

In reference to Schedule “B”, page 75 of 82, Operations Support System, project cost \$383,000:

Q. If this is an opportunity to improve operating efficiency as stated, please advise how many less jobs will be required through this project implementation.

A. 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. Since 1992 the Company’s workforce has decreased by approximately 33 per cent. The Company’s investment in information technology has contributed to this workforce reduction.