

1 Q. **Reference: General**

2 Some of Hydro's programs refer to increases or escalations in labour costs (i.e. Distribution
3 System In-Service Failures, Miscellaneous Upgrades and Street Lights, Thermal In-Service
4 Failures, Terminal Station In-Service Failures, Hydraulic In-Service Failures, Diesel In-Service
5 Failures). How does Hydro determine which projects are exposed to labour cost increases?

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8 A. During the development of the capital budget applications, Newfoundland and Labrador Hydro
9 ("Hydro") uses a combination of lessons learned, historical pricing of programs/projects with
10 similar scope of work, as well as updated vendor quotes/tender pricing to formulate estimates
11 for labour costs. While escalation in labour costs was specifically mentioned in the programs
12 referenced by the Board of Commissioners of Public Utilities in this request for information,
13 increased labour and materials costs have been incorporated as required throughout Hydro's
14 application, and Hydro has used its corporate escalation assumptions in its 2025 estimating
15 exercises. While Hydro continues to experience elevated material and labour costs, Hydro is
16 unable to speculate on the permanency of the increase in such costs going forward and which
17 projects may be exposed.