

1 Q. **Grant Thornton's Prefiled Evidence**

2 Page 38 and 39 – Please provide a schedule of changes in salaries from
3 actual 2002 to forecast 2003 and forecast 2004 which indicates the specific
4 reason for the increase/decrease and the amount of the increase/decrease in
5 each case.

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8 A. Please see attached schedule.

Newfoundland & Labrador Hydro Salary Expense

Description	2002 Actuals	2003 Forecast	Variance	2004 Forecast	Variance
Salaries	50,323	48,877	(1,446) ¹	49,925	1,048 ¹
Directors fees	23	62	39 ²	62	0 ²
Overtime	3,910	2,969	(941) ³	2,864	(105) ³
Employee Future Benefits	2,445	3,631	1,186 ⁴	3,727	96 ⁴
Fringe Benefits	6,630	6,965	335 ⁵	7,110	145 ⁵
Group Insurance	1,123	2,000	877 ⁶	1,950	(50) ⁶
Labrador Travel Benefit	105	101	(4) ⁷	99	(2) ⁷
Vacancy Allowance	0	(1,000)	(1,000) ⁸	(2,500)	(1,500) ⁸
	<u>64,559</u>	<u>63,605</u>	<u>(954)</u>	<u>63,237</u>	<u>(368)</u>

1 Decrease in 2003 is mainly due to the full year's effect of the 46 positions eliminated in late 2002 partially offset by general scaling increases. The increase in 2004 is mainly due to an overall scaling increase of approximately 3%.

2 Less travel expenses in 2002.

3 Overtime is forecast to be lower.

4 Increase is due to higher projected costs in actuarial estimates. This higher cost is a result of increased cost of health care benefits.

5 Increase is due to escalating Provincial Pension Plan rates and to a lesser extent, Canada Pension Plan contributions.

6 Increase is due to higher group insurance rates which resulted from higher costs for drugs and expanded coverage for temporary employees.

7 The variance for Labrador Travel Benefit is not material.

8 Anticipated future savings as a result of a continuous review of Hydro's work processes.