

1 Q. Further to the response to PUB-NLH-064 which states that there is no calculation
2 underlying the productivity allowance, how did the executive determine the
3 appropriate amount for this “self-imposed target”?
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7 A. The budgets for the 2018 and 2019 Test Years were based on requirements to
8 support work plans and activities for those years. Initiatives that have been
9 identified to provide cost reductions are described in Hydro’s response to PUB-NLH-
10 122. Hydro Executive determined that based upon the cost management actions
11 planned for 2018, a \$1 million productivity allowance was included as a means to
12 quantify the impact of the various initiatives. The productivity amount was also
13 applied for the 2019 Test Year.

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15 Please note that that the \$1 million productivity allowance is in addition to Hydro’s
16 commitment to holding flat on FTEs as noted in Hydro’s response to PUB-NLH-033,
17 lines 15-17, which includes the absorption of six positions in the Energy Control
Centre and the \$3.5 million vacancy allowance.