

1 **Q. Regarding the response to PUB-NP-006, please explain how the average progression**
 2 **increases for 2018F-2020F for managerial employees (Table 2) and executives and**
 3 **directors (Table 3) were calculated.**
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5 A. Labour progression represents the additional wage employees receive over base wage
 6 inflation as they progress through their position.¹ An overall company average of labour
 7 progression of 0.75% was calculated for 2018 forecast based on expected union step
 8 increases and increases provided to managerial employees.² The overall percentage is
 9 applied equally to all labour groups.

10 See Table 1 below for the 2018 forecast progression calculation.
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Table 1
Progression Calculation
2018 Forecast
(\$000s)

Union progression ³	A	220
Managerial progression ⁴	B	180
Total progression	C = A + B	400
2017 managerial and union labour ⁵	D	51,800
Calculated forecast progression	E = C / D	0.77%
2018 forecast progression⁶	F = E (rounded)	0.75%

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 16 The 2018 forecast progression of 0.75% was also used for the 2019 and 2020 forecast test
 17 years.

¹ For further information on how progression is determined, please see the response to Request for Information IBEW-NP-022.

² Director and executive progression are excluded from the determination of the progression percentage estimate. This is done to ensure the overall percentage is not skewed by labour changes in the executive and director group. For example, the executive progression increase was 2.95% in 2016 and (0.70) in 2017 due to changes in executive positions. See Table 3 in the response to Request for Information PUB-NP-006.

³ Progression reflects the forecast increase in union labour in 2018 when compared to December 2017 above the estimated 1% base wage inflation. The collective agreements for the Craft and Clerical bargaining units expired on September 30, 2017. The forecast annual labour rate inflation for the test period reflects the latest wage offer to the union.

⁴ Progression reflects the forecast increase in managerial labour in 2018 when compared to December 2017 above the 1% base wage inflation.

⁵ December 2017 base labour for managerial and union employees only.

⁶ The 2018 forecast progression of 0.75% is consistent with the 0.75% progression estimate used in the Company's 2016/2017 General Rate Application. The difference between the 0.77% calculated progression and the rounded 0.75% estimate used for forecast purposes is approximately \$12,000.