

1 Q. **Volume 1 (1<sup>st</sup> Revision), Chapter 3: Operations**

2 Please explain whether and, if so, how Hydro considers actual results when  
3 evaluating cost control. (Volume I (1st Revision), Chapter 3: Operations, Page 3.34,  
4 Lines 2-8)

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7 A. Hydro has implemented a rigorous process of cost management that began in 2016.

8 Hydro does consider actual results when evaluating cost control, and does so in

9 regular meetings among senior leaders as well as through other detailed

10 assessments and analysis. Consideration of actual results, variance analyses and

11 review of historical and forecast trends for both costs, as well as their related

12 underlying operational activities, assists in understanding costs, operational drivers,

13 cost control opportunities and successes. The outcomes of such analyses can be

14 used to inform cost management decisions and budgets as well as to assess cost

15 control opportunities, failures, and successes.