

1 **Section 2: Customer Operations/Operating Costs**

2

3 **Q. References: “2025/2026 General Rate Application – Additional Information,”**

4 **Newfoundland Power Inc., December 13, 2023, sch. B, att. 4, exh. 1 and att. 5, exh. 2.**

5 **Please update Exhibits 1 and 2 to include 2023 Actuals and append columns that**

6 **provide the variances for both dollars and percentages, as shown in the tables**

7 **provided.**

Exhibit 1: Operating Costs by Function

Function	2025 Forecast vs		2025 Forecast vs		2026 Forecast vs		2026 Forecast vs	
	2022 Test Year	2023 Test Year	2023 Test Year	2024 Test Year	2022 Test Year	2023 Test Year	2023 Test Year	2024 Test Year
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
1 Distribution								
2 Transmission								
3 Substations								
4 Power Produced								
5 Administrative and Engineering Support								
6 Telecommunications								
7 Environment								
8 Fleet Operations and Maintenance								
9								
10 Electricity Supply								
11								
12 Customer Service								
13 Energy Solutions								
14 Uncollectible Bills								
15								
16 Customer Service								
17								
18 Information Systems								
19 Financial Services								
20 Corporate Employee Services								
21 Insurances								
22								
23 General								
24								
25 Gross Operating Cost								

Exhibit 2: Operating Costs by Breakdown

Breakdown	2025 Forecast vs		2026 Forecast vs		2026 Forecast vs	
	2022 Test Year	2023 Test Year	2022 Test Year	2023 Test Year	2023 Test Year	2023 Test Year
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
1 Regular and Standby						
2 Temporary						
3 Overtime						
4 Total Labour						
5						
6 Vehicle Expenses						
7 Operating Materials						
8 Inter-Company Charges						
9 Plants, Substations, System Operations and Buildings						
10 Travel						
11 Tools and Clothing Allowance						
12 Miscellaneous						
13 Taxes and Assessments						
14 Uncollectible Bills						
15 Insurance						
16 Severance and Other Employee Costs						
17 Education, Training and Employee Fees						
18 Trustee and Directors' Fees						
19 Other Company Fees						
20 Stationary and Copying						
21 Equipment Rental and Maintenance						
22 Telecommunications						
23 Postage						
24 Advertising						
25 Vegetation Management						
26 Computing Equipment and Software						
27 Total Other						
28						
29 Gross Operating Cost						

1 A. See Attachment A for the requested information.

2
3 Newfoundland Power submits that a comparison of forecast operating costs for the 2025
4 and 2026 test years relative to the 2022 and 2023 test year forecasts prepared in early
5 2021 as part of the Company's 2022/2023 *General Rate Application* ("GRA") is not
6 meaningful. It disregards significant increases in inflation since the Company's last GRA
7 and actual costs incurred in 2022 and 2023.¹

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9 See the response to Request for Information PUB-NP-018 for further information
10 regarding changes in the Company's operating costs from the 2023 test year forecast.

¹ For example, in the 2022/2023 *General Rate Application* increases in the GDP deflator for Canada were forecast to be approximately 5.8% from 2020 to 2023. Actual increases in the GDP deflator for Canada were significantly higher at approximately 17% from 2020 to 2023 forecast. This is approximately 11.2% higher than reflected in the Company's non-labour test year costs for 2023.

Operating Costs by Function and Breakdown
2022 to 2026 Forecast, Including 2023 Actuals and Variances

Newfoundland Power Inc.
 Exhibit 1: Operating Costs by Function
 2022 to 2026 Forecast
 (\$000s)

Function	2022TY	2023TY	2022A	2023A	2023F	2024F	2025F	2026F	2025F vs 2022TY		2025F vs 2023 TY		2026F vs 2022 TY		2026F vs 2023TY	
									(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)
Distribution	9,487	9,741	11,295	10,812	10,755	11,102	11,500	11,919	2,014	21%	1,759	18%	2,432	26%	2,178	22%
Transmission	978	999	1,143	1,426	1,142	1,171	1,200	1,231	222	23%	201	20%	252	26%	231	23%
Substations	2,422	2,487	2,317	2,460	2,344	2,421	2,511	2,604	88	4%	23	1%	182	8%	117	5%
Power Produced	4,027	4,122	4,009	3,871	4,093	4,210	4,337	4,470	310	8%	215	5%	443	11%	348	8%
Administrative and Engineering Support	8,433	9,341	8,929	9,705	9,429	9,700	10,054	10,425	1,621	19%	713	8%	1,993	24%	1,084	12%
Telecommunications	1,374	1,397	1,491	1,655	1,565	1,633	1,662	1,679	288	21%	265	19%	305	22%	282	20%
Environment	289	296	203	367	294	304	346	328	57	20%	50	17%	39	13%	32	11%
Fleet Operations and Maintenance	1,695	1,723	2,191	1,944	2,108	2,149	2,184	2,220	489	29%	461	27%	525	31%	497	29%
Electricity Supply	28,705	30,106	31,578	32,240	31,730	32,690	33,794	34,876	5,089	18%	3,688	12%	6,171	21%	4,769	16%
Customer Service	8,038	8,103	8,069	8,156	8,259	8,305	8,605	8,919	567	7%	503	6%	881	11%	816	10%
Energy Solutions	886	946	585	733	873	828	873	897	(13)	-1%	(72)	-8%	11	1%	(49)	-5%
Uncollectible Bills	2,172	2,208	2,027	1,971	2,045	2,186	2,222	2,258	50	2%	13	1%	86	4%	50	2%
Customer Services	11,096	11,257	10,681	10,860	11,177	11,319	11,700	12,074	604	5%	444	4%	977	9%	817	7%
Information Systems	6,407	7,311	6,430	7,610	7,264	8,172	8,724	9,150	2,318	36%	1,414	19%	2,744	43%	1,840	25%
Financial Services	1,942	1,997	1,777	2,207	2,128	3,180	3,082	2,668	1,139	59%	1,084	54%	726	37%	671	34%
Corporate and Employee Services	16,026	15,940	17,850	17,695	17,765	18,856	19,010	19,903	2,984	19%	3,071	19%	3,877	24%	3,963	25%
Insurances	2,306	2,345	2,214	2,425	2,428	2,621	2,773	2,932	466	20%	428	18%	626	27%	587	25%
General	26,681	27,593	28,271	29,937	29,585	32,829	33,589	34,653	6,908	26%	5,996	22%	7,971	30%	7,059	26%
Gross Operating Cost	66,482	68,956	70,530	73,037	72,492	76,838	79,083	81,603	12,601	19%	10,126	15%	15,121	23%	12,647	18%

