Q. **Reference: Volume 1, page 2.51**

Hydro states (lines 11 to 17) “Applied from an enterprise-wide perspective, the productivity allowance has been allocated across departments as a percentage of total budgeted dollars...these efficiencies are embedded in the forecast as avoidable expenditures rather than discrete line-item reductions.”

a) Clarify if Hydro’s 2027 Test Year $4.0 million productivity allowance has been allocated to all departments on an across-the-board basis or has been targeted toward specific departments or cost elements.

b) Explain the difference in Hydro’s view between avoidable expenditures as compared to discrete line-item reductions.

A. **a)** Please refer to part b) of Newfoundland and Labrador Hydro’s (“Hydro”) response to CA-NLH-069 of this proceeding.

b) Please refer to Hydro’s response to CA-NLH-072 of this proceeding.