

1 Q. **Reference: Application, 2023 Capital Expenditures Overview**

2 Does the 2024 CBA account for the higher labour and materials costs experienced in 2023, or  
3 does Hydro believe that this is a temporary phenomenon?

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6 A. Due to the timing of activities necessary for completion of the current year capital budget cycle,  
7 Newfoundland and Labrador Hydro (“Hydro”) is unable to fully incorporate lessons learned from  
8 the immediately previous execution season. However, the lessons learned from previous capital  
9 budget cycles are utilized in the development of subsequent capital budget applications.  
10 Increased labour and materials costs seen throughout 2022 have been incorporated as required,  
11 and Hydro uses updated escalation assumptions in its 2024 estimating exercises. While Hydro  
12 continues to experience elevated material and labour costs, Hydro is unable to speculate on the  
13 permanency of the increase in such costs going forward.