Newfoundland Power Inc.
 Exhibit 2: Operating Costs by Breakdown
 2022 to 2026 Forecast
 (\$000s)

Breakdown	2022TY		2023TY		2022A		2023A		2023F		2024F		2025F		2026F		2025F vs 2022TY		2025F vs 2023TY		2026F vs 2022TY		2026F vs 2023TY			
																		(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	
Regular and Standby	31,651	33,148	34,794	34,952	34,820	36,099	37,557	39,156	5,906	19%	4,409	13%	7,505	24%	6,008	18%										
Temporary	2,050	2,108	541	697	665	691	721	754	-1,329	-65%	-1,387	-66%	-1,296	-63%	-1,354	-64%										
Overtime	3,300	3,537	3,702	3,583	3,507	3,639	3,801	3,972	501	15%	264	7%	672	20%	435	12%										
Total Labour	37,001	38,793	39,037	39,232	38,992	40,429	42,079	43,882	5,078	14%	3,286	8%	6,881	19%	5,089	13%										
Vehicle Expenses	1,702	1,730	2,184	1,940	2,101	2,142	2,177	2,212	475	28%	447	26%	510	30%	482	28%										
Operating Materials	1,266	1,287	1,254	1,336	1,265	1,290	1,311	1,332	45	4%	24	2%	66	5%	45	4%										
Inter-Company Charges	27	28	27	32	27	28	28	29	1	3%	0	2%	2	7%	1	5%										
Plants, Substations, System Operations and Buildings	3,434	3,492	3,716	3,672	3,750	3,823	3,885	3,948	451	13%	393	11%	514	15%	456	13%										
Travel	876	891	1,120	1,163	1,148	1,179	1,198	1,217	322	37%	307	35%	341	39%	326	37%										
Tools and Clothing Allowance	1,244	1,265	1,372	1,738	1,384	1,411	1,434	1,458	190	15%	169	13%	214	17%	193	15%										
Miscellaneous	1,568	1,595	1,467	1,574	1,608	1,640	1,663	1,691	95	6%	68	4%	123	8%	96	6%										
Taxes and Assessments	1,162	1,181	1,388	1,308	1,401	1,428	1,451	1,475	289	25%	270	23%	313	27%	294	25%										
Uncollectible Bills	2,172	2,208	2,027	1,971	2,045	2,186	2,222	2,258	50	2%	14	1%	86	4%	50	2%										
Insurance	2,306	2,345	2,214	2,425	2,428	2,621	2,773	2,932	467	20%	428	18%	626	27%	587	25%										
Severance and Other Employee Costs	131	133	156	214	157	160	163	166	32	24%	30	22%	35	27%	33	24%										
Education, Training and Employee Fees	348	354	396	564	508	512	520	528	172	49%	166	47%	180	52%	174	49%										
Trustee and Directors' Fees	701	712	687	635	693	760	772	785	71	10%	60	8%	84	12%	73	10%										
Other Company Fees	2,868	2,574	2,945	3,544	3,572	5,131	4,771	4,672	1,903	66%	2,197	85%	1,804	63%	2,098	82%										
Stationery and Copying	256	260	240	307	242	247	251	255	(5)	-2%	(9)	-4%	(1)	0%	(5)	-2%										
Equipment Rental and Maintenance	832	897	671	774	677	690	702	713	(130)	-16%	(195)	-22%	(119)	-14%	(184)	-21%										
Telecommunications	1,562	1,588	1,655	1,757	1,680	1,748	1,775	1,791	213	14%	187	12%	229	15%	203	13%										
Postage	1,244	1,202	1,282	1,211	1,221	1,209	1,207	1,203	(37)	-3%	5	0%	(41)	-3%	1	0%										
Advertising	525	534	583	614	600	609	622	632	97	18%	88	16%	107	20%	98	18%										
Vegetation Management	2,401	2,441	3,230	3,328	3,259	3,323	3,377	3,432	976	41%	936	38%	1,031	43%	991	41%										
Computing Equipment and Software	2,856	3,446	2,879	3,697	3,734	4,272	4,702	4,992	1,846	65%	1,256	36%	2,136	75%	1,546	45%										
Total Other	29,481	30,163	31,493	33,804	33,500	36,409	37,004	37,721	7,523	26%	6,841	23%	8,240	28%	7,558	25%										
Gross Operating Cost	66,482	68,956	70,530	73,036	72,492	76,838	79,083	81,603	12,601	19%	10,127	15%	15,121	23%	12,647	18%										