

1 **Section 2: Customer Operations/Operating Costs**

2  
3 **Q. Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
4 **December 12, 2023, vol. 1, Exhibits, exh. 1.**

5 **Please provide the cost breakdown by account in the same format and periods used**  
6 **in Exhibit 2. Please include 2023 Actuals and 2022 and 2023 Test Years for the**  
7 **functions provided. Please include the dollar and percentage change between**  
8 **Actuals and Test Year and provide an explanation of the reasons for the variance**  
9 **where they exceed ±10% and \$100,000 between Actuals and Test Year:**

- 10 a) **Distribution;**
- 11 b) **Power Produced;**
- 12 c) **Administration and Engineering Support;**
- 13 d) **Customer Service;**
- 14 e) **Energy Solutions;**
- 15 f) **Information Systems;**
- 16 g) **Financial Services; and**
- 17 h) **Corporate and Employee Services.**

18  
19 A. The Company’s current customer rates are based on the 2023 Test Year. As such  
20 variances between 2023 Actual and 2023 Test Year are provided. See also the response to  
21 Request for Information PUB-NP-018.

22  
23 See Attachment A for a detailed breakdown and explanation as requested.

**Operating Costs Breakdown by Function  
2022 to 2026 Forecast**

**Newfoundland Power Inc.  
Operating Costs by Function  
2022 to 2026 Forecast**

<b>Function</b>	<b>2022TY</b>	<b>2023TY</b>	<b>2022A</b>	<b>2023A</b>	<b>2023F</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>	<b>2023A vs. 2023TY</b>	
									<b>(\$)</b>	<b>(%)</b>
Distribution	9,487	9,741	11,295	10,812	10,755	11,102	11,500	11,919	1,071	11%
Power Produced	4,027	4,122	4,009	3,871	4,093	4,210	4,337	4,470	(251)	-6%
Administration and Engineering Support	8,433	9,341	8,929	9,705	9,429	9,700	10,054	10,425	364	4%
Customer Service	8,038	8,103	8,069	8,156	8,259	8,305	8,605	8,919	53	1%
Energy Solutions	886	946	585	733	873	828	873	897	(213)	-23%
Information Systems	6,407	7,311	6,430	7,610	7,264	8,172	8,724	9,150	299	4%
Financial Services	1,942	1,997	1,777	2,207	2,128	3,180	3,082	2,668	210	11%
Corporate and Employee Services	16,026	15,940	17,850	17,695	17,765	18,856	19,010	19,903	1,755	11%
<b>Total</b>	<b>55,246</b>	<b>57,501</b>	<b>58,944</b>	<b>60,789</b>	<b>60,566</b>	<b>64,353</b>	<b>66,185</b>	<b>68,351</b>	<b>3,288</b>	<b>6%</b>

**Newfoundland Power Inc.  
Distribution Operating Costs  
2022 to 2026 Forecast**

Breakdown	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. 2023TY	
									(\$)	(%)
Regular and Standby	4,673	4,819	5,330	5,265	5,027	5,218	5,450	5,695	446	9%
Temporary	5	6	2	26	7	8	8	8	20	333%
Overtime	2,350	2,417	2,664	2,268	2,392	2,483	2,594	2,710	(149)	-6%
<b>Total Labour</b>	<b>7,028</b>	<b>7,242</b>	<b>7,996</b>	<b>7,559</b>	<b>7,426</b>	<b>7,709</b>	<b>8,052</b>	<b>8,413</b>	<b>317</b>	<b>4%</b>
Fleet Repairs & Maintenance	3	3	-	1	-	-	-	-	(2)	-67%
Operating Materials	493	501	575	605	580	591	601	611	104	21%
Plants, Subs, System Oper & Bldgs	11	11	4	10	4	4	4	4	(1)	-9%
Travel	214	217	311	185	314	320	325	330	(32)	-15%
Tools and Clothing Allowance	45	46	37	8	37	38	39	39	(38)	-83%
Miscellaneous	45	46	37	53	38	38	38	41	7	15%
Taxes and Assessments	-	-	-	27	-	-	-	-	27	-
Education, Training, Employee Fees	11	11	24	38	24	25	25	25	27	245%
Other Company Fees	3	3	41	1	41	42	43	44	(2)	-67%
Equipment Rental/Maintenance	7	7	4	6	4	4	4	4	(1)	-14%
Telecommunications	2	2	1	2	1	1	1	1	-	-
Vegetation Management	1,625	1,652	2,265	2,274	2,286	2,330	2,368	2,407	622	38%
Computing Equipment & Software	-	-	-	43	-	-	-	-	43	0%
<b>Total Other</b>	<b>2,459</b>	<b>2,499</b>	<b>3,299</b>	<b>3,253</b>	<b>3,329</b>	<b>3,393</b>	<b>3,448</b>	<b>3,506</b>	<b>754</b>	<b>30%</b>
<b>Total</b>	<b>9,487</b>	<b>9,741</b>	<b>11,295</b>	<b>10,812</b>	<b>10,755</b>	<b>11,102</b>	<b>11,500</b>	<b>11,919</b>	<b>1,071</b>	<b>11%</b>

