

Q. Reference: Application, Schedule 1, page 3, lines 13-19.

a) When was the Major Projects department created?

b) Please complete the following table, detailing the operating costs and full-time equivalents ("FTEs") for the Major Projects department for the 2019 Test Year, 2019 to 2024 actuals, and 2025 and 2026 forecasts. For time periods that the department did not exist, please estimate what amount of operating costs would have been related to "major projects" for that year as defined by Hydro.

Hydro Major Projects Department Operating Costs				
	2019 Test Year	2019 Actual	...	2026 Forecast
Labour				
Non-Labour				
Total				
FTEs				

c) Please provide a listing of each separate project, initiative, or other work item that the Major Projects department FTEs have worked on since the department's creation and forecast to 2026. For each item, please explain its relation to Hydro's regulated operations.

A. a) Newfoundland and Labrador Hydro's ("Hydro") Major Projects department was created in 2023.

b) There were no projects that would have been considered major projects from 2019 until 2023, the same year the Major Projects department was created.<sup>1</sup> One major project began slightly before the department's creation, but has been managed by Hydro's Major Projects

<sup>1</sup> Excluding costs associated with projects in the planning phase such as Hydro's Application for Construction of Long-Term Supply Plan for Southern Labrador.

department since its formation. Hydro's Major Projects department was created as a result of recommendation from the Muskrat Falls Inquiry as well as the volume and scale of large capital projects which began in recent years and are now ongoing, or forecast to commence in the upcoming years. The Major Projects department full-time equivalents ("FTEs")<sup>2</sup> and operating costs for 2023 and 2024 actuals and 2025 and 2026 budgets are outlined in Table 1 below.

**Table 1: Major Projects Department Operating Costs (\$ millions) and FTEs<sup>3,4</sup>**

	<b>2023 Actual</b>	<b>2024 Actual</b>	<b>2025 Forecast<sup>5</sup></b>	<b>2026 Forecast<sup>6</sup></b>
Labour	-	1.1	1.3	1.3
Non-Labour	-	0.1	0.1	-
<b>Total Operating Costs</b>	<b>-</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>
FTEs	0.5	9.9	20.1	26.1

c) Since its creation in 2023, Hydro's Major Projects department has worked on the projects contained in Hydro's 2025 Build Application (Bay d'Espoir Unit 8 and the Avalon Combustion Turbine), Life Extension of Bay d'Espoir Unit 7, Penstock 1 Life Extension project for Penstocks 2 and 3. The Major Projects department will also be engaged in any additional feasibility studies for potential projects stemming from Hydro's Reliability and Resource Adequacy study along with any other regulated projects that may arise which meet the definition of a major project.

To date, Hydro's Major Projects department has worked exclusively on regulated projects; each of the projects listed above relate to regulated assets which are currently used or are planned to be used in the future, once constructed, to service Hydro's regulated customers. Should any of the positions in Hydro's Major Projects department regulated business unit work on non-regulated capital work in the future, their time would be charged accordingly

<sup>2</sup> FTEs exclude embedded contractors and any impact of labour recharge, such as direct charges to capital projects. Forecasted FTEs also exclude vacancy allowance.

<sup>3</sup> Numbers may not add due to rounding.

<sup>4</sup> Labour Costs for 2025 and 2026 forecast is prior to any proposed adjustment for General Expenses Capitalized.

<sup>5</sup> The 2025 forecast is based on the 2025 Budget as approved by the Board of Directors.

<sup>6</sup> The 2026 forecast is based on an estimate at a point in time; the budget process is ongoing and has not yet been approved by the Board of Directors; therefore, the 2026 forecast is subject to change.

1           to a non-regulated business unit, via timesheet,<sup>7</sup> and excluded from Hydro's calculation of  
2           Labour costs in the regulated Major Projects business unit and thereby excluded from the  
3           calculation of General Expenses Capitalized.

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<sup>7</sup> In accordance with Hydro's Intercompany Transactions Costing Guidelines as reviewed in the 2013 General Rate Application and approved in Board of Commissioners of Public Utilities ("Board") Order No. P.U. 49(2016).