

1 Q. **Reference: Volume I, Section 3.1.1, Issue Topic: Operating Efficiencies and NP-NLH-044.**

2 In Section 3.1.1 Hydro states: *“zero-based budgeting is a strategic financial approach where all*
3 *expenses must be justified for each new period, starting from a zero base, rather than adjusting*
4 *previous budgets.”*

5 In its response to NP-NLH-044, Hydro states: *“Each department was provided with a list of*
6 *existing positions and was asked to justify the requirement for each additional, vacant, and/or*
7 *temporary/term position for each of the years 2025, 2026 and 2027.”*

8 Please confirm whether or not each department was required to justify each existing employee
9 (i.e. from a zero base). If this cannot be confirmed, please explain.

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12 A. Newfoundland and Labrador Hydro (“Hydro”) confirms that departments were not required to
13 re-justify each existing filled position from a zero base as part of the workforce planning exercise
14 described in Hydro’s response to NP-NLH-044 of this proceeding. Departments were provided
15 with a list of existing positions and were required to justify the requirement for additional
16 positions, as well as vacant and temporary/term positions, for each of the years 2025, 2026, and
17 2027 Test Year.

18 For labour, Hydro’s zero-based budgeting approach focused its review on proposed staffing
19 changes and positions requiring management review and approval, including additional, vacant,
20 and temporary/term positions. Existing filled positions associated with ongoing operations were
21 used as a starting point and were not individually re-justified. Accordingly, the workforce
22 planning exercise did not involve a position-by-position re-evaluation of all existing filled
23 positions.