

1 In reference to Schedule “B”, page 15 of 82, the purchase of portable diesel generation at a  
2 project cost of \$1,500,000:

3  
4 **Q. Please provide a copy of any agreements between Newfoundland Power and**  
5 **Newfoundland Hydro in reference to sharing equipment, including portable diesel**  
6 **generators and please provide details of any arrangements between Newfoundland**  
7 **Power and Newfoundland Hydro in reference to the strategic location of portable**  
8 **diesel generators throughout the Province and any joint arrangement for the future**  
9 **purchases of these portable diesel generators.**

10  
11 A. Attachment A is a copy of the *Sharing of Services and Equipment* Memorandum of  
12 Understanding between Newfoundland Power and Newfoundland and Labrador Hydro.

13  
14 There are no additional agreements or arrangements between Newfoundland Power and  
15 Newfoundland and Labrador Hydro concerning the location or future purchase of  
16 portable diesel generators.

# Sharing of Services and Equipment

December 18, 2000





December 18, 2000

**Memorandum From:** John G. Evans and David W. Reeves  
**To:** Engineering and Operating Staff  
**Subject:** Sharing of Services and Equipment

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The attached Memorandum of Understanding on the Sharing Of Services and Equipment (MOU) is the result of a co-operative effort between Newfoundland Power and Newfoundland & Labrador Hydro. It provides guidance to both utilities in the sharing of services and equipment and should prove most valuable in emergency situations. It is designed to enhance service reliability and reduce costs, two of the more important issues for consumers of electrical energy in Newfoundland and Labrador.

The MOU establishes a protocol for the provision of equipment and service between the two organizations and the rates to be charged. It will result in an overall increased utilization of equipment and services at both utilities, thereby reducing total costs.

This agreement takes effect immediately and supercedes all other arrangements on equipment and service sharing. It will continue to need updating with respect to the equipment listings, contacts information and charge out rates. This should be done annually as part of other contingency plan updating. Any questions on the use of these guidelines should be addressed to Sean LaCour at Newfoundland Power or Gary Brinston at Newfoundland & Labrador Hydro.

Thank you for your assistance in implementing this important initiative between our Companies.

A handwritten signature in black ink, appearing to read "D. Reeves", written over a horizontal line.

David W. Reeves, P.Eng.  
Vice-President  
Transmission and Rural Operations  
Newfoundland and Labrador Hydro

A handwritten signature in black ink, appearing to read "J. Evans", written over a horizontal line.

John G. Evans, P.Eng.  
Vice President  
Engineering and Energy Supply  
Newfoundland Power Inc.

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# **MEMORANDUM OF UNDERSTANDING**

## **Services & Equipment Sharing**

### **Newfoundland Power & Newfoundland & Labrador Hydro**

#### **SCOPE:**

The following Memorandum of Understanding (MOU) was developed by a joint committee and provides guidance to the utilities in their sharing of services and equipment, primarily in emergency situations.

Emergencies under this MOU are defined as follows:

- where the potential exists for extended service interruptions,
- where public safety is at risk, or
- loss of specialized equipment.

The spirit of the MOU is that the sharing of resources provides the people of Newfoundland & Labrador with the most reliable supply of electrical service at minimum cost.

#### **SHARING CO-ORDINATION:**

A Sharing Co-ordinator is appointed for each utility with responsibility for the co-ordination of sharing requests, during regular work hours.

The Co-ordinators will meet when required, to review usage and benefits and will make adjustments to the process as required.

#### **After Hours Sharing Co-ordination**

In after hours circumstances, the on-call system of both utilities will be utilized. The initial contact point for after hours requests will be the Control Center.

## **EQUIPMENT:**

Equipment for sharing includes two types:

- Major: Specialized equipment for Island wide sharing such as gas turbines, portable transformers, boom trucks, Nodwells/Muskegs, etc. Charge out rates shall apply for this equipment.
- Minor: Specialized smaller tools and equipment for local sharing. Charge out rates do not apply for this equipment.

## **RATES:**

### **1. Equipment**

Rates include routine maintenance, operating expenses and fixed costs such as depreciation and interest.

- 1) Users are expected to replenish fuel used.
- 2) Accidental damage repair which occurs while equipment is on loan, will be the responsibility of the user utility.
- 3) The user utility is responsible for all costs associated with the delivery and return of borrowed equipment.
- 4) In circumstances where the requested equipment is not utilized, the user utility will be responsible for mobilization and demobilization costs.

### **2. Labour:**

Labour includes equipment operators, line crew labour and other personnel services requested.

Labour rates are based on the actual salary or contract rate for each classification.

