

1 **Q. Newfoundland Power states "[c]ustomers expect the service they receive to be**
2 **reasonably priced. Balancing reliability and least-cost service delivery requires**
3 **efficiency within Newfoundland Power's operations. These expectations are broadly**
4 **reflected in Newfoundland and Labrador's provincial power policy. The policy**
5 **requires Newfoundland Power to manage its operations in a manner that results in**
6 **power being delivered to customers at the lowest possible cost consistent with**
7 **reliable service."**

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- 10 a) **Please explain how a 1.2% general rate increase to provide Newfoundland**
11 **Power a higher ROE accords with customers' expectations of least-cost service**
12 **and provincial power policy which requires Newfoundland Power to deliver**
13 **power to customers at the lowest cost possible.**
 - 14 b) **Please explain how a higher ROE will contribute to reasonably priced and**
15 **reliable service.**
 - 16 c) **Given Newfoundland Power's reported SAIDI and SAIFI results, does the**
17 **Company agree that its workforce contributes to the reliable service it provides?**
18 **If so, does Newfoundland Power see any risk to service reliability by requesting a**
19 **higher ROE for its shareholders while collective bargaining negotiations are**
20 **stalled, in part because the Company is reluctant to meet employees' wage**
21 **increase expectations?**
 - 22 d) **Please comment on Newfoundland Power's ability to recruit and retain high**
23 **quality employees, that contribute to the reliable service it provides, given the**
24 **current labour situation, which is exacerbated, in part, by the Company's**
25 **request for a higher ROE.**

- 26 A. a) See the response to Request for Information IBEW-NP-009.
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28 b) See the response to Request for Information IBEW-NP-009.
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30 c) Yes, the Company agrees that its employees contribute to the reliable service it
31 provides. Newfoundland Power is required under the *Electrical Power Control Act,*
32 *1994* and the *Public Utilities Act* to deliver safe and reliable service to customers.¹
33 The Company manages its operations in a manner consistent with these statutory
34 obligations.²

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36 Newfoundland Power and IBEW, Local 1620 are parties to 2 collective agreements.
37 These agreements expired on September 30, 2017. Both parties have been engaged in
38 collective bargaining since October 2, 2017.

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40 On May 22, 2018, Newfoundland Power submitted an application to the Board to
41 determine the number of essential employees whose duties are necessary for the
42 health and safety of the public. This application is consistent with ensuring the

¹ See Section 3(b)(iii) of the *Electrical Power Control Act, 1994* and Section 37(2) of the *Public Utilities Act.*

² More information on the Company's approach to reliability management is provided in response to Request for Information IBEW-NP-007.

- 1 Company's statutory obligations continue to be met throughout the collective
2 bargaining process.
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- 4 d) Newfoundland Power continues to recruit and retain high-quality employees that
5 contribute to the reliable service it provides. The Company continues to receive a
6 high number of qualified applicants in response to job postings and has been able to
7 fill all positions.
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- 9 The Company's turnover rate (voluntary and involuntary) in 2017 was 2.1% and 2018
10 YTD it is 0.5%. A survey conducted by the Canadian Electricity Association reports
11 the typical turnover rate (voluntary and involuntary) for Canadian utilities to be
12 6.7%.³

³ Mercer, *Compensation Trends in Utilities* (2017), Presentation for the Canadian Electricity Association.