 74:22 75:3 89:15 employees [14] 27:13 29:18 31:2 54:10 67:13 75:5 76:11 81:17 82:2 89:9 91:14 97:7 144:4,6 employer [3] 72:1 76:23 94:12 employers [2] 93:24 94:8 employment [2] 66:8 90:23 end [18] 34:18,25 35:2 36:24 53:3,6 54:24 55:11 66:19 91:25 99:9,11 113:7 129:15 138:3,19 138:20 162:5 ending [3] 39:5 51:3,3 energy [2] 108:14 161:15 enforce [1] 97:14 enforced [1] 97:17 engage [1] 120:14 engaged [2] 15:17 91:15 engaging [1] 99:8 engineers [1] 160:25 ensure [2] 48:6 83:7 entails [1] 138:19 enter [1] 18:8 entirely [2] 31:3 71:21 equate [1] 165:8 equipment [1] 162:25 equity [27] 18:23 19:19 20:24 21:23 64:6 105:24 105:25 108:1,9 116:22 118:6 130:19 131:4,14 131:16,24 133:2,16 135:3 136:18 137:21 138:6,16 140:9 142:2,4 143:7 escalating [1] 24:18	essentially [8] 24:1 26:20 42:2 51:11 70:16 89:14 101:14 103:12 established [1] 46:25 estimate [6] 11:18 57:6 59:13 64:21 82:18 100:13 estimates [3] 61:21 69:5 69:15 estimating [1] 64:16 etc [1] 29:9 etcetera [1] 14:13 event [2] 31:9 152:20 eventually [2] 42:20 145:11 evidence [3] 6:13 16:13 118:15 exactly [6] 13:7 44:23 53:22 64:24 158:23 165:14 examination [2] 2:8 105:5 example [5] 81:9 82:4 83:2 111:12 153:2 exception [1] 23:25 excess [1] 9:1 excluded [2] 72:23,23 excruciating [2] 159:19 159:23 excuse [1] 101:7 executives [2] 94:2,4 exercise [2] 160:21 162:23 exhibit [16] 15:7 32:4 123:21 127:12,12 131:7 131:11,12,22 132:2,2,15 133:9 135:16 138:2 140:7 exhibits [1] 139:5 exist [3] 111:1 118:25 119:20 existed [2] 21:18 117:13 existing [9] 67:18,25 77:8 78:8,13,15 130:11 135:20 140:7 exists [1] 119:25 expanding [2] 4:2,4 expansion [1] 4:10 expect [8] 31:15 34:8 102:7,8 113:19 133:20 133:23 150:16 expectation [5] 9:21 10:2 42:19 91:17,21 expectations [1] 85:18 expected [5] 40:5,9 42:22 52:10 145:12 expecting [1] 110:11 expense [77] 21:11 22:23 34:3 35:3,6,12,17 36:11 38:2 43:25 44:1,8,11,13 44:14,16,18 45:20,22 48:14,19 53:16,18,20,20 54:7,13,16,20 55:1,25 56:24 57:13,17,22 58:3 58:8,10 60:16,21 61:10 61:11,24 63:15 64:14 65:1,8,10,14 74:2 79:14
--	---	--	--	--

79:18 80:17 81:1,2,7 98:8 101:8 102:1 103:9 139:19,23 142:19,20 145:19,25 147:10 150:1 150:4,11,13 151:6,14 152:14 153:6 165:4,11 expenses [9] 43:19 63:2 64:8 77:5 83:21 111:3 118:23 149:13 151:18 expensive [2] 91:11 96:11 experience [1] 114:12 experienced [1] 39:20 experiencing [1] 108:7 experts [1] 118:4 expiration [1] 80:8 expiring [2] 109:17 110:4 explain [3] 13:7 39:12 137:11 explained [1] 5:6 exposure [5] 88:18 155:13,17,22 156:13 exposures [1] 84:25 extend [1] 137:5 extended [2] 29:6 31:14 extension [1] 12:1 extent [1] 150:2 extra [2] 3:13 120:13 extraordinary [1] 139:18 extrapolate [1] 63:9	146:13 fashion [1] 79:17 fast [1] 42:22 features [1] 96:14 few [6] 11:12 24:17 50:2 52:6 56:8 162:10 figure [6] 20:14,15 55:13 59:22 60:10 136:8 figures [5] 34:15 51:7 51:11 70:3 137:11 file [5] 110:7,15 111:25 115:20 138:4 filed [9] 22:12 33:6,10 33:13 107:5 108:4,10 118:14 159:13 filing [6] 107:20,24 113:2 115:23 140:17 141:19 finally [1] 22:16 finance [1] 97:22 financial [17] 14:15 24:7 24:7 26:13 38:8,11 48:4 48:10 49:3,20 50:3,6 78:19 85:1 105:14 124:15 154:25 financials [1] 154:8 finding [1] 161:23 fine [5] 18:11 21:21 49:10 62:8 104:2 finished [2] 104:8,13 firm [1] 113:10 first [26] 10:21 13:6 18:12 31:9 33:9 46:2 70:24 96:8,17,24 105:6 113:7 114:14 116:3 121:5 124:12 125:10 128:14 131:12 132:14 136:16 137:4 140:11,17 149:9 152:18 fiscal [4] 39:5,7 51:2,3 five [8] 74:25 76:9 80:8 146:11,16,20 148:18 162:20 five-year [2] 90:13 146:8 flawed [1] 108:10 flaws [1] 108:19 flip [1] 93:24 floor [2] 124:7 127:2 flow [30] 63:23 97:5,12 122:20,21 123:9,15 124:1 124:8,10 125:24 126:15 127:2,5,25 128:1,14,19 129:6 132:12,13 133:8 133:10,14,18 134:14 149:13,21 150:14,18 flowing [1] 152:25 flown [1] 21:17 flows [2] 89:19,22 flu [1] 1:6 focus [2] 12:25 13:2 focusing [1] 10:19 follow [2] 14:17 123:2 followed [2] 4:13 9:8 following [3] 54:5,7 65:13	follows [1] 65:13 footnote [1] 12:18 footnotes [1] 81:15 foray [1] 22:17 forecast [12] 10:24 11:5 11:7,19 22:22 36:5,20 101:21 105:25 111:2 124:21 140:11 forecasted [5] 11:11 36:17 140:8 142:19,19 forecasting [4] 35:20 36:1 107:14 113:9 forecasts [1] 124:17 foregoing [1] 167:2 foresee [4] 109:10 146:24 152:19 157:13 forever [1] 144:23 forget [1] 157:25 forma [3] 79:8,13 141:21 formal [1] 9:14 forms [2] 147:22,23 formula [69] 105:8,10 105:16 106:8,13,16,21 106:24 107:9,24 108:1 108:12,15,17,19 109:3,3 110:24 111:4,8,11,11,21 112:4,6,8,12 113:15,20 113:23 114:3,7,13,18,21 115:9,20 116:6,12,17 117:6,15,24 118:9,12,19 119:2,8,13 120:2,6,9,12 120:15,15,19,20 121:1,2 121:11,16,19 124:23 126:23 130:15 135:22 136:2 138:9,11 formulas [3] 108:21 111:15 117:22 forth [1] 52:5 Fortis [2] 3:12 15:20 forward [22] 23:20 35:20 45:21 54:17 60:15 68:18 79:5 80:17 102:2 107:23 109:5,23 110:3 112:2,5 118:9 120:21 129:25 130:18 146:10 148:10 149:25 found [2] 82:24 113:5 four [4] 2:19 3:2 34:14 110:20 fourth [2] 141:7 142:21 Frank [1] 95:19 free [3] 67:14 98:5 101:16 frequency [1] 46:25 fresh [1] 84:12 Friday [3] 21:25 138:23 166:13 Friday's [1] 166:10 friendly [1] 98:1 front-end [1] 70:16 fronts [1] 161:4 frozen [1] 147:21 full [3] 84:12 119:5 157:2 fully [6] 2:20 3:1 26:4 54:6 63:17 82:15	function [1] 33:19 fund [1] 46:7 fundamental [2] 11:14 119:21 fundamentally [4] 34:6 52:9 58:5 138:15 funded [2] 46:11 51:1 funding [1] 47:16 funds [3] 25:17 27:19,21 future [31] 40:11 52:10 60:15 63:23 78:8 79:5 80:20 85:20 86:21 87:8 87:19,21 91:23 100:5,8 100:18 101:3 105:9 106:16,23 107:8 117:16 121:12 144:1,5 145:12 146:13 148:12,14 149:21 150:23	135:23 157:11 grading [1] 42:18 gradual [1] 125:23 granted [4] 128:5 139:13 146:1,7 granting [1] 127:14 Great [2] 27:7 89:3 greater [2] 79:9 144:5 grid [2] 160:2 161:10 grossed [1] 82:11 group [29] 14:15,17,22 14:23,24 15:4,25 16:3 17:7 24:1,8,9,15,19,21 25:25 66:9,17 67:14 68:7 68:21,23 71:24 78:24 83:23 92:13 94:23 96:15 98:6 grouped [1] 14:24 grow [4] 52:15 100:16 143:25 144:22 growing [1] 144:2 guess [36] 2:5 3:18 17:2 18:12 23:6 57:4,9 59:8 60:19 69:3 75:23 89:6 90:5,22 99:18,21 102:2 104:17 108:24 109:14 110:5,20 111:23 114:24 115:2,25 117:20 152:18 156:3 157:23 160:18 163:22 164:13 165:16,21 166:15 guesses [1] 61:16 guesstimate [1] 57:11 guy [1] 159:21 guys [3] 9:10,23 104:8
-F-		-G-		
face [2] 111:3 161:2 facilities [1] 4:2 facility [2] 4:10 5:15 facing [3] 160:12 163:5 163:5 fact [27] 5:5 21:18 45:2 62:9 69:6,8 70:17 73:3 75:8 80:14,16 85:17 92:12 96:13 103:15 107:15 108:6,8,18 117:19 117:24 132:12 144:3 155:2,12 156:13 161:6 factor [5] 45:20 53:15 57:22 152:2,4 factored [2] 54:16 100:8 factors [7] 52:18,20 56:8 59:5 67:23 79:12 110:2 fair [15] 21:4 23:23 24:3 24:5,15 25:20 33:18 43:24 71:21 108:22 110:15 116:8 135:3,9,12 fairly [3] 44:3 151:25 158:15 fairness [2] 105:24 115:2 faith [2] 164:4,5 fall [1] 109:19 falling [1] 124:1 familiar [1] 113:19 far [3] 81:23 102:12	gain [10] 8:12,13 39:10 39:13 42:1 47:11 53:23 54:14 58:2 60:18 gains [3] 40:17 62:2 63:10 gap [3] 38:10 48:4 153:17 GEC [1] 146:6 general [11] 97:6 109:9 109:11 112:14 113:25 114:5 115:24 130:21 138:4 143:20 167:4 generally [10] 15:15 25:14 29:6 34:5 40:14 43:11 49:22 62:1 64:11 139:18 generated [1] 80:20 generational [1] 64:6 generic [7] 96:9,12,21 96:23 97:9,18 98:2 generous [1] 68:24 gentlemen [1] 104:8 given [9] 15:3 67:6 80:19 99:8 104:24 105:14 107:12 120:8 145:24 GLYNN [7] 1:24 18:7 23:7 139:7 165:23 166:2 166:6 goes [5] 13:4 46:19 128:21 129:1 143:7 gone [1] 83:16 good [13] 2:10 23:12,23 43:5 83:11,19 104:15 123:15 127:9,10 152:18 155:11,25 gorilla [2] 51:19 145:21 governed [1] 49:21 government [12] 68:25 70:12 72:8,11,14,20,23 74:22,23 75:5 163:23 164:12 GRA [19] 99:12 106:8 111:17 115:14,20 116:16 122:11 123:7 125:15 126:4,8,18 127:5 129:8 132:25 133:9 134:16			
