

1 (9:30 a.m.)

2 MR. NOSEWORTHY, CHAIRMAN: Thank you and good  
3 morning everybody. Just a couple of comments, I guess.  
4 One, we had a little bit of technical difficulty overnight with  
5 regard to the electronic distribution of the transcript from  
6 yesterday. I understand that's been resolved now and  
7 corrected and hopefully corrected permanently. I won't  
8 attempt to describe the technical difficulty. I couldn't even  
9 begin to do that but, in any event, hopefully that's it. I  
10 don't believe there are any preliminary matters this morning.

11 MR. KENNEDY: No, Mr. Chair, not that I'm aware of.

12 MR. NOSEWORTHY, CHAIRMAN: Okay, thank you, so  
13 that being the case we'll resume Newfoundland Power's  
14 cross-examination of Mr. Reeves. Good morning, Ms.  
15 Butler. Good morning, Mr. Reeves.

16 MR. REEVES: Good morning, sir.

17 MS. BUTLER, Q.C.: Good morning, Mr. Chairman. Thank  
18 you. Thank you, Mr. Reeves. I just want to finish up the  
19 questioning on the track machine at Cat Arm, if I might. As  
20 we saw yesterday from **NP-103**, page 2 of 2, the idea of the  
21 track machine at Cat Arm or the purpose desired for the  
22 track machine at Cat Arm is twofold, transportation of  
23 workers and materials on the one hand, and grooming on  
24 the other, is that correct?

25 MR. REEVES: As I indicated to you yesterday, this is not  
26 an area, this is in the generation part, so in the actual  
27 specific operations of that particular vehicle, it's probably  
28 better to defer that question to Mr. Budgell.

29 MS. BUTLER, Q.C.: Okay, well can we just look up at (a) in  
30 this screen, Mr. O'Rielly. Yeah. This is **NP-103**, 2 of 2(b).  
31 Sorry, Mr. O'Rielly, I've misled you. The purpose was  
32 actually outlined in the capital budget in page B-18, and I'll  
33 just read it to you, Mr. Reeves, if I might.

34 MR. REEVES: I have it here. It won't take a second to get  
35 it. B?

36 MS. BUTLER, Q.C.: B-18.

37 MR. REEVES: B-18, yes. I have that now.

38 MS. BUTLER, Q.C.: It's indicated there that it was desired  
39 to be used to transport personnel, tools, and equipment to  
40 the Cat Arm site during adverse weather conditions.

41 MR. REEVES: That's what it says, yes.

42 MS. BUTLER, Q.C.: Yeah, but I had also understood that  
43 the track vehicle was also used for grooming.

44 MR. REEVES: Well that's a question, I think, you would  
45 better reference to Mr. Budgell.

46 MS. BUTLER, Q.C.: Okay, but you did indicate yesterday

47 that there were 32 of these types of equipment on the  
48 island.

49 MR. REEVES: Just a second ago on the screen there we  
50 had a list of equipment.

51 MS. BUTLER, Q.C.: Yes.

52 MR. REEVES: Which is **NP-103**, as you stated.

53 MS. BUTLER, Q.C.: 103, yes, uh hum.

54 MR. REEVES: And I think the question that was asked was  
55 enclosed track vehicles, Muskegs, Nodwells, and the like.

56 MS. BUTLER, Q.C.: Yes, that's right there at line 14.

57 MR. REEVES: That's right, exactly. These are the  
58 equipment that we use in our transmission, primarily  
59 maintenance, and are located throughout the province for  
60 response to emergency repairs as well as doing ongoing  
61 maintenance.

62 MS. BUTLER, Q.C.: Correct, okay.

63 MR. REEVES: And it wouldn't be appropriate, I don't think,  
64 for Hydro, for a piece of equipment which is located in  
65 Stephenville, to take that machine during a storm when it  
66 might be required in Cat Arm and use it in Cat Arm when it  
67 might be required in Stephenville, because that's really  
68 what we're dealing with here. We have 32 of those because  
69 of our geographic areas, and we might want to say, well  
70 why don't you do it all with one. We can't do it with one.  
71 We need 32 of those, and they're for different purposes,  
72 they're different sizes. Some of these have got the big  
73 cranes on them. Some of them are big carriages (*phonetic*)  
74 for materials, so these are ... the response to this question  
75 was enclosed.

76 MS. BUTLER, Q.C.: Oh yes, yeah.

77 MR. REEVES: Okay, that's right.

78 MS. BUTLER, Q.C.: But that's what you're talking about  
79 the purchase of, isn't it?

80 MR. REEVES: Exactly.

81 MS. BUTLER, Q.C.: Yeah, okay, so we are comparing an  
82 apple with an apple.

83 MR. REEVES: These pieces of equipment here, if you saw  
84 it, it would not be a fair comparison, no.

85 MS. BUTLER, Q.C.: Alright, well let's go back then.

86 MR. REEVES: Because one ... it's the same with a car. You  
87 could go and compare a car to a semi-track trailer, they're  
88 enclosed but they're not comparable.

89 MS. BUTLER, Q.C.: Alright, well let's go back. What  
90 Hydro is proposing as part of the capital budget  
91 application is to spend \$177,000 on an enclosed track

1 vehicle known as a Nodwell.

2 MR. REEVES: No, that's not my understanding, no.

3 MS. BUTLER, Q.C.: No?

4 MR. REEVES: We're not proposing to buy a Nodwell for  
5 this application, as I understand it.

6 MS. BUTLER, Q.C.: Alright, it's just the proposal to  
7 purchase an enclosed track vehicle.

8 MR. REEVES: Yes.

9 MS. BUTLER, Q.C.: At a cost of \$177,000.

10 MR. REEVES: That's right.

11 MS. BUTLER, Q.C.: Alright.

12 MR. REEVES: And as for Nodwells, some of our Nodwells  
13 are probably up to a half a million dollars.

14 MS. BUTLER, Q.C.: Alright, do you know which one it is  
15 proposed to purchase?

16 MR. REEVES: The actual model or the brand or the type?

17 MS. BUTLER, Q.C.: If you're disputing with me, Mr.  
18 Reeves, that it's a Nodwell, then can you help me with  
19 respect to what it might be?

20 MR. REEVES: I'm not sure, but there are different ... some  
21 of these are manufacturer's names.

22 MS. BUTLER, Q.C.: Yes.

23 MR. REEVES: My terminology is that they are, all of them  
24 are basically off-road vehicles that serve different  
25 purposes.

26 MS. BUTLER, Q.C.: Okay, well that quite frankly would  
27 have been my understanding as well.

28 MR. REEVES: That's right.

29 MS. BUTLER, Q.C.: So why are we quarrelling over the list  
30 of 32 in terms of them being not equivalent comparisons to  
31 what Hydro is proposing to purchase?

32 MR. REEVES: Well, if we want to move two people into Cat  
33 Arm in the middle of the night in a snowstorm because we  
34 want to go in to do some work at the plant ...

35 MS. BUTLER, Q.C.: Uh hum.

36 MR. REEVES: We wouldn't take a piece of equipment,  
37 which one of these is, I know, that can move ten people,  
38 can probably move ten tons of material, and has a crane on  
39 the back, so that's the comparison I was making. Some of  
40 those machines are transport carriers for moving our line  
41 workers in and out, and they're much smaller. The list you  
42 have here, the 32, there's a wide variation in equipment  
43 here.

44 MS. BUTLER, Q.C.: Well, let's be as helpful as we can to  
45 the Board. When we're looking at B-18, and we're talking  
46 about the purchase of a track machine at a cost of \$177,000,  
47 how are we to know how that compares to the others that  
48 exist on the island if all I have in front of me is a list of 32  
49 vehicles located at these communities? How am I to know  
50 how this compares to either of these pieces of equipment?

51 MR. REEVES: You can't, and as I said, we responded to the  
52 question that was asked, how many enclosed vehicles,  
53 because that was the question that was asked. We have  
54 other public vehicles that are not enclosed, okay.

55 MS. BUTLER, Q.C.: No, not okay really. I'm just looking at  
56 the screen, Mr. Reeves, if I might. The ...

57 MR. REEVES: Yeah, but ...

58 MS. BUTLER, Q.C.: The project involves the purchase of  
59 an enclosed track machine, was the question.

60 MR. REEVES: Yes, yes.

61 MS. BUTLER, Q.C.: Oh, I'm sorry, was the capital budget  
62 proposal.

63 MR. REEVES: The wording that's here says the project  
64 involves the purchase of an enclosed track machine that is  
65 used to transport personnel, tools, and equipment to the  
66 Cat Arm site during adverse weather conditions.

67 MS. BUTLER, Q.C.: And then the question that was put in  
68 **NP-103** was provide the number of enclosed track  
69 machines that Hydro has on the island.

70 MR. REEVES: That's correct, yes.

71 MS. BUTLER, Q.C.: And the answer we got was these 32.

72 MR. REEVES: That's right, yes, but what I'm saying to you  
73 is that the machine that we buy at Cat Arm, which is one  
74 application, would not be comparable to all the machines  
75 that are in here. One of the main things they have in  
76 common is that they are enclosed and that they can go on  
77 all terrain, they can travel over snow, but there are different  
78 purposes.

79 MS. BUTLER, Q.C.: So can you tell me ... sorry, go ahead.

80 MR. REEVES: There are different purposes.

81 MS. BUTLER, Q.C.: Can you tell me which of the list of 32  
82 are the same as the one that Hydro is proposing  
83 purchasing?

84 MR. REEVES: Well, the requirement in TRO that we have  
85 is primarily to move larger transmission crews, probably six  
86 people, from a roadside into a transmission site. In the Cat  
87 Arm location they have two people, sometimes they might  
88 have four or five people, okay, and we also want to move  
89 a fair bit of material in there. The ones that would be

1 comparable on here, I'm not sure. There's no ... from my  
 2 understanding of what the requirement is in Cat Arm, is just  
 3 to transport people and materials. A lot of these vehicles  
 4 here are that, plus they're work vehicles when they get to  
 5 the site. They help string conductor, they help lift material  
 6 up to the towers, so these machines here would be more  
 7 than just a straight transport of personnel and material.  
 8 They are also work vehicles for our transmission crews,  
 9 where the one for Cat Arm is because the road is long, very  
 10 bad weather conditions, if we need to get people in there in  
 11 the middle of the night, then we want to be able to  
 12 transport our people safely in there, and that's the main  
 13 prerequisite of the one that we're buying for Cat Arm. So  
 14 if there is one of these vehicles here that can be used, it's  
 15 identical, I would sort of venture to say that it would not be  
 16 because in the transmission line work, we don't buy a  
 17 vehicle to groom the trails so that it makes it easier to be  
 18 able to use snow machines most of the time.

19 MS. BUTLER, Q.C.: But ...

20 (9:45 a.m.)

21 MR. REEVES: We have a different purpose for the vehicle,  
 22 but that's, you know, that's not to say ...

23 MS. BUTLER, Q.C.: Can I take from ...

24 MR. REEVES: ... to say ... and we have looked at this, as I  
 25 understand, looked at using one of our other vehicles from  
 26 our other regions to see if it can be available to the people  
 27 at Cat Arm, but because of the requirement in our other  
 28 regions to be able to respond to trouble calls in our  
 29 systems, in the transmission system primarily, these  
 30 vehicles are strategically located where they are to do that.

31 MS. BUTLER, Q.C.: Can I take from your answer, Mr.  
 32 Reeves, that you are not able to tell me which of these 32  
 33 vehicles on the screen are similar to the one proposed to be  
 34 purchased in the capital budget for Cat Arm?

35 MR. REEVES: The exact model and make, I can't tell you  
 36 that, I'm sorry.

37 MS. BUTLER, Q.C.: I'm not really interested in exact model  
 38 and make, if you can tell me that they're comparable. Can  
 39 you tell me that either of these machines on the screen are  
 40 comparable to the one being proposed to be purchased for  
 41 Cat Arm?

42 MR. REEVES: I would say some of these machines could  
 43 be used for the same purpose, yes.

44 MS. BUTLER, Q.C.: And can you tell me which?

45 MR. REEVES: No, I can't, I can't do that, because in some  
 46 of our crews, you know, there are different vehicles that we  
 47 have for our crews in transmission line maintenance.

48 MS. BUTLER, Q.C.: In answer to NP-224, if you might turn

49 to that, which is the question that Newfoundland Power did  
 50 put relative to the feasibility of moving a machine off that  
 51 list to the Cat Arm vicinity to assist. You'll see question  
 52 (a), is it feasible to utilize the Stephenville machine for  
 53 access to Cat Arm, and to groom the trails required. If not,  
 54 why not? And the answer that was given ... I'll wait, I'm  
 55 sorry, I'll wait until you get there.

56 MR. REEVES: Okay.

57 MS. BUTLER, Q.C.: I gather from the answer first of all that  
 58 the Stephenville machine was comparable because the  
 59 answer says that the Stephenville machine could be utilized  
 60 to gain access to the Cat Arm plant, but it goes on to say,  
 61 only if not in use in the western area.

62 MR. REEVES: That's right, yes.

63 MS. BUTLER, Q.C.: Okay, and then you outlined the  
 64 purpose of the Stephenville machine. The question (b) that  
 65 was asked was whether Hydro had considered relocating  
 66 the Stephenville machine, and the answer to (b), perhaps  
 67 you could just read it there, Mr. Reeves.

68 MR. REEVES: In 2000 Hydro did consider the possibility of  
 69 locating the machine at Jackson's Arm, however, it was  
 70 decided not to relocate the machine as during extreme  
 71 weather conditions it would be slow, it would slow the  
 72 response time to emergencies in the western area and hence  
 73 delay the restoration of service to the affected customers.

74 MS. BUTLER, Q.C.: And I wonder if we might just go back  
 75 to look at NP-103, page 2 of 2, and this is starting with line  
 76 7. Thank you, and this is where Hydro had identified that  
 77 until '98 there was a track machine at Cat Arm to transport  
 78 workers and groom, and since '98 you had been using a go-  
 79 track to groom the trail.

80 MR. REEVES: That's what the answer says, and here again,  
 81 it's better for me to defer this to Mr. Budgell, in the  
 82 transportation part which I'm responsible for, we will do the  
 83 purchase of the machine but the actual requirement for the  
 84 machine is determined by the generation section.

85 MS. BUTLER, Q.C.: However, tying it into the earlier  
 86 answer to 24, I pointed this out to you yesterday, the  
 87 answer given here does say that during this period when  
 88 the proper track machine was not available, so I assume  
 89 that's between '98 and currently, extended outages have  
 90 been avoided.

91 MR. REEVES: As I said, I'll defer that.

92 MS. BUTLER, Q.C.: To Mister?

93 MR. REEVES: Budgell.

94 MS. BUTLER, Q.C.: Right, I just have a question or two  
 95 arising from the **supplementary evidence** that you filed  
 96 yesterday. It's not available on the screen yet. Okay, that's

1 fine. I don't necessarily think that we have to pull it out,  
2 Mr. Reeves. What you had indicated in the supplementary  
3 evidence was that Hydro had recently determined there was  
4 some inconsistencies in cost allocations in the 2002 cost of  
5 service.

6 MR. REEVES: That's correct.

7 MS. BUTLER, Q.C.: And at line 22 you had indicated that  
8 the central region provided transportation, helicopter,  
9 etcetera, and transmission services for both Central as well  
10 as Northern and Labrador region?

11 MR. REEVES: That's correct.

12 MS. BUTLER, Q.C.: So these services were not properly  
13 reflected in the original allocation. What I need to ask you  
14 so that we can be prepared for this is are you able to tell us  
15 the amount of costs that are going to be involved?

16 MR. REEVES: For the transportation and transmission, is  
17 that what you're asking about?

18 MS. BUTLER, Q.C.: Yes, yeah.

19 MR. REEVES: The Central transmission, and this is  
20 primarily associated with the helicopter and the transport  
21 where it was all charged into the Central Region, this was  
22 on the system allocation, and it was explained yesterday,  
23 I'm not a rates person, but we do provide information into  
24 our Rates Department on the allocations. The Central  
25 transportation equipment budget is approximately \$2.7  
26 million, and that was originally assigned all to the island  
27 interconnected system. The revised, the revised allocation  
28 would see \$2 million going to the island interconnected,  
29 \$400,000 going to the island isolated, and approximately 1.4,  
30 I think it's 1.35 going to the Labrador interconnected, and  
31 the same amount to the Labrador isolated systems, so of  
32 the 2.7 what we've done is taken that and reallocated to  
33 four of the five other systems.

34 MS. BUTLER, Q.C.: I've got to make sure I've got it  
35 recorded correctly. Of the 2.7 originally assigned to the,  
36 fully to interconnected.

37 MR. REEVES: Island interconnected, yes.

38 MS. BUTLER, Q.C.: Yeah, island interconnected, you have  
39 \$2 million now remaining in the island interconnected.

40 MR. REEVES: 2.7.

41 MS. BUTLER, Q.C.: No, you're now going to assign \$2  
42 million.

43 MR. REEVES: Oh, the new assignment, okay, I'm sorry, I'm  
44 sorry, yes.

45 MS. BUTLER, Q.C.: That's why it's important to take it  
46 slow first thing in the morning. \$2 million to the island  
47 interconnected.

48 MR. REEVES: Yes.

49 MS. BUTLER, Q.C.: \$400,000 to the island isolated?

50 MR. REEVES: That's correct.

51 MS. BUTLER, Q.C.: 150 to the Labrador isolated?

52 MR. REEVES: I think it's closer to 130, I rounded it to 140,  
53 but I think it's 135 or something like that.

54 MS. BUTLER, Q.C.: Okay, and the same figure to ...

55 MR. REEVES: To the Labrador isolated.

56 MS. BUTLER, Q.C.: Isn't that what I just said?

57 MR. REEVES: These are approximate numbers, so that  
58 should add up to be \$2.7 million, I think it's close to it. I've  
59 done some rounding there to make ...

60 MS. BUTLER, Q.C.: Okay.

61 MR. REEVES: So that's the central transportation  
62 equipment. The labour part of the transportation, originally  
63 it was \$480,000 allocated to the island interconnected. The  
64 revised would see \$430,000 going to the island  
65 interconnected, and \$50,000 to the island isolated, so that's  
66 to do with the helicopter and transport. Transmission,  
67 again, on the system allocation, and this is primarily for  
68 vegetation control. The island interconnected, in the  
69 original allocation, was \$1.8 million, and the revised  
70 allocation is \$1.6 million to the island interconnected and .2  
71 to the island isolated.

72 MS. BUTLER, Q.C.: Okay, Mr. Reeves, in reviewing the  
73 transcripts when I had an opportunity this morning, and my  
74 notes from last night, there are a number of significant  
75 undertakings, some less significant, but I'm, of course,  
76 particularly interested in the TRO operating budget for 2001  
77 and 2002 which is the undertaking from page 10, and the  
78 \$929,000 discrepancy which is described as an undertaking  
79 from page 14, information respecting changes in the TRO  
80 system equipment maintenance portion of your budget,  
81 and the one above it, the \$3 million discrepancy described  
82 as information respecting changes in the TRO budget since  
83 forecast, and these are the differences between the October  
84 2000 budget and what was filed in May of 2001. This is  
85 where we've got the discrepancies, so do you have any  
86 sense when I might receive these undertakings because I  
87 am certain that there will be questions for you flowing from  
88 them, particularly on your TRO budget.

89 MS. GREENE, Q.C.: If I might respond to that rather than  
90 the witness. As I indicated yesterday, if we had been  
91 aware that Newfoundland Power wanted a breakdown of  
92 the corporate budget which had been provided, by  
93 division, we would have had it ready for yesterday  
94 morning. Unfortunately, we were not aware of that until it  
95 was the first question asked by Newfoundland Power, and

1 to be helpful to the Board in providing the information, our  
2 intent is to provide it as soon as possible. We reviewed it  
3 last night. I'm hoping that it will be available when we have  
4 a break. My intent had been that we would provide it  
5 certainly in redirect, and that I would take Mr. Reeves  
6 through it. Recognizing that there may be questions  
7 arising, we would not object if Newfoundland Power  
8 wished to ask additional questions. It is not, it is not ready  
9 to file at this point in time, but it will be today, and I guess  
10 in order to be helpful to the Board to understand all of the  
11 issues, we intend to file it, obviously, as soon as possible,  
12 and to explain all of the variances, and as I said, it would  
13 have been most helpful for all of the parties if that had been  
14 made known to us last week so we could have had it ready  
15 and it would have avoided this issue, and the manner in  
16 which it arose.

17 MR. NOSEWORTHY, CHAIRMAN: Thank you, is that  
18 satisfactory?

19 MS. BUTLER, Q.C.: That's perfectly satisfactory, Mr. Chair,  
20 so I guess for the record I haven't completed my cross-  
21 examination of Mr. Reeves. Thank you though.

22 MR. KENNEDY: I'm wondering if, if ... because there's more  
23 undertakings that I have in my notes, so I just wanted to  
24 make sure that we have a complete list of the undertakings.  
25 Yes.

26 MS. GREENE, Q.C.: And I think, again, if I could interrupt,  
27 in view of the number that have arisen yesterday, what we  
28 had planned to do, and I think it would be helpful for all of  
29 the parties, if when we've had an opportunity to review the  
30 transcript we could then, as a preliminary matter, list the  
31 undertakings and have some agreement as to what they are,  
32 so we had planned to provide a list of undertakings and  
33 what our plan is how to respond to them, and for example,  
34 Mr. Young is not here. He is reviewing the transcript to list  
35 all of the undertakings to ensure that we keep track of them,  
36 so I think it will be helpful for all of the parties, and Hydro  
37 will undertake to do this, if as the time arises, we as a  
38 preliminary matter could summarize the undertakings as we  
39 understand them, after we have reviewed the transcript and  
40 indicate where we are with them?

41 MR. KENNEDY: I understand what you're saying, and I  
42 think that's probably beneficial. I was going to suggest  
43 that while the witness is on the stand they may be able to  
44 shed some light on the nature of the undertaking that they  
45 thought they were providing, you know, as the  
46 representative of Hydro in this specific instance, but I'll  
47 defer to the counsels, if they would prefer to wait until  
48 Hydro produces a list and then have a look at the list.

49 MR. NOSEWORTHY, CHAIRMAN: Okay, thank you.  
50 Could I ask, I guess, the Industrial Customers to begin  
51 cross-examination of this witness please? My

52 understanding is, Ms. Henley Andrews, you'll be leading  
53 the cross?

54 *(10:00 a.m.)*

55 MS. HENLEY ANDREWS, Q.C.: Yes, Mr. Chairman. Mr.  
56 Reeves, I'd like you to ... actually it would be really useful  
57 if we could call up slide four of your original presentation  
58 when you opened your testimony. It will take a second to  
59 get that on the screen. Actually, Mr. O'Rielly, it was  
60 yesterday morning. It wasn't part of the pre-filed  
61 testimony. It was ...

62 MR. O'RIELLY: That's not available right now.

63 MS. HENLEY ANDREWS, Q.C.: Okay.

64 MR. O'RIELLY: I'll try to find it and ...

65 MR. REEVES: Do you want to refer to the ... because  
66 everybody has hard copies.

67 MS. HENLEY ANDREWS, Q.C.: Yeah, we can refer to the  
68 hard copies. As I understand it, the, page four of that  
69 particular handout shows the 230 kV transmission line.

70 MR. REEVES: That's correct.

71 MS. HENLEY ANDREWS, Q.C.: And would you agree  
72 with me that the 230 kV transmission line is the backbone  
73 of the interconnected system?

74 MR. REEVES: It's, that's what I refer to it ... it's the highest  
75 voltage that we have. It's the transmission line that we  
76 carry the most power over to our, from our generating sites  
77 to our main load centres.

78 MS. HENLEY ANDREWS, Q.C.: And it connects the  
79 primary generating plant for the interconnected system,  
80 isn't that correct?

81 MR. REEVES: That's one of the purposes that it serves,  
82 yes.

83 MS. HENLEY ANDREWS, Q.C.: Okay, now if you, if we  
84 look at the next slide, which is slide number five, the green  
85 lines on that, I understand, are the 138 kV transmission  
86 lines?

87 MR. REEVES: I'll get exactly what you're looking at now.  
88 That's correct. That's the 138 kV transmission lines.

89 MS. HENLEY ANDREWS, Q.C.: And they are largely radial  
90 lines that connect the main part of the grid to customers in  
91 various parts of the island, would you agree?

92 MR. REEVES: They are primarily radial lines but you'll  
93 notice that down on the Burin Peninsula, we have two  
94 lines.

95 MS. HENLEY ANDREWS, Q.C.: Yes.

96 MR. REEVES: We also have a, there is also a loop around

- 1 between Deer Lake and Grand Falls, which is also a ... a  
2 radial line to me means that it leaves at a point on the  
3 system and goes out to a load centre, and that's the only  
4 way that it can get the power. That's what I would mean by  
5 a radial line.
- 6 MS. HENLEY ANDREWS, Q.C.: Yes.
- 7 MR. REEVES: So like the Great Northern Peninsula,  
8 obviously, is a radial line.
- 9 MS. HENLEY ANDREWS, Q.C.: Uh hum.
- 10 MR. REEVES: The line going to Port aux Basques is a  
11 radial line. The line going down to Burgeo would be a  
12 radial line, and the one going around from Deer Lake to  
13 Grand Falls, I wouldn't consider that to be a radial line per  
14 se. There would be radial lines going off that, but I  
15 wouldn't call that a radial line.
- 16 MS. HENLEY ANDREWS, Q.C.: Okay.
- 17 MR. REEVES: And the fact that there's two lines going  
18 down to the Burin Peninsula, while they're going to feed a  
19 radial load, there are two of them, so there is an alternate  
20 there, and there's a higher degree of reliability.
- 21 MS. HENLEY ANDREWS, Q.C.: And when you look then  
22 at slide number eight, that shows not only your lines but  
23 also the lines of Newfoundland Power and others in the  
24 province, is that right?
- 25 MR. REEVES: It would show some of their lines but not all  
26 of them. These are ones that would be similar voltages, 138  
27 from Newfoundland Power, 69 ... I would estimate that  
28 Newfoundland Power would probably, in their prime  
29 distribution areas like St. John's, they may have 138 or 69,  
30 which I haven't shown on this diagram, but this is basically  
31 a representation of their system of how the lines can be  
32 used to transport power from one load centre to another.
- 33 MS. HENLEY ANDREWS, Q.C.: Okay, now I'd like you to  
34 take a look, because it's easier for me to remember which  
35 lines are which if I do this, we'll go back to slide number six.  
36 We now have the electronic version as well. When you,  
37 and in particular the Great Northern Peninsula.
- 38 MR. REEVES: Okay, I'll look on the screen.
- 39 MS. HENLEY ANDREWS, Q.C.: And when you look at the  
40 Great Northern Peninsula, it appears that there is a 138 kV  
41 transmission line that runs from roughly Deer Lake to St.  
42 Anthony, is that correct?
- 43 MR. REEVES: That's basically right, yes. Actually, I think  
44 it runs from Deer Lake to St. Anthony airport.
- 45 MS. HENLEY ANDREWS, Q.C.: Okay, and there's a 69 kV  
46 transmission line that goes up along the coast?
- 47 MR. REEVES: Yes, that picks up the communities along the  
48 coast.
- 49 MS. HENLEY ANDREWS, Q.C.: And when you look at  
50 slide 13, and I will come back to this one, the customers  
51 that are served by both those lines would be rural  
52 interconnected customers, is that right?
- 53 MR. REEVES: That's correct, yes.
- 54 MS. HENLEY ANDREWS, Q.C.: So there is no other class  
55 of customers that is served by those lines, is that correct?
- 56 MR. REEVES: That's my understanding.
- 57 MS. HENLEY ANDREWS, Q.C.: Okay, now I understand  
58 that there is generation at Roddickton and also at St.  
59 Anthony.
- 60 MR. REEVES: There's generation at Hawke's Bay, a stand-  
61 by diesel plant. There is generation at St. Anthony, that's  
62 our two biggest stand-by plants. There is also small  
63 emergency mobile generation at Roddickton.
- 64 MS. HENLEY ANDREWS, Q.C.: Now what is mobile  
65 generation?
- 66 MR. REEVES: As we talked about, I guess, with the  
67 Newfoundland Power counsel there yesterday, one type of  
68 mobile generation would be a containerized diesel unit. It's  
69 a unit that you can bring in a tractor trailer and locate it,  
70 and bring it to different locations around the province. You  
71 bring it to the site and you hook it up to your system where  
72 you're planning for a longer outage, or you may have  
73 problems, and it will provide power to customers in that  
74 area until either the outage is over, either the planned or  
75 unplanned outage is over. The difference between a mobile  
76 generator and a fixed generator, is like in Hawke's Bay,  
77 obviously they can be moved because, but they are  
78 basically now a permanent installation. Obviously they  
79 had to be moved there in the first place, and they may be in  
80 a trailer but they're not on wheels, they're not easily  
81 transportable. They would most likely require a very  
82 special rig for transporting them. Some of our diesel  
83 generation in Hawke's Bay and St. Anthony would be  
84 located in buildings and they wouldn't be suitable to take  
85 them out of that environment and bring them somewhere  
86 else to serve as an emergency generation somewhere else,  
87 so we do have some of our diesel generation which are  
88 located in trailers for the very purpose of being able to  
89 have them mobile and move around to deal with either long  
90 planned outages or emergency situations.
- 91 MS. HENLEY ANDREWS, Q.C.: But some of the mobile  
92 generating units are still mobile in the sense that, like  
93 Hawke's Bay, it could be moved to another location if you  
94 chose to do it, but it is not set up at the present time to be  
95 hauled on a short-term basis, is that correct?
- 96 MR. REEVES: Well, it's probably not a fair comparison, but

1 like the Holyrood plant could be relocated. It's not easily  
2 relocated, and the same thing with the Hawke's Bay, it's not  
3 a fair comparison. Like obviously the Hawke's Bay diesel  
4 plant is a much smaller unit, but yes, it can be relocated, but  
5 it would take a fair bit of engineering and significant dollars  
6 to do that, but it was not, those units were not intended for  
7 that.