Common overheads apply to all classification rates.

Note: Co-ordination time of < 4 hours will not be billed to the requestor.

3. **Materials:**

- 1) Materials purchased directly from each utility's stores will be billed at replacement cost plus handling charges.
- 2) Release of emergency stock from each utility's stores will be in accordance with the utility's policies.

The co-ordinators will be responsible for maintaining an up-to-date schedule of rates in conjunction with their respective Finance Departments.

**Note:** The Finance Departments of both utilities will review the rates annually.

**PROTOCOLS FOR REQUESTING SERVICES/MATERIALS/EQUIPMENT:**

- 1) Safety remains the highest priority of both utilities. The host utility will ensure that the highest standards of employee safety and protection guarantee apply.
- 2) The utility providing specialized equipment will ensure a qualified operator accompanies the equipment.
- 3) Non-specialized equipment may be shared for situations where the requesting utility is faced with a non-routine work requirement. This sharing will be at the discretion of the local area management and the conditions of this MOU will apply.
- 4) When linecrew services are requested for emergency response, the utility will normally respond with full crews.
- 5) Linecrews assigned to work with crews from the other utility, will be assigned a specific project where practical, and will follow the normal work practices and methods of their "home" utility.
- 6) Both utilities will retain the right to withhold the sharing of its crews and equipment in situations where local management is concerned about the possibility of an emergency within its own system.
- 7) The Co-ordinators will on a continuing basis jointly review sharing requests to ensure the most cost effective methods are utilized.
- 8) Both utilities will have the right to recall its crews and equipment to respond to an emergency on its own system. Where temporary generation is providing emergency power to customers, the recall of this generation equipment will be subject to senior management review by both utilities.

9) The Co-ordinators will be responsible for maintaining daily communication with respect to any sharing activities, and will ensure that supplied equipment has been approved by the user.

10) Detailed invoices shall be provided to the user utility.



**Newfoundland Hydro and Newfoundland Power**  
**Shared Equipment Rates and Guidelines**

**Introduction**

Equipment is shared between Newfoundland Power and Newfoundland Hydro and charge-out rates have been developed to facilitate the invoicing process for this equipment between the two companies. This document will serve as a guideline in the preparation and processing of these invoices and will be reviewed/updated on an annual basis. Aubrey Hill (737-1405) of Newfoundland Hydro and Chari Bishop (737-5725) of Newfoundland Power are the designated contacts who will be responsible for the timely processing of invoices and maintenance of charge-out rates for each Company. It is recognized that this will be a working document and will be updated as additional equipment is shared between the two organizations.

**Equipment Rates**

Daily rates (based on an eight hour day) have been developed and include capital and operating costs. Appendix 2 includes a listing of equipment that may be shared from each Company and the applicable charge-out rates. The utilization factors used in the rate calculation may change if there is a significant difference in the equipment usage (i.e., significant usage by the organization borrowing the equipment would result in a higher utilization rate and a reduced billing rate.) This will have to be reviewed at least on an annual basis with adjustments made as necessary.

**Labour Rates**

It is recognized that the owners employees may be required to operate the shared equipment. Also, employees from either utility may have to provide switching services for the other utility. Therefore, labour rates have been developed to cover these costs. These rates include the base rate, payroll overheads, pension costs, and overheads. Newfoundland Hydro's rate is 161% of base wage. Newfoundland Power's rate is 166% of base wage.

## **APPENDIX 1**

**Page 2 of 2**

### **Fuel Costs**

It is agreed that fuel costs will be the responsibility of the Company borrowing the equipment and they will receive and return the vehicle with a full tank of fuel. For some of the larger equipment (e.g., mobile gas turbine), the operator who accompanies the rental may arrange for fuel delivery. In this case, the costs will be directly billed to the borrowing Company.

### **Travel Costs**

Any travel costs and other miscellaneous costs that are incurred while operating shared equipment will be charged as they are incurred and will be supported by invoices.

### **Administration Overhead**

An administration overhead will be included on each invoice to cover the various administrative costs associated with the provision and invoicing of the shared equipment. Newfoundland Hydro and Newfoundland Power have agreed to a rate of 10% (maximum \$1000).

### **Invoicing Procedures**

In the first year of the agreement, each job will be billed on an individual basis. This arrangement will be reviewed after one year to determine if a quarterly, semi-annual or annual basis may be more appropriate. All invoices will be forwarded and received by Aubrey Hill (Newfoundland Hydro) and Chari Bishop (Newfoundland Power). Any questions related to the process and invoicing of shared equipment should be directed to these individuals.

