

1 **Section 2: Customer Operations/Operating Costs**  
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3 **Q. Volume 1, Section 2, page 2-2, lines 11-14. Please provide a breakdown of the**  
4 **increase in operating costs from 2022-2026 by:**

- 5 a) **Forecasted annual change in the number of employees; and**  
6 b) **Forecasted annual change in average cost per employee.**  
7

8 A. a) Newfoundland Power manages its workforce by matching overall capacity and  
9 capability with anticipated work requirements. The method used to forecast labour  
10 requirements and full-time equivalents (“FTE”) reflects this basic workforce  
11 management philosophy.  
12

13 Generally, the Company tracks overall FTEs and labour expense, which include both  
14 operating and capital work requirements. Operating work requirements tend to be  
15 stable over time.<sup>1</sup> Annual capital work requirements are based on specific  
16 expenditures required in a given year and may vary depending on the nature of the  
17 projects.<sup>2</sup> As such, there is not a direct relationship between total forecast FTEs and  
18 annual operating labour costs.

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<sup>1</sup> See Newfoundland Power’s *2025/2026 General Rate Application, Volume 2, Supporting Materials, Tab 1, Labour Forecast 2024-2026*, page 1. Only new or substantially changed operating work requirements would result in changes in FTEs and operating labour costs. For example, in 2013 the Company began implementing Automated Meter Reading (“AMR”) technology which significantly reduced the operating workforce requirements for meter reading. AMR technology has resulted in annual operating savings of over \$2.0 million and a decrease of approximately 26 FTEs. In addition, the Company’s *LED Street Lighting Replacement Plan* from 2021 through 2026 has also resulted in a decrease in operating labour costs over the project period. See the response to Request for Information CA-NP-023.

<sup>2</sup> Newfoundland Power manages capital work requirements through a combination of employees, temporary employees and contractors. For example, the *Customer Service System Replacement* project was a three-year capital project that required incremental new positions to deliver the project successfully. As a result, FTEs and capital labour costs increased in 2023, with a corresponding decrease in 2024.

1 Table 1 provides the annual change in operating labour costs, the total number of  
 2 FTEs and average operating labour cost per FTE from 2022 to 2026 forecast, as  
 3 requested.

**Table 1:  
 Operating Labour and FTEs  
 2022 to 2026**

|   | <b>2022A</b> | <b>2023F</b> | <b>2024F</b> | <b>2025F</b> | <b>2026F</b> |
|---|--------------|--------------|--------------|--------------|--------------|
| Operating Labour <sup>3</sup> (\$000s)    | 39,037       | 38,992       | 40,429       | 42,079       | 43,882       |
| Change (%)                                | -            | (0.1%)       | 3.7%         | 4.1%         | 4.3%         |
| Total FTEs <sup>4</sup> (#)               | 630          | 655          | 632          | 633          | 632          |
| Change (#)                                | -            | 25           | (23)         | 1            | (1)          |
| Average Operating Labour per FTE (\$000s) | 62           | 60           | 64           | 66           | 69           |
| Change (%)                                | -            | (3.2%)       | 6.7%         | 3.1%         | 4.5%         |

4 The percentage change in operating labour costs from 2022 to 2026 forecast is  
 5 primarily related to labour-inflation,<sup>5</sup> partially offset by operating savings associated  
 6 with *Application Enhancements*.<sup>6</sup>

7  
 8 The change in total FTEs from 2022 through 2026 reflects the Company's *Customer*  
 9 *Service System Replacement* project, which resulted in an increase in FTEs in 2023  
 10 and a corresponding decrease in 2024.

11  
 12 The percentage change in average operating labour costs per FTE in 2023 and 2024  
 13 primarily reflects changes in FTEs associated with the *Customer Service System*  
 14 *Replacement* project. The percentage changes in 2025 and 2026 largely reflect  
 15 forecast labour inflation.

16  
 17 b) See part a).

<sup>3</sup> See Newfoundland Power's 2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2, Customer Operations, page 2-34, Table 2-8.

<sup>4</sup> See Newfoundland Power's 2025/2026 General Rate Application, Volume 2, Supporting Materials, Tab 1, Labour Forecast 2024-2026, Schedules A to C.

<sup>5</sup> See Newfoundland Power's 2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2, Customer Operations, page 2-31, footnote 57.

<sup>6</sup> See the responses to Requests for Information PUB-NP-017 and PUB-NP-036 for further information.