

1 Q. **Reference: NP-NLH-013, Issue Topic: Intercompany Transaction Costing Guidelines.**

2 Please confirm that the labour costs shown in Table 1 fairly reflect the direct time spent by the
3 executive on regulated and non-regulated operations. For example, in 2024, executive regulated
4 labour costs were \$0.6 million, representing 16.7% of total labour costs of \$3.6 million. If this
5 allocation does not fairly represent the direct time spent by the executive on regulated
6 activities, please provide analyses and resulting percentages that do.

7
8
9 A. The 16.7% referenced in the question is calculated using only the Regulated Labour Costs shown
10 in Table 1 as a percentage of Total Labour Costs. This does not represent the total executive
11 costs attributable to regulated operations. In accordance with Newfoundland and Labrador
12 Hydro's ("Hydro") Intercompany Transaction Costing Guidelines, executive costs attributable to
13 regulated operations may be incurred through executives based in Regulated Hydro, net of any
14 labour recharges for non-regulated activities, as well as labour recharges from executives based
15 in Non-Regulated Hydro and costs recovered through the Administration Fee.

16 Accordingly, the costs reported as "Costs Allocated to Regulated Operations" should be
17 considered together with the Regulated Labour Costs when assessing the executive costs
18 attributable to regulated operations.

19 As shown in Hydro's response to NP-NLH-013 (Revision 1),¹ for 2024, Regulated Labour Costs of
20 \$0.9 million plus Costs Allocated to Regulated Operations of \$1.1 million total \$1.9 million.²
21 Relative to Total Labour Costs of \$4.0 million, this represents approximately 49% of total
22 executive costs attributable to regulated operations. Please refer to NP-NLH-124, Attachment 1
23 of this proceeding.

¹ Hydro provided a revision to NP-NLH-013 to correct an error in labour charged to Regulated by executive. Labour costs were also revised to include salaries and benefits only.

² Totals may not add due to rounding.