Q. **Reference: Volume 1, chart 2-11, pages 2.25 and 2.26**

Hydro states (lines 17 to 18 on page 2.25) "*To support work required now and into the future, Hydro's FTE compliment is increasing by approximately 5.6% over the eight-year period between test years.*" Hydro provides a bar chart (chart 2-11, page 2.26) of regulated FTEs from the 2019 Test Year to the 2027 Test Year.

a) Explain if chart 2-11 is based on gross FTEs or is net of FTEs where the associated salary costs have been deferred into the General Expenses Capitalized Deferral Account.

b) Provide a breakdown of gross regulated FTEs from the 2019 Test Year to the 2027 Test Year by business unit and division and a variance analysis of the changes in FTEs by business unit and division over that timeframe.

c) Provide a breakdown of projected gross regulated FTEs from 2028 Forecast to 2030 Forecast by business unit and division and an associated variance analysis of the projected changes over that timeframe.

A. **a)** Newfoundland and Labrador Hydro's ("Hydro") full-time equivalents ("FTEs") are shown on a net basis within Chapter 2, Chart 2-11 of Hydro's 2026 General Rate Application ("GRA"). This means that FTEs are shown net of charges in and out of Hydro's regulated business segment using timesheets. No adjustment has been made to the FTE counts shown in Chart 2-11 for labour costs deferred to the General Expenses Capitalized ("GEC") Deferral Account. While eligible labour costs may be transferred to the deferral account for accounting and regulatory purposes, the employees associated with those costs remain included in Hydro's FTE complement. Accordingly, Chart 2-11 is not reduced for FTEs associated with salary costs deferred to the GEC Deferral Account.

b) Hydro's total gross FTEs for 2019 Test Year through 2027 Test Year are provided as part of Hydro's response to part a) of PUB-NLH-022 of this proceeding. A breakdown of net FTEs by functional area is provided in NP-NLH-034 of this proceeding. A discussion of variances in FTE’s is provided in Chapter 2, pages 2.25 to 2.27 of Hydro’s 2026 GRA.

c) Outside of test years, Hydro forecasts its FTEs on an annual basis within its annual budget cycle. FTE forecasts for 2028 to 2030 have not yet been established.