

1 **Volume 1, Section 2 – Customer Operations**  
2

3 **Q. How many NP employees will become eligible for retirement during 2008 broken**  
4 **down by position? What is the forecast number of retirements, the forecast number**  
5 **of replacements and the impact on the 2008 revenue requirement? Please state all**  
6 **assumptions as to dates of retirement and dates of replacement, the differential in**  
7 **salary between the position(s) retired from and the new hire's salary.**  
8

9 **A.** Table 1 shows the number of regular employees who will be eligible for retirement in  
10 2008 by skills category.  
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12

**Table 1**  
**Number of Employees Eligible to Retire**  
**up to and including 2008<sup>1</sup>**  
**As of June 1, 2007**

	<u>Earliest Date of Eligibility</u>			<b>Total Eligible in 2008</b>
	<b>1999 to 2006</b>	<b>2007</b>	<b>2008</b>	
Administration	15	5	10	30
Electrician	5	3	3	11
Lineperson	26	13	14	53
Millwright	6	4	1	11
Non-Skilled Craft	13	4	5	22
Engineer	4	2	1	7
Professional (Business)	5	8	4	17
IT	2	-	2	4
Senior Management	1	-	2	3
Technologist	13	4	9	26
Other	3	1	-	4
<b>Total</b>	<b>93</b>	<b>44</b>	<b>51</b>	<b>188</b>

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14  
15 Retirement eligibility is based on the earliest retirement permitted under the  
16 Newfoundland Power retirement income plan (the "Plan"), which provides for early  
17 retirement with reduced pension benefits at an age and service combination of 85 years,  
18 or a minimum age of 55.  
19

20 By 2008, 188 employees will be eligible to retire based on the early retirement provisions  
21 of the Plan; although, benefits reduction is a deterrent for the majority. It is forecasted  
22 that out of the 188 employees eligible to retire, 14 will likely retire by the end of 2008.  
23

<sup>1</sup> Eligibility is based on Age 55 or age/service combination of 85.

1           The general assumptions on which the retirement forecast is based are:  
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- 3                   1. The majority of Plan participants will retire when eligible for an unreduced  
4                   pension (i.e., age 60 and age/service combination of 95 years);  
5  
6                   2. Non participants in the Plan will retire at age 60;  
7  
8                   3. Employees on long-term disability who are eligible to retire will wait until age  
9                   65; and,  
10  
11                  4. Retirements are assumed to occur at mid-year.

12  
13           Replacements are considered in light of the Company's workforce and skill requirements.  
14           It is assumed, for forecasting purposes, that where replacements are required positions  
15           will be filled within one month. Replacement salaries are based on negotiated contract  
16           wages for union positions and 80% of job rate (entry-level) for management positions.  
17

18           Newfoundland Power has incorporated the forecast savings related to 2008 retirements in  
19           its 2008 revenue requirement. The treatment of the retirement based forecast savings is  
20           conceptually similar to the treatment of forecast savings from other productivity  
21           improvements. Please see the response to CA-NP-47 for further information.