

1 Q. At page 14 of the Regulated Activities: Evidence, Hydro has provided two
2 instances where Hydro has estimated an actual annual savings amount,
3 namely \$1.2 million over 10 years by reason of a 2005 purchase of
4 transformer oil regeneration equipment and \$150,000 per year due to
5 changes as a result of a telephone and network services review. Please list
6 all other initiatives undertaken over the last 5 years for which Hydro is able to
7 demonstrate and quantify an annual savings amount.

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10 A. Hydro has undertaken a large number of initiatives over the past five years
11 that have reduced cost or provided savings that helped mitigate cost
12 increases. In many cases, data was not retained to quantify the savings
13 once the initiative was underway or completed. The following list provides
14 examples of initiatives undertaken over the last five years that have
15 contributed to cost control:

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17 • Construction of a 25 kV distribution line from North Salmon to the
18 Ebbegunbaeg Control Structure. The line allowed
19 decommissioning of on-site diesel prime supply-savings estimated
20 at \$95,000/year.

21 • Close out and elimination of the St. Anthony and Whitbourne
22 satellite stores operations allowed a reduction of three and a half
23 FTEs as well as elimination of office lease expenses at St.
24 Anthony.

25 • Implementation of long-term partnering agreements and
26 consolidation of materials controls functions resulted in the
27 elimination of two FTEs.

- Contracting out of freight service, savings in excess of \$150,000/year.
- Elimination of customer counter service at St. Anthony resulted in the elimination of 3.5 FTEs.
- Implementation of the recommendations of a Meter Reading Optimization Study resulted in the elimination of one full-time position and some part-time hours.
- Continuous Emissions Monitoring system which led to an improvement in the conversion rate at Holyrood which contributed to the increase to 630 kWh/bbl.
- Fire protection upgrades at Holyrood, effecting an apparent reduction of \$100,000/year over what they otherwise would have been in addition to reducing risk at this critical plant.
- Cold end temperature reduction at Holyrood, which aided in supporting a 630/kWh/bbl. conversion rate at Holyrood.
- Turbine Overhaul Optimization Program which was key in influencing decision to extend the turbine overhaul period from six to nine years and effect future savings.
- Merged mechanical and utility shops at Holyrood thus reducing the number of supervisors.
- Moved to a vacation block at Holyrood, the largest single maintenance location, effecting a reduction in temporary staff requirements.
- Driver ground worker and line worker realignment resulted in a reduction of several FTEs in TRO. As reported in the last GRA in CA 42 NLH, since 1992 there has been a net reduction of 16 driver ground workers and 23 line worker positions.
- When Hydro needed to replace its failing VHF mobile radio system for which it already had an agreement in place to allow use by the

1 Department of Transportation and Works (DTW) it negotiated with
2 DTW to share the cost of the capital and as well continue to share
3 operational cost. This resulted in an approximate reduction in the
4 capital cost by \$3,500,000 and continued contribution to the
5 operational cost.

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7 Collectively, these and other initiatives produce savings that are
8 indistinguishable from other contributors that affect cost. While many of the
9 savings cannot be directly measured or quantified, the costs incurred by
10 Hydro are lower than if the initiative were not undertaken and aided in
11 mitigating increases in Hydro's controllable cost.