

Q. **Reference: NP-NLH-115, Issue Topic: Rural Deficit.**

Does Hydro track its employees and labour costs by rural deficit area? If so, please provide labour costs and FTEs by rural deficit area for the years 2019 to the 2027 test year. If not, please explain how Hydro manages its labour costs in these areas and provide labour costs and FTEs by rural deficit area for the years 2019 to the 2027 test year to the extent Hydro has the information.

A. **Error! Reference source not found.** presents the labour costs included in the 2019 Test Year and the 2027 Test Year.

Table 1: Rural Deficit Area Operating Labour Costs¹ and FTEs²

	INT ³	ISO ⁴	LSO ⁵	LAL ⁶
2019 Labour (\$000)	15,866	3,403	9,851	999
2027 Labour (\$000)	16,226	3,364	10,304	1,604
Variance from 2019TY (\$000)	360	(39)	453	605
Variance from 2019 (%)	2.27	(1.14)	4.60	60.52
2019 FTE	169.98	39.42	104.22	10.32
2027 FTE	167.89	34.94	102.81	13.13
Variance from 2019TY	(2.09)	(4.48)	(1.41)	2.82
Variance from 2019 (%)	(1.23)	(11.36)	(1.35)	27.29

Changes in FTEs and labour costs are not necessarily proportional, as labour costs also reflect salary levels, overtime, benefits, labour transfers and changes in allocated support costs.

¹ Labour costs include direct costs and costs allocated from support functions.

² Full-Time Equivalents ("FTE").

³ Island Interconnected ("INT").

⁴ Island Isolated ("ISO").

⁵ Labrador Isolated ("LSO").

⁶ L'Anse-au-Loup ("LAL").

1 The most significant change occurred on the LAL system. The increase in LAL labour costs and
2 allocated FTEs is primarily driven by higher generation labour costs, including overtime and
3 reduced labour-out credits, together with a larger share of general administration costs and
4 associated FTEs allocated to LAL.