

1 **Reference: Section 2: Customer Operations**

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3 **Q. Volume 1, page 2-38. Describe how salaries are established for non-union employees**
4 **and the annual adjustments budgeted each year from 2021 to 2023.**

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6 A. Newfoundland Power’s non-union employees are divided into two groups for
7 compensation purposes: (i) Managerial; and (ii) Executives and Directors.

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9 **A. Managerial Employees**

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11 Newfoundland Power’s managerial compensation system is designed to be competitive
12 with reference to relevant labour markets. Salary increases are dependent on changes in
13 the employment market, as well as on individual performance. Salary changes are
14 normally effective on January 1st annually.

15
16 In addition to a base increase, some management employees are entitled to progression or
17 merit increases.

18
19 Table 1 provides the base salary and progression increases for the managerial employee
20 group for 2021 to 2023 forecast.

Table 1:
Managerial Employees
Salary Increases 2021 to 2023F
(%)

Year	Base Increase	Progression Increase
2021F	2.00	0.75
2022F	2.25	0.75
2023F	2.10	0.75

21 **B. Executives and Directors**

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23 The Company sets its Executive and Director group salary policy to be competitive
24 against the median salary paid by Canadian Commercial Industrial companies.

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26 Table 2 on the following page provides the base salary and progression increases for
27 Executives and Directors for 2021 through 2023 forecast.

**Table 2:
Executive and Directors
Salary Increases 2021 to 2023F
(%)**

Year	Base Increase	Progression Increase
2021F	2.00	0.75
2022F	2.25	0.75
2023F	2.10	0.75

1 Overall, Newfoundland Power’s actual labour costs are expected to increase at an
2 average annual rate of 2.1% from 2019 to 2023 forecast. This is lower than the
3 Company’s weighted labour rate inflation over the period of approximately 3.1%.¹ This
4 implies an operating efficiency of approximately 1% per year.²
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6 See response to Request for Information PUB-NP-012 for additional information on the
7 Company’s approach to operating efficiency.

¹ See the 2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2.41: Operating Costs, page 2-38, footnote 83.

² See response to Request for Information PUB-NP-022 for a calculation of the Company’s 1% operating efficiency.