

- 1 Q. Please explain where and how the identified “quantifiable annual efficiency gains” of
 2 \$415,000 are reflected in the cost-benefit analysis in Appendix E to the Justification Report.
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 5 A. The quantifiable annual efficiency gains are included in the “Corporate Business Systems
 6 Program Justification Report,” App. E, Scen. 1, Col. H. The savings of \$415,000 are real 2018
 7 dollar annual savings and were escalated each year by the GDP¹ Implicit Price Deflator.²
 8 These savings are added to the reduction in operating expenditures of approximately 0.6%
 9 to provide the total Scenario 1, Benefit 1 Reduced OPEX.³ Please refer to Table 1 for further
 10 details.

Table 1: Scenario 1 – Total Benefit 1

Year	Functional Area Benefits ⁴	GDP Escalation	Escalated Functional Area Benefits	0.6% Reduction of O&M ⁵	Total Reduced OPEX
1 2019	(68,883)	1.02	(70,231)	-	(70,231)
2 2020	(108,813)	1.04	(113,113)	(873,677)	(986,789)
3 2021	(415,196)	1.06	(440,022)	(862,554)	(1,302,576)
4 2022	(415,196)	1.08	(448,593)	(727,426)	(1,176,019)
5 2023	(415,196)	1.10	(457,331)	(713,331)	(1,170,662)
6 2024	(415,196)	1.12	(466,239)	(731,498)	(1,197,737)
7 2025	(415,196)	1.14	(475,320)	(754,847)	(1,230,168)
8 2026	(415,196)	1.17	(484,579)	(774,064)	(1,258,643)
9 2027	(415,196)	1.19	(494,018)	(770,884)	(1,264,902)
10 2028	(415,196)	1.21	(503,640)	(795,589)	(1,299,229)
11 2029	(415,196)	1.24	(513,450)	(815,954)	(1,329,404)
12 2030	(415,196)	1.26	(523,452)	(831,467)	(1,354,918)

¹ Gross Domestic Product (“GDP”).

² Further information on the GDP implicit price deflator is provided in Hydro’s response to PUB-NLH-204.

³ Operating Expenses (“OPEX”).

⁴ Real 2018 dollar annual savings quantified in functional areas.

⁵ Please refer to Newfoundland and Labrador Hydro’s response to PUB-NLH-210.