

1 **Q. For each year from 2012 through 2017 show the prior year costs adjusted for the**
2 **cost reductions in the year and the total increase in costs, after adjusting for the**
3 **identified cost reductions. Please show the increase in dollar and percentage terms.**
4

5 A. It is unclear to Newfoundland Power what specific information this request for
6 information seeks.
7

8 Newfoundland Power's cost management involves a large number of initiatives of
9 varying size, which combine to reduce *overall* costs. Accordingly, the Company focuses
10 on overall operating costs. The Company does not routinely do *ex post facto* assessments
11 of every initiative it undertakes to measure success. Instead, the Company looks to its
12 overall cost performance as a primary measure of operational efficiency.
13

14 Overall, Newfoundland Power's operating costs over the 2013 to 2017 period show
15 reasonable management efficiency. Over this period, the Company's operating costs are
16 forecast to increase by approximately 6.4%. This represents an annual increase in
17 operating costs of approximately 1.6%.¹
18

19 Please refer to the responses to Requests for Information PUB-NP-009, PUB-NP-011,
20 PUB-NP-012, PUB-NP-030 and CA-NP-216 for greater detail concerning Newfoundland
21 Power's operating efficiency and how that efficiency is consistent with the Company's
22 fulfillment of its obligation to provide least cost reliable service to its customers.
23

24 The benefits of this operating efficiency and service improvement will be passed on to
25 customers in the 2016/2017 test period.

¹ Overall operating cost performance since 2013 is shown in *Volume 1, Company Evidence, Section 3.5.1: Operating Costs*, page 3-25.