

1 Q. Further to the response to PUB-NLH-051, the guidelines for staff on budgets which  
2 were attached do not include any directions or instructions on cost control targets.  
3 Did Hydro provide any guidance or instructions to staff on the necessity to minimize  
4 costs for the 2018 and 2019 test years? If yes, provide the instructions. If no, why  
5 not?

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- 8 A. Direction to the business regarding operating cost control was provided in a  
9 number of meetings. The process began in mid-June 2016 for the Budget 2017, and  
10 the 2018 and 2019 Test Years. Guidance around operating costs included:
- 11 • Operating and Maintenance costs for the Budget 2017 were not to exceed the  
12 2016 Budget of \$139.6 million. Structural salary and other increases would have  
13 to be offset by reductions in other areas;
  - 14 • All requests for new FTEs required justification before inclusion in the budgets;
  - 15 • All FTE requests were to be approved by General Managers and Vice Presidents  
16 of the respective divisions prior to inclusion in the budgets;
  - 17 • Executive level review and approval of all FTE requests would also be required  
18 prior to hiring;
  - 19 • Salary and related labour cost estimates were provided by Human Resources to  
20 ensure data integrity;
  - 21 • Professional services requests were to be completed using a pre-defined  
22 template that includes a description of the service and the vendor;
  - 23 • Training was to be managed in total by Human Resources and all requests were  
24 to be submitted using a training template; and
  - 25 • Travel costs were to include business critical and operational needs only.

1           There were multiple meetings and reviews of the budgets and adjustments made.  
2           The final 2017 budget was approved by the Hydro Board of Directors. Budgets for  
3           the 2018 and 2019 Test Years were subject to additional levels of review with  
4           Executive and senior managers and finalized in early 2017. Reviews resulted in FTE  
5           neutral budgets in 2018 and 2019, and the inclusion of a productivity allowance.