Q. In the Grant Thornton Board of Commissioners of Public Utilities 1996 Annual Review of Newfoundland and Labrador Hydro (NP-22) reference is made on page 13 to a team effort coordination with Newfoundland Power. Please provide all minutes of meetings of this team and all recommendations coming out of that team and the implementation date of these recommendations.

A. The minutes of the coordinations with Newfoundland Power are attached.

The coordination process involved reviewing areas of operations for opportunities of possible co-operation which could result in improved customer service and lower customer cost. The areas reviewed were as follows:

1. Sharing of Specialized Equipment
2. PCB Facilities
3. Customer Enquiries (1-800 number)
4. Printing Services
5. Storage Space
6. Emergency Spill Response
7. Protective Equipment Test Facilities
8. Distribution Maintenance
9. Switching
10. VHF Mobile Radio System
11. Inventories and Common Spares
12. 138 kV Transmission Line Maintenance for Central

13. Common Equipment and Engineering Standards:
    i. Common Equipment and Engineering Standards
    ii. 69 kV and 138 kV Transmission
    iii. Substation Design Standards and Practices
    iv. Line Maintenance Construction
14. Meter Shop
15. Technical Training

The following is an update on each area reviewed:

1) Sharing of Services and Equipment

An MOU was finalized in December 2000 for the sharing of services and specialized equipment. Through this MOU, both utilities now have access to a broader base of specialized equipment and during outages and emergencies, are able to utilize the other utility's staff and equipment, if available, to expedite power restoration. Equipment most likely to be used in these cases are trucks with long aerial reach, heavy duty all-terrain vehicles and mobile generation (gas turbine and diesels).

2) PCB Facilities

After a detailed review, it was concluded that while sharing PCB storage facilities would be desirable, environmental regulatory constraints on each utility prevent it at the present time. A process was put in place in July 1997 to ensure the co-ordination of PCB disposal to reduce both transportation and disposal costs. It was also agreed that the two organizations would, where possible, co-ordinate their future PCB phase-out programs.

3) Customer Enquiries (1-800 Number)

It was determined in October 1998 that it was more cost effective for each utility to have their separate 1-800 service with their respective general communication provider. It was also agreed that it is important that all customers have ready access to their electric utility through a system where there are minimum interactions before contacting the appropriate utility's employee. It may be worthwhile in the future to again review the possibility of having one trouble call number.

4) Printing Services

From the evaluations completed, it was determined that Hydro could have some of its printing work done, depending on work load, by Newfoundland Power at a reduced cost when compared to contracting. However, Hydro's policy is to public tender services and supplies. The issue of Hydro changing its policy toward public tendering for such services was not addressed at that time.

5) Storage Space

Many areas of both utilities were reviewed for co-ordination and in general, no opportunity was determined for the practical use of excess storage space in one utility by the other. With very little overlap of territories, the facilities of one utility are not conveniently sited for the other's use.

6) Emergency Spill Response

Co-ordination of the resources of both utilities for spill response will be improved in cases where there is a major spill or a large number of spills that have occurred over a short period of time. In June 1997, there was an exchange of information between companies detailing the location and contact numbers of personnel with responsibilities for emergency response implementation and locations and types of response materials available at designated sites. This information is maintained for use if either company has difficulties accessing other suitable emergency response materials. The intent is that either company would make response material available to the other company if other normal sources were not available.

7) Protective Equipment Test Facilities

In reviewing the practices for the testing of protective equipment (e.g. rubber gloves, etc.), it was determined that changes could be made to standardize frequency of testing. It became evident that each utility could be assisting the other in the testing of some of its equipment which was either not being conducted by both utilities or was being contracted out by one utility. Coordination of these activities was implemented in October 1998.

8) Distribution Maintenance

The rural operations where Hydro and Newfoundland Power operate adjacent to each other were reviewed however no overall consensus could be reached as to if efficiencies could be achieved.

9) Switching

The possibility of performing switching on each other's equipment was reviewed in an effort to enhance customer service. While no overall consensus could be reached during the review, both utilities are coordinating switching where applicable. Also sharing equipment status indication is shared through our respective control centers which enables a more effective restoration process during system disturbances.

10) VHF Mobile Radio System

The co-ordination of activities related to the operation and extension of the VHF Mobile Radio Systems for both utilities was reviewed. It was determined that because of technical differences between the two existing systems, there was limited opportunity to pursue cost savings at that time. However, if one utility is contemplating replacing their existing system, this would be an opportune time to do a further evaluation on the merits of co-operation. As Hydro has the replacement of its VHF system in its 2002 capital budget, discussions have been initiated with Newfoundland Power for possible co-ordination.

11) Inventories and Common Spares

The management of materials at Hydro and Newfoundland Power was reviewed to determine what joint activities could be implemented to minimize costs to the consumer. It was determined that continuation of a long history of sharing inventory materials between the two utilities, when one utility has an immediate need that the other can meet, assists in improved customer service. Sharing of inventory materials has taken the form of direct purchase

and loan/replacement transactions. Another opportunity for savings was to use a common methodology for disposal of scrap material. With both utilities using a similar methodology, higher returns on its scrap material sales can be achieved.

12) 138 kV Transmission Line Maintenance for Central

The existing situation of crew size and location for each utility associated with maintaining the 138 kV transmission lines in central Newfoundland was reviewed. However, no overall consensus could be reached as to if efficiencies could be achieved.

13) Common Equipment and Engineering Standards

- **Common Equipment and Engineering Standards**
- **69 kV and 138 kV Transmission**
- **Substation Design Standards and Practices**
- **Line Maintenance Construction**

Material and construction equipment specifications, design standards, construction standards and work methods for both utilities were reviewed to identify any potential cost reduction opportunities that may be derived through standardization.

Both utilities have a long history of working together (primarily in distribution) and based on this, many of the fundamental design components are the same. The review determined that differences still existed. However through a reconciliation process, agreement was reached on standardization of the majority of these differences with exceptions that should remain due to differences in judgements as to work methods or materials. The differences

in the equipment and operations of the two companies made it difficult to apply the same work methods. However, there were areas where present and future work methods could be shared to the benefit of both organizations.

14) Joint Meter Shop Review

The meter shop operations for both utilities was reviewed with the objective of reducing costs to the ultimate customer however no overall consensus could be reached as to the most effective joint arrangement. Measurement Canada has recently discontinued their inspection service in Newfoundland. This required each utility to change their meter services to accommodate this withdrawal.

15) Technical Training

A review was done on the opportunities for co-operation in the design, purchase and/or delivery of technical training programs that meets the needs of employee development of both utilities. It was determined that benefits could result from sharing physical resources for training purposes and jointly purchasing training services. Sharing of training materials and resources such as library and research services could also be beneficial.