

1 Q. **2017 General Rate Application - Operations**

2 Page 3.34, footnote 72 – Describe the process used to determine the 2016 and
3 2017 salary adjustments for staff and state for each year the general economic
4 adjustment given, the average amount given for progression and whether any
5 amounts were given for merit adjustments, special adjustments or incentives.
6

7 A. Hydro’s approach in 2016 and 2017 for its non-union compensation continues to be
8 competitively positioned with other Atlantic Canada Electric Utilities. Previously,
9 annual recommendations were made to the CEO of Newfoundland and Labrador
10 Hydro and the Nalcor Board of Directors Compensation Committee regarding the
11 non-union Salary Administration Matrix, which was based on a comprehensive
12 market review. The market review includes various compensation surveys,¹ a
13 review of market competitiveness in the Atlantic region and Newfoundland and
14 Labrador,² industry specific benchmarks and trends, and cost of living indicators
15 such as the Newfoundland and Labrador Consumer Price Index (CPI) forecast. In
16 developing the recommendations for 2016 and 2017, consideration was also given
17 to the current cost challenges and financial constraints impacting the Company and
18 the Province. There was no economic adjustment given in 2016 and 2017 for non-
19 union employees.
20

21 The 2016 and 2017 economic adjustments for unionized personnel were stipulated
22 by the negotiated terms of the collective agreements with IBEW Local 1615. An

¹ Hydro participates in annual compensation planning surveys such as Mercer Forecast, Conference Board of Canada and Hay Group Forecast.

² Including salary adjustment data from Atlantic Canada Electric Utilities such as Newfoundland Power, Nova Scotia Power, Maritime Electric and New Brunswick Power are reviewed and considered.

1 economic adjustment of 2% was applied for 2016 and 2017 with the Operations and
 2 Office Workers bargaining units.

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4 Progression amounts for unionized personnel were applied per the respective
 5 collective agreements. Non-unionized personnel also progressed per the Graduate
 6 Engineering program. Table 1 provides a breakdown of the amounts for general
 7 economic adjustment, progression and merit adjustments, and special adjustments
 8 and incentives.

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Table 1 Details of Salary Adjustments for 2016 and 2017

Year		Merit / Progression/ Other (000's)	Economic (000's)	Overall % Increase ³	Other Adjustments & Incentive ⁴ (000's)
2016	Union	\$ 831	\$ 779	2.3%	
	Non-Union	\$ 486	\$ -	0.7%	\$ 705
2017	Union	\$ 542	\$ 842	2.2%	
	Non-Union	\$ 597	\$ -	0.9%	\$ 849

³ 2016 compared to 2015 actual.

⁴ Payments for 2016 were paid in April 2017 and the amount forecast for 2017, subject to Board of Directors approval, is forecast to be paid in April 2018.