

- 1 (9:00 a.m.)
- 2 MR. NOSEWORTHY, CHAIRMAN: Thank you and
3 good morning. Sorry for the sound of the laughter
4 coming through the walls. I was telling my colleagues
5 about Buddy Wassiname and the Other Fellas last
6 night. Anyway, good morning, Ms. Newman, do you
7 have any preliminary matters before we start?
- 8 MS. NEWMAN: I don't believe there are, Mr.
9 Chairman.
- 10 MR. NOSEWORTHY, CHAIRMAN: Thank you very
11 much. Could I ask you ... good morning, Ms. Butler,
12 could I ask you to present your witnesses, please?
- 13 MS. BUTLER, Q.C.: Good morning, Mr. Chairman, the
14 witnesses this morning as a panel are Ms. Nora Duke
15 and Mr. Peter Collins. I wonder if they could be sworn,
16 please?
- 17 MR. NOSEWORTHY, CHAIRMAN: Sure, good
18 morning, Ms. Duke, Mr. Collins. Do you swear, Ms.
19 Duke, on this Bible that the evidence to be given by
20 you shall be the truth, the whole truth, and nothing but
21 the truth, so help you God?
- 22 MS. DUKE: I do.
- 23 MR. NOSEWORTHY, CHAIRMAN: Thank you. Mr.
24 Collins, do you swear on this Bible that the evidence to
25 be given by you shall be the truth, the whole truth, and
26 nothing but the truth, so help you God?
- 27 MR. COLLINS: I do.
- 28 MR. NOSEWORTHY, CHAIRMAN: Thank you. Good
29 morning, and could I ask you to begin, Ms. Butler,
30 please?
- 31 MS. BUTLER, Q.C.: Thank you. Ms. Duke, you are
32 Vice-President of Customer and Corporate Services for
33 Newfoundland Power Inc.?
- 34 MS. DUKE: Yes, I am.
- 35 MS. BUTLER, Q.C.: And you prepared joint pre-filed
36 testimony on October 28th, 2002, do you adopt that
37 today as part of your sworn testimony?
- 38 MS. DUKE: I do.
- 39 MS. BUTLER, Q.C.: And Mr. Collins, you are currently
40 Manager of Information Services for the company?
- 41 MR. COLLINS: Yes, I am.
- 42 MS. BUTLER, Q.C.: And you too provided the joint
43 pre-filed testimony with Ms. Duke. Do you accept that
44 as part of your sworn testimony today?
- 45 MR. COLLINS: Yes, I do.
- 46 MS. BUTLER, Q.C.: Ms. Duke, could you outline for
47 the Board your areas of responsibility within Customer
48 and Corporate Services?
- 49 MS. DUKE: Certainly. Good morning, Mr. Chair and
50 panel members. In my role, I oversee a number of
51 corporate functions. I wear a number of hats, as they
52 say. I oversee the customer service function, which
53 includes meter reading, billing, our customer contact
54 centre, our cashier services and so on ... human
55 resources, materials management, the environment
56 function, corporate communications, and as of this past
57 year, I also became responsible for the information
58 systems group as well. These, all these departments I
59 just mentioned place a high reliance on technology. In
60 fact, most of the users that Mr. Collins and his group
61 deal with day in, day out, reside in those departments
62 I just described. In my role I really see the application
63 of technology and the importance with which it really
64 relates to our business. I also see the benefits
65 achievable through really the efficient and effective use
66 of technology.
- 67 MS. BUTLER, Q.C.: Thank you. Now, moving on to
68 Mr. Collins, before we start, I wonder if we might ask
69 Mr. Wells to put Schedule A on the screen please,
70 Schedule A to the application, thank you, and can you
71 scroll down slightly? Thank you. And Mr. Collins,
72 within the capital budget summary itself, the \$55.8
73 million, can you tell the Board whether your
74 responsibility is for the category of information
75 systems shown on the screen at \$5.507 million?
- 76 MR. COLLINS: Yes, good morning, I'm responsible for
77 the preparation of the budget in the information
78 systems category of \$5.507 million, and I'll be giving
79 evidence today in that regard.
- 80 MS. BUTLER, Q.C.: And Mr. Wells, if you could just
81 go to page 8 of 82, Schedule B? Thank you. This is the

1 breakdown, Mr. Collins, of the category of information
2 systems which you will sponsor today?

3 MR. COLLINS: Yes, that's correct.

4 MS. BUTLER, Q.C.: Thank you, Mr. Collins. Mr.
5 Chairman, that concludes the direct examination of
6 these two witnesses, they're available for cross-
7 examination.

8 MR. NOSEWORTHY, CHAIRMAN: Thank you, Ms.
9 Butler. Good morning, Mr. Fitzgerald, I understand
10 you're going to undertake the cross on these
11 witnesses?

12 MR. FITZGERALD: Yes, thank you, Mr. Chairman.

13 MR. NOSEWORTHY, CHAIRMAN: Thank you, could
14 you begin please?

15 MR. FITZGERALD: I'd like to start actually with an old
16 order of the Board, PU-36. It's not part of this particular
17 record. I'd ask Ms. Blundon to actually pass out an
18 extract? I should say good morning, Ms. Duke, Mr.
19 Collins.

20 MS. DUKE: Good morning.

21 MS. NEWMAN: I believe this would be information 11.

22 MR. FITZGERALD: Actually, Ms. Blundon, I've given
23 you all of my copies, could I have one back, please?
24 Thank you very much. Mr. Collins, I'm going to direct
25 this line of questioning to you. Are you familiar with
26 this order?

27 MR. COLLINS: Yes, I am.

28 MR. FITZGERALD: You've ... I'm wondering if you
29 could have a look at paragraph 3 in this order, page 78.
30 It says here that the Board also notes the increasing
31 level of expenditures in the area of information systems,
32 and requires that Newfoundland Power provide the
33 Board with a report on the company's information
34 technology strategy for the period 1999 to 2002. This
35 report should also identify the planned expenditures in
36 this area, the expected productivity gains, and the cost
37 savings and any other benefits to the company
38 resulting from these expenditures. The report should
39 be submitted to the Board within the year 2000 capital
40 budget. You, in fact, your department did complete
41 such a report, is that correct?

42 MR. COLLINS: Yes, that's correct.

43 *(9:15 a.m.)*

44 MR. FITZGERALD: Yes, and I understand it's been
45 filed in these proceedings as NLH-28, I think it is, and
46 Mr. Wells, I wonder if we could have that document?
47 It's an attachment. One thing I noted about this is that
48 in this attachment, the original copy that I had relating
49 to this report that you've done had an Appendix C, and
50 I didn't see it attached to this. I wonder, Mr. Wells,
51 perhaps it was just my copy, but if you could scroll to
52 the very back of the document? Is that the last page?
53 The copy that I have of the information technology
54 report, actually had an Appendix C, which had the
55 capital budget for 1999/2000, and capital expenditure
56 outlooks for 2001 and 2002, do you recall that as being
57 ...

58 MR. COLLINS: Yes, I do.

59 MR. FITZGERALD: Okay, I'm wondering if I could, just
60 for completion, if I could also circulate that, Ms.
61 Blundon? I'm guessing this was just an oversight why
62 that was left off the ...

63 MR. COLLINS: Yes.

64 MR. FITZGERALD: Yeah, okay.

65 MS. NEWMAN: So information 12, I guess.

66 MR. FITZGERALD: Information 12?

67 MS. BUTLER, Q.C.: Actually, we're probably going to
68 have to add it to the RFI to formalize the record, I think
69 that's perhaps the proper way of doing it, would you
70 agree?

71 MR. FITZGERALD: Okay, that's fine, so instead of
72 labelling it information 12, it will just be an addition to
73 RFI NLH-28, okay. Mr. Collins, you've seen this
74 document before?

75 MR. COLLINS: Yes, I have.

76 MR. FITZGERALD: And the figures here that are
77 presented for the budget, we have 1999, and I'm looking
78 at Appendix C now, 1999 we have \$3.9 million; 2000,
79 \$4.1 million; 2001, \$4.8 million, and 2002, \$4.7 million.
80 With the exception of 2002, are those figures relatively
81 accurate to the actuals? Actually I can probably save

1 you some time. I thought you might have that at the
2 top of your head. I believe filed are the Grant Thornton
3 reports at CA-124, and they give actuals, and I'm going
4 to suggest to you some figures here now, and if you or
5 your counsel, if you want to check later, but just to
6 keep the flow going I'm going to put them to you if you
7 don't mind. The actuals for 1999, the capital budget
8 was \$3.9 million; for 2000 it was \$3.7 million, and for
9 2001 it was \$4.1 million, and of course we have EAL-2,
10 which indicates that to date in 2002 it's \$5.5 million.

11 MR. COLLINS: Yes, that's correct.

12 MR. FITZGERALD: You would accept those figures?

13 MR. COLLINS: Yes.

14 MR. FITZGERALD: So looking at it from, you know, a
15 simple mathematical point of view, it appears that over
16 the past four years, if you took an average of these
17 numbers, and again, I'm going to suggest a number to
18 you, it looks like in the past four years, the budget has
19 been about \$4.3 million per year, is that ballpark?

20 MR. COLLINS: Ballpark, sure, assuming your math is
21 correct.

22 MR. FITZGERALD: We shouldn't assume that, we
23 could always check that after. The exception is in 2002
24 now, we have an indication from EAL-2 which was filed
25 earlier this week that this year's amount consumed, if I
26 could put it that way, in budgetary expense for IT, is
27 \$5.5 million, correct?

28 MR. COLLINS: Yes.

29 MR. FITZGERALD: Now, this seems to be a bit of a
30 departure from the previous years, is that a fair
31 statement?

32 MR. COLLINS: Can you define departure, I'm sorry?

33 MR. FITZGERALD: Well it seems to be trending
34 upwards?

35 MR. COLLINS: I think there's certainly, it's up from
36 previous years, yes, I would agree with that.

37 MR. FITZGERALD: Okay, do you as IT, the person
38 responsible for this area of expenditure, do you expect
39 it to continue to trend upwards?

40 MR. COLLINS: My expectation is that, no, I don't
41 expect it to continue upwards, trend upwards, but I do
42 expect it to be around the \$5 to \$6 million mark certainly
43 here on out.

44 MR. FITZGERALD: For the foreseeable future.

45 MR. COLLINS: Well, the foreseeable future in
46 information technology terms is a bit difficult to judge,
47 but certainly from what I can see from where I'm
48 standing now in 2002, certainly the next couple of
49 years, that expenditure would be \$5 to \$6 million, I can
50 see that.

51 MS. DUKE: I just would like to add one point, in
52 relation to these technology numbers that you see here
53 before you, if you actually go back through '99, 2000,
54 2001, and 2002, and compare actuals to those forecasts,
55 and basically take that full period, you'll see the total
56 expenditure is just slightly under, in fact, just under two
57 percent for the full period, so while one year or so may
58 vary, the total expenditure is pretty much in line with
59 the plan.

60 MR. FITZGERALD: Yes, I agree with you on that. I
61 think when you add those figures up it comes to about
62 \$17 million, which is what the 2000 report indicated.
63 However, I guess our concern was this 2002 amount
64 where you had projected in 2000 that the expenditure
65 would be in the range of \$4.7 million, and now we've
66 jumped to \$5.5 million, which is a considerable increase.
67 Just going back to PU-36, the first document I had out
68 there this morning. Newfoundland Power was directed
69 to identify the expected productivity gains in the cost
70 savings in the 2000 report, and you have it there in
71 front of you, NLH-28, and I'm wondering if you could
72 direct me in particular to that area of the report that
73 identifies the productivity gains and the cost savings,
74 and Mr. Collins or Ms. Duke, which, whoever ...

75 MS. DUKE: Maybe if I could start off. With respect to
76 every dollar investment we make in technology, it's not
77 obvious that you can, well this is the payback on that
78 technology dollar. It's just not the nature of the
79 investment in technology. There are times, obviously,
80 where you can make clear productivity and efficiency
81 gains, and as you see in this report, it walks through a
82 number of examples where, in fact, that has taken place.
83 I would take you to page 5, for example, where it
84 actually demonstrates the changes in operating costs
85 per customer and what really this report is saying is
86 that technology has been part of that reduction. It's

1 not the sole reason, but it's part of the reason why
2 those costs have been declining, so while it's not
3 necessarily done on a project by project basis, it's done
4 on an overall basis to demonstrate the improvements,
5 both in operating efficiency and customer service.

6 MR. COLLINS: Yes, and another example of that would
7 be on page 7 of that report where we have key customer
8 service indicator comparisons from 1996 to 1999 as an
9 example of where technology has provided some
10 productivity gains in our call centre in terms of the
11 number of calls, the percentage of calls answered and
12 the number of seconds as reduced there, and we've
13 seen those gains throughout the investment in
14 technology in our call centre.

15 MR. FITZGERALD: If you look at page 6 of the report,
16 the top of the page, it says graph two shows
17 Newfoundland Power's staffing levels as expressed in
18 full-time equivalents has decreased by 28.4 percent from
19 1,084 to 776 between 1991 and 1998, and then in the ...
20 you have the table there, and then the next paragraph,
21 it says while not all efficiency improvement is a direct
22 result of investment in information technology, the
23 ability of Newfoundland Power to deliver quality
24 customer service on an efficient basis has been directly
25 affected by this investment. Do I take this then to link
26 the cost savings that you've been asked to identify by
27 the order, are you linking the reduction in staff to the
28 cost savings? Is that an obvious question?

29 MS. DUKE: I'm sorry, could you just repeat that,
30 please?

31 MR. FITZGERALD: Are you, by this combination of
32 statistics that you've indicated here at page 6, and your
33 reference to the investment in information technology,
34 are you linking a reduction in staffing to the
35 productivity gains or the operating costs that you've,
36 that you've been asked to identify in the 2000 IT report?
37 Is there a direct link?

38 MS. DUKE: The staffing changes that we have been
39 able to achieve, I would suggest to you are a result of
40 a number of factors and technology is one of them.
41 There has also been improvement in business
42 processes, just general employee development, you
43 know, changing the skills and mix of our employee
44 group and so on, so I would say, that yes, technology
45 is a factor. It's an enabler of some of those changes,
46 but it would not be the sole determinant.

47 MR. FITZGERALD: Okay, I'd like to turn to page 6 of
48 your pre-filed evidence, please. At line 9 it says, at year
49 end 2002, the company forecasts it will be operating
50 with the workforce of 665 FTEs, a reduction of 14.3
51 percent since 1998. What, just as a general question,
52 are you able to identify the type of FTEs that you've
53 eliminated, like are they executive positions, are they
54 middle management, you know, could you give me ...

