

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. 2.**

5 **Please provide a detailed breakdown and explanation of all costs included in the**
6 **categories provided by year for 2022 to 2026 Forecast including 2023 Actuals and**
7 **2022 and 2023 Test Years. Please include the dollar and percentage change between**
8 **Actuals and Test Years and explain the reasons for the variance where they exceed**
9 **± 10% between Actuals and Test Years.**

- 10 a) **Vehicle Expenses;**
11 b) **Travel;**
12 c) **Miscellaneous;**
13 d) **Education, Training, and Employee Fees;**
14 e) **Vegetation Management; and**
15 f) **Other Company Fees.**

16
17 A. The Company’s current customer rates are based on the 2023 Test Year. As such
18 variance explanations between 2023 Actual and 2023 Test Year are provided. See also
19 the response to Request for Information PUB-NP-018.

20
21 See Attachment A for a detailed breakdown and explanation as requested.

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

**Newfoundland Power Inc.
Operating Cost by Breakdown
2022 to 2026 Forecast
(\$000s)**

	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. Test Year	
									(\$)	(%)
Vehicle Expenses	1,702	1,730	2,184	1,940	2,101	2,142	2,177	2,212	210	12%
Travel	876	891	1,120	1,163	1,148	1,179	1,198	1,217	272	31%
Miscellaneous	1,568	1,595	1,467	1,574	1,608	1,640	1,663	1,691	(21)	-1%
Education, Training, Employee Fees	348	354	396	564	508	512	520	528	210	59%
Vegetation Management	2,401	2,441	3,230	3,328	3,259	3,323	3,377	3,432	887	36%
Other Company Fees	2,868	2,574	2,945	3,544	3,572	5,131	4,771	4,672	970	38%
Total	9,763	9,585	11,342	12,113	12,196	13,927	13,706	13,752	2,528	26%

**Newfoundland Power Inc.
Vehicle Expenses
2022 to 2026 Forecast
(\$000s)**

	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. Test Year	
									(\$)	(%)
Distribution	3	3	-	1	-	-	-	-	(2)	-67%
Substations	1	1	-	-	-	-	-	-	(1)	-100%
Power Produced	5	5	1	2	1	1	1	1	(3)	-60%
Administration & Engineering Support	-	-	1	2	1	1	1	1	2	0%
Fleet Operations & Maintenance	1,693	1,721	2,182	1,933	2,099	2,140	2,175	2,210	212	12%
Energy Solutions	-	-	-	1	-	-	-	-	1	0%
Corporate & Employee Services	-	-	-	1	-	-	-	-	1	0%
Total	1,702	1,730	2,184	1,940	2,101	2,142	2,177	2,212	210	12%

Fleet Repairs & Maintenance includes the Company's operating vehicle expenses such as fuel and lubrication & maintenance and other vehicle related costs.

2023 Actual costs were higher than 2023 Test Year primarily as a result of increased fuel prices and increased lubrication & maintenance.

Newfoundland Power Inc.
Travel
2022 to 2026 Forecast
(\$000s)

	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. Test Year	
									(\$)	(%)
Distribution	215	216	311	184	315	321	325	331	(32)	-15%
Transmission	15	16	21	37	21	22	22	22	21	131%
Substations	52	53	74	70	49	50	51	52	17	32%
Power Produced	51	52	58	78	40	41	42	42	26	50%
Administration & Engineering Support	164	167	261	222	263	268	273	277	55	33%
Environment	1	1	3	4	3	3	3	3	3	300%
Fleet Operations & Maintenance	1	1	2	1	2	2	2	2	-	0%
Customer Services	94	96	90	127	91	93	94	96	31	32%
Energy Solutions	31	32	9	28	27	36	36	37	(4)	-13%
Information Systems	41	42	39	84	39	40	41	41	42	100%
Financial Services	20	20	11	17	11	11	12	12	(3)	-15%
Corporate & Employee Services	191	195	241	311	287	292	297	302	116	59%
Total	876	891	1,120	1,163	1,148	1,179	1,198	1,217	272	31%

Travel includes operating costs for airfare, hotels, vehicle rentals, relocation and other travel related costs.

2023 Actual costs were higher than 2023 Test Year primarily as a result of a return to normal levels of company travel due to the lifting of public health restrictions established during the COVID-19 pandemic.

