

In reference to Schedule “B”, page 71 of 82, Facilities Management, project cost \$562,000:

Q. If the application must be replaced to provide the Company with more effective facilities management and preventative maintenance capabilities, please advise how many jobs will be lost in the result.

A. Improvements in operating efficiency as a result of the Facilities Management project will be realized as a result of reductions in the manual effort required to retrieve information with respect to equipment maintenance activities in the near term and reductions in breakdown maintenance requirements over the longer term.

It is not generally possible to draw a direct link between particular capital investments and a specific reduction in the Company’s workforce. Newfoundland Power’s workforce levels are managed on a corporate basis. Appropriate adjustments are made as service requirements evolve and as productivity improvements permit.

Improvements in productivity result from organizational restructuring, business process improvements and the introduction of technology that allow for the more productive allocation and utilization of Company resources. Productivity improvements enabled by these measures can result in the same number of employees being able to accomplish more, or in fewer employees being required to complete specific tasks. Where fewer employees are required to complete a specific task, an employee or employees may be reassigned to other duties.

The quantification of achievable workforce reductions most often follows the implementation of productivity measures. Actual reductions are assessed on a corporate basis, as opposed to a project basis, in light of their possible impact on service levels.