-H-		-H-		
half [11] 30:3 77:22 78:1 78:8,24 79:6 80:24 109:18 122:15 124:2,7 hand [1] 107:3 Handbook [1] 61:25 hands [1] 68:2 hanging [1] 51:19 happening [2] 93:21 162:7 hard [5] 11:10 76:4 117:19 146:17 164:24 harder [1] 109:24 head [3] 5:11 86:1 123:15 headed [1] 161:19 health [19] 26:2,7 28:4 28:18 29:4,7,8 31:14 40:6,9 42:19,21 45:14 64:16 85:2,20 95:4 96:15 101:16 healthy [1] 96:6 heard [2] 122:2 167:5 hearing [9] 18:13 106:4 106:9,12,17,25 113:1,22 119:5 heaven [1] 83:23 held [2] 59:22 98:6 help [1] 96:7				

helpful [2] 6:1 78:19 Henderson [2] 159:18 160:18 hereby [1] 167:2 high [1] 25:25 higher [6] 12:20 21:12 39:19 65:20 95:19 144:18 hill [1] 129:8 hinterlands [1] 162:2 hire [1] 87:8 hires [3] 87:11,19,21 historic [1] 164:17 historical [1] 108:7 historically [1] 121:3 history [2] 8:8 113:14 hold [1] 75:7 Holyrood [2] 161:14,15 homes [1] 162:16 hospitalization [2] 29:8 42:8 hour [2] 37:19 104:24 housekeeping [1] 166:7 houses [1] 162:10 human [2] 85:10,21 Hydro [3] 68:24 69:4 166:9 hypothetical [2] 117:11 117:20 <hr/> -I- <hr/> i.e [2] 80:9 83:18 idea [1] 153:22 identified [4] 15:18 93:24 125:12 155:14 identify [1] 84:24 IFRS [11] 153:14,17 154:1,17,22,24 156:12 157:7,9,13,17 imagine [1] 50:1 impact [19] 44:25 58:3 60:15 61:10 63:12,17 77:21 78:20 98:23 100:7 110:2 136:17,19 140:18 141:22 148:6,19 154:22 155:8 impacted [1] 132:6 impacts [2] 146:14 154:18 imperative [1] 111:18 implementation [1] 157:9 implemented [2] 21:13 123:8 implementing [1] 157:12 important [1] 129:20 imposed [1] 121:10 imposing [1] 129:5 improve [5] 90:15 91:22 120:9 121:19 132:13 improved [2] 68:12 108:4	improvement [1] 128:5 improves [3] 41:3,13 128:11 inaccuracy [1] 61:16 include [8] 13:19 28:11 52:8 70:11 91:23 112:1 118:21 149:18 included [5] 4:19 70:6 74:6,14 82:18 includes [2] 118:25 140:16 including [4] 50:5 56:11 67:21 105:24 income [7] 31:10 69:23 71:2 72:9,19 74:6,11 incorporated [1] 101:2 incorporating [1] 32:14 increase [5] 21:14 40:6 40:13 92:11 137:7 increased [6] 25:3,4 42:7,7,8 135:2 increases [6] 27:21,22 27:25 43:13 91:16 160:7 increasing [2] 111:3 136:19 incur [2] 102:13 103:16 Indeed [1] 79:24 indexing [1] 75:10 indicate [8] 14:20 15:13 93:6 109:15 129:13,21 133:20,22 indicated [14] 8:4 22:9 37:5 47:7 78:9,21 79:13 83:9 84:10 85:16 98:4 99:20 134:12 146:16 indicates [3] 31:1 32:13 40:15 indicating [1] 52:22 indication [7] 79:8,13 79:18 83:11 90:3 93:20 99:2 individual [2] 69:8 94:20 individuals [2] 2:19 3:2 industry [1] 40:8 inevitably [1] 64:19 information [16] 17:5 18:8 22:10 30:25 35:23 36:19 37:8 57:16 62:20 77:20 82:24 122:12 124:13,15,16 146:18 infrequent [1] 10:6 initial [2] 90:3 140:17 inquire [1] 17:10 inside [4] 24:24 54:10 59:8 85:2 instance [10] 19:11 24:16 25:15 55:11,22 68:13 73:3 79:7 83:9 87:14 instances [1] 155:14 instead [5] 27:12 131:2 139:12,14 141:15 institute [1] 102:11 instituted [1] 113:17	insurance [2] 68:23 78:25 insured [2] 26:4 82:15 insurer [4] 26:6,11,15 26:17 integrate [1] 98:10 intended [1] 40:19 intent [3] 95:20,25 152:23 intention [2] 9:15 78:14 intentionally [1] 71:17 inter [1] 64:5 interest [43] 13:3,17,18 13:18,19 110:1 122:7,14 122:21,24 123:3,9 124:1 124:8 125:10,12,21,24 126:24 127:3,20,25 129:14,25 130:2,10,13 130:20 131:3,13,18 132:5 132:24 133:5,8,10,14,18 142:7,8 143:9,10 154:19 interested [4] 41:18 73:1 114:16 122:4 internal [1] 160:19 internally [1] 9:8 International [2] 154:25 155:12 intervening [2] 119:4 125:22 introduce [1] 139:4 intuitive [1] 160:21 investigate [1] 90:15 investment [3] 75:24,25 162:1 investments [1] 45:19 irrespective [1] 57:18 island [1] 161:10 issue [22] 2:14 10:10,11 10:22,24 11:13 13:6,13 13:14,15,24,25 14:3 17:24 64:4 90:24 91:4 111:23 135:13 154:24 156:12 165:3 issued [3] 11:16 12:8 13:20 issues [3] 49:17 64:5 160:11 it'll [1] 31:10 item [1] 32:17 items [8] 18:8 52:6 94:12 94:16,25 96:13 99:19,20 itself [6] 46:20 54:8 62:6 63:19 108:19 154:17 <hr/> -J- <hr/> January [10] 27:17 57:2 77:25 78:22 98:7,21 101:15,17 102:8 154:8 JHP [2] 139:5 142:12 Jocelyn [2] 2:7 107:20 John [1] 118:15 John's [3] 5:8 167:7,10 Johnson [68] 1:14 2:5,8 2:9,22 3:3,9,21 4:11,17	4:20 5:18,25 6:6,11,17 7:4,9,16,24 8:7,15,23 9:6 9:19 10:9,15 11:3,17,25 12:6,15,24 13:22 14:4,8 15:2,9,21 16:2,8,19 17:1 17:22 18:5,10,16 19:2 19:10,17,22 20:7,8,11 20:12,19 21:20 22:4,15 22:20 23:3 32:5,9 104:1 104:10,14 151:18 158:1 Jones [1] 164:16 JP-1 [2] 140:4,6 JP-2 [1] 140:4 Judy [2] 167:2,12 June [2] 10:24 11:21 jurisdiction [1] 114:14 jurisdictions [2] 108:11 109:1 <hr/> -K- <hr/> keep [5] 1:5 7:25 27:14 54:19 104:23 keeping [2] 162:13,24 KELLY [8] 1:19 2:1 16:23 17:9,15,19 165:18 166:17 Kenmount [5] 3:22 4:8 5:9 8:14 9:20 kept [1] 162:10 key [3] 24:24 26:1,3 kind [2] 101:13 145:23 knowing [1] 114:16 knowledge [1] 84:16 known [2] 100:6 155:21 <hr/> -L- <hr/> Labrador [3] 69:4 167:8 167:10 lack [1] 110:5 ladder [1] 95:18 land [11] 4:7,9,18 5:8,10 5:11 8:14,24 9:1,4 10:5 lands [1] 4:2 large [4] 26:8,14,20 151:25 larger [4] 28:6,8 44:21 45:1 last [29] 1:21 6:14 11:13 13:1 15:12 18:1,13 22:10 22:17,21 25:4,5 39:24 42:23 48:9 76:16,21 99:12 100:19 106:4 117:4 117:14 125:8 130:21 153:12 154:21 155:10 162:9 163:10 late [4] 33:13 113:3 115:23 137:16 latter [1] 84:5 law [1] 67:7 learned [1] 118:7 least [3] 116:3 133:17 162:20 leave [1] 118:3	leaving [1] 135:1 left [4] 2:13 75:15 77:4 163:25 legal [2] 49:24 68:2 legislation [1] 50:9 length [1] 154:22 less [7] 21:4 45:23 83:21 96:10 122:7 127:1 158:20 lessons [1] 118:7 letter [6] 17:4,6 21:25 96:1 97:21,25 letters [2] 95:13,21 level [5] 25:25 27:15 42:21 65:3 164:12 levelize [2] 40:10 42:20 levelizing [3] 70:23 71:19 72:15 levels [3] 108:6 129:10 129:10 liabilities [6] 147:7 155:2,16,25 156:2,15 liability [5] 40:13 49:24 51:2 147:12 156:18 life [11] 26:2,8 27:8 28:4 28:17 54:10 58:6 59:5 83:17 85:2 89:3 lifestyle [1] 96:6 light [2] 15:19 108:16 likely [1] 79:10 likes [1] 91:15 Likewise [1] 41:12 limit [1] 129:16 limitations [1] 115:18 limited [1] 84:16 line [21] 7:2 10:20 14:12 15:14 39:4 40:3 71:4 101:19 105:13 125:9 128:20 131:15 135:25 137:5 140:12 141:25 142:1,7,20 143:6 160:25 lines [2] 125:9 143:5 link [1] 85:10 linkage [1] 100:1 list [3] 15:3 16:17 94:17 living [2] 40:14 43:11 load [1] 70:16 located [1] 7:12 location [1] 5:9 locations [1] 163:1 long-Canada [2] 108:7 114:25 long-term [6] 10:11,20 10:24 102:14 161:25 164:19 longer [5] 4:24 30:17 40:15 43:11 65:19 look [54] 8:19 9:10,25 11:20 23:20 25:16 38:20 50:23 58:25 66:23 68:18 68:19,22 69:18 71:4 77:14 79:9 86:21 90:5 91:18 93:4 94:18 95:7 107:23 108:25 109:22,23 109:25 112:5 117:21
