

1 **Q. Reference: “2022/2023 General Rate Application,” Newfoundland Power, May 27,**
2 **2021, Volume 2, Report 6, Attachment 1, Page 16 of 28.**

3
4 **Please indicate the methodologies used to determine the percentage of internal**
5 **allocated labour to retirements and when the percentages were developed.**

6
7 A. Labour charged to retirements reflects the actual time associated with removal of the
8 plant from service. For some projects, employees are involved in both installing new
9 assets (i.e. capital work) and removing existing assets (i.e. retirement work). It would be
10 administratively burdensome for employees to track, and code on their timesheet, the
11 precise hours split between capital work and retirement work. For these projects, set
12 percentages were established for Company-wide use on February 9, 2011 to
13 automatically allocate labour costs to capital and retirement accounts. The percentages
14 were developed based on historical experience.¹

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16 See Attachment A for a summary of projects that used the set percentages in 2020.

¹ Given the nature of the projects, the percentages can be applied consistently over time. For example, the time associated with the replacement of a meter is estimated to be split evenly between the installation of the new meter and the removal of the old meter.

Retirement Charges – Set Percentages
2020 Projects

Retirement Charges - Set Percentages 2020 Projects	
Project Name	% of Internal Labour Charged to Retirements
Transmission Rebuilds	25%
Transmission Replacements SJN	25%
Transmission Replacements Eastern	25%
Transmission Replacements Western	25%
Rebuild Distribution Lines SJN	25%
Rebuild Distribution Lines Western	25%
Rebuild Distribution Lines Eastern	25%
Third Party Requests	25%
Reconstruction SJN	25%
Reconstruction Eastern	25%
Reconstruction Western	25%
Meter Replacements	50%
Replace Services SJN	50%
Replace Services Eastern	50%
Replace Services Western	50%
Replace St Lights Eastern	50%
Replace St Lights SJN	50%
Replace St Lights Western	50%