

- 1 **Q. Reference: “2022/2023 General Rate Application,” Newfoundland Power, May 27,**
2 **2021, Volume 1, Page 1-5, Lines 8-10**
3
4 **a) Please provide the details of the increase in labour costs per year from 2019 to**
5 **2023.**
6
7 **b) Please provide the calculation of the labour inflation rate and provide the**
8 **assumptions explaining the derivation.**
9
10 **c) Newfoundland Power’s application states: “Operating labour costs are forecast**
11 **to increase by approximately 2.1% annually from 2019 to 2023. This is**
12 **approximately 1% less than the Company’s annual labour inflation over the**
13 **same period.” Please provide the calculations that reflect this statement.**
14
15 **A. a) For details on changes in labour costs from 2019 to 2023 forecast, see the 2022/2023**
16 **General Rate Application, Volume 1, Application, Company Evidence and Exhibits,**
17 **Section 2.4.1: Operating Costs.¹**
18
19 **b) For the calculation and details on Newfoundland Power’s labour inflation rate, see the**
20 **2022/2023 General Rate Application, Volume 1, Application, Company Evidence and**
21 **Exhibits, Section 2.4.1: Operating Costs, footnote 83 on page 2-38.**
22 **c) Table 1 provides the requested calculation.**

**Table 1:
Operating Labour Cost Compared to Pro forma Labour (Inflation Only)
2019A compared to 2023F
(\$000s)**

	2019	2023F	Change	Change (%)
Operating Labour ²	35,241	38,136	2,895	2.05 ³
Pro forma Operating Labour	35,241	39,479 ⁴	4,238	3.01 ⁵
Difference	-	(1,343)	(1,343)	(0.96)

¹ The discussion on labour costs begins on page 2-37.

² See the 2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2: Customer Operations, page 2-37, Table 2-11.

³ \$2,895 / \$35,241 / 4 years = 0.0205, or approximately 2.1%.

⁴ Pro forma 2023 operating labour is calculated by applying Newfoundland Power’s annual inflation rate to the Company’s 2019 operating labour [$\$35,241 * 1.0292 * 1.0275 * 1.0300 * 1.0285 = \$39,479$]. See the 2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2: Customer Operations, page 2-38, footnote 83.

⁵ \$4,238 / \$35,241 / 4 years = 0.0301.