Equipment Listing  
Newfoundland Power Shared Equipment with Newfoundland Hydro

Item	Description	Original Cost	Useful Life	Depreciation Rate	CCA Rate	Annual Fixed Charge rate	O&M as a % of Plant (Excl Fuel)	Annual Cost			Utilization As a % of a Year	Operating Daily Rate	Standby Daily Rate	Hourly Rate <sup>12</sup>
								Capital	O&M	Total				
1	Mobile Gas Turbine, 7.5 MW 25 / 12.5 / 4.16 kV	\$598,875	28	3.55%	4%	12.9%	8.7% (1)	\$77,255	\$52,102	\$129,357	10% (4)	\$3,544	\$2,117	
2	Mobile Diesel, 700 kW 12.5 / 4.12 kV	\$101,315	28	3.55%	4%	12.9%	1.8% (1)	\$13,070	\$1,824	\$14,893	10% (4)	\$408	\$358	
3	Mobile Transformer, 25 MVA 138 / 66 kV - 25 / 12.5 kV	\$635,383	36	2.75%	4%	12.0%	2.3% (2)	\$76,246	\$14,614	\$90,860	50% (6)	\$498	\$418	
4	Mobile Transformer, 50 MVA 138 / 66 kV - 25 / 12.5 kV	\$1,902,719	36	2.75%	4%	12.0%	2.3% (2)	\$228,326	\$43,763	\$272,089	50% (6)	\$1,491	\$1,251	
5	Mobile Transformer, 10 MVA 66 kV - 25 / 12.5 / 4.16 kV	\$423,365	36	2.75%	4%	12.0%	2.3% (2)	\$50,804	\$9,737	\$60,541	50% (6)	\$332	\$278	
6	Portable Oil Circuit Breaker	\$45,000	36	2.75%	4%	12.0%	2.3% (2)	\$5,400	\$1,035	\$6,435	20% (7)	\$88		\$11
7	Portable Power Cables 250 - 750 MCM, 12.5 - 25 kV	\$45,700	36	2.75%	4%	12.0%	2.3% (2)	\$5,484	\$1,051	\$6,535	50% (6)	\$36		\$4
8	Line or Boom Truck c/w Derricks	\$160,000	9	10.84%	30%	17.4%	11.3% (3)	\$27,840	\$18,046	\$45,886	57% (5)	\$221		\$28
9	GT1000 Go Track (484A) c/w Mountable Backhoe	\$106,741	15	6.67%	30%	12.3%	11.3% (3)	\$13,129	\$12,039	\$25,168	20% (7)	\$345		\$43
10	GT1000 Go Track (449B) c/w Pitman Hydraulic Digger Derrick	\$225,342	15	6.67%	30%	12.3%	11.3% (3)	\$27,717	\$25,415	\$53,133	20% (7)	\$728		\$91

Equipment Listing  
Newfoundland Power Shared Equipment with Newfoundland Hydro

Item	Description	Original Cost	Useful Life	Depreciation Rate	CCA Rate	Annual Fixed Charge rate	O&M as a % of Plant (Excl Fuel)	Annual Cost			Utilization As a % of a Year	Operating Daily Rate	Standby Daily Rate	Hourly Rate <sup>12</sup>
								Capital	O&M	Total				
11	GT800 Go Track (465A) c/w Mountable Backhoe	\$89,543	15	6.67%	30%	12.3%	11.3% (3)	\$11,014	\$10,099	\$21,113	20% (7)	\$289		\$36
12	Acoustic Boom Tester	\$83,563	15	6.67%	30%	12.3%	11.3% (3)	\$10,278	\$9,425	\$19,703	10% (8)	\$540		\$67
13	T/E Tension Stringer	\$19,869	15	6.67%	30%	12.3%	11.3% (3)	\$2,444	\$2,241	\$4,685	20% (9)	\$64		\$8
14	Mobile Vacuum Pump (1996)	\$25,219	25	4.00%	20%	10.2%	11.3% (3)	\$2,572	\$2,844	\$5,417	10% (10)	\$148		\$19
15	Mobile Vacuum Pump (1991)	\$20,378	25	4.00%	20%	10.2%	11.3% (3)	\$2,079	\$2,298	\$4,377	10% (10)	\$120		\$15
16	Insulator Washer	\$46,955	25	4.00%	20%	10.2%	11.3% (3)	\$4,789	\$5,296	\$10,085	10% (11)	\$276		\$35
17	Thermoscan Equipment	\$72,259	25	4.00%	20%	10.2%	11.3% (3)	\$7,370	\$8,150	\$15,520	30% (11)	\$142		\$18

