

1 **Volume 1, Section 2 – Customer Operations**

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3 **Q. (page 18, footnote 12) “Bargaining unit salaries are forecast to increase by 4 percent**
4 **in 2008. However, labour is forecast to increase by approximately 2 percent in 2008.**
5 **As in the past, 2008 salary increases are forecast to be substantially offset by**
6 **productivity improvement.” Please explain in detail the basis for stating that**
7 **productivity improvement will substantially offset the 2008 salary increases.**

8
9 **A.** Details of forecast labour cost changes are provided in Table 1.
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11

Table 1
Forecast Operating Labour
2007 to 2008
(\$000s)

	2007	Increase ¹	Productivity Improvement	2008
Regular and Standby	24,642	875	(329)	25,188
Temporary	2,127	76	(163)	2,040
Overtime	1,431	51	(39)	1,443
Total Labour	28,200	1,002	(531)	28,671

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14 The forecast labour cost increase in 2008 is \$1,002,000 before consideration of labour
15 productivity improvement.

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17 In the 2008 test year forecast, Newfoundland Power is projecting labour productivity
18 improvement of \$531,000 which represents approximately 53 per cent of the \$1,002,000.

19
20 Newfoundland Power considers the 53 per cent forecast operating labour productivity
21 improvement to be a substantial offset to the forecast labour cost increase.

¹ The forecast labour cost increase of \$1,002,000, or approximately 3.5 per cent, represents a collectively agreed bargaining unit increase of 4 per cent and a forecast managerial increase of 3 per cent in 2008.