

1 **Section 2: Customer Operations/Operating Costs**  
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3 **Q. References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 4 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-33, Table 2-7 and p. 2-34/9.**  
 5 **Please provide a breakdown of the increase in costs per year in Corporate and**  
 6 **Employee Services between inflationary costs and consultant costs associated with**  
 7 **regulatory proceedings.**

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 9 A. Table 1 provides a breakdown of the increase in Corporate and Employee Services  
 10 operating costs from 2022 to 2026 forecast.<sup>1</sup>

**Table 1:**  
**Breakdown of Increase**  
**2022 to 2026 Forecast**  
**(\$000s)**

<b>2022 Operating Cost</b>	<b>A</b>	<b>17,850</b>
<u>Inflationary Increases</u>		
Labour <sup>2</sup>		1,641
Non-labour <sup>3</sup>		385
		<u>2,026</u>
<u>Regulatory Proceedings</u>		
Consultant Costs <sup>4</sup>		<u>639</u>
		639
Other		(612)
<b>2026 Operating Cost</b>	<b>B</b>	<b>19,903</b>
<b>Total Increase</b>	<b>C = B - A</b>	<b>2,053</b>

<sup>1</sup> See the responses to Requests for Information PUB-NP-022, part e) and PUB-NP-023 for additional information regarding the operating cost changes in the Corporate and Employee Services Function.

<sup>2</sup> Labour inflation is based on the Company’s weighted labour rate increases of 2.75% in 2023, 3.80% in 2024, 4.45% in 2025 and 4.50% in 2026 [ $\$9,995 * 1.0275 * 1.0380 * 1.0445 * 1.0450 = \$11,636 - \$9,995 = \$1,641$ ].

<sup>3</sup> The GDP deflator for Canada was recognized as a reasonable measure of inflation by the Board in Order No. P.U. 36 (1998-1999). The GDP increases are 0.91% in 2023, 1.95% in 2024, 1.63% in 2025, and 1.63% in 2026 [ $\$6,146 * 1.0091 * 1.0195 * 1.0163 * 1.0163 = \$6,531 - \$6,146 = \$385$ ].

<sup>4</sup> Consultant costs for 2026 forecast as compared to 2022 reflect additional costs related to regulatory proceedings such as: (i) Newfoundland Power’s next general rate application; and (ii) Newfoundland and Labrador Hydro’s next general rate application, including cost of service and other matters following the commissioning of the Muskrat Falls Project.