

Q. In NP's last GRA at page 18, footnote 12, it stated:

“Bargaining unit salaries are forecast to increase by 4 percent in 2008. However, labour is forecast to increase by approximately 2% in 2008. As in the past, 2008 salary increases are forecast to be substantially offset by productivity improvement.”

In the present filing, there is no reference to productivity improvement when NP discusses its Labour Costs at p. 2-20 to 2-21. Is NP not forecasting productivity improvement in the test year - 2010?

A. Newfoundland Power will have a productivity improvement in the test year 2010.

Details of material forecast 2010 labour cost changes together with the resulting productivity improvement are provided in Table 1.

Table 1
Forecast Operating Labour
2009 to 2010
Material Differences
(\$000s)

	2009	Changes	2010
Total Labour	29,601		
Labour Rate		1,193 ¹	
Apprentices		130 ²	
Energy Conservation		162 ³	
Pro-forma Labour			31,086
Test Year Labour			30,749
Productivity Improvement			(337)

¹ The forecast labour cost increase of \$1,193,000 or approximately 4.03 per cent, represents a collectively agreed bargaining unit increase of 4.05 per cent and a forecast managerial increase of 4.0 per cent in 2010. Please refer to the response to Request for Information CA-NP-112 for further details.

² As the training of Apprentice Powerline Technicians progresses, the cost of apprentices will tend to be reflected in more operating costs. In 2010, there will be additional apprentices in their last training block. Please refer to the response to Request for Information CA-NP-112 for further details.

³ Increase due to the Energy Conservation Program costs. Please refer to the response to Request for Information CA-NP-112 for further details.

- 1 The forecast labour productivity improvement in 2010 is \$337,000 or approximately
- 2 1.1% of total forecast operating labour. This productivity improvement represents
- 3 approximately 23% of the material forecast operating labour cost increases in 2010.