8 MS. HENLEY ANDREWS, Q.C.: Okay, well then perhaps  
9 it shouldn't be referred to as a mobile unit.

10 MR. REEVES: The ones that are referred to as mobile units  
11 are the ones in Roddickton.

12 MS. HENLEY ANDREWS, Q.C.: Roddickton, okay.

13 MR. REEVES: Yes, the ones that I considered to be fixed  
14 are in Hawke's Bay and St. Anthony.

15 MS. HENLEY ANDREWS, Q.C.: Okay, now if we look at  
16 **NP-122**, starting at page 2 of 7, could you identify for me  
17 the units that are on the Great Northern Peninsula?

18 MR. REEVES: You'll have to keep scrolling down there,  
19 Terry. Can I get the hard copy of that?

20 MS. HENLEY ANDREWS, Q.C.: Yeah, I think it may be  
21 quicker.

22 MR. REEVES: NP?

23 MS. HENLEY ANDREWS, Q.C.: 122.

24 MR. REEVES: I think if you go to page 6 ...

25 MS. HENLEY ANDREWS, Q.C.: Yes.

26 MR. REEVES: St. Anthony diesel, I would consider that to  
27 be mobile.

28 MS. HENLEY ANDREWS, Q.C.: Okay, and that's eight  
29 megawatts?

30 MR. REEVES: Well there may be one or two units there, I'm  
31 not sure at this particular instance. I'm not sure but there  
32 may be one outside (inaudible), but the majority of that  
33 would be fixed generation in St. Anthony.

34 MS. HENLEY ANDREWS, Q.C.: Okay.

35 MR. REEVES: The Hawke's Bay diesel I would consider  
36 fixed generation. The Roddickton diesel ... I think both  
37 units that are in Roddickton are for what I'll call normal  
38 generation.

39 MS. HENLEY ANDREWS, Q.C.: Okay, now if you go back  
40 to page four, and I would like you to identify all the  
41 generating units from this list that are located on the Great  
42 Northern Peninsula.

43 MR. REEVES: Did you say page four?

44 MS. HENLEY ANDREWS, Q.C.: Yeah, well start from the  
45 beginning of **NP-122** and just identify for me all of the  
46 generating units that would be connected to one of the  
47 Great Northern Peninsula lines.

48 MR. REEVES: Venom's Bight, obviously, is not on the  
49 Great Northern Peninsula. Roddickton is.

50 MS. HENLEY ANDREWS, Q.C.: Yes, the Roddickton mini  
51 hydro?

52 MR. REEVES: Yes, that is in Roddickton.

53 MS. HENLEY ANDREWS, Q.C.: Okay, and that's .4  
54 megawatts?

55 MR. REEVES: That's correct, that's a mini hydro.

56 MS. HENLEY ANDREWS, Q.C.: Okay.

57 MR. REEVES: Holyrood is obviously not. Hardwoods is  
58 obviously not, Stephenville is not, Holyrood gas turbine is  
59 not. Then we come over to the St. Anthony diesel.

60 MS. HENLEY ANDREWS, Q.C.: Okay.

61 MR. REEVES: Hawke's Bay, Roddickton diesel, and  
62 (inaudible) wood chip is no longer in service.

63 MS. HENLEY ANDREWS, Q.C.: So the ones on the Great  
64 Northern Peninsula that are in service are the Roddickton  
65 mini hydro, the St. Anthony diesel, the Hawke's Bay diesel  
66 and the Roddickton diesel.

67 MR. REEVES: The Roddickton diesel, that's correct.

68 MS. HENLEY ANDREWS, Q.C.: Okay, and the Roddickton  
69 diesel you do consider to be mobile?

70 MR. REEVES: Yes, I would consider those to be mobile,  
71 yes.

72 MS. HENLEY ANDREWS, Q.C.: Okay, and the total net  
73 capacity of those four units is 15.1 megawatts, is that right?

74 MR. REEVES: I haven't done the math.

75 MS. HENLEY ANDREWS, Q.C.: Okay, well we have .4 from  
76 Roddickton mini hydro, plus 8, plus 5, so that's 13.4, plus  
77 the 1.7.

78 MR. REEVES: Approximately 15, you say?

79 MS. HENLEY ANDREWS, Q.C.: Yeah, 15.1 megawatts.

80 MR. REEVES: 15.1, yes.

81 MS. HENLEY ANDREWS, Q.C.: You would agree with  
82 that?

83 MR. REEVES: Yes.

84 MS. HENLEY ANDREWS, Q.C.: Why was the  
85 transmission line built, the 138 kV line?

86 MR. REEVES: To service the communities in the northern

1 tip of the Great Northern Peninsula, because there was a  
2 long-term economic benefit.

3 MS. HENLEY ANDREWS, Q.C.: And why was the  
4 generation constructed in those various places on the Great  
5 Northern Peninsula?

6 (10:15 a.m.)

7 MR. REEVES: These are planning questions that you're  
8 asking me right now and I think it would be probably better  
9 to defer those to Mr. Budgell.

10 MS. HENLEY ANDREWS, Q.C.: But what is your  
11 understanding of the purpose of those units?

12 MR. REEVES: The purpose of those units is to feed  
13 customers, obviously, in that area in the time that we have  
14 problems in the system.

15 MS. HENLEY ANDREWS, Q.C.: Well ...

16 MR. REEVES: Like your emergency back-up generation.

17 MS. HENLEY ANDREWS, Q.C.: Would you agree with me  
18 that if we look at **NP-122**, that the St. Anthony diesel and  
19 the Roddickton diesel, they were constructed at a time  
20 when those communities were isolated, part of the isolated  
21 system?

22 MR. REEVES: You're saying the St. Anthony diesel plant  
23 ...

24 MS. HENLEY ANDREWS, Q.C.: And the Roddickton  
25 diesel plant were part of the ...

26 MR. REEVES: Well the Roddickton diesel plant, I can  
27 speak to that one, the Roddickton diesel that we have there  
28 now is not the diesel plant that was in service when it was  
29 an isolated community. We had visualized when we  
30 interconnected, the area up there that we would remove the  
31 diesel plant from Roddickton, which we are in the process  
32 of doing, but as a result of the Roddickton hearing, we were  
33 asked to leave some stand-by generation in that area as a  
34 request from this Board, which we have done, and as I  
35 understand it, that will be reviewed at some future date to  
36 see if it stays there.

37 MS. HENLEY ANDREWS, Q.C.: And while the ...

38 MR. REEVES: But St. Anthony was part of the original  
39 isolated system, as were a number of other isolated diesel  
40 plants.

41 MS. HENLEY ANDREWS, Q.C.: What about Hawke's Bay?

42 MR. REEVES: Hawke's Bay, from my memory, is that the  
43 Hawke's Bay units have been there for quite a while. It was  
44 there when the system was interconnected to the main grid.  
45 It was there at that point in time as well.

46 MS. HENLEY ANDREWS, Q.C.: So it would have served

47 an isolated community until the interconnection took  
48 place?

49 MR. REEVES: The Hawke's Bay diesel as it is there now,  
50 here again, my understanding, my knowledge of it, and it  
51 only goes back to when that area was interconnected and  
52 the Hawke's Bay diesel was there at that point in time to  
53 support the interconnected system. Now what it was  
54 before that, I am unfamiliar with that.

55 MS. HENLEY ANDREWS, Q.C.: Okay, well if we look at  
56 **IC-270**, and you look at page 3 of 12, (e), it looks like the 66  
57 kV transmission line connected Daniel's Harbour and  
58 Hawke's Bay in 1970.

59 MR. REEVES: That's what it says here.

60 MS. HENLEY ANDREWS, Q.C.: Okay, and so it certainly  
61 would appear that at some point Hawke's Bay would have  
62 been an isolated community?

63 MR. REEVES: I'm unsure of that. The best one to ask is  
64 probably Mr. Budgell.

65 MS. HENLEY ANDREWS, Q.C.: Now, you referenced a  
66 few minutes ago that the Board had asked that the  
67 Roddickton diesel remain in place at least until further order  
68 of the Board, is that correct?

69 MR. REEVES: Well, the diesel plant that was in Roddickton  
70 is, we're in the process of decommissioning. What the  
71 Board asked us to do at our discretion is to have a certain  
72 amount of stand-by generation there, and what we decided  
73 to do was to go with two mobile units so that in the future  
74 if that is not required long-term, then they could be used  
75 somewhere else at minimum cost to relocate.

76 MS. HENLEY ANDREWS, Q.C.: And what's the purpose  
77 of that stand-by generation?

78 MR. REEVES: That stand-by generation is in the event that  
79 we have problems on the Great Northern Peninsula, and it's  
80 to provide additional stand-by generation to be able to  
81 service our customers.

82 MS. HENLEY ANDREWS, Q.C.: On the Great Northern  
83 Peninsula.

84 MR. REEVES: On the Great Northern Peninsula.

85 MS. HENLEY ANDREWS, Q.C.: Which are your rural  
86 interconnected customers?

87 MR. REEVES: That's correct, yes.

88 MS. HENLEY ANDREWS, Q.C.: And is that also the  
89 purpose of the St. Anthony diesel and the Hawke's Bay  
90 diesel?

91 MR. REEVES: From a system perspective, and I'm not the  
92 one to speak to that as well, it's Mr. Henderson, but these



1 units, as I understand it, if there are no problems on the  
2 Great Northern Peninsula, and there are problems elsewhere  
3 in the system, these units can be put on line to make power  
4 available somewhere else on the system, but here again, the  
5 best one to address that would be probably Mr.  
6 Henderson, as to the actual operations.

7 MS. HENLEY ANDREWS, Q.C.: But primarily they provide  
8 back-up power to the Great Northern Peninsula, isn't that  
9 right, stand-by power?

10 MR. REEVES: They can do that, but while the power  
11 generated from those may not go to customers off the Great  
12 Northern Peninsula, but because they can offload some of  
13 the customers on the Great Northern Peninsula, other  
14 generation, if this stand-by generation wasn't there, can  
15 now be utilized for other customers on the interconnected  
16 system.

17 MS. HENLEY ANDREWS, Q.C.: If there was a, if there was  
18 a catastrophic event on the Great Northern Peninsula line,  
19 so that both the 138 kV line and the 69 kV transmission line  
20 were disabled just north of Deer Lake, as an example, would  
21 the generation on the Great Northern Peninsula be  
22 sufficient to satisfy the needs of all of the customers on the  
23 Great Northern Peninsula?

24 MR. REEVES: Here again, I think Mr. Henderson could  
25 answer this one more properly. I think it would depend on  
26 the time of the year, like obviously the summer loads would  
27 be much lighter than the winter loads, and what the actual  
28 generation that we have on the Northern Peninsula is able  
29 to carry at what times of the year, that's a question better  
30 suited to Mr. Henderson.

31 MS. HENLEY ANDREWS, Q.C.: Okay, so you don't really  
32 know whether 15.1 megawatts would be satisfactory to  
33 serve the customers on the Great Northern Peninsula at any  
34 given point in time?

35 MR. REEVES: I don't have that knowledge. Mr.  
36 Henderson, I think, would be better suited to answer that  
37 question.

38 MS. HENLEY ANDREWS, Q.C.: Okay, why is, why was a  
39 138 kV transmission line put in rather than a 69?

40 MR. REEVES: That question is a planning question and I  
41 think from my perspective, my engineering staff would  
42 provide different technical and cost estimates to our  
43 planning people and they would do their evaluations as to  
44 which is the proper voltage to use for picking up loads in  
45 different parts of the province, so that question is probably  
46 more suited to Mr. Budgell.

47 MS. HENLEY ANDREWS, Q.C.: You're responsible for  
48 transmission though, isn't that right?

49 MR. REEVES: I am responsible for transmission but I'm not

50 responsible for transmission planning. We have one  
51 planning section in Hydro and they do the generation as  
52 well as the transmission and they also do some distribution  
53 and rural planning. We have a consolidated planning  
54 group and what, for myself and TRO and also from  
55 generation, we provide the engineering estimates, the  
56 alternatives that are available, and then the planning people  
57 will go and take that information and they will do the cost  
58 benefit analysis as to which option we should go with and  
59 make the decision, Hydro makes the decision, and then it's  
60 incumbent on us to incorporate the budget and incorporate  
61 those decisions, so the actual planning function of that  
62 would be carried out in Mr. Budgell's department.

63 MS. HENLEY ANDREWS, Q.C.: Well, let me phrase the  
64 question a little differently, which is from your perspective,  
65 which is your operating perspective, are there advantages  
66 to having a 138 kV transmission line on the Great Northern  
67 Peninsula versus a 69?

68 MR. REEVES: From an operating perspective? I can't say  
69 that there is or there isn't. We maintain 230, 138, 69, 25, and  
70 from an operating perspective, from a maintenance  
71 perspective, provided the planning is done to carry the  
72 loads that are in the area, we will maintain the lines, from an  
73 operational perspective it doesn't really matter to me if it's  
74 a 69 or a 138.

75 MS. HENLEY ANDREWS, Q.C.: Okay, I'd like to turn now  
76 to the Burin Peninsula, and that's the right slide to have up  
77 because I want to look first at slide 13 of your slides, and  
78 on the Burin Peninsula it appears that just a little to the east  
79 there is some area that is a Newfoundland and Labrador  
80 Hydro distribution area, is that correct?

81 MR. REEVES: That's correct, yes.

82 MS. HENLEY ANDREWS, Q.C.: And are they part of the  
83 rural interconnected, is that part of the rural interconnected  
84 area, or part of isolated?

85 MR. REEVES: They are now part of the rural  
86 interconnected. At one point some of those loads down  
87 there were isolated.

88 MS. HENLEY ANDREWS, Q.C.: Okay.

89 MR. REEVES: And that's primarily why we had those loads  
90 down there, was because they were primarily isolated at  
91 one point in time.

92 MS. HENLEY ANDREWS, Q.C.: And the rest of the Burin  
93 Peninsula is Newfoundland Power?

94 MR. REEVES: That's correct.

95 MS. HENLEY ANDREWS, Q.C.: Is it feasible to, I am aware  
96 that over the years many areas that had once been Hydro  
97 rural have been reassigned to, or taken over by

1 Newfoundland Power. Have you, do you have any  
2 involvement in those types of decisions?

3 MR. REEVES: I would, yes.

4 MS. HENLEY ANDREWS, Q.C.: And is it feasible for these  
5 areas on the Burin Peninsula to be taken over by  
6 Newfoundland Power?

7 MR. REEVES: At least in my tenure, except for the  
8 coordination work that we've done with Newfoundland  
9 Power which is all filed, I have not had discussions with  
10 Newfoundland Power in regard to taking over those  
11 sections. We also have a small hydro plant down there  
12 which is (inaudible) in that same area which also can be  
13 used, I suppose you could say, are close to our customers  
14 as well.

15 MS. HENLEY ANDREWS, Q.C.: But that doesn't really  
16 answer my question which is that from your perspective, is  
17 it feasible for those rural interconnected customers to be  
18 transferred to Newfoundland Power?

19 MR. REEVES: Feasible, I am unable to say, you know,  
20 possible, yes, it's possible.

21 MS. HENLEY ANDREWS, Q.C.: Okay.

22 MR. REEVES: Feasible, I don't know the answer.

23 MS. HENLEY ANDREWS, Q.C.: Now if you, if we go back  
24 to your slide number six, it indicates that there are two 138  
25 kV transmission lines on the Burin Peninsula, is that right?

26 MR. REEVES: That's correct, yes.

27 MS. HENLEY ANDREWS, Q.C.: One line appears to go  
28 into Paradise River, does it?

29 MR. REEVES: Paradise River does not feed into the 138 kV  
30 system, it feeds, I think, into the 25 kV system.

31 MS. HENLEY ANDREWS, Q.C.: Okay, the two ... why are  
32 there two lines on the Burin Peninsula?

33 MR. REEVES: For two reasons. Again, from a planning  
34 perspective, which Mr. Budgell could probably respond to,  
35 to address the load that is down there would probably be  
36 the prime purpose. That would be, I suspect, the prime  
37 purpose is to feed the load that's on the Burin Peninsula.  
38 Mr. Budgell could probably address that better than I.

39 MS. HENLEY ANDREWS, Q.C.: When you look at the line  
40 that's to the west, the western most line on the Burin  
41 Peninsula ...

42 MR. REEVES: That's correct.

43 MS. HENLEY ANDREWS, Q.C.: That line would therefore  
44 be serving Newfoundland Power customers, is that correct?

45 MR. REEVES: Well, both of them serve Newfoundland  
46 Power's customers. They just go into different terminal  
47 stations which are down on the Burin Peninsula.

48 MS. HENLEY ANDREWS, Q.C.: Now what is the purpose  
49 of the Paradise River mini hydro?

50 MR. REEVES: To provide energy to the system.

51 MS. HENLEY ANDREWS, Q.C.: Okay, could you go back  
52 to **NP-122** again, page 3 of 7, and Paradise River is an 8  
53 megawatt unit, is that correct? Page 3.

54 MR. REEVES: That's correct, yes.

55 MS. HENLEY ANDREWS, Q.C.: And is that in operation  
56 all the time? I mean I know it's mini hydro, but is that  
57 available all the time?

58 MR. REEVES: From my, like I'm not responsible for  
59 generation. That would come under Mr. Henderson ... Mr.  
60 Henderson is the one ... like I know that unit is ready for  
61 service. Now whether it's in service all the time, it depends  
62 on hydraulics and all that kind of stuff. That's a question  
63 better suited to Mr. Henderson.

64 MS. HENLEY ANDREWS, Q.C.: And you know, if you  
65 don't know the answer, that's quite fine, just tell me that  
66 you don't know the answer, and who I can ask it to, and I  
67 will.

68 MR. REEVES: Mr. Henderson would be the better one.

69 MS. HENLEY ANDREWS, Q.C.: Thank you. If, the same  
70 type of question as for the Great Northern Peninsula, if  
71 there were some sort of catastrophic event at the top of the  
72 two lines, I suppose near Clarendville is roughly what I'm  
73 looking at as the geography, would the 8 megawatts be  
74 sufficient to provide service to the Burin Peninsula?

75 MR. REEVES: My understanding is that it is not, but again,  
76 Mr. Henderson would be the best one to ask on that.

77 MS. HENLEY ANDREWS, Q.C.: Okay, would it be  
78 sufficient to serve Hydro's rural customers, rural  
79 interconnected customers on the Burin Peninsula?

80 MR. REEVES: Off the top of my head, I don't know what  
81 our rural load is in that area.

82 MS. HENLEY ANDREWS, Q.C.: Okay, can you get that for  
83 me?

84 MR. REEVES: That can be made available, yes.

85 MS. HENLEY ANDREWS, Q.C.: Okay. Ms. Greene, can I  
86 have an undertaking to provide that, just for that area, the  
87 load ...

88 MS. GREENE, Q.C.: That's no problem. We'll have that  
89 after the break.

90 MR. REEVES: That's the rural customers on the Burin

1 Peninsula.

2 MS. HENLEY ANDREWS, Q.C.: Yes.

3 MR. REEVES: Hydro's rural customers on the Burin  
4 Peninsula.  
5 (10:30 a.m.)

6 MS. HENLEY ANDREWS, Q.C.: Thank you. Since during  
7 your period in your current position are you aware of any  
8 communities on the Burin Peninsula that were Hydro rural  
9 that have been transferred to Newfoundland Power?

10 MR. REEVES: I'm not aware of any during my tenure.

11 MS. HENLEY ANDREWS, Q.C.: And I take it that the only  
12 generation on the Burin Peninsula is the 8 megawatts at  
13 Paradise River?

14 MR. REEVES: No, that's not correct. Newfoundland Power  
15 has some gas turbines down there, as I understand it.

16 MS. HENLEY ANDREWS, Q.C.: Hydro's only generation?

17 MR. REEVES: Hydro's only generation, that's correct, yes.  
18 When you said hydro, I thought you meant hydro, the type  
19 of hydraulic ...

20 MS. HENLEY ANDREWS, Q.C.: I agree with you that my  
21 question said the only, and I meant to say Hydro's only  
22 generation.

23 MR. REEVES: Yes, I misunderstood your question, sorry.

24 MS. HENLEY ANDREWS, Q.C.: Newfoundland Power  
25 does have generation on the Burin Peninsula, is that  
26 correct?

27 MR. REEVES: That's my understanding, yes.

28 MS. HENLEY ANDREWS, Q.C.: Do you know where that's  
29 located?

30 MR. REEVES: They have, as I understand it, currently  
31 have two gas turbines. One is at Salt Pond and the other  
32 one is ... I'm not sure, I think it may be at Lynn Lake, but  
33 that would be a guess on my part. I know they have one at  
34 Salt Pond.

35 MS. HENLEY ANDREWS, Q.C.: Okay, and do you know  
36 what they're used for?

37 MR. REEVES: I think it's probably best to ask them.

38 MS. HENLEY ANDREWS, Q.C.: Does Hydro take  
39 advantage of them at all?

40 MR. REEVES: That's a question that's probably better  
41 suited to Mr. Henderson.

42 MS. HENLEY ANDREWS, Q.C.: Okay, I knew that would  
43 be your answer. Let's move to the Baie Verte Peninsula,  
44 and again, we'll look for a moment at slide 13. The Baie  
45 Verte Peninsula also has Hydro rural interconnected  
46 customers, is that right?

47 MR. REEVES: Yes, that's correct, yes.

48 MS. HENLEY ANDREWS, Q.C.: And Newfoundland  
49 Power customers?

50 MR. REEVES: Newfoundland Power has customers there  
51 as well, that's correct, yes.

52 MS. HENLEY ANDREWS, Q.C.: And from looking at slide  
53 13, it appears that the communities on the coast are largely  
54 the ones that are serviced by Hydro, is that correct?

55 MR. REEVES: Probably the easiest way to say it is that  
56 Newfoundland Power is located in Baie Verte and  
57 Springdale, and they also have some other communities, I  
58 think in Seal Cove and one or two other communities,  
59 which is close to Baie Verte, but the remainder of the  
60 communities would be in Hydro's, would be Hydro's  
61 service area.

62 MS. HENLEY ANDREWS, Q.C.: Okay, now when you go  
63 back and you look at slide number six, it shows that Hydro  
64 has a radial line that goes up the Baie Verte Peninsula, is  
65 that right? Well you wouldn't call it a radial line, but we'll  
66 ...

67 MR. REEVES: No, that one there is the loop that goes  
68 around from Grand Falls to Deer Lake, and it picks up loads  
69 as it goes. At these, see these squares there, they're  
70 terminal stations.

71 MS. HENLEY ANDREWS, Q.C.: Yes.

72 MR. REEVES: And off those would be the distribution  
73 lines that would be taken off to feed the customers as you  
74 go along the line.

75 MS. HENLEY ANDREWS, Q.C.: Uh hum, okay.

76 MR. REEVES: Newfoundland Power, if you go to ... just a  
77 second now, I think if you went to slide eight.

78 MS. HENLEY ANDREWS, Q.C.: Yes.

79 MR. REEVES: You'll see that there is an additional line  
80 right there.

81 MS. HENLEY ANDREWS, Q.C.: Oh, I was going to get  
82 there.

83 MR. REEVES: Okay, but there is another line there, yes.

84 MS. HENLEY ANDREWS, Q.C.: Yeah, but I'm just looking  
85 for the moment, when we look at slide number six, we're  
86 looking at Hydro's line.