O&M Rates Less Fuel

- (1) 5 year average based on actual  
 (2) Based on 1998 Total Substation O&M  
 (3) Based on vehicle detail

See Sheet for O&M Rates for Detail

Utilization Rates

- (4) 10% -- Used mainly for emergency purposes.  
 (5) 57% -- Based on 5 days a week \* 52 weeks \* 80% utilization / 365 days  
 (6) 50% -- Based on schedule in service for 1999. - Lorne Thompson  
 (7) 20% -- Average Estimate From Superintendent of Regional Operations where plant located.  
 (8) 10% -- Based on testing 3 trucks a day. We Have about 90 trucks.  
 (9) 20% -- Estimated From Supt. of Regional Operations - Don Norman  
 (10) 10% -- Estimated From Energy Supply - Lorne Thompson  
 (11) 10% -- There was a 1% estimated From Supt. of Regional Operations - Don Norman (Use 10% as a minimum)  
 (12) Hourly rate based on 8 hours per day. Daily rate should max at 8 hours.

## Equipment Listing

## Newfoundland &amp; Labrador Hydro Shared Equipment with Newfoundland Power

## APPENDIX 2

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REVISED :

14-Dec-00

ITEM	DESCRIPTION	Capital Cost	Useful Life	Annual Depreciation Costs	Interest Expense	Operating Costs	Total Annual Operating Costs	Average Annual Usage Hours	CHARGE RATE HOURLY	CHARGE RATE DAILY(8 HRS)
18	Transformer Mobile, 15 MVA 138 kV/25 kV - 12.5 kV c/w 138 kV Switch, 25 kV OCB	110,156.94	21	5,246	7,313	2,000	14,559	720	20.22	161.76
19	Transformer, Portable 1.5 MVA 25 kV - 12.5 kV/4160 V. Mounted on a Truck Pallett	150,337.57	40	3,758	11,333	500	15,592	720	21.66	173.24
20	Cable 25 kV, Set of 3 c/w Terminations Mounted on Protective Reels with Stand. Length - 45 metres, 2 complete sets	23,719.29	20	1,186	1,562	200	2,948	720	4.09	32.76
21	Oil Purifier, Mobile c/w Vacuum Hoses and Power Cables Fleet aNo. 8661	67,237.97	15	4,483	4,257	2,000	10,739	200	53.70	429.57
22	Nodwell, c/w 52 ft. Boom Insulated Buckets and Winch, Equipment #7974 & Boom # 9588	308,257.10 82,490.38	15	26,050	24,738	10,000	60,788	250	243.15	1945.21
23	Terra Veh. c/w Hiab Boom and Back Hoe, Equipment #7735 & Boom # 9597	102,106.41 28,210.00	15	8,688	8,250	8,000	24,938	500	49.88	399.01
24	Go Track 1600 c/w 46 ft. Boom Insulated Bucket and Winch #7846 & Boom #9804	307,489.00 Boom Inclu	15	20,499	19,467	10,000	49,966	500	99.93	799.46
25	Go Track #7649 1000 Crew Cab c/w Back Hoe # 9615	124,958.40 39,071.05	15	10,935	10,385	8,000	29,320	500	58.64	469.12
26	Go Track 1000 Dump Equipment #7631	75,471.02	15	5,031	4,778	6,000	15,809	500	31.62	252.95

### Newfoundland & Labrador Hydro Shared Equipment with Newfoundland Power

## Page 4 of 4

14-Dec-00

ITEM	DESCRIPTION	Capital Cost	Useful Life	Annual Depreciation Costs	Interest Expense	Operating Costs	Total Annual Operating Costs	Average Annual Usage Hours	CHARGE RATE HOURLY	CHARGE RATE DAILY(8 HRS)
27	Go Track 1000 Dump Equipment #7646	115,438.40	15	7,696	7,308	6,000	21,004	500	42.01	336.07
28	Go Track 1000 Dump Equipment #7676	107,632.00	15	7,175	6,814	6,000	19,990	500	39.98	319.83
29	Muskeg Boom Dump Equipment #7647	103,188.21	15	6,879	6,533	6,000	19,412	500	38.82	310.59
30	Aluminum Gin Pole 108 ft.	9,000.00	15	600	570	500	1,670	150	11.13	89.06
31	Sprayer, High Pressure, Hot Line STV 1422	5,448.12	10	545	334	200	1,079	200	5.40	43.16
32	System, Hot Spray, c/w Live Line Tools, STV 1425	5,743.92	10	574	352	200	1,127	200	5.63	45.07
33	Portable Oil Purifier (Delevac)	36,641.49	10	3,664	2,248	2,000	7,912	200	39.56	316.48
34	Portable Oil Purifier (Parker)	2,415.99	10	242	148	200	590	400	1.47	11.80
35	Powered Work Cages (2) for Working at	58,128.38	10	5,813	3,566	2,000	11,379	400	28.45	227.58
36	Portable Oil Skimmer	6,369.57	10	637	391	636	1,664	400	4.16	33.27

