

1 **SECTION 2: CUSTOMER OPERATIONS/OPERATING COSTS**
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3 **Q. Reference: NLH-NP-024**

4 **a) Where Newfoundland Power utilizes a three-year average to determine budgets,**
 5 **what years are included in the three-year average? Please confirm the number of**
 6 **months within the forecast if 2023 is used.**

7 **b) Please provide the calculation for the overtime in each forecast year (i.e., the last**
 8 **three years' history, average, and labour inflation rate).**

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 10 A. a) Newfoundland Power utilized a three-year average with adjustments for inflation to
 11 determine its operating budget for temporary labour and overtime.¹ The calculation
 12 was based on a review of actual operating costs incurred in 2020, 2021 and 2022.

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 14 b) Table 1 provides the operating overtime costs for 2020 through 2026 forecast.

**Table 1:
 Overtime
 2020 to 2026F
 (\$millions)**

2020	2021	2022	2023F²	2024F³	2025F⁴	2026F⁵
\$3.4	\$3.4	\$3.7	\$3.5	\$3.6	\$3.8	\$4.0

15 The 2023 forecast was calculated as a three-year average of actual operating overtime
 16 incurred in 2020, 2021 and 2022. The forecast labour inflation rate is 3.80%, 4.45%
 17 and 4.50% for 2024, 2025 and 2026, respectively.

¹ See the *2025/2026 General Rate Application, Volume 1: Application, Company Evidence and Exhibits, Section 2: Customer Operations*, pages 2-35 to 2-36. This approach is consistent with past Newfoundland Power general rate applications.

² $(\$3.4 + \$3.4 + \$3.7) / 3 = \3.5 million.

³ $(\$3.5 * 1.0380) = \3.6 million.

⁴ $(\$3.6 * 1.0445) = \3.8 million.

⁵ $(\$3.8 * 1.0450) = \4.0 million.