87 MR. REEVES: That's correct, yes.

88 MS. HENLEY ANDREWS, Q.C.: Correct?

- 1 MR. REEVES: Yeah.
- 2 MS. HENLEY ANDREWS, Q.C.: And so there is a line that  
3 runs up towards the Baie Verte Peninsula?
- 4 MR. REEVES: That's correct, yes.
- 5 MS. HENLEY ANDREWS, Q.C.: And where are those  
6 substations located?
- 7 MR. REEVES: Along ...
- 8 MS. HENLEY ANDREWS, Q.C.: What communities?
- 9 MR. REEVES: Now, I don't have that list in front of me. I  
10 can find that, obviously, out for you, but there would be  
11 one in South Brook.
- 12 MS. HENLEY ANDREWS, Q.C.: Uh hum.
- 13 MR. REEVES: I know there's one. There would be another  
14 one in, off the top of my head there's two others there, and  
15 I can't remember the names.
- 16 MS. HENLEY ANDREWS, Q.C.: Alright, so those ...
- 17 MR. REEVES: But they are along the Trans Canada  
18 Highway there.
- 19 MS. HENLEY ANDREWS, Q.C.: Okay, now when you look  
20 at the top of the Baie Verte Peninsula, Hydro also has its  
21 own 138 kV transmission line that runs across the top of  
22 the Peninsula, is that right?
- 23 MR. REEVES: That's correct, yes.
- 24 MS. HENLEY ANDREWS, Q.C.: And when we get to slide  
25 number eight, which shows not only Hydro's lines but also  
26 those of others, we can see that the terminal, Hydro's  
27 terminal station is connected to the one at the top of the  
28 Peninsula by Newfoundland Power's line, is that correct?
- 29 MR. REEVES: That's correct, yes.
- 30 MS. HENLEY ANDREWS, Q.C.: And is it correct to your  
31 understanding that Hydro wheels over the Newfoundland  
32 Power line to the rural customers?
- 33 MR. REEVES: Yeah, that's my understanding, that we  
34 wheel power through their line to our customers, that's  
35 right.
- 36 MS. HENLEY ANDREWS, Q.C.: And one of the cost  
37 clarifications that has recently been made with respect to  
38 Hydro's application is that those wheeling charges are now  
39 assigned to the rural interconnected, or are you aware of  
40 that?
- 41 MR. REEVES: I'm not fully aware of that. I generally know  
42 the issue, but I'm not fully aware of that. It's probably  
43 better to refer that question to somebody else.
- 44 MS. HENLEY ANDREWS, Q.C.: Okay, but you would  
45 agree that the customers who are served by the wheeling of  
46 that electricity to Hydro, are Hydro's interconnected  
47 customers?
- 48 MR. REEVES: The customers that are up in that area which  
49 are Hydro's are part of what we could consider to be our  
50 interconnected system, that's correct.
- 51 MS. HENLEY ANDREWS, Q.C.: Okay, and Hydro's line  
52 that's shown on slide six, the one that runs just across the  
53 top of the Northern Peninsula serves exclusively Hydro's  
54 rural interconnected customers, is that right?
- 55 MR. REEVES: That's correct, yes. Actually, I've got my  
56 map in front of me now.
- 57 MS. HENLEY ANDREWS, Q.C.: Okay.
- 58 MR. REEVES: And the stations are South Brook,  
59 Springdale, and Indian River, and the line that feeds up to  
60 the terminal station, the one that Newfoundland Power  
61 feeds is Seal Cove, which is just adjacent to Baie Verte.
- 62 MS. HENLEY ANDREWS, Q.C.: Yeah.
- 63 MR. REEVES: And the end of that line feeds over to what  
64 we call Bottom Waters.
- 65 MS. HENLEY ANDREWS, Q.C.: Okay, and that line serves  
66 Hydro rural interconnected.
- 67 MR. REEVES: That's correct, yes, yeah.
- 68 MS. HENLEY ANDREWS, Q.C.: Are you aware of any  
69 instances during your tenure when Hydro rural customers  
70 on the Burin Peninsula have been transferred to  
71 Newfoundland Power?
- 72 MR. REEVES: I am not aware of those, no. I think you'd  
73 probably best ask that to Mr. Henderson.
- 74 MS. HENLEY ANDREWS, Q.C.: Okay, and is it feasible,  
75 technically feasible, or practically feasible, to transfer those  
76 who are there ...
- 77 MR. REEVES: You better rephrase the question, because  
78 I misunderstood the question. Could you rephrase your  
79 previous question?
- 80 MS. HENLEY ANDREWS, Q.C.: Okay, as we discussed on  
81 the Burin Peninsula ...
- 82 MR. REEVES: Okay.
- 83 MS. HENLEY ANDREWS, Q.C.: Are you aware of any  
84 discussions with Newfoundland Power to ..
- 85 MR. REEVES: Okay, I misunderstood the previous  
86 question, I'm sorry.
- 87 MS. HENLEY ANDREWS, Q.C.: Well, I've changed it.
- 88 MR. REEVES: Okay.

- 1 MS. GREENE, Q.C.: Yeah, and you also had said Burin  
2 again, that's the confusion.
- 3 MS. HENLEY ANDREWS, Q.C.: Oh, I'm sorry, yeah, well  
4 on the Baie Verte Peninsula, are you aware of any  
5 discussions during your tenure with Newfoundland Power  
6 of the possibility of their taking over responsibility for  
7 Hydro's rural interconnected customers on the Baie Verte  
8 Peninsula?
- 9 MR. REEVES: Other than discussions that I took part as  
10 the Newfoundland Power coordination activities which is  
11 filed. I am not aware of any other discussions.
- 12 MS. HENLEY ANDREWS, Q.C.: Okay, and technically  
13 from your knowledge of the transmission system, could it  
14 be done?
- 15 MR. REEVES: Could we transfer our customers to them?
- 16 MS. HENLEY ANDREWS, Q.C.: Yes.
- 17 MR. REEVES: Yes, there should be no reason to do that  
18 (*phonetic*).
- 19 MS. HENLEY ANDREWS, Q.C.: Is there any generation on  
20 the Baie Verte Peninsula?
- 21 MR. REEVES: No.
- 22 MS. HENLEY ANDREWS, Q.C.: I'd like you to take a look  
23 at **NP-122**, and in particular page, the bottom of page three  
24 of seven.
- 25 MR. REEVES: I stand to be corrected.
- 26 MS. HENLEY ANDREWS, Q.C.: It's the Snook's Arm  
27 generation.
- 28 MR. REEVES: They are on the Northern (*sic*) Peninsula, I  
29 should have known that.
- 30 MS. HENLEY ANDREWS, Q.C.: But Snook's Arm and  
31 Venom's Bight?
- 32 MR. REEVES: That's correct, yes, there's two mini hydros  
33 down there, that's correct.
- 34 MS. HENLEY ANDREWS, Q.C.: Okay, and Snook's Arm ...
- 35 MR. REEVES: The drawing I was looking at here, it's a  
36 system drawing and does not go down to that level of  
37 detail.
- 38 MS. HENLEY ANDREWS, Q.C.: Okay.
- 39 MR. REEVES: It just slipped my mind.
- 40 MS. HENLEY ANDREWS, Q.C.: Snook's Arm has a net  
41 generation or net capacity of roughly half a megawatt?
- 42 MR. REEVES: That's correct, yes. The two of them  
43 combined are less than a megawatt.
- 44 MS. HENLEY ANDREWS, Q.C.: And I assume that that  
45 would not be sufficient to serve the needs of the Baie Verte  
46 Peninsula in the event of a catastrophic line problem?
- 47 MR. REEVES: That's correct.
- 48 MS. HENLEY ANDREWS, Q.C.: Do you know what the  
49 radial loads are on the Burin Peninsula for both Hydro and  
50 Newfoundland Power?
- 51 MR. REEVES: That's the Burin Peninsula again?
- 52 MS. HENLEY ANDREWS, Q.C.: I'm sorry, Baie Verte  
53 Peninsula.
- 54 MR. REEVES: No, I don't have those on the top of my  
55 head.
- 56 MS. HENLEY ANDREWS, Q.C.: Can you get those for me?
- 57 MR. REEVES: Yes, we can.
- 58 MS. HENLEY ANDREWS, Q.C.: Both separately and  
59 aggregate?
- 60 MR. REEVES: Now when you say radial loads, what do  
61 you mean by radial loads? How do you want the  
62 response? Like do you want the load that is serviced from  
63 Deer Lake and Grand Falls combined? Is that what you  
64 would like to see?
- 65 MS. HENLEY ANDREWS, Q.C.: Unless ...
- 66 MR. REEVES: Because that's the load feeding the Baie  
67 Verte Peninsula, right.
- 68 MS. HENLEY ANDREWS, Q.C.: No, I'm looking for the  
69 actual load on the Baie Verte lines.
- 70 MR. REEVES: The Baie Verte lines, so that would be the  
71 load that goes over the Newfoundland Power line?
- 72 MS. HENLEY ANDREWS, Q.C.: Yeah, as well as the load  
73 on Hydro's own line, the one that runs across the top of the  
74 Peninsula.
- 75 MR. REEVES: To Bottom Waters, I think.
- 76 MS. HENLEY ANDREWS, Q.C.: Yes.
- 77 MR. REEVES: Do we have that information ... I'm not sure  
78 if we have that ... we will undertake to get that.
- 79 MS. HENLEY ANDREWS, Q.C.: If you have it.
- 80 MR. REEVES: If we have it, because it's a Newfoundland  
81 Power asset, so I ...
- 82 MS. HENLEY ANDREWS, Q.C.: Yeah, well if you can  
83 obtain it, then that's fine.
- 84 MR. REEVES: We'll try to obtain that for you.
- 85 MS. HENLEY ANDREWS, Q.C.: Does Newfoundland  
86 Power have any generation on the Baie Verte Peninsula as

1 far as you're aware?  
2 MR. REEVES: From memory, I don't think that they do, but  
3 ...  
4 MS. HENLEY ANDREWS, Q.C.: Okay, now we'll move to  
5 Bottom Brook.  
6 MR. REEVES: Do you want a particular slide or ...  
7 MS. HENLEY ANDREWS, Q.C.: Well, actually I was going  
8 to suggest that we look at slide eight, and it's my  
9 understanding that there is a line connecting  
10 Newfoundland Power generation at Bottom Brook, and I  
11 might have the geography slightly off, but there's  
12 Newfoundland Power generation down near Port aux  
13 Basques somewhere, is that correct?  
14 MR. REEVES: They have a gas turbine and diesels in Port  
15 aux Basques if that's what you're asking.  
16 MS. HENLEY ANDREWS, Q.C.: Okay, and if you look at  
17 map eight, or your slide eight, what line would that serve?  
18 What transmission line ...  
19 MR. REEVES: Would be used?  
20 MS. HENLEY ANDREWS, Q.C.: Yes.  
21 MR. REEVES: To get generation from the Newfoundland  
22 Power generation out to the system, out to Bottom Brook?  
23 MS. HENLEY ANDREWS, Q.C.: Yes.  
24 MR. REEVES: It would be the blue line, the line that Terry  
25 is showing right there.  
26 MS. HENLEY ANDREWS, Q.C.: Okay.  
27 MR. REEVES: That is TL-214.  
28 MS. HENLEY ANDREWS, Q.C.: Uh hum.  
29 MR. REEVES: And TL-215 which is a shorter section of  
30 line towards Port aux Basques.  
31 MS. HENLEY ANDREWS, Q.C.: Okay.  
32 MR. REEVES: That's the two lines that would be used.  
33 MS. HENLEY ANDREWS, Q.C.: So those, the line that  
34 goes from sort of the bottom corner of the island up to ...  
35 MR. REEVES: Which is, yes, Port aux Basques, which is,  
36 I think ...  
37 MS. HENLEY ANDREWS, Q.C.: Up towards Stephenville.  
38 MR. REEVES: Up to Bottom Brook.  
39 MS. HENLEY ANDREWS, Q.C.: Okay, do you know  
40 anything at all about that generation?  
41 MR. REEVES: I know basically their gas turbine is  
42 somewhat mobile because we have borrowed it on  
43 occasion. Their diesel, I'm not aware if that's mobile or not.  
44 I don't have the numbers of the generation size off the top  
45 of my head.  
46 MS. HENLEY ANDREWS, Q.C.: Okay.  
47 MR. REEVES: But other than that, I don't have a lot of  
48 details on it.  
49 MS. HENLEY ANDREWS, Q.C.: Do you know how often  
50 that unit has been engaged at the request of Hydro in the  
51 last five years?  
52 MR. REEVES: No, I would not know that. Mr. Henderson  
53 would be a better one. That's, as connected to the system  
54 in Port aux Basques, is that what you're referring to?  
55 MS. HENLEY ANDREWS, Q.C.: Yes.  
56 MR. REEVES: Yeah, if it was requested to be relocated  
57 somewhere else to tie into our generation over the last five  
58 years, that may have been once or twice or something,  
59 that's about it.  
60 MS. HENLEY ANDREWS, Q.C.: Okay.  
61 MR. REEVES: But then it would have to be taken out of  
62 Port aux Basques to bring to a location.  
63 MS. HENLEY ANDREWS, Q.C.: If we look at slide 13,  
64 would you agree that the customers served by that  
65 transmission line are Newfoundland Power customers?  
66 MR. REEVES: That's correct, yes.  
67 MS. HENLEY ANDREWS, Q.C.: Now do you know where  
68 the Stephenville gas turbine is?  
69 MR. REEVES: Yes, I do.  
70 (10:45 a.m.)  
71 MS. HENLEY ANDREWS, Q.C.: And what line is that  
72 located on?  
73 MR. REEVES: That line would be attached, probably the  
74 best one is to go back to slide eight, I guess.  
75 MS. HENLEY ANDREWS, Q.C.: Okay.  
76 MR. REEVES: Because that way you can see the voltages.  
77 Oh, we are on slide eight, sorry.  
78 MS. HENLEY ANDREWS, Q.C.: Yeah.  
79 MR. REEVES: That's not the one I wanted to go to.  
80 MS. HENLEY ANDREWS, Q.C.: Slide six, I think.  
81 MR. REEVES: Slide six is probably the better one, yes.  
82 This is just showing Hydro's equipment, and you can see  
83 that there is a 230 kV line from Bottom Brook to  
84 Stephenville to the gas turbine site?  
85 MS. HENLEY ANDREWS, Q.C.: Yes, and what's the

- 1 purpose of the Stephenville gas turbine?
- 2 MR. REEVES: Is to provide peaking capacity and stand-by  
3 generation for our system.
- 4 MS. HENLEY ANDREWS, Q.C.: What customers are  
5 served by that line?
- 6 MR. REEVES: You're now asking about the line TL, the line  
7 that goes into Stephenville?
- 8 MS. HENLEY ANDREWS, Q.C.: Yes.
- 9 MR. REEVES: The people in the Stephenville area and one  
10 of the mills.
- 11 MS. HENLEY ANDREWS, Q.C.: Okay, now Fogo/Change  
12 Islands, let's take a look at that, and in particular, there are  
13 a number of transmission lines in that area. If you look at  
14 slide eight, some transmission lines that serve  
15 Fogo/Change Islands are Hydro's at the top but they are  
16 also connected through Newfoundland Power lines, would  
17 you agree?
- 18 MR. REEVES: That's correct, yes. We have a take off  
19 (*phonetic*) at one of their substations, I think it's at Boyd's  
20 Cove, that we feed a substation to Farewell Head and then  
21 an underwater cable over to the islands.
- 22 MS. HENLEY ANDREWS, Q.C.: My understanding is that  
23 there is a hydro TL-210 from Stoney Brook to Cobb's Pond.
- 24 MR. REEVES: That is correct.
- 25 MS. HENLEY ANDREWS, Q.C.: And then a  
26 Newfoundland Power line from Cobb's Pond to Boyd's  
27 Cove.
- 28 MR. REEVES: That's correct.
- 29 MS. HENLEY ANDREWS, Q.C.: And then Hydro has its  
30 own line from Boyd's Cove to Fogo.
- 31 MR. REEVES: That's correct.
- 32 MS. HENLEY ANDREWS, Q.C.: And those customers that  
33 are served by that line from Boyd's Cove to Fogo are  
34 Hydro's rural interconnected customers?
- 35 MR. REEVES: Hydro's rural interconnected customers.
- 36 MS. HENLEY ANDREWS, Q.C.: And otherwise, line TL-  
37 210, the other class of customers that would be served by  
38 that would be Newfoundland Power?
- 39 MR. REEVES: That's correct, yes.
- 40 MS. HENLEY ANDREWS, Q.C.: Okay, is there any  
41 generation on those three lines?
- 42 MR. REEVES: And you're referring to TL-210?
- 43 MS. HENLEY ANDREWS, Q.C.: TL-210 to Fogo.
- 44 MR. REEVES: Fogo, Hydro does not have any generation  
45 in that area. I know that Newfoundland Power used to  
46 have some diesel generation but I think that's taken out of  
47 service. They had some in Gander.
- 48 MS. HENLEY ANDREWS, Q.C.: Okay, so Hydro doesn't  
49 have any generation?
- 50 MR. REEVES: No.
- 51 MS. HENLEY ANDREWS, Q.C.: And Hydro wheels over  
52 Newfoundland Power's line to Boyd's Cove?
- 53 MR. REEVES: That's my understanding, yes.
- 54 MS. HENLEY ANDREWS, Q.C.: To serve its rural  
55 interconnected customers?
- 56 MR. REEVES: Yes.
- 57 MS. HENLEY ANDREWS, Q.C.: We, you talked about  
58 yesterday ... I'm changing tack here now ... Mr. Chairman,  
59 I'm just wondering whether ... I know the morning break is  
60 normally at around 11:00. I'm wondering if perhaps this  
61 would be a good place to break.
- 62 MR. NOSEWORTHY, CHAIRMAN: If you feel that it's  
63 appropriate in your line of questioning, I am perfectly  
64 prepared to break now, sure.
- 65 MS. HENLEY ANDREWS, Q.C.: Well, it would be a good  
66 spot for me.
- 67 MR. NOSEWORTHY, CHAIRMAN: Okay, that's fine, we'll  
68 break until five after 11:00. Thank you.
- 69 *(break)*
- 70 *(11:15 a.m.)*
- 71 MR. NOSEWORTHY, CHAIRMAN: Wait till the most  
72 important person in the room gets seated here. *(laughter)*  
73 Thank you. You ready to proceed, Ms. Henley Andrews?
- 74 MS. HENLEY ANDREWS, Q.C.: Yes, Mr. Chairman.
- 75 MR. NOSEWORTHY, CHAIRMAN: Mr. Reeves?
- 76 MR. REEVES: Yes, I am, Chair.
- 77 MS. HENLEY ANDREWS, Q.C.: Mr. Reeves, I want to  
78 move on now to your supplementary evidence that was  
79 filed yesterday. Do you have it there?
- 80 MR. REEVES: Yes, I do.
- 81 MS. HENLEY ANDREWS, Q.C.: In answer to the first  
82 question, your answer was that, "Hydro has recently  
83 determined that there's some inconsistencies in the cost  
84 allocations," and that these are primarily in the allocation of  
85 operations and maintenance costs of the central region of  
86 transmission and rural operations. Is that correct?
- 87 MR. REEVES: Primarily, yes, that's correct.

1 MS. HENLEY ANDREWS, Q.C.: And who discovered ...  
2 how were those inconsistencies discovered?

3 MR. REEVES: It was discovered by somebody in the Rates  
4 Department as they were responding to one of the RFIs.

5 MS. HENLEY ANDREWS, Q.C.: And do you know when  
6 that was determined?

7 MR. REEVES: I would venture to say that was probably  
8 around either late August or early September that the actual  
9 discovery was made, but it wasn't completely resolved until  
10 later, that the inconsistency was confirmed.

11 MS. HENLEY ANDREWS, Q.C.: And when did you  
12 become aware of it?

13 MR. REEVES: That's around the time that I, that initially  
14 that an inconsistency was pointed out that there may have  
15 been some.

16 MS. HENLEY ANDREWS, Q.C.: And how did this occur?

17 MR. REEVES: How did the inconsistency occur?

18 MS. HENLEY ANDREWS, Q.C.: Yes.

19 MR. REEVES: The information that was collected from the  
20 field to the Rates Department was not a, I guess a full  
21 understanding or a ... it was entered improperly into the  
22 cost of service model.

23 MS. HENLEY ANDREWS, Q.C.: Does your ... I take it that  
24 you're responsible, for example, for the operation and  
25 maintenance of transmission in both, in the central, the  
26 northern and the Labrador areas, is that right?

27 MR. REEVES: That's correct, that's correct.

28 MS. HENLEY ANDREWS, Q.C.: And as I understand your  
29 evidence, certain costs that were properly attributable to  
30 the northern and the Labrador areas were attributed to  
31 central, is that right?

32 MR. REEVES: They were in the central region. That  
33 should have been assigned to either the northern or the  
34 Labrador region.

35 MS. HENLEY ANDREWS, Q.C.: In your own day-to-day  
36 accounting in the central region, do you keep track of those  
37 costs for other regions?

38 MR. REEVES: We keep track of all the costs for our  
39 regions by region and, as an example, the helicopter service  
40 is budgeted for and tracked in the central region, and that's  
41 how we would track that and do the comparison of budget  
42 versus actuals and that, same thing with vegetation  
43 control.

44 MS. HENLEY ANDREWS, Q.C.: How did the costs for the  
45 Labrador region end up in the central numbers?

46 MR. REEVES: Well, all of the helicopter costs are gathered  
47 in central, however, some of the services as provided by  
48 helicopters is provided to some of the other regions, so the  
49 costs should have been transferred from the central to the  
50 other regions.

51 MS. HENLEY ANDREWS, Q.C.: On an annual basis when  
52 you're reporting to management, would you normally have  
53 those costs separated out by region?

54 MR. REEVES: Normally when we review it the information  
55 on an annual basis is available to management, yes.

56 MS. HENLEY ANDREWS, Q.C.: By region?

57 MR. REEVES: By region, that's correct, yes.

58 MS. HENLEY ANDREWS, Q.C.: And how long had this  
59 problem been going on?

60 MR. REEVES: Back in 1999 when we went from what I  
61 would call a functional set-up in the regions to an asset  
62 base set-up, I think the, it developed as a result of that.

63 MS. HENLEY ANDREWS, Q.C.: Okay. So if we were to  
64 look at Hydro's numbers for 1999 or 2000, those same  
65 inconsistencies would occur?

66 MR. REEVES: I would not expect to see them there, no,  
67 that's correct, yes.

68 MS. HENLEY ANDREWS, Q.C.: You would not expect to  
69 see the inconsistencies in ...

70 MR. REEVES: No, I would not expect to see them there, no.

71 MS. HENLEY ANDREWS, Q.C.: But they were there for  
72 2001.

73 MR. REEVES: That's my understanding, yes. If there was  
74 a cost of service model that actually ran type ...

75 MS. HENLEY ANDREWS, Q.C.: Okay. So it's only with  
76 respect to cost of service model.

77 MR. REEVES: Yes, that's correct, yes. See, at a lower level,  
78 I understand, in our JD System, we work on a work order  
79 system, and if there are requirements in either of the  
80 regions they would raise a work order no matter where the  
81 money was coming from and that's how it would be tracked  
82 by region.

83 MS. HENLEY ANDREWS, Q.C.: But I asked you a few  
84 minutes ago if on an annual basis you kept track of your  
85 costs by region and you told me that you do, right?

86 MR. REEVES: We do, yes.

87 MS. HENLEY ANDREWS, Q.C.: So if I went back to look  
88 at your numbers for 2000, the numbers that you reported to  
89 management in 2000 of your costs by region, and if this  
90 problem, inconsistency problem occurred when the



1 accounting system, new accounting system was set up in  
2 1999, then I assume that your central costs would be  
3 overstated by the things that were in there that shouldn't  
4 have been and that your northern and your Labrador costs  
5 would be understated for the same reason. Isn't that right?

6 MR. REEVES: What I responded to on an annual basis is  
7 when we do up our budgets these are reviewed on an  
8 annual basis, and that is done by region, okay. What can  
9 be done, not necessarily is done, the information is  
10 available ... normally when I review my annual budget with  
11 management, it's done at the TRO level as is the other  
12 divisions, however, if there's a specific question that would  
13 relate to one of the regions, that information would be  
14 available to me for explanations to the Management  
15 Committee. That's at the budget process. At the expense  
16 process I would look at each month the expense records  
17 that we are spending against our budget. I normally do  
18 that at a divisional level, however, if there is a certain  
19 category that doesn't look right, I would normally go down  
20 to the department level.

21 MS. HENLEY ANDREWS, Q.C.: Okay. So the ...

22 MR. REEVES: And then management reviews them on a  
23 monthly basis. They would not review them on a region  
24 basis. They would do it as a ...

25 MS. HENLEY ANDREWS, Q.C.: Globally.

26 MR. REEVES: As a division basis.

27 MS. HENLEY ANDREWS, Q.C.: I don't understand what  
28 you mean by division versus department.

29 MR. REEVES: Division is the division of TRO, which has  
30 three departments. One is operations, one is engineering  
31 and one is environment ...

32 MS. HENLEY ANDREWS, Q.C.: Okay.

33 MR. REEVES: ... as we talked about earlier on. Each of  
34 those people have their own particular budgets which are  
35 consolidated into a report which I look at and review.

36 MS. HENLEY ANDREWS, Q.C.: And so transportation, as  
37 an example, would be all of the transportation for central,  
38 northern and Labrador, right, on that budget?

39 MR. REEVES: That's correct. At the consolidated level,  
40 that's correct, yes.

41 MS. HENLEY ANDREWS, Q.C.: So on an annual basis you  
42 don't, you really don't look at the costs by region.

43 MR. REEVES: Unless there's a particular reason and that  
44 account is either over-spending or under-spending that I  
45 would go looking for the regions for that. There's no  
46 reason for me to know on a monthly basis what is being  
47 spent in central or northern or Labrador.

48 MS. HENLEY ANDREWS, Q.C.: But from a customer's  
49 perspective, the customers being the ones who are  
50 ultimately paying Hydro's rates, it's important for them to  
51 know what's being spent in the various areas, isn't it, if I'm  
52 ...

53 MR. REEVES: It's very important, and that's done through,  
54 as I understand it, the cost of service model.

55 MS. HENLEY ANDREWS, Q.C.: But the cost of service  
56 model is only as good as the data that comes from Hydro's  
57 own accounts.

58 MR. REEVES: Exactly, and that's why we have to provide  
59 information from the operations to the Rates Department as  
60 required, and that would not be done on a monthly basis.

61 MS. HENLEY ANDREWS, Q.C.: But if you kept track of  
62 your costs by division or by perhaps, let's take it  
63 differently, if you kept track of your costs by customer  
64 class so that you were tracking your rural interconnected  
65 costs and your rural isolated costs, etc., etc., by customer  
66 class, when the time came to do a cost of service, it would  
67 be less likely to pose a problem in the transition, wouldn't  
68 you agree?

69 MR. REEVES: You get into an area now which is in the  
70 code of accounts and that which is probably better suited  
71 for, probably Mr. Roberts or Mr. Osmond.

72 MS. HENLEY ANDREWS, Q.C.: Now you indicated that  
73 the, in your pre-filed evidence, that the primary categories  
74 affected by the changes were central transportation and  
75 equipment, central transportation labour, central  
76 transmission, central line worker labour and some regional  
77 common expenses.

78 MR. REEVES: That's correct, yes.

79 MS. HENLEY ANDREWS, Q.C.: And in looking at the  
80 evidence filed by Mr. Brickhill, could you take a look at the  
81 last page of that?

82 MR. REEVES: I don't have a copy of that.

83 MS. HENLEY ANDREWS, Q.C.: You'll be provided with a  
84 copy of it, I presume. Mr. Brickhill's evidence?

85 MR. REEVES: I don't have one here with me right now.

86 MS. HENLEY ANDREWS, Q.C.: This is the supplementary  
87 evidence of Mr. Brickhill. Your testimony references Mr.  
88 Brickhill's testimony, so I presume that you are familiar with  
89 this document, is that correct?

