

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

3 **Q. If over the period from 2002 to 2006 NP reduced its FTEs from 666 to 623 (page 19),**
4 **increased its customer base from 219,072 to 229,500 (page 19), improved its service**
5 **to its customers (page 20), improved its SAIFI and SAIDI by 39% and 34%**
6 **respectively (page 24), what evidence does NP have to establish that it cannot**
7 **adequately function with less employees than is reflected in the Test Year revenue**
8 **requirement?**
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10 A. Newfoundland Power has put evidence before the Board that the Company’s 2008
11 forecast of costs is reflective of efficient management and the least cost delivery of
12 reliable service to its customers. This reflects the requirements of the power policy of the
13 province as set out in the *Electrical Power Control Act, 1994* and the *Public Utilities Act*
14 (the “Regulatory Legislation”).
15

16 Newfoundland Power does not believe that the implication in the question that it must
17 demonstrate to the Board that it cannot *adequately function* with less employees in a test
18 year reflects the policy contained in the Regulatory Legislation.
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20 Newfoundland Power observes that reduction in the number of employees has potential
21 negative implications for both overall efficiency and least cost delivery of reliable
22 service. Accordingly, Newfoundland Power does not typically assess labour or employee
23 requirements upon the basis of its ability to *adequately function* in a test year.
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25 Please refer to the responses to CA-NP-47 and CA-NP-56 for information on
26 Newfoundland Power’s forecast 2008 Labour costs and employees.