55 MS. DUKE: I can certainly give you some background
56 on the reductions.

57 MR. FITZGERALD: Thank you.

58 MS. DUKE: As mentioned here, the reduction is 14.3
59 percent on a corporate basis. I obviously can't go
60 through every single employee group here, but I think
61 I can give you a perspective on that reduction. In the
62 executive and manager group which we would consider
63 our senior management team, we've seen a 16.66 percent
64 reduction. I would compare that to our craft group,
65 which would be primarily the group that Mr. Ludlow
66 would have been referring to yesterday, our line
67 personnel, electricians, grounds crews and so on. We
68 have seen a 6.7 percent reduction there. Non-
69 supervisory and professionals, these would be
70 analytical people, people in Mr. Collins' department,
71 specialists of different types, 13.9 percent. So I think
72 that would give just a general flavour of where those
73 reductions have come from.

74 MR. FITZGERALD: Okay, and since 1998, would you
75 be able to indicate, or do you have any idea as to what
76 this 14.3 percent translates into in real dollars?

77 MS. DUKE: You know, off the top of my head I'd be
78 unable to do that, but if I assume an average wage of
79 maybe between \$45,000 and \$50,000, some portion of
80 that, obviously is operating, some portion capital. I just
81 wouldn't be able to estimate that offhand because you'd
82 have to factor in wage increases and other things as
83 well, so it's not a ... I wouldn't be able to make that
84 calculation here now.

85 MR. FITZGERALD: Okay, the information technology
86 capital budget amount though is easier to calculate.
87 From 1998 to 2002, and again I'm going to suggest a
88 figure to you, and I don't mean to ambush you, but this
89 is subject to check ... I can tell you that in 1998, CA-124,
90 the Grant Thornton report indicates that the actual
91 capital budget for IT in that year was \$4 million, 1998,
92 so going forward from 1998 to 2002, doing simple math,

1 it appears that the amount that has been spent on IT
2 since 1998 is \$21.4 million. Does that ring true to you?

3 MS. DUKE: I have to rely upon your math there, I'm
4 sorry, I can't ...

5 MR. FITZGERALD: Okay, well, as you had indicated
6 earlier, when we looked at the, when you looked at the
7 numbers for 1999 to 2002 it was \$17 million, and then I'm
8 just adding another year.

9 MS. DUKE: Uh hum.

10 MR. FITZGERALD: Which is \$4 million which is in the
11 Grant Thornton report, so that brings us up to the \$21
12 million, and I guess the simple question would be, is
13 this, does this match or exceed the amount that you
14 saved in the elimination of FTEs, would you be able to
15 say that?

16 *(9:30 a.m.)*

17 MS. DUKE: I'm not sure of the relevance of that
18 particular comparison to be quite honest. Really we're
19 using technology to leverage a number of things within
20 the company, to improve customer service, to improve
21 operating efficiency, in some cases to enhance safety,
22 reliability of the system and so on, so to make the link
23 on capital investment and to equate a dollar for dollar
24 operating cost change, I just don't think you can go
25 there.

26 MR. COLLINS: As well, a lot of that investment over
27 the course of those years have been just technology
28 replacements, so we're replacing failed hardware, you
29 know, refreshing or replacing PCs over the course of
30 that time, so it would be very difficult to draw a direct
31 relationship between PC replacement and an FTE
32 reduction, whatever ... and then saving associated with
33 that.

34 MR. FITZGERALD: But we do know in the report, in
35 your response to the order from the Board in 1998, that
36 you identified a reduction in FTEs as a portion of the
37 cost savings accomplished by investment in IT, isn't
38 that correct?

39 MS. DUKE: That's correct. I guess just the point I
40 would like to make is when you look at investment and
41 technology, you're going to have to look at the nature
42 of our business. I mean we're talking, you know, two
43 and a half million bills, 500,000 calls, all of those

44 numbers that you've heard this past week, we rely on
45 technology just to simply get that work done, and in
46 addition to that we use technology in terms of our
47 productivity, operating efficiency and so on, but keep
48 in mind that the technology is a fundamental base of
49 how we manage the work on a day to day basis as well.
50 We also use it as an enabler to improve on productivity
51 and customer service, so really there's two fronts that
52 we're talking about here.

53 MR. FITZGERALD: At page 6, again, of your pre-filed
54 evidence, line 1, and the following statement is given as
55 evidence. Together with organizational restructuring
56 and process improvement, Newfoundland Power's
57 investment in information technology has facilitated a
58 reduction in the company's workforce, lowering the
59 overall cost of serving customers. Now that's your
60 evidence. I was just wondering what the follow-up to
61 that was. You've said that you facilitated a reduction in
62 the company's workforce, but you haven't really given
63 us a figure as to what that reduction amounts to in real
64 dollars, and you cannot ballpark it, you wouldn't be
65 able to ...

66 MS. DUKE: There would be no way that I could link a
67 particular technology investment to a specific reference
68 to overall operating costs, I would be unable to do that,
69 but I could give you perhaps an example of how it
70 occurs. If you look at our call centre, which is a really
71 good example of the application of technology, we have
72 made an investment there in some improved telephone
73 technology, PCs and so on. We have actually been
74 able to see a reduction in staffing levels in that
75 particular group, plus we have been able to see
76 increases in the actual service provided to customers,
77 so if I look at the call centre as an example, I'm able to
78 identify a three to four percent FTE reduction in that
79 one call centre group through the application of
80 technology in that group, plus now we're actually able
81 to bring additional work into the call centre from other
82 parts of the company, and improve the service that
83 customers are receiving.

84 MR. FITZGERALD: Well, let me ask another question
85 regarding that same evidence. Where you say that the
86 investment in information technology has facilitated a
87 reduction in the company's workforce, was that an
88 incidental effect, or was that an intentional effect?

89 MS. DUKE: Sorry, you're going to have to ask me that
90 question again, I'm not getting where you're going.

1 MR. FITZGERALD: Okay, the statement has been
2 made that the investment in information technology has
3 facilitated a reduction in the company's workforce,
4 you're saying cause/effect, that's the way I read that.
5 What I want to know is whether the effect was
6 intentional or was it incidental, i.e., you invested in
7 information technology and then you looked over here
8 and said, oh, look what's happened ... incidentally we've
9 reduced our workforce. Was that the policy or was the
10 policy, let's reduce our workforce by investing in
11 information technology?

12 MS. DUKE: To be quite honest, I would just have to
13 speak in general terms about what our philosophy is in
14 terms of investment and technology and managing
15 people. A number of years ago we embarked upon a
16 track of wanting to make a number of improvements
17 within our business and operating efficiency was
18 certainly one of them. We felt that an investment in
19 technology would certainly help that. We certainly
20 didn't set out to achieve a major workforce reduction,
21 but I think what happens is as you do this, you do find
22 that you can work with less people, so I think we were
23 moving forward on a number of fronts. Was it
24 incidental, I wouldn't choose to use those words. I
25 think what you're trying to do is improve on a number
26 of aspects and using technology and all the things that
27 you have available to you to improve that.

28 MR. FITZGERALD: Is your answer then it was not an
29 intentional policy?

30 MS. DUKE: I can't respond to it in that manner. It was
31 not embarked on in that manner. We were looking at a
32 number of different tactics to improve our business and
33 to improve operating efficiency and customer service.

34 MR. FITZGERALD: In your position has anyone
35 spoken to you or made any mention of the fact that
36 investment in information technology would affect
37 Newfoundland Power's rate base?

38 MS. BUTLER, Q.C.: I'm sorry, I don't understand that
39 question, Mr. Chairman, in terms of has anyone
40 mentioned to you ... I mean surely Mr. Fitzgerald is not
41 getting into discussions with counsel, or conversations
42 that would be privileged. I think he better be more
43 specific than that.

44 MR. FITZGERALD: I guess, Mr. Chairman, the line of
45 questioning relates to the policy of Newfoundland
46 Power as to investing in capital or people. If you invest

47 in labour, of course, that doesn't get added to your rate
48 base. If you invest in bricks and mortar, it does. The
49 simple question is is Ms. Duke aware of any policy
50 within Newfoundland Power that indicates to her or
51 that is part of her function in her position, would direct
52 her to be cognizant of adding assets to rate base. I
53 don't know, maybe that's a bit more complicated as well,
54 but I'm not looking for conversations with counsel, I'm
55 looking for any awareness she may have of any policy
56 at Newfoundland Power to that effect. It may be the
57 case that there is none, but that's the question.

58 MR. NOSEWORTHY, CHAIRMAN: I think it's a fair
59 question if you can put it more directly than you did
60 before, that would be fine.

61 MR. FITZGERALD: Thank you, Mr. Chair. I'll try that
62 again, Ms. Duke, is there any policy at Newfoundland
63 Power that you're aware of that prefers to invest in
64 information technology over investment in FTEs?

65 MS. DUKE: There is no such a policy.

66 MR. FITZGERALD: Okay, and again, your answer to
67 the question regarding identifying the actual cost
68 savings in the reduction in workforce since 1998, it
69 hasn't been broken out, you can't tell us what, in fact,
70 the saving has been in real dollars?

71 MS. DUKE: I think my comment was that I just at this
72 point in time would not be able to do that. I mean I'd
73 have to factor in a number of points, hiring, wage
74 increases and so on, and it's just not a number I have
75 available to me.

76 MR. FITZGERALD: I wonder if we, would there be a
77 great deal of difficulty in breaking out that number?
78 You've indicated in your pre-filed evidence that the
79 workforce of FTEs has been reduced by 14.3 percent
80 since 1998. How difficult would it be for you to provide
81 us that number in real dollars, what the saving has
82 been?

83 MS. DUKE: You know, I think it would be difficult, you
84 would have to factor in salary increases and so on,
85 you'd have to look at capital operating splits. I think
86 really, to be honest, the answer lies in the overall
87 operating cost numbers. Those are available, they've
88 been clearly declining. We've also demonstrated the
89 actual FTE numbers that have also been declining. To
90 separate out that one component I think would be
91 difficult, but that's my assessment.

1 MR. FITZGERALD: So then we don't really have a
2 frame of reference, do we, if the IT budget has been
3 costing \$21.4 million since 1998, when you say in your
4 pre-filed evidence that you have reduced the FTEs by
5 14.3 percent, we don't know if there's actually been a
6 saving, at least in that area since we don't have the
7 other number, is that correct?

8 MS. DUKE: I would like to know, a saving in what area
9 are you referring to?

10 MR. FITZGERALD: Well, the way I read your pre-filed
11 evidence, you've indicated that the facilitation and the
12 reduction in the company's workforce has lowered the
13 overall cost of serving customers. You also indicate
14 that the company forecasts it will be operating with the
15 workforce of 665 FTEs, a reduction of 14.3 percent since
16 1998. That's fine, but we see that the IT budget has
17 probably increased by 25 percent since 1998. It's at \$21
18 million, that's how much has been spent in the past four
19 years. To put any kind of meaningfulness to your 14.3
20 percent figure, I believe it would be incumbent on you
21 to indicate what that 14.3 percent represents in real
22 dollars.

23 MS. DUKE: I guess the only point I can suggest to
24 that is that, I've said from the beginning that
25 technology is but one part of that, the reason for that
26 reduction. You know, I can't say that it's one thing or
27 another. Technology has been one element of that, so
28 to try to isolate that and then make a reference to the IT
29 capital budget, I just don't think it's a fair comparison.

30 MR. FITZGERALD: Okay, I understand that, but
31 perhaps I'm belabouring a point here, but then why is it
32 included, why is that statement included in your pre-
33 filed evidence that it's been reduced by 14.3 percent, the
34 reduction in FTEs? What does that ... it means nothing
35 to us then.

36 MS. DUKE: The reduction in FTEs I think is an
37 important consideration. What we're demonstrating is
38 that we have been able to achieve a number of results,
39 partly through the use of technology, and a reduction
40 in labour costs is evident, a reduction in operating
41 costs and so on, so that's really what the statement is
42 referencing.

43 MR. FITZGERALD: Perhaps we could move on to
44 some specific parts of your budget. If we can go to
45 CA-49(b), please. Now this is reference to Schedule B,
46 page 66 of 82, application enhancements, project costs,

47 \$766,000. Please provide a comparable table showing
48 the project costs for application enhancements for the
49 period of 1995 to the present and the actual costs
50 incurred. When I look at this particular schedule, the
51 table that you've provided, application enhancements,
52 it indicates to me that in 1999 you budgeted \$964,000,
53 and the actual was \$710,000. In 2000, \$974,000, and the
54 actual is \$906,000. In 2001, \$657,000 and the actual was
55 \$619,000, and for 2002 it's \$702,000 and compared to
56 \$695,000. Does this chart tell the Board that in this area
57 that you have overbudgeted in each and every case
58 since 1999?

59 MR. COLLINS: No, I don't think it tells the Board that
60 at all. I think in this particular category of application
61 enhancements, while we may see that we've actually,
62 you know, underspent actuals compared to budget,
63 you know, while I can't get into the details of exactly
64 why those would be lower, but those would be on file
65 as part of our capital variance explanations in each of
66 those years. I can say though that, you know, there's
67 probably ups and downs in other capital budget items
68 that, you know, so while application enhancement's
69 budget may be down, there may be other budget items
70 which would have been up in those years, so ...

71 MR. FITZGERALD: Does that mean that you take, you
72 get an allotted amount in one particular area and you
73 can move that around within your entire budget, is that
74 what you're ...

75 *(9:45 a.m.)*

76 MR. COLLINS: No, not at all.

77 MR. FITZGERALD: So take for example 1999, you had
78 budgeted \$964,000, and your actual was \$710,000. The
79 difference, whatever that is, was that carried over?

80 MR. COLLINS: No, it wasn't carried over, not to my
81 knowledge. What happens is that we put together the
82 budget, you know, so we put together the budget, I
83 suspect, and memory will be tested here, but certainly
84 maybe summer of 1998 for 1999, and when the time
85 comes to actually spend those capital dollars, we
86 reassess, you know, we certainly go out and look at the
87 market and look at, you know, those improvements that
88 we would have identified as part of application
89 enhancements, to see if they still ring through before
90 we make that investment, and you know, while my
91 memory would be tested drastically here, I suspect that

1 some of those variances would be that we may have
2 found alternate ways of doing some of those things.

3 MR. FITZGERALD: And saved money.

4 MR. COLLINS: In that particular case, yes.

5 MR. FITZGERALD: So the amount allotted to you was
6 in excess of what you actually needed then.

7 MR. COLLINS: In 1999, it appears that way, but again,
8 the reason and the difference there would have been
9 explained to the Public Utilities Board in a variance
10 explanation in the following year.

11 MR. FITZGERALD: Well, this year you've requested at
12 Schedule B, page 66 of 82, for application
13 enhancements, a project cost of \$766,000. Would you
14 allow that perhaps that figure, based on the past, may
15 be overstated slightly?

16 MR. COLLINS: No, not at all. That \$766,000 is, you
17 know, is what we expect to spend under application
18 enhancements in 2003. If we spend more, if we spend
19 less, that will be explained as part of a variance report to
20 the Board at the end of 2003.