--	---	---	---	---

<p>118:9,16 120:12,12,15 120:19,21 123:5 125:7 125:10,24 126:22 134:18 141:2,25 151:15 159:14 160:13,20 161:10,11,14 163:3,15</p> <p>looked [5] 6:21 9:10 52:6 107:14 113:12</p> <p>looking [14] 11:11,24 19:3 20:21,22 35:20 85:2 94:1,13 110:10,20 135:2 135:16 142:5</p> <p>looks [1] 7:1</p> <p>Lorne [1] 159:17</p> <p>lose [2] 160:5 164:4</p> <p>loss [10] 24:23 39:10,13 47:11 53:23 54:14 58:2 59:23 60:18 158:14</p> <p>losses [5] 26:15,17 40:17 62:2 63:11</p> <p>loss[ain] [1] 39:4</p> <p>lost [1] 164:5</p> <p>lots [1] 117:12</p> <p>low [9] 14:22 20:25 108:7 124:10 129:10,11,22 134:16,23</p> <p>lower [5] 14:14 27:11 95:22 102:1 115:1</p> <p>lowest [1] 133:16</p> <p>lows [1] 164:18</p> <p>Ludlow [23] 2:7,13 5:5 5:23 6:3,7,9 42:12 69:25 93:14 104:22 106:21 107:1 108:20 112:23 119:11 121:22 136:23 159:16,22 160:10 161:8 162:4</p> <hr/> <p>-M-</p> <hr/> <p>Madame [1] 163:17</p> <p>magnitude [7] 21:22 45:22 60:20,24 61:6 102:6 146:15</p> <p>maintain [7] 114:22 115:5 116:14,20,25 133:12 135:7</p> <p>maintaining [1] 96:6</p> <p>makes [2] 118:17,24</p> <p>man [2] 23:16,18</p> <p>manage [1] 91:11</p> <p>managed [1] 91:8</p> <p>manager [1] 96:2</p> <p>managers [1] 160:24</p> <p>mandatorily [1] 96:15</p> <p>manner [1] 163:2</p> <p>March [3] 15:10 113:2 123:20</p> <p>mark [1] 1:25</p> <p>marked [1] 1:23</p> <p>market [22] 2:17,24 27:9 64:17 84:25 90:18 91:2 93:18 105:14 107:6,12 108:16,22 111:2 117:3 118:8 120:3 121:4 150:2</p>	<p>150:10 164:2,16</p> <p>markets [4] 108:3,24 111:12 117:12</p> <p>matched [4] 34:6,7 73:21 74:1</p> <p>matches [1] 165:10</p> <p>matching [3] 64:12,23 74:23</p> <p>material [6] 19:18,21 80:25 81:1 114:24 154:17</p> <p>materially [2] 78:14 132:6</p> <p>math [1] 20:22</p> <p>matter [7] 1:20 24:10 62:10,13 93:17 165:4 167:3</p> <p>may [27] 10:22 13:23 33:10 44:15 64:9 66:3 75:22 77:24 102:9,13 103:16 104:24 107:8 110:14 112:24 117:22,24 118:7,11 119:17 120:4 140:18,19 141:18 156:4 156:5 161:6</p> <p>mean [13] 4:21 9:14 17:3 49:10 58:20 101:18 107:16 119:12 157:15 160:3,11 163:11 165:5</p> <p>means [2] 43:8 167:9</p> <p>meant [1] 13:7</p> <p>measure [1] 65:4</p> <p>measurement [2] 122:8 155:15</p> <p>mechanism [3] 67:21 78:12 119:13</p> <p>mechanisms [1] 119:20</p> <p>medical [10] 40:3 41:25 42:6,17 52:5 56:9 58:25 59:3,15 60:24</p> <p>medication [1] 96:11</p> <p>meet [7] 13:12 133:17 134:5,8,19 145:14 155:23</p> <p>member [1] 69:23</p> <p>members [1] 89:10</p> <p>mentioned [1] 20:14</p> <p>Mercers [3] 37:15,19 40:8</p> <p>method [2] 22:8,24</p> <p>metric [6] 122:8,25 131:2 132:24 133:5 134:19</p> <p>metrics [25] 14:15,21 122:1,5,19 125:8 127:9 128:4,6,7,11,14,19 129:7 129:9 131:20,23 132:12 132:14,19 135:4,7,11 142:6 143:9</p> <p>Michael [1] 10:19</p> <p>mid [2] 57:2 113:3</p> <p>might [9] 10:16 31:15 35:15 86:1 120:9 137:8 138:25 141:23 162:6</p> <p>Mike [1] 7:25</p> <p>million [39] 10:21,23 19:12,13 20:4,15 21:2 21:14 32:17,25 33:4</p>	<p>39:15,19 40:4 42:24 44:15 51:5,16,22,23 52:16 56:1 59:1,15,23 60:24 79:1,14 80:6 98:8 98:24 101:7,20 102:1 109:20 136:3,9 142:25 146:15</p> <p>mind [1] 105:1</p> <p>minimum [6] 47:15 50:13 92:9 133:17 134:8 134:10</p> <p>minus [2] 19:5,8</p> <p>minutes [2] 56:8 103:25</p> <p>mix [1] 46:16</p> <p>modest [1] 29:18</p> <p>modified [1] 111:11</p> <p>moment [5] 13:23 17:24 58:13 140:3 153:23</p> <p>moments [1] 52:6</p> <p>money [7] 31:13 46:2 80:12 148:6 160:3,4 161:7</p> <p>month [7] 34:14,18,25 35:2,3 73:8,10</p> <p>months [1] 109:24</p> <p>Moody's [21] 14:13,20 14:24 15:3,6,25 16:9,14 16:18 17:4,7 122:24 123:20,22 129:21 130:4 130:6,9 133:11,20 134:15</p> <p>morality [1] 43:7</p> <p>Morneau [1] 84:7</p> <p>morning [1] 166:16</p> <p>mortality [4] 40:12,15 43:4,12</p> <p>mortgage [1] 13:6</p> <p>Moss [2] 167:2,12</p> <p>most [8] 10:6 24:6,18 35:21 58:14 68:11 70:18 146:9</p> <p>move [16] 42:16 44:16 54:15,15 62:16 64:19 88:6 89:11 95:15 107:8 109:23 113:10 143:22 146:2 150:11 154:16</p> <p>moved [1] 95:17</p> <p>movement [4] 45:23 64:17 164:1,2</p> <p>movements [1] 58:11</p> <p>moves [2] 56:3 150:10</p> <p>moving [7] 45:15 57:21 59:18 64:8 145:18 153:16 161:22</p> <p>Ms [372] 1:24 2:7,11,18 2:25 3:7,15,19,23,25 4:12,16 5:2,21 6:13,15 6:22,23 7:7,14,22 8:1,9 8:10,22 9:13 10:3,12,13 10:20 11:1,9,22 12:4,12 12:21,22 13:10,25 14:1 14:6,19 15:5,11,24 16:6 16:16 18:1,3,7,11,14,25 19:7,15,20 20:6,9,10,17 21:5 22:2,6,13,18 23:1,4 23:7,21,23,24 24:2,11 24:20 25:10,24 26:22</p>	<p>27:5 28:2,7,12,16,22 29:1,10,15,25 30:5,10 30:19 31:5,17,21 32:2 32:19 33:1,8,15,22 34:1 34:16,24 35:4,19 36:2,8 36:15 37:1,13,18,24 38:4 38:17,22 39:1,11 40:23 41:5,9,14,21 42:3,11 43:10,21 44:5,22 45:6 45:11 46:4,10,18 47:3 47:13,23 48:2,16,20 49:1 49:16 50:12,19 51:8,14 51:25 52:7,19,24 53:5 53:12,19 54:2,21 55:3,7 55:15,19 56:2,13,19 57:5 57:12,20 58:1,17,22 59:7 59:25 60:6,9,11 61:1,7 61:19 62:21 63:6,25 64:10 65:6,17 66:11,20 67:3,8,16 68:8,14 69:2 69:14 70:7,21 71:12,18 72:5 73:11,18,23 74:3,9 74:17 75:2,12,19 76:15 76:20,25 77:6,16 78:2,6 79:3,20 80:2,13 81:3,12 81:19,25 82:8,13,21,25 84:3,23 85:12 86:3,11 86:15,19 87:9,16 88:1,8 88:13 89:16,21 92:2,6 92:16,20 93:1,9,16 94:3 94:15 95:8,24 96:16,20 97:2,15,23 98:12,18 99:1 99:16 101:5,10,23 102:24 103:2,7,11,14 104:22 107:4,22 109:13 110:17 111:6,14,22 112:17,21 113:4 114:9,20 115:16 116:7,18 117:8,18 118:2 120:10 121:6,13,20 122:16 123:1,12,17 124:3 124:18,25 125:4,17 126:5 126:9,19 127:16,22 128:13,18,25 131:6,10 132:4,9,18 133:4,19 134:1,7,11,22 135:8 136:5,11,14,20 137:1,13 137:17 138:10 139:7,10 139:24 140:5,23 141:10 141:17,24 142:14 143:4 143:17 144:8 145:1,6,10 146:3 147:3 148:1,5,13 148:20 149:5,15,24 150:7 150:24 151:11,22 152:7 152:17 153:9,19 154:3,7 154:13,20 157:14 158:17 158:22 159:3,11 163:19 164:23 165:7,13,23 166:2 166:6</p> <p>multi [1] 119:17</p> <p>multi-year [2] 118:20 119:9</p> <p>must [2] 97:20 116:4</p> <hr/> <p>-N-</p> <hr/> <p>nail [2] 99:24 100:10</p> <p>nailed [1] 156:24</p> <p>narrow [1] 58:16</p> <p>national [4] 93:19,19,23 108:14</p> <p>nationally [1] 93:21</p>	<p>nature [8] 25:18,20 44:7 65:18 66:9 67:12 68:12 76:4</p> <p>near [2] 13:5 105:12</p> <p>nearly [1] 21:1</p> <p>necessary [13] 10:4 49:10 66:4 100:11 109:8 110:12,15,25 111:19 120:4,9 128:10 135:5</p> <p>necessity [1] 48:23</p> <p>need [9] 30:20 38:2 49:11 64:7 88:6,9 154:11 155:9 156:17</p> <p>negotiated [1] 27:10</p> <p>neither [1] 103:6</p> <p>nervous [1] 156:24</p> <p>neutral [1] 165:5</p> <p>never [4] 42:14 164:8,8 164:24</p> <p>new [18] 13:13,19,20 37:9 40:15 43:12 55:10 62:20 78:1 87:11 89:1 106:14 111:25 113:13 115:14 138:2,12 156:5</p> <p>Newfoundland [101] 4:3,8,13,21 5:19 7:18 9:9 12:8 13:11 15:14 16:1 18:1 22:8,22 24:12,23 26:9,16 29:22 31:7 39:24 48:14 61:11 63:14 67:13 67:18 68:17,24 69:4,24 70:1,5,10,15 71:5 73:5,6 73:22 74:22,23 75:6,7 77:10,11 78:10 83:6 84:6 84:9,10,16,21 85:4,8,22 86:9 87:1,14 88:19,23 89:2,5 90:11,25 94:21 95:1,6,23 99:12 101:5 101:18 105:9,22 106:6 106:22 112:13 115:11,12 116:4,14 119:1,6,25 123:23 138:3 139:2 140:8 146:6 147:16 150:3 152:4 152:10 153:3,8,14,25 154:23 157:10 166:9 167:4,7,10</p> <p>NEWMAN [1] 158:8</p> <p>news [3] 43:5,6 152:18</p> <p>next [20] 10:11,22 27:18 40:20 53:15 54:4,12 63:17 80:8 106:8 109:23 114:4 125:20 126:1 141:13 150:17 151:14 162:20 163:9 164:10</p> <p>nice [2] 3:18,20</p> <p>night [1] 65:13</p> <p>nine [4] 10:17,18 141:2,2</p> <p>non-Avalon [1] 162:11</p> <p>non-regulated [4] 46:23 47:1,4,8</p> <p>non-taxable [1] 31:11</p> <p>none [2] 93:7 147:15</p> <p>nor [1] 166:9</p> <p>normal [2] 34:12 111:13</p> <p>Normalization [4] 18:18,21 19:14 21:1</p>
