

1 Q. On page 26, lines 1 to 18 of Mr. Wells' Pre-filed Evidence, he lists the cost
2 reduction initiatives undertaken by NLH to reduce the rural deficit.

3 (a) Has NLH considered organizational changes as a means for reducing
4 the rural deficit? For example, British Columbia Hydro has a separate
5 department for serving isolated communities.

6 (b) Has NLH reviewed the merits of forming a separate department
7 funded by revenues from rates, and revenues from the cross-subsidy
8 from other customers, with the sole purpose of serving the rural and
9 isolated customers, or alternatively, the isolated communities only?

10 (c) Would this help to identify costs and make them more transparent,
11 while providing staff greater focus?
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14 A. (a) Hydro has initiated organizational changes as a means of reducing the
15 rural deficit. Initiatives such as the lineworker review, Diesel System
16 Representatives and a reduction in the number of regional offices
17 have affected the organizational structure to varying degrees.

18 (b) Hydro has not recently reviewed the merits of forming a separate
19 department with the sole purpose of serving rural and isolated
20 customers. Hydro believes that having certain functions such as
21 management and engineering support for rural and isolated systems
22 integrated within the overall Hydro structure provides for effective
23 operation of such systems.

24 (c) Hydro believes that the creation of a separate department for rural and
25 isolated systems would not be of additional benefit.