Q. **Reference: Volume I, page 2.1, Managing Our Business**

Hydro states that it is committed to further savings for customers in the 2027TY and to continuously improve business processes and the delivery of electricity service.

- **a)** Provide the specific initiatives that Hydro has committed to in the 2027 Test Year, and the amount of savings expected from the initiative.
- **b)** Are the savings embedded in the relevant 2027 Test Year costs or in the $4 million productivity allowance? Explain.
- **c)** Will the full impact of these initiatives be realized in the 2027 Test Year or will the savings be spread over more than one year?

A. **a)** Please refer to Newfoundland and Labrador Hydro's ("Hydro") response to part a) of PUB-NLH-027 of this proceeding.

b) Hydro expects its Senior Management to continuously improve delivery of least-cost reliable electricity service, and to incorporate efficiencies into Hydro's annual budgeting process. Accordingly, business unit owners incorporated efficiencies identified prior to the establishment of the 2026 and 2027 Test Year forecasts (e.g., where work could be performed with internal vs. external resources) within their budgets.

As a further measure of recognizing customers' concerns with the rising cost of electricity, Hydro's 2026 Forecast and 2027 Test Year operating cost forecasts include a $4.0 million productivity allowance. These allowances were applied subsequent to the budget development process as an organization-wide cost management approach to mitigate the increasing operating costs within the 2027 Test Year and allocated across departments on a proportional budget basis to support further cost discipline and prioritization.

c) Please refer to Hydro's response to part a) of PUB-NLH-027 of this proceeding.