

1 **Q. In PUB-NP-036, the Company states that between 1995 and 2014, Newfoundland**
2 **Power has reduced its work force by approximately 23%. What impact did the**
3 **associated labour cost reductions have on the Company's ability to earn its allowed**
4 **return from 1995 on?**
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6 A. Newfoundland Power's approved and actual returns on equity for the years 1990–2014
7 are provided in the response to Request for Information CA-NP-019. Further information
8 regarding the Company's historic returns on equity over that period is provided in the
9 response to Request for Information CA-NP-306.

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11 The ability of Newfoundland Power to earn its allowed return on equity in any given year
12 is dependent on a number of factors. Reviewing the impact of any one factor in isolation
13 is not possible since it would have been considered in combination with other
14 management decisions during the year.

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16 Newfoundland Power's operations and costs are routinely reviewed by the Board in
17 general rate applications. Over the 1995-2014 period, the Company filed a total of 6
18 general rate applications with the Board.¹ Labour costs are commonly reviewed by the
19 Board in combination with other costs and factors to ensure the Company is meeting its
20 obligation to provide service to customers at the lowest possible cost consistent with
21 reliable service.

¹ See Order Nos. P.U. 7 (1996-97), P.U. 36 (1998-99), P.U. 19 (2003), P.U. 32 (2007), P.U. 43 (2009), and P.U. 13 (2013).