90 MR. REEVES: I have reviewed this document, not in great  
91 detail, but I have reviewed the document.

92 MS. HENLEY ANDREWS, Q.C.: The questions I have are  
93 so simple it shouldn't be a big problem.

- 1 MR. REEVES: Let's hope so.
- 2 MS. HENLEY ANDREWS, Q.C.: If you go to the very last  
3 page, which is the "Analysis of Changes from May 2001  
4 Submission to the September 2001, Revision One," it's the  
5 last page of the attachment.
- 6 MR. REEVES: Is that page one or ... 94 of 94, is that the one  
7 you're referring to?
- 8 MR. HUTCHINGS: I think you have the principal evidence.  
9 We're looking at the supplementary evidence.
- 10 MR. REEVES: Well, this is supplementary evidence of ...
- 11 MS. HENLEY ANDREWS, Q.C.: I'm looking at Schedule 3.  
12 It's the one that was filed yesterday.
- 13 MR. REEVES: There's two supplementary evidences.
- 14 MS. HENLEY ANDREWS, Q.C.: Yeah. It's the last one.
- 15 MR. REEVES: It's the very last one?
- 16 MS. HENLEY ANDREWS, Q.C.: It should be.
- 17 MR. REEVES: And the date on that one is September 30th?
- 18 MS. GREENE, Q.C.: I think it may be that it's out of order in  
19 Mr. Reeves' binder. It is the summary of the changes that  
20 ...
- 21 MS. HENLEY ANDREWS, Q.C.: Ms. Greene, you can go  
22 find it for him.
- 23 MS. GREENE, Q.C.: I think that that's out of order. He has  
24 the first, not last (phonetic) ...
- 25 MS. HENLEY ANDREWS, Q.C.: Yes, that's fine.
- 26 MS. GREENE, Q.C.: I think he should ... he doesn't ... he  
27 hasn't put it in his binder in the correct order, which was  
28 distributed.
- 29 MS. HENLEY ANDREWS, Q.C.: Okay, that's fine.
- 30 MS. GREENE, Q.C.: I'll give him a copy of ...
- 31 MS. HENLEY ANDREWS, Q.C.: That's fine.
- 32 MR. REEVES: Okay, I'm sorry. I'm sorry.
- 33 MS. HENLEY ANDREWS, Q.C.: That's no problem.  
34 There's a lot of paper to keep track of around here. So you  
35 now have that sheet which is Schedule 3 to J.A. Brickhill's  
36 evidence.
- 37 MR. REEVES: Schedule 3 for J.A. Brickhill, that's correct.
- 38 MS. HENLEY ANDREWS, Q.C.: And at the top it's called  
39 "Analysis of Changes from May 2001 Submission to  
40 September 2001 Revision One."
- 41 MR. REEVES: That's correct.
- 42 MS. HENLEY ANDREWS, Q.C.: Now, I would ... this is the  
43 analysis of the changes resulting from the inconsistencies  
44 referred to in your testimony, is that right?
- 45 MR. REEVES: Those and, as I understand it, others as well.  
46 Like the second column, which is a municipal tax allocation,  
47 that's not referenced in my evidence. The wheeling  
48 expense I don't think is as well. I think column three is the  
49 one that's reference, mine ...
- 50 MS. HENLEY ANDREWS, Q.C.: And if we look at column  
51 five, for the island industrial customers the changes  
52 resulting from these inconsistencies results in a drop of  
53 their revenue requirement by \$855,000. Isn't that correct?
- 54 MR. REEVES: That's the total of what I've submitted as  
55 well as the municipal taxes and the wheeling expenses as  
56 well.
- 57 MS. HENLEY ANDREWS, Q.C.: And it results in a drop to  
58 the Newfoundland Power revenue requirement before  
59 deficit allocation of roughly \$4 million?
- 60 MR. REEVES: Again for the three categories, yes.
- 61 MS. HENLEY ANDREWS, Q.C.: So these were not, all  
62 things together, these were not insignificant changes,  
63 wouldn't you agree?
- 64 MR. REEVES: No, that's correct.
- 65 MS. HENLEY ANDREWS, Q.C.: And in your category,  
66 which, as I guess the B/U allocation factors, that represents  
67 roughly \$3.8 million of the reductions for Newfoundland  
68 Power and the island industrial?
- 69 MR. REEVES: Approximately 3.8, yes.
- 70 MS. HENLEY ANDREWS, Q.C.: And similarly if you look  
71 at the bottom of the page in the original submission, the  
72 rural deficit would have been roughly \$26.2 million, the  
73 bottom of column one.
- 74 MR. REEVES: That's correct, yes.
- 75 MS. HENLEY ANDREWS, Q.C.: And as a result of these  
76 changes the rural deficit increases to 30.6 ...
- 77 MR. REEVES: That's correct, yes.
- 78 *(11:30 a.m.)*
- 79 MS. HENLEY ANDREWS, Q.C.: Have you had any ... are  
80 you aware of the other changes that, or the other  
81 inconsistencies that may have been dealt with in that  
82 revision?
- 83 MR. REEVES: Are you talking about my evidence or in that  
84 chart, that table that we just looked at?
- 85 MS. HENLEY ANDREWS, Q.C.: In your evidence.
- 86 MR. REEVES: In my evidence I'm aware, yes.

1 MS. HENLEY ANDREWS, Q.C.: And gas turbine operation  
2 and maintenance, would you be familiar with the changes  
3 in those costs?

4 MR. REEVES: Not ... the ones that are referenced in mine  
5 are to do with the transportation, transmission and central  
6 line workers, okay.

7 MS. HENLEY ANDREWS, Q.C.: And then it says, "Some"  
8 ...

9 MR. REEVES: And then there's some other, what I would  
10 call common expenses, which would be like the  
11 administration, buildings and grounds, whatnot.

12 MS. HENLEY ANDREWS, Q.C.: So your evidence refers  
13 only to TRO, is that correct?

14 MR. REEVES: That is correct, yeah.

15 MS. HENLEY ANDREWS, Q.C.: So other changes that  
16 may be incorporated into the cost of service for other  
17 inconsistencies would be outside of TRO?

18 MR. REEVES: Yes, and as I'm aware, there's only two  
19 which is in table, in column two and column four.

20 MS. HENLEY ANDREWS, Q.C.: So you're not aware of  
21 any changes as a result of changes to the allocation of  
22 costs for gas turbines?

23 MR. REEVES: No, I'm not aware of that.

24 MS. HENLEY ANDREWS, Q.C.: Nor are you aware of any  
25 changes to specifically assigned amounts?

26 MR. REEVES: When you see gas turbines, that's a part of  
27 our generation. Some of our, what I would call regional  
28 common, may or may not be affected by it, but if I can just  
29 give you an example, is that our common buildings and  
30 grounds which was, the total is around \$571,000, okay.

31 MS. HENLEY ANDREWS, Q.C.: Uh hum.

32 MR. REEVES: \$400,000 of that was charged to the island  
33 interconnected, okay, which was charged to generation,  
34 transmission and distribution. The split was \$280,000 to  
35 generation, 91 to transmission and 28 to distribution. The  
36 revised figures moves generation to 24, transmission to 303  
37 and 72 to distribution. Now what effect that has on the gas  
38 turbine allocation, I'm not, I am unable to speak to that.

39 MS. HENLEY ANDREWS, Q.C.: And you are unable, I take  
40 it, to speak to amounts, increased amounts in specifically  
41 assigned costs to various industrial customers as well as  
42 Newfoundland Power resulting from the changes?

43 MR. REEVES: That's a fair comment.

44 MS. HENLEY ANDREWS, Q.C.: You're not able to  
45 comment.

46 MR. REEVES: I'm not able to speak to that, that's right.

47 MS. HENLEY ANDREWS, Q.C.: And who would be able  
48 to speak to that?

49 MR. REEVES: I assume that it would be Mr. Brickhill.

50 MS. HENLEY ANDREWS, Q.C.: On page two of your  
51 supplementary evidence at lines four through eight you  
52 said that, "Some of the regional common expenses were  
53 originally functionalized in accordance with the 'all plant  
54 related overhead' allocator and now they are functionalized  
55 with a revised allocator which excludes hydraulic and  
56 Holyrood which is in line with the functions they support  
57 and the region." Can you explain what you mean by that?

58 MR. REEVES: The original allocator, which is called the all  
59 plant related overhead, includes all generation. It also  
60 includes, I guess, transmission terminals and distribution,  
61 but it includes all generation, and when they did the split,  
62 as I just went through for the central buildings and  
63 grounds, they use the percentages associated with all  
64 plant. A more realistic one to use for TRO, because we, in  
65 regard to generation, division, we have very little  
66 generation in comparison. A better split would be to use  
67 the all plant related overhead but exclude Holyrood and the  
68 hydraulic generation on the island, and that gives you a  
69 different percentage and then these, like the amount of 571  
70 would be used on these new percentages in place of the  
71 old ones.

72 MS. HENLEY ANDREWS, Q.C.: And who reached that  
73 conclusion?

74 MR. REEVES: My staff. When they saw the numbers that  
75 had been allocated in dollar value, it said that's really not  
76 the way that it should work. It should be, we should use  
77 something different, and after discussions with the Rates  
78 Department it was determined to use the same all plant  
79 related overhead but excluding the hydraulic.

80 MS. HENLEY ANDREWS, Q.C.: And what was the  
81 rationale for that?

82 MR. REEVES: Because the staff in TRO had very little to  
83 do with the hydraulic and thermal generation in Hydro, so  
84 therefore none of our costs should be associated with that.

85 MS. HENLEY ANDREWS, Q.C.: Yesterday we talked about  
86 with Ms. Butler, you talked about the capital budget and  
87 you were asked a number of questions about Hydro's  
88 experience in terms of its under-spending its capital budget  
89 in any given year. Now I understand the point that you  
90 were trying to make, which is that on a project-by-project  
91 basis there could be any number of reasons why a given  
92 project might not go ahead in any particular year or only  
93 part of it might be completed in a particular year, but I think  
94 if you look at the overall capital budget rather than the

1 individual project budget, then **Exhibit NP-1** ... do you  
2 have that one still there?

3 MR. REEVES: **NP-1?**

4 MS. HENLEY ANDREWS, Q.C.: Yeah, **Exhibit NP-1**.

5 MR. REEVES: Oh, **Exhibit NP-1**. Okay, I think I do. I did  
6 have it here.

7 MS. HENLEY ANDREWS, Q.C.: That was put in  
8 yesterday. That was a sheet of paper that Ms. Butler gave  
9 you.

10 MR. REEVES: I had it here this morning. Here we go. I got  
11 it. Yes, I have it. It was under a binder. Yes, I have that in  
12 front of me.

13 MS. HENLEY ANDREWS, Q.C.: If you look at **Exhibit NP-**  
14 **1**, then the average over the, the average of under-  
15 spending of the total capital budget per year from 1992 to  
16 2000, without any normalizing as Grant Thornton has done,  
17 is 20 percent. Isn't that right?

18 MR. REEVES: That's what this table shows.

19 MS. HENLEY ANDREWS, Q.C.: And in fact if you take the  
20 same five-year period from 1996 to 2000 for transmission,  
21 then even though 1999 and 2000 are low, it's higher than 20  
22 percent on average for those five years.

23 MR. REEVES: It's higher than 20 percent for a good reason.

24 MS. HENLEY ANDREWS, Q.C.: Why is that?

25 MR. REEVES: We had undertaken to upgrade our lines on  
26 the Avalon and also on the west coast we had a small  
27 upgrade there as well, and because of the ice storm in  
28 central Canada we are unable to get steel to do our  
29 upgrade, so we had to delay our upgrades by one year.

30 MS. HENLEY ANDREWS, Q.C.: But that wouldn't have  
31 affected 1996 and 1997, would it, because that ice storm was  
32 in 1998.

33 MR. REEVES: The ice storm was in 1998, which is right.

34 MS. HENLEY ANDREWS, Q.C.: So the fact that you  
35 under-spent your transmission capital budget by 49  
36 percent in 1997 would have not been impacted at all by the  
37 storm in Quebec, wouldn't you agree?

38 MR. REEVES: That's correct, and on that particular reason  
39 ...

40 MS. HENLEY ANDREWS, Q.C.: Now I understand, I do  
41 understand the operational difficulty but I want you to  
42 think about this question from a customer perspective now  
43 rather than a, than your own operational perspective, and  
44 that is that we know that there is a history, doesn't matter  
45 what the percentage, average percentage is, whether you  
46 use the Grant Thornton normalized one which takes out

47 that Quebec storm or whether you use **Exhibit NP-1**, that  
48 Hydro has a history of under-spending its capital budget  
49 in any given year. You would have to agree with that.

50 MR. REEVES: From what Hydro budgets and what it  
51 actually spends for the reasons that I explained yesterday,  
52 and here again I think I referred to yesterday that up until  
53 probably four or five years ago, before that Hydro was not  
54 regulated by the Public Utilities Board and we managed our  
55 capital program on a project-by-project basis, and there  
56 were reasons why jobs got moved from one year to the  
57 next, while the jobs are on a project basis, cash, you know,  
58 came in, and what we actually budget in one year may have  
59 been different than what we actually spent.

60 MS. HENLEY ANDREWS, Q.C.: But you would be aware,  
61 I'm sure, Mr. Reeves, that although Hydro's capital budget  
62 wasn't regulated until a number of years ago that its capital  
63 costs were included in the rates charged to its customers.

64 MR. REEVES: Yes, they were, yes.

65 MS. HENLEY ANDREWS, Q.C.: And that the capital costs  
66 that are included in the rates are based upon Hydro's  
67 budget for its capital costs.

68 MR. REEVES: That's my understanding.

69 MS. HENLEY ANDREWS, Q.C.: Okay. Whether the  
70 budget is regulated or not.

71 MR. REEVES: Exactly right, yes.

72 MS. HENLEY ANDREWS, Q.C.: So that if the budget in ...  
73 now the last rate hearing set the rates for 1992. If you take  
74 the budget of, that's shown on **Exhibit NP-1** of \$12.6 million  
75 as the capital budget for transmission for 1992, the rates  
76 charged to Newfoundland, to Hydro's customers starting  
77 in 1992 included that capital budget amount, correct?

78 MR. REEVES: That's my understanding.

79 MS. HENLEY ANDREWS, Q.C.: And if Hydro collected  
80 from its customers in 1992 that amount of money but the  
81 money wasn't spent in 1992, then Hydro's customers paid  
82 too much in 1992. Wouldn't you agree?

83 MR. REEVES: From my understanding of it, and this is not  
84 my field in rates, if that's the way that it's calculated in our  
85 rate base, yes, what you're saying is correct.

86 MS. HENLEY ANDREWS, Q.C.: So regardless of your own  
87 internal practical problems, which I understand in terms of  
88 running a capital project, if Hydro has a history of under-  
89 spending its capital budget, then when we look at the 2001  
90 capital budget for setting rates for the customers, we do  
91 need to be conscious of whether they will over-pay, or  
92 rather 2002, we need to be conscious of whether they will  
93 over-pay in 2002, don't we?

1 (11:45 a.m.)

2 MR. REEVES: We need to be very conscious of that, yes,  
3 but as I understand your question, if you look to 1995  
4 where we actually spent \$18 million, then we actually spent  
5 more than was in our rates, as was 1996, 1999 and 2000, so  
6 Hydro actually spent more capital than it had in its rates, if  
7 I understand the way that it works.

8 MS. HENLEY ANDREWS, Q.C.: Yes, but now you are  
9 correct but Hydro at any point in time could have come  
10 back to this Board for an increase in its rates if it needed an  
11 increase in its rates, so I don't have a lot of sympathy for  
12 that, quite frankly. The question is that right now we're  
13 setting the rates for 2002 and we're using a projected capital  
14 budget for 2002, correct?

15 MR. REEVES: That's my understanding, what we're using  
16 for 2002 is our projected budget, capital budget for 2002.

17 MS. HENLEY ANDREWS, Q.C.: And if Hydro only spends  
18 50 percent, now I'm just taking a figure right out of the air,  
19 if Hydro only spends in 2002, 50 percent of its capital  
20 budget, but if the rates are set to recover based on 100  
21 percent, then its customers will over-pay in 2002.

22 MR. REEVES: Yes, and the converse, if we spend more  
23 than our capital budget we would be under-paid.

24 MS. HENLEY ANDREWS, Q.C.: Exactly. Those are all my  
25 questions. Thank you.

26 MR. NOSEWORTHY, CHAIRMAN: Thank you very much,  
27 Ms. Henley Andrews, Mr. Reeves.

28 MS. GREENE, Q.C.: Mr. Chair, prior to the break Ms.  
29 Henley Andrews had asked us with respect to the load and  
30 had asked for an undertaking. If it's helpful I can give that  
31 information now. The first question that I guess I was  
32 asked, the undertaking was with respect to the load for the  
33 Burin Peninsula, and my information is that the load for the  
34 rural customers that are served by Hydro on the Burin  
35 Peninsula is .46 megawatts and that the total load for the  
36 Burin Peninsula, including Hydro and Newfoundland  
37 Power, is 61.6 megawatts. Another similar question related  
38 to the Baie Verte Peninsula, and my information there is  
39 that the total load for the Baie Verte Peninsula is 15.24  
40 megawatts, that the Newfoundland Power load is 5.1  
41 megawatts with the balance being for Hydro.

42 COMMISSIONER SAUNDERS: What did you say  
43 Newfoundland Power's load was?

44 MS. GREENE, Q.C.: For Baie Verte it's 5.1 megawatts.

45 COMMISSIONER SAUNDERS: Okay, thank you.

46 MS. GREENE, Q.C.: And the balance of that would be for  
47 Hydro's customers on the Baie Verte Peninsula, with the  
48 total load for Baie Verte being 15.24.

49 MS. HENLEY ANDREWS, Q.C.: The balance would be for  
50 the Hydro rural?

51 MS. GREENE, Q.C.: The Hydro customers served on the  
52 Baie Verte Peninsula which are Hydro rural customer class.

53 MS. HENLEY ANDREWS, Q.C.: Okay, thank you.

54 MR. NOSEWORTHY, CHAIRMAN: Any questions  
55 relating to direct cross-examination you wish to ask at this  
56 time based on that information, Ms. Henley Andrews?

57 MS. HENLEY ANDREWS, Q.C.: No, Mr. Chairman. Thank  
58 you.

59 MR. NOSEWORTHY, CHAIRMAN: Okay. Thank you.  
60 We'll proceed on to Mr. Browne, please, for his cross-  
61 examination.

62 MR. BROWNE, Q.C.: Thank you, Mr. Chairman. Mr.  
63 Reeves, in your pre-filed evidence, which you've adopted  
64 at this hearing, you state you've been employed with  
65 Hydro for 29 years and been in your current position for six  
66 years. What were your positions prior to your current  
67 position?

68 MR. REEVES: Probably I can start off back in 1972 when I  
69 was hired on?

70 MR. BROWNE, Q.C.: Give us the short of it.

71 MR. REEVES: Yes, and this will be the short of it because  
72 it's not very long. Basically for the first two years I was on  
73 what Hydro had as a graduate program for engineers at the  
74 time, and I spent some time going around the system. I  
75 then went to Bay D'Espoir in 1974. I stayed there till 1985.  
76 In Bay D'Espoir I had the responsibility for the hydro  
77 electric plants. I started off with Bay D'Espoir and  
78 eventually came up to and included Cat Arm. In 1985 I  
79 went to Churchill Falls as the Vice-President of Engineering  
80 and Operations in Churchill Falls. In 1991 I moved back to  
81 St. John's here as the engineering (*sic*) for, Vice-President  
82 for Engineering and Construction, and in 1995 I moved to  
83 Vice-President, Transmission, Rural Operations, which I  
84 currently have. That is the thumbnail sketch. There were  
85 some changes to responsibilities in some of those  
86 positions but I don't think you want that.

87 MR. BROWNE, Q.C.: In reference to your job pertaining to  
88 construction, can you expand on that a little?

89 MR. REEVES: Yes. When I moved back from Churchill  
90 Falls, the way that the engineering section was structured  
91 then is that it included three departments. One was the,  
92 what we call the pure engineering, which looked after the  
93 engineering associated with the transmission and rural  
94 operations as well as generation. Separate from that we  
95 had a Construction Department, because Hydro at that time  
96 was just coming out of, I guess, a fairly substantial growth

1 period, building hydro plants, putting in transmission lines,  
2 and we had ... the third section was the Environmental  
3 Section. In 1995 I think we amalgamated the, when we  
4 restructured, we amalgamated the Construction and the  
5 Engineering Sections into one, which we currently have.

6 MR. BROWNE, Q.C.: So your job in reference to  
7 construction, was that throughout the province?

8 MR. REEVES: That would be throughout the province,  
9 yes, yeah, associated with Hydro for generation. At the  
10 time there was very little generation on the go. It was  
11 mostly, I guess, in the transmission part, but there was  
12 some generation activities but no major ones.

13 MR. BROWNE, Q.C.: So your job pertained to generation  
14 construction as well as transmission?

15 MR. REEVES: At that point in time, yes.

16 MR. BROWNE, Q.C.: So you're familiar with the generation  
17 in reference to Newfoundland Hydro, where the generation  
18 facilities are.

19 MR. REEVES: Well, most ... well, the hydraulic generation  
20 facilities, I'm familiar with those because I have  
21 responsibility from '74, well '76 actually to '85.

22 MR. BROWNE, Q.C.: Now, in your evidence I was sort of  
23 surprised with some of the responses that you gave to Ms.  
24 Henley Andrews where you deferred matters. Can you just  
25 read into the record the topics you're presenting evidence  
26 of, on, so we can be clear?

27 MR. REEVES: This will be on page one?

28 MR. BROWNE, Q.C.: Page one of your evidence, lines 10  
29 to 20.

30 MR. REEVES: Number one is, "Hydro's transmission  
31 facilities on the island and in Labrador."

32 MR. BROWNE, Q.C.: Okay. To what does that pertain,  
33 Hydro's transmission facilities on the island and in  
34 Labrador? What's your evidence, what are the parameters  
35 of your evidence within that descript (phonetic)?

36 MR. REEVES: That would be in regard to the operational  
37 maintenance of those particular lines.

38 MR. BROWNE, Q.C.: But not the construction.

39 MR. REEVES: Oh, yes, the construction as well right now,  
40 yes. The engineering construction associated with those,  
41 yes. I'm sorry.

42 MR. BROWNE, Q.C.: So you deal with the operation,  
43 maintenance and construction of transmission facilities.

44 MR. REEVES: That's correct, yes.

45 MR. BROWNE, Q.C.: In reference to number two?

46 MR. REEVES: Hydro's interconnected and isolated rural  
47 systems on the island and in Labrador. That would be our  
48 isolated diesel plants, our interconnected customers, the  
49 operation and maintenance of that, as well as the  
50 engineering and construction as well.

51 MR. BROWNE, Q.C.: That's for the entire system.

52 MR. REEVES: For the rural system, that's correct, yes.

53 MR. BROWNE, Q.C.: Includes Labrador?

54 MR. REEVES: That's correct.

55 MR. BROWNE, Q.C.: Number three, the organizational  
56 structure.

57 MR. REEVES: In my first slide I showed the three regions  
58 that we have to service, if you remember, central ...

59 MR. BROWNE, Q.C.: I guess we're going to have, you're  
60 going to have to speak up or we're going to have to break.  
61 Got someone scraping here. *(laughter)*

62 MR. REEVES: Can I speak a bit louder or is that better?

63 MR. NOSEWORTHY, CHAIRMAN: Speak a bit louder, Mr.  
64 Reeves, until we try and get the scraping terminated.

65 MR. REEVES: I can get closer to the mic as well, if you'd  
66 like.

67 MR. NOSEWORTHY, CHAIRMAN: Okay, thank you.

68 MR. REEVES: Okay. I'll just move closer. The mic doesn't  
69 stretch.

70 MR. BROWNE, Q.C.: Thank you.

71 MR. REEVES: Organizational structure is the operation and  
72 maintenance and engineering people that we have in place  
73 to maintain the two above, number one and two items.

74 MR. BROWNE, Q.C.: So when you say the organizational  
75 structure, what does that entail? Can you expand upon  
76 that a little?

77 MR. REEVES: It's the structure of the regions, the  
78 workforce that we have out there, how we actually structure  
79 transmission, distribution. It's the workforce that we have  
80 in place to be able to operate and maintain and engineer  
81 and construct our facilities. That's what I mean by  
82 organization.

83 MR. BROWNE, Q.C.: So that workforce comes under your  
84 jurisdiction.

85 MR. REEVES: That's correct, yes.

86 MR. BROWNE, Q.C.: And that's provincial-wide.

87 MR. REEVES: That's right, for these functions. That's  
88 correct, yes.

1 MR. BROWNE, Q.C.: Number four, what does that ...

2 MR. REEVES: "Initiatives which have taken place to  
3 improve the organizational structure and reliability of the  
4 transmission and rural systems and to improve the cost  
5 effectiveness of the rural systems," and these are things  
6 that we would have changed, like the ... we went from six  
7 regions down to three that I would call an initiative, a  
8 reorganization initiative. We have implemented another  
9 way to maintain our diesel plants. We've gone from what  
10 I would call a diesel operator to a diesel system  
11 representative, would be another initiative. We did  
12 initiatives where we reviewed our line worker, our people  
13 that maintain our lines, and we did some efficiency  
14 improvements there this year. That would be another  
15 initiative that I would include in that. The way we plan our  
16 work. Before we had six regions and we now have three  
17 and we've improved the planning of our, using up-to-date  
18 tools and that, so these are some of the initiatives that I  
19 would call in improving what we have in place to maintain,  
20 operate and engineering, the assets that are under my  
21 responsibility.

22 MR. BROWNE, Q.C.: What about number five?

23 MR. REEVES: The transmission and rural operations  
24 portion of the capital budget, 2002 capital budget. These  
25 are the items that I have responsibility for to bring forward  
26 to management, to seek approval. Once it's approved I  
27 have the responsibility to construct and put in service  
28 these assets, these, or modify these assets.

29 MR. BROWNE, Q.C.: So particulars for that budget, are  
30 questions in reference to particulars, are they better  
31 addressed to you or is there another witness coming who  
32 can speak to ...

33 MR. REEVES: I can address two parts of the capital  
34 budget, in Part A, which is outlined as transmission and the  
35 other one is rural. There is one other item in general  
36 properties which is vehicles, which I can also address, but  
37 I have responsibilities for transmission and rural in the  
38 capital budget.

39 MR. BROWNE, Q.C.: Now I looked over the evidence you  
40 will be presenting and I look at what Mr. Henderson is  
41 presenting. Can you go to that? You'll find it on page two  
42 of Mr. Henderson's evidence, pre-filed evidence, lines one  
43 to twelve.

44 MR. REEVES: Mr. Henderson's?

45 MR. BROWNE, Q.C.: Yes.

46 MR. REEVES: On page?

47 MR. BROWNE, Q.C.: Page two.

48 MR. REEVES: Two, yes.

49 MR. BROWNE, Q.C.: Lines one to twelve.

50 MR. REEVES: Yes.

51 MR. BROWNE, Q.C.: What's the difference first between  
52 your job, just give us the ... between your job and Mr.  
53 Henderson's job? What is the difference? You're both  
54 engineers.

55 MR. REEVES: That's correct, yes.

56 MR. BROWNE, Q.C.: And how do you see the difference?

57 MR. REEVES: Mr. Henderson has overall responsibility for  
58 the operation of our interconnected system, both on the  
59 island and in Labrador. Mr. Henderson is not involved in  
60 the isolated diesel portions of the operations of those  
61 systems. Mr. Henderson would also deal with all of our  
62 customers, the industrial customers, Newfoundland Power,  
63 from an operations perspective. So while I maintain a  
64 transmission line, okay, Mr. Henderson and his staff, they  
65 would operate that transmission line in service to provide  
66 power to our customers.

67 MR. BROWNE, Q.C.: That's a pretty fine point for ...

68 MR. REEVES: Well ...

69 MR. BROWNE, Q.C.: ... from our perspective, I guess.

70 MR. REEVES: ... that may be but once you move out into  
71 the distribution system, okay, which is a 25 kV system, Mr.  
72 Henderson would not be involved in what I would call the  
73 day-to-day operation of those systems, only to ensure that  
74 there is enough power there to provide the customers, and  
75 if I can use like the Great Northern Peninsula, Mr.  
76 Henderson will be responsible for operating, to ensure that  
77 the lines are in, you know, that they are in service, that are  
78 required to provide the power up there, but once it leaves  
79 the thermal stations, say on the Great Northern Peninsula,  
80 that's where my staff would take over to ensure that the, on  
81 the distribution system, that the customers are properly  
82 serviced. You say, well, why is that? Mr. Henderson also  
83 coordinates all of the generation for the system. There is  
84 one interconnected system which is composed of  
85 generation, it's also composed of transmission lines,  
86 thermal stations and the like, and there's a fair bit of liaison  
87 with our customers and that's a function, and that's not  
88 unlike any other utility that's ... they have a control centre.  
89 The control centre is responsible to ensure that the assets  
90 that are in service are operating in such a fashion to  
91 maintain service to our customer. Now, if Mr. Henderson  
92 is relying on a transmission line and that transmission line  
93 trips out because it was struck with lightning or it was an  
94 ice storm or something like that, he's not responsible to get  
95 it fixed and back in service. That's my responsibility. Now,  
96 I don't know if I'm making this any clearer or if I'm just  
97 muddying the waters or whatever, but Mr. Henderson is, I

1 guess, the hub of the ensuring that our operations are  
2 operated in a very efficient manner and that the equipment  
3 that is required to be in service is actually in service, and he  
4 will talk to people in TRO, he will talk to people in  
5 Generation, he will plan outages for people in TRO, he will  
6 plan outages for people in Generation, and he coordinates  
7 all those activities to ensure that the proper equipment is in  
8 service that is required to maintain the reliability of our  
9 system.