---	---	--	---	---

notation [1] 97:21 note [4] 11:4 74:11 129:20 166:8 noted [3] 2:19 94:16 166:12 nothing [9] 30:8 59:1 143:21,22 156:3,10 157:15,17 165:16 notice [5] 14:10 87:5 93:5 95:17 102:7 notify [1] 153:4 November [1] 115:23 now [72] 1:10 4:23 14:16 17:24 20:11,20 23:6,11 28:6,10 30:3 31:25 33:25 36:6 37:5 46:22 50:23 55:10 56:6 68:6,17 69:18 73:16 74:6 75:23 77:14 79:23 80:11 81:9 83:25 83:25 89:8 90:9 94:6,24 104:13,17 110:11,14,23 112:11,15 113:6 117:3 117:11 119:17 120:14 121:25 123:20 127:11,21 128:1,10 131:1,22 133:8 136:23 140:2 151:3,17 153:14,23 156:18 157:7 157:13,15,18,23,24 162:5 162:17 163:6 number [28] 11:19 21:22 22:1 34:10 39:17 40:16 44:6 45:12,21 47:19 59:11,18 79:11,23,25 94:7 96:5 104:22 106:10 109:16 110:1 114:12 123:10 129:3 131:13 133:18 151:21 159:9 numbered [2] 7:10 15:8 numbers [4] 81:4 126:2 137:9 138:17 <hr/> -O- <hr/> objectionable [1] 153:7 objective [6] 85:14,23 102:25 113:6 132:23 133:6 objectives [1] 85:9 obligation [25] 38:7,14 43:13 49:3,7 52:15 53:15 54:6 63:13,14 65:20 100:16,22,23 143:25 144:2,22,24 145:20 146:25 147:18,21,24 148:16 149:1 obligations [1] 146:20 obliged [1] 78:10 obvious [2] 4:5 5:12 obviously [3] 59:12 84:8 155:7 occasions [1] 99:23 occupational [1] 42:9 occur [5] 65:2 100:4,5 101:1 107:7 occurrence [1] 165:11 October [8] 1:1 14:10 17:24 90:1 113:4 115:22	167:5,11 odd [3] 20:25 73:8,10 off [13] 1:10 2:11 21:8 35:10 42:18 43:7 73:4 90:19 101:20 107:3 140:7 150:1 162:14 offer [12] 26:1 30:1 69:8 78:11,15 83:3,12 84:12 86:22 90:7 93:7 152:21 offered [13] 29:2 72:13 84:18 85:4,19 86:23 88:19,24 89:7,23,23 90:7 96:24 offering [2] 75:9 91:19 office [1] 5:11 Officers [1] 24:7 offices [1] 5:7 offset [5] 27:21,24 59:16 147:7 161:14 offsetting [2] 147:6,13 often [6] 34:22 48:5 49:5 50:18 96:14 146:9 old [4] 70:19 71:10,23 73:9 once [6] 30:20 31:18 57:14 120:3 150:16 163:23 one [62] 1:20 2:4,13 7:8 7:10 15:10 18:12,17 24:17 28:6 31:14 32:16 37:2,2 39:17 41:1 44:17 54:3,4 58:4 64:19 67:23 77:21 79:6 84:9 87:7 91:15 92:7 94:21,24 95:16 105:2,4,5 108:21 112:7 118:19 119:12,13 121:17 122:6,7 123:25 130:1 135:10,11 139:16 141:13 147:22 149:9 151:18 156:4,12,20 159:24 160:11 161:4 162:7 163:5,22 166:3,7 ones [2] 122:22 126:3 onto [1] 86:7 onward [1] 27:10 OPEB [17] 23:16,18 34:3 38:12 43:25 49:4 53:9 53:20,20 55:2 57:13 79:18 94:18 98:8 101:8 149:12 150:17 OPEB's [1] 87:11 OPEBs [58] 22:17,23 23:14,24 32:1,16 37:11 38:3,5 43:18 44:6,8,16 45:2,13,23 46:7,14,24 47:7,18 48:1,24 49:3,12 53:14 54:6,22 56:24 57:1 57:22 58:8,10 60:13,21 61:9,10,23 63:13 66:1 77:23 94:14 95:7 99:11 99:13 132:10,11,19,20 143:21,23 144:3,20 149:12,18,21 150:9,21 OPEBs' [1] 100:10 open [3] 91:12,20 111:10 opening [3] 99:20 106:5 109:16	operates [2] 25:14,23 operating [2] 109:25 160:16 operation [8] 6:8 21:6 27:2 111:13 112:12 114:13,17 116:5 operations [1] 129:6 opinion [1] 119:16 opinions [1] 163:11 opportunity [2] 4:6 5:12 opposed [1] 75:5 optimistic [1] 155:19 option [4] 70:22,23 147:5 147:17 options [4] 94:7 145:24 146:5,24 order [7] 7:12,18 8:3 106:14 133:12 135:6 157:12 orders [1] 156:7 organization [3] 95:6 95:20 161:3 organize [1] 160:22 original [2] 32:23 33:6 originally [1] 106:19 orthodontic [1] 83:19 ourselves [2] 107:10 119:19 outcome [1] 103:5 outline [1] 113:16 outlook [1] 110:2 outputs [1] 119:14 outside [1] 62:5 overall [4] 31:16 68:22 85:10 88:24 overturned [1] 113:5 own [2] 59:6 161:2 owner [2] 4:1 5:17 owner's [1] 5:14 owns [1] 3:12 <hr/> -P- <hr/> p.m [16] 1:2 13:9 27:4 37:12 46:12 57:7 66:10 75:18 95:2 104:6 110:8 124:5 134:21 146:22 163:7 166:21 package [3] 68:19,23 84:14 page [28] 10:17 12:16 14:11 15:8,13 38:21,23 38:25 39:13 50:23 57:25 66:24 69:20,21 81:10 85:6 86:6,7,8,12 93:4 105:11,13 124:12 131:11 132:14 136:16 141:2 paid [5] 27:11 31:3 72:3 74:15 79:6 paradox [2] 160:8,15 paradoxes [1] 161:3 paragraph [4] 10:21,23 15:12 141:7 paraphrase [1] 66:6	Pardon [2] 41:8 76:19 part [16] 13:2 26:11 46:5 65:12 70:24 83:17 84:5 89:4 91:11,24 112:1 119:2,9 144:9 147:23,23 participant [2] 67:7 69:13 participate [2] 76:12 87:24 participating [1] 87:22 particular [40] 5:4 6:24 8:3 10:17 14:3,23 24:23 25:9 26:5 33:9 42:4 45:19 58:3 59:14 60:17 63:11 77:17 82:9 83:2,9 90:20 99:19 102:16 104:25 105:8 108:21 111:19 116:22 122:4,23 129:7,18,21 131:20 147:7 147:15 149:22 152:1 157:1 159:12 particularly [5] 74:20 78:18 95:14 110:3 128:15 passes [1] 1:5 past [9] 24:17 60:12 111:8 117:17 122:6 128:12 129:22 146:5 151:18 pattern [2] 41:22,23 pay [25] 3:14 26:5 30:3,8 30:21 34:8 37:17,19 48:24 49:14,19 65:22 71:24 75:8 77:5 78:1,8 80:21,24 82:16 83:24 144:15 148:8,22 165:11 payer [3] 103:6 149:4 159:8 payers [3] 72:3 74:16 76:8 paying [4] 77:21 78:24 83:22 144:10 payments [3] 34:8 52:10 145:13 pays [1] 31:8 PBR [1] 119:19 peer [9] 14:15,17,22,23 14:24 15:4,25 16:3 17:6 peers [9] 15:16,23 16:11 16:13,14,18,21 17:5 129:23 pegged [1] 35:10 pension [73] 21:11 43:19 44:13,18,21 45:16,17 47:14,16 50:8 53:16,18 54:13,20 60:16 63:18 64:14 66:16,17 68:21,22 69:22 70:1,4,6,9,10,19 71:1,6 72:2,9,19,21,24 73:5,12,14 74:10,21,25 75:15 76:14,24 77:10 87:15,23,24 88:23 90:12 90:14,16 91:1,8 139:18 139:23,23 141:13 142:17 142:19,20 145:19 150:1 150:4,11,13,13 151:6,9 151:14,18 152:14 153:5 pensioner [1] 71:23	pensioners [2] 72:10,17 pensions [7] 44:9 45:10 45:24 50:9 70:11 90:24 140:16 people [11] 6:19 37:22 40:14 43:11 77:3 93:25 97:1 144:11 150:16 161:22 162:25 per [7] 28:19 69:7,13 73:8 73:10 77:12 125:23 percent [54] 11:6 19:5,8 20:25 31:7 35:16 36:25 44:13,25 55:23 56:3 72:2 73:21 74:1,15,24,25 75:16,20 76:9,10,11,12 76:14,23 93:7 123:16 125:23 126:15 129:2,15 130:7,18 131:16 133:3 133:17 134:4,17,19 135:6 136:19 137:6,7,23,24 138:5,16 141:14,16 142:3 142:5,5,9 164:19 percentage [4] 18:22 19:4 20:24 21:22 percentile [1] 93:14 perfect [1] 64:13 performance [4] 64:18 114:23 124:15 126:13 perhaps [4] 9:24 25:13 32:8 64:4 period [14] 19:5 22:23 33:5 42:18 63:3,16 102:8 114:15,19 115:1 116:11 116:17 129:3 146:9 periods [1] 117:6 permanently [1] 106:19 permissible [2] 50:2 156:4 Perry [365] 2:7,11,18,25 3:7,15,19,23,25 4:12,16 5:2,21 6:13,15,22,23 7:7 7:14,22 8:1,9,10,22 9:13 10:3,12,13,20 11:1,9,22 12:4,12,21,22 13:10,25 14:1,6,19 15:5,11,24 16:6,16 18:2,3,11,14,25 19:7,15,20 20:6,9,10,17 21:5 22:2,6,13,18 23:1,4 23:21,23,24 24:2,11,20 25:10,24 26:22 27:5 28:2 28:7,12,16,22 29:1,10 29:15,25 30:5,10,19 31:5 31:17,21 32:2,19 33:1,8 33:15,22 34:1,16,24 35:4 35:19 36:2,8,15 37:1,13 37:18,24 38:4,17,22 39:1 39:11 40:23 41:5,9,14 41:21 42:3,11 43:10,21 44:5,22 45:6,11 46:4,10 46:18 47:3,13,23 48:2 48:16,20 49:1,16 50:12 50:19 51:8,14,25 52:7 52:19,24 53:5,12,19 54:2 54:21 55:3,7,15,19 56:2 56:13,19 57:5,12,20 58:1 58:17,22 59:7,25 60:6,9 60:11 61:1,7,19 62:21 63:6,25 64:10 65:7,17 66:11,20 67:3,8,16 68:8
