

- 1 **Q. (Reference Application, Use of Historical Averages for Budget Estimation,**
 2 **page 3) It is stated that the average of adjusted historical cost "is inflated by**
 3 **the GDP Deflator for Canada for non-labour costs and the Company's internal**
 4 **labour inflation rate for labour costs."**
- 5 **a) Does NP apply its internal labour inflation to contract labour as well as its**
 6 **in-house labour? If so, what is the rationale?**
- 7 **b) Please provide a table giving NP's internal labour inflation rate and the**
 8 **GDP inflation rate for the years 2020 to 2024 inclusive.**
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- 10 **A.** a) No, Newfoundland Power only uses its internal weighted-labour inflation rate to
 11 calculate inflationary increases associated with its internal labour costs.
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- 13 b) Table 1 provides Newfoundland Power's inflation rates for 2020 to 2024 forecast.

Table 1 Inflation Rates 2020 to 2024 Forecast (%)		
Year	Labour ¹	Non-Labour ²
2020	2.92%	1.03%
2021	2.75%	7.68%
2022	3.00%	7.67%
2023	2.85%	1.34%
2024F	3.80%	2.27%

¹ Labour inflation rates are based on the Company's internal weighted-labour inflation rate which reflects base compensation increases as well as progression.

² In Order No. P.U. 36 (1998-1999), the Board ordered the adoption of the GDP Deflator for Canada as an appropriate inflation index for forecasting Newfoundland Power's non-labour expenses. The GDP index was provided in the Conference Board of Canada's data release in February 2024.