21 MR. FITZGERALD: I guess if there's an expectation
22 that you may have overstated, then why are we waiting
23 until the end of 2003 to ascertain that?

24 MS. DUKE: There is no expectation that the amount
25 put in for 2003 is in excess of what the requirement is.
26 The number you have before you today is the
27 information to the best of our knowledge at this time of
28 what our requirements are for the next year.

29 MR. FITZGERALD: And when we're here next year, if
30 you can explain to me the process, please, if it turns out
31 that, in fact, the application enhancements budget was
32 only \$740,000, what is the process then? You've told
33 me today that this is your budget for 2003, this is your
34 expectation. In 2003 in December, there is a probability
35 that that figure was not correct based on the past.

36 MR. COLLINS: No, that's not what I'm saying. What
37 we're saying is that \$766,000 is our best judgement right
38 now as to what we expect to spend under application
39 enhancements. That may be more actuals in 2003, it
40 may be less actuals, but you know, whatever it is will be
41 explained, you know, at the time in our variance
42 explanation to the Public Utilities Board.

43 MR. FITZGERALD: If we go to CA-50, please, and
44 Table 1, I believe it is, or 50(c), I'm sorry. This is an item
45 of your budget regarding your internet improvements,
46 and it's under the category of various minor
47 enhancements. First of all, just I'm curious, the minor,
48 various minor enhancements item, the project cost is
49 \$216,000. I believe that at one point, or in the budget
50 itself, not regarding this document you're looking at
51 now, it indicates that that is geared towards, or that's
52 directed towards some unforeseen budgetary items.

53 MS. BUTLER, Q.C.: Sorry, could I have the reference
54 then?

55 MR. FITZGERALD: I'm sorry, it's Schedule B, page 66,
56 or 67 of 82 in the capital budget.

57 MS. BUTLER, Q.C.: The reference to it being described
58 as unforeseen.

59 MR. FITZGERALD: It's in the 2003 capital budget, if
60 you could just ignore CA-50 for a second, Ms. Butler,
61 I was referring back to the actual budget itself, Schedule
62 B, 67 of 82.

63 MS. DUKE: What was your question?

64 MR. FITZGERALD: Just a sec now, I'm just going back
65 to read this over. Yeah, it says this project involves
66 enhancements to the company's computer applications
67 and is in response to unforeseen requirements such as
68 blah, blah, blah, there. So the \$216,000 figure, I'm just,
69 it's just a curiosity to me. If it's unforeseen, how come
70 the number is so specific, like how do you come to that
71 figure?

72 MR. COLLINS: We have a history of, in terms of that
73 budget item, various minor enhancements, over the last
74 number of years, five, six, seven years, we have 30
75 computer applications in our company and, you know,
76 while we're, you know, as the year goes by there's
77 going to be certain things like legislative requirements
78 or Canada Post surprising us, or maybe something that
79 we identify ourselves, our customer service people may
80 see something that, you know, they would like for us to
81 make a small change to the customer service system to
82 enhance it a little bit for them, and that's a very, I guess,
83 predictive amount of money that we're going to spend
84 based on past history, and based on previous years in
85 the applications enhancements category, considering
86 that we have 30 applications that, you know, over 600
87 of our employees are using in some form or another.

1 MS. DUKE: If I just might add one point, just following
2 on through that paragraph on page 67 of 82, various
3 minor enhancements, as you read the sentence, there
4 was a part of that sentence that was read referencing
5 response to unforeseen requirements, but if you read
6 on it also refers to employee driven enhancements to
7 design and improve customer service or staff
8 productivity. It goes on to talk about other things, so
9 it's not just simple unforeseen requirements. We will
10 make changes where we think there's opportunities to
11 improve the business.

12 MR. COLLINS: And if I can, I guess, direct the Board
13 to CA-50(a), RFI CA-50(a), Chris, there's several
14 examples there of where we would have used that
15 money under various minor enhancements in the past,
16 you know Canada Post, just as an example, changed the
17 way they ... our mailing, we bill over two million
18 customers a year, so we have over two million mailings
19 going out, and in order to be eligible for discounts,
20 those have to be printed in a certain way, in a certain
21 order, and bundled by our mailing system in a certain
22 way, so they changed the rules on us there back in
23 2001, and we had to respond to that, so that's an
24 example of where we would have used some of that
25 money.

26 MR. FITZGERALD: If we can go back now then to CA-
27 50(c), the question, in reference to internet, \$116,000,
28 please provide a comparable category in previous
29 budgets for the last five years showing in a table, the
30 actual figures versus the amounts budgeted. Again, we
31 see the actuals compared to the budgeted amount, and
32 in fact, in only one year since 1998 have you been
33 under budget. Firstly, I believe there's an RFI that
34 breaks out the amount of this \$116,000 that relates to
35 internet. I think it's the \$60,000 item, is that correct?

36 MS. DUKE: I'd have to refer to the RFI, which one are
37 you referring to?

38 MR. FITZGERALD: Okay, let's go then to NLH-29,
39 Attachment D, so I would ask the question again, of the
40 \$116,000, is the internet component of that amount
41 \$60,000?

42 MR. COLLINS: The internet component is \$60,000.

43 MR. FITZGERALD: Thank you. Is this an area
44 possibly where you will go, that you've overestimated
45 your budget as well having regard to the past?

46 MR. COLLINS: No, what we have there is a number of
47 plans. I've listed under the benefits there that we can,
48 we will be making to our intranet (*phonetic*) and that's
49 an estimate of what we think those costs will be.

50 MR. FITZGERALD: Okay, the ... you describe these,
51 looking at NLH-29 again, you describe these changes
52 to your internet as minor enhancements. The choice of
53 the words "minor enhancements", are these
54 enhancements that are necessary?

55 MR. COLLINS: I believe they are, you know, in
56 working with our customer service group, which is, and
57 our corporate communications group, they believe that
58 these enhancements would be of benefit to customers
59 and, yes, I believe that they are necessary.

60 MR. FITZGERALD: Okay, now can you give me an
61 indication or remind me of that number of customers
62 that you have who are users of the internet?

63 MR. COLLINS: That was an RFI.

64 MR. FITZGERALD: I believe it's in the range of 31 to 34
65 percent.

66 MR. COLLINS: 34 percent sounds something like ...

67 MR. FITZGERALD: Let's take that number, subject to
68 check. Obviously then this minor enhancement is only
69 going to benefit those customers, is that fair to say?

70 MR. COLLINS: I don't think that's fair to say. I think
71 what we have, you know, and I ... this is also subject to
72 check, but the 34 percent, you know, likely refers to
73 how many customers have internet access from home,
74 but as we all know, internet access available from your
75 places of employment as well, so ...

76 MR. FITZGERALD: Yes, that's for sure.

77 MR. COLLINS: So the, you know, the 34 percent I
78 believe represented who had access to the internet from
79 there house, from their premises.

80 MR. FITZGERALD: And your second statement
81 though, that's really speculative though. I mean you
82 don't have any hard information on that. The 34
83 percent figure is what we have.

1 MR. ALTEEN: No, there's hard information. Go to CA-
2 88, and we have residential and business customers,
3 commercial customers.

4 MR. FITZGERALD: Well, let's take a second to review
5 Mr. Alteen's direction. Now, were either of you, Ms.
6 Duke or Mr. Collins, responsible for gathering this
7 information?

8 MS. DUKE: You're referring to the customer
9 satisfaction survey?

10 MR. FITZGERALD: I'm referring to the CA-88 which
11 Mr. Alteen has kindly reminded me is part of the record.

12 MS. DUKE: The customer satisfaction survey referred
13 to there is part of our quarterly customer surveys.

14 MR. FITZGERALD: Okay, the information that you
15 have regarding 53 percent of commercial customers
16 reported having access to the internet, okay, so maybe
17 I misunderstood. Mr. Collins, was your response
18 meaning that while there are 34 percent of your
19 customers, residential customers have access to the
20 internet, many of your residential customers also work
21 somewhere where there's a computer and they could
22 access it, is that what that means?

23 MR. COLLINS: That's what I meant by my response,
24 but no, that's not what the CA-88 means, but I mean,
25 what I meant by my response was that the 34 percent,
26 and again, that's subject to check, means that's how
27 many of our customers from their home, which we
28 service, have access to the internet.

29 MR. FITZGERALD: Yes.

30 MR. COLLINS: But certainly a, you know, most
31 employers have internet access as well and our
32 customers who work for these employers, you know,
33 they would be accessing the internet from ...

34 MR. FITZGERALD: Have they told you that?

35 MR. COLLINS: They have not told me that but, you
36 know, that's, it's just very reasonable for me to assume
37 that.

38 *(10:00 a.m.)*

39 MR. FITZGERALD: Okay, but assumptions are one
40 thing, but is this what CA-88 tells me, is that 53 percent
41 of your customers, or this tells me 53 percent of your
42 commercial customers have ... that's what Mr. Alteen
43 has said.

44 MR. COLLINS: This says 53 percent of our commercial
45 customers have access to the internet.

46 MR. FITZGERALD: Yeah, but that doesn't mean that
47 34 percent of your residential customers ... we do know
48 that 34 percent of your residential customers have
49 access to the internet. Whether those customers,
50 whether other customers are accessing the internet
51 information at work, we don't know that, we have no
52 percentage for that.

53 MR. COLLINS: We don't have that percentage, no.

54 MR. FITZGERALD: Thank you. So in your estimation,
55 if we look at the individual items here then, of the
56 benefits that this minor enhancement provides.

57 MR. COLLINS: Sorry, where are you referring?

58 MR. FITZGERALD: I'm sorry, I'm very sorry, Mr.
59 Collins, I'm at NLH-29 right now. So the benefits, the
60 first bullet, making it easier for customers to access
61 information on the website encourages return visits to
62 make customers' contact with the company more
63 efficient for them. Again, we're talking about the 34
64 percent that we know, and some of the percent that we
65 assume.

66 MS. BUTLER, Q.C.: Again, Mr. Chairman, the answer
67 that's on the screen says customers, it doesn't say the
68 residential customers.

69 MR. FITZGERALD: Okay, fair enough. Mr. Collins,
70 would you answer the question, or you can just adopt
71 Ms. Butler's response.

72 MR. COLLINS: Could you ask the question again,
73 please?

74 MR. FITZGERALD: The making it easier for customers
75 to access information on the website encourages return
76 visits and makes the customer contact with the
77 company more efficient for them. I'll ask the question,
78 so that makes it more efficient for 34 percent of your
79 residential customers and 53 percent of your commercial
80 customers.

- 1 MR. COLLINS: Yes, for both commercial and
2 residential.
- 3 MR. FITZGERALD: And those who don't have the
4 internet, this minor enhancement would have no benefit
5 to them, is that correct?
- 6 MR. COLLINS: Well, if they, if the customer does not
7 have access to the internet, I cannot see how putting
8 something on the internet would benefit from, you
9 know, they would benefit from it, that's correct.
- 10 MR. FITZGERALD: I agree.
- 11 MR. BROWNE, Q.C.: Can the witness speak up a little,
12 I'm having difficulty hearing. I think you ...
- 13 MR. COLLINS: Sure, I can adjust the mic here.
- 14 MR. BROWNE, Q.C.: Maybe you can do an
15 adjustment, thank you.
- 16 MR. FITZGERALD: The other benefits that are listed
17 here under the minor enhancement program for the
18 internet, are these, do these represent, or could the
19 information that you're providing by these bullets, if I
20 could put it this way, could that be done by a mailout,
21 I mean could you access all of your customers with the
22 same information by mail?
- 23 MS. DUKE: Certainly, I think any of these things could
24 be done in various manners. What this is referring to is
25 a particular method which is the internet, which has
26 become quite common, I think, in most businesses, so
27 certainly it could. You're just trying to make wise
28 choices based on the options that you have before you
29 to deal with customers.
- 30 MR. COLLINS: I think what we're ... sorry, what we're
31 doing is, I think we're responding to, you know,
32 anticipated customer expectations in this area. We
33 have, in 1999, we have an average of 2,000 hits a month
34 on our internet, and now in 2002, year to date we're over
35 10,000, almost 11,000 hits per month on our internet, so
36 I think customers are being very responsive to the
37 changes that we are putting on our internet for them.
- 38 MR. FITZGERALD: Have you noticed by your
39 customer surveys an increase in internet use, i.e., are
40 you aware of a trend where more of your customers
41 might be using the internet?
- 42 MS. DUKE: Certainly, as Mr. Collins just mentioned, I
43 can remember being here a couple of years ago and
44 testifying with Mr. Skove at the time, and talking about
45 those 2,000 visits to our internet site, which seemed
46 pretty meagre at the time, but to see 10,000, 14,000 a
47 month, I think would indicate, certainly an increasing
48 interest and trend on behalf of our customers.
- 49 MR. FITZGERALD: But specifically, are you aware of
50 any increased use by your ... I'm using the wrong word.
51 Do you expect that more of your customers will be
52 internet-friendly, if I could put it that way, in the next
53 five years, more than 34 percent?
- 54 MR. COLLINS: That would be a reasonable
55 expectation, sure.
- 56 MR. FITZGERALD: But you don't have any study to
57 that effect, again, that's your general sense of things.
- 58 MR. COLLINS: No, I believe it's a reasonable
59 expectation considering what has gone on with the
60 internet over the last three or four years, that that usage
61 will continue to rise.
- 62 MR. FITZGERALD: That's your opinion?
- 63 MR. COLLINS: Yes, it's my opinion, but certainly, you
64 know, yes, I'll put that forth as my opinion.
- 65 MR. FITZGERALD: This internet minor enhancement,
66 having regard to the approximate \$5.5 million budget
67 that you presented, is this a priority item?
- 68 MS. DUKE: All of the items that you see here are our
69 best judgement as to what we feel needs to go in the
70 capital budget for next year. They wouldn't be here if
71 we didn't think they weren't reasonable items to bring
72 forward in terms of the 2003 capital budget. In terms of
73 the internet, we've talked about increased utilization,
74 obviously it's an area that our customers seem to be
75 moving in and I think we need to be responsive to that.
76 Also on the other front, I think we have to realize that
77 the internet provides a wonderful way for customers
78 across our province, regardless of where they are, to be
79 able to access us in a consistent manner, so whether
80 you're in Port aux Basques or you're in St. John's or
81 whatever, you have that opportunity through the
82 internet to get that same consistent message, so I think
83 that's helpful.

1 The other point I would raise is that the
2 internet actually does offer some opportunity for
3 operating efficiency. If a customer now may use the
4 internet to check their electrical consumption as
5 opposed to making a call through the call centre, in fact,
6 I've really made my business more efficient, because
7 that's an easier cost on the system versus a call to our
8 call centre, so we're always looking for ways to try to
9 look for those opportunities for improvement in
10 efficiency.