--	---	---	--	---

68:14 69:2,14 70:7,21 71:12,18 72:5 73:11,18 73:23 74:3,9,17 75:2,12 75:19 76:15,20,25 77:6 77:16 78:2,6 79:3,20 80:2,13 81:3,12,19,25 82:8,13,21,25 84:3,23 85:12 86:3,11,15,19 87:9 87:16 88:1,8,13 89:16 89:21 92:2,6,16,20 93:1 93:9,16 94:3,15 95:8,24 96:16,20 97:2,15,23 98:12,18 99:1,16 101:5 101:10,23 102:24 103:2 103:7,11,14 104:22 107:4 107:22 109:13 110:17 111:6,14,22 112:17,21 113:4 114:9,20 115:16 116:7,18 117:8,18 118:2 120:10 121:6,13,20 122:16 123:1,12,17 124:3 124:18,25 125:4,17 126:5 126:9,19 127:16,22 128:13,18,25 131:6,10 132:4,9,18 133:4,19 134:1,7,11,22 135:8 136:5,11,15,20 137:1,13 137:17 138:10 139:10,24 140:5,23 141:10,17,24 142:14 143:4,17 144:8 145:1,6,10 146:3 147:3 148:1,5,13,20 149:5,15 149:24 150:7,24 151:11 151:22 152:7,17 153:9 153:19 154:3,7,13,20 157:14 158:17,22 159:3 159:11 163:19 164:23 165:7,13 person [3] 4:2 78:22 83:16 personnel [1] 160:25 persons [1] 80:23 perspective [4] 38:10 38:11 84:13 115:19 PEVDA [21] 19:25 20:1 20:5,21 21:2,6,10,18 43:20 149:11,14,22 150:9 150:14,19 151:3 152:15 152:15,23,25 155:6 PEVDAs [2] 149:8,9 philosophically [1] 121:10 physiotherapy [1] 42:9 picture [3] 41:3,13 103:1 piece [16] 5:4,6,10 6:25 7:8 8:2,4,9,11 40:11 54:13 71:13 76:16,21 110:4 161:17 pieces [2] 10:5 59:19 pin [1] 76:4 pinpoint [1] 11:10 place [9] 6:12 7:13 37:10 46:3 62:14,19 108:25 117:23 150:17 plan [58] 24:22,24 25:14 25:20,23 26:1,4 27:3 28:1 41:3,4 43:14 54:11 64:18 67:7 69:4,9 70:11 70:16 72:2,11,14 73:14	74:11,21,25 75:5,6 76:24 82:6 83:23 85:8,9,14,23 87:1,3,11,15,23,25 90:12 90:16 91:1,3,8,14 92:13 94:18,23 96:22 97:5,10 100:14 152:6,11 158:3 159:13 plans [11] 26:8,8 45:16 45:17 69:5 84:19 85:2 88:19,23 96:15 151:9 play [1] 120:20 playing [1] 25:2 plays [1] 26:11 plot [1] 8:24 plus [3] 19:4 28:18 98:24 point [37] 5:15 12:5 21:23 59:8 60:3 62:3,11 65:11 67:22 72:6 84:21 86:24 87:21 89:1 91:10 92:8 100:3,19 102:16,21 113:6 115:10,22 118:16 119:16,22 121:5,9 144:23 145:2,13,16,23 149:10 162:18 166:3,7 pointing [1] 75:13 points [1] 11:13 policy [1] 146:6 pool [3] 26:15,20 75:22 poor [1] 71:22 portion [2] 30:21 100:21 pose [1] 122:3 posed [1] 105:21 poses [1] 64:5 position [13] 24:6 68:18 69:1 75:13 78:17 105:9 118:18 119:7,10 120:25 125:3 154:11 157:4 positions [1] 3:6 possibility [2] 37:10 110:18 possible [3] 16:24 17:2 48:11 post [8] 28:11 29:2 66:8 69:7 90:23 102:11 144:12 144:15 post-employment [1] 28:10 post-retirement [4] 34:9 52:11 88:18 98:6 potentially [5] 88:17 110:6 147:5 154:23 155:8 Power [80] 4:3,8,13,21 9:9 12:9 13:12 15:19 16:1 22:8 24:13,23 26:9 26:17 29:22 31:7 39:24 48:15 61:11 63:14 67:13 67:18 69:24 70:2,5,15 71:5 73:5,6,22 75:6,7 77:10,11 78:10 83:6 84:7 84:9,10,17,21 85:4,9,22 86:9 87:1,14 88:19 89:2 89:5 90:25 94:21 95:1,6 95:23 99:12 101:5 106:6 106:23 112:13 115:12,13 116:4,14 119:1,7 120:1 123:23 138:3 139:2 140:9 146:6 147:16 152:10	153:3,8,14,25 154:24 157:10 Power's [15] 5:19 7:18 15:14 18:1 22:22 68:18 70:10 88:23 90:12 101:19 105:9,22 150:4 152:4 167:4 practical [1] 115:18 practically [1] 115:20 pre [2] 31:20 130:19 pre-application [1] 125:3 pre-filed [1] 118:15 pre-tax [9] 122:7,14,24 123:3 130:10 131:13,18 132:5,24 predicated [1] 150:1 predict [2] 134:5 151:13 predicted [2] 128:3 164:3 predicting [1] 63:4 prediction [2] 49:11 164:25 predictions [2] 164:5,6 predominately [1] 15:17 preliminary [1] 1:17 premium [18] 24:25 26:5 27:22,25 30:22 31:2,8 31:16,23 46:20 52:13 79:6 82:17 83:10,12 91:16 144:14,18 premiums [14] 26:12 27:9,11,13,14 49:19,19 64:24,25 77:22 78:9 79:10 144:11 148:8 preparation [2] 118:17 139:11 prepared [5] 39:15 79:7 107:10 139:3,21 preparing [1] 154:1 prescribed [2] 96:10,11 prescribes [1] 97:4 prescription [2] 25:9 29:7 present [7] 48:15 52:10 145:12 156:17,20 166:9 166:10 presented [2] 106:18 122:12 presents [1] 124:15 president [1] 97:21 pressures [2] 24:21 90:10 presume [3] 115:9 131:24 153:6 pretty [1] 85:25 prevail [1] 97:6 previous [8] 7:11 27:15 61:18,22 108:6 116:24 127:10 139:19 previously [2] 40:2 156:8 pricing [1] 46:15	Prince [1] 167:6 principle [1] 119:21 principles [4] 34:5 49:23 62:1,5 pro [3] 79:8,13 141:21 problem [6] 17:20 97:20 97:24 121:1,3 143:18 problematic [1] 151:15 problems [1] 116:16 proceed [1] 115:12 proceeding [2] 130:22 154:21 proceedings [1] 166:10 process [10] 4:12,22 5:3 9:8,12,14 87:13,20 113:13,22 produce [5] 80:25 116:12 123:8 127:8 139:1 produced [6] 74:7 114:18,21 116:17,19 161:15 production [1] 161:11 profess [1] 42:14 professionals [1] 29:8 proforma [2] 22:22 99:2 program [13] 21:13,15 21:17 26:7 82:15,16 83:4 83:6,12 141:9 151:20 152:22,25 programs [4] 69:9 86:23 152:20 153:4 progress [1] 153:16 project [2] 145:7,14 projected [7] 40:1 64:22 123:8 126:25 130:13,14 144:5 projecting [2] 108:9 109:19 projection [4] 56:23 127:7 134:16 139:11 projections [6] 43:2 130:12 134:4 135:20 138:1 139:21 projects [1] 139:1 promise [2] 22:16 67:12 properly [1] 13:1 properties [1] 3:12 property [20] 4:1,24 5:4 5:6,14,17 6:19,21,24 7:2 7:12,20 8:2,3,5,9,11,12 8:18 9:21 proposal [9] 100:23 105:23 106:1 109:5 129:24 130:18 132:10 149:18,25 proposals [1] 129:17 propose [3] 107:15 109:1 146:7 proposed [13] 99:21 100:20,22 106:7 107:19 126:22 129:4 138:18 147:9 150:8,12 151:3 158:13 proposes [1] 105:15	proposing [5] 101:5 107:5 111:7 130:4,8 prospect [2] 119:25 157:8 provide [11] 1:21 16:22 34:22 35:8 37:8 67:20 68:20,21 77:20 79:12 85:10 provided [13] 15:25 17:4 17:25 18:19 34:3,10 35:22 40:2 69:5,16 77:24 88:14 89:10 provider [1] 37:20 provides [2] 34:17 103:12 providing [5] 24:8 67:20 83:8 144:3,6 province [1] 163:1 Provincial [6] 68:25 72:8,11,13,20 75:4 provision [6] 9:16,18 10:7 66:7 92:24 162:23 proxy [1] 81:23 public [3] 49:7 69:23 167:6 purchased [1] 8:24 pure [1] 38:10 purely [1] 73:13 purpose [6] 61:20 71:19 84:1,22 95:25 101:6 purposes [15] 7:21 36:12 37:9 38:6,16,18 46:23 47:2,8,16 49:4,20 55:14 62:17,19 push [1] 146:13 put [14] 9:2 37:10 60:9 68:18 83:5 89:6 109:5 129:24 130:18 146:10 147:22 149:25 150:17 166:11
---	---	--	--	---

-Q-

Q.C [199] 1:19 2:1 16:23
17:9,15,19 23:10,17,21
23:22 24:4,14 25:7,12
26:19,24 27:23 28:5,9
28:14,20,24 29:3,12,23
30:2,7,12,24 31:12,19
31:24 32:7,11,21 33:3
33:12,17,24 34:11,20
35:1,14,25 36:4,10,21
37:4,16,21 38:1,15,19
38:24 39:3 40:18,25 41:7
41:11,16,24 42:5 43:1
43:15,23 44:20,24 45:9
45:25 46:6,13,21 47:6
47:21,25 48:12,18,22
49:9 50:7,14,21 51:10
51:17 52:2,17,21 53:2,8
53:17,25 54:18,23 55:5
55:9,17,21 56:5,15 57:3
57:8,15,24 58:12,19,24
59:20 60:2,8,22 61:4,12
62:7,24 63:20 64:2 65:5
65:23 66:13,22 67:5,10
68:3,10,16 69:11,17
70:13 71:3,15,20 72:25

