

1 Q. **Re: NP-NLH-058**

2 It is mentioned at lines 14-16 that “Nalcor and Hydro have implemented various
3 measures to ensure that Hydro’s costs and operations are not inappropriately
4 impacted by this shared services arrangement.”

5 Please explain the expression “not inappropriately impacted”. Please explain why
6 Hydro did not respond that Hydro’s costs and operations are not impacted by this
7 shared services arrangement.

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10 A. It would not have been accurate for Hydro to indicate that Hydro’s cost and
11 operations are not impacted by the shared services arrangement. As described on
12 Hydro’s Evidence, page 3.14, Hydro has benefited from the shared services
13 arrangement with Nalcor and has used the strategic opportunity of cost savings to:

- 14 • Expand its engineering and operations workforce; and
15 • Implement a retention and recruitment initiative, while keeping operating and
16 maintenance costs close to inflationary levels.

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18 However, as Hydro’s response to NP-NLH-058, page 2, line 14 to page 3, line 12
19 indicates, measures are taken to ensure that the shared services arrangement does
20 not have a negative impact on Hydro’s costs and operations.