

1 **Volume 1, Section 2 – Customer Operations**  
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3 **Q. Please compare the wage increases for NP’s unionized staff since 2000 to 2008F as**  
4 **compared to NP’s other staff groups, broken down by level within management of**  
5 **the company.**

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7 A. Newfoundland Power’s compensation design differs for unionized and non-unionized  
8 employees. Non-union (managerial) compensation is determined with reference to  
9 external market comparisons and individual performance considerations. Wages for  
10 unionized employees, on the other hand, are established through a collective bargaining  
11 process.

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13 ***Unionized Employees***  
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15 The current collective agreements for the Craft and Clerical bargaining units were signed  
16 May 4, 2004, and are effective for the period October 1, 2003 to September 30, 2008.  
17 Table 1 presents the schedule of negotiated wage increases provided for in those  
18 agreements and the previous agreements.  
19

**Table 1**  
**Union Increases 1998 - 2008**  
**(%)**

<b>Effective Date</b>	<b>Increase<sup>1</sup></b>
October 1, 1998	4.0
January 1, 2000	3.0
January 1, 2001	2.0
January 1, 2002	3.0
January 1, 2003	4.0
October 1, 2003	3.0
January 1, 2005	3.0
January 1, 2006	3.0
January 1, 2007	3.0
January 1, 2008	4.0

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21 <sup>1</sup> In addition to base increases outlined above, an additional adjustment of 2% was applied to hourly  
22 wages in the skilled trade occupations on January 1, 1999, January 1, 2000 and January 1, 2005. These  
23 adjustments were negotiated to bring the Company’s wage levels in line with the Atlantic Canada  
24 market for these skilled trades.

**Engineering, Professional and other Managerial Employees**

Newfoundland Power's pay-for-performance compensation system is designed to encourage and reward employees based on their individual performance and to be competitive with reference to relevant labour markets. Compensation levels for engineering, professional and other managerial employees below the level of Manager are designed to be competitive with the median of salaries paid by Atlantic Canadian utility companies. Salary increases are dependent on changes in this employment market, as well as on individual performance. Salary changes are normally effective January 1. Table 2 provides the average salary increase expressed as a percentage for the engineering, professional and managerial employee group for the period 2000 to 2008F.

**Table 2**  
**Engineering, Professional and Managerial Employee**  
**Salary Increases<sup>1</sup> 2002 – 2008F**  
**(%)**

<b>Year</b>	<b>Average Base Increase<sup>2</sup></b>
2000	3.6
2001	4.6
2002	4.0
2003	4.2
2004	3.3
2005	3.1
2006	3.6
2007	3.6
2008F <sup>3</sup>	3.0

<sup>1</sup> Base increases are effective January 1.

<sup>2</sup> Percentage increase is calculated based on total year-end salaries.

<sup>3</sup> Newfoundland Power bases its managerial compensation design on market data. Market projections are not yet available for 2008. A 3% increase is budgeted for this group for 2008.

In addition to an annual fall compensation review, the Company may conduct special reviews during the year where equity issues arise. On July 1, 2003, a one-time lump sum increase of \$3,000 was provided to management employees classified in the Engineering Technology roles to preserve equity and as a result of such a review. On June 19, 2004, an adjustment averaging 2.4% was provided to District Representatives to maintain their equity position relative to union peers.

1           ***Executives and Managers***

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3           The Company sets its Manager and Executive Group salary policy and incentive targets  
4           to be competitive against the median of salaries paid by Canadian Commercial Industrial  
5           companies. Actual short-term incentive (STI) compensation payouts are dependent on  
6           both corporate and individual performance components.

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8           STI performance targets reflect the influence that individual Executives and Managers  
9           can have on overall corporate performance as well as on specific corporate measures,  
10          with targets for Executives weighted more heavily towards achievement of overall  
11          corporate objectives. Incentive compensation represents a larger portion of overall  
12          compensation for these two groups, reflecting the relative ability of Executives and  
13          Managers to influence corporate performance.

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15          Year over year changes in Executive and Managers salary and STI are outlined in the  
16          Company's response to Request for Information CA-NP-50.