73:15,20,25 74:5,13,19 75:11 76:7,18,22 77:2 77:13,18 78:4,16 79:16 79:22 80:4,18 81:8,14 81:21 82:5,10,19,23 83:14 84:20 85:5,24 86:5 86:13,17 87:6,12,18 88:4 88:10 89:13,18 92:1,14 92:18,22 93:3,11,22 94:5 95:3,11 96:3,18,25 97:11 97:19 98:3,14,20 99:7 101:4,12 102:23 103:4 103:10,21 165:18 166:17 quadrant [1] 131:12 quandary [1] 163:4 quantitatively [1] 44:21 quarter [1] 113:8 quarterly [1] 153:15 queried [2] 4:3 36:16 questions [14] 23:4,13 103:22 104:23 105:7 121:25 122:3 143:20 151:17 153:13 157:21 158:5,7,9 quick [1] 161:21 quickly [1] 24:18 quite [5] 57:17 58:15 60:10 127:9 151:15 quote [2] 42:12 162:9	rates [36] 34:18 35:10 36:18 64:17 85:3 97:20 100:8 101:3,7 105:18 110:1 112:15 113:21,23 113:24 114:3 119:3 123:7 130:12 131:24 135:25 136:4,19 137:21,22 138:20,21 140:8 147:2 147:19 148:7 152:3 154:18 155:8 160:7,17 rather [4] 43:18 92:2 95:21 132:2 rating [8] 14:21 115:11 122:23 123:24 129:11 133:12,21 135:7 ratings [2] 116:15 133:22 ratios [2] 15:15 24:24 RBC [2] 14:2,3 reach [5] 78:23 80:7,10 80:21,24 reaching [1] 11:18 read [4] 88:9 163:13,14 163:20 reading [1] 160:1 ready [2] 2:5 107:11 real [5] 117:3 161:1 162:22 163:4,22 reality [2] 48:11 59:10 realize [3] 20:20 98:9 135:1 really [8] 11:14 24:24 45:14 61:5 65:14 120:16 124:8 165:4 reason [6] 21:11 22:5 111:19 117:15 144:1 149:22 reasonable [15] 37:25 83:7 87:5 90:8,8 94:12 94:19,20,23 100:25 102:7 115:4 116:20 146:17,21 reasonably [1] 69:10 reasons [3] 31:3 112:7 135:2 reassess [1] 61:20 recalculate [2] 35:3,17 recalculated [1] 34:15 receive [15] 29:13,24 57:1,14 64:14 70:24 71:1 71:5 72:12,18,18 73:2,6 73:12,13 received [8] 16:17 29:17 61:17 70:1,4,9 72:10 148:7 receiving [4] 37:14 70:18 98:22 101:16 recent [1] 58:14 recently [1] 108:15 RECESS [1] 104:5 recession [3] 164:7,7,9 recognition [3] 3:14 155:15 156:14 recognize [7] 38:7 49:23 123:10 155:5,24 156:23 156:25 recognized [4] 54:7	63:15 155:3 156:11 recognizing [2] 100:19 100:20 recommend [2] 85:8 132:10 recommendation [2] 85:15 87:4 recommendations [3] 85:7 86:10 88:15 recommended [7] 86:21 92:4 129:17 130:3,6,9 151:4 reconciled [1] 137:11 reconciliation [1] 51:1 record [4] 20:2 38:5 166:8,11 recorded [2] 8:13 38:11 recording [1] 52:12 recover [2] 147:1,18 recovery [4] 130:16 141:3,7 163:12 redirect [1] 157:25 reduce [9] 80:15 81:5,7 88:18 103:19 144:25 148:9,23 160:16 reduced [4] 7:19 68:13 129:6 160:5 reduces [1] 128:21 reducing [2] 27:12 94:13 reduction [5] 31:15,22 99:3 149:2,3 reductions [2] 29:18 99:4 refer [4] 7:1 17:4 66:4 105:20 reference [6] 7:11 11:4 47:4 66:2 89:9 122:24 referred [7] 6:20 54:9 70:8 78:7 93:25 136:24 137:18 referring [14] 6:7 14:18 14:23 44:9,19 54:20,22 60:21 77:8 101:25 102:17 105:11 131:20 137:24 refers [1] 141:8 reflect [2] 53:10 64:24 reflected [1] 56:16 reflection [1] 52:3 refund [2] 26:10 82:14 regard [1] 114:17 regarded [1] 127:2 regarding [1] 111:20 regardless [1] 61:22 regime [3] 118:24 119:3 119:9 regimes [1] 119:18 regrading [1] 40:5 regular [1] 47:10 regulated [9] 7:21 14:25 48:14,19 62:17,19 74:2 143:7 155:3 regulation [1] 118:20 regulations [1] 50:9	regulatory [16] 7:21 38:6,10,12,16,18 109:1 119:9,20 120:17 147:6 155:1,16,24 156:2,18 reinstatement [1] 111:10 rejected [1] 97:13 related [2] 21:15 144:2 relates [1] 128:15 relation [4] 9:20 10:11 19:24 20:5 relationship [1] 108:10 relationships [1] 118:5 relative [3] 27:15 129:23 130:9 relatively [1] 129:10 released [1] 155:13 relevant [1] 120:2 relief [2] 127:14 128:4 remain [1] 157:7 remaining [2] 54:9 58:6 remember [1] 37:15 remind [1] 97:8 reminder [1] 98:1 reminding [1] 97:7 remove [1] 136:3 removed [3] 8:6 79:7 140:18 renegotiated [1] 89:1 renewal [2] 27:18 85:3 renewals [1] 24:25 renewed [1] 27:17 reorganize [1] 160:21 repeat [1] 54:1 replies [1] 7:10 report [13] 15:6,8 31:25 39:14 47:14 57:17,25 84:2,4 88:14 118:14 123:21,22 reporting [2] 153:15 155:1 reports [1] 61:3 represent [1] 22:21 request [4] 110:23 124:13 138:18 139:10 requested [3] 22:9 77:20 139:14 requesting [1] 153:3 require [5] 32:17 50:4 50:10 119:23 156:5 required [3] 47:16 67:7 96:15 requirement [8] 32:24 48:3 49:25 50:15 55:6 96:22 134:6 158:21 requirements [4] 47:17 49:13 92:10 134:20 requires [2] 13:11 74:25 requiring [3] 47:22,24 83:18 reservation [1] 163:22 reserve [4] 19:14 21:1	86:25 87:2 reserves [1] 156:8 resource [2] 85:10 159:15 resources [2] 85:21 162:24 respect [57] 3:10 12:2 26:3,7 42:13,15 44:12 45:13,16 49:20,23 66:1 75:7 83:8 84:13,25 85:1 85:19 86:10,20,25 88:16 88:22 90:11 91:13 92:24 93:17 94:8,16 95:18 96:21 99:5,17 101:1 102:3,15,20 110:6 112:2 114:24 115:19 118:4 120:17,18 129:9 130:10 131:14 143:9 144:15 146:4,18 147:17 154:22 156:7 157:17 160:8 161:22 respecting [2] 66:8 77:23 respond [1] 163:2 response [1] 124:13 rest [2] 23:12 88:5 restarted [1] 107:17 result [19] 27:7 32:15 44:11 54:5 59:4 60:13 62:19 100:2 106:2 110:14 114:6 116:13 117:22,22 118:11 124:23 135:23 152:24 156:4 resulted [5] 9:1 40:4 114:2 151:6,25 results [3] 114:19 115:10 128:8 RESUMES [1] 2:7 retention [1] 82:12 retire [1] 89:24 retired [5] 77:9 144:4,7 144:11,14 retiree [16] 28:11,19 31:20 69:24 70:22 71:5 83:22 86:6,16,20 88:16 89:20 92:4,24 94:9 99:6 retirees [43] 28:17 29:13 29:16 30:3,8,13 66:9,15 66:25 67:19 68:1,7 70:2 70:5,18 77:9,21 78:1,7,8 78:13,15 79:5,23,25 80:7 80:9,20 81:18,22,24 82:2 83:13 86:10,22 91:23,24 92:10 93:7,13 97:7 98:4 98:22 retirement [21] 21:13 21:15,17 23:25 29:19 30:1,20 70:25 74:14 76:3 77:5 89:11 102:11 144:13 144:15 151:20 152:6,11 152:19,22,25 retires [2] 78:22 101:15 retiring [1] 75:21 return [39] 18:23 19:19 20:24 21:23 75:25 83:25 105:17 108:22 111:13 114:22 115:2,21 117:13
--	--	---	--	---

-R-

raise [1] 21:24
RANDY [1] 23:21
range [14] 13:5 55:25
58:16,23 64:4 70:3 74:24
98:24 129:15,19 130:2,3
130:5,17
ranged [2] 19:4,9
ranges [2] 130:9 131:14
rarely [1] 9:16
rate [122] 2:16,17,24 4:15
4:19,25 7:18 8:6,20 9:11
11:6,23 18:21 33:20,25
34:2,6,13,23 35:5,6,8,11
35:15,21,22 36:5,7,14
36:20,23 37:14 38:13
39:18,20 43:3 44:14,17
45:14,17 46:22 47:9 52:4
53:3,6,11,13,21 54:3,11
54:15 55:1,10,12,23 56:3
56:11,12 57:18,23 58:11
58:15 59:2,21 72:3 74:16
76:8 82:1,3,3 103:6
105:17,18 106:14 109:9
109:11 112:14 114:1,5,7
115:24 119:5,6 128:10
130:21 131:3 134:17
136:17 137:4,6,7 138:4
138:14,18 140:19 141:15
141:23,23 142:1,1 143:3
143:6,6 146:14 147:23
147:24 148:6,9,19,23
149:2,3,4 151:7,8,12
155:3,10 158:13,13 159:8
167:4
rated [4] 15:16 16:11
129:19 130:7