**Newfoundland Power Inc.
Miscellaneous
2022 to 2026 Forecast
(\$000s)**

	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. Test Year	
									(\$)	(%)
Distribution	46	47	37	54	37	38	39	39	7	15%
Transmission	-	-	5	5	5	5	5	5	5	0%
Substations	4	4	15	19	15	15	16	16	15	375%
Power Produced	10	10	8	13	8	8	8	8	3	30%
Administration & Engineering Support	138	141	157	154	158	162	164	167	13	9%
Telecommunications	1	1	1	2	1	1	1	1	1	100%
Environment	2	2	2	7	2	2	2	2	5	250%
Fleet Operations & Maintenance	1	1	4	6	4	4	4	4	5	500%
Customer Services	153	155	165	121	166	170	173	175	(34)	-22%
Energy Solutions	203	245	75	106	204	208	207	212	(139)	-57%
Information Systems	25	26	16	12	16	16	17	17	(14)	-54%
Financial Services	20	20	20	77	20	21	21	21	57	285%
Corporate & Employee Services	965	943	962	998	972	990	1,006	1,024	55	6%
Total	1,568	1,595	1,467	1,574	1,608	1,640	1,663	1,691	(21)	-1%

Miscellaneous includes costs not related to another cost category, including, for example, employee health and wellness programs, damage claims and customer satisfaction surveys.

2023 Actual costs were consistent with 2023 Test Year.

**Newfoundland Power Inc.
Education, Training and Employee Fees
2022 to 2026 Forecast
(\$000s)**

	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. Test Year	
									(\$)	(%)
Distribution	11	11	24	38	24	25	25	25	27	245%
Substations	25	25	6	2	6	6	6	6	(23)	-92%
Power Produced	3	3	7	3	7	7	7	7	-	0%
Administration & Engineering Support	84	86	89	167	140	143	145	148	81	94%
Telecommunications	-	-	1	-	1	1	1	1	-	0%
Environment	3	3	-	1	-	-	-	-	(2)	-67%
Customer Services	8	8	8	18	8	8	8	8	10	125%
Energy Solutions	10	15	8	10	15	10	10	10	(5)	-33%
Information Systems	28	28	45	50	45	46	47	48	22	79%
Financial Services	13	13	13	16	13	13	14	14	3	23%
Corporate & Employee Services	163	162	195	259	249	253	257	261	97	60%
Total	348	354	396	564	508	512	520	528	210	59%

Education, Training and Employee Fees includes operating costs associated with external training, required safety training, conferences and other training related costs.

2023 Actual costs were higher than 2023 Test Year primarily as a result of the continued effect of the COVID-19 pandemic limiting group training events from 2020 through 2022. Operating costs in 2023 primarily reflect higher group health and safety training costs.

Newfoundland Power Inc.
Vegetation Management
2022 to 2026 Forecast
(\$000s)

	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. Test Year	
									(\$)	(%)
Distribution	1,625	1,653	2,265	2,273	2,285	2,330	2,368	2,407	620	38%
Transmission	579	588	723	852	730	744	756	768	264	45%
Substations	106	108	129	105	130	133	135	137	(3)	-3%
Power Produced	91	92	113	98	114	116	118	120	6	7%
Total	2,401	2,441	3,230	3,328	3,259	3,323	3,377	3,432	887	36%

Vegetation Management includes costs to remove or maintain vegetation around Company plant, as required for the safe and reliable operation of the electrical system.

2023 Actual costs were higher than 2023 Test Year primarily as a result of additional distribution and transmission vegetation management activity, including inflationary increases.

Newfoundland Power Inc.
Other Company Fees
2022 to 2026 Forecast
(\$000s)

	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2023A vs. Test Year	
									(\$)	(%)
Distribution	3	3	41	1	41	42	43	44	(2)	-67%
Transmission	-	-	1	-	1	1	1	1	-	0%
Substations	121	123	122	128	123	126	128	130	5	4%
Power Produced	123	126	176	104	178	181	184	187	(22)	-17%
Administration & Engineering Support	187	190	323	230	205	173	176	179	40	21%
Telecommunications	-	-	-	1	-	-	-	-	1	0%
Environment	32	33	14	93	14	14	45	14	60	182%
Customer Services	139	141	133	145	134	137	139	141	4	3%
Information Systems	232	310	419	545	594	936	951	967	235	76%
Financial Services	37	37	7	244	158	1,337	1,159	662	207	559%
Corporate & Employee Services	1,994	1,611	1,709	2,053	2,124	2,184	1,945	2,347	442	27%
Total	2,868	2,574	2,945	3,544	3,572	5,131	4,771	4,672	970	38%

Other Company Fees primarily include professional fees including engineering studies, external audit and regulatory and legal fees, Electricity Canada fees, and other consulting fees.

2023 Actual costs were higher than 2023 Test Year primarily as a result of increased costs associated with regulatory proceedings, higher external consultant costs in Technology including cybersecurity and higher external consultant costs in Finance.