10 MR. BROWNE, Q.C.: But you would have to know Mr.  
11 Henderson's job effectively in order to do yours. You  
12 would have to know the generation capabilities at any  
13 given time. Is that correct?

14 MR. REEVES: No, I would not. Like part of my job is a  
15 distribution provider in our rural systems, okay. Part of it  
16 is transmission. I understand Mr. Henderson's job but I  
17 don't think I would necessarily need to have been in Mr.  
18 Henderson's job to understand all aspects of it. I can  
19 liaison with Mr. Henderson and both of us together to  
20 ensure that our customers are provided the generation and  
21 the load that they require.

22 MR. BROWNE, Q.C.: But yet you're familiar with all the  
23 generation facilities ...

24 MR. REEVES: Yes.

25 MR. BROWNE, Q.C.: ... province wide.

26 MR. REEVES: I am, but for ...

27 MR. BROWNE, Q.C.: You would have the same familiarity  
28 as Mr. Henderson with those facilities, what their capability  
29 is?

30 MR. REEVES: I happen to have it because I worked in Bay  
31 D'Espoir but I don't need to have it to do my job.

32 MR. BROWNE, Q.C.: But you know you.

33 MR. REEVES: I knew it back in 198-, say prior to 1985. I  
34 knew all of the intricacies of the operations in Bay D'Espoir.  
35 I worked in Holyrood for six months. I don't have a lot of  
36 familiarity with Holyrood and the problems that they have,  
37 only from a point of view of hearing conversations or  
38 participating in conversations, not to the same degree that  
39 I would need to understand and control the activities that  
40 take place in transmission and rural operations. The way  
41 that the industry is going today across North America is  
42 that they are unbundling the industry. One time there was  
43 a company that looked after generation, transmission and  
44 distribution. What they've done in a lot of other areas is  
45 that they've actually spread out those companies so that  
46 there's a generation company, then there's a transmission  
47 company and then there's a transmission (*sic*) company,  
48 and then there's another small company that ties the three  
49 of them together and that's basically the control, and that's

50 the job that Mr. Henderson does. It's a controlling of all  
51 those three functions, to bring them together in one spot,  
52 and actually he operates out of our control centre where  
53 they actually can remotely control the breakers like in  
54 Bottom Brook or in St. Anthony Airport or Bay D'Espoir.  
55 They can operate breakers, but if that breaker actually fails,  
56 then it's my staff that would have to go and fix it.

57 MR. BROWNE, Q.C.: Mr. Reeves, just moving away from  
58 that, your evidence, and I refer you to page seven of your  
59 pre-filed evidence and line eight where you're responding  
60 to the question, "Please describe the regional  
61 organization," and you tell us that the organization has  
62 moved from six to three regions. I'd just like to take you  
63 through that for a second. The eastern region at  
64 Whitbourne, do you have a facility at Whitbourne now?

65 MR. REEVES: Yes, we do, yeah.

66 MR. BROWNE, Q.C.: Did you have a facility at  
67 Whitbourne before the reorganization?

68 MR. REEVES: Yes, we did.

69 MR. BROWNE, Q.C.: What's the difference?

70 MR. REEVES: The difference is in staffing levels.

71 MR. BROWNE, Q.C.: You have less staffing level at  
72 Whitbourne now?

73 MR. REEVES: Than we did before, that's correct.

74 MR. BROWNE, Q.C.: And how many?

75 MR. REEVES: We've taken out primarily during this review,  
76 the managers ...

77 MR. BROWNE, Q.C.: During which review is this?

78 MR. REEVES: The '96 which we're talking about right here.

79 MR. BROWNE, Q.C.: Yes.

80 (*12:00 p.m.*)

81 MR. REEVES: We've eliminated the Manager's position,  
82 and if I recall correctly we relocated another position to  
83 Bishop's Falls. No, that's not correct. Now, I wonder where  
84 I can go? Can I refer to some of the charts that are here? If  
85 I could refer to some of the charts from memory, I could tell  
86 you exactly what happened.

87 MR. BROWNE, Q.C.: Sure, whatever you can do that  
88 would help us. You're telling us there's the Manager gone.  
89 Let's just deal with that for a minute. To where is that  
90 manager gone?

91 MR. REEVES: That position is just eliminated and the  
92 Manager in Central took responsibility for Whitbourne and  
93 Stephenville, so we amalgamate three jobs into one.

94 MR. BROWNE, Q.C.: So there's a manager gone for certain



1 and there, you're stating that there might be one other  
2 employee?

3 MR. REEVES: I'd have to look at the charts to be, back in  
4 1996 ...

5 MR. BROWNE, Q.C.: Okay. Do you have a chart to which  
6 you can refer, can refer us?

7 MR. REEVES: The one I'm looking at, I think, is **NP-5**. I  
8 think we gave the organizational charts from 1992 and 2001,  
9 is that correct, do I remember correctly?

10 MS. GREENE, Q.C.: The charts provided in **NP-5** are for '92  
11 and the current one ...

12 MR. REEVES: Yes, that's right.

13 MS. GREENE, Q.C.: ... not for each year in between.

14 MR. REEVES: No, that's right, yes. I'm just looking at the  
15 most appropriate chart to show you.

16 MR. BROWNE, Q.C.: Fair enough. Take your time. We  
17 want to get the facts.

18 MR. REEVES: If you go to, on the second, I guess the  
19 divider, part-way through the answer, **NP-5**, on the second  
20 lot of charts, which is E-24, and you'll notice there that the  
21 Director at the time was R.G. Whitehorn. Is that the right  
22 chart?

23 MR. BROWNE, Q.C.: Is he the Manager who's gone?

24 MR. REEVES: No. Do you notice down below there's a  
25 Manager of Eastern Region, Manager of Northern,  
26 Manager of Northwest, Manager of Support Services,  
27 Manager of Western Region, Manager of Central and  
28 Manager of Labrador. If you exclude the Manager of  
29 Support Services there are six other managers there, okay.  
30 The Whitbourne one you're referring to would be Manager  
31 of Eastern, okay?

32 MR. BROWNE, Q.C.: That's Mr. Woolfrey.

33 MR. REEVES: That's correct, yes.

34 MR. BROWNE, Q.C.: He's gone.

35 MR. REEVES: That's correct, yes. Now ...

36 MR. BROWNE, Q.C.: And what about Mr. Whitehorn,  
37 where is he?

38 MR. REEVES: Mr. Whitehorn is actually retired. Mr.  
39 Vatcher currently has his position.

40 MR. BROWNE, Q.C.: And where is he headquartered?

41 MR. REEVES: Mr. Vatcher is actually here in St. John's.

42 MR. BROWNE, Q.C.: Okay. So there's one manager gone  
43 out of Whitbourne. Just sticking with Whitbourne, who  
44 else is gone out of there following your reorganization of  
45 1996?

46 MR. REEVES: Out of **E-24**? That's the one you're looking  
47 at. There's ... actually the Manager of Support Services on  
48 the extreme right is gone, the Manager of Northwest and  
49 Northern have been combined into one.

50 MR. BROWNE, Q.C.: Now the Manager of Support  
51 Services, was he at Whitbourne?

52 MR. REEVES: No, he was not.

53 MR. BROWNE, Q.C.: Well let's just stick with Whitbourne  
54 for a minute.

55 MR. REEVES: Okay, Whitbourne, well Whitbourne is only  
56 Eastern on this chart right here, okay. That's all you'll see  
57 on this particular chart. Now we have to go to another  
58 chart to look at the people underneath the Manager, and  
59 that chart is actually the next one.

60 MR. BROWNE, Q.C.: **E-25**?

61 MR. REEVES: That's correct. Now this is in '92 but I don't  
62 ... there may have been some minor changes but I don't  
63 think there was drastic changes between that and '96. So at  
64 the time we had a Senior Supervisor Transmission  
65 Terminals and we had a Senior Supervisor, Protection and  
66 Maintenance Planning and an Office Supervisor, and those  
67 you can go and see further charts, okay, which is the next  
68 page. Under Mr. Hefford we had a Terminal Supervisor and  
69 a Transmission Supervisor. And if you turn to the next  
70 page you'll see the Senior Supervisor, Protection and  
71 Maintenance Planning, so that basically is the supervisory  
72 staff that was there at the time. There's one Manager,  
73 there's Senior Supervisor of Transmission, Senior  
74 Supervisor, Protection and Control, an Office Supervisor  
75 and a Senior Supervisor of Transmission and Terminals.  
76 The way it is today, if you now move to the first lot of  
77 organizational charts, and probably the first place to go is  
78 **E-1**, you'll see that the Manager of the central region, that  
79 was previously three positions. That is now one position.  
80 If we go to those charts, which are **E-3 to E-6**, and now to  
81 find the staff that's actually in Whitbourne you're going to  
82 have to go probably to a couple of pages. We'll go to page  
83 **E-4** where you'll see one Supervisor, which is Technical  
84 Services. They don't have any planning functions there  
85 now. They're all done centrally in Bishop's Falls.

86 MR. BROWNE, Q.C.: That's another person gone out of  
87 Whitbourne?

88 MR. REEVES: Well, this person was there before, if you  
89 remember. He was called Senior Supervisor, Protection and  
90 Preventive Maintenance, and under that area they had, on  
91 **E-27**, there was a fair number of people there, but in  
92 particular there was a Maintenance Coordinator and  
93 Maintenance Inventory Clerk. Those positions are no

- 1 longer there.
- 2 MR. BROWNE, Q.C.: Is that three more positions out of  
3 Whitbourne?
- 4 MR. REEVES: Doing a comparison from what I just talked  
5 about, the Manager and now we have a Maintenance  
6 Coordination position gone and we have an inventory,  
7 Maintenance Inventory Clerk. That's three positions.
- 8 MR. BROWNE, Q.C.: All out of Whitbourne.
- 9 MR. REEVES: So far, okay.
- 10 MR. BROWNE, Q.C.: What about at a non-management  
11 level, are any employees gone out of Whitbourne or the  
12 same ...
- 13 MR. REEVES: The Maintenance Inventory Clerk would be  
14 a non-management position and so would the Maintenance  
15 Coordinator. That, if my memory is correct, was a non-  
16 management position.
- 17 MR. BROWNE, Q.C.: But just to cut through it I guess, all  
18 these organizational charts where utilities keep changing  
19 month by month in some instances and it's very hard to  
20 follow, maybe that's the method to the madness, but in  
21 Whitbourne itself the facility is still there, there's still  
22 employees in Whitbourne. There are trucks in Whitbourne,  
23 are there, I gather?
- 24 MR. REEVES: There are trucks in Whitbourne, that's  
25 correct, yes.
- 26 MR. BROWNE, Q.C.: And in Bishop's Falls, that's still  
27 there after the reorganization. There are employees there,  
28 there are trucks there, there's a general facility there, but it's  
29 expanded, I gather, in Bishop's Falls, is that correct?
- 30 MR. REEVES: The facilities haven't expanded, no, they  
31 have not, the actual buildings themselves.
- 32 MR. BROWNE, Q.C.: Has the Whitbourne facility  
33 expanded since your reorganization?
- 34 MR. REEVES: No, we have not, no. What we did in  
35 Bishop's Falls is that on the internal of the building we did  
36 some layout differences in regard to offices and cubicles  
37 and that to it all, but the actual facilities have not grown.
- 38 MR. BROWNE, Q.C.: And so there's still trucks there. In  
39 Stephenville, the same? Is Stephenville phased out or is it  
40 still there?
- 41 MR. REEVES: No. Stephenville is still there because it's a  
42 strategically located position for our maintenance people.
- 43 MR. BROWNE, Q.C.: And Port Saunders and St. Anthony  
44 and Happy Valley-Goose Bay, are there facilities still in all  
45 these places?
- 46 MR. REEVES: That's correct, yes.
- 47 MR. BROWNE, Q.C.: Okay. Now, these are just  
48 headquarters, location of headquarters and the change in  
49 location of headquarters. Are there other places which you  
50 have any kind of facilities in urban areas of the province?  
51 Do you have any facility in Gander, for instance?
- 52 MR. REEVES: No, we do not.
- 53 MR. BROWNE, Q.C.: In Clarenville?
- 54 MR. REEVES: No, we do not.
- 55 MR. BROWNE, Q.C.: In Grand Falls-Windsor?
- 56 MR. REEVES: No.
- 57 MR. BROWNE, Q.C.: Do you have anything in Corner  
58 Brook?
- 59 MR. REEVES: No, we do not.
- 60 MR. BROWNE, Q.C.: And in Deer Lake?
- 61 MR. REEVES: Deer Lake we have a small facility or two,  
62 which is primarily for our, what we call our IS and T, our  
63 Computer Services people and our Telecontrol people, the  
64 people that operate our VHF or maintain our VHF's and our  
65 power line carriers (phonetic) and that.
- 66 *(12:15 p.m.)*
- 67 MR. BROWNE, Q.C.: Now, in Whitbourne does the other  
68 utility, Newfoundland Power, have a facility in  
69 Whitbourne?
- 70 MR. REEVES: Yes, they do.
- 71 MR. BROWNE, Q.C.: So you have a facility there and they  
72 have a facility as well, and it's all in the community of  
73 Whitbourne or are you in Blaketown or are they in  
74 Whitbourne?
- 75 MR. REEVES: Well, I think we would be closer to  
76 Blaketown and they would be in Whitbourne.
- 77 MR. BROWNE, Q.C.: They're in Whitbourne and you're in  
78 Blaketown ...
- 79 MR. REEVES: Yes.
- 80 MR. BROWNE, Q.C.: ... but you call it Whitbourne  
81 anyway.
- 82 MR. REEVES: Yes, that's right.
- 83 MR. BROWNE, Q.C.: So it's just on one side of the other  
84 highway and the other side.
- 85 MR. REEVES: That's right, yeah. That's correct.
- 86 MR. BROWNE, Q.C.: And in their facility in Whitbourne,  
87 are you familiar with that at all?
- 88 MR. REEVES: I visited it once.

1 MR. BROWNE, Q.C.: Sure. You visited during the ...

2 MR. REEVES: Coordination ...

3 MR. BROWNE, Q.C.: ... when you were doing this study.

4 MR. REEVES: Coordination activity.

5 MR. BROWNE, Q.C.: The coordination activities. We'll

6 come to that.

7 MR. REEVES: Yes, I'm sure.

8 MR. BROWNE, Q.C.: So you visited when you did the

9 coordination activities. And do they have trucks in their

10 facility there?

11 MR. REEVES: They do, yes.

12 MR. BROWNE, Q.C.: Do you have trucks in your facility

13 in Blaketown?

14 MR. REEVES: We do, yes.

15 MR. BROWNE, Q.C.: So you both have trucks then in that

16 area, the same area.

17 MR. REEVES: That's right, yes. They serve different

18 purposes. Theirs are primarily distribution, ours are

19 transmission.

20 MR. BROWNE, Q.C.: Sure, yeah. We'll come to that, what

21 a truck can be used for. In Bishop's Falls, Newfoundland

22 Power doesn't have a place in Bishop's Falls, I gather.

23 MR. REEVES: That's my understanding, they do not.

24 MR. BROWNE, Q.C.: But do they have a facility in Grand

25 Falls-Windsor?

26 MR. REEVES: Yes, they do.

27 MR. BROWNE, Q.C.: They have a facility there. And have

28 you visited that facility?

29 MR. REEVES: Yes, I did visit that once.

30 MR. BROWNE, Q.C.: And what do they have there, and

31 we'll come back to what you have in Bishop's ...

32 MR. REEVES: My understanding of what they have there

33 is a, at least when I visited, which was, I think, back in 1998,

34 they have two facilities actually, they have one where their

35 maintenance people were located and that was right on the

36 Trans Canada Highway, and they had another place where

37 they handled their customer relations, people could pay

38 bills and customers could go in, so as far as I understand

39 they have two facilities there. Now that was back in '98.

40 What they have now, I'm not sure.

41 MR. BROWNE, Q.C.: In Grand Falls, Newfoundland Power,

42 do they have trucks at their facility there for ...

43 MR. REEVES: They would have trucks at one of their

44 facilities, yes.

45 MR. BROWNE, Q.C.: In Grand Falls. They have more than

46 one in Grand Falls?

47 MR. REEVES: Well, what I went through was just Grand

48 Falls, wasn't it, with the two facilities with ... yes, they have

49 two facilities.

50 MR. BROWNE, Q.C.: They have two facilities.

51 MR. REEVES: Yes, which are not ... one is on the Trans

52 Canada side and the other one is over closer to the mall.

53 I'm not sure what the street is.

54 MR. BROWNE, Q.C.: And you have a facility in Bishop's

55 Falls. And what's the distance between Bishop's Falls and

56 Grand Falls?

57 MR. REEVES: What is it, 10, 12 kilometers or something

58 like that, or ...

59 MR. BROWNE, Q.C.: Yeah, tops.

60 MR. REEVES: Something like that, yes.

61 MR. BROWNE, Q.C.: Probably about 10 minutes away by

62 ...

63 MR. REEVES: It's 10 or 15 minutes by road.

64 MR. BROWNE, Q.C.: Okay. So probably the distance from

65 here to Mount Pearl, I guess, if you ...

66 MR. REEVES: Something like that.

67 MR. BROWNE, Q.C.: Same thing. In Stephenville you

68 have a facility there. Does Newfoundland Power have a

69 facility in Stephenville?

70 MR. REEVES: Yes, they do.

71 MR. BROWNE, Q.C.: Okay. And their facility in

72 Stephenville, did you have occasion to visit that?

73 MR. REEVES: Yes, I did, once back in, I think again in '98,

74 '99.

75 MR. BROWNE, Q.C.: And what do they do in

76 Stephenville?

77 MR. REEVES: They have a similar set-up as they have in

78 Grand Falls except that it's, as I understand it, in one

79 location where their maintenance is in the back of the

80 building and their customer service is in the front of the

81 building, but they provide the same services that ...

82 MR. BROWNE, Q.C.: There are trucks, vehicles, supplies,

83 there in the Stephenville facility?

84 MR. REEVES: That's my understanding, yes.

85 MR. BROWNE, Q.C.: What do you have in your

86 Stephenville facility, trucks, vehicles, supplies?

- 1 MR. REEVES: Supplies. We ...
- 2 MR. BROWNE, Q.C.: Personnel.
- 3 MR. REEVES: We wouldn't have a customer service outlet  
4 there because we don't service any customers there, so  
5 ours is primarily a maintenance depot where Newfoundland  
6 Power's would be a maintenance depot as well as a  
7 customer service.
- 8 MR. BROWNE, Q.C.: So you have no place for customers  
9 to sign up or ...
- 10 MR. REEVES: We have no customers in that area.
- 11 MR. BROWNE, Q.C.: ... or pay. You have no customers.
- 12 MR. REEVES: That's right. And I should also say then,  
13 similar to the other areas, that ours would be primarily to  
14 deal with transmission assets and gas turbine assets where  
15 theirs would be to deal with distribution.
- 16 MR. BROWNE, Q.C.: In Port aux Basques, do you have a  
17 facility in Port aux Basques?
- 18 MR. REEVES: No, we do not.
- 19 MR. BROWNE, Q.C.: Does Newfoundland Power have a  
20 facility in Port aux Basques? Are you familiar with that?
- 21 MR. REEVES: I have never visited their facility in Port aux  
22 Basques.
- 23 MR. BROWNE, Q.C.: Do you know if they have one there?
- 24 MR. REEVES: I'm not aware if they do or not.
- 25 MR. BROWNE, Q.C.: You're on the Coordination  
26 Committee between Newfoundland Power and  
27 Newfoundland Hydro?
- 28 MR. REEVES: That's correct, yes, the Steering Committee.
- 29 MR. BROWNE, Q.C.: And you don't know if they got a  
30 facility, whether or not they got one in Port aux Basques?
- 31 MR. REEVES: I never visited the facility. I can make an  
32 assumption but from memory I do not know that they have  
33 a facility in Port aux Basques, I'm sorry. I know that they  
34 got a, they have some equipment there like a stand-by  
35 generation and that. Now what they have in regard to  
36 maintenance facilities or how they serve their customers  
37 there, I'm not familiar with that.
- 38 MR. BROWNE, Q.C.: What about the City of St. John's, do  
39 you have a headquarters here in the City of St. John's?
- 40 MR. REEVES: Yes, we do.
- 41 MR. BROWNE, Q.C.: Do you have any kind of  
42 maintenance facility here in the City of St. John's?
- 43 MR. REEVES: No, we do not.
- 44 MR. BROWNE, Q.C.: You have nothing.
- 45 MR. REEVES: Basically no ... well, I shouldn't say nothing.  
46 We have a telecontrol shop which is probably two or three,  
47 probably a room half the size of this where some of our  
48 maintenance people maintain their, the telecontrol people  
49 to support the Energy Control Centre. Other than that  
50 there would be what I would call no heavy maintenance  
51 facilities at all. There's no line trucks or other equipment  
52 stored here for maintaining our assets, our generation or  
53 transmission assets.
- 54 MR. BROWNE, Q.C.: But they would be stored at  
55 Holyrood perhaps or ...
- 56 MR. REEVES: Holyrood would have a facility out there  
57 that they would be able to do maintenance on their, on the  
58 plant out there, yes, that's correct, associated with that  
59 plant.
- 60 MR. BROWNE, Q.C.: And Newfoundland Power, do they  
61 have a maintenance and storage facility in here in the City  
62 of St. John's ...
- 63 MR. REEVES: I'm not ...
- 64 MR. BROWNE, Q.C.: ... to the best of your knowledge?
- 65 MR. REEVES: I'm not fully aware of their system. I've tried  
66 to give you an overview as I understand it. They have a  
67 number of buildings throughout. They have their main  
68 headquarters on Kenmount Road, they have another  
69 facility over in Pippy, on Pippy Place, which I visited, and  
70 that one right there, that's where they have their main  
71 warehouse in. They also, when I visited there, they had a  
72 repair shop for doing vehicle repair similar to what we do  
73 on booms and that. They also, on Topsail, where they  
74 have their Energy Control Centre for their distribution  
75 system, and they also have some repair facilities up there  
76 but I do not visit those, to be honest with you, so I'm  
77 unable to really comment on those.
- 78 MR. BROWNE, Q.C.: I'm going to leave that area. Mr.  
79 Chairman, it might be a good time to break. I'm getting into  
80 a major area now.
- 81 MR. NOSEWORTHY, CHAIRMAN: Sure, fine, okay. We'll  
82 reconvene at two o'clock. Thank you.
- 83 (break)
- 84 (2:00 p.m.)
- 85 MR. NOSEWORTHY, CHAIRMAN: Thank you. Good  
86 afternoon. Thank you, very much. We'll continue with the  
87 cross-examination by the Consumer Advocate of Mr.  
88 Reeves. Are you ready, Mr. Browne?
- 89 MR. KENNEDY: Mr. Chair, just one second.
- 90 MR. NOSEWORTHY, CHAIRMAN: Oh, I'm sorry.

1 MR. KENNEDY: There's a preliminary matter from Hydro  
2 with some information, as well as a document to be filed.

3 MR. NOSEWORTHY, CHAIRMAN: Okay.

4 MS. GREENE, Q.C.: Thank you. The first preliminary point  
5 relates to the process to respond to undertakings. And I'd  
6 like to talk about the process that Hydro is proposing in  
7 that regard. And the second preliminary matter is to file a  
8 response to an information request of Commissioner Powell  
9 last week. Dealing, first, then, with the process to respond  
10 to undertakings. I've outlined this morning what our  
11 proposal was in that regard, and I thought it would be  
12 helpful if I provided you with a concrete example, so I do  
13 have a document to distribute in this regard. What Hydro  
14 is proposing is to provide this list after we receive the  
15 transcript of the undertakings arising each day. It's also  
16 easing the transcription service, and there was a table of  
17 undertakings at the first page of yesterday's transcript. But  
18 in reviewing it we found that there was one we believe  
19 there was duplication of and there was also a couple of  
20 more that may not have been caught as undertakings but  
21 we viewed them as undertakings. So we thought it would  
22 be helpful to the Board and to the parties if we provided  
23 this list and then the other parties could agree that these  
24 are the undertakings or they're not the undertakings and we  
25 would then also be able to go through each undertaking  
26 and advise the Board and the parties how we intend to  
27 respond so that would assist counsel in preparing for the  
28 cross-examination, etcetera. And as I said, this process  
29 would allow the other counsel to come and to say, no, you  
30 forgot an undertaking or no, that really wasn't an  
31 undertaking. So this, we would do this on a daily basis  
32 where undertakings are provided.

33 And then with respect to this one, for example,  
34 what I would plan to do now is to run down each of the  
35 undertakings that are listed here and to give an indication  
36 of how Hydro will respond to that undertaking. The first  
37 one ... and we have referenced the page number as well as  
38 the line numbers. The first undertaking by Mr. Reeves was  
39 with respect to the initiatives in the materials management  
40 process. And the second one also related with respect to  
41 the current status of the disposal on scrap sales. My  
42 intent, or Hydro's intent there would be to ask Mr. Reeves  
43 those questions in redirect, at that time, to respond to both  
44 of those. The third item there is the breakdown of the  
45 operating budget for 2001 and 2002 for TRO. And the same  
46 format is contained in the corporate budget. That also will  
47 be filed with Mr. Reeves for redirect and I will take Mr.  
48 Reeves through the explanation of that. The next  
49 undertaking was with respect to the number of business  
50 units in TRO of the total 150 there are corporately. And  
51 again, I would ask that question on redirect and Mr. Reeves  
52 would respond. The next undertaking related to the overall

53 system equipment maintenance budget for 2001. And what  
54 we would do there is file a schedule where the overall  
55 discrepancy would be shown and reconciled and Mr.  
56 Reeves would then be able to speak to the TRO section of  
57 that. The next undertaking related to the present forecast  
58 of system equipment maintenance for 2001 and whether it  
59 had varied from what had been filed in May. And Mr.  
60 Reeves will be able to respond to that in redirect. Similarly,  
61 with respect to the next one, which was an undertaking to  
62 get back on the current price of diesel fuel. The next  
63 undertaking listed there relates to the physical arrangement  
64 in the Bottom Brook terminal station and whether  
65 Newfoundland Power's line 401L, is it, can be used in  
66 certain situations. And Mr. Reeves will respond to this  
67 party in redirect, and Mr. Henderson also would be  
68 prepared to speak to it when he is ... he comes as a witness.  
69 The next item is actually a request addressed to me, and it  
70 relates to the Bay d'Espoir street lighting grant, and Mr.  
71 Osmond is the witness who will be able to speak to that.  
72 And the last undertaking that's listed on the page is the list  
73 of off-road vehicles. It was asked for yesterday afternoon,  
74 and that will be provided by Mr. Reeves in redirect again.

