

1 **Q. Reference: Table 3-6 OPEBs Expense (at p. 309)**

2
3 **Please indicate whether the impact of Newfoundland and Labrador Regulation**
4 **23/12, the Interchangeable Drug Products Formulary Regulations, 2012 and in**
5 **particular, the maximum price for interchangeable products provision in Section 5,**
6 **has been taken into account in the Company's 2013 and 2014 OPEB's expense**
7 **forecasts and in the valuation of the OPEB's obligation. If not, please explain why**
8 **not. If so, please demonstrate the same.**
9

10 **A.** The *Interchangeable Drug Products Formulary Regulations, 2012*, Newfoundland and
11 Labrador Regulation 23/12, (the "Regulations") were made as of March 30, 2012.

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13 The Regulations currently apply to benefits paid under Newfoundland Power's OPEBs
14 Plan.

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16 The impact of the Regulations on Newfoundland Power's long-term health care cost,
17 trend which is used in calculating the Company's OPEBs expense and valuation,
18 however, is currently uncertain. The health care cost trend assumption is based on
19 historic claims experience; expectations related to aging and drug consumption; and long-
20 term expectations for future drug cost increases. The impact of the Regulations on
21 Newfoundland Power's OPEBs Plan is impractical to quantify at this time, however, to
22 the extent that the implementation of the Regulations does impact the Company's long-
23 term health care cost trend, it will be fully reflected in future OPEBs valuations.