

1 **Q. Further to the response to PUB-NP-031, please explain why it is reasonable for**
2 **Newfoundland Power employees to be paid more than the employees in the other**
3 **Atlantic province utility for all categories but two Nova Scotia Power employee**
4 **categories.**

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6 A. Newfoundland Power interprets this Request for Information as referring to the
7 Company's union wages in comparison with other Atlantic Canadian utilities.
8

9 *Introduction*

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11 The Company's union wages are the result of collective bargaining negotiations between
12 the Company and the International Brotherhood of Electrical Workers, Local 1620
13 (the "IBEW"). Union wages at the other Atlantic Canadian utilities are the result of
14 collective bargaining negotiations between the respective utilities and their unions. The
15 resulting collective agreements set out the employment terms and conditions for
16 unionized employees, including wages and benefits.
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18 *Comparison to the Other Atlantic Canadian Utilities*

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20 Table 2 in part c) of the response to Request for Information PUB-NP-031 presents a
21 comparison of the Company's union wage rates to the other Atlantic Canadian utilities
22 for 2024. While this comparison provides a basis on which to assess the reasonableness
23 of the Company's union wages, it is limited for a number of reasons.
24

25 First, the comparison presented is for 2024, which is a point in time. Collective
26 agreements are generally in place for multiple years and, as such, depending on timing of
27 negotiations and the term of collective agreements, relative wage rates will vary.¹ Table 1
28 in part a) of the response to Request for Information PUB-NP-029 provides a
29 compounded wage analysis from 2022 to 2026 forecast.² Newfoundland Power observes
30 that, excluding New Brunswick Power ("NB Power"), the Company's compounded union
31 wage increases are the lowest of the other Atlantic Canadian utilities in each of 2024 and
32 2025. For what is known for 2026, the Company's compounded union wage increases are
33 either lower than or comparable with Maritime Electric and Newfoundland and Labrador
34 Hydro ("Hydro").
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36 Second, the comparison presents only union wages and does not include other employee
37 benefits which impact overall compensation and benefit costs. For example,
38 Newfoundland Power maintains a group registered retirement savings plan ("Group
39 RRSP") for employees and no longer has an open defined benefit pension plan. However,
40 both Hydro and NB Power have open defined benefit pension plans. Group RRSPs are
41 generally less costly than defined benefit pension plans and present less risk for the
42 Company and its customers.

¹ For example, NB Power's existing collective agreement is in effect from January 1, 2019 to December 31, 2024. The rest of the Atlantic Canadian utilities negotiated collective agreements in 2023.

² The Company's clerical collective agreement is in effect from July 1, 2022 to December 31, 2026. The craft tentative collective agreement, which was not ratified, had a term of July 1, 2022 to December 31, 2026. See the response to Request for Information PUB-NP-031, part b) for further information.

1 Third, while the classifications presented for the purpose of the wage comparison are
2 similar across the Atlantic Canadian utilities, not all job duties for each of the
3 classifications are the same. For example, the Company's classification of field services
4 representative is most similar to Hydro's meter reader/collector classification, however,
5 job duties differ. As such, the wage comparison to the other Atlantic Canadian utilities is
6 limited to the extent that it does not fully consider all job duties.
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8 Fourth, with the exception of Newfoundland Power and Hydro, the Atlantic Canadian
9 utilities operate in different provinces. Economic differences between the Atlantic
10 Canadian provinces can contribute to differences in market wages over time. For
11 example, in Newfoundland and Labrador, customer growth and construction were
12 relatively high from 2008 through 2015.³ As a result, negotiated union wage increases
13 over that time were higher at Newfoundland Power and Hydro than the other Atlantic
14 Canadian utilities. The union wage comparison at a point in time does not take these
15 market considerations into account.
16

17 ***Conclusion***

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19 Given the independent ownership and operation of the Atlantic Canadian utilities, as well
20 as the different unions with which the utilities negotiate, union wages across the utilities
21 will vary.⁴ Newfoundland Power's union wage rates for the majority of the classifications
22 presented are within -2% and +3% as compared to the average of the other Atlantic
23 Canadian utilities, excluding NB Power.⁵
24

25 Newfoundland Power's union wage rates are the result of extensive collective bargaining
26 efforts between the Company and the IBEW. While the comparison of the Company's
27 union wage rates to the other Atlantic Canadian utilities provides a basis on which to
28 assess the overall reasonableness of the Company's union wages, it is limited for the
29 reasons discussed above. In Newfoundland Power's view, the union wage rates for its
30 employees through 2026 are reasonable.

³ Construction on the Muskrat Falls Project commenced during this time, increasing the demand for skilled trades in Newfoundland and Labrador.

⁴ For example, both Hydro and NB Power are crown corporations. As such, union wages at these utilities from time to time could be impacted by provincial government policy.

⁵ Supra note 1.