

1 Q. Further to response to Request for Information NP-NLH-005, Attachment 1,
2 (Revision 1, Nov 14-13), Table 2.13 and Regulated Activities Evidence, Page 2.32,
3 Table 2.13:
4 Please explain the increase in corporate services salaries and benefits incurred by
5 regulated Hydro from 2012 to 2013 Test Year, and specifically indicate how *each* of
6 the increases is consistent with the provision of least cost, reliable service to
7 customers.

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Corporate Services Salaries and Benefits 2012 vs. 2013 (\$millions)		
Cost Category	2012	2013
Executive Leadership	0.9	1.4
HROE	5.0	5.8
Finance	8.1	9.0
Project Execution and Technical Services	3.0	3.4
Corporate Relations	3.5	3.7
Total	20.5	23.3

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11 A. Salaries and benefits cost for Corporate Services have increased by \$2.8 million
12 from 2012 actuals to 2013 Test Year. These costs form part of Hydro's operating
13 costs which overall have been managed at levels close to inflation as outlined in
14 Hydro's Introductory Evidence, pages 1.20 and 1.21, Chart 1.10. The following is a
15 breakdown of the increases relating to Corporate Services from 2012 to 2013 Test
16 Year specific to the \$2.8 million.

17

18 The difference from 2012 to 2013 Test Year for salaries and benefits was \$5.1
19 million, offset by an increase in capitalized labour of \$2.3 million for an overall
20 difference of \$2.8 million.

1 Approximately \$1.9 million is attributed to a forecasted increase in home based
2 FTEs of 24.3, of which 20.3 were in Project Execution and Technical Services (PETS).
3 The majority of the costs to expand the engineering workforce are related to the
4 capital program (see Hydro's responses to NP-NLH-085 and IN-NLH-007). FTEs were
5 increased slightly in other corporate service departments based on support
6 required for operations.

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8 Approximately \$1.0 million is attributed to general salary adjustments and \$1.2
9 million is attributed to benefits and other cost categories. As outlined in
10 PUB-NLH-028, salary adjustments were necessary to ensure Hydro was competitive
11 in the labour markets where it competes to attract and retain employees. Hydro's
12 ability to maintain its wage and benefit competitiveness is imperative to ensuring a
13 well-trained and experienced staff to provide safe, reliable, least cost service to its
14 customers.

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16 The remaining amounts are an increase in the amount of labour forecasted from
17 other lines of business of \$1.0 million offset by an increase in labour capitalized of
18 \$2.3 million.

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20 Table 1 below is a summary of the \$2.8 million difference.

21

22 **Table 1**

Category	Amount
Salaries & Wages	\$2.9
Benefits & Other	\$1.2
Recharge Labour	\$1.0
Capitalized Labour	\$(2.3)
Total	\$2.8