119:6 128:10 130:19 131:4,14,24 133:2,16 135:3,12 136:18 137:4 137:21 138:6,14,15 140:9 141:23 142:1,2,4 143:2 143:6,7 151:8 159:8 returning [1] 115:9 returns [8] 45:18,20 115:4 116:20,25 119:23 141:16,18 revenue [12] 32:18,24 55:6 107:13 135:24 136:3 147:11 158:14,21 160:6 162:14 165:5 revenues [1] 111:4 review [25] 39:23,25 69:3 84:12,18 89:5 90:4,5,6 90:22 91:13,20,24 94:10 94:22 95:10 99:8,17,24 100:2 101:2 102:25 117:22 120:14 156:6 reviewed [1] 53:22 reviewing [2] 88:21 108:12 reviews [1] 109:2 revised [2] 32:22 33:10 revision [2] 33:7,13 revisions [1] 32:13 revisit [1] 109:2 RFI [5] 2:20 7:10 20:7 70:8 77:17 RFIs [1] 18:1 right [60] 1:15 2:4 12:7 12:11 19:14 22:12 26:21 30:18 40:22 41:4,13 42:10 46:17 50:11,25 51:24 55:2 59:21,24 66:19 71:11 73:17,21 74:20 75:1 76:1 81:18 86:25 87:2 94:24 98:11 101:22 103:6,25 107:4 110:11 111:5,10 114:8 123:18 124:2 129:16 132:5 134:2 135:19 138:11 141:21,21 148:16 150:25 151:10 153:2 154:6 157:15,18 160:14 161:19 162:24,24,25 risk [5] 26:6,12,16 44:8 123:23 road [10] 3:22 4:8 5:9 6:8 8:14 9:3,20 49:12 51:22 157:2 ROE [4] 115:1 130:22 138:3,13 room [2] 83:16 113:1 roughly [1] 52:15 row [2] 116:2 131:17 RRSP [5] 73:16 74:7 76:12,13 92:13 RRSPs [1] 76:5 RSA [1] 155:5 rules [1] 49:21 run [3] 81:4 113:15 161:7 rural [3] 7:6,8 161:22	-S- safely [1] 116:3 salaries [1] 94:1 sale [2] 3:23 8:12 sales [2] 109:22 160:16 satisfactorily [1] 117:7 satisfactory [3] 114:18 116:13 135:6 satisfied [1] 116:5 save [3] 80:5,12 161:6 saving [2] 160:3,3 savings [2] 69:12 102:14 saw [4] 56:1,8 123:22 159:7 says [2] 13:2 105:14 scenario [2] 102:17 103:13 sceptical [1] 164:12 scope [1] 155:23 screen [1] 88:6 scroll [2] 135:24 141:5 seasonal [1] 162:15 second [13] 3:23 15:12 15:14 69:20,21 86:24 92:7 116:10 121:9 130:1 131:11,15 133:13 seconded [2] 2:16,19 section [2] 61:25 141:3 secular [1] 161:25 secure [1] 102:10 security [3] 70:19 71:10 73:9 see [46] 12:10,20 16:9 17:7,18 25:17 32:24 39:5 39:7,14,17 41:25 44:11 55:24 65:6,12 71:8 81:10 91:15 94:6,23 96:7 99:10 99:19,25,25 102:8 108:25 109:15,22,25 112:2,5 124:11 127:19 128:3,19 131:18 136:25 141:6 147:4,17 152:24 157:18 164:11 166:5 seeing [7] 27:22 58:7 107:25 119:15,22 162:5 162:7 seem [3] 59:11 122:5 150:18 sees [1] 106:23 sell [1] 5:13 sense [3] 21:21 116:13 161:17 sent [2] 21:25 97:13 separate [5] 49:17 86:22 99:19 135:13 161:10 separately [2] 87:8,19 September [5] 33:13,16 36:13 44:16 140:20 serve [1] 148:9 service [12] 9:16,18 10:8 37:17,20 54:9 58:6 69:23 92:10,11,12 162:23	services [2] 162:13,14 set [15] 20:1 56:6 65:9 77:23 106:15 112:15 113:20,22,23,24 114:3,7 119:3 128:10 138:17 sets [2] 56:7 85:18 setting [1] 101:6 settle [1] 129:12 settlement [3] 122:11 122:13 123:5 settles [1] 107:7 seven [2] 56:10 141:16 several [5] 99:22 123:24 159:17 161:3 163:6 shares [1] 26:17 sharing [1] 78:12 short [7] 2:12 102:14 103:19 104:24 109:19,20 153:23 short-term [1] 109:25 shorter [1] 63:3 shot [2] 83:22,24 show [3] 73:3 139:11 140:4 showed [1] 20:2 showing [2] 18:20 137:6 shows [1] 135:20 side [2] 5:13 147:22 sign [1] 95:21 signal [1] 164:20 signatories [1] 95:17 signed [2] 95:14 96:2 significant [1] 30:16 significantly [1] 98:16 signing [1] 96:1 similar [10] 29:16,20 34:7 64:13 69:10 75:15 88:2 119:19 150:9 152:11 similarly [3] 67:1 116:12 134:14 Simmons [102] 23:6 104:18,19,20 107:2,19 109:6 110:9,22 111:9,16 112:10,19,24 113:11 114:11 115:7 116:1,9 117:2,10,25 118:13 119:21,24 120:22 121:8 121:15,24 122:18 123:4 123:14,19 124:6,20 125:2 125:6,19 126:7,11,21 127:18,24 128:16,23 130:25 131:8,21 132:7 132:16,22 133:7,24 134:3 134:9,13,25 135:14 136:7 136:13,22 137:3,15 138:7 138:22 139:9 140:1,21 141:1,12,20 142:10 143:1 143:13,19 144:19 145:4 145:8,17 146:23 147:20 148:3,11,15,24 149:7,17 150:5,15 151:2,16,24 152:9 153:1,11,21 154:5 154:10,15 157:5,19 165:2 simply [6] 46:1 91:9 101:24 102:5 106:12	145:11 single [1] 56:22 situation [1] 50:8 six [2] 56:11 162:20 skilled [1] 90:18 skipped [2] 87:7,7 slight [1] 127:4 slipped [1] 130:11 small [1] 1:20 smart [1] 160:2 smoothing [2] 27:1 118:22 snappers [2] 2:12,12 Sobeco [1] 84:7 sold [4] 4:19 6:19 8:5,11 sole [1] 14:5 solely [1] 33:19 solution [1] 110:5 someone [4] 7:5 73:4 75:21 95:21 somewhat [5] 15:15 16:10 30:14 93:13 108:4 somewhere [1] 162:9 sorry [10] 10:25 32:3 38:23 54:22 66:17 77:17 98:19 130:2 159:18 166:1 sort [3] 49:13 93:25 162:1 sorts [2] 42:10 94:12 sound [1] 167:9 sounds [1] 85:25 span [1] 76:3 speak [2] 51:20 160:19 specific [11] 8:5,16 42:18 47:17,19 48:3 62:6 67:17 82:16 89:8 97:4 specifically [3] 16:17 85:13 97:4 speculate [2] 68:4,5 spend [1] 159:1 spending [4] 95:4 160:16 163:23 164:13 spent [1] 159:7 split [1] 162:12 spoke [1] 21:11 spread [2] 1:22 12:2 St [3] 5:8 167:7,10 stability [1] 117:13 Stabilization [1] 18:22 stabilize [1] 144:24 stabilizing [1] 108:24 stable [1] 58:15 staff [1] 143:14 stage [1] 90:4 STAND [1] 2:7 standard [6] 49:2 155:17 155:18,20 156:5,14 standards [3] 34:4 155:1 155:13 standing [2] 37:7 156:3 stands [2] 156:10,12 start [8] 2:11 90:21	105:10 107:3 113:8 119:12 128:14 154:1 started [2] 113:2 162:18 starting [5] 86:12,14 105:13 129:10 163:15 starts [2] 73:4 113:10 state [1] 111:13 statement [11] 24:3 43:18 49:3,20 69:25 85:9 85:14,23 105:22 135:9 143:21 statements [7] 38:8 48:4 48:11 50:3,6 106:5 154:1 States [1] 160:2 stating [1] 69:1 status [1] 51:1 stay [3] 40:20 110:21 133:9 step [4] 120:14 150:18 152:11,12 steps [1] 153:4 still [16] 10:1 28:3 38:6 48:7 86:22 98:23 102:22 109:20 129:18 130:8,16 142:8,16 157:7,16 162:12 story [2] 8:17,21 strain [1] 129:5 stranded [1] 162:1 strategy [2] 85:11,21 stringent [1] 92:9 strong [1] 164:20 struck [1] 90:14 structurally [1] 160:22 structure [3] 95:23 160:23 163:3 structured [2] 70:15 71:16 struggle [1] 102:3 studied [1] 119:18 study [16] 46:24,25 47:10 48:14,24 49:14 50:11 52:23 53:1 56:17,20 61:14 79:19 84:22 145:23 146:4 stuff [1] 160:2 subject [4] 6:16 45:4,12 104:11 subsequent [4] 27:18 85:15 105:19 113:24 subsequently [1] 8:25 subset [2] 16:12 24:1 subside [1] 120:3 substantial [2] 79:23,25 substantially [3] 67:24 80:6 83:21 subtracting [1] 63:23 such [14] 16:12 26:14 31:9 36:18 48:5 50:15 79:7 95:6 99:24 107:6 118:25 152:11 155:5 162:19 suffice [1] 80:19 suggested [2] 2:14 93:15
---	---	--	---	--

<p>suggesting [1] 120:4 suggestions [2] 96:5,8 suggests [1] 105:25 summarize [4] 76:8 92:2 120:23 122:1 summarizes [1] 136:16 summary [1] 110:16 supplemental [3] 72:19 73:16 74:12 supplied [1] 31:1 supplies [1] 37:5 suppose [1] 45:3 supposed [1] 97:18 supposedly [1] 64:6 supposition [1] 146:21 surplus [2] 8:2 9:4 surpluses [1] 27:2 surprised [1] 118:10 surprising [1] 83:15 surrounding [2] 40:14 154:24 survey [2] 93:19,23 suspect [4] 16:7 31:22 100:4 150:21 suspend [4] 106:13,15 110:24 112:11 sustain [2] 133:21 135:10 swings [1] 58:8 switch [1] 87:14 switched [1] 22:7 system [2] 161:12,17</p> <hr/> <p style="text-align: center;">-T-</p> <hr/> <p>T [1] 15:17 Tab [4] 32:10 38:21,25 50:22 table [13] 18:20 31:25 32:8,12,22 40:15 43:12 72:7 74:18 81:10 102:19 133:13 134:18 takes [2] 26:6 118:18 taking [3] 81:16 90:19 117:23 tale [1] 162:8 talks [2] 10:21,23 target [1] 127:7 targets [1] 133:11 tat [1] 35:5 tax [4] 31:2 32:14 98:10 130:20 taxes [1] 13:17 technologists [3] 2:16 3:5 160:25 teens [3] 124:11 134:16 134:24 telling [5] 80:20,23 87:21 87:21 150:20 tells [1] 25:19 ten [3] 146:16,20 148:18 tend [1] 81:6 tendency [1] 65:11</p>	<p>term [3] 102:14 103:19 118:5 terminate [2] 66:19 67:1 termination [1] 30:15 terms [12] 3:14 36:23 40:8 41:18 43:7 44:3 62:17 93:12 94:13 100:9 108:17 139:13 test [26] 13:12 21:8,12 32:16 36:12 48:10 99:14 99:14 101:6 103:12 105:19 113:21 114:2,6 125:12,13,20,25 126:1 126:14,15,16 127:10 128:9 159:14,15 testament [1] 164:10 testimony [1] 99:21 tests [3] 4:22 159:12,17 thank [17] 1:20 2:2,10 17:23 18:11 23:4 50:25 88:7 104:21 138:23 143:14,14 157:20 158:7 158:9 166:18,20 thanks [1] 83:23 that'll [1] 163:25 theoretically [2] 36:24 37:2 therapy [1] 42:9 therefore [2] 42:24 43:12 they've [5] 43:2 83:17 128:12 134:12 139:8 third [3] 44:18 69:20 142:21 THOMAS [1] 2:8 