

1 Q. Provide the rationale for including, for organizational purposes, Hydro's IS&T
2 department in the Production division? Given the level of expenditures, both
3 capital and operating, that are attributable to IS&T, and the fact that most of
4 the business issues in which the IS&T department is involved are enterprise
5 in nature, has Hydro considered establishing the IS&T as a separate division
6 within the company? (JRH, p. 3, line 18)

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9 A. In efforts to reduce the number of senior management personnel, Hydro has
10 several support role or corporate service departments reporting through
11 different divisions with each providing a functional service to other divisions,
12 eg. Environment through TRO, Materials Management through Human
13 Resources and Legal and IS&T through Production. Approximately half of
14 the IS&T department are actually involved in the corporate service aspects of
15 Information Technology (IT). The remaining employees work in the
16 communications area, and in the area of software and hardware support of
17 the Energy Management System.

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19 Many of the capital expenditures now being incurred or proposed by IS&T
20 will not be repeated for some time, eg. EMS replacement, VHF radio
21 replacement and microwave construction. Following completion of these
22 major projects, the capital needs will be less in comparison to current needs
23 and while the IT systems will continue to change, Hydro does not feel it
24 warrants a separate division.