75 MR. NOSEWORTHY, CHAIRMAN: Okay.

76 MS. GREENE, Q.C.: So in terms of the process, that is  
77 Hydro's proposal how we deal with undertakings, how we  
78 propose we would deal with undertakings if that would be  
79 helpful to the Board and the other parties.

80 MR. KENNEDY: I'm sorry, Chair, I was just going to say,  
81 counsel, there were two undertakings provided by the  
82 witness Wells, Mr. Wells.

83 MS. GREENE, Q.C.: This was intended to deal with  
84 October 1. Ideally we should have started each day. One  
85 was with respect to contracting out, I believe, for Mr.  
86 Wells, and the other one right now escapes me but we have  
87 got a record.

88 MR. KENNEDY: There were the notices that were provided  
89 to customers of Hydro in Labrador. The Consumer  
90 Advocate was looking for a copy of the actual notice that  
91 was sent in relation to the rate hearing.

92 MS. GREENE, Q.C.: I would have to check the transcript,  
93 but I believe that Mr. Wells, in redirect, had explained to  
94 the Board that no notices have been sent out directly, but  
95 he went through the communications strategy that had  
96 been done at the time.

97 MR. KENNEDY: And sorry, it's my correction. But it was  
98 witness Bill Wells but it was actually from a question from  
99 Commissioner Saunders on the 28th.

100 MS. GREENE, Q.C.: And I thought that we had replied to  
101 that in redirect by Mr. Wells, but I will check the transcript  
102 again. Mr. Wells explained, in redirect, that there have

1 been no notices sent directly to rural customers on the  
2 filing of the application. And he went on to explain what  
3 I'm referring to, the communications strategy that have  
4 been employed by Hydro associated with the filing. So I  
5 had not recorded that as an undertaking, but I will check  
6 the transcript. And the short answer is that we did not  
7 send direct mail-outs to our rural customers. So what we  
8 would plan to do from going forward is to do it for each day  
9 in the manner we've done before. And we will be  
10 responding to the contracting out undertaking hopefully  
11 later this week.

12 MR. NOSEWORTHY, CHAIRMAN: Just if I may clarify on  
13 the process again. You would propose at the end of each  
14 day to review the transcripts, is that correct, produced from  
15 that day to prepare a list of the undertakings which you'd  
16 come back on the following day and we would obtain some  
17 agreement as to agreement on the undertakings and your  
18 response, is that correct?

19 MS. GREENE, Q.C.: First with respect to the timing. It  
20 really isn't possible to do it until the following day. While  
21 we get the transcript, generally it hasn't been until quite late  
22 in the evening, so it's really the next morning.

23 MR. NOSEWORTHY, CHAIRMAN: Uh hum.

24 MS. GREENE, Q.C.: My suggestion is we would do it  
25 where it's feasible at the beginning of the afternoon break  
26 which gives us the morning for one of the counsel to  
27 review the transcript and determine the undertakings.

28 MR. NOSEWORTHY, CHAIRMAN: Of the following day,  
29 excuse me?

30 MS. GREENE, Q.C.: Yes, it really would be the following  
31 day for the timing. And other than that I believe you've  
32 explained the process, as I understood it, as I've explained  
33 it.

34 MR. NOSEWORTHY, CHAIRMAN: Sure. Any comments?

35 MS. BUTLER, Q.C.: Mr. Chairman, no comments on the  
36 procedure, the procedure is perfectly satisfactory to  
37 Newfoundland Power. I do have some comments on the  
38 undertakings, given that it was the first list of substantive  
39 undertakings. I'd be the first to admit that the transcript is,  
40 you know, not necessarily clear. So I'll give my notes on  
41 the list to Ms. Greene later today.

42 MR. NOSEWORTHY, CHAIRMAN: Okay, fine. Thank  
43 you. Industrial customers, please, any comments on ...

44 MS. HENLEY ANDREWS, Q.C.: No, that's fine, thank you.

45 MR. NOSEWORTHY, CHAIRMAN: Consumer Advocate?

46 MR. BROWNE, Q.C.: No, we have no comments.

47 MR. NOSEWORTHY, CHAIRMAN: Okay. No comments,

48 Board counsel? Okay, thank you, very much.

49 MR. GREENE, Q.C.: And the second preliminary matter  
50 related to an information request from Commissioner Powell  
51 with respect to the bad debts of rural customers. And  
52 Commissioner Powell had asked that we indicate that as a  
53 percentage of our rural revenues as opposed to our total  
54 gross revenues. And we have that schedule available to  
55 distribute this afternoon.

56 MR. NOSEWORTHY, CHAIRMAN: Okay. Thank you.  
57 Might as well do that now.

58 MR. GREENE, Q.C.: And that concludes my preliminary  
59 points, thank you.

60 MR. NOSEWORTHY, CHAIRMAN: Thank you, very  
61 much, Ms. Greene. Do we need to mark this schedule,  
62 counsel, do we need to mark that schedule?

63 MR. KENNEDY: Yes, we should mark that, Mr. Chair. This  
64 is not from a witness, this is just from Hydro itself in reply  
65 to the undertaking?

66 MS. GREENE, Q.C.: Yes, it is. And I should have said that  
67 Derek Osmond, as the Vice-President of Finance, will be the  
68 witness to speak to this schedule if there are any  
69 questions.

70 MR. KENNEDY: I suggest Hydro No. 1 would be  
71 appropriate and we'll just keep track by the party filing.

72 MR. NOSEWORTHY, CHAIRMAN: Thank you.

73 **EXHIBIT HYDRO 1 ENTERED**

74 MR. NOSEWORTHY, CHAIRMAN: Mr. Browne, are you  
75 in a position to proceed now? Mr. Reeves, are you?

76 MR. REEVES: Yes, I am, Chair.

77 MR. NOSEWORTHY, CHAIRMAN: Thank you.

78 MR. BROWNE, Q.C.: Thank you, Mr. Chair. Good  
79 afternoon, Mr. Reeves. We'll continue our tour of the  
80 facilities. The Burin Peninsula ... and if you, for  
81 convenience, I guess, I would ask Mr. O'Rielly if he can put  
82 up the transmission line map No. 8 from your presentation?  
83 What facilities, if any, does Hydro have on the Burin  
84 Peninsula?

85 MR. REEVES: We have a hydroelectric plant, Paradise  
86 River. And that's about it, as I understand it.

87 MR. BROWNE, Q.C.: Do you have any maintenance  
88 facilities?

89 MR. REEVES: There are transmission lines down there, as  
90 well, and distribution lines. But I ...

91 MR. BROWNE, Q.C.: Do you have any maintenance  
92 facilities there to maintain those transmission lines on the

1 Burin Peninsula?

2 MR. REEVES: No, we do not.

3 (2:15 p.m.)

4 MR. BROWNE, Q.C.: So if a line goes down on the Burin  
5 Peninsula where does help have to come from?

6 MR. REEVES: Right now we have somewhat of an  
7 arrangement with Newfoundland Power that if it's an  
8 emergency we will contact them and they will try to assist  
9 us as best they can. For ongoing regular maintenance of  
10 those lines we would normally bring in somebody from  
11 central Newfoundland.

12 MR. BROWNE, Q.C.: What is the capability of  
13 Newfoundland Power to assist Hydro should one of these  
14 lines go down, what equipment does Power have on the  
15 Burin Peninsula?

16 MR. REEVES: The system I'm referring to is on a  
17 distribution system which is our rural system down there.  
18 On the transmission lines themselves we have the  
19 capabilities to maintain those and we would do that with  
20 our own forces from Whitbourne. But ...

21 MR. BROWNE, Q.C.: So the line goes down on the Burin  
22 during the winter, help has to come from Whitbourne?

23 MR. REEVES: For the transmission lines.

24 MR. BROWNE, Q.C.: For the transmission lines?

25 MR. REEVES: For the transmission lines, that's correct,  
26 yes.

27 MR. BROWNE, Q.C.: But in reference to the distribution  
28 line ...

29 MR. REEVES: The small bit of distribution we have down  
30 there, we would normally, if it's an emergency we would  
31 contact Newfoundland Power and if they're able to help us  
32 they would put the line back in service for us.

33 MR. BROWNE, Q.C.: That's for your distribution lines on  
34 the Burin?

35 MR. REEVES: That's correct.

36 MR. BROWNE, Q.C.: Is there any priority in reference to  
37 that, do they agree to do their own first and yours second?  
38 What is the protocol?

39 MR. REEVES: The protocol is that they would work, I  
40 guess, with each other. And I guess they would, most  
41 likely, try to return probably the larger number of customers  
42 back to service first or where the line workers are located.  
43 That's what I would say that would happen. We would  
44 have a conversation with them and whatever the situation  
45 was, that's where the priority would be given.

46 MR. BROWNE, Q.C.: Are there written ...

47 MR. REEVES: But as to ... we have an agreement, which  
48 was filed, for sharing of equipment and services which was  
49 finalized last year which supersedes the arrangement we  
50 had on the Burin. It's not right across the island. And  
51 there is certain contact people that we have in that  
52 agreement. I think that ...

53 MR. BROWNE, Q.C.: That's the agreement for their  
54 telephone numbers exchanged and so on to ...

55 MR. REEVES: That's one of the things that's in that  
56 agreement, yes. I think it's **CA-190**, is it, or **191**, I'm not  
57 sure, one of those two.

58 MR. BROWNE, Q.C.: This is within the minutes of what  
59 came out of ...

60 MR. REEVES: No. It got finalized as an initiation that  
61 started in the steering committees. It was something that  
62 we had traditionally been doing with Newfoundland Power  
63 is the coordination, where we can, as in the Burin  
64 Peninsula, as in the sharing of standby generation, as I  
65 referred to this morning. If we have ... as we have had, on  
66 a couple of occasions, an opportunity or situation whereby  
67 we would require standby generation or emergency  
68 generation, we would contact Newfoundland Power and  
69 they would loan us theirs.

70 MR. BROWNE, Q.C.: And this protocol that was in place  
71 that's now in writing, that's been reduced to an agreement,  
72 that came into effect when, what year?

73 MR. REEVES: The one for the generation notes, I'm unable  
74 to venture a guess, but that would have been in place  
75 before I became involved in TRO. And I would venture to  
76 say that's probably the same thing for the Burin Peninsula,  
77 as well. I don't know that that's changed from since I've  
78 taken over in TRO for either one of those.

79 MR. BROWNE, Q.C.: But the other agreement, the one that  
80 you're referring to in reference to ...

81 MR. REEVES: The one that I'm referring to built on the  
82 concepts in those two arrangements that we had and then  
83 formalized it into this memorandum of understand which  
84 both myself and a representative from Newfoundland  
85 Power, John Evans, signed.

86 MR. BROWNE, Q.C.: Sure. Now, that memorandum of  
87 understanding, was that the first memorandum of  
88 understanding you had by way of a written agreement with  
89 Newfoundland Power between the two companies?

90 MR. REEVES: My understanding that there may have been  
91 an exchange of letters between, say, at a regional level to  
92 do with the Burin Peninsula. But that was just sort of an  
93 exchange of one letter from one manager to another. But

1 the MOU, as I understand it, is probably the first more  
2 formalized memorandum of understanding that was signed  
3 between the two parties.

4 MR. BROWNE, Q.C.: Now, in reference, just going out of  
5 the Burin Peninsula for a moment, we'll go back to Port aux  
6 Basques. If the main line goes down there going into Port  
7 aux Basques, who would service that, would that be ...  
8 going down to the south coast, would that be your  
9 jurisdiction there to service that?

10 MR. REEVES: On this ... is this the one you're referring to,  
11 the one that ... just go down a bit, Terry. That line right  
12 there?

13 MR. BROWNE, Q.C.: Yes, the line going down there.

14 MR. REEVES: That would be our line that we would  
15 service from Stephenville.

16 MR. BROWNE, Q.C.: You'd service that out of  
17 Stephenville?

18 MR. REEVES: That's correct, yes.

19 MR. BROWNE, Q.C.: And going right into Port aux  
20 Basques, that line goes right in there as I see it?

21 MR. REEVES: That's our line, as well.

22 MR. BROWNE, Q.C.: And under what conditions, if any,  
23 would Newfoundland Power be called upon to service that  
24 line?

25 MR. REEVES: Well, here again, these are the transmission  
26 lines, 138, they do have some transmission line. But  
27 primarily they could assist us, if we really had a down and  
28 a lot of work to do, but ...

29 MR. BROWNE, Q.C.: So in an emergency situation?

30 MR. REEVES: In an emergency they would be able to ... we  
31 may call upon them to do that, yes.

32 MR. BROWNE, Q.C.: Is there any protocol in place, the  
33 memorandum of understanding that you just mentioned,  
34 would that cover that situation, as well?

35 MR. REEVES: My understanding is that it would.

36 MR. BROWNE, Q.C.: We'll come back to the memorandum  
37 of understanding. If you go up just north of there, I guess,  
38 northeast in the Baie Verte Peninsula we have a few what I  
39 would refer to as sort of orphan lines there. One right at  
40 the tip of the Baie Verte Peninsula. Mr. O'Rielly, I don't  
41 know if you can get that. No, you're in the wrong  
42 peninsula now.

43 MR. REEVES: No.

44 MR. BROWNE, Q.C.: We're checking everyone's  
45 geography now, including ...

46 MR. REEVES: Right there.

47 MR. BROWNE, Q.C.: There, you're okay there now.

48 MR. REEVES: That's right.

49 MR. BROWNE, Q.C.: Okay. There's mixtures of blue and  
50 red here. Now, the blue line, that's your transmission line  
51 there?

52 MR. REEVES: On this drawing right here, that's correct,  
53 yes. And then Newfoundland Power would be red.

54 MR. BROWNE, Q.C.: And Newfoundland Power would be  
55 red?

56 MR. REEVES: Yes.

57 MR. BROWNE, Q.C.: Now, do you have your own crews  
58 to service that line, your own?

59 MR. REEVES: We have crews through ... several crews  
60 throughout Baie Verte, two or three crews throughout the  
61 Baie Verte Peninsula to service our lines, yes.

62 MR. BROWNE, Q.C.: And does Power have its own crew  
63 to service their line coming from, I guess, Baie Verte down  
64 to some part of Green Bay, I guess it would be?

65 MR. REEVES: That particular line right there, I don't think  
66 that they had staff in that area. They have one line worker  
67 in Baie Verte and one line worker in Springdale, and they  
68 are, as I understand it, primarily associated with  
69 distribution. Now, whether they would be able to do ...  
70 they wouldn't be able to do very much work on those lines  
71 if they came down. So my understanding is that  
72 Newfoundland Power would bring in people from Grand  
73 Falls or Corner Brook on that transmission line.

74 MR. BROWNE, Q.C.: Where these lines seem to be so  
75 separate and apart there, the blue and the red and then back  
76 to the blue, which is your area, was there any discussion to  
77 which you were party of Newfoundland Hydro taking over  
78 that line on the Baie Verte Peninsula there? Wouldn't it be  
79 common sense?

80 MR. REEVES: I wasn't involved in ...

81 MR. BROWNE, Q.C.: I don't mean to invoke common  
82 sense into the discussion, but just take a look at it.

83 MR. REEVES: I wasn't involved, personally, in any  
84 meetings with Newfoundland Power for the transfer of  
85 assets down in Baie Verte.

86 MR. BROWNE, Q.C.: And when you had your meetings of  
87 your committee, the meetings, the 30 odd meetings you had  
88 there, did that topic come up of trying to coordinate these  
89 lines that are separate and apart? And it's not only there  
90 on the Baie Verte Peninsula, I notice that it's over, I think,  
91 toward Fogo, as well. I see another orphan line over there



1 all by itself all surrounded by Newfoundland Power's area.

2 MR. REEVES: That was ... there was one working group,  
3 that was the task that they were assigned was the ... well,  
4 two groups, actually, one was a distribution and the other  
5 one was the transmission group. And their ...

6 MR. BROWNE, Q.C.: Did they come up with any result?

7 MR. REEVES: There was no consensus in those two  
8 groups as to how it should be worked, no.

9 MR. BROWNE, Q.C.: And as you leave Baie Verte and  
10 come down, I guess, to Green Bay and then there's another  
11 part of the line there. Yeah, your arrow is pretty close by it  
12 there now, Mr. O'Rielly. Just go back up north. Okay, right  
13 there. We see a blue and then we have red again and we  
14 have coming down from red, it seems like you have your ...  
15 that part of it there, the little "z" there is in between, it's  
16 going right into Newfoundland Power's territory there.

17 MR. REEVES: Yes. And that looks to be a colour coding  
18 problem. If you turn back to page 6.

19 MR. BROWNE, Q.C.: That's not a fact?

20 MR. REEVES: No. That's actually our line.

21 MR. BROWNE, Q.C.: So that should be red there?

22 MR. REEVES: That should be blue. If you go back to ...

23 MR. BROWNE, Q.C.: Okay.

24 MR. REEVES: You'll see that this is our lines on this  
25 particular one.

26 MR. BROWNE, Q.C.: Okay, that's all ...

27 MR. REEVES: Can you show ...

28 MR. BROWNE, Q.C.: ... entirely yours. So you weren't  
29 being generous to them, you weren't giving that over to  
30 Newfoundland Power on the chart?

31 MR. REEVES: No. This is an error in the slide that we  
32 colour coded.

33 MR. BROWNE, Q.C.: So I take it from your evidence, then,  
34 there were some discussions of these orphan lines in Fogo  
35 and up in the Baie Verte Peninsula of trying to come to  
36 terms with these, but there was no consensus, is that  
37 correct?

38 MR. REEVES: That's ...

39 MR. BROWNE, Q.C.: Is that a fair representation?

40 MR. REEVES: That's a fair representation at the working  
41 group ... at the task group.

42 MR. BROWNE, Q.C.: If you go to your evidence and at  
43 page 8 of your evidence. And the question on top of the  
44 page, "Please give an overview of changes to Hydro's line  
45 maintenance staffing?" Can you read that response into  
46 the record, beginning with line 3?

47 MR. REEVES: "Transmission and rural operations recently  
48 implemented changes to how Hydro maintains the  
49 transmission and distribution lines. The location of many  
50 line worker crews was established in communities over 20  
51 years ago when the situation with respect to the lines,  
52 communications and road access was quite different. After  
53 considering the number and location of staff and the  
54 location of depots decreases were made in the staffing  
55 levels in early 2001."

56 MR. BROWNE, Q.C.: Now, am I reading this correctly that  
57 for 20 years it was one particular way, then in 2001 you  
58 made some changes in staffing?

59 MR. REEVES: I don't think over the 20 year period that we  
60 would have had the same complement of staff. But what  
61 I'm saying is that there was a number of changes that have  
62 taken place over the last 20 years. Communities have been,  
63 I guess, better transportation getting in there, better  
64 communications for being able to communicate to our  
65 employees. And what we decided to do with that, we felt  
66 it was very prudent to go and look at the full arrangement  
67 of our line workers, rather than piecemeal which had  
68 probably been taking place over the last 20 years.

69 MR. BROWNE, Q.C.: Now, 2001, that was the year that  
70 you had to come before the Board for this hearing, wasn't  
71 it?

72 MR. REEVES: That's correct, yes.

73 MR. BROWNE, Q.C.: Now, there's no connection between  
74 that, that you're decreasing staffing levels in early 2001 and  
75 the fact that you're here before the Board in this hearing?

76 MR. REEVES: No. This actual initiative started a year or  
77 two ago by our asset ... our labour managers, sorry, under  
78 our new arrangement in the regions. And they worked  
79 together very closely to come up with what they consider  
80 to be the best location and numbers of line workers.

81 MR. BROWNE, Q.C.: You had ... references were made to  
82 it already of the committee in place between yourselves and  
83 Newfoundland Power, a coordination committee. Can you  
84 tell us how that came about?

85 MR. REEVES: Back in 1995, internal to Hydro, there was  
86 initiative which started which focused on the four areas.  
87 And the one that I remember most at this point in time was  
88 the one dealing with the Newfoundland Power  
89 coordination. And coming out of that review, which was  
90 done internal to Hydro, there were recommendations made  
91 that there might be some opportunities if we met and had  
92 meetings with Newfoundland Power for the possibility of  
93 reductions in serving our customers better. Also, during

1 the 1996 hearing of this Board and its recommendations it  
2 recommended recommendation No. 13, which also  
3 addressed this particular issue. In 1997, through  
4 correspondence between the two Presidents of Hydro and  
5 Newfoundland Power, the steering committee, a steering  
6 committee was initiated with representatives, one from each  
7 utility, and one from each union representing the unionized  
8 people, one in Newfoundland Power and one in  
9 Newfoundland Hydro. So the steering committee was  
10 comprised of the four people.

11 MR. BROWNE, Q.C.: And who were the four people?

12 MR. REEVES: Myself, John Evans.

13 MR. BROWNE, Q.C.: And who is Mr. Evans?

14 MR. REEVES: Mr. Evans was the Vice-President, I think at  
15 the time it was probably engineering. I'm not sure of the  
16 exact title at the time, but he was the vice-president.

17 MR. BROWNE, Q.C.: Vice-President of?

18 MR. REEVES: Newfoundland Power. Bob Clarke is the  
19 business manager for our electric workers. And Gerard  
20 O'Rielly was the business manager for Newfoundland  
21 Power's union.

22 MR. BROWNE, Q.C.: And you formed the central  
23 committee?

24 MR. REEVES: We were what we call ourselves, the  
25 steering committee.

26 *(2:30 p.m.)*

27 MR. BROWNE, Q.C.: And you had an number of sub-  
28 committees, I understand. How many sub-committees did  
29 you have?

30 MR. REEVES: There was ... I'm (inaudible) because I think  
31 there was 16 and one had some parts. Just one second  
32 now, I want to make sure I give you ... there was 15 groups  
33 and one group had four sections. So basically there was  
34 18.

35 MR. BROWNE, Q.C.: Eighteen committees. And how  
36 many ...

37 MR. REEVES: Eighteen task groups.

38 MR. BROWNE, Q.C.: ... many employees or management  
39 people would have been on these committees, on average?

40 MR. REEVES: Well, on all the committees there would have  
41 been a representative from both Newfoundland Power and  
42 ourselves. And the union participated in not all the  
43 committees, but they participated in a fair number of them,  
44 not all of them.

45 MR. BROWNE, Q.C.: Now, during discussions that you've  
46 had during these committee meetings and at the central

47 committee, I'll call it, where yourself and Mr. Evans was ...  
48 is Mr. Evans still with Newfoundland Power now, by the  
49 way?

50 MR. REEVES: No. My understanding is that Mr. Evans,  
51 well, left earlier this year. And we don't consider this  
52 activity to be fully finished yet. And my liaison person  
53 right now would be Mr. Earl Ludlow who is also Vice-  
54 President of Newfoundland Power.

55 MR. BROWNE, Q.C.: Okay. So you're working with Mr.  
56 Ludlow on it now?

57 MR. REEVES: Yes. However, we have not had a great  
58 opportunity to do a lot of work on it, if any. We've had a  
59 couple of discussions, that's all.

60 MR. BROWNE, Q.C.: Now, during the discussions that  
61 you had between yourselves and Newfoundland Power ...  
62 and I gather cost savings were one of the objectives of this  
63 exercise, is that a fair comment?

64 MR. REEVES: Where we could achieve cost savings we  
65 will attempt to do that, and also improve customer service  
66 would be another one.

67 MR. BROWNE, Q.C.: Did you discuss with Newfoundland  
68 Power the benefits of leasing vehicles over purchasing  
69 vehicles?

70 MR. REEVES: No, I do not remember that being a topic.

71 MR. BROWNE, Q.C.: And what do you do, do you  
72 purchase your vehicles?

73 MR. REEVES: We purchase our vehicles, that's correct.

74 MR. BROWNE, Q.C.: And what about the Newfoundland  
75 Power, do you know what they do, do they lease or  
76 purchase, or do you know?

77 MR. REEVES: I'm not sure what they do.

78 MR. BROWNE, Q.C.: So you had these discussions and  
79 the expense of vehicles, and Ms. Butler went over it with  
80 you there yesterday, is one of the things that has some  
81 attraction here, yet you had no discussions with  
82 Newfoundland Power as to the benefits of leasing verses  
83 purchasing?

84 MR. REEVES: My recollection that is not one ... it was not  
85 included in one of the task groups.

86 MR. BROWNE, Q.C.: But you were the coordinating  
87 group, you were the coordinators, were you not?

88 MR. REEVES: That's right, yes.

89 MR. BROWNE, Q.C.: You could have established a task  
90 group to look at that, could you not?

91 MR. REEVES: We possibly could. In some of the

1 correspondence that had been exchanged between the two  
2 presidents there was a number of items suggested for  
3 coordination and that's what we took as a starting point.  
4 And we only probably added one group in addition to that,  
5 which was the last one which was technical training. We  
6 did not discuss, as I recall, purchasing or leasing of  
7 vehicles.

8 MR. BROWNE, Q.C.: So this major expenditure items, and  
9 it's an expenditure item for yourselves as well as  
10 Newfoundland Power, you had no discussions on that, is  
11 that what you're telling the Board?

12 MR. REEVES: That's my memory of it, yes.

13 MR. BROWNE, Q.C.: In reference to contracting out  
14 maintenance of your vehicles what is your practice, do you  
15 contract out maintenance of your vehicles?

16 MR. REEVES: We would contract out the majority of our  
17 maintenance on our vehicles, as I've explained, I think it  
18 was yesterday.

19 MR. BROWNE, Q.C.: And what does Newfoundland  
20 Power do, do they contract out maintenance on their  
21 vehicles?

22 MR. REEVES: Here again, the only opportunity that I had  
23 to get to understand information from Newfoundland  
24 Power on this was probably during the second or third  
25 meeting when we had the meeting at their facility in Pippy  
26 Place, and we did a tour of the facility and we toured the  
27 garage where they do the work on their booms and their  
28 bigger trucks. And other than that, I would not have had  
29 any discussions as to what they do.

30 MR. BROWNE, Q.C.: So you don't know if they contract  
31 out the maintenance or do their own maintenance, you  
32 have no idea?

33 MR. REEVES: From going around the systems from the  
34 areas that I visit I'm not aware, one way or the other, that  
35 they contract out or not. I can't answer it, I'm sorry.

36 MR. BROWNE, Q.C.: So, there was certainly no discussion  
37 of doing some kind of joint contractual arrangement?

38 MR. REEVES: No, there was not.

39 MR. BROWNE, Q.C.: Now, in reference to computers and  
40 computer expenditures, do you lease your computers or do  
41 you purchase them?

42 MR. REEVES: This is an area which is not under my  
43 responsibility.

44 MR. BROWNE, Q.C.: So you don't know what you do?

45 MR. REEVES: My understanding, even though I'm not  
46 involved, is that we lease our computers now.

47 MR. BROWNE, Q.C.: And what about Newfoundland  
48 Power, do they lease or do they purchase their computers  
49 or do you know?

50 MR. REEVES: I'm not sure what they do, I'm sorry.

51 MR. BROWNE, Q.C.: So you have no ... the committee  
52 didn't delve into that to find out what might be more  
53 beneficial from a cost perspective, whether leasing or  
54 purchasing would be better, you didn't deal with that?

55 MR. REEVES: Not the activities that I was involved in, it  
56 was not discussed.

57 MR. BROWNE, Q.C.: In reference to fuel, there was some  
58 discussion on that in your examination by Ms. Butler  
59 yesterday. Does Newfoundland Power tender or contract  
60 out fuel supplies to a particular provider?

61 MR. REEVES: I don't know.

62 MR. BROWNE, Q.C.: Do you?

63 MR. REEVES: As I said yesterday, we normally do not  
64 tender out and we do not store large quantities of fuel for  
65 our vehicles.

