Q. **Reference: Volume I, page 3.9, Labour Costs, Table 3-2**

On page 3.9, footnote 33, Hydro stated that a vacancy allowance of 55 FTEs is included in the 2027 Test Year. Hydro states that this is consistent with the 2019 Test Year after the Board ordered an increase in the vacancy allowance.

a) What is the dollar value of the vacancy allowance included in the 2027 Test Year?

b) How is the vacancy allowance reflected in the 2027 Test Year?

c) Provide a table showing the forecast, and where available the actual FTEs and vacancy factors for each year from 2019 to 2027TY AND 2027F.

d) Are the FTEs noted in Chart 2-11 net of the 55 FTEs in the vacancy allowance?

A. **a)** The vacancy allowance is approximately $6.0 million.

b) In compiling its labour costs for the 2027 Test Year, Newfoundland and Labrador Hydro ("Hydro") reduced its budgeted total salaries by the $6.0 million vacancy allowance. The vacancy allowance is calculated by multiplying the average salary by the number of full-time equivalents ("FTE") included within the vacancy allowance (55).

c) Please refer to PUB-NLH-022, Attachment 1 for a table showing budgeted and actual FTEs, as well as vacancy factors for each year from 2019 to 2027 Test Year.[1]

d) Yes, the FTEs noted in Chart 2-11 of Hydro's 2026 General Rate Application are net of the 55 FTEs in the vacancy allowance.

[1] The 2027 Test Year forecast is the current 2027 Forecast for FTEs.

Newfoundland and Labrador Hydro
FTEs and Vacancy Factors

	2019TY	2019A	2020B	2020A	2021B	2021A	2022B	2022A	2023B	2023A	2024B	2024A	2025B	2025A	2026B	2027TY
Gross FTEs (A)	901	901	897	897	872	872	857	857	877	877	893	893	917	917	928	937
Vacancy Allowance /Actual Vacancy (B)	55	46	55	86	55	62	55	60	55	69	55	67	55	62	55	55
Home-Based FTEs (A-B) = C	846	855	842	811	817	810	802	797	822	808	838	826	862	855	873	882
Net Labour Recharge (D)	(11)	(25)	(15)	(20)	(10)	(18)	(4)	(7)	(4)	(4)	(5)	(5)	(1)	(1)	(2)	(0)
Total Net FTEs (C+D) = F	836	830	827	791	807	792	798	790	818	804	833	821	861	854	872	882
% Vacancy (B/A)	6.1%	5.1%	6.1%	9.6%	5.2%	7.1%	5.1%	7.0%	6.3%	7.9%	6.2%	7.5%	6.0%	6.8%	5.9%	5.9%