2023 Actual costs were higher than 2023 Test Year primarily as a result of increased vegetation management activity and higher labour for Distribution maintenance.

**Newfoundland Power Inc.**  
**Power Produced Operating Costs**  
**2022 to 2026 Forecast**

Breakdown	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. 2023TY	
									(\$)	(%)
Regular and Standby	1,869	1,926	1,819	1,850	1,919	1,992	2,081	2,175	(76)	-4%
Temporary	8	8	-	-	-	-	-	-	(8)	-100%
Overtime	114	118	94	105	78	81	85	88	(13)	-11%
<b>Total Labour</b>	<b>1,991</b>	<b>2,052</b>	<b>1,913</b>	<b>1,955</b>	<b>1,997</b>	<b>2,073</b>	<b>2,166</b>	<b>2,263</b>	<b>(97)</b>	<b>-5%</b>
Fleet Repairs & Maintenance	5	5	1	2	1	1	1	1	(3)	-60%
Operating Materials	202	206	147	130	148	151	154	156	(76)	-37%
Plants, Subs, System Oper & Bldgs	1,494	1,519	1,543	1,456	1,557	1,587	1,613	1,639	(63)	-4%
Travel	51	52	58	78	40	41	42	42	26	50%
Tools and Clothing Allowance	12	12	21	7	21	22	22	22	(5)	-42%
Miscellaneous	10	9	8	13	9	10	8	11	4	44%
Severance & Other Employee Costs	-	-	1	-	-	-	-	-	-	-
Education, Training, Employee Fees	3	3	7	3	7	7	7	7	-	-
Other Company Fees	123	126	176	104	178	181	184	187	(22)	-17%
Stationery & Copying	1	1	-	-	-	-	-	-	(1)	-100%
Equipment Rental/Maintenance	40	41	17	22	17	17	18	18	(19)	-46%
Telecommunications	1	1	-	1	-	-	-	-	-	-
Postage and Freight	3	3	4	2	4	4	4	4	(1)	-33%
Vegetation Management	91	92	113	98	114	116	118	120	6	7%
<b>Total Other</b>	<b>2,036</b>	<b>2,070</b>	<b>2,096</b>	<b>1,916</b>	<b>2,096</b>	<b>2,137</b>	<b>2,171</b>	<b>2,207</b>	<b>(154)</b>	<b>-7%</b>
<b>Total</b>	<b>4,027</b>	<b>4,122</b>	<b>4,009</b>	<b>3,871</b>	<b>4,093</b>	<b>4,210</b>	<b>4,337</b>	<b>4,470</b>	<b>(251)</b>	<b>-6%</b>