11 MR. COLLINS: If I can give another example of internet
12 usage, email into our customer contact centre, into our
13 call centre, we had back in 1999, we had a little over 700
14 emails that came into our customer contact centre, and
15 in 2001 we had, you know, almost, approximately 4,000
16 emails came in, so customers are choosing to interact
17 with us more through the internet than they have in the
18 past.

19 MR. FITZGERALD: Okay, thank you, but I guess my
20 question was as you present these items, are you
21 telling me that this particular enhancement has equal
22 priority to every other item that you have requested, or
23 are you aware of any ranking of your needs?

24 MS. DUKE: I wouldn't suggest that this is any greater
25 or lesser priority than any of the projects that are here
26 because we believe they're appropriate investments.

27 MR. FITZGERALD: So there is no ranking?

28 MR. COLLINS: There is no ranking of the items that are
29 in the \$5.5 million. You know, we believe again, as Ms.
30 Duke said, that each dollar that's in that capital budget
31 is what we need to spend next year.

32 MR. FITZGERALD: If I could turn now to page 71 of 82
33 of the capital budget itself, please? This is the facilities
34 management. Okay, this project cost is \$562,000, nature
35 of the product (*sic*), project, I'm sorry ... this is the
36 completion of a 2002 project to improve the tracking
37 and scheduling of maintenance activities associated
38 with the company's generation, substation and
39 distribution of electrical equipment. Just as a point of
40 clarification, and you may be able to do this fairly
41 quickly for me and reflect my familiarity with your
42 operation. If we look at the operation support system,
43 project cost \$383,000, that's at page 75 of 82. This
44 project, this is the completion of a 2002 project to
45 replace a number of computer applications used by the
46 company's operations engineering personnel for the

47 estimating, scheduling and tracking of projects and
48 other related field work. As a layperson looking at this,
49 it appeared to me to be a redundant type of project, and
50 perhaps you could elaborate for me, compare the two?

51 MR. COLLINS: Yes, certainly, operations ... sorry, the
52 operations support systems project and the justification
53 of that was laid out in response to RFI CA-71(g), and
54 the facilities management justification was in CA-69,
55 and I believe it was (f), part (e), sorry, CA-69(e), but
56 these projects are two completely different projects.
57 The facilities management project, as you've heard Mr.
58 Ludlow talk about, his Deer Lake transformer issue and
59 that sort of thing, the facilities management project is
60 about putting in a system and making some process
61 change, that will allow us to better maintain our assets
62 before they fail. And what I mean by assets, I mean our
63 electrical system assets in generation, distribution and
64 substations. The operations support systems project
65 on the other hand, is about ... we have over in our
66 Duffy Place, our St. John's operations centre, five or six
67 applications that several clerks use to try to manage all
68 the work associated with that operation over there, with
69 scheduling of crews and prioritization of the work that's
70 going on, trouble calls, all that sort of thing, and so
71 facilities management reflects the work associated with
72 our maintenance activities and operations support
73 system is all of our other operations work.

74 MR. FITZGERALD: So I'm just wondering about the
75 functionality of the system. If we look at the operations
76 support system, that allows for estimating, scheduling
77 and tracking of projects and other related field work.
78 The facilities management computing allows the
79 improvement, the tracking and scheduling of
80 maintenance activities associated with the company's
81 generation, so there's no overlap there in the type of
82 computing that's going on.

83 MR. COLLINS: These are two completely different
84 groups in the company, so that the scheduling of a
85 maintenance man to go out and do checks on a
86 transformer is completely different than the scheduling
87 of a work crew to go out and hook up a new house, so
88 you know, while on the surface it may appear to be, to
89 be, you know, all about scheduling, it's about two
90 completely different groups in the company, and
91 certainly as we go about picking software associated
92 with this, if there's any way that we can have all this
93 come together under one package, we will certainly do
94 that.

1 MS. DUKE: Just if I might add a point, the facilities
2 management system, as Peter has described, is really
3 about managing the number of assets that we have
4 within the system, and you've heard Mr. Ludlow the
5 last few days talk about the transformers and the
6 governors and all those things, and I don't want to go
7 there because certainly I can't, but really this facilities
8 project will look at those number of critical assets and
9 how do we maintain an information system around the
10 management of those assets and the maintenance of
11 them. The operations support system is a little bit more
12 about the work and the people and the managing of the
13 scheduling and projects around that. That might clarify
14 it.

15 MR. FITZGERALD: Thank you. I'd like to turn now to
16 CA-103, and the attachment. 103(b), Attachment A,
17 page 3 of 3.

18 *(10:15 a.m.)*

19 MR. COLLINS: Sorry, Mr. Fitzgerald, 103?

20 MR. FITZGERALD: Sorry, CA-103(e), Attachment A.

21 MR. COLLINS: Okay.

22 MR. FITZGERALD: Page 303, and I believe it's on the
23 screen there now.

24 MR. COLLINS: Yes.

25 MR. FITZGERALD: Okay, now this was a response to
26 an information request from the Consumer Advocate,
27 which is a PC hardware and software survey for
28 Canadian electric utilities, and you've presented this
29 information. The first question I would ask you is if we
30 look at the column, PC life cycle, the personal computer
31 life cycle, I note there obviously that a utility such as
32 Manitoba Hydro with 6,000 employees retains their ... or
33 their life cycle of their personal computers is five to six
34 years. Likewise we have Maritime Electric which cycles
35 in five years. The obvious question that arises from
36 that is if these utilities can cycle out their computers
37 that long, why can't Newfoundland Power?

38 MR. COLLINS: Well, let me just speak to Manitoba
39 Hydro for a moment. If you look at the PC standard
40 that they purchased, they're saying they bought a 1.8
41 gigahertz desktop and a 1.3 gigahertz laptop, and our
42 standard was considerably lower than that, and
43 considerably lower priced than that actually, so you

44 know, it's a real balance when we go out and buy PCs.
45 Do we buy the latest and greatest models that are out
46 on the market at the time, and there's, you know, you're
47 going to pay a price for that, or do you kind of try to
48 buy middle of the road and try to stretch, and when you
49 buy the middle of the road, these are still very good
50 machines, but you still try to stretch the life out of
51 those as much as you can, so you know, that's the,
52 that's the one thing that really sticks out with me about
53 Manitoba Hydro. Maritime Electric, you know, there's
54 not a whole lot of information there. But another
55 variable in terms of PC life would be things like, you
56 know, the applications that you're running in your
57 company, so you know, we're running things like
58 SCADA and customer service systems and that sort of
59 thing that are, that would have some processing
60 requirements, some PC processing requirements, and
61 we assess that every year, we look at ... okay, looking
62 into next year, what's coming down the pipe in terms of
63 some enhancements or some new software that we
64 might be buying and we're always trying to match off
65 what type of PC will we buy that's going to get us the
66 most life, because I can certainly buy a top end PC and
67 get a long life out of that but, you know, I'm going to
68 pay a cost for that, so it's a real balancing act, and I'm
69 not certain how Manitoba Hydro or Maritime Electric
70 does that balancing because I don't now what software
71 they're running, Mr. Fitzgerald, but you know, that's
72 some of the considerations that would go into why it's
73 four years versus five years.

74 MR. FITZGERALD: You look at the other column there
75 which says PC standard capacity. It's got
76 Newfoundland Power, 20 GB, gigabytes; Nova Scotia
77 Power, 10 gigabytes; Saskatchewan Power, 6 gigabytes.
78 This describes what, the gigabyte?

79 MR. COLLINS: That describes how much storage there
80 is on the PC, how much disk capacity there is to save
81 things on your PC.

82 MR. FITZGERALD: And the larger the gigabyte then,
83 I'm going to assume is the more expensive computer, is
84 that ...

85 MR. COLLINS: No, I wouldn't assume that, no, no.

86 MR. FITZGERALD: That's not a correct assumption?
87 Okay.

88 MR. COLLINS: It may be possible, I just, you know, I
89 can't make that assumption. I've seen advertisements

1 for PCs that would have, you know, 40 gigabytes of
2 storage in them that were more expensive than PCs that
3 have 30 gigabytes of storage in them, but you've got to
4 look at the complete PC, what size monitor is it coming
5 with, how much memory is going in the PC as well, so
6 there's other factors than just bringing it down to how
7 much disk space there is there.

8 MR. FITZGERALD: Okay, I'd like to now turn to CA-78,
9 Attachment J, and Mr. Wells, Schedule B, page 63 of
10 66. Thank you.

11 MS. DUKE: Sorry, I'm confused. Did you say 78?

12 MR. FITZGERALD: It's under the B ... yeah, it's CA-78,
13 Attachment J. CA-78 is the 2002 capital budget
14 application.

15 MS. DUKE: Peter, we're going to need your assistance
16 here.

17 MS. BUTLER, Q.C.: What was the page number again?

18 MR. FITZGERALD: 63 of 66.

19 MR. COLLINS: And you're looking at ...

20 MS. BUTLER, Q.C.: Attachment J, page 63.

21 MR. NOSEWORTHY, CHAIRMAN: Excuse me, I've
22 had a request for a five minute break before 11:00 and
23 given that there is a little bit of a hiatus here now, I
24 think we'll take that five minute break if we could, just
25 for five minutes.

26 *(break)*

27 *(10:30 a.m.)*

28 MR. NOSEWORTHY, CHAIRMAN: Thank you. Ms.
29 Newman, if we can include in the procedural order next
30 time to restrict people's intake to eight ounces of liquid
31 prior to 9:00 including the Board, and maybe that's a bit
32 of overkill. Anyway, if we could continue, Mr.
33 Fitzgerald, please?

34 MR. FITZGERALD: Thank you, Mr. Chairman. Okay,
35 just before the break we were orientating ourselves to
36 CA-78, Attachment J, and you have this in front of you
37 now, the document?

38 MR. COLLINS: Yes, I do.

39 MR. FITZGERALD: Can you identify it, do you know
40 where it's from?

41 MR. COLLINS: I believe that's the personal computer
42 budget from 2002.

43 MR. FITZGERALD: Okay, just offhand, do you know
44 when this document was filed with the Board?

45 MR. COLLINS: Offhand, I don't know.

46 MR. FITZGERALD: You don't know. As you look at it
47 there, there's a table that indicates that as of 2001, the
48 number of computers retired would be 80. Now I
49 believe there was a response to a PUB information
50 request that has indicated that perhaps that was not the
51 correct figure, there were not 80 computers retired, is
52 that correct?

53 MR. COLLINS: PUB-19.1, I think you're referring to?

54 MR. FITZGERALD: Yes, we'll go to that now.

55 MR. COLLINS: Yes, I believe we retired less than what
56 we had planned to retire in 2001.

57 MR. FITZGERALD: Okay, at PUB-19, the explanation
58 provided to this Board regarding that overage, you say
59 that the personal ... and I'm looking at the answer here
60 to PUB-.1, Newfoundland Power's answer is the
61 personal computer inventory increased by 68 personal
62 computers as a result of requirements that were
63 unanticipated at the time of the filing of the 2002 capital
64 budget on August 15th, 2001. Just to try to understand
65 that then, when you said that there was going to be 80
66 computers retired, and you increased your inventory by
67 68, does that obviously mean that you only really
68 retired 12 at the end of 2001, is that the right way to
69 look at that?

70 MR. COLLINS: That's the simple math of it, yes.

71 MR. FITZGERALD: Okay, is it more complex than that?

72 MR. COLLINS: Well, I mean, again, this ... I guess the
73 answer to your first question, which I didn't know, was
74 August 15th, 2001.

75 MR. FITZGERALD: Yes.

76 MR. COLLINS: But you know, I don't know off the top
77 of my head but we may have bought some more PCs

1 after the filing date for 2001, so what was represented
2 there, I think, was our plan, or what we intended to
3 have in our inventory as of the end of 2001, but there
4 was still four months left in the year at that point.

5 MR. FITZGERALD: Okay, the budget for 2002, that
6 was granted, as I understand it.

7 MR. COLLINS: Yes.

8 MR. FITZGERALD: And you did get funding for the
9 number of computers that you had requested, is that
10 correct?

11 MR. COLLINS: Yes.

12 MR. FITZGERALD: And the number of additions in
13 2002 that you had requested the Board to budget for,
14 your budget had included, was 164 new computers?

15 MR. COLLINS: Sorry, we're talking about for 2002 or
16 2003 now?

17 MR. FITZGERALD: 2002.

18 MR. COLLINS: Yes, 164.

19 MR. FITZGERALD: So you added 137 desktops and 27
20 laptops?

21 MR. COLLINS: That was our plan for 2002, as of
22 August 15th, 2001, that's correct.

23 MR. FITZGERALD: Were those machines actually
24 purchased?

25 MR. COLLINS: There were PCs purchased in 2002, yes.

26 MR. FITZGERALD: This number?

27 MR. COLLINS: I don't think those were the exact
28 numbers, no.

29 MR. FITZGERALD: Were they more than that?

30 MR. COLLINS: I can, if you can give me a moment I
31 can check that for you.

32 MR. FITZGERALD: Yes, certainly.

33 MR. COLLINS: My numbers show that we ... I'm sorry,
34 I'm looking at 2003. I believe there's an RFI on that and

35 if I can get some help where that is. I believe we
36 purchased, my numbers show 154 machines.

37 MS. BUTLER, Q.C.: Is there a reference, sorry?

38 MR. COLLINS: I'm sorry, it's CA-92(e), so from the
39 table there you can see that we purchased six Dell
40 computers in 2002 and 148 Compaq computers in 2002
41 for 154.

42 MR. FITZGERALD: Okay, the ...

43 MR. COLLINS: So I guess going back, we had
44 intended to buy 164 computers in 2002 and we bought
45 154.

46 MR. FITZGERALD: And you had retained 68.

47 MR. COLLINS: We had retained 68, that's correct.

48 MR. FITZGERALD: When you had presented your
49 budget to the Board in August of 2001, with your
50 request to purchase 164 computers, which you had
51 indicated on the table that you had attached to that
52 application would leave you with 565 computers at the
53 end of 2002, you had identified your need at that point
54 to be 565 computers, is that correct?

55 MR. COLLINS: For 2002?

56 MR. FITZGERALD: Yes.

57 MR. COLLINS: Yes, August 15th, 2001, we identified
58 that, you know, our estimation was that we would have
59 565 computers in our inventory in 2002.

60 MR. FITZGERALD: In fact you ended up with in
61 excess of 600 computers in your inventory at the end of
62 2002.

63 MR. COLLINS: And the end of 2002 we're projecting
64 602 computers in our inventory, that's correct.

65 MR. FITZGERALD: In your current budget application,
66 Schedule B, page 79 of 82, okay, you've told the Board
67 by way of this application that you intend to retire 194
68 computers.