thought [1] 99:13 thoughts [2] 160:9 163:18 thousand [2] 76:2,6 three [30] 26:3 47:15,20 48:1 50:11,13,20 52:23 56:17,21 61:14 62:11 72:2 76:13,23 81:10 96:7 113:24 114:4 115:6,8 116:2 122:4 125:9 128:21 128:24 133:21,23 142:6 146:11 three-year [2] 114:14 116:10 through [27] 5:3,9 21:18 39:22 61:2 83:17 88:5 89:22 91:4,8 92:8 97:5 97:12 113:16 117:5 128:20 141:25 143:5 147:1,19 149:14,21 150:14,19 152:25 156:1 164:3 throughout [2] 29:5 60:4 thrown [1] 46:9 tightened [1] 89:15 timely [1] 163:2 times [18] 12:20 13:4,21 122:15 123:9 124:2,7 125:13,21 126:25 127:21 128:21,22 129:13 130:14</p>	<p>133:10 143:10 164:20 timing [2] 111:23 115:18 today [29] 28:4 67:19,21 67:25 75:21 77:9 78:13 100:14 102:5,19 108:11 109:15 131:17 137:21,22 138:1,4,20,21 144:7,13 148:2 150:25 156:3,11 156:23 157:3 164:16 166:9 today's [4] 12:13 65:22 100:13 108:22 Todd [3] 118:15,17 119:10 together [1] 140:24 tomorrow [2] 165:22 166:16 tomorrow's [2] 65:15 65:21 too [6] 91:10,10 121:18 129:11 161:11 163:9 top [1] 131:17 topic [3] 90:17 149:9 160:12 Topsail [2] 6:8 9:3 total [10] 13:18,18 19:12 38:7 46:1 56:10 63:13 83:12 142:24 159:15 totality [1] 161:13 touch [1] 90:23 tougher [1] 164:20 towards [4] 4:7 31:8 43:17 153:16 trades [1] 90:18 transcribed [1] 167:8 transcript [3] 14:10 166:12 167:3 transfer [2] 19:25 20:3 transferred [1] 21:9 transfers [1] 25:17 transitional [27] 44:1 51:12 52:15 62:14,18 63:1 65:7,10,12,14,20 100:15,23 102:9 143:25 144:2,22,24 145:20,25 146:19,25 147:18,21,24 148:16 149:1 transmission [2] 16:4 161:12 travel [3] 28:21 68:13 157:2 treasurer [1] 3:6 treasuries [1] 164:17 treat [1] 48:19 trees [1] 6:24 trend [17] 40:3,6,10 41:25 42:6,17,19 45:14 52:5 56:10 59:1,3,15 60:24 64:17 161:24,25 trended [1] 40:5 trends [3] 46:15,16 164:19 true [6] 12:14 70:14 102:24 103:11 163:24 167:3</p>	<p>trued [1] 62:22 true's [2] 54:8 63:19 truly [1] 129:16 trust [3] 12:19 13:3,11 try [4] 104:23 122:1 137:14 153:22 trying [5] 72:21 84:8 146:11,12 160:24 turn [14] 10:10,16 12:16 15:7,12 38:20 65:24 95:12 104:17 105:3 129:6 148:23 157:23,24 turning [3] 3:22 17:23 143:15 tweaked [1] 25:16 two [38] 6:25 12:20 13:21 15:8 45:15 49:17 51:6 51:11 69:5,9 96:8,13,17 98:24 99:19 101:19 102:1 104:9 109:20 114:2 116:4 122:15,19 124:1,7 126:25 127:10 130:14 137:9,11 139:5,15,20 140:11 141:4 141:4 148:17 162:8 type [3] 117:13 143:20 162:16 types [2] 119:19 120:8 Typically [1] 47:19</p> <hr/> <p style="text-align: center;">-U-</p> <hr/> <p>Uh-hm [1] 118:1 ultimately [1] 49:7 unable [1] 155:5 unbilled [1] 147:11 uncertain [1] 157:8 uncertainties [1] 157:16 under [42] 15:7 29:13,16 30:3,13 32:3 43:14 45:23 45:24 52:9,11,14 61:25 66:25 72:8,10,13 75:4,5 77:11 79:24,25 80:9,23 81:18,24 82:2 84:19 85:7 92:13 96:22 97:9 121:4 130:15 135:20 140:6 141:3,6 154:25 155:14 156:5,11 underlie [1] 64:7 understand [12] 4:17 9:7 45:7 68:17 78:19 87:17 124:14 139:20 140:2 149:11,19 153:24 understood [1] 106:6 undertake [5] 17:11,21 69:3 92:3 138:25 undertaken [1] 86:9 undertaking [3] 1:21 1:25 16:22 undertook [1] 88:12 underway [1] 163:12 underwrite [1] 14:2 underwriters [1] 13:24 unfair [1] 115:21 unfolds [1] 164:11 unfortunately [1]</p>	<p>121:25 unknown [3] 100:3 102:22 155:10 unless [1] 101:20 unpredictability [1] 152:2 unrestricted [4] 25:19 26:25 27:6,16 unsatisfactory [1] 115:10 unsure [1] 110:19 unusual [1] 58:21 up [45] 5:13 6:25 7:2,12 14:9,17 20:1,24 37:2 40:17 43:2,16 44:14 47:11 54:8 58:14 62:22 63:19 65:9 69:21 70:25 71:10,13 82:11 89:15,24 91:12,20 95:17,19 108:3 113:10,21 118:3 128:20 129:1 135:24 137:9 140:14 141:6 143:8 159:14 160:12 163:15,23 upcoming [3] 35:13 56:25 115:24 upset [1] 17:8 urban [1] 161:22 used [27] 4:25 7:20 8:18 8:19 10:1 34:2,7 35:5 53:14 54:12 83:13 111:5 113:17,23 114:3,7,15 116:2 122:6,22 123:6 126:17,24 135:22 138:9 159:10 162:9 useful [5] 5:1,5 10:1,16 120:3 users [1] 65:15 using [9] 9:15 36:5,6,13 47:8 48:6 73:3 113:22 141:14 usually [1] 164:20 utilities [7] 15:1 16:4 22:7 108:13 146:19 160:5 167:6 utility [4] 129:19 130:7 155:3,24 utilization [5] 24:22 25:8 26:12,18 46:16</p> <hr/> <p style="text-align: center;">-V-</p> <hr/> <p>V.P [1] 96:2 valid [1] 48:7 validate [2] 49:5 50:5 valuation [21] 33:19 39:25 42:23 47:12,18 48:5,9 49:4 50:4 59:10 59:12,13,19 61:3,20,22 61:23 62:3,6,11 63:9 value [7] 7:19 11:15 46:8 53:14 145:12 156:25 161:1 valued [2] 48:1 156:20 values [2] 151:8 156:22 valuing [2] 52:10 156:17 variable [1] 46:8</p>
--	--	---	--	--

variables [3] 33:21 45:5 47:12 variance [4] 21:10 139:22 151:25 152:13 variances [2] 150:19 151:5 variation [4] 62:25 63:2 120:5 139:21 variations [2] 65:2 118:22 vary [1] 35:15 version [1] 109:3 versus [5] 25:1 26:12 52:14 64:23 165:3 vice [1] 97:21 VICE-CHAIR [2] 1:7 158:6 vice-chairman [1] 1:4 view [5] 25:25 84:21 116:12 121:17 152:16 viewpoint [1] 162:21 views [2] 88:17 114:16 visibility [3] 35:9 88:22 113:9 visiting [1] 65:15 visits [1] 84:10 volatile [2] 57:18 60:10 volatility [9] 44:10 45:2 60:12 107:12 150:2,3,20 151:12 155:7 Volume [4] 32:6 38:21 38:25 50:22 voluntary [2] 76:12,13 VPs [1] 24:7 <hr/> -W- <hr/> WACC [1] 156:21 waders [1] 42:13 wait [2] 100:11,15 waiting [2] 99:23 100:9 wanting [1] 90:11 wants [1] 124:9 ways [1] 110:20 weaker [2] 15:16 16:11 weather [6] 3:18,20 18:18,20 19:13 21:1 week [1] 106:4 weekend [2] 139:4 143:16 weighted [1] 156:21 Wellness [1] 85:21 Wells [1] 66:5 west [3] 27:8 89:3 90:18 WHALEN [2] 1:7 158:6 whereby [2] 67:12 70:23 whole [5] 59:4 101:21 120:16 160:23 161:17 wipes [1] 42:1 within [11] 13:14 14:15 14:25 24:19 58:15,23 129:18 130:5,8 152:4 161:2	without [7] 79:19 84:15 91:6,9 105:4 116:15 119:4 witness [1] 23:13 witnesses [1] 104:9 wonder [1] 137:10 wondering [1] 11:7 wooded [1] 7:3 word [1] 110:6 worked [3] 37:19 73:7 117:6 workers [1] 3:10 works [1] 120:6 world [1] 59:4 worried [1] 163:9 worse [1] 103:12 worth [1] 98:7 worthiness [4] 115:5 116:21 117:1 135:10 worthy [3] 95:5,9 117:20 writing [1] 97:1 written [2] 67:11 156:8 <hr/> -Y- <hr/> Y2K [1] 6:5 year [93] 21:8,12 24:25 26:6,18 27:3,3,12,15 32:16 35:7,13,16 36:12 36:24 39:5,7 40:21,21 41:1 43:25,25 50:11,13 51:2,3,6,6 52:13 53:4,7 53:10,13,21,21 54:3,8 54:24 55:1,24,24 56:17 56:22,25 57:14 58:4,14 58:20,20 61:14 62:11 63:8,8,10 64:15,25 65:6 77:12 82:9,17 83:10 91:16,16 99:14,15 101:6 103:12 105:19 106:3,14 111:25 112:3 113:3,21 114:6 115:15,23,25 116:24 119:5,18 125:12 125:13,20,23,25 126:1 126:16,16 139:19 152:1 153:24 164:10 year's [4] 53:16 54:12 63:18 151:14 yearly [2] 9:23 19:6 years [58] 11:5,12 18:23 24:17 25:4,6 41:19 47:15 47:19,20 48:1 49:12 50:2 50:20 52:23 56:21,21 61:18 63:17 80:9 92:11 92:12 105:18 106:16 113:24 114:2,4,12,21,23 115:3,6,8,9 116:2,4 117:5,14 118:23 119:4 124:16 125:22 126:14 127:10 128:9,24 146:11 146:16,20 148:18,18,18 151:21 162:6,20,21 163:6 163:10 yesterday's [1] 65:16 yet [3] 110:19 120:17 157:2 yield [3] 76:2,5 99:3	yielded [2] 115:4 140:9 yielding [7] 108:22 112:6 112:9 115:21 119:23 138:13 164:18 yields [5] 108:8 114:25 118:5 119:14 164:16 YMPE [1] 72:3 Young [1] 166:8 youngsters [1] 83:24 yourself [2] 93:18 95:15 <hr/> -Z- <hr/> zoned [2] 7:6,8		
---	---	---	--	--