

1 **Q. Re: Operating Cost – Electrical Supply, page 3-27, Table 3-5**

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3 **For each Electrical Supply function please prepare a chart that shows the cost in**
4 **each year (2013 through 2017), the percentage increase in each year and the**
5 **variance from the trend line for this time period. Explain all deviations from the**
6 **trend line that exceed 5% of the 2013 costs.**

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8 A. Please refer to Attachment A.

Newfoundland Power Inc.
Re: Operating Costs – Electricity Supply, page 3-27, Table 3-5
2013-2017(F)

Operating Costs - Electricity Supply
2013 to 2017 F
(\$000s)

	2013	2014	2015 F	2016 F	2017 F	% Increase over Prior Year				Variance to Trend	
						2014	2015 F	2016 F	2017 F	\$	%
Electricity Supply											
Distribution	\$9,226	\$8,994	\$8,668	\$9,053	\$9,321	-2.5%	-3.6%	4.4%	3.0%	-436	-4.5%
Transmission	928	1,289	1,025	1,050	1,075	38.9%	-20.4%	2.4%	2.4%	94	9.6% 1
Substations	2,629	2,627	2,624	2,734	2,814	-0.1%	-0.1%	4.2%	2.9%	33	1.2%
Power Produced	2,877	2,985	2,918	3,038	3,125	3.7%	-2.2%	4.1%	2.9%	82	2.7%
Administrative & Engineering	6,866	8,248	7,370	7,696	7,922	20.1%	-10.7%	4.4%	2.9%	660	9.1% 2
Telecommunications	1,418	1,552	1,438	1,370	1,399	9.5%	-7.4%	-4.7%	2.1%	-101	-6.7%
Environment	243	210	288	292	300	-13.5%	37.2%	1.1%	2.9%	43	16.7% 3
Fleet Operations & Maintenance	1,885	1,912	1,781	1,728	1,619	1.4%	-6.9%	-3.0%	-6.3%	-375	-18.8%
Total Electricity Supply	\$26,072	\$27,817	\$26,112	\$26,961	\$27,575	6.7%	-6.1%	3.3%	2.3%	0	0.0%

Deviations from the trend line that exceed 5%

- 1. Transmission:** Variance is due primarily to increased operating labour for transmission inspections, maintenance and vegetation management activity.
- 2. Administrative & Engineering:** Variance is due primarily to normal labour inflation as operating labour costs represent two thirds of total costs in this category. Other factors include an increased overtime and centralized scheduling and dispatch of work. The benefits of the centralized scheduling and dispatch are outlined in detail in Section 3.3.3: Operations Outlook, Pages 3-19 to 3-21.
- 3. Environment:** Variance is due primarily to normal labour inflation as operating labour costs represents approximately 68% of the total costs in this category.