

1 **Q. Section 1: Introduction**

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3 **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
4 **December 12, 2023, vol. 1, Evidence, sec. 1.1.2, p. 1-4/17–19 and vol. 2, Reports,**  
5 **“Labour Forecast 2024–2026,” sch. A, p. 2, No. 9.**

6 **Page 1-4, lines 17–19 state:**

7 **Operating labour costs are forecast to increase by approximately 3.1%**  
8 **annually from 2022 to 2026. This is approximately 1% less than the**  
9 **Company’s annual labour inflation over the same period.**

- 10 a) **Please provide the calculations that reflect this statement.**
- 11 b) **Please confirm that the labour calculated in part a) includes the compounded**  
12 **impact of annual labour inflation rates.**
- 13 c) **In the 2024 Internal Labour Forecast, Newfoundland Power notes a decrease of**  
14 **22.7 full-time equivalents (“FTE”) related to the conclusion of the Customer**  
15 **Service System Replacement Project, a savings of \$3.1 million. How many of**  
16 **these FTEs and what corresponding labour costs (in dollars) were allocated to**  
17 **Capital versus Operating labour expenses?**
- 18 d) **Please provide the forecasted increase for Capital labour costs annually from**  
19 **2022 to 2026 Forecast.**

- 20
- 21 A. a) Table 1 provides the *pro forma* calculation of the 4.1% weighted labour inflation rate  
22 from 2022 to 2026 forecast with the comparison to the forecast operating labour cost  
23 increase of 3.1%. This effectively represents a 1% reduction per year in operating  
24 labour.

**Table 1:**  
**Operating Labour Cost Compared to *Pro Forma* Labour (Inflation Only)**  
**2022A compared to 2026F**  
**(\$000s)**

	<b>2022A</b>	<b>2026F</b>	<b>Change</b>	<b>Change Per Year (%)</b>
<i>Pro forma</i> Operating Labour <sup>1</sup>	39,037	45,444	6,407	4.1
Operating Labour <sup>2</sup>	39,037	43,882	4,845	3.1
Difference	-	1,562	1,562	1.0

- 25 b) It is confirmed.
- 26
- 27 c) The reduction of 22.7 FTEs and \$3.1 million in labour is solely related to capital  
28 labour expenses. The *Customer Service System Replacement* project was a three-year

<sup>1</sup> *Pro forma* 2026 operating labour is calculated by applying Newfoundland Power’s weighted labour inflation rates to the Company’s 2022 actual operating labour [(\$39,037 \* 1.0275 \* 1.0380 \* 1.0445 \* 1.0450) = \$45,444]. For the weighted inflation rates, see the *2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2: Customer Operations*, page 2-31.

<sup>2</sup> See the *2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2: Customer Operations*, page 2-35, Table 2-9.

29 capital project that required incremental new internal positions to deliver the project  
 30 successfully.<sup>3</sup> The new system was implemented in August 2023, which will result in  
 31 a reduction of 22.7 FTEs in 2024 as the incremental new internal positions are no  
 32 longer required.<sup>4</sup>

33  
 34 d) Table 2 provides the capital labour costs annually from 2022 to 2026 forecast.

**Table 2:**  
**Capital Labour Forecast<sup>5</sup>**  
**2022A to 2026F**  
**(\$000s)**

<b>2022A</b>	<b>2023F</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>
27,861	30,019	28,368	29,576	30,873

<sup>3</sup> The *Customer Service System Replacement* project was approved in Order No. P.U. 12 (2021).

<sup>4</sup> There will continue to be post-implementation stabilization activities related to the project.

<sup>5</sup> See the Company's *Labour Forecast Report 2024-2026* filed with the *2025/2026 General Rate Application* for 2023 to 2026 forecast capital labour.