2023 Actual costs were consistent with 2023 Test Year.

**Newfoundland Power Inc.**  
**Administration and Engineering Support Operating Costs**  
**2022 to 2026 Forecast**

Breakdown	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. 2023TY	
									(\$)	(%)
Regular and Standby	5,580	6,291	5,628	5,995	6,033	6,263	6,541	6,836	(296)	-5%
Temporary	31	31	22	40	32	33	35	36	9	29%
Overtime	410	564	500	583	605	628	656	685	19	3%
<b>Total Labour</b>	<b>6,021</b>	<b>6,886</b>	<b>6,150</b>	<b>6,618</b>	<b>6,670</b>	<b>6,924</b>	<b>7,232</b>	<b>7,557</b>	<b>(268)</b>	<b>-4%</b>
Fleet Repairs & Maintenance	-	-	1	2	1	1	1	1	2	-
Operating Materials	142	144	215	212	217	221	225	228	68	47%
Plants, Subs, System Oper & Bldgs	48	49	54	2	54	56	56	57	(47)	-96%
Travel	164	167	261	222	263	268	273	277	55	33%
Tools and Clothing Allowance	1,157	1,176	1,280	1,677	1,292	1,317	1,338	1,360	501	43%
Miscellaneous	138	143	157	155	159	162	165	168	12	8%
Severance & Other Employee Costs	1	1	-	1	-	-	-	-	-	-
Education, Training, Employee Fees	84	86	89	167	140	143	145	148	81	94%
Other Company Fees	187	190	323	230	205	173	176	179	40	21%
Stationery & Copying	15	15	4	11	4	4	4	4	(4)	-27%
Equipment Rental/Maintenance	382	388	295	320	323	329	335	340	(68)	-18%
Telecommunications	3	3	4	3	4	4	4	4	-	-
Postage and Freight	5	5	10	1	10	10	10	11	(4)	-80%
Advertising	-	-	1	-	1	1	1	1	-	-
Vegetation Management	-	-	-	-	-	-	-	-	-	-
Computing Equipment & Software	86	88	85	84	86	87	89	90	(4)	-5%
<b>Total Other</b>	<b>2,412</b>	<b>2,455</b>	<b>2,779</b>	<b>3,087</b>	<b>2,759</b>	<b>2,776</b>	<b>2,822</b>	<b>2,868</b>	<b>632</b>	<b>26%</b>
<b>Total</b>	<b>8,433</b>	<b>9,341</b>	<b>8,929</b>	<b>9,705</b>	<b>9,429</b>	<b>9,700</b>	<b>10,054</b>	<b>10,425</b>	<b>364</b>	<b>4%</b>

2023 Actual costs were consistent with 2023 Test Year.

**Newfoundland Power Inc.  
Customer Service Operating Costs  
2022 to 2026 Forecast**

Breakdown	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. 2023TY	
									(\$)	(%)
Regular and Standby	4,438	4,484	5,997	6,073	6,037	6,066	6,336	6,621	1,589	35%
Temporary	1,694	1,742	160	219	340	353	369	385	(1,523)	-87%
Overtime	188	193	135	158	162	168	176	184	(35)	-18%
<b>Total Labour</b>	<b>6,320</b>	<b>6,419</b>	<b>6,292</b>	<b>6,450</b>	<b>6,539</b>	<b>6,587</b>	<b>6,881</b>	<b>7,190</b>	<b>31</b>	<b>0%</b>
Fleet Repairs & Maintenance	-	-	-	-	-	-	-	-	-	-
Operating Materials	10	10	16	12	16	16	17	17	2	20%
Plants, Subs, System Oper & Bldgs	-	-	-	-	-	-	-	-	-	-
Travel	94	96	90	127	91	93	94	96	31	32%
Tools and Clothing Allowance	11	11	12	8	12	12	13	13	(3)	-27%
Miscellaneous	151	155	165	123	167	170	171	176	(32)	-21%
Education, Training, Employee Fees	8	8	8	18	8	8	8	8	10	125%
Other Company Fees	139	141	133	145	134	137	139	141	4	3%
Stationery & Copying	127	129	130	121	131	134	136	138	(8)	-6%
Equipment Rental/Maintenance	-	-	-	2	-	-	-	-	2	-
Telecommunications	-	-	-	-	-	-	-	-	-	-
Postage and Freight	1,178	1,134	1,223	1,150	1,161	1,148	1,146	1,140	16	1%
Advertising	-	-	-	-	-	-	-	-	-	-
<b>Total Other</b>	<b>1,718</b>	<b>1,684</b>	<b>1,777</b>	<b>1,706</b>	<b>1,720</b>	<b>1,718</b>	<b>1,724</b>	<b>1,729</b>	<b>22</b>	<b>1%</b>
<b>Total</b>	<b>8,038</b>	<b>8,103</b>	<b>8,069</b>	<b>8,156</b>	<b>8,259</b>	<b>8,305</b>	<b>8,605</b>	<b>8,919</b>	<b>53</b>	<b>1%</b>

