

1     Q.     In the Board’s Decision for P.U.7 (No. 27), Hydro was directed to reduce  
2           “other costs” for the test year by \$2 million to reflect a productivity allowance.  
3           What does Hydro propose for the Board’s consideration as a reasonable  
4           productivity allowance for inclusion in this application?

5

6

7     A.     Hydro does not believe there is any justification to impose a productivity  
8           allowance in this application. The revenue requirement, as filed, reflects the  
9           lowest possible cost consistent with reliable service.