

Q. Reference Revised Evidence, p. 21, lines 5 - 6

Provide information relied on to support the statement that “Private ownership and the desire to expand into the telecommunications business may have unduly influenced the nature and scope of Hydro’s capital program”.

- A. “Private Ownership” is cited in numerous instances as a justification for many of the budget projects dealing with communications. In at least one instance, it is cited as a long-term corporate objective. Because of the significant emphasis placed on Private Ownership throughout the budget documentation, coupled with the fact that no quantitative cost-benefit analysis is provided in the budget documents for this corporate objective, Mr. Barreca concludes that Hydro’s desire for Private Ownership may have unduly influenced the capital program.

Because of the stated deficiencies in the budget documents, it is not possible to judge whether the merits of Hydro’s strong desire for private ownership outweigh the cost; thus, Private Ownership is a valid issue to be raised. Quantitative analysis of the cost of private ownership, such as that suggested in Mr. Barreca’s report [page 15, lines 6-12] regarding the VHF Mobile Radio System capital project, may have averted this issue altogether.