

1 **Volume 1, Section 3 – Finance**  
2

3 **Q. Over each of the years 2006, 2007 and 2008, what amounts have been or are**  
4 **forecasted to be paid in respect of workers compensation premiums? Please provide**  
5 **all assumptions, where applicable, and comment as to whether NP expects to receive**  
6 **any rebate in respect of the test year.**

7  
8 **A. *Workers Compensation Premiums***  
9

10 Amounts paid and forecast to be paid in respect of workers compensation premiums for  
11 the years 2006 to 2008 are shown in Table 1.  
12  
13

**Table 1**  
**Newfoundland Power Inc.**  
**Workers Compensation Premiums**  
**2006 to 2008F**  
**(\$)**

	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<b>Actual</b>	<b>Actual</b>	<b>Forecast<sup>1</sup></b>
Base Assessment <sup>2</sup>	249,636	259,252	264,000
Practice Incentive <sup>3</sup>	(12,090)	(12,444)	(13,200)
<b>Net Premium</b>	<b>237,546</b>	<b>246,808</b>	<b>250,800</b>

- 14  
15 1. 2008 forecast assumptions:  
16 • Assessable payroll for 2008 is expected to be approximately \$30 million (\$29.8 million in 2007)  
17 • The assessment rate will be 88 cents per \$100 of payroll (same as 2007).  
18 2. Includes adjustments based on actual assessable payroll for the prior year.  
19 3. The practice incentive represents a 5% refund of average annual assessments. The amounts reflected  
20 for 2006 and 2007 are the actual amounts received. The amount forecast for 2008 represents 5% of  
21 the estimated base assessment.  
22

23 ***Rebates and Incentives***  
24

25 In 2005, the WHSCC introduced a new employer incentive program called PRIME.<sup>1</sup> The  
26 PRIME program provides two employer incentives: the practice incentive and the  
27 experience incentive.  
28

29 ***Practice Incentive***

30 The practice incentive is a 5% refund of the annual base assessments. In order to qualify  
31 for the practice incentive, an employer must meet certain criteria which are subject to  
32 audit by the WHSCC. Newfoundland Power was first eligible for the practice incentive

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<sup>1</sup> Prevention + Return to Work + Insurance Management for Employers/Employees.

1 in 2006, and received the incentive in both 2006 and 2007. The Company anticipates that  
2 it will receive a practice incentive of approximately \$13,200 in 2008.

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4 ***Experience Incentive***

5  
6 Commencing in 2008, employers who meet PRIME's practice incentive requirements  
7 will also be eligible for the experience incentive.

8  
9 The WHSCC is expected to assign Newfoundland Power an experience incentive range  
10 for 2007 based on 2005 to 2007 payroll, industry classification and assessments. This  
11 range will be finalized in 2008 when the Company's final payroll and occupational health  
12 and safety statements for 2007 are processed.

13  
14 The WHSCC is also accumulating the Company's claim costs on a monthly basis  
15 throughout 2007. If these costs fall below the bottom of the incentive range by the end of  
16 the 2007 PRIME year, the Company may receive an experience refund. If costs exceed  
17 the top of the range, the Company may be subject to an experience charge. If costs fall  
18 within the range, no experience refund or charge will be applied.

19  
20 Any experience incentive or charge is not expected to materially impact total payroll  
21 overhead costs or payroll loading factors forecast for 2008.