

1 **Q. Reference: Volume I, page 2.30-2.31, Labour Costs, Chart 2-13**

2 According to Chart 2-13, Hydro started to increase staffing levels in 2023 to be ready to
3 prudently plan for and execute new system additions, and that labour costs reflect this increase.
4 The labour costs presented in Chart 2-13 are net of GEC beginning in 2025.

5 Are the additional staff hired to plan and execute new system additions part of the Major
6 Projects Group? If so, shouldn't this labour cost be included in GEC and not reflected in the
7 increase in operating labour costs? Explain.

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10 **A.** The staffing increase in relation to planning for and execution of new system additions is shown
11 as "Major Projects Related" in Chapter 2, Chart 2-11 of Newfoundland and Labrador Hydro's
12 ("Hydro") 2026 General Rate Application ("GRA"). These full-time equivalents ("FTEs") sit both
13 inside and outside of the Major Projects department. Their impact on labour costs, as shown in
14 Chart 2-13, depends on whether or not their costs are included in the General Expenses
15 Capitalized ("GEC") Deferral Account.

16 Staff hired by Hydro directly into the Major Projects department are charged 100% to the GEC
17 Deferral Account as approved in Board of Commissioners of Public Utilities Order No.
18 P.U. 32(2025). As stated above, these positions are shown as additional FTEs within Chart 2-11;
19 however, their costs are not reflected in Chart 2-13 as those costs are net of GEC.

20 As discussed in Hydro's 2026 GRA, additional support is also required within other existing
21 departments, such as the System Planning function, to progress consultant studies, resource
22 planning analyses and regulatory processes associated with the development and execution of
23 Hydro's system expansion requirements.¹ These FTEs are shown as "Major Projects Related"
24 within Chart 2-11 and have labour costs reflected in Chart 2-13.

¹ "2026 General Rate Application," Newfoundland and Labrador Hydro, May 27, 2026, vol. I, ch. 2, sec. 2.2.4, pp. 2.25-2.26.

- 1 For a breakdown of labour cost drivers from 2023 to 2027 Test Year, please refer to Hydro's
- 2 response to PUB-NLH-023 of this proceeding.