

1 Q. Further to response to Request for Information PUB-NLH-064:

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3 Hydro indicated that “There is no calculation underlying the productivity allowance
4 for 2018 and 2019...” and that it is a “...self-imposed target set by Hydro’s Executive
5 to reflect actions being taken to manage costs.”

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7 Table 3-17 of Hydro’s revised evidence indicates operating costs will increase by
8 over \$10 million, or over 8%, in 2017 and by a further \$8 million, or approximately
9 6%, in 2018.

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11 Please list all objective indicators in the revised evidence filed by Hydro in support
12 of this application, including responses to Requests for Information, that Hydro’s
13 operating cost performance is consistent with the least-cost provision of service to
14 its customers.

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17 A. Hydro believes that operating costs are one of many measures that should be used
18 to evaluate performance. Managing operating costs is important to customers and
19 the company is taking measures to continue to manage costs and improve
20 efficiency. However, operating cost performance in isolation cannot be used to
21 determine whether Hydro is providing safe, least-cost, reliable service [emphasis
22 added]. Other important measures of operating performance include: reliability,
23 adequacy of supply, customer satisfaction, safety, regulatory compliance, and
24 environmental factors. Therefore, the Test Years proposed by Hydro include the
25 underlying costs that are necessary to ensure Hydro is delivering safe, least-cost,
26 reliable service.

1 The objective indicators are listed in Hydro’s response to PUB-NLH-126, Attachment
2 1. Please also refer to Hydro’s responses to NP-NLH-019, NP-NLH-026, NP-NLH-209,
3 NP-NLH-250, PUB-NLH-033 (lines 16-17), PUB-NLH-054, PUB-NLH-122, and PUB-
4 NLH-128.