

1 Q. **Reference: NP-NLH-047, Issue Topic: Operating Efficiencies.**

2 Hydro's vacancies have ranged from 62 FTEs to 69 FTEs over the 2023 to 2025 period and have
3 not been lower than 60 FTEs since 2019.

4 Please provide the impact on Hydro's 2027 test year operating costs if vacancies were set at
5 each of (i) 62 FTEs and (ii) 69 FTEs. As part of the response, please detail how Hydro plans to
6 limit its vacancies to 55 FTEs in each of 2026 and 2027.

7
8
9 A. Newfoundland and Labrador Hydro's ("Hydro") forecast vacancy allowance of 55 full-time
10 equivalents ("FTE") in each of 2026 and 2027 is informed by historical experience, future
11 workforce requirements and Hydro's commitment to prudently manage its workforce and
12 labour costs.

13 Hydro's vacancy experience in recent years has been influenced by the transition from a period
14 of workforce reduction to one of measured growth and is reflective of variances associated with
15 retirements, recruitment volumes and response, leaves of absence and labour market
16 constraints. During the period of 2021–2023, Hydro experienced increased attrition rates which
17 directly impacted vacancy experience and had a lag effect on future years as the organization
18 worked to fill roles. Hydro's forecast vacancy experience needs to be considered in the context
19 of its evolving workforce requirements, including growth associated with major project activity.
20 While historical vacancy levels inform Hydro's forecast, they are not necessarily indicative of
21 future vacancy levels expected in 2026 and 2027.

22 The 55 FTE vacancy allowance does not represent a target level of unfilled positions. Rather, it is
23 a planning assumption that reflects an expected level of workforce turnover and vacancy. Hydro
24 continues to manage vacancies through workforce planning, centralized FTE governance, and
25 formal hiring reviews, with positions filled based on operational requirements.

1 Hydro has also incorporated a productivity allowance within the 2027 Test Year that reflects an
2 expectation for continued efficiency and management of costs across the organization. The
3 vacancy allowance together with the productivity allowance represents a reasonable approach
4 to forecasting operating costs. The imposition of additional vacancy allowance is not reasonable
5 in light of Hydro's requirements to ensure safe and reliable delivery of service and grow its
6 workforce to support system growth and transformation.

7 If a vacancy allowance higher than 55 FTEs were imposed in addition to the productivity
8 allowance included in the 2027 Test Year, Hydro would be required to absorb approximately
9 \$760,000 at a vacancy allowance of 62 FTEs and approximately \$1.5 million at a vacancy
10 allowance of 69 FTEs.