Q. **Reference: Volume I, page 2.26, Workforce Resourcing and Planning**

Explain how FTEs are calculated as a result of the amalgamation and the allocation of various employees between regulated operations and other lines of business as described in the updated Intercompany Transaction Costing Guidelines. Has there been changes in the calculation of and the total number of FTEs as a result of the change in the organization structure?

A. Newfoundland and Labrador Hydro ("Hydro") does not hold full-time equivalents ("FTE") within all of its subsidiaries as shown in Chapter 1, Figure 1-3 of its 2026 General Rate Application ("GRA"). Prior to amalgamation, FTEs were previously held within three legal entities:

1) Nalcor Energy: Non-Regulated FTEs supporting the parent company's Corporate and Power Supply/Lower Churchill divisions.
2) Hydro: including Regulated and Non-Regulated FTEs supporting Hydro's regulated operations and non-regulated operations (i.e., those supporting government assets Exploits, Star Lake, etc.)
3) Churchill Falls (Labrador) Corporation Limited ("CF(L)Co"): Non-Regulated FTEs supporting CF(L)Co.

On January 1, 2025, the Nalcor Energy legal entity was merged with Hydro to form the new corporation under the *Hydro Corporation Act, 2024*. As a result of the legislative changes, FTEs formerly within the Nalcor Energy parent company are now within the Hydro parent company, as shown in Figure 1-3 of Hydro's 2026 GRA, and are included within Hydro's non-regulated business segment. FTEs within CF(L)Co and Hydro's historical operations remained in the same corporate entity on January 1, 2025.

Prior to amalgamation, within its reporting, Hydro would have only considered those FTEs supporting government assets within its non-regulated business segment, but as of

January 1, 2025, it now includes non-regulated FTEs within the former Nalcor Energy divisions. There have been no changes to how FTEs are reported within Hydro's regulated operations.

A breakdown of the FTEs within each division from 2019 through the 2027 Test Year is provided in Table 1.

Table 1: Hydro's Non-Regulated and Regulated Net FTEs

	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026F**	**2027TY/ Forecast**
Regulated Hydro Operations	855	811	810	796	808	826	855	869	882
Non-Regulated Hydro Operations	60	54	66	76	73	83	83	80	80
Corporate: Non-Regulated[1]	253	231	220	191	202	207	226	245	254
Lower Churchill: Non-Regulated[2]	66	74	77	82	85	82	86	85	83
CF(L)Co	304	291	299	290	290	293	299	292	295
Grand Total FTEs (Regulated and Non-Regulated)	**1,538**	**1,462**	**1,472**	**1,434**	**1,457**	**1,491**	**1,548**	**1,571**	**1,594**

[1] Formerly Nalcor Energy.
[2] *Supra*, f.n. 1.