

1 Q. Quantify the savings reflected in the 2006 and 2007 forecasts related to the  
2 fleet review and rationalization project in 2003 for both on-road and off-road  
3 vehicles. (CA-157)  
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6 A. The focus was on two primary areas: a) the provision of transport services for  
7 the movement of freight and mobile equipment; and b) the type and quantity  
8 of on and off-road vehicles necessary to support the operational  
9 requirements of the company.  
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11 Progress to date includes: the elimination of in-house transport services with  
12 an estimated net annual saving in the order of \$70,000; elimination of 20  
13 units from the on-road vehicle fleet; and elimination of 36 units from the off-  
14 road equipment fleet. These fleet reductions have resulted in savings in  
15 direct purchase costs for replacements in the order of \$2,000,000.  
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17 While the recommendations involving fleet reductions are substantially  
18 complete, Hydro will continue monitoring its fleet for opportunities to reduce  
19 and will ensure that proposed additions continue to be scrutinized, such that  
20 only the necessary and appropriately configured vehicles are maintained.  
21 The standardization of the light vehicles is being achieved as units are  
22 replaced.  
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24 Accurately quantifying the total savings associated with these fleet changes  
25 would be extremely difficult in light of changing vehicle types, volatile fuel  
26 prices, inflation and significant changes in purchase cost. However, Hydro is  
27 confident that the operating savings predicted in the review have been  
28 achieved as our operating and maintenance costs for the fleet have been

1 consistently below 2002 levels by an average of \$175,000 annually, over the  
2 past three years, in the face of ever increasing operating and maintenance  
3 costs.

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5 It is noteworthy that since the review was completed in 2003, operational  
6 needs dictated a revisit to some of the recommendations and subsequently  
7 precluded full implementation of all aspects of the review.