

1 Q. **Volume 1 (1st Revision), Chapter 3: Operations**

2 Are the \$7.5 million in cost reductions reflected in the 2017 to 2019 test year
 3 forecast? (Volume I (1st Revision), Chapter 3: Operations, Page 3.34,
 4 Footnote 72)

5
 6
 7 A. Please refer to Hydro’s response to NP-NLH-020. Capitalized costs in 2017 are
 8 higher than 2016 and are on par with the 2016 actual levels and the 2018 and 2019
 9 Test Years. Employee future benefits cost savings are reflected in the 2017 Forecast
 10 and the 2018 and 2019 Test Years. Net overtime is approximately \$1.2 million less
 11 than the 2016 actual in the 2018 and 2019 Test Years. Net labour recovery is lower
 12 in the 2018 and 2019 Test Years than the 2016 actual and reflects the
 13 reorganization of Hydro. Please refer to Hydro’s response to PUB-NLH-033 for
 14 information regarding changes in salaries.

Table 1 – Summary of Cost Reductions 2017-2019 Test Year

	2016 Actual	2017 Forecast	2018 Test Year	2019 Test Year
Capitalized Costs	(21,371)	(22,404)	(21,089)	(21,086)
Employee Future Benefits	6,946	6,285	6,490	6,705
Net overtime	6,164	4,182	4,874	4,901
Net labour Recovery	(1,231)	(649)	(697)	(842)