

1 Q. **Reference: Volume I, page 3.5, Labour Costs - Table 3-2**

2 Hydro states that there is a change in its methodology for budgeting overtime. Hydro is
3 currently using the historic average approach described in footnote 7, page 3.1. Explain how
4 overtime was previously budgeted?

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7 A. Prior to Budget 2025, Newfoundland and Labrador Hydro ("Hydro") budgeted overtime based
8 on the anticipated overtime required to execute the annual work plan determined by the
9 business unit manager. Beginning with Budget 2025, Hydro changed its approach and now
10 calculates overtime budgets using a three-year historical average of actual overtime
11 expenditures, adjusted by a labour inflator to reflect forecast salary increases. This change was
12 implemented to better align budgeted overtime costs with Hydro's actual operating experience.
13 The 2026 and 2027 overtime forecasts were based on the 2025 budgeted amount and escalated
14 using the labour inflator.