

1 **Q. RATE BASE**

2
3 **PUB 37.0 (RE: Report on the Amortization of the Unfunded Pension Liability –**
4 **Volume I)**

5
6 **PUB 37.2**

7 **Confirm whether the company has filed “a report from its actuaries giving specific**
8 **reasons for the amortization period recommended in the Mercer report, together**
9 **with reasons mitigating against use of a longer amortization period”, per P.U. 35**
10 **(2003), p. 33, lines 27-29.**

11
12 **A.** On August 18, 2004, at the request of Newfoundland Power, Mercer Human Resource
13 Consulting (“Mercer”) provided an actuarial valuation of the Plan as at December 31,
14 2003. Appendix A of the *Report on the Amortization of the Unfunded Pension Liability*
15 filed in this proceeding is a copy of Mercer’s letter dated August 18, 2004 summarizing
16 the most recent actuarial valuation (the “Mercer letter”).

17
18 Included in the summary of the December 31, 2003 actuarial valuation is a schedule of
19 funding that has been derived by Mercer specifically based on the current amortizations
20 authorized by the Board and the going concern unfunded pension liability. The funding
21 pattern presented in the Mercer letter also meet the requirements of the *Pension Benefits*
22 *Act, 1997*.

23
24 Mercer was not in a position to provide reasons mitigating against use of a longer
25 amortization period as this ultimately engages issues of electrical customer impacts with
26 which Mercer has limited, if any, experience.

27
28 Please refer to the Response to PUB 37.5 NP for reasons mitigating against use of a
29 longer amortization period.