

1 **Q. Given the history of retirement at Newfoundland Power, in terms of the number of**
2 **those who choose to retire early, why does Newfoundland Power's 2013 and 2014**
3 **Internal Labour forecasts only base retirement estimates upon employees who reach**
4 **age 65 or who have reached age 60 with the combination of 95 years of age plus**
5 **service?**

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7 A. Newfoundland Power forecasts employee retirements based upon a majority of
8 employees retiring shortly after they reach age 65 or reach age 60 with a combination of
9 95 years of age plus service. The forecast number of employee retirements also includes
10 those individuals who have been identified, through personal retirement planning
11 discussions, as likely to retire in the planning period. This approach provides the
12 Company with a reasonable indicator of the number of employee retirements in future
13 years.

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15 For example, while 223 employees will be eligible to retire by the end of 2013 based on
16 the early retirement provisions of the Newfoundland Power Retirement Income Plan (the
17 "Plan"), benefits reduction is a deterrent for the majority. Of these, 25 employees will be
18 eligible to retire by the end of 2013 based on the normal retirement provisions of the
19 Plan. The Company forecasts that 19 of those eligible employees will retire in 2013.

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21 Employee retirement at Newfoundland Power is a personal decision made by the
22 employee. Accordingly, the Company's forecasts of future retirements are subject to
23 change depending on each employee's specific personal circumstances.

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25 However, variations from forecast retirements are not expected to have a material impact
26 on Newfoundland Power's ability to provide service to its customers or the cost of that
27 service. The Company utilizes a combination of its internal workforce, including regular
28 and temporary employees, and contractors to complete work requirements. For example,
29 in 2013, the Company forecasts internal labour costs of \$58.8 million and contract labour
30 costs of \$12.7 million. Variations in the capacity of the Company's regular workforce
31 will be offset by use of temporary employees or contractors, depending on the timing and
32 nature of the work requirements.¹

¹ The Company believes the number of retirements included in its labour forecast and revenue requirement for 2013 and 2014 are reasonable. Any additional cost related to an increase in the number of retirements will not be included in customer rates.