Q. **Reference: Volume I, Schedule B-I, Issue Topic: Operating Efficiencies**

Please provide Schedule B-I gross of deferred costs to the General Expenses Capitalized Deferral Account and productivity allowances.

A. Please refer to NP-NLH-050, Attachment 1. Productivity allowances reflected in the 2019 Test Year, the 2026 Forecast and the 2027 Test Year form an integral part of Newfoundland and Labrador Hydro's ("Hydro") operating cost forecast. The forecast presented by Hydro represents its best estimate of the costs required to operate the system safely and reliably while also incorporating anticipated productivity improvements and cost efficiencies. Accordingly, it would be inappropriate to present a separate forecast excluding the productivity allowance, as such a forecast does not represent Hydro's expected operating costs or the basis upon which rates are being proposed.

Newfoundland and Labrador Hydro
Total Operating Expenses by Cost Type – Gross of GEC[1] and Productivity Allowances
($000)[2]

	2019 Test Year	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Forecast	2027 Test Year
Labour										
Salaries	77,365	76,303	73,409	73,970	73,945	75,064	82,042	90,060	92,003	96,212
Overtime	4,901	5,764	6,131	7,068	6,600	7,450	7,171	7,318	7,192	7,361
Other Labour-Related Costs	3,236	2,523	4,902	(2,038)	1,892	704	(723)	(1,949)	575	(574)
Total Labour	**85,502**	**84,589**	**84,442**	**79,000**	**82,437**	**83,217**	**88,490**	**95,429**	**99,769**	**102,998**
System Equipment and Maintenance	26,796	22,883	20,491	21,819	22,299	30,060	24,623	30,414	29,845	27,538
Other										
Office Supplies and Expenses	2,520	2,243	2,288	2,082	2,315	2,225	2,214	2,306	2,486	2,541
Professional Services	8,825	7,422	7,330	7,560	8,279	10,043	11,411	15,092	12,575	13,644
Insurance	3,425	3,507	3,785	4,412	4,703	4,973	4,885	4,684	4,670	4,624
Equipment Rentals	3,746	3,597	2,739	2,285	2,255	2,546	2,667	2,069	1,788	1,833
Travel	2,759	2,404	1,500	1,591	2,037	2,836	2,355	2,411	2,267	2,306
Miscellaneous Expenses	5,868	5,033	4,594	5,154	5,035	5,218	5,045	5,955	5,989	6,121
Building Rental and Maintenance	1,100	979	911	932	972	1,053	1,290	1,296	1,128	1,151
Transportation	1,274	1,359	1,215	1,863	2,358	2,446	2,368	2,067	2,793	2,993
Customer Costs	118	391	2,908	(703)	(511)	2,137	23	590	85	85
Total Other	**29,635**	**26,935**	**27,270**	**25,175**	**27,443**	**33,477**	**32,258**	**36,471**	**33,780**	**35,297**
Cost Allocations[3]	(4,970)	(1,323)	1,337	243	(1,661)	(3,908)	(122)	(5,236)	(4,113)	(2,894)
Total Operating Expenses Gross of GEC and Productivity Allowances	**136,964**	**133,083**	**133,540**	**126,237**	**130,518**	**142,847**	**145,249**	**157,078**	**159,282**	**162,939**
GEC	-	-	-	-	-	-	-	(6,286)	(6,389)	(6,578)
Total Operating Expenses	**136,964**	**133,083**	**133,540**	**126,237**	**130,518**	**142,847**	**145,249**	**150,792**	**152,893**	**156,362**

[1] General Expenses Capitalized ("GEC").
[2] Numbers may not add due to rounding.
[3] Includes disallowance related to the 2017 GRA.