69 MR. COLLINS: In 2002, yes.

70 MR. FITZGERALD: Yes.

- 1 MR. COLLINS: Yes, we intend to retire 194 computers.
- 2 MR. FITZGERALD: Okay, now it is November the
3 22nd, we're about at the end of 2002, does this figure
4 still ring true? Is this still your intention?
- 5 MR. COLLINS: Yes, that is still our intention.
- 6 MR. FITZGERALD: Okay, the ... I also understand from
7 one of the responses to PUB-19.1, that, in fact, of the 68
8 computers that you did not retire last year, there is
9 going to be 22 of those carried over to ... sorry, yeah,
10 you will retain those till the end of 2002, is that correct?
- 11 MR. COLLINS: Yes, that's 46 of 68 personal computers
12 will be retained to 2002, that's right, 22.
- 13 MR. FITZGERALD: Sorry, I should rephrase that, so ...
- 14 MR. COLLINS: Yes, I think I didn't read the full
15 sentence.
- 16 MR. FITZGERALD: Yes.
- 17 MR. COLLINS: 46 of the 68 personal computers carried
18 forward to 2002 will have been retired by the end of
19 2002.
- 20 MR. FITZGERALD: So does that mean that the 22
21 remaining computers of the 68 that you did not retire
22 are going to be used by Newfoundland Power in 2003?
- 23 MR. COLLINS: That was the intention, yes.
- 24 MR. FITZGERALD: Well then, would it make sense to,
25 when I look at your, when we look at your 2002 plan
26 now, where you're asking to add 194 computers for 2003
27 ...
- 28 MR. COLLINS: No, I'm sorry, we're asking to add 140
29 computers.
- 30 MR. FITZGERALD: Sorry, yes, okay, would it make
31 sense to deduct the 22 computers that you're going to
32 carry over?
- 33 MR. COLLINS: No, those 22 computers would have
34 been taken into account.
- 35 MR. FITZGERALD: In the 602?
- 36 MR. COLLINS: Yes.
- 37 MR. FITZGERALD: When I look at the response to
38 PUB-19.1, which provides your explanation for not
39 retiring 68 of the 80 that you said you would, you
40 reference there some unanticipated requirements, and
41 the first bullet, you say there were 23 desktops and five
42 laptops were kept in service to accommodate testing
43 and training for the business support systems capital
44 project. That's 28 of them. Now in your capital budget
45 application of 2001, was the business support systems
46 capital project included in that?
- 47 MR. COLLINS: Yes, it was.
- 48 MR. FITZGERALD: Well, wouldn't you have
49 anticipated then the need for these 23 computers to
50 help you with that project?
- 51 MR. COLLINS: What we anticipated was that we
52 would have to keep some PCs around to help ...
53 because the business support systems project involved
54 the purchase of software to replace our financial, human
55 resource, materials management and payroll system, so
56 we did anticipate having a number of PCs kept in the
57 company to test, but we, you know, it wasn't enough.
58 When we got the software in, the amount of testing
59 that we had to do to make sure that that software
60 functioned properly, we decided that we would keep
61 another 28 PCs around for the purposes of testing.
62 Otherwise I would have had to go out and buy new
63 ones, and I preferred that I should just keep some, you
64 know, just keep some and I'll retire them next year, so
65 actually I got longer life out of them than I originally
66 anticipated.
- 67 MR. FITZGERALD: Do you anticipate this type of
68 retention to occur in 2003 for some of the projects that
69 you've sought funding for in 2003?
- 70 MR. COLLINS: Well, the 602 computers that we're
71 anticipating to have in our inventory at the end of 2003
72 is, it's what we estimate that we will require. Now, we
73 haven't purchased any software, for instance, for the
74 facilities management system or the operations support
75 system at this point in time, so how much testing and
76 how many PCs we'll need to test that software, I've
77 estimated it at this point in time and it's included in the
78 602, but it could be more, it could be less, so you know,
79 there's a good chance when I come before the Board
80 next year that that 602 may be, you know, 610, or it may
81 be 580, you know, there's PCs that I want to keep
82 around for testing purposes, so I don't want to retire
83 them too early.

1 MR. FITZGERALD: Okay, you're going to have 602
2 computers possibly at the end of 2003, and the number
3 of FTEs that you have, employees of Newfoundland
4 Power is in the range of 655 (*sic*), is that ...

5 MR. COLLINS: I believe the FTEs is 665.

6 MR. FITZGERALD: 665, and what's the total workforce
7 of Newfoundland Power, including everybody?

8 MS. DUKE: An FTE is a calculation that we use to just
9 basically come up with a mathematical representation of
10 our workforce, so for example, if we had two employees
11 on that are on for six months, that would represent one
12 FTE, so at any point in time you could have more than
13 665 on, depending on your vacation, fill-ins, that kind
14 of requirement, so you know, it could swing up to 680
15 and then be something less than that, depending on
16 temporary requirements.

17 (*10:45 a.m.*)

18 MR. FITZGERALD: I'm just looking at the ... perhaps
19 you could help me, Ms. Duke, I'm looking at CA-122,
20 Table 1, and this is column one there, the second
21 column, number of positions. This is a table indicating
22 the dedicated personal computer assignments as of
23 November 11th, 2002, and when I look at number of
24 positions and scroll down, the total is 686, I took that to
25 mean, that's everybody.

26 MS. DUKE: As I mentioned, that number would
27 change from time to time. This is a representation as of
28 November 11th, and depending on our staffing
29 requirements, those numbers move up and down, but
30 on an FTE basis for the year, we're forecasting 665.

31 MR. FITZGERALD: Okay, so we're getting close, or is
32 it fair to say that we're getting close to approximately
33 one computer per employee, if we have 602 computers
34 and we have 686 number of positions?

35 MS. DUKE: The representation we have dedicated
36 computers under CA-122 is 402, not 602. 602 would
37 represent the total number of computers, those to which
38 are dedicated would be 402.

39 MR. FITZGERALD: Okay, so what happens to the non-
40 dedicated PCs, there's 200 of them?

41 MR. COLLINS: Yes, there's plenty of examples whereby
42 we would have jobs, you know, positions in a company

43 which do not have a dedicated PC, you know, these
44 would be in areas like meter reading, for instance, where
45 the meter readers, they're not, they don't spend a lot of
46 time at the office so we would have, you know, one,
47 maybe two PCs in St. John's for the number of meter
48 readers that we have there. There's, gosh, I may have
49 some notes on that actually, but you know, there's
50 certainly plenty of positions where, and they're mostly
51 related to outside workers like maintenance men and
52 people like that, that, you know, it would be, it would
53 not be reasonable to provide them with a dedicated PC
54 if they're never in the office, so you know, in order to,
55 you know, to the benefit of customers, you know, we
56 would certainly see that as a great opportunity for them
57 to share a PC rather than, rather than dedicate a PC.
58 Linesmen, linesmen is another great example in the
59 company where we have PCs that are in strategically
60 located areas for these linesmen, so when they come
61 back, there's one, maybe two PCs for these linesmen
62 that can share, you know, log in, read their email, check
63 on some company news, log on to an application such
64 as our problem call logging system, to see what trouble
65 calls are outstanding perhaps, but there would be
66 plenty of jobs in the company where we would not
67 dedicate a PC to those persons.

68 MR. FITZGERALD: Is it possible that Newfoundland
69 Power has too many computers?

70 MS. DUKE: The numbers that you see before you, we
71 feel are an appropriate representation of our PC
72 requirements. Obviously we review those requirements
73 from time to time, but the numbers that you have before
74 you today in this budget we feel are the requirements
75 for the upcoming year.

76 MR. COLLINS: Excuse me, and you know, just to
77 continue on there, if I can take you back to CA-103(b),
78 and the table that we had up previously which was the
79 survey that we conducted back in March of the utilities
80 across Canada and, you know, a very quick calculation
81 shows that, you know, we are actually less than one PC
82 per employee and if you look at Nova Scotia Power who
83 incidentally, don't know how many laptops they own
84 but they have 1.2 PCs per employee and it goes down
85 the line, you know, we are, I think it's us and Maritime
86 Electric that are below one PC per employee.

87 MR. FITZGERALD: Yeah, I thought though earlier
88 when we were trying to compare, use this chart as some
89 kind of comparative tool, it wasn't too helpful, when we
90 spoke about capacity, you know, you have 20

1 gigabytes but you have 490 PCs. Sask Power has 2,500,
2 but they have six gigabytes, I mean, you know, I mean
3 I'm not ...

4 MR. COLLINS: I don't think that the two questions
5 were related. You know, what I'm referring to here right
6 now is to answer your last question there, was that I
7 don't believe we have too many PCs in our company for
8 the size of the workforce we have, and in fact, you
9 know, we have less than one PC per employee and in,
10 you know, Hydro Quebec, they have 1.2 PCs for every
11 employee that they have, so I think it shows that, you
12 know, the management of our PC inventory is certainly
13 at the very least consistent with utilities across Canada.

14 MR. FITZGERALD: Mr. Collins, if you look at CA-128
15 briefly for a moment, if you would, we're getting down
16 to nickels and dimes here, but I'm looking at the laptop
17 price that's indicated here, you're going to buy 17 of
18 them, and the estimated cost per unit is \$4,500. Is that,
19 you described earlier, you're purchasing, you like to
20 buy middle of the road, if I could use that expression.
21 Does that price represent the current middle of the road
22 price for a laptop computer?

23 MR. COLLINS: When I say middle of the road, what I
24 mean is that if you go out to market looking for a PC
25 from a vendor, you're going to get, you're going to get
26 three or four different models that they'll want to sell
27 you. You're going to get models that are kind of at, you
28 know, that they just want to get rid of their inventory,
29 and you're going to get the higher end models which
30 have just come out which are going to have a lot of
31 capacity on them, and you're going to get, you know, a
32 couple of models, maybe in between that are, you
33 know, they'll still have a longer life in them but
34 certainly, you know, it's where the majority of their
35 sales would occur, because most companies would not
36 want to buy the expensive high-end models, certainly
37 most companies would not buy the very very low end
38 models because, you know, they may not get the four
39 to five years out of them, so that price there, that \$4,500
40 price would represent kind of the middle, you know,
41 that middle area.

42 MR. FITZGERALD: Can you just briefly describe then
43 what the specifics of these type of laptops, what they
44 would, you know, what are their, you know, their hard
45 drive, the size of the processor, what are they?

46 MR. COLLINS: What the ...

47 MR. FITZGERALD: For the laptops that you intend to
48 buy, they're going to be what brand, firstly?

49 MR. COLLINS: I believe that's also answered in an RFI,
50 they're going to be Compaq brand.

51 MR. FITZGERALD: Okay, Compaq, and what type of
52 processor are they going to have?

53 MR. COLLINS: I'm not going to be able to predict come
54 March or April 2003 what kind of processors are going
55 to be on the market so, you know, I'd be, it would be a
56 wild guess at this point for me to be able to say exactly
57 what processor, what hard drive, how much memory are
58 going to be in those PCs at this point in time.

59 MR. FITZGERALD: But you can tell us that you think
60 it's going to be 4,500 bucks.

61 MR. COLLINS: Well, yes, what that \$4,500 represents
62 is kind of the, you know, roughly the average price of
63 what we paid in 2003, so that's kind of the best
64 information that I have to put together my budget is,
65 you know, historical, what did I pay last for my laptops,
66 what did I pay last for my desktops, and use that as a
67 price to project what those costs would be into the
68 following year, and if I get a substantial discount on
69 that I'd be, you know, that would certainly show up as
70 a variance explanation to the Board at the end of 2003.

71 MR. FITZGERALD: Certainly though, is that a sound
72 method of pricing your computers? It sounds a bit
73 circular to me. You're going to pay, you're going to
74 estimate on what you paid in the past. However, I think
75 it's generally common knowledge that this type of
76 equipment is reducing in price as time goes on. You
77 wouldn't want to be stuck paying, you know, a 1998
78 price of a laptop, say, in 2002, so do you take other
79 steps to achieve this pricing?

80 MR. COLLINS: We would certainly, the laptops that
81 we bought in 2002 would have been ones that we
82 bought in the March/April timeframe. We may have
83 bought one or two since then. You know, I think that
84 it's very reasonable, it's a very reasonable estimate as to
85 what the pricing would be for next year considering that
86 only a few months ago that's what we paid.

87 MR. FITZGERALD: Just a couple of quick questions
88 on palm pilots before we break if I may. I just want to
89 look at CA-129, and this doesn't, this isn't a mammoth
90 part of your budget by any stretch. I've calculated that

1 since 1999 you've paid about \$20,000 in palm pilots,
2 that's over four years ... is that, does that resemble what
3 you understand your expenditure is?

4 MR. COLLINS: That looks about right.

5 MR. FITZGERALD: Okay, now as an IT manager, can
6 you briefly describe for me what the palm pilot can do
7 that a laptop can't?

8 MR. COLLINS: Sure, in our environment at
9 Newfoundland Power, we have, I mentioned earlier, we
10 have 30 applications. The customer service system is
11 an application that we run, the SCADA system is an
12 application that we run, the ... gosh, the problem call
13 logging system where we log customer trouble calls is
14 an application that we run. Palm pilots cannot run
15 those applications.

16 MR. FITZGERALD: Right, so they don't do the more
17 complex calculating, if we put it that way, so aren't palm
18 pilots more of a scheduling kind of appointment book
19 type of device?

20 MR. COLLINS: I'd agree with that.

21 MR. FITZGERALD: And so the use of these palm
22 pilots, are they mostly for company use would you
23 estimate, or are they really for personal scheduling?

24 MR. COLLINS: They're all for company use. We
25 bought, we would have bought these PCs (*sic*) for the
26 explicit purpose of company use.

27 MR. FITZGERALD: Well, members of the company use
28 them, but are they, do you know what they're using
29 them for? I mean they can't run any of the SCADA
30 stuff, they're just ...

31 MR. COLLINS: Sure, I know what they're using them
32 for. There's some, they can carry their email around,
33 their corporate email around with them, they can carry
34 their appointments, their corporate appointments and
35 schedules around with them, their contact information
36 around with them, all in a little device about that high
37 and, you know, it's for people such as ... let me give you
38 an example to better illustrate it, it would be our
39 building maintenance coordinator for Kenmount Road
40 and Duffy Place buildings, and our Topsail Road
41 building. This is one person and, you know, she's
42 rarely at her desk. You know, she's coordinating the
43 fixing of anything from bulbs to power outlets, so it's

44 very, you know, it's an excellent tool for her to be able
45 to carry around the tasks that she has to do during the
46 run of a day to be able to make sure that she's
47 responding effectively to those calls.

48 MR. FITZGERALD: Okay, is there any security issues
49 with the data that's being transferred onto the palm
50 pilot?

51 MR. COLLINS: Absolutely no security issues other
52 than if the palm pilot gets lost there would be
53 information on the palm pilot, but other than that, I
54 mean these are not wireless devices so there's no data
55 transferring from the palm pilot back to the corporate
56 network back to our systems. This is all, it's physically
57 ... back to my example of the property maintenance
58 person. When she is finished, she comes back to her
59 desk and she puts it in a physical cradle connected to
60 her PC so there's no, and there's a direct wire between
61 the two so there's no wireless connectivity between
62 those devices ... so other than theft or loss, you know,
63 which could happen with a laptop or a desktop.

