

**Q. Please detail any and all reforms to group and OPEBs benefits undertaken since Newfoundland Power's last GRA and detail the cost savings realized thereby.**

A. Newfoundland Power amended its OPEBs plan effective January 1, 2011. The key plan amendments include the introduction of a 50% member-paid cost sharing arrangement for retirees over the age of 65, the removal of the current \$5,000 annual benefit cap, and the introduction of drug dispensing fees. The plan changes will not impact existing retirees. Employees who retire on or before December 31, 2012, or are eligible for full pension by December 31, 2012, can choose between either the amended or pre-amendment plan terms.

Table 1 provides the detailed terms of the OPEBs plan both before and after amendment.

**Table 1**  
**Retirees Under Age 65**

<b>Benefit</b>	<b>Previous Plan</b>	<b>Amended Plan</b>
<b>Drugs and Extended Health</b>	<b>Coverage:</b> 80% reimbursement on drugs <b>Premium:</b> 50% retiree paid	<b>Coverage:</b> 80% reimbursement on drugs <b>Premium:</b> Dispensing fee (100% retiree paid) 50% retiree paid if $\geq 85$ age/service combination 75% retiree paid if $< 85$ age/service combination
<b>Basic Life</b>	<b>Coverage:</b> 3x salary at retirement <b>Premium:</b> 50% retiree paid	<b>Coverage:</b> 2x salary at retirement <b>Premium:</b> 50% retiree paid if $\geq 85$ age/service combination 75% retiree paid if $< 85$ age/service combination
<b>Dependant Life</b>	<b>Coverage:</b> \$10,000 spouse; \$5,000 dependant <b>Premium:</b> 50% retiree paid	<b>Coverage:</b> Optional coverage - \$10,000 spouse; \$5,000 dependant <b>Premium:</b> 100% retiree paid

**Table 1 (Cont'd)**  
**Retirees Under Age 65**

<b>Benefit</b>	<b>Previous Plan</b>	<b>Amended Plan</b>
<b>Basic ADD (including dependent coverage)</b>	<b>Coverage:</b> 3x salary at retirement \$10,000 spouse, \$5,000 dependant <b>Premium:</b> 50% retiree paid	<b>Coverage:</b> Retiree: 2x salary at retirement Spouse/Dependant: Optional coverage - \$10,000 spouse; \$5,000 dependant <b>Premium:</b> Retiree: 50% retiree paid if $\geq 85$ age/service combination 75% retiree paid if $< 85$ age/service combination Spouse/Dependant: Optional coverage - 100% retiree paid
<b>Surviving Spouse</b>	<b>Coverage:</b> Life of spouse <b>Premium:</b> 50% spouse paid	<b>Coverage:</b> Life of spouse <b>Premium:</b> 50% spouse paid for 2 years; then 100% spouse paid

**Table 2**  
**Retirees Age 65 and Over**

<b>Benefit</b>	<b>Previous Plan</b>	<b>Amended Plan</b>
<b>Drugs and Extended Health</b>	<b>Coverage:</b> 80% reimbursement on drugs and extended health \$5,000 annual cap <b>Premium:</b> 100% company paid	<b>Coverage:</b> 80% reimbursement on drugs and extended health No cap on benefits <b>Premium:</b> Dispensing fee (100% retiree paid) 50% retiree paid if $\geq 85$ age/service combination 75% retiree paid if $< 85$ age/service combination

**Table 2 (Cont'd)**  
**Retirees Age 65 and Over**

<b>Benefit</b>	<b>Previous Plan</b>	<b>Amended Plan</b>
<b>Basic Life</b>	<b>Coverage:</b> \$10,000 <b>Premium:</b> 100% company paid	<b>Coverage:</b> \$10,000 <b>Premium:</b> 50% retiree paid if $\geq$ 85 age/service combination 75% retiree paid if $<$ 85 age/service combination
<b>Dependant Life</b>	<b>Coverage:</b> \$10,000 spouse, \$5,000 dependant <b>Premium:</b> 100% company paid	<b>Coverage:</b> Optional coverage - \$10,000 spouse; \$5,000 dependant <b>Premium:</b> 100% retiree paid
<b>Surviving Spouse</b>	<b>Coverage:</b> Life of spouse <b>Premium:</b> 100% company paid	<b>Coverage:</b> Life of spouse <b>Premium:</b> 50% spouse paid for 2 years; then 100% spouse paid

The cost savings of the amendments to Newfoundland Power's OPEBs plan are reflected in a decrease in the accrued OPEBs obligation of \$15.2 million.<sup>1</sup> The decrease in the OPEBs obligation serves to decrease future OPEBs expense. Effective January 1, 2011, the impact of the plan amendment is being amortized evenly over 10 years, which reflects the expected average remaining service period to qualify for a full pension.

In addition to the changes detailed in Table 1 and Table 2, negotiation of the Company's new collective agreements has resulted in an increase from 23 to 24 weeks in the maximum retirement allowance effective January 1, 2011, and a further increase to a maximum of 25 weeks effective January 1, 2014.

<sup>1</sup> See *Notes to Financial Statements, December 31, 2011, Note 12, Employee Future Benefits*, pp. 61-63: Change in accrued benefit obligation, OPEB, 2010, Newfoundland Power 2011 Annual Report, in Attachment A, Response to Request for Information CA-NP-127.