66 MR. BROWNE, Q.C.: But you had no discussions, during  
67 these committees, of maybe a joint approach in reference to  
68 purchasing of fuel of what might be the better approach or  
69 how consumers could be best served?

70 MR. REEVES: At the steering on the whole it was not  
71 discussed. Now, whether it was discussed at one of the  
72 other task groups, but it wasn't in the reports that came  
73 forward ...

74 MR. BROWNE, Q.C.: In reference to expenses pertaining  
75 to brush clearing, either by chemical or mechanized  
76 methods, did you have any discussion with Newfoundland  
77 Power in reference to that at this committee level and what  
78 might be the best approach from a cost perspective?

79 MR. REEVES: My recollection of that one is that that may  
80 have been discussed in the transmission task group.

81 MR. BROWNE, Q.C.: And what was the result?

82 MR. REEVES: Could I refer to the ...

83 MR. BROWNE, Q.C.: Sure, if you have a result there.

84 MR. REEVES: Or at least the report.

85 MR. BROWNE, Q.C.: We will be going through some of  
86 these minutes so if you want to keep that in abeyance  
87 that's okay, as well. But nothing comes immediately to  
88 your mind as to an agreement that was reached from a cost  
89 perspective for consumers?

90 MR. REEVES: Oh. All right. There was no agreement  
91 reached, if that's the question you're asking.

1 MR. BROWNE, Q.C.: That's the question.

2 MR. REEVES: Okay. I'm sorry.

3 MR. BROWNE, Q.C.: Now, it's my understanding there  
4 were some 36 meetings over a period between March 5,  
5 1997 and May 10, 1999. Is that accurate? Subject to check  
6 maybe you might agree with me?

7 MR. REEVES: That's correct, 36.

8 MR. BROWNE, Q.C.: So it's 36 meetings over a period of  
9 two years and two months. I think that's accurate. I want  
10 you to refer to **CA-201**. And everyone will need their hard  
11 copies for these minutes because they weren't scanned or  
12 brought into the system, there's no electronic version.

13 MR. REEVES: Did you say **CA-201**?

14 MR. BROWNE, Q.C.: **CA-201**. And we have draft No. 19  
15 and **CA-201**.

16 MR. REEVES: That's correct.

17 MR. BROWNE, Q.C.: And in draft No. 19, I understand  
18 fully there was another draft dated in January, and we'll go  
19 to that, as well, later. But if you go to page 9 of **CA-201**.  
20 And it makes reference to PCB facilities and working group  
21 No. 2. Can you just briefly ... it might be best if you went to  
22 the ... gave us a description in a few sentences of the  
23 purpose of the PCB facility group.

24 MR. REEVES: Well, there's a scope there on that particular  
25 page, which is the first couple of lines.

26 MR. BROWNE, Q.C.: Okay. Well, maybe you want to read  
27 that into the record?

28 MR. REEVES: "Review PCB storage, destruction and  
29 decontamination programs within both utilities with the  
30 objective of reducing costs through the coordination of  
31 such activities."

32 MR. BROWNE, Q.C.: And the summary after the review,  
33 do you want to refer to that, please?

34 MR. REEVES: "After a detailed review, it was concluded  
35 that while sharing PCB storage facilities would be desirable,  
36 regulatory constraints on each utility prevent it at the  
37 present time. This item will be explored again in five years  
38 as conditions and requirements change. A process was  
39 put in place to ensure the coordination of PCB disposal to  
40 reduce both transportation and disposal cost. It was also  
41 agreed that the two organizations would, where possible,  
42 coordinate their future PCB phase-out programs."

43 MR. BROWNE, Q.C.: Okay. And the working group's  
44 recommendations, do you want to read those in the record  
45 beginning with 2.6?

46 MR. REEVES: "Both utilities maintain their existing PCB  
47 storage sites."

48 MR. BROWNE, Q.C.: So nothing changed there. You  
49 started off with your own storage site and you're still  
50 maintaining it at the end of the process. Is that a fair  
51 comment?

52 MR. REEVES: Yes, because of regulatory concerns, that's  
53 correct.

54 MR. BROWNE, Q.C.: Okay. And where do we go from  
55 there, what other ...

56 MR. REEVES: "Communicate, cooperate and coordinate  
57 PCB phase-out programs." The next one is "Coordinate  
58 PCB decontamination programs." And the last one is  
59 "Coordinate the transportation of PCB wastes to  
60 destruction facilities."

61 MR. BROWNE, Q.C.: Now, there are some costs that arise  
62 out of the writing in the next paragraph. Are you familiar  
63 with what went on here, the process that was established,  
64 and if not it might be best if you just read it into the record?

65 MR. REEVES: I was familiar with it at the time. Probably I  
66 should read it just to refresh my memory, if you don't mind.

67 MR. BROWNE, Q.C.: That's fair.

68 MR. REEVES: Okay. "A process has been established to  
69 ensure that decontamination and destruction programs are  
70 coordinated. This will reduce the transportation portion of  
71 decontamination and destruction costs for both utilities.  
72 The cost of trucking to a destruction facility is set on the  
73 basis of numbers of trucks and distance, rather than the  
74 number or weight of the material and can be in the 12,000  
75 per truck range, depending on the location of the facility.  
76 Therefore, the unit cost for the destruction of one drum of  
77 lighting ballast can be approximately \$1,450 or less if  
78 transported along with a full load. However, this cost  
79 could be in the 1800 to 2500 per drum range if transported  
80 in a partial load. If the utilities coordinate to maximize the  
81 number of full trucks as opposed to parcel trucks, then a  
82 saving of up to \$1000 per drum may be realized."

83 MR. BROWNE, Q.C.: So there's some savings there that  
84 the committee attempted to get at. And what is preventing  
85 you from doing that?

86 MR. REEVES: Nothing.

87 MR. BROWNE, Q.C.: So is it in process, are you working  
88 together?

89 MR. REEVES: Yes. As a matter of fact, I know that the  
90 environmental sections of our two utilities have conversed  
91 on a number of times since this and to see if we can take  
92 advantage of each other's shipments.

93 MR. BROWNE, Q.C.: So you're still talking?

1 MR. REEVES: Well, still coordinating, yes, that's correct.

2 MR. BROWNE, Q.C.: There's been no savings thus far?

3 MR. REEVES: Well, I can't say that right now because at  
4 this point-in-time I don't know that we've transported  
5 materials on our truck or they've transported for us. That  
6 would be done at the department level of the environmental  
7 department. But I know that this year either we phoned  
8 them or Newfoundland Power phoned us because there  
9 was a shipment ready to be made.

10 MR. BROWNE, Q.C.: When was that?

11 MR. REEVES: This year.

12 MR. BROWNE, Q.C.: This year?

13 MR. REEVES: Yes.

14 MR. BROWNE, Q.C.: Was it last week or ...

15 MR. REEVES: I just remember somebody mentioned it to  
16 me this year that they had talked to Newfoundland Power  
17 about the coordination and all these details. My main  
18 concern is that the coordination has taken place. The  
19 people in my environmental section and in Newfoundland  
20 Power's, they will work together, my understanding, to  
21 ensure if there are savings to take place here that we can do  
22 that.

23 MR. BROWNE, Q.C.: Can you undertake for us to tell us if  
24 any shipments have been made from a coordinated  
25 perspective to date?

26 MR. REEVES: Okay.

27 MR. BROWNE, Q.C.: Thank you. Working group No. 3,  
28 customer inquiries, the 1-800 number. You'll find that at  
29 page 11 of this same report. Maybe if you read to us the  
30 scope of that review?

31 MR. REEVES: "Review the 1-800 number service currently  
32 being provided with the objective of improving efficiencies  
33 while enhancing customer service for both utilities."

34 MR. BROWNE, Q.C.: And there was some problem  
35 technically with doing this, I understand. Are you familiar  
36 with that?

37 MR. REEVES: Yes, I am familiar with that, somewhat.

38 MR. BROWNE, Q.C.: Well, maybe you can fill us in, then,  
39 and advise us if these problems still persist or have you  
40 reached some agreement here?

41 (14:45)

42 MR. REEVES: My recollection right now is that when this  
43 committee started Newfoundland Power did not have a 1-  
44 800 number for its customer service call-in. Newfoundland  
45 Power did. So what we ...

46 MS. GREENE, Q.C.: Excuse me, you said Newfoundland  
47 Power didn't have a 1-800 number and then you said  
48 Newfoundland Power twice.

49 MR. REEVES: Okay, sorry. It's the reverse. I'm sorry.  
50 Newfoundland Hydro did not have a 1-800 service,  
51 however, Newfoundland Power did. And our customers, I  
52 guess, had been voicing their concern that they didn't have  
53 a 1-800 number service to phone us, so we explored the  
54 avenue of developing one. And what we did is that  
55 through these discussions we looked at opportunities that  
56 we may be able to piggyback on to some of the services  
57 that were provided by Newfoundland Power. There are  
58 basically probably three or four lines, 1-800 lines that you  
59 might want to use as a utility in providing service. Two or  
60 three of those would deal with customer inquiries in regard  
61 to their bills, service extensions, contributions that would  
62 be required in regard to extensions and that. And then  
63 there's another line, what I would call the reporting of  
64 outages line. What was decided as a result of this work is  
65 that both utilities need a direct link to their customers in  
66 regard to being able to receive calls about their billing  
67 inquiries. We didn't think it was fair for a customer of  
68 Newfoundland Hydro to be able to phone in and get a call  
69 centre in Newfoundland Power and then to have to divert  
70 a call to Newfoundland Hydro, so, on those two particular  
71 lines we said that we would install our own lines. On the 1-  
72 800 number for emergency calls we thought it would be  
73 very beneficial to have one number. And the telephone  
74 companies would be able to assist us in a manner that from  
75 the area code that was being phoned from, they would be  
76 able to point the customer to the right utility with the  
77 exception of one or two areas where we overlap, like Baie  
78 Verte and that. So this is what we were working on. And  
79 at that time our service provider, I think it was  
80 Newfoundland Tel, and I think Newfoundland Power's was  
81 AT & T, if I remember correctly. And what we did, we went  
82 to the Newfoundland Power provider and asked if this  
83 could be provided and there would be a capital investment  
84 required to do that arrangement. From what we could  
85 receive from our provider, Newfoundland Tel, it was more  
86 cost effective to go to ours rather than invest the capital  
87 funds. And I think the other thing that was ... that  
88 probably influenced the AT and T was that I think  
89 Newfoundland Power were getting ready to go out and  
90 solicit proposals for a new communications provider. So,  
91 in the end, what happened is that we were able to get the  
92 service in Hydro cheaper than what Newfoundland Power,  
93 we could get it through the Newfoundland Power provider  
94 for our 1-800 number service because of the volume that we  
95 do.

96 MR. BROWNE, Q.C.: So what's the end result?

97 MR. REEVES: The end result is that we have,

- 1 Newfoundland Power has its call centre and we have our  
2 call centre with different numbers.
- 3 MR. BROWNE, Q.C.: And it wouldn't have been cheaper  
4 to coordinate that?
- 5 MR. REEVES: No. When we did that it was cheaper to go  
6 the way that we did.
- 7 MR. BROWNE, Q.C.: Working group No. 4 dealt with  
8 printing services. Can you tell us a little bit about that,  
9 working group No. 4? And you'll find that on page 14.
- 10 MR. REEVES: The scope was to review the needs and  
11 practices of printing activities, including desktop  
12 publishing with the overall view of reducing costs through  
13 coordination of activities.
- 14 MR. BROWNE, Q.C.: How was that intended to work and  
15 what was the end result?
- 16 MR. REEVES: It was intended to work ... basically both  
17 companies have duplication services like photocopying  
18 and whatnot, so we didn't think it was appropriate that we  
19 would be moving, I guess, stuff from one building to  
20 another to facilitate only having one copying service. But  
21 where there was an opportunity, and Hydro does contract  
22 out all of its printing services like printing of forms or  
23 printing of reports and the like, where Newfoundland Power  
24 has their own in-house printing services. So what we  
25 wanted to find out is whether we could utilize some of  
26 Newfoundland Power's capability in regard to the printing  
27 services that we contract out. And the results of the  
28 committee was that there was some savings that could be  
29 achieved, possibly, however, that did not get finalized  
30 because we didn't finalize the activity, I guess, of  
31 coordination.
- 32 MR. BROWNE, Q.C.: So that's still ongoing, you still might  
33 be able to do some work internally there?
- 34 MR. REEVES: We would possibly be able to do that. Now,  
35 the latest conversation that I had, I guess, last week, in  
36 trying to collect together to ensure I had the latest reports  
37 in talking to the person that was on this committee, with the  
38 newer technology in copying and that in Hydro we even  
39 contract out less than we did before. We're able to do it  
40 with the new modern photocopying machines. In the first  
41 instance what we were talking about in Hydro was about  
42 probably \$50,000 worth of printing services that we  
43 contract out.
- 44 MR. BROWNE, Q.C.: How much?
- 45 MR. REEVES: \$50,000 worth of contracting.
- 46 MR. BROWNE, Q.C.: And what was the potential saving  
47 if you had to use Newfoundland Power's printing facility?
- 48 MR. REEVES: Well, if you ... probably the best thing I can  
49 do is bring you to the working task group, if you don't  
50 mind.
- 51 MR. BROWNE, Q.C.: Go to page 52, there, of the ...
- 52 MR. REEVES: There is a number in ...
- 53 MR. BROWNE, Q.C.: I think it's 32 percent?
- 54 MR. REEVES: That's what's stated in the report, but I can't  
55 reconcile that number. Like, where that number came from,  
56 like, that was generated by somebody else. And when I  
57 looked at it, even at the steering committee level, that was  
58 one of the numbers that I had to reconcile in my mind and  
59 where we didn't finish I didn't do that.
- 60 MR. BROWNE, Q.C.: So it came from somewhere that there  
61 could be a 32 percent savings?
- 62 MR. REEVES: Somebody in ... well, that's why I was going  
63 to bring it to the committee, the task group that was based  
64 on to give you an indication of what would be the possible  
65 savings. If you don't mind, we could do that.
- 66 MR. BROWNE, Q.C.: Well, we're coming to these  
67 individual reports later, so if you can put your hand on it  
68 right now.
- 69 MR. REEVES: I got it right in front of me.
- 70 MR. BROWNE, Q.C.: Okay, go ahead.
- 71 MR. REEVES: It's under Tab 4 in the same binder that you  
72 have.
- 73 MR. BROWNE, Q.C.: Yes.
- 74 MR. REEVES: And there was ...
- 75 MR. BROWNE, Q.C.: And where are you reading from, for  
76 the record, what page?
- 77 MR. REEVES: This is in the **CA-201** (b) under Tab 4. And  
78 what the committee did, it looked at ten jobs that Hydro  
79 had contracted out. And what happened is that  
80 Newfoundland Power did up an estimate of what it would  
81 have cost us to get those jobs done. Even though we had  
82 the work done, they put forward an estimate of what they  
83 suspected it would cost them to have it done. And you'll  
84 notice that there are savings on nine of the jobs, but one of  
85 them would have cost more. And when I did the math I  
86 added up the columns as part of my steering committee  
87 work, I came out with 16 percent savings. And when I  
88 talked ...
- 89 MR. BROWNE, Q.C.: You came how much?
- 90 MR. REEVES: Sixteen percent savings, that's the total cost.  
91 But when I talked to the person who was on the committee  
92 he gave me approximate savings around ten percent. So it  
93 had to be reconciled.

- 1 MR. BROWNE, Q.C.: Yet, on page 52 there's a savings of  
2 32 percent?
- 3 MR. REEVES: Yes. And I couldn't find either number in  
4 there that relates to the ... because it's not done by  
5 percentages, I'm sorry.
- 6 MR. BROWNE, Q.C.: So you're gone back to the drawing  
7 board on that one, there's been no resolution to that? Is  
8 that a fair comment?
- 9 MR. REEVES: There's been no resolution on that particular  
10 one, that's correct, yes.
- 11 MR. BROWNE, Q.C.: In reference to group No. 5, you dealt  
12 with storage space. And what was the purpose of that?  
13 You'll find that at page 16 of 201.
- 14 MR. REEVES: Let me get organized here because there's  
15 too many binders. "The scope of that committee was to  
16 review and document available and potential storage space  
17 in both utilities throughout the province with a view of  
18 sharing, where appropriate, with the overall objective of  
19 reducing cost to consumers."
- 20 MR. BROWNE, Q.C.: And what was the result?
- 21 MR. REEVES: The summary, which is further down that  
22 page, is "The storage space working group examined the  
23 availability of excess storage space within Newfoundland  
24 Power and Newfoundland and Labrador Hydro. The  
25 purpose of the study was to determine whether an  
26 opportunity to share the resources with one utility was  
27 available and practical. The working group found no  
28 current opportunities for the practical use of excess storage  
29 space in one utility or the other."
- 30 MR. BROWNE, Q.C.: I find that difficult to believe that two  
31 companies that are out there on the Island of  
32 Newfoundland couldn't find any space for storage, one for  
33 the other, as a convenience, given your geography which  
34 we looked at a few minutes ago. Were you surprised at  
35 that result?
- 36 MR. REEVES: Not overly surprised because if you ... we  
37 try to keep our storage requirements down to a minimum in  
38 Hydro and we don't have a lot of excess space that we  
39 could store stuff for other companies.
- 40 MR. BROWNE, Q.C.: What about the memorandum of  
41 understanding you just told us about, the MOU pertaining  
42 to the Burin Peninsula when I was asking you about that,  
43 is Hydro storing equipment down there for the use of  
44 Newfoundland Power in the case of an outage, is that  
45 covered by the memorandum of understanding?
- 46 MR. REEVES: You're talking about the Burin Peninsula  
47 where Newfoundland Power stores stuff for us?
- 48 MR. BROWNE, Q.C.: Yes. Are they storing anything for  
49 you down there?
- 50 MR. REEVES: No, not that I'm aware of.
- 51 MR. BROWNE, Q.C.: Do you know of anywhere where  
52 Newfoundland Power is storing anything for you?
- 53 MR. REEVES: No. There was one opportunity that came  
54 up as a result of this task group that I can relate to, was in  
55 the Whitbourne area which you touched on earlier on.  
56 And we had some poles stored which was outside of our  
57 fenced area, and there was a concern that that possibly  
58 needed to be fenced. And what we did, rather than fence  
59 it, we explored with Newfoundland Power the possibility of  
60 storing some of our poles in their Whitbourne area.
- 61 MR. BROWNE, Q.C.: Some were longer and some were  
62 shorter and you couldn't do it?
- 63 MR. REEVES: And what resulted is an ... what resulted in  
64 that review is that it wasn't economical to do because we  
65 would have ... our poles are for different purposes. Ours  
66 are transmission poles, 50, 60 feet long and theirs are  
67 distribution poles.
- 68 MR. BROWNE, Q.C.: There was no point in it?
- 69 MR. REEVES: At that particular point there was no cost  
70 savings to be achieved by us bringing our poles across the  
71 road, because we would have had to invest some dollars to  
72 store them properly.
- 73 MR. BROWNE, Q.C.: We'll come back to storage later. But  
74 in working group No. 6, the emergency spill response on  
75 page 18. Did you have any success there? Emergency spill  
76 response, what would that be all about, now?
- 77 MR. REEVES: "Review the emergency spill response  
78 procedures used by both utilities with the objective of  
79 reducing costs through the sharing of resources,  
80 manpower, materials and equipment." That's the scope of  
81 that group. And what we ... both utilities have response  
82 material located different locations around the province.  
83 And what we were able to do is to advise each other utility  
84 of what that was and where they're located with the intent  
85 that if they are required that we would be able to share it  
86 between both utilities.
- 87 MR. BROWNE, Q.C.: Now, prior to this working group  
88 didn't one ... didn't you know this information? Is this ...  
89 with emergency spill response and ...
- 90 MR. REEVES: Not specifically. We knew ours, they knew  
91 theirs. But as a result of this coordination we exchanged  
92 lists so that if there was something in our list, rather than  
93 make a phone call if we got into an emergency situation to  
94 see if they could help us out, we would have exchanged the  
95 information in advance and it's updated.
- 96 MR. BROWNE, Q.C.: So it took you until 1999 to do that?

1 MR. REEVES: All I'm saying is that it was done as a part of  
2 this formalized process. It may have been done before, I  
3 don't know.

4 MR. BROWNE, Q.C.: Thank you, Mr. Reeves. I notice it's  
5 3:00, Mr. Chair. Do you want to take a break?

6 MR. NOSEWORTHY, CHAIRMAN: Are you completed  
7 your cross-exam?

8 MR. BROWNE, Q.C.: Oh, no.

9 MR. NOSEWORTHY, CHAIRMAN: Okay.

10 MR. BROWNE, Q.C.: I've only just begun.

11 MR. NOSEWORTHY, CHAIRMAN: We'll break until 3:15.  
12 *(break)*  
13 *(3:15 p.m.)*

14 MR. NOSEWORTHY, CHAIRMAN: Mr. Browne, are you  
15 ready to continue please?

16 MR. BROWNE, Q.C.: Thank you, Mr. Chairman. Mr.  
17 Reeves, Working Group No. 7, the protective equipment  
18 test facilities, what was the purpose of that group?

19 MR. REEVES: The scope of that committee was to review  
20 the current practices and facilities used to test rubber  
21 protective equipment and determine the best procedure to  
22 use with the overall objective to reduce costs while not  
23 sacrificing safety.

24 MR. BROWNE, Q.C.: Page 22, 7.30, there is a  
25 recommendation, there's a comment on it. Can you verify  
26 that that was the finding and read that into the record, if  
27 so?

28 MR. REEVES: Page 22?

29 MR. BROWNE, Q.C.: Page 22.

30 MR. REEVES: And recommendation 7.30?

31 MR. BROWNE, Q.C.: 7.30, yes, that's correct.

32 MR. REEVES: Once a final decision is made respecting the  
33 future of the test facilities, both companies should jointly  
34 develop a contingency strategy in an effort to mitigate the  
35 effects of equipment failures, fire, etcetera, experienced by  
36 either company.

37 MR. BROWNE, Q.C.: So what are we waiting on, a final  
38 decision in respect of the future of test facilities, what does  
39 all that mean?

40 MR. REEVES: As I recall, Newfoundland Hydro has a test  
41 facility in Bishops Falls, which we use to test our rubber  
42 gloves and our equipment that we use for our line workers  
43 working on lines or close to energized lines. Newfoundland  
44 Power has a similar facility, but not identical, here in St.

45 John's for doing that, and what, I think if I remember  
46 correctly, was found is that there were some opportunities  
47 that because the test equipment wasn't identical, that we  
48 may be able to do some testing for one utility or the other,  
49 and as I recall, Newfoundland Power has had some of its  
50 test, or some of its equipment tested at our facility.

51 MR. BROWNE, Q.C.: And the recommendation, if you go  
52 down below there, did the steering committee accept the  
53 recommendation? You might want to read that into the  
54 record.

55 MR. REEVES: The steering committee accepts this  
56 recommendation. John Evans ...

57 MR. BROWNE, Q.C.: This part is crossed out, I'll ask you  
58 about that after, but maybe you could attempt to read it in.

59 MR. REEVES: Well, I can, what happened here is that as  
60 we were going through the different drafts, and as you can  
61 see, there was 19 and then 20, to keep the steering  
62 committee to what was actually changed from the previous  
63 draft, we had to strike out and underline the process, so  
64 that's what that means.

65 MR. BROWNE, Q.C.: And what sentence are you striking  
66 out there?

67 MR. REEVES: The sentence that is being struck out there  
68 is the one that says John Evans. John Evans feels that  
69 even greater savings might be possible if both utilities  
70 encourage the establishment of a local outside test facility,  
71 and that this option should be explored.

72 MR. BROWNE, Q.C.: And why would you want to cross  
73 out that sentence? Who decided to cross that out ... Mr.  
74 Evans feels that there might be greater savings?

75 MR. REEVES: Right now I don't know who would have  
76 requested that change. One of the ...

77 MR. BROWNE, Q.C.: Was it Newfoundland Power or was  
78 it yourselves?

79 MR. REEVES: I don't remember to be honest with you.

80 MR. BROWNE, Q.C.: If you go on to the next one, working  
81 group number eight, the ...

82 MR. REEVES: Well probably just before you leave that.  
83 What we tried to do is to take out the references to any one  
84 individual on the committee. That may be one of the  
85 reasons that it was struck out of the report.

86 MR. BROWNE, Q.C.: Not the fact that there might be  
87 savings.

88 MR. REEVES: No, it may be rephrased a different way,  
89 that's all, okay.

90 MR. BROWNE, Q.C.: Working group number eight, the



1 distribution maintenance, what's the scope of that  
2 committee?

3 MR. REEVES: Distribution which is on page 23.

4 MR. BROWNE, Q.C.: Page 23, yes.

5 MR. REEVES: The scope of that one is to review rural  
6 operations where Newfoundland Hydro and Newfoundland  
7 Power operate adjacent to each other to establish the most  
8 effective means of operations to enhance customer service  
9 at the lowest possible cost.

10 MR. BROWNE, Q.C.: Now where would these places be,  
11 where Newfoundland Hydro and Newfoundland Power  
12 operate adjacent to each other, did we see those on the  
13 map today?

14 MR. REEVES: Yes, we did.

15 MR. BROWNE, Q.C.: Okay, maybe if you want to make  
16 reference to those. I think it would be in your opening  
17 presentation. Mr. O'Rielly, you might be able to put it on  
18 there. I think it's number eight, page eight in the  
19 presentation, if you want to make reference to that. You'll  
20 find that on your screen as well.

21 MR. REEVES: Just to ensure that I don't miss one, I'll go  
22 back to the steering committee report, if you don't mind,  
23 which is in this binder right here. The first one is in the  
24 Burin Peninsula, and I think we have had discussions on  
25 that one already. This is in the Monkstown/Petit Forte area  
26 where we operate some distribution down there. The  
27 second one would be in the southeast coast, and this is  
28 where we have a diesel plant, and ...

29 MR. BROWNE, Q.C.: The southeast coast, is that down by  
30 ...

31 MR. REEVES: If we could go to another map, I could show  
32 you where that is. Go to probably the last one on the  
33 presentation, which is number 15, and you'll see St.  
34 Brendan's is right there, what's that, around the Terra Nova  
35 Park somewhere in that area. Do you see it right there?

36 MR. BROWNE, Q.C.: Yes.

37 MR. REEVES: Okay, that's what we refer to the southeast  
38 coast. And why that one was suggested is that it's an  
39 isolated plant for us where we have an isolated diesel plant.  
40 Our diesel plant operators do limited line duties, but there  
41 may be occasions where they need assistance, and  
42 Newfoundland Power would be the closest line working  
43 crew to that area. The next one would be the southwest  
44 coast, which is also on this map, which is Petits, you see  
45 right over here. It's the last of our diesel plants on the  
46 south coast, which is west. And this one here, because of  
47 the road network that's available to us, sometimes, and  
48 probably most often, we might go through the Port aux

49 Basques area to reach that particular site. Sometimes we do  
50 it from Burgeo, and we thought that we may be able to  
51 utilize the line workers from the Port aux Basques,  
52 Newfoundland Power area, for emergency repairs. The last  
53 area, which is probably the biggest area, which we  
54 probably had some discussions on already, is the Baie  
55 Verte Peninsula, White Bay and Springdale, Green Bay  
56 areas, which if you go back to, I guess, slide eight ... you're  
57 probably better off going to slide 13 for this particular one.  
58 That's probably the best way to show it, and you'll see on  
59 this particular one, Baie Verte and Springdale, and as I have  
60 indicated already, Newfoundland Power has a couple of  
61 small, other smaller communities just outside of Baie Verte  
62 but basically the Baie Verte and Springdale, we have line  
63 workers all around those two communities, Newfoundland  
64 Hydro does, and they have one line worker located in each  
65 community, which is supported from Corner Brook and  
66 Grand Falls.

