

Q. As indicated in reply to CA-NP-428, Newfoundland Power forecasts 29 new hires in 2013 and 35 new hires in 2014. Please explain how these forecasts have been incorporated into and reconcile with Newfoundland Power's 2013 and 2014 Internal Labour Forecasts filed respectively at Vol II, Tab 2 and in reply to CA-NP-437.

A. Newfoundland Power manages its workforce to effectively match overall capacity and capability with anticipated work requirements.¹

The Company's forecast for hiring in 2013 and 2014 is one component of its internal labour forecast, as provided in report Labour Forecast 2012 – 2014 (1st Revision), *Tab 2, Volume 2, Exhibits and Supporting Materials*, and response to Request for Information CA-NP-437 (1st Revision) (the "Internal Labour Forecast").

Forecasting Workforce Requirements

The starting point in forecasting Newfoundland Power's annual labour requirements is the Company's annual capital and operational work requirements.² Capital work requirements are primarily determined through the Company's annual capital budget. Operational work requirements are primarily comprised of electrical system maintenance and operation, customer service and general support functions. These requirements tend to be stable over time, and are forecast based on historical expenditure, adjusted for changes in operating requirements.³

Table 1 shows the Company's total forecast work requirements for 2013 and 2014.

Table 1
Total Labour Requirements
(\$million)

	2013	2014
Capital	39.3	40.5
Operating	32.2	33.5
	71.5	74.0

¹ The report *Labour Forecast 2012 – 2014 (1st Revision), Tab 2, Volume 2, Exhibits and Supporting Materials*, provides details regarding the Company's approach to forecasting work and labour.

² In addition to capital and operating requirements, there are labour requirements for rechargeable and recoverable items. These include labour associated with material handling (i.e., stores) and vehicle service centre labour costs, which are recharged as overheads on operating and capital work. It also includes customer jobbing, third party provisioning services and inter-affiliate labour charges.

³ Operating labour requirements for 2012, 2013 and 2014 are forecasted from actual 2011 labour costs inflated by the composite internal labour rate increase and reduced by 1% for productivity improvements. The forecast for 2013 and 2014 is also adjusted for changes in work requirements, primarily related to management of workforce demographics and expansion of customer energy conservation programs.

Having determined the annual work requirements, the Company considers the amount of internal labour available to meet these requirements. The Company typically utilizes a combination of its internal workforce, including regular and temporary employees, and contractors to complete its work requirements.

Table 2 shows the Company's labour forecast to address 2013-2014 work requirements.

Table 2
Total Labour Forecast
(\$million)

	2013	2014
Internal Workforce	58.8	61.1
Contractors	12.7	12.9
	71.5	74.0

The Company's Internal Labour Forecast provides details regarding the forecast cost and size of its internal workforce.⁴ In forecasting its internal workforce, Newfoundland Power starts from the basis of the actual paid hours of work in the most recently completed year. Adjustments are then made to the forecast to account for anticipated retirements, leaves, terminations and new hires.

Variations in the actual work capacity of the Company's regular employees in future years will be offset by use of temporary employees or contractors, depending on the timing and nature of the work requirements.

Reconciliation of 2013 & 2014 Hiring

Newfoundland Power's forecast hiring of new employees in 2013 and 2014 reflects the Company's management of its core internal workforce to meet anticipated work requirements while maintaining reasonable flexibility to respond to variations in work requirements on a least cost basis.

The Company's requirements for hiring of new employees in 2013 and 2014 address the increasing work requirements related to management of the ongoing workforce demographic transition and expansion of customer energy conservation programming. Hiring requirements also address the need to replace employees leaving the Company due to retirements or other reasons. These new hires are required to maintain the Company's capability to deliver service over the long term.

⁴ Company assesses its internal workforce on a full-time equivalent ("FTE") basis. Calculation of FTEs reflects only employee hours worked which permits a better matching of work requirements to available workforce options than forecasting positions and applying a vacancy allowance.

Table 3 shows a reconciliation of the new hires indicated in response to Request for Information CA-NP-428 with Newfoundland Power's Internal Labour Forecast.⁵

Table 3
New Hire Reconciliation

	2013	2014
Total New Hires per CA-NP-428	29	35
Internal Labour Forecast		
Retirement Replacements	15 ⁶	20 ⁶
New Work Requirements	3 ⁷	3 ⁷
PLT Apprentices	7 ⁷	7 ⁷
Other Replacements	4 ⁷	5 ⁷
Total New Hires per Internal Labour Forecast	29	35

⁵ This reconciliation is based on the number of employees hired, as opposed to the FTE impact of their employment. This is consistent with response to Request for Information CA-NP-428.

⁶ Refer to Note 5 of Labour Forecast 2012 – 2014 (1st Revision), *Tab 2, Volume 2, Exhibits and Supporting Materials*, and Note 5 of response to Request for Information CA-NP-437 (1st Revision).

⁷ Refer to Note 9 of Labour Forecast 2012 – 2014 (1st Revision), *Tab 2, Volume 2, Exhibits and Supporting Materials*, and Note 9 of response to Request for Information CA-NP-437 (1st Revision).