64 MR. FITZGERALD: Mr. Chairman, I would break there.

65 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
66 Fitzgerald, thank you, Mr. Collins, we'll break now until
67 11:30.

68 *(break)*

69 *(11:45 a.m.)*

70 MR. NOSEWORTHY, CHAIRMAN: Thank you, I
71 understand there's been a meeting of counsel and Ms.
72 Newman concerning scheduling and timing and other
73 matters. I wonder could you address those, please?

74 MS. NEWMAN: Yes, Mr. Chairman. I guess first I'd
75 like to address the timing of today. I understand there
76 looks like a good possibility that we may finish with the
77 testimony of this panel today, and perhaps we can
78 reassess that at around 1:00 or so, if we need to take a
79 break, I think everybody is prepared to do that to get
80 the witnesses completed today. And along that line, I
81 would suggest that the procedure that we follow with
82 respect to redirect and matters arising is as follows.
83 After completion of cross-examination by the Consumer
84 Advocate, an opportunity be given to counsel for
85 Hydro, and then Board Hearing Counsel, and then a
86 redirect opportunity to Newfoundland Power, followed
87 by Board questions, and then questions by counsel on

1 matters arising from the Board questions, beginning
2 with counsel for the Consumer Advocate, followed by
3 counsel for Newfoundland Hydro, then Board Hearing
4 Counsel, and finally counsel for Newfoundland Power.

5 In terms of the closing submissions in this
6 matter, I would propose that we proceed to closing
7 submissions at 9:00 a.m. on November 28th, which is
8 also the scheduled motions day for the GRA matter.
9 The hours for the closing submissions would be
10 pursuant to the rest of the hearing in that we start at
11 9:00 and have a break at 11:00 and continue until 1:30.
12 Those are all my comments.

13 MR. NOSEWORTHY, CHAIRMAN: Thank you very
14 much. This all sounds very reasonable to me, but we
15 will have a chat about it if we do break at 1:00. I'm not
16 detecting any issues associated with any of those.
17 Certainly we welcome completion as I'm sure perhaps
18 others do as well of this today, outside of final
19 argument. Clarification of redirect and Board questions
20 and questions on matters arising is welcomed by myself
21 for sure, and certainly the idea of having final argument
22 on a day which was scheduled for motions day
23 associated with the GRA so we combine the two of
24 those is, I think, is welcomed as well. So certainly those
25 sound to be perfectly reasonable and acceptable, thank
26 you very much. We will proceed and we'll see where
27 we are at 1:00. We might take a short break at that point
28 in time with a view to coming back and concluding after
29 that if indeed that's necessary. Thank you very much,
30 Mr. Fitzgerald, if you could continue, please?

31 MR. FITZGERALD: Mr. Collins, I just want to ask you
32 a few questions arising from your statement before the
33 break regarding your management of the PC inventory.
34 I believe that's part of what you do, is it not?

35 MR. COLLINS: That's correct.

36 MR. FITZGERALD: Okay, if we could turn now to CA-
37 93(h), Attachment A.

38 MR. COLLINS: Yes.

39 MR. FITZGERALD: Okay, thank you, I just want to go
40 through a few of these. Firstly, I'll direct you to page 24
41 of that document. Are you with me?

42 MR. COLLINS: I think so.

43 MR. FITZGERALD: You'll see there there's an entry ...
44 firstly, perhaps you can describe what this overall
45 document does, whose record is this?

46 MR. COLLINS: This is a record of calls that we take at
47 our help desk in my department, Information Services
48 Department, from all users of the information
49 technology that's out there, and so what we do is we
50 log the problem, and depending on the priority of the
51 problem, they'll assign resources to fix it within certain
52 time intervals.

53 MR. FITZGERALD: Okay, if we look at page 24 where
54 I've just brought you, there's an entry there, 01 19 98,
55 and it says descriptions, has four PCs and scanners set
56 up at Fortis, and the resolution is set up PCs and
57 scanner. Are those Newfoundland Power computers
58 going to Fortis?

59 MR. COLLINS: No, those would be Fortis computers.

60 MR. FITZGERALD: And why is it that it's coming to
61 your help desk?

62 MR. COLLINS: There was a time back in that period,
63 1998, where Fortis did not have anyone to actually give
64 them any assistance in setting up PCs, so what we did
65 is we took a few calls from them to be able to get some
66 PCs set up and subsequently any time that we would
67 have spent setting up Fortis' PCs for them, we would
68 have charged them time, and those would have, that
69 time would have shown up in the quarterly reports,
70 inter-company transaction reports.

71 MR. FITZGERALD: Okay, has it shown up, or you
72 believe it showed up?

73 MR. COLLINS: My belief is that it would show up.

74 MR. FITZGERALD: Okay, so when I look at page 27 of
75 the same document, we seen an entry there for 03 17 98,
76 it says move Mike McKay's old laptop to John Walker
77 and John Walker's old laptop becomes a spare. Are
78 gentlemen employees of Fortis?

79 MR. COLLINS: Yes, they're employees of Fortis
80 Properties, actually.

81 MR. FITZGERALD: And they were at the time in 1998?

82 MR. COLLINS: Yes, they were.

- 1 MR. FITZGERALD: The next entry following that
2 immediately, it says order new laptop for Kel (*phonetic*)
3 Marshall at Fortis Inc., Keith to negotiate price with
4 IMB. Chris can get PO from Fortis for this, laptops
5 ordered and installed at Paragon, myself and Peter
6 Collins. Again, are you're telling the Board then that
7 this is a transaction that would show up in the inter-
8 company reports?
- 9 MR. COLLINS: Any time associated with ... first of all,
10 any equipment that we're talking about here is Fortis'
11 equipment that they would have purchased themselves,
12 and any time that we would have spent back in that
13 period in 1998 before they set up their own help desk
14 and that sort of thing, any time we would have spent
15 would have been charged back through inter-company
16 transaction charges.
- 17 MR. FITZGERALD: In every case?
- 18 MR. COLLINS: To the best of my knowledge in every
19 case, yes.
- 20 MR. FITZGERALD: If you could look at an entry,
21 sorry, on page 86 of the same document, if you scroll
22 down the page, and it's entry 03 08 99, Karl Smith told
23 him that he could only, there's typos there, get the 640
24 by 480 setting on his PC. This area is (inaudible) so
25 they cannot change it. This is his home PC. Who is
26 Karl Smith?
- 27 MR. COLLINS: Karl Smith currently is Vice-President
28 at Fortis.
- 29 MR. FITZGERALD: And was he on the 8th of March,
30 1999?
- 31 MR. COLLINS: I don't recollect. I really don't know.
- 32 MR. FITZGERALD: This refers to his home PC. Is this
33 ... so this is a work item that Newfoundland Power did
34 for Mr. Karl Smith in relation to his home PC, is that
35 correct?
- 36 MR. COLLINS: Yes, it appears to be, yes, that's what
37 that says.
- 38 MR. FITZGERALD: Is there any company policy
39 regarding using the help desk for personal use?
- 40 MR. COLLINS: No, there's no company policy at all
41 around that case, but we do, you know, it's more of a ...
- 42 no matter if we tell our employees or not, you know, we
43 don't know what's on your PC at home, we can't
44 support your PC at home, we do take calls at the help
45 desk and we log the calls that come into the help desk,
46 so there's no policy that says, you know, thou shalt
47 not, but you know, if a call comes in and we can, you
48 know, reasonably give them, you know, some sense as
49 to what they should do, you know, we will give them a
50 bit of advice around that.
- 51 MR. FITZGERALD: If I could ask you to look at page
52 137 of the same document. This is an entry for 05 05
53 2000, the last entry on the page. It says here, halfway
54 through that entry, the edit clerk's position only have a
55 15 inch monitor. In the interim we would be able to get
56 a 17 inch monitor for Christine Butt's new location
57 which was formerly occupied by Michelle Saunders.
58 Are you familiar with this particular transaction?
- 59 MR. COLLINS: Yes, we take about 300 calls at our help
60 desk a week, so I can't say that I'm familiar with each
61 and every transaction that comes in.
- 62 MR. FITZGERALD: So whether this employee needed
63 a 17 inch monitor or a 15 inch monitor, you don't know
64 whether that would be justified?
- 65 MR. COLLINS: There would have been an assessment
66 done at the time by staff within my department to
67 determine if she really needed a 17 inch monitor at the
68 time and if I can look at the resolution here, yeah, it
69 looks like we complied with that request, that yes, she
70 did need a 17 inch monitor and it was taken care of.
- 71 MR. FITZGERALD: If I could ask you to look at page
72 171 of the same document? Okay, there's an entry there
73 11 23 2000, it's IBM Think Pad 6000, he got a new digital
74 camera with a USB connector he's trying to set up.
75 Digital cameras, these are included in your 2003 budget
76 as well, are they?
- 77 MR. COLLINS: I don't recall that we have digital
78 cameras in my information services budget.
- 79 MR. FITZGERALD: Okay.
- 80 MR. COLLINS: Not to my knowledge, but that's
81 subject to check.
- 82 MR. FITZGERALD: Alright, do you have any, any
83 light to shed on this particular entry, like whose camera
84 is that then, digital camera?

1 MR. COLLINS: Let's see ... a reverse look up on the
2 phone number would maybe tell me, but I think, my
3 guess at this point would be that it's probably a
4 technician. I recognize the name Paul, but it's probably
5 a technician in the field that has a digital camera for job
6 purposes.

7 MR. FITZGERALD: Okay, so the digital camera doesn't
8 fall within your IT budget area?

9 MR. COLLINS: No, no.

10 MR. FITZGERALD: That's another ...

11 MR. COLLINS: I believe those are mostly operating
12 type of things.

13 MR. FITZGERALD: On page 192 of the same
14 document, there's an entry there, 02 28 01.

15 MR. COLLINS: There's a couple of entries.

16 MR. FITZGERALD: Oh, I'm sorry, the first one, 41070
17 on the left-hand column.

18 MR. COLLINS: Okay.

19 MR. FITZGERALD: It says here, description, remove
20 asset tag, NP, and then there's a series of numbers from
21 the domain, remove as requested. What does the
22 removal of an asset tag mean?

23 *(12:00 noon)*

24 MR. COLLINS: Asset tags are really labels, numbers
25 that we put on each of our PCs that we have in the
26 company so, for instance, our 602 computers in the
27 company have an asset tag on it that says property of
28 Newfoundland Power and the asset number is a series
29 of numbers, as you can see from that number that
30 begins with NP, and we use that number to track
31 problems with that particular PC, so when calls come
32 into the help desk we're able to, you know, log the call
33 for the employee, log the number, the asset number for
34 that PC because subsequently we can go back and look
35 at things like, you know, how many problems have we
36 had with that particular PC, because that asset number
37 never changes for that PC, so how many problems have
38 we ever had with that PC, is this a reoccurring problem
39 with the PC because that PC could move from one
40 person to another from year to year, so we do want to

41 track some maintenance history on that, and that's what
42 an asset tag refers to in that instance.

43 MR. FITZGERALD: Okay, so currently of the 602
44 computers that you have or will have, each will have an
45 asset tag?

46 MR. COLLINS: Yes, they will.

47 MR. FITZGERALD: And are there computers within
48 your organization that don't have asset tags?

49 MR. COLLINS: Not to my knowledge, we use asset
50 tags to actually manage that inventory of 602
51 computers.

52 MR. FITZGERALD: Okay, when you say then to
53 remove asset tag, does that mean that that computer is
54 now retired?

55 MR. COLLINS: No, again, there's not much detail about
56 that call so, and it's over a year ago.

57 MR. FITZGERALD: Yeah.

58 MR. COLLINS: My, you know, reading that call
59 without a bunch of information, I would think, I would
60 take it as being we're just removing it from ... it's a
61 computer, it's a computer term, removing it from the
62 domain means just not having it as part of the
63 Windows system, that's all, just taking it out of the
64 domain. It doesn't mean that we're retiring it, it just
65 means that we just removed it from the domain, so I'm
66 risking getting technical here, so I'm very sorry, but our
67 domain is where all of our employees log into, it's the
68 Newfoundland Power domain, it's where all the PCs are
69 connected. Removing one from the domain means that
70 that PC essentially is no longer on the network, that's
71 all.

72 MR. FITZGERALD: All the 602 computers that you
73 have, or will have, are any of them not on the network?

74 MR. COLLINS: Yes, there are some that are not on the
75 network.

76 MR. FITZGERALD: Any idea how many?

77 MR. COLLINS: Off the top of my head, I can't tell you,
78 but you know, I can give you some examples. You
79 know, our Petty Harbour mobile plants would have PCs
80 out there that are not on the network. However, they

1 would be able to dial in from those locations when
2 necessary to get on the network.

3 MR. FITZGERALD: Besides the asset tag system, is
4 there another way of counting your inventory of
5 computers?

6 MR. COLLINS: Yes, there's another way. We have
7 software installed on those computers that essentially
8 what it does is that when somebody logs in to that
9 computer, or even actually turns on the computer, the
10 software just reports back in to a central location back
11 in my department that says where it is and who is
12 logged in to it, so we have another way of tracking that
13 information.

14 MR. FITZGERALD: If I could ask you to look at page
15 202 of the same document, please? There's an entry
16 there, 05 16 01, hardware, it says described as John
17 Simmonds has retired, please retrieve his PC.
18 Resolution, his machine was retired to John's personal
19 use.

20 MR. COLLINS: Yes.

21 MR. FITZGERALD: So that's what happened to that
22 PC, it was given to him?

23 MR. COLLINS: I don't think it was given to him, I think
24 we actually charged him for that PC, but that's subject
25 to check.

26 MR. FITZGERALD: Can we ascertain whether that, in
27 fact, was done by a subsequent check, undertaking?
28 Can we ascertain if it was ...

29 MR. ALTEEN: I'm sure we can ascertain if it was
30 (inaudible) transferred to Mr. Simmonds, Mr. Chairman.

31 MR. FITZGERALD: Would Mr. Simmonds' computer
32 have had its asset tag removed?

33 MR. COLLINS: Yes, that's our practice that when we
34 retire PCs, and what happens when we retire PCs, we
35 remove all the company data off of them and remove
36 any association with Newfoundland Power from those
37 PCs.

38 MR. FITZGERALD: And so Mr. Simmonds' PC would
39 drop out of the inventory though with your other
40 system of checking though, would it?