67 MR. BROWNE, Q.C.: Sir, if you want to leave the map  
68 there, can you go to the summary of what was cited by the  
69 committee on page 23?

70 MR. REEVES: I have to just look here, because there were  
71 two reports that came out, at least two reports that came  
72 out on this one, and would you like for me to read the  
73 summary or ...

74 MR. BROWNE, Q.C.: Yes, the summary, can you read that?

75 MR. REEVES: Okay, Newfoundland and Labrador Hydro  
76 and Newfoundland Power has a number of a remote areas  
77 that are more readily accessible by the other utility. In  
78 these areas the committee investigated the possibility of  
79 crews from the other utility performing regular line work  
80 and/or emergency repairs when required. In the case of  
81 regular line work, there is a difference in the methods used  
82 by each utility. Hydro installs the poles and completes the  
83 line work using their own crews. Newfoundland Power  
84 uses contractors to install the poles and then utilizes their  
85 own line crews to complete the line work. As for  
86 emergencies and power outages, where the installation of  
87 poles is not usually required, there is a necessity to arrive  
88 at the troubled area as quickly as possible. A cost savings  
89 and better customer service would be realized in certain  
90 areas owned by one utility if the other utility is not  
91 geographically closer providing the required the services.

92 MR. BROWNE, Q.C.: And was this done, was it agreed  
93 that in certain areas owned by one utility, the other utility  
94 geographically closer would provide the required services,  
95 was that the result of this committee?

96 MR. REEVES: This committee itself, this task group could  
97 not reach a consensus as to how best to do that. As I  
98 indicated a little earlier on to you, is that there was sort of  
99 a loose arrangement on the Burin Peninsula. We have

1 since formalized that into an MOU, so I feel now that for all  
2 those areas that if there are services which are required to  
3 assist in getting customers back into service by one utility,  
4 they have the option to contact the other utility for those  
5 services.

6 MR. BROWNE, Q.C.: Why do you feel that? You use the  
7 word "feel". Is there an agreement in place, an MOU in  
8 reference to these other areas like down in the Burin  
9 Peninsula?

10 MR. REEVES: There is an agreement in place.

11 MR. BROWNE, Q.C.: There is an agreement in place now?

12 MR. REEVES: So we can, and we can call each other utility  
13 for assistance if we require it.

14 MR. BROWNE, Q.C.: So there's an agreement in place in  
15 reference to the Baie Verte, Springdale and  
16 Fogo/Twillingate areas?

17 MR. REEVES: It doesn't specifically address these areas,  
18 but the agreement that was put in place addresses all of our  
19 services, whether it's on transmission or distribution, and  
20 we have now under that MOU the option that if one utility  
21 gets and requires assistance that will assist in putting  
22 services back to our customers quicker, then we have the  
23 option to phone the other utility.

24 MR. BROWNE, Q.C.: Does the agreement deal with regular  
25 maintenance on these lines, or just emergency situations  
26 when the lines are down?

27 MR. REEVES: It primarily deals with emergency situations.

28 MR. BROWNE, Q.C.: Well sure that would be motherhood,  
29 wouldn't it, if the line was down and one utility has the  
30 truck and crews standing by, would they see people out of  
31 their power while saying that's Hydro's jurisdiction?

32 *(3:30 p.m.)*

33 MR. REEVES: No, that's why we call it an emergency,  
34 where power is off. That would be an emergency. What it  
35 does not cover is what I would call the routine maintenance  
36 on lines.

37 MR. BROWNE, Q.C.: When it comes to maintenance, we're  
38 back where we started, is that correct? We're only into an  
39 emergency situation, is that fair comment?

40 MR. REEVES: Yes, the MOU that we have signed is not to,  
41 is not ... I should watch it here because there is for, there is  
42 a clause in the agreement, if I remember correctly, that if  
43 there is a requirement for a special piece of equipment or  
44 something that one utility has, the other utility can request  
45 it and if it's planned far enough in advance that the loaning  
46 utility can free up that equipment, then it can be made  
47 available for even routine work, but the majority of the

48 cases that will be covered under the MOU will be what I  
49 refer to as emergency situations where customers would be  
50 without service.

51 MR. BROWNE, Q.C.: So how is that going to be any  
52 savings to consumers there if you're not doing it from a  
53 maintenance perspective, you're only doing it from an  
54 emergency perspective?

55 MR. REEVES: There will be some savings, not easily  
56 quantifiable, but the biggest benefit in this particular one is  
57 that our customers will be returned to service quicker than  
58 they otherwise would have been, and that was also part of  
59 the mandate, was to provide a more reliable service to our  
60 customers.

61 MR. BROWNE, Q.C.: Would you agree with me that this  
62 committee had the most difficulty in reaching any kind of  
63 consensus?

64 MR. REEVES: This was one of the committees that had the  
65 most difficulty, yes, correct.

66 MR. BROWNE, Q.C.: And why was that? Can you hit the  
67 nail on the head?

68 MR. REEVES: One of the difficulties that they had, as I  
69 recall it now, is that what the task group members wanted  
70 to do was to share, I guess, maintenance records in regard  
71 to the cost of maintaining their respective areas, and there  
72 was concern, I guess, at the task group level that that could  
73 not be done. Like I think, for instance, the request was  
74 made from our member to the Newfoundland Power people  
75 requesting what was the involvement of the staff from the  
76 Grand Falls or Corner Brook area, and if I remember  
77 correctly that the response was that it's not easily  
78 withdrawn from the system, and therefore could not be  
79 made available, where our crew in, our crews in that area are  
80 what we would call self-sufficient. They do all the work  
81 that's required, with the exception, and this would be for  
82 any of our locations, unless there is a massively big storm  
83 that comes through and does a lot of damage, and then we  
84 would move crews in from all parts of the province, but  
85 barring that, our crew in there would be sort of self-  
86 sufficient, and so when we would ... if we were going to  
87 collect the costs for our crew in there, it would be all of the  
88 costs associated with maintaining that system. However,  
89 I understand that in collecting the costs for Newfoundland  
90 Power's costs associated with their Springdale, Baie Verte  
91 area, was not made available for, I guess it was not easily  
92 attainable or something, and here again, I'm just going from  
93 memory.

94 MR. BROWNE, Q.C.: That Newfoundland Power wouldn't  
95 give you some information, is that what you're telling us?

96 MR. REEVES: Well my understanding is that, my  
97 recollection is that the information was not readily available

1 to put into Newfoundland Power's cost of maintaining the  
2 Baie Verte and Springdale area, because they had crews  
3 that were called upon from Grand Falls and Corner Brook.

4 MR. BROWNE, Q.C.: You make reference to the  
5 memorandum of understanding which deals, according to  
6 your evidence now, with emergency situations. Am I to  
7 understand by that that without the memorandum of  
8 understanding, one utility wouldn't respond to the other in  
9 emergency situations?

10 MR. REEVES: I don't think that's a fair assumption to make.

11 MR. BROWNE, Q.C.: Well how much further ahead are we  
12 there on account of the memorandum of understanding?

13 MR. REEVES: I think what the memorandum of  
14 understanding does, it puts a protocol in place so that no  
15 matter what time of the day or night, that there is a process  
16 in place that each utility can be contacted and action taken  
17 right away. I think the other thing it dealt with was the  
18 charge out rates of what we would charge each other.  
19 There was a fair bit of discussion on that. I think there was  
20 a question on liabilities. If we were helping Newfoundland  
21 Power and there happened to be an accident when we were  
22 doing a job for them, would there be ... you know, is there  
23 a liability that we would be accepting that really would  
24 (inaudible) and vice versa, so there was a number of things,  
25 I think, that was put in place that crystallizes the  
26 arrangement that we now have with Newfoundland Power,  
27 and have had for quite a long period of time. I think the  
28 other thing that we did as well, is that once we put the  
29 memorandum in place, both in Hydro and in Newfoundland  
30 Power, we went out to our staff collectively and explained  
31 the agreement we have in place and say it's there to use,  
32 don't hesitate to use it.

33 MR. BROWNE, Q.C.: And the initial finding in the  
34 summary there which made reference to one, a savings cost  
35 and better customer service would be realized in certain  
36 areas owned by one utility, the other utility that is  
37 geographically closer provided the required services.

38 MR. REEVES: Uh hum.

39 MR. BROWNE, Q.C.: So these required services deal  
40 mainly with emergency situations.

41 MR. REEVES: Yes, for the MOU, the things that are in the  
42 MOU, it's primarily for emergencies, however, it's not  
43 restricted to that, but that's what I would expect it to be  
44 used most for.

45 MR. BROWNE, Q.C.: And there was no discussion of  
46 switching service areas, or trying to come to some  
47 accommodation where one would take over Fogo because  
48 it's nearby and someone else would take over the remnants  
49 there of the Baie Verte Peninsula, there was no discussion

50 of that?

51 MR. REEVES: During this activity which started back in  
52 '97, there was no discussion ... that was not part of our  
53 mandate ... looking at the assets, about the transferal of  
54 assets.

55 MR. BROWNE, Q.C.: We'll leave that one, and that's  
56 working group number eight, distribution and maintenance.  
57 There are a number ... by the way, before we leave that,  
58 page 25, there were a number of alternate proposals there.  
59 I'm not going to read them all out but I would hope that  
60 these would be reviewed as they are now part of the record  
61 and have been referenced. In reference to working group  
62 number nine, switching, what was the purpose of that  
63 group and what was the result, Mr. Reeves?

64 MR. REEVES: To review the coordination of switching  
65 between both utilities with a view to enhance customer  
66 service. This committee was basically formed because  
67 there is a lot of coordination between both utilities,  
68 obviously for the switching and the isolation of equipment.  
69 We rely on each other to do that. However, what this was  
70 intended to do was primarily during emergencies, and again  
71 ...

72 MR. BROWNE, Q.C.: What was the result? Can you go to  
73 the recommendations on page 28?

74 MR. REEVES: These recommendations of the working  
75 group were not unanimous as the IBEW Local 1615  
76 representative had concerns with the adequacy of the  
77 existing switching training, work jurisdiction, possible job  
78 loss, and overall expenses for training of joint switching.  
79 The majority view of this working group believed that with  
80 the proper orientation to qualified switchers, coordination  
81 by both utilities will enhance customer service. This is  
82 particularly true for emergencies during outages and also  
83 in some areas where both utilities operate adjacent to each  
84 other. With respect to status indication of one utility's  
85 equipment by the other, this has been achieved by both  
86 groups making their information available to the other  
87 utility through their respective control centers, which  
88 enable a more effective restoration process by each utility.

89 MR. BROWNE, Q.C.: And the steering committee's  
90 evaluation is found there on page 29. Was there any result  
91 from this particular committee from a cost saving  
92 perspective?

93 MR. REEVES: Yes, there was, and while I was involved in  
94 the steering committee, and I don't want to defer this to Mr.  
95 Henderson, but Mr. Henderson is responsible for the  
96 Energy Control Centre, and he can give you much more  
97 detail, but I do know that on ... like the concern that was  
98 alerted to right here in regard to training is that, I guess, the  
99 concern was that there wasn't enough training done at that

1 time, and that should be done before you actually  
2 coordinate with the other utility. That training is now being  
3 done and, but even putting that aside, we do coordinate it  
4 as much as we can with the two utilities so that we can get  
5 a quicker response.

6 MR. BROWNE, Q.C.: That's in and out situation, is it?

7 MR. REEVES: That's a, pardon me?

8 MR. BROWNE, Q.C.: That's in an emergency situation?

9 MR. REEVES: Primarily an emergency situation, but I  
10 would probably better defer this to Mr. Henderson, which  
11 would have the day-to-day operation, but I understand that  
12 there ...

13 MR. BROWNE, Q.C.: That's a fair comment, if you want to  
14 defer to Mr. Henderson, that's fair. We'll go on to working  
15 group number ten, the VHF mobile radio system.

16 MR. REEVES: Yes.

17 MR. BROWNE, Q.C.: I understand that efforts were made  
18 but we're waiting to see if a new contract could be put in  
19 place in reference to one or the other's mobile radio system.  
20 Do you know ...

21 MR. REEVES: Well, yes, we are ... presently in our capital  
22 budget we have money for a new VHF system, and ...

23 MR. BROWNE, Q.C.: Are you coordinating that with  
24 Newfoundland Power therefore, the purchase of that?

25 MR. REEVES: My understanding is that, yes, we have  
26 made approaches to Newfoundland Power and other  
27 people to try to lessen the, to lower the overall cost of our  
28 new VHF system.

29 MR. BROWNE, Q.C.: And what would the benefit of that  
30 be? Why do we need coordination of that particular mobile  
31 radio system between the two utilities?

32 MR. REEVES: My understanding of it is that right now, like  
33 Newfoundland Hydro would have its own VHF system  
34 which would be orientated to its service areas, not only in  
35 distribution, but also in transmission as well.  
36 Newfoundland Power would have a similar VHF system to  
37 serve the same purpose, to service their service areas. The  
38 two systems, there's very little overlap in the two areas, in  
39 the two service areas, but there may be some opportunities  
40 that that can take place and also, I guess, you would  
41 explore whether one system could provide all the service  
42 for both, and there would be a cost sharing, and whether  
43 there would be economics in doing that.

44 MR. BROWNE, Q.C.: And did the committee find that there  
45 would be economics ...

46 MR. REEVES: What the committee found when they did  
47 their review is that the two systems while providing the

48 same service had limited capabilities of being tied  
49 technically together, but there was some of that done, and  
50 what the conclusion of this committee was is that once one  
51 of the utilities decided to replace its VHF, it would discuss  
52 with the other one the likelihood of a possible coordination.

53 MR. BROWNE, Q.C.: And you're working on that now?

54 MR. REEVES: That's my understanding.

55 MR. BROWNE, Q.C.: Is there any timeframe for that?

56 MR. REEVES: Not that I'm aware of. That particular item is  
57 in the generation budget and Mr. Budgell could probably  
58 most ...

59 MR. BROWNE, Q.C.: He might be able to update us on  
60 that?

61 MR. REEVES: He possibly could, yes.

62 MR. BROWNE, Q.C.: So Mr. Budgell you're recommending  
63 there?

64 MR. REEVES: Yes.

65 MR. BROWNE, Q.C.: Working group number eleven,  
66 inventories and common spares, page 32. This is the  
67 reference there to scrap metals and scrap disposal  
68 processes and I think Ms. Butler made a reference to that in  
69 questioning you yesterday. What's your understanding of  
70 the way that committee worked and what the result was?

71 MR. REEVES: The committee was to review the  
72 management of materials at Hydro and Newfoundland  
73 Power to determine what joint activities could be  
74 implemented to minimize costs to the consumer, and ...

75 MR. BROWNE, Q.C.: And 11.52, page 33, there's two  
76 recommendations there, one in reference to scrap metals  
77 and general assets.

78 MR. REEVES: That's correct.

79 MR. BROWNE, Q.C.: In reference to scrap metals, we've  
80 had evidence on that, but in reference to general assets,  
81 that makes reference to auctioning of superfluous or  
82 outdated equipment.

83 MR. REEVES: Well on this particular one, since the  
84 questioning yesterday I have been talking to our people in  
85 purchasing and I'm currently gathering information which  
86 I propose to give at a later time.

87 MR. BROWNE, Q.C.: On scrap metals?

88 MR. REEVES: Scrap metals and general assets disposal as  
89 well.

90 MR. BROWNE, Q.C.: Has there been any auctions since,  
91 have you had a joint auction with Newfoundland Power in  
92 reference to any of these items, or do you know, since this

- 1 committee came into being?
- 2 MR. REEVES: I would rather wait till I hear back if you  
3 don't mind.
- 4 MR. BROWNE, Q.C.: Okay, that's fair enough. Working  
5 group number 12, the 138 kV transmission line maintenance  
6 for central. What was the problem here and what was  
7 attempted to be addressed?
- 8 *(3:45 p.m.)*
- 9 MR. REEVES: The scope of this particular group was to  
10 review the maintenance of the 138 kV transmission lines in  
11 Central Newfoundland in order to minimize duplication of  
12 service and to better deploy current resources.
- 13 MR. BROWNE, Q.C.: Can you show us on the map the 138  
14 kV transmission line and where it is situated please?
- 15 MR. REEVES: On this particular one which is slide six,  
16 shows Hydro's 138 kV transmission line from Grand Falls to  
17 Gander. That's Hydro's.
- 18 MR. BROWNE, Q.C.: And why was this particular topic  
19 singled out?
- 20 MR. REEVES: Well if you go to slide eight, you see that  
21 there are other transmission lines there as well. Now I'm  
22 not that familiar with the Newfoundland Power system, but  
23 they have parallel lines that, as you can see there, which  
24 also goes to Gander as well, not to the same terminal  
25 station, but to another one, and we feel that we are the  
26 transmission provider in Newfoundland, and we have a fair  
27 amount of equipment to do that. Newfoundland Power is  
28 primarily a distribution provider, one that does have some  
29 138 ... a lot of its 138 would be in the more easily accessible  
30 areas, so we thought that we might be able to provide to  
31 Newfoundland Power the facility of doing some of their,  
32 say, preventative maintenance checks on that equipment or  
33 some minor repairs if it could be worked into our workload.
- 34 MR. BROWNE, Q.C.: So is it fair to say that you had the  
35 expertise and equipment and they may not have? Is that  
36 what you're stating?
- 37 MR. REEVES: We had the expertise. It wouldn't be, like  
38 that would be, like we would have crews associated with  
39 transmission. Like there is a crew in Central Newfoundland  
40 located in Bishops. Their expertise is distribution. They  
41 also have some expertise in transmission but they might  
42 not have as much equipment or whatever associated with  
43 transmission as we would, so we thought that we would  
44 offer to Newfoundland Power that option to do it where it  
45 was convenient and cost effective to do that, and this was  
46 ...
- 47 MR. BROWNE, Q.C.: And what was the result? Did you  
48 get any result between yourselves and Newfoundland
- 49 Power to find some cost efficiencies there for consumers?
- 50 MR. REEVES: This was another group that unanimous  
51 consent could not be developed between the task group.
- 52 MR. BROWNE, Q.C.: Can you read out 12.56 to us, Dave  
53 and Bob to review. Are you the Dave?
- 54 MR. REEVES: I'm the Dave and Bob is Bob Clarke.
- 55 MR. BROWNE, Q.C.: Okay, can you read that into the  
56 record?
- 57 MR. REEVES: The work packages completed by  
58 Newfoundland Power as shown in Appendix 4, would give  
59 an opportunity to compare with those that have been  
60 completed by Newfoundland and Labrador Hydro. NLH  
61 staff feel that because they specialize in transmission line  
62 work and have the equipment available to do this work,  
63 they may also, there may also be an opportunity to  
64 maintain Newfoundland Power's 138 kV lines more cost  
65 effectively. Newfoundland Power would also be relieved  
66 from the burden of additional or future purchases of capital  
67 equipment that would be under utilized in their day-to-day  
68 operation, or the renting of equipment in a forced outage  
69 situation when specialized equipment may not be readily  
70 available.
- 71 MR. BROWNE, Q.C.: And 12.57 gives, I guess,  
72 Newfoundland Power's side of it.
- 73 MR. REEVES: Read that one as well?
- 74 MR. BROWNE, Q.C.: Yes, can you read that into the  
75 record?
- 76 MR. REEVES: Although Newfoundland Power has  
77 concluded that Newfoundland Power and Newfoundland  
78 and Labrador Hydro should continue to maintain their own  
79 138 kV transmission lines from Sunnyside to Deer Lake, no  
80 information necessary to make any accurate  
81 recommendation has been provided.
- 82 MR. BROWNE, Q.C.: What does that refer to ... no  
83 information necessary to make any accurate  
84 recommendations?
- 85 MR. REEVES: From memory again, and this is a couple of  
86 years ago, I would assume that it is a similar situation to  
87 what transpired on the distribution task group whereby  
88 records of maintenance by one utility or the other was not  
89 shared.
- 90 MR. BROWNE, Q.C.: And 12.58, what does that state?
- 91 MR. REEVES: Based on information with respect to  
92 Newfoundland Power's chemical treatment and clearing  
93 costs, there may be an opportunity for Newfoundland  
94 Power to get a better contract price if combined with  
95 Newfoundland and Labrador Hydro's requirements.

1 MR. BROWNE, Q.C.: Was there any result to that?

2 MR. REEVES: Not that I'm aware of, no.

3 MR. BROWNE, Q.C.: And 12.59?

4 MR. REEVES: Newfoundland Power and Newfoundland  
5 Hydro should continue to discuss manpower issues  
6 especially prior to additional staff being added to either  
7 company.

8 MR. BROWNE, Q.C.: And what was the objective of that  
9 finding?

10 MR. REEVES: I guess, I think that was possibly, I'm just  
11 trying to remember now the exact context of that particular  
12 one. If you don't mind, probably I could refer to the group.

13 MR. BROWNE, Q.C.: Sure.

14 MR. REEVES: If you don't mind.

15 MR. BROWNE, Q.C.: Now what you've read are, in fairness  
16 to Newfoundland Power, these are Newfoundland Hydro's  
17 recommendations what you've been reading from, and in a  
18 moment I'm going to get you to do Newfoundland Power's  
19 recommendation. We have the two utilities here fighting  
20 over work, I guess. If you can't put your hands right on it,  
21 maybe we can come back to it, because it's getting late in  
22 the day now and you might want to take a look for it  
23 overnight and make reference to in the morning, Mr.  
24 Reeves, if that's ...

25 MR. REEVES: I have an idea but I want to make sure before  
26 I say, that's all.

27 MR. BROWNE, Q.C.: That's fair enough. Newfoundland  
28 Power's recommendations, what was, how did these come  
29 about? We see Hydro's recommendations and then we see  
30 Power's recommendations. You couldn't make any joint  
31 recommendations, was that the problem there?

32 MR. REEVES: From this particular task group, as I said,  
33 there was not unanimous consent as to what should be  
34 brought forward.

35 MR. BROWNE, Q.C.: So what was Newfoundland Power  
36 saying about it all?

37 MR. REEVES: Newfoundland Power and Newfoundland  
38 and Labrador Hydro should continue to maintain their own  
39 138 kV transmission lines from Sunnyside to Deer Lake.  
40 Keep reading?

41 MR. BROWNE, Q.C.: Sure.

42 MR. REEVES: Newfoundland Power will give  
43 Newfoundland and Labrador Hydro the opportunity to ...

44 MR. BROWNE, Q.C.: What are you reading from now, is it  
45 12.60?

46 MR. REEVES: 12.61.

47 MR. BROWNE, Q.C.: 12.60, I've got page 36. Are you  
48 reading ...

49 MR. REEVES: Page 36, I just read 12.60. I don't know if I  
50 read it too fast or not, but 12.60, would you like for me to  
51 read that one over?

52 MR. BROWNE, Q.C.: Sure, okay, thank you.

53 MR. REEVES: Newfoundland Power and Newfoundland  
54 and Labrador Hydro should continue to maintain their own  
55 138 transmission lines from Sunnyside to Deer Lake. 12.61,  
56 Newfoundland Power will give Newfoundland and  
57 Labrador Hydro the opportunity to bid on work that they  
58 find necessary to contract out to third parties in the above  
59 normal maintenance years. 12.62, Newfoundland and  
60 Labrador Hydro should examine their manpower workload  
61 match to determine if a long-term strategy is required to  
62 ensure a match based on a normal maintenance year  
63 workload. And 12.63, there is presently no value added for  
64 Newfoundland Power's customers by having  
65 Newfoundland and Labrador Hydro do maintenance on  
66 Newfoundland Power's 138 kV transmission lines from  
67 Sunnyside to Deer Lake. There would be value added for  
68 all customers if Newfoundland and Labrador Hydro ensure  
69 that any excess capacity is reduced or eliminated. And  
70 that's the clause I was looking for in response to the one  
71 above, whereby Newfoundland Power basically said to us,  
72 I guess, is that if we are able to coordinate and assist them  
73 then we must have excess staff on hand, so therefore we  
74 should cut.

75 MR. BROWNE, Q.C.: I guess where the consumer is  
76 paying for it, it made little difference to you whether or not  
77 you came to an agreement or not, is that fair comment? If  
78 you had a contractor, you're doing a subcontract, and  
79 you've got someone supervising you as to what would be  
80 most efficient for consumers in dealing with this particular  
81 problem, will we see recommendations from both parties, do  
82 you think? Could you give your opinion on that?

83 MR. REEVES: Could you rephrase, I'm not sure I'm getting  
84 the gist of your question?

85 MR. REEVES: The gist of it I'm giving is if there was a,  
86 you were working for a private company, both of you, and  
87 you had to come to some resolution on this in reference to  
88 this particular line, do you think that you would have been  
89 able to do it?

90 MR. REEVES: On this particular line, we feel that we have  
91 the proper staff to maintain our equipment that we have  
92 now, and what we ... through this exercise we thought that  
93 we may be able to coordinate and do things just a little bit  
94 differently to save, to have an opportunity to save some  
95 dollars. We contract out, as I indicated before, a lot of our

1 work that we have done, and the staff that we have on in 49  
2 Newfoundland Hydro is just to do the regular routine  
3 maintenance. In this particular case, why we brought this  
4 one forward is that there are two lines that are adjacent to  
5 one another and we do preventative maintenance on our  
6 lines, and we thought it might be an opportunity to save.  
7 Now with respect to how Newfoundland Power does their  
8 inspections and what inspections they do, this is the thing  
9 that the task group was working on trying to resolve.

10 MR. BROWNE, Q.C.: But you cited a problem, you worked  
11 at a problem, and you couldn't come up with a solution, is  
12 that fair?

13 MR. REEVES: If, in fact, there was a solution that would  
14 result in cost savings.

15 MR. BROWNE, Q.C.: But wasn't the whole purpose of the  
16 exercise cost savings?

17 MR. REEVES: It was, but in this particular one the group  
18 could not come to a consensus that there would be cost  
19 savings as they could not reach a ...

20 MR. BROWNE, Q.C.: Wasn't it more of a squabble over  
21 work jurisdiction? Let's call a spade a spade here now.  
22 Isn't that true is what went on here? Newfoundland Power  
23 saw that as their jurisdiction and they didn't want you  
24 inside their jurisdiction. Is that fair?

25 MR. REEVES: Well, I can't comment on behalf of  
26 Newfoundland Power.

27 MR. BROWNE, Q.C.: But you can comment from your own  
28 opinion. You were on this committee, you heard the  
29 discussions. You must have some opinion as to what the  
30 problem was there. You must have some conclusion that  
31 you reached.

32 MR. REEVES: My conclusion that I reached is that on this  
33 one and the distribution one, is that we service our areas  
34 just a little differently and whether Newfoundland Power  
35 were willing to give up some of their service areas, I'm not  
36 aware that ... because when this committee started, the  
37 mandate that was set for ourselves was not for the transfer  
38 of assets. It was where we could coordinate with the  
39 equipment that we currently own to either improve  
40 customer service or have cost savings.

41 MR. BROWNE, Q.C.: It's five to 4:00. I'll probably leave it  
42 there if it's okay, Mr. Chair, and we'll continue tomorrow, if  
43 that's fair?

44 MR. NOSEWORTHY, CHAIRMAN: That's fair enough,  
45 Mr. Browne. Thank you very much. Thank you, Mr.  
46 Reeves. We will conclude the proceedings for the evening  
47 and we'll begin at 9:30 tomorrow morning. Thank you.

48 *(hearing adjourned to October 3, 2001)*