

- 1 **Q. NP in recent years has experienced executive changes. Some executives transferred**  
2 **to other Fortis companies. Some have retired.**  
3  
4 **a) Please advise what regulatory costs are involved in reference to pensionable**  
5 **benefits and any and all compensation when executives transfer from one Fortis**  
6 **company to another.**  
7  
8 **b) Are executives entitled to pensions which are funded by rate payers, and if so,**  
9 **please provide particulars of the executive pension plan?**  
10  
11 **c) In terms of all other employees, please advise of the average pension an**  
12 **employee would receive upon retirement for the following decades:**  
13  
14 **i) 1970-1980**  
15 **ii) 1980-1990**  
16 **iii) 1990-2000**  
17 **iv) 2000-2010**  
18 **v) 2010-2020**  
19  
20 **A. a) The cost of Newfoundland Power’s pension plans, as included in the revenue**  
21 **requirement for customer rates, reflects service rendered by executives while they are**  
22 **employed by Newfoundland Power. After an executive transfers to Fortis Inc. or**  
23 **another subsidiary of Fortis Inc., the cost of all compensation and pension benefits are**  
24 **borne by the respective company, and not by Newfoundland Power.**  
25  
26 **b) Executives are entitled to pension benefits upon retirement, similar to all other**  
27 **permanent employees.<sup>1</sup> In addition, executives also participate in a Supplemental**  
28 **Employee Retirement Plan (“SERP”).<sup>2</sup> The SERP provides supplemental pension**  
29 **benefits that would otherwise be limited by the maximum level of contributions**  
30 **permitted by income tax legislation.<sup>3</sup> The cost of these pension plans is included in**  
31 **the Company’s revenue requirement for rate-making purposes.<sup>4</sup>**

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<sup>1</sup> This includes the Company’s Defined Benefit Pension Plan and/or the Group Registered Retirement Savings Plan. See the *2022/2023 General Rate Application, Volume 1: Application, Company Evidence and Exhibits, Section 3.2.4: Employee Future Benefits*, pages 3-9 to 3-11.

<sup>2</sup> The SERP replaced the Company’s former Pension Uniformity Plan (“PUP”), effective January 1, 1999.

<sup>3</sup> The SERP enables senior management to receive benefits equivalent to the benefit formula of the registered pension plan.

<sup>4</sup> See Order No. P.U. 7 (1996-97), pages 53-54, for the Board’s determination that the cost of the PUP is reasonable to be included in the Company’s revenue requirement.

- c) Table 1 provides the average pension benefits received by retirees under the Company's Defined Benefit Pension Plan.<sup>5</sup>

**Table 1:  
Average Defined Benefit Pension Plan  
Pension Benefits<sup>6</sup>**

<b>Year of Retirement</b>	<b>Amount</b>
1970-1980	N/A <sup>7</sup>
1981-1990	\$17,536
1991-2000	\$20,465
2001-2010	\$25,245
2011-2020	\$39,302

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<sup>5</sup> Average pension benefits are for all other employees, as requested, and, therefore, exclude executives.

<sup>6</sup> The pension amounts are based on the individual's basic pension amount, without any adjustments for pension levelling. Pension levelling refers to the option to receive higher pension benefits from the retirement date up to age 65, and then receive lower pension benefits after age 65. This is commonly referred to as a "bridge" because it notionally bridges your pension income until the date that other pensions, like Canada Pension Plan and Old Age Security, typically start.

<sup>7</sup> The Company has no active retirees or surviving spouses from the period of 1970 through 1980. As such, there are no average pension amounts applicable for this period.