

1 **Q. Newfoundland Power states it "is forecasting an annual increase in labour costs of**  
2 **approximately 1.4% from 2015 to 2020. Newfoundland Power's weighted labour**  
3 **rate increase is forecast to average approximately 2.4% per year over the same**  
4 **period. This implies operating efficiency of approximately 1.0% per year.**

5  
6 **a) Please provide the total average real wage increase over the 2015-2020 period.**

7  
8 **b) Please explain the operating efficiency metric Newfoundland Power is using.**  
9 **Please specify other businesses or utilities that use this metric. What other**  
10 **metrics are commonly used to gauge operating efficiency and labour costs?**

11  
12 **c) Please comment on how Newfoundland Power's wages for union, nonunion and**  
13 **executive classifications compare to those of other investor owned utilities in**  
14 **Canada including ATCO Electric, FortisAlberta, FortisBC Electric,**  
15 **FortisOntario Inc, other Ontario electric distributors; Maritime Electric; and**  
16 **Nova Scotia Power.**

17  
18 **A. a) Please see response to Request for Information PUB-NP-006.**

19  
20 **b) The operating efficiency metric referenced in the question is a comparison of**  
21 **Newfoundland Power's annual labour rate inflation with the Company's forecast**  
22 **annual increase in operating labour costs. The Company's calculation of annual**  
23 **labour rate inflation is a weighted calculation based upon base wage increases and**  
24 **forecast progression increases in employees' wages as a result of experience.<sup>1</sup> If the**  
25 **annual increase in the Company's labour costs is lower than the weighted labour rate**  
26 **increase over the same period, this is an indicator of operating efficiency.**

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28 Please see response to Request for Information PUB-NP-007 for a comparison of  
29 Newfoundland Power's annual labour cost increase to the annual labour rate inflation.

30  
31 Newfoundland Power does not track or maintain information related to operating  
32 efficiency metrics of other businesses or utilities.

33  
34 Please see response to Request for Information PUB-NP-002 for additional  
35 information regarding the metrics used to gauge operating efficiency over the 2015-  
36 2020 period.

37  
38 **c) Newfoundland Power is unable to comment on how its wages for union, non-union**  
39 **and executive classifications compare to those of other investor-owned utilities in**  
40 **Canada because it does not have such information for investor-owned utilities that are**  
41 **not used as comparators in establishing wages and salaries for Newfoundland Power**  
42 **employees.**

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<sup>1</sup> The collective agreements for the Craft and Clerical bargaining units expired on September 30, 2017. The forecast annual labour rate inflation for the test period reflects the latest wage offer to the union.

1 Newfoundland Power benchmarks its unionized employee wages against those of the  
2 other Atlantic Canadian utilities. For further information, see Request for Information  
3 IBEW-NP-005(d).  
4

5 External market comparisons are used to establish Newfoundland Power's non-union  
6 and executive salaries. For further information, see Request for Information  
7 IBEW-NP-005(b).