

**Q. Reference: Section 4.0 Cost Recovery Alternatives**

**Please provide a table using the structure of Appendix I for a scenario in which Plan benefits are reduced by 30% in 2015 (accrued obligation declines by 30%) and the discount rate increases in 2015 and subsequent years by 2 percentage points relative to the discount rate used in Appendix I.**

A. Attachment A shows the 2011 to 2025 forecast OPEBs costs based on a 30% reduction in plan benefits in 2015 and a 2% increase in the discount rate in 2015 and subsequent years.

Consistent with Appendix I of Newfoundland Power's evidence, the forecast OPEBs costs are based on a 15-year amortization of the Regulatory Asset using the Mortgage Method. All costs are calculated in accordance with IFRS.

**Newfoundland Power**  
**OPEBs Costs<sup>1</sup>**  
**Amortization of the OPEBs Regulatory Asset Using the Mortgage Method**  
**15-Year Amortization Period**  
*Based on a 30% Reduction in Plan Benefits and a 2% Increase in Discount Rate Starting in 2015*  
**2011-2025**  
**(\$000s)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
1 Current Service Cost	746	788	831	876	441	465	490	516	542	570	599	630	662	695	729	9,580
2 Interest Cost	4,058	4,221	4,371	4,515	3,556	4,384	4,460	4,520	4,567	4,628	4,683	4,703	4,732	4,775	4,808	66,981
3 Amortization of Past Service Costs	(682)	(682)	(682)	(682)	(1,123)	(1,123)	(1,123)	(1,139)	(1,200)	(1,200)	(1,200)	(818)	(441)	(441)	(441)	(12,977)
4 Amortization of Net Actuarial Loss (Gain)	-	-	-	-	(890)	(167)	(150)	(135)	(123)	(112)	(98)	(90)	(84)	(74)	(67)	(1,990)
5 Vested Past Service Costs	138	-	-	-	(3,672)	-	-	-	-	-	-	-	-	-	-	(3,534)
6 OPEBs Expense for Financial Reporting	4,260	4,327	4,520	4,709	(1,688)	3,559	3,677	3,762	3,786	3,886	3,984	4,425	4,869	4,955	5,029	58,060
7 Amortization of Regulatory Asset	2,838	3,159	3,357	3,567	3,792	4,028	4,280	4,564	4,912	5,222	5,554	5,524	5,526	5,934	6,373	68,630
8 OPEBs Expense for Regulatory Purposes	7,098	7,486	7,877	8,276	2,104	7,587	7,957	8,326	8,698	9,108	9,538	9,949	10,395	10,889	11,402	126,690
9 Rate Base Effects	(176)	(522)	(869)	(1,224)	(1,346)	(1,420)	(1,687)	(1,959)	(2,240)	(2,555)	(2,889)	(3,216)	(3,578)	(3,980)	(4,393)	(32,054)
10 Net OPEBs Cost	6,922	6,964	7,008	7,052	758	6,167	6,270	6,367	6,458	6,553	6,649	6,733	6,817	6,909	7,009	94,636

**Reconciliation of Current and Past Service Costs**

11 Net OPEBs Cost (Line 10)	6,922	6,964	7,008	7,052	758	6,167	6,270	6,367	6,458	6,553	6,649	6,733	6,817	6,909	7,009	94,636
12 Less Current Service Cost (Line 1)	746	788	831	876	441	465	490	516	542	570	599	630	662	695	729	9,580
13 Past Service Cost Recovery	6,176	6,176	6,177	6,176	317	5,702	5,780	5,851	5,916	5,983	6,050	6,103	6,155	6,214	6,280	85,056

<sup>1</sup> All costs calculated in accordance with IFRS.