**SHARING CO-ORDINATORS**

**Newfoundland Power**

Rick Spurrell  
(709) 737-5893 (Work)

**After Hours**

(709) 737-5993 (Control Centre)

**Newfoundland & Labrador Hydro**

Hugh Ireland  
(709) 258-2367 (Work)

**After Hours**

(709) 737-1958/1957 (Control Centre)

## CLARIFICATION OF INTENT REGARDING PERSONAL INJURY AND PROPERTY DAMAGE

Clarification of the intent of the MOU as to who pays for physical damages that occur to the borrowed equipment or for third party property damages or bodily injuries resulting from the operation of the borrowed equipment.

### PHYSICAL DAMAGE TO BORROWED EQUIPMENT

Scenario	Who pays
1. Licensed equipment insured under an Auto policy while being transported by the Lender to & from the Borrower's designated site. (Understood that the intent is for such equipment to always be loaned w/ an operator.)	The Lender and/or the Lender's Auto insurance. (The Lender shall be responsible for the deductible or full amount of damage if self insured.)
2. Other equipment being transported by the Lender to and/or from the Borrower's designated site.	The Lender and/or the Lender's Property insurance. (The Lender shall be responsible for the deductible or full amount of damage if self insured.)
3. Other equipment being transported by the Borrower to & from the Borrower's site.	The Borrower and/or the Borrower's Property insurance (which covers property of others while in the Borrower's CCC.).
4. Equipment (w/ or w/o operator) that while on loan and during normal operation, fails or is damaged because of the failure of a component(s), as a result of <b>normal wear and tear</b> .	The Lender will pay the costs of repairing the actual damages (parts and labour). The Borrower will pay all travel and accommodation costs associated with the personnel dispatched to effect the repairs to the damaged equipment, from the time they leave their normal headquarters until they return. The labour costs for these personnel for the travel time from the headquarters to the jobsite and return will also be borne by the Borrower.
5. Major equipment, such as mobile generating units, portable transformers, etc. that is damaged by something other than <b>normal wear and tear</b> . (It is understood that generating units will always be supplied with operator.)	The Borrower and/or the Borrower's Property or B&M insurance.
6. "Fleet" equipment (w/ operator) (e.g. line trucks, tracked machines, ATVs, etc.) that while on loan is damaged during normal operation as a result of an accident.	The Lender is responsible for damages resulting from <b>normal wear and tear</b> and/or while under the direct control of the operator. The Borrower is responsible for all other damages.



**BASIS OF SETTLEMENT**

Where the Borrower is responsible for the damages to borrowed equipment, the Borrower shall be liable for the cost of the repairs using materials of the same kind and quality. Where the damaged property cannot be repaired, the Borrower shall replace it with property of like kind and quality.

Where property of like kind and quality cannot be obtained, the Borrower shall replace the damaged property with equivalent new property.

**THIRD PARTY PROPERTY DAMAGE / BODILY INJURIES**

<b>Scenario</b>	<b>Who pays</b>
1. 3 <sup>rd</sup> party property damage and/or bodily injury resulting from the Lender's licensed vehicle while being driven by the Lender's operator, that is insured under an auto Liability Policy.	<ul style="list-style-type: none"> <li>• If there is no bodily injury - the Lender or the Lender's Auto Liability insurance. (It is at the Lender's discretion, based on the estimated value of the damages, whether or not the Lender makes a claim against their Auto Liability policy.)</li> <li>• If there is bodily injury regardless of whether there is or not property damage, the claim will be made against the Lender's Auto Liability policy. (As deductibles are typically not applicable, there will be no direct cost to either the Lender or Borrower for such insurance claims.)</li> </ul>
2. 3 <sup>rd</sup> party property damage and/or bodily injury resulting from the operation of: A) mounted or other equipment (supplied w/ operator) that is not insured under an Auto Liability policy; or B) any other equipment while on loan to the Borrower.	A. For damages arising out of the operation of equipment supplied w/ operator: 1. as a result of operator negligence - the Lender and/or the Lender's General Liability (CGL) insurance; or 2. as a result of the specific direction of the Borrower - the Borrower and/or the Borrower's General Liability (CGL) insurance. B. The Borrower and/or the Borrower's General Liability (CGL) insurance.