41 MR. COLLINS: Yes, that's correct.

42 MR. FITZGERALD: So when he logs in, you're not
43 going to be able to ...

44 MR. COLLINS: Well, he's no longer an employer so he
45 would not be able to log in to our system.

46 MR. FITZGERALD: If I could ask you to look at page
47 221 of the same document, please?

48 MR. COLLINS: The entry for 11 23 01, the bottom entry
49 there, it says I'd like to get my hands on a docking
50 station and all the necessary connectors for my laptop
51 that I can take to Belize with me at the end of the week.
52 My thought is to leave it there so I can make use of it
53 on my visits. I think this would be a lot easier and more
54 convenient for me. We can charge it off to BEL. Are
55 you familiar with that transaction?

56 MR. COLLINS: Somewhat.

57 MR. FITZGERALD: Can you describe for me how
58 familiar you are with it, and what you know about it?

59 MR. COLLINS: Again, I mean there's not a whole lot of
60 information here, but I think what happened there is we
61 have an employee that was travelling back and forth to
62 Belize. What happens is that when you take a laptop
63 with you, you have to take things like the network
64 connection, the network cable, the power cord, and all
65 those kinds of things so for convenience, what ... I
66 think from what I'm reading right here, what happened
67 was that BEL, that being Belize Electricity, paid for a
68 docking station, which is a, it's just a piece of
69 machinery that you just plug your laptop into and that
70 way you don't need the network connection cable, you
71 don't need to be carrying with you extra batteries, you
72 don't need to be carrying with you power cords and
73 those kinds of things.

74 MR. FITZGERALD: So BEL paid for the docking
75 station, is that what you just said?

76 MR. COLLINS: That would be my assumption there,
77 yes.

78 MR. FITZGERALD: Would that level of transaction
79 sort of percolate up to your level, would you know?

80 MR. COLLINS: I wouldn't know, that's all handled
81 through inter-company charges.

- 1 MR. FITZGERALD: In your particular position with the
2 company, have you ever had occasion, or have you
3 ever been charged off, if I can put it that way, to Belize
4 Electric, i.e., have you ever travelled there?
- 5 MR. COLLINS: No, I haven't.
- 6 MR. FITZGERALD: Any intention to for business?
- 7 MR. COLLINS: Maybe when we get 20 feet of snow on
8 the ground.
- 9 MR. FITZGERALD: If you could look at page 228 of
10 the same document, please? The first entry there, 01 30
11 02. Last week the X-Wave guys re-imaged the BOSS
12 projects development workstation in the old library.
13 Could you just briefly describe what the BOSS project
14 is?
- 15 MR. COLLINS: Yes, the BOSS project is the what, is
16 the business support systems project, and we
17 affectionately called it BOSS, instead of BSS, so we had
18 a, we had a room set out in the old library where we had
19 our test PCs that I talked about earlier, and that's what
20 the BOSS project development thing is all about there.
- 21 MR. FITZGERALD: Page 231 of the same document,
22 entry of 06 28 02. As part of the BOSS project, I'm
23 reading from this now, we are requesting a second PC
24 for Linda Hardy to be set up in Linda's cubicle. This
25 will enable Linda to do other activities while waiting for
26 payroll runs and the running of pseudo-batches. So
27 this is a case of an employee having two computers, is
28 that correct?
- 29 MR. COLLINS: In this particular case it is, yes.
- 30 MR. FITZGERALD: And the second computer, is it
31 being used for company purposes?
- 32 MR. COLLINS: Yes, both computers are being used for
33 company purposes.
- 34 MS. DUKE: If I just might add, in that case, Linda
35 Hardy is our paymaster, so she would have been
36 involved with the testing of the BOSS projects so as I
37 read this, it suggests to me that while she's doing the
38 payroll run, she wants to be productive and do some
39 other things as well at the same time.
- 40 MR. COLLINS: That was exactly the case there
41 actually, because around that time, being March 11th,
42 02, we were actually testing the payroll application at
43 the time, and rather than have Linda running real
44 payroll on a PC and also running test payroll, we
45 decided that it would be, you know, in everyone's best
46 interests just to keep those things separately.
- 47 MR. FITZGERALD: The next entry I'd like you to have
48 a look at, please, is at 232 of the same document, an
49 entry of 03 15 02. This is March 15th of this year. It's
50 a message from Carl Quinlan to Linda Moores. It says
51 could this be done this year, if so proceed, if not, please
52 add it to 2003 capital equipment wish list, and post it as
53 a high priority. In fact, this could be done, we could
54 evaluate its effectiveness before proceeding to
55 purchase the reader boards. Did this particular item
56 make it to the, what's it called there, the wish list?
- 57 MR. COLLINS: I'm just going to read before that, okay?
- 58 MR. FITZGERALD: Yes. No, that one did not make it
59 to our capital budget for 2003, and the reason it didn't
60 is because we found a solution, actually using existing
61 equipment that we already had, so there was a couple
62 of PCs, I think, that we were about to retire, and I'm not
63 ... you know, that we were about to retire that we could
64 actually use to actually display on a reader board above
65 the call centre, what some of the call centre statistics
66 were, and maybe Ms. Duke can explain some of what
67 the call centre statistics are, but, you know, in terms of,
68 you know, how many customers are waiting in the
69 queue, you know, what's our response rate for the day,
70 that sort of thing.
- 71 MS. DUKE: Yeah, I should clarify for the Board, this
72 TV is not to watch programming. It's all about call
73 centre statistics, and for our call centre staff, they had
74 an interest in wanting to know, you know, how many
75 people are waiting in line for calls right now and so on,
76 so it helps them understand the percentage of people
77 that are waiting, helps them adjust their productivity
78 and so on at that time so it's just an indicator for them
79 about call volume and so on.
- 80 MR. FITZGERALD: Okay, who is Carl Quinlan.
- 81 MS. DUKE: He's the head of our call centre, he's the
82 lead person in the call centre.
- 83 MR. FITZGERALD: Okay, did he give you input during
84 2003 to other items that might have made it to the
85 capital budget, did he make other requests?

- 1 MR. COLLINS: Not directly to me, no.
- 2 MR. FITZGERALD: No, he ... this is his writing, he's
3 not here to speak to it, but he says, please add it to the
4 2003 capital equipment wish list and post it as a high
5 priority, he uses those words. That indicates to me that
6 some things are of high priority from Mr. Quinlan's view
7 and some are of low. Is this in contradiction to what
8 you've indicated to me this morning, that you don't
9 have any ranking of priority of your projects?
- 10 MS. DUKE: I would suggest to you, Mr. Quinlan is not
11 fully aware with the capital budget process. Those are
12 his words, and to be honest, he doesn't heavily
13 participate in this process.
- 14 MR. FITZGERALD: What is Mr. Quinlan's position?
- 15 MS. DUKE: He, I forget the actual title, but he is the
16 leader of the call centre, so he would oversee the
17 number of customer account reps and so on that we
18 would have on the phone on a day to day basis.
- 19 MR. FITZGERALD: So it's your evidence that he
20 would have no familiarity as to the, the procedure
21 involved in assembling the IT capital budget?
- 22 MR. COLLINS: Yes, that's correct.
- 23 MS. DUKE: I'm sure he would have some knowledge of
24 the capital budget process, but I was referring more to
25 the terminology here of reference of high priority.
- 26 MR. FITZGERALD: He doesn't know that, in fact, there
27 is no prioritization, is that what you're saying?
- 28 MS. DUKE: What I'm saying is that we have a process
29 where we look at all of the projects and judge them on
30 their merits. You know, his reference to high priority is
31 not a particular term that we incorporate as part of the
32 process.
- 33 MR. FITZGERALD: If I could ask you to look at page
34 234 of the same document, please, an entry of 05 15 02,
35 and again, this is from May of this year.
- 36 MR. COLLINS: When you say entries, you mean the
37 right-hand column, do you? You're switching back and
38 forth between the two columns.
- 39 MR. FITZGERALD: I think I strayed once or twice, yes,
40 you're right, when I refer to the dates, I'm referring to
41 the right-hand column.
- 42 MR. COLLINS: Okay, so that's at the bottom of the
43 page, I'm sorry, Mr. Fitzgerald?
- 44 MR. FITZGERALD: Yes.
- 45 MR. COLLINS: Okay.
- 46 MR. FITZGERALD: Okay, the entry there is wondering
47 if there is an old PC and printer that him and Monty can
48 have to set up in their site trailer for the Abitibi project
49 they are working on, will need several months. Do you
50 know anything about this transaction?
- 51 MR. COLLINS: No, I don't know about that
52 transaction.
- 53 MR. FITZGERALD: Do you know what the Abitibi
54 project is?
- 55 MR. COLLINS: Not, I know that there is an Abitibi
56 project that Fortis are involved with, but that's the
57 extent of my knowledge.
- 58 *(12:15 p.m.)*
- 59 MR. FITZGERALD: So this looks to be a request for a
60 Newfoundland Power PC and printer for an Abitibi
61 project, which is a Fortis project, do I take that
62 information ... is that what this tells me?
- 63 MR. COLLINS: Yes, this is someone wondering if we
64 can supply a PC and a printer.
- 65 MR. FITZGERALD: And would that make it into the
66 inter-company transaction report?
- 67 MR. COLLINS: I would think that if we supplied a PC
68 and a printer, if we gave Fortis a PC and a printer, it
69 would make it into the inter-company transaction
70 report, yes.
- 71 MR. FITZGERALD: The designation of old PC and
72 printer, old PC and printer, would you know if it would
73 have an asset tag on it?
- 74 MR. COLLINS: I'm not familiar with the particular
75 printer and PC that they're talking about, but if it's,
76 when they refer to old, I think that's a bit of a

1 colloquialism, but old meaning probably something that
2 we may be retiring, and if that's the case, the asset tag
3 will not be on that particular piece of equipment at that
4 time.

5 MR. FITZGERALD: Those are all my questions, Mr.
6 Chair.

7 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
8 Fitzgerald. We would move now to Mr. Young, please?

9 MR. YOUNG: I have no questions for these witnesses,
10 thanks, Mr. Chairman.

11 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
12 Young, we'll move to Board Hearing Counsel, Mr.
13 Kennedy, good morning.

14 MR. KENNEDY: Thank you, Chair, I am ready. I'll let
15 the witnesses straighten themselves out there. Mr.
16 Collins and Ms. Duke, I wonder if we could just start
17 with a project that's described at page 70 of Schedule B.
18 Mr. Collins, I'm presuming that, well actually this is one
19 that clearly is in between the two of you, so to speak, in
20 respect to your respective job functions because it's
21 clearly involving technology issues, but also as they
22 touch directly on the customer service system. So I'll
23 lob them in and you can decide who is best able to
24 answer the question.

25 Is my understanding right though that, and
26 based on some follow-up reports that Newfoundland
27 Power has filed in response to some RFIs that have
28 been issued on this topic, that you see that you have a,
29 could it be described as a looming technology issue
30 with this existing platform that you're on now called the
31 Open VMS platform?

32 MR. COLLINS: Yes, that's correct. In fact, last year
33 before the Board I submitted, I think it was in response
34 to PUB-25, a report that showed that Open VMS was an
35 issue that we were facing, and perhaps for clarity, if I
36 can have Mr. Wells bring up exhibit PJC-1 of my
37 testimony, and it may help me describe this a little bit
38 better without getting into the technical jargon. Excuse
39 me for one second. There may actually be a better
40 diagram, I'll just double check. Yes, instead of that one,
41 Chris, I wonder could you bring up PUB-18.2,
42 Attachment A, it's a very similar diagram. Alright, keep
43 going down. There you go. Okay, when we talked
44 about Open VMS, I just wanted to make the Board
45 aware that an application such as CSS, and we use the

46 example there, sits on top of many technology
47 components in order for it to work, so in order for the
48 call centre to be able to respond to calls from
49 customers, the customer service application has to work
50 with things like databases and tools from Cognos and
51 Oracle. As you can see from that diagram, it has to run
52 on an operating system, in this case being Open VMS
53 and that operating system is installed on servers which
54 runs on our network, so it's a very basic diagram of
55 what we're talking about here, so I'm sorry about the
56 roundabout answer there, Mr. Kennedy, but yes, Open
57 VMS last year, in response to PUB-25, I submitted a
58 report that said that Open VMS and its pending
59 obsolescence, would be a, is a considerable issue for
60 Newfoundland, that Newfoundland Power is facing,
61 and we will be taking steps over the course of the next
62 few years to address that.

63 MR. KENNEDY: In addressing that and looking at the
64 possible solutions to the, what you see as this looming
65 problem with the Open VMS operating system, can I
66 ask you, have you, or will you consider using
67 alternative operating systems to run an application
68 such as your customer service system, and specifically,
69 would Newfoundland Power consider going to Unix or
70 a Linux platform as an open source solution for your
71 operating system?

72 MR. COLLINS: The customer service system study, as
73 part of (inaudible) reference again, Mr. Kennedy, but
74 it's ...

75 MR. KENNEDY: Page 70?

76 MR. FITZGERALD: Page 70 of 82, in effect what that
77 project is all about is actually looking at those
78 alternatives, so if, maybe Mr. Wells, you can bring back
79 that diagram, Attachment A of 18.2. The operating
80 system there in blue, one of the, a couple of options
81 that we have, in taking on this study, we've ... and
82 watching what's happening in the industry, a
83 replacement of a customer service system can run you
84 anywhere from \$10 to \$30 million and so that's certainly
85 quite a substantial amount of money for, you know, for
86 customers to have to pay for another customer service
87 system, so yes, one of the options will be to actually
88 remove that blue block that says Open VMS, and put in
89 maybe UNIX or maybe Windows, whatever would make
90 the most sense and would be at least cost to the
91 company.

1 MR. KENNEDY: And right now it's not, you don't
2 foresee having to actually abandon your customer
3 service system application, that you will be able to
4 salvage that application potentially if you choose the
5 right operating system on which to run it?

6 MR. COLLINS: That would be what the study would
7 help us to determine, yes, I mean the amount of
8 linkages and programming, there's over two million lines
9 of code in our customer service system, so how
10 dependent that is on an operating system, and if we can
11 actually extract CSS, remove the operating system and
12 put in something else, that's going to be part of the
13 study that we would be looking at, so I mean I'm
14 hopeful that we can salvage most, if not all of that
15 customer service system application.

16 MR. KENNEDY: Is Newfoundland Power conducting
17 the study itself or are you subcontracting that?

18 MR. COLLINS: It will be a combination. We'll have
19 some staff, obviously, assigned to that project, but the
20 expertise associated with, you know, what's involved
21 with, first of all what's out there, what kind of customer
22 service systems are out there, and what would be
23 involved in removing Open VMS and putting in Unix or
24 Windows instead, is not something that we would have
25 expertise in.

26 MR. KENNEDY: Just in keeping with that, fairly
27 recently Newfoundland Power purchased an
28 application called the Great Plains Enterprise Solution.

29 MR. COLLINS: Yes, that's correct.

30 MR. KENNEDY: And I wonder if you could just give
31 us a really brief description on what the Great Plains
32 Enterprise System is?

