

1     Q.     At page 14 of the Regulated Activities: Evidence, it states, *“The cost of using*  
2           *helicopters has increased significantly since the last GRA. As a result,*  
3           *Hydro’s field operations have reduced the usage of helicopters with*  
4           *operational changes and increased reliance on available commercial flights*  
5           *while still maintaining service and reliability.”*

6     Please explain:

7         a.     why Hydro had not previously been reducing the usage of helicopters  
8                by making operational changes and increasing reliance on available  
9                commercial flights;

10        b.    what savings have been made since Hydro reduced the usage of  
11               helicopters as aforesaid;

12        c.    whether Hydro continues to pay a fixed retainer fee to ensure the  
13               availability of helicopter services during emergency situations and  
14               provide the daily retainer rate in place during 2004, 2005 and 2006 as  
15               well as the forecast rate for 2007;

16        d.    with reference to Schedule 1, page 10 of 10 of the evidence of M. G.  
17               Bradbury, please indicate what portion of Transportation Costs (line  
18               17) for each of the years 2002 to 2007 were actually (or are  
19               forecasted to be) in respect of helicopter usage including any retainer  
20               costs;

21        e.    please detail how the cost of using helicopters has increased since  
22               2003 to present;

23        f.    how many hours did Hydro use helicopter services for in each of the  
24               years 2002 to 2006 to date and how many hours are forecasted to be  
25               used in 2007?

1 A. a. Hydro maintains a dedicated helicopter at each of its Bishop's Falls  
2 and Happy Valley-Goose Bay operations. These helicopters are used  
3 to ensure timely emergency response to equipment or customer  
4 outages in remote locations, medical emergencies, and for work  
5 assignments in locations where other modes of transportation are  
6 either unavailable or where transportation by any other means is not  
7 cost effective or logical from a planning perspective.

8  
9 Helicopter travel has often been the least cost option when dealing  
10 with multiple person work crews and the limited commercial travel into  
11 many remote communities. In 2005, Hydro's helicopter contract,  
12 which had been in place since 2000, expired and a new contract was  
13 tendered. The bid prices received in the 2005 tender reflected the  
14 impacts of the events of Sept 11, 2001 on the aviation industry and as  
15 a result Hydro was subjected to an overall increase in helicopters  
16 costs, in the order of 30%. In recognition of this increase, Hydro  
17 communicated a renewed emphasis to its employees on the  
18 conservative and cost effective use of helicopters, in an effort to keep  
19 cost in - line with previous years. Hydro has found that in some cases  
20 it is more cost effective to utilize scheduled commercial flights and  
21 where possible does so.

22  
23 b. The effect of the efforts to reduce helicopter usage where feasible has  
24 been to mitigate the effect of the increased cost of the helicopters,  
25 keeping the budget in line with previous years.

26  
27 c. Hydro continues to pay a fixed retainer fee to ensure the availability of  
28 helicopter services. The fixed retainer rates paid per day in 2004 were

1               \$780 at Bishop's Falls and \$430 at Goose Bay; the per day rates for  
2               2005 to 2007 are \$900 at Bishop's Falls and \$377 at Goose Bay.

3  
4           d.     The portion of the Transportation costs (line 17) that relate to  
5               helicopter costs follows:

6                               2002(A) - \$1,180,000

7                               2003(A) - \$1,014,000

8                               2004(A) - \$ 986,000

9                               2005(A) - \$1,087,000

10                              2006(F) - \$1,185,000

11                              2007(F) - \$1,220,000

12  
13           e.     The cost of using helicopters has increased by approximately 30%  
14               overall since 2003. The increase reflects changes in the daily retainer,  
15               fuel and flying hours.

16  
17           f.     Helicopter usage for the periods questioned are as follows:

18                              2002 - 1,192 hrs

19                              2003 - 1,048 hrs

20                              2004 - 1,151 hrs

21                              2005 - 915 hrs

22                              2006 to date - 561 hrs

23                              2007 forecast - 900 hrs.