

1 Q. Further to the response to Request for Information CA-NLH-328:
2 Please confirm that Hydro has not included a specific allowance for productivity in
3 its 2015 Test Year operating expenses.

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6 A. Hydro's budgeting methodology incorporates productivity improvements into its
7 base budgets, not as a specific allowance to be shown separately. Both methods
8 have the same end result.

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10 An example of this is clearly shown in Hydro's response to CA-NLH-328 regarding
11 Hydro's 2015 Budget for overtime. As stated¹, overtime costs in 2013 were \$12.3
12 million and in the 2014 Test Year were \$12.2 million. Hydro's 2015 Test Year
13 budget for overtime is \$10.1 million. The \$2 million reduction in overtime
14 estimated for 2015 is targeted to be accomplished through cost management
15 initiatives, namely redeployment of staff and recruitment initiatives.

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17 As stated in Hydro's response to CA-NLH-328: "[i]f reductions are not achieved,
18 Hydro will incur higher costs that will negatively impact net income; however,
19 customers will still benefit through lower Test Year based rates."

¹ CA-NLH-328 , Footnote 4.