Q. **Reference: Volume 1, page 121 (footnote 33); Volume 1, page 117 (Table 3-2)**

a) Provide Hydro's actual year-end FTE complement, budgeted FTE complement, and vacancy count/rate, by functional area, for each year 2019 through 2026, and the budgeted/forecast FTE complement for the 2027 Test Year, in Excel.

b) Explain the methodology for setting the 2027 Test Year's 55-FTE vacancy allowance - more than triple the 15-FTE allowance set in Order No. P.U. 16(2019) - and provide its dollar value, consistent with how the 15-FTE/$1.3 million 2019 figure was quantified.

c) Confirm what portion of the FTE growth reflected in the 2027 Test Year's labour costs is offset by capitalization to the General Expenses Capitalized Deferral Account, and provide the FTE count associated with that capitalized portion, with a reconciliation showing capitalized-versus-expensed FTE growth for 2024 through the 2027 Test Year.

A. **a)** Please refer to CA-NLH-074, Attachment 1, provided in Excel format.

b) In the Board of Commissioners of Public Utilities ("Board") Order No. P.U. 16(2019), the Board approved the Settlement Agreement as agreed by the parties to Newfoundland and Labrador Hydro's ("Hydro") 2017 General Rate Application ("GRA"), which included an increase in vacancy allowance from 40 to 55 full-time equivalents ("FTE").[1] Therefore, Hydro's proposed vacancy allowance in the 2026 GRA is consistent with the approved 2017 GRA. The vacancy allowance is approximately $6.0 million.

c) As approved in Board Order No. P.U. 32(2025), positions within the Major Projects department are considered 100% capital; therefore, labour costs have been deferred to the General Expenses Capitalized ("GEC") Deferral Account effective January 1, 2025. These FTEs are not reflected in Hydro's 2027 Test Year labour costs in Chapter 3, Table 3-2 of Hydro's

[1] Board Order No. P.U. 16(2019), p. 37/7–8.

2026 GRA. The number of FTEs within the Major Projects department versus other departments in Hydro is provided in Table 1.

Table 1: FTEs Split Between Major Projects and Other Departments

Regulated Hydro	**2024**	**2025**	**2026F**	**2027TY**
Major Projects Department (100% deferred to GEC)	9	20	24	31
Other Departments	812	827	846	851
Total Net FTEs	**821**	**847**	**870**	**882**

As identified in Chapter 2, Chart 2-11 of Hydro's 2026 GRA, there are a small number of additional FTEs in other departments that are considered to be Major Projects-related, as they progress consultant studies, resource planning analyses, and regulatory processes associated with the development and execution of Hydro's system expansion requirements. The labour costs associated with these FTEs are not charged 100% to the GEC deferral account, if at all.[2]

Further, there are additional FTEs in other departments that are considered incremental as a result of Hydro's capital program; however, these positions are not necessarily "new." A portion of labour costs associated with these departments are charged to the GEC Deferral Account in accordance with Board Order No. P.U. 32(2025).

For a breakout of costs deferred to the GEC Deferral Account through the 2027 Test Year, please refer to Hydro's response to IIC-NLH-013 of this proceeding. As the forecast of labour costs deferred to the GEC Deferral Account is done on a percentage basis and not by individual FTEs, a further reconciliation is not available.

[2] For instance, Regulatory Affairs was included within the departments listed for inclusion in the GEC Deferral Account in Board Order No. P.U. 32(2025); however, system planning groups such as Resource and Production Planning were not.