2023 Actual costs were consistent with 2023 Test Year.

**Newfoundland Power Inc.  
Energy Solutions Operating Costs  
2022 to 2026 Forecast**

<b>Breakdown</b>	<b>2022TY</b>	<b>2023TY</b>	<b>2022A</b>	<b>2023A</b>	<b>2023F</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>	<b>2023A vs. 2023TY</b>	
									<b>(\$)</b>	<b>(%)</b>
Regular and Standby	386	402	279	334	402	348	388	402	(68)	-17%
Temporary	-	-	-	-	-	-	-	-	-	-
Overtime	8	9	14	13	11	10	11	11	4	44%
<b>Total Labour</b>	<b>394</b>	<b>411</b>	<b>293</b>	<b>347</b>	<b>413</b>	<b>358</b>	<b>399</b>	<b>413</b>	<b>(64)</b>	<b>-16%</b>
Fleet Repairs & Maintenance	-	-	-	1	-	-	-	-	1	-
Operating Materials	-	-	-	1	-	-	-	-	1	-
Travel	31	32	9	28	27	36	36	37	(4)	-13%
Tools and Clothing Allowance	-	-	-	1	-	-	-	-	1	-
Miscellaneous	203	246	75	106	204	209	206	212	(140)	-57%
Education, Training, Employee Fees	10	15	8	10	15	10	10	10	(5)	-33%
Other Company Fees	-	-	-	-	-	-	-	-	-	-
Telecommunications	-	-	-	1	-	-	-	-	1	-
Postage and Freight	-	-	-	-	-	-	-	-	-	-
Advertising	248	242	200	238	214	215	222	225	(4)	-2%
<b>Total Other</b>	<b>492</b>	<b>535</b>	<b>292</b>	<b>386</b>	<b>460</b>	<b>470</b>	<b>474</b>	<b>484</b>	<b>(149)</b>	<b>-28%</b>
<b>Total</b>	<b>886</b>	<b>946</b>	<b>585</b>	<b>733</b>	<b>873</b>	<b>828</b>	<b>873</b>	<b>897</b>	<b>(213)</b>	<b>-23%</b>

2023 Actual costs were lower than 2023 Test Year primarily as a result of reduced education and outreach following the Covid-19 pandemic.



**Newfoundland Power Inc.  
Information Systems Operating Costs  
2022 to 2026 Forecast**

Breakdown	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. 2023TY	
									(\$)	(%)
Regular and Standby	2,727	2,902	2,470	2,508	2,338	2,351	2,445	2,551	(394)	-14%
Temporary	21	22	89	187	33	34	35	37	165	750%
Overtime	57	59	97	125	86	89	93	97	66	112%
<b>Total Labour</b>	<b>2,805</b>	<b>2,983</b>	<b>2,656</b>	<b>2,820</b>	<b>2,457</b>	<b>2,474</b>	<b>2,573</b>	<b>2,685</b>	<b>(163)</b>	<b>-5%</b>
Operating Materials	97	98	70	92	71	72	73	74	(6)	-6%
Plants, Subs, System Oper & Bldgs	-	-	-	-	-	-	-	-	-	-
Travel	41	42	39	84	39	40	41	41	42	100%
Tools and Clothing Allowance	1	1	-	4	-	-	-	-	3	300%
Miscellaneous	27	27	16	13	15	17	17	18	(14)	-52%
Education, Training, Employee Fees	28	28	45	50	45	46	47	48	22	79%
Other Company Fees	232	310	419	545	594	936	951	967	235	76%
Equipment Rental/Maintenance	221	276	167	233	169	172	175	177	(43)	-16%
Telecommunications	185	188	224	199	226	230	234	238	11	6%
Postage and Freight	-	-	-	1	-	-	-	-	1	-
Computing Equipment & Software	2,770	3,358	2,794	3,569	3,648	4,185	4,613	4,902	211	6%
<b>Total Other</b>	<b>3,602</b>	<b>4,328</b>	<b>3,774</b>	<b>4,790</b>	<b>4,807</b>	<b>5,698</b>	<b>6,151</b>	<b>6,465</b>	<b>462</b>	<b>11%</b>
<b>Total</b>	<b>6,407</b>	<b>7,311</b>	<b>6,430</b>	<b>7,610</b>	<b>7,264</b>	<b>8,172</b>	<b>8,724</b>	<b>9,150</b>	<b>299</b>	<b>4%</b>

