

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 37.7**

7 **Assuming that the Company achieves its objective to fully funded the pension plan,**
8 **explain what impact this will likely have on he Company's revenue requirement and**
9 **consequent rates for consumers.**

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11 A. Please refer to the *Detailed Analysis of Customer Rate Impacts of Alternative Funding of*
12 *the Unfunded Pension Liability* which is Attachment A to the Response to PUB 37.5 NP
13 which indicates the impacts upon rates of increased income tax as a result of the expiry of
14 special pension payments upon full funding of the plan.

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16 In addition to these impacts, Newfoundland Power would expect pension expense to
17 moderate and, possibly, decrease somewhat upon full funding. The amount of any
18 change in pension expense, however, would also depend upon other factors such as
19 current service funding requirements or market impacts upon pension asset performance.

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21 Over time, it is reasonable to expect that growth in the deferred pension asset will
22 moderate and, if pension expense begins to exceed funding requirements, the asset be
23 reduced.

24
25 The impacts are somewhat dynamic and subject to pension fund performance. As full
26 funding is not currently expected to occur for 4½ years, it is difficult to forecast likely
27 impacts upon rates for customers.