2023 Actual costs were consistent with 2023 Test Year.

**Newfoundland Power Inc.  
Financial Services Operating Costs  
2022 to 2026 Forecast**

<b>Breakdown</b>	<b>2022TY</b>	<b>2023TY</b>	<b>2022A</b>	<b>2023A</b>	<b>2023F</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>	<b>2023A vs. 2023TY</b>	
									<b>(\$)</b>	<b>(%)</b>
Regular and Standby	1,608	1,657	1,515	1,647	1,705	1,573	1,647	1,726	(10)	-1%
Temporary	14	14	-	34	-	-	-	-	20	143%
Overtime	30	31	15	16	22	23	24	25	(15)	-48%
<b>Total Labour</b>	<b>1,652</b>	<b>1,702</b>	<b>1,530</b>	<b>1,697</b>	<b>1,727</b>	<b>1,596</b>	<b>1,671</b>	<b>1,751</b>	<b>(5)</b>	<b>0%</b>
Operating Materials	-	-	-	3	-	-	-	-	3	-
Travel	20	20	11	17	11	11	12	12	(3)	-15%
Miscellaneous	19	21	20	78	21	21	21	21	57	271%
Taxes and Assessments	201	204	196	152	198	202	205	208	(52)	-25%
Education, Training, Employee Fees	13	13	13	16	13	13	14	14	3	23%
Other Company Fees	37	37	7	244	158	1,337	1,159	662	207	559%
<b>Total Other</b>	<b>290</b>	<b>295</b>	<b>247</b>	<b>510</b>	<b>401</b>	<b>1,584</b>	<b>1,411</b>	<b>917</b>	<b>215</b>	<b>73%</b>
<b>Total</b>	<b>1,942</b>	<b>1,997</b>	<b>1,777</b>	<b>2,207</b>	<b>2,128</b>	<b>3,180</b>	<b>3,082</b>	<b>2,668</b>	<b>210</b>	<b>11%</b>

2023 Actual costs were higher than 2023 Test Year primarily as a result of higher external consultant costs.

**Newfoundland Power Inc.**  
**Corporate and Employee Services Operating Costs**  
**2022 to 2026 Forecast**

Breakdown	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. 2023TY	
									(\$)	(%)
Regular and Standby	8,198	8,429	9,671	8,983	9,087	9,928	10,204	10,576	554	7%
Temporary	270	278	250	153	230	239	250	261	(125)	-45%
Overtime	53	54	74	153	54	56	58	61	99	183%
<b>Total Labour</b>	<b>8,521</b>	<b>8,761</b>	<b>9,995</b>	<b>9,289</b>	<b>9,371</b>	<b>10,223</b>	<b>10,512</b>	<b>10,898</b>	<b>528</b>	<b>6%</b>
Fleet Repairs & Maintenance	-	-	-	1	-	-	-	-	1	-
Operating Materials	132	134	97	93	98	100	101	103	(41)	-31%
Inter-Company Charges	27	28	27	32	27	28	28	29	4	14%
Plants, Subs, System Oper & Bldgs	1,673	1,701	1,921	1,962	1,938	1,976	2,008	2,041	261	15%
Travel	191	195	241	311	287	292	297	302	116	59%
Tools and Clothing Allowance	11	11	10	17	10	10	10	11	6	55%
Miscellaneous	968	942	962	997	972	993	1,009	1,020	55	6%
Taxes and Assessments	961	977	1,192	1,129	1,203	1,226	1,246	1,266	152	16%
Severance & Other Employee Costs	130	132	155	213	157	160	163	166	81	61%
Education, Training, Employee Fees	164	162	195	259	247	252	256	260	97	60%
Trustee and Directors' Fees	701	712	687	635	693	760	772	785	(77)	-11%
Other Company Fees	1,992	1,610	1,709	2,054	2,123	2,184	1,946	2,348	444	28%
Stationery & Copying	112	114	106	175	107	109	111	113	61	54%
Equipment Rental/Maintenance	124	126	144	113	120	122	124	126	(13)	-10%
Telecommunications	12	13	-	-	-	-	-	-	(13)	-100%
Postage and Freight	29	30	27	39	27	28	28	29	9	30%
Advertising	278	292	382	376	385	393	399	406	84	29%
<b>Total Other</b>	<b>7,505</b>	<b>7,179</b>	<b>7,855</b>	<b>8,406</b>	<b>8,394</b>	<b>8,633</b>	<b>8,498</b>	<b>9,005</b>	<b>1,227</b>	<b>17%</b>
<b>Total</b>	<b>16,026</b>	<b>15,940</b>	<b>17,850</b>	<b>17,695</b>	<b>17,765</b>	<b>18,856</b>	<b>19,010</b>	<b>19,903</b>	<b>1,755</b>	<b>11%</b>

2023 Actual costs were higher than 2023 Test Year primarily as a result of higher labour costs, increased costs associated with external consultants including regulatory proceedings, increased costs associated with building maintenance and snow clearing, higher taxes and assessments and higher travel.