33 MR. COLLINS: The Great Plains System is the product
34 that we purchased as part of our business support
35 systems project that was approved by the Board in, I
36 guess, for 2001 and 2002, so that's the software that
37 we're using to, for our financial system, for our human
38 resource system, for our inventory, materials
39 management system, our purchasing system and
40 payroll system, I think that about covers it.

41 MR. KENNEDY: Now, that's a Windows based
42 product?

43 MR. COLLINS: That is a Windows based product, yes.

44 MR. KENNEDY: And I guess, and I think you actually
45 referred to it in your own documentation that that as a
46 solution is considered a mid-tier solution?

47 MR. COLLINS: Yes, you know, when we ... yes, when
48 we went out with a request for proposal, or request for
49 quotations on what was out there in the market, we saw
50 very clearly that there were two different types of
51 vendors out there, there were the SAP, J.D. Edwards
52 kind of vendors, and there were also the Great Plains
53 type of vendors, and I would consider those, you
54 know, middle tier.

55 MR. KENNEDY: It's interesting you mention the J.D.
56 Edwards system. As you're probably aware Hydro uses
57 the J.D. Edwards system.

58 MR. COLLINS: Yes, that's my understanding.

59 MR. KENNEDY: Okay, and as I understand it as well,
60 Hydro was a full adopter of that system, in other words,
61 they didn't cherry pick modules available under the J.D.
62 Edwards Enterprise system, but they bought holus
63 bolus, and applied it completely to their enterprise, is
64 that your understanding as well?

65 MR. COLLINS: Yeah, I'm not too familiar with that but
66 that's my understanding. I'm not sure what modules
67 they bought or anything like that, but I know that their
68 intention was certainly to use it throughout their
69 organization.

70 MR. KENNEDY: When Newfoundland Power decided
71 to go with Great Plains, was that a decision that you
72 made based on your own internal review of the issues
73 and your own determination of what was the most
74 appropriate application to use?

75 MR. COLLINS: Certainly that was a large part of it, but
76 you know, we also looked at the, you know, we
77 contacted industry experts such as the Gardner group
78 and asked them about, you know, what is the, what are
79 things like, what's the Great Plains install base and, you
80 know, how viable is it, is this an area that the company
81 the size of Newfoundland Power with its customer base
82 and its revenue, you know, and the size of the revenue,
83 is this an appropriate size application for us. Also we
84 look at what kind of functionality do we need out of an
85 application like that, so there was a number of different
86 areas that we looked to. It wasn't completely just our,
87 you know, just our people getting in a room and
88 deciding that this was the product we should buy.

1 MR. KENNEDY: And Great Plains being owned by
2 Microsoft, and then clearly operating on the Microsoft
3 platform, did Newfoundland Power at the time it was
4 making a decision to move towards an enterprise suite
5 consider adopting alternative technologies like a Linux
6 platform or some enterprise solution that would operate
7 on an open source system?

8 MR. COLLINS: I don't think that was, I mean I think if
9 you go into purchasing an application and your criteria
10 is it must run on Windows or it must run on Unix, that's
11 your first criteria, that's kind of ... I don't think that's
12 appropriate, frankly. It has to be functional for your
13 company, it has to work in your company. In fact,
14 when we picked Microsoft Great Plains, it wasn't even
15 Microsoft Great Plains, it was just called Great Plains.
16 Microsoft, after we had picked it, subsequently bought
17 it, and it was a surprise to us at the time, so the fact that
18 it's Microsoft Great Plains now, you know, that didn't
19 come into play at that time.

20 MR. KENNEDY: And I guess there was maybe a
21 misinterpretation of the question, but the question was
22 when you were making the decision about what
23 enterprise solution to buy, did you or Newfoundland
24 Power consider alternatives to Window based systems?

25 MR. COLLINS: Yes, my recollection is that when we
26 put the RFP out looking for a system, we didn't specify
27 that we wanted only Windows based systems. We
28 wanted to see what was out there in the market, that's
29 why we got our J.D. Edwards proposal, so we didn't go
30 out and specify that it had to be a certain platform or
31 not, so you know, we were quite open, if the
32 requirements for Newfoundland Power were that it
33 would run on a Unix system, we would have bought the
34 Unix version of the product.

35 *(12:30 p.m.)*

36 MR. KENNEDY: And was the decision to move
37 towards Great Plains, does that affect in any way,
38 Newfoundland Power's ability to subsequently choose
39 an alternative operating system for the migration of its
40 customer service system?

41 MR. COLLINS: I'm not sure I understand your
42 question.

43 MR. KENNEDY: Does the fact that Newfoundland
44 Power has now chosen a Windows based enterprise
45 system in Great Plains affect its ability to consider

46 alternatives such as open source systems when making
47 a determination of what to employ for its customer
48 service system?

49 MR. COLLINS: No, I don't believe it does at all.

50 MR. KENNEDY: Okay, so there's no linkage and no
51 issues concerning you will need to now implement a
52 common platform, for instance?

53 MR. COLLINS: No, no, that's right, we have the
54 databases that come with Microsoft Great Plains are
55 open databases, so whatever we use for the customer
56 service system at the end of the day will work, will talk
57 to the databases associated with our financial system
58 in Great Plains.

59 MR. KENNEDY: Mr. Collins, staring at you right now
60 is some evidence of an attempt to move towards an
61 electronic document system for the purposes of our
62 Board hearings here, and I think it's generally
63 recognized that that's been a beneficial step for all
64 involved. Can you tell me, are there any initiatives,
65 ongoing active initiatives that Newfoundland Power
66 has aimed at establishing some commonality for the
67 exchange of information between itself and Hydro?

68 MR. COLLINS: There's no initiatives that I'm aware of.

69 MR. KENNEDY: So when Newfoundland Power
70 decided to purchase the Great Plains suite as an
71 enterprise solution as opposed to the J.D. Edwards,
72 was there any consideration given to the fact that well
73 Hydro is already on the J.D. Edwards and that it might
74 make sense for Newfoundland Power to be on the same
75 system so that you could exchange information easily?

76 MR. COLLINS: You mean to be on the same system as
77 them or a similar J.D. Edwards system?

78 MR. KENNEDY: The same platform, the same
79 applications.

80 MR. COLLINS: Yeah, I don't think that's a
81 consideration at all. I mean my experience with
82 software and data exchange, you know, I know that
83 there are products that are out there that will allow, like
84 a J.D. Edwards system to talk to a Great Plains system,
85 or an SAP system to talk to a Great Plains system, so
86 those products, the name escapes me right now, but it's
87 a product that you would actually put in the middle of
88 the two and ...

- 1 MR. KENNEDY: So you're talking middle-ware to talk
2 between the two applications.
- 3 MR. COLLINS: So we're not limiting ourselves at all by
4 just, by being on a Great Plains versus Hydro being a
5 J.D. Edwards.
- 6 MR. KENNEDY: But that, but in making the decision to
7 move to Great Plains, the fact that Hydro was on J.D.
8 Edwards never entered into the equation?
- 9 MS. DUKE: No, I mean we're basically looking at two
10 different companies here with two different approaches
11 to operations and so on. It wouldn't have been a
12 requirement of our specifications up front.
- 13 MR. KENNEDY: Okay, just exploring that, presuming
14 that there is, certainly at your control level, at your
15 electrical system level, an exchange of information
16 between Hydro and Newfoundland Power as a part of
17 the normal day to day operations.
- 18 MR. COLLINS: Yes, we ... you're talking about
19 electrical system control and we do exchange some
20 information form our SCADA systems between the two
21 companies.
- 22 MR. KENNEDY: And I think Mr. Ludlow described
23 that it's almost constant contact on the phone and what
24 have you between the two centres.
- 25 MR. COLLINS: That's correct.
- 26 MR. KENNEDY: And so there are, you would agree
27 with me, some touch spots between Hydro and
28 Newfoundland Power where information needs to be
29 exchanged.
- 30 MR. COLLINS: Yes, sure.
- 31 MR. KENNEDY: And would you agree with me that
32 that extends beyond just the information that's flowing
33 out of the SCADA, that's information in addition to just
34 the baseline information regarding the operation of the
35 electrical system, that there might be work flow related
36 information that could be of assistance between the two
37 companies?
- 38 MR. COLLINS: When you say work flow, what do you
39 mean?
- 40 MR. KENNEDY: Well, for instance, Newfoundland
41 Power buys its energy from Hydro, doesn't it?
- 42 MR. COLLINS: Yes, it does.
- 43 MR. KENNEDY: And presumably there is information
44 that flows back and forth between Newfoundland
45 Power and Hydro concerning the purchase of the
46 energy that it's acquiring from Hydro?
- 47 MR. COLLINS: We get a bill in the mail, I'm pretty sure
48 of that.
- 49 MR. KENNEDY: Exactly, so that would be an example
50 of work flow that takes place between Hydro and
51 Newfoundland Power?
- 52 MR. COLLINS: Yeah, in its broadest sense, I guess it
53 is, yes.
- 54 MR. KENNEDY: And I guess what I'm asking is, that's,
55 I guess, an example of a touch spot between Hydro and
56 Newfoundland Power and the information that flows
57 between the two utilities, and I'm wondering has
58 Newfoundland Power given thought to working with
59 Hydro to make that process as efficient as possible by
60 proceeding with the electronic means to do so, rather
61 than paper getting bills in the mail, or phone calls
62 between the control centres.
- 63 MR. COLLINS: I'm not, you know, I'm not aware of how
64 much, or how much, if any, discussion has occurred
65 between Newfoundland Power and Newfoundland
66 Hydro with respect to those specific work flow
67 requirements between the two companies, but I know
68 that I'm in, certainly I'm in contact with my counterpart
69 over there, Mr. Eric Dowden, and actually I believe it
70 was this week we were supposed to have a meeting, but
71 it got postponed, and we were going to actually talk
72 about, you know, what challenges that each of our
73 utilities are facing with respect to the management of
74 information technology, just to try to understand, you
75 know, how we can learn from each other and maybe
76 even what some more of those touch points could be
77 and how we could make them more efficient, but that
78 would have been something that we would be exploring
79 through subsequent meetings.
- 80 MR. KENNEDY: As a strategy, is Newfoundland
81 Power actively pursuing a review of its work flows and
82 business processes to determine what aspects of it

- 1 could be done electronically as opposed to being done
2 paper based?
- 3 MS. DUKE: That would be a constant part of our
4 approach to business. I can't say it represents a single
5 review, but it would be part of our ongoing operations
6 to look to manual processes and see if it makes sense to
7 automate them, but I can't refer to a specific project that
8 would relate to it, it would be really part of our ongoing
9 work.
- 10 MR. KENNEDY: As an example, under CA-86 there was
11 reply by Newfoundland Power to the purchase of fax
12 machines, and you were purchasing, I think it's a total
13 of 40 fax machines.
- 14 MR. COLLINS: Yes, I believe Mr. Ludlow gave
15 evidence in that regard.
- 16 MR. KENNEDY: I think they're the current locations of
17 all fax machines. I don't know, I might have the CA
18 wrong, close to CA-86, so in the case of the fax
19 machines, for instance, Mr. Collins, would
20 Newfoundland Power have considered moving towards
21 an electronic fax?
- 22 MR. COLLINS: That's something that, you know, that's
23 certainly a consideration. You know, electronic faxing
24 capability from your desktop is something that we
25 actually do in our call centre, so when the telephone
26 rings at the call centre and a customer wants a copy of
27 their bill or a copy of their history, the customer service
28 agent in the call centre can fax or email that information
29 to them without having to go to a physical fax machine.
- 30 MR. KENNEDY: So the locations that, for instance, we
31 see on the screen there now, which are Newfoundland
32 Power offices, would these have internet access, these
33 locations?
- 34 MR. COLLINS: Not all of them, no.
- 35 MR. KENNEDY: Many of them ...
- 36 MR. COLLINS: Internet access, I would say probably
37 30 percent of them.
- 38 MR. KENNEDY: And so would Newfoundland Power
39 consider implementing electronic faxes in 30 of those
40 centres then, where if there's internet access, and then
41 presumably you would have a computer, there's not
42 much point in having internet access, that you could
43 proceed with an electronic means to exchange
44 information?
- 45 MR. COLLINS: That's something we would look at, but
46 also we would have to, you know, we would have to
47 look at licenses, so this faxing software that we use in
48 our call centre, for instance, it doesn't come free. We
49 would have to go out and buy additional licenses, and
50 maybe even an additional server and hardware to
51 actually put more users on that system, but that's
52 something that I haven't assessed at this point.
- 53 MR. KENNEDY: Of course you could also use an open
54 source tool for that as well which would be free?
- 55 MR. COLLINS: Free, free is a very relative term, you
56 know, you get what you pay for when you get
57 something for free, that's kind of something that I'm well
58 aware of, but you know, I want to make sure that
59 whatever I buy, I got support for it, so if it's not
60 working, especially Mr. Ludlow's technicians are
61 involved in the faxing of service orders to, you know, to
62 work on the electrical system in a safe manner, I want to
63 make sure that those things are working, so if I'm using
64 software, while I can probably get some free software
65 off the internet, I want to be able to call a 1-800 number
66 and get that thing fixed if something breaks too, so ...
- 67 MR. KENNEDY: Newfoundland Power filed a strategy
68 document as an attachment, I think it was an attachment
69 to a couple of replies ... one of them is NLH-28, and I
70 just had more of a general question, nothing
71 particularly specific about what's contained in the
72 strategy report per se, but the strategy report covers
73 the period, I think it's 1999 to 2002.
- 74 MS. DUKE: That's correct.
- 75 MR. KENNEDY: So we are moving into 2003 and we
76 are talking about a capital budget for 2003, so has
77 Newfoundland Power undertaken a new IT strategy
78 document?
- 79 MS. DUKE: No, we have not. We have reviewed the
80 existing technology strategy that was submitted to the
81 Board and really have looked at all the principles and
82 guidelines that are contained within that strategy and
83 I can assure the Board that all of those strategies and
84 guidelines are still very much relevant today. Just to
85 highlight some of those things that are mentioned, to
86 minimize diversity, to buy from leading vendors and so
87 on, looking at the total cost of ownership, all of those

1 principles are ones that we submitted with that
2 document and they very much still guide our
3 information technology requirements at the company.

4 MR. KENNEDY: You would agree with me though, Ms.
5 Duke, would you, that the IT environment has changed
6 fairly significantly since 1998?

7 MS. DUKE: I think that's the nature of IT. We do see
8 change in all of it, but I think what I'm saying is that the
9 practices around effective information management and
10 technology are still very much the same, and that's
11 really what this document spoke to, specific initiatives
12 may change and so on.

13 MR. KENNEDY: For instance, your customer service
14 system came on line in 1998 and was at the time touted
15 by Newfoundland Power as being state of the art, the
16 leading edge customer service system for the Province
17 of Newfoundland, with a 20 year life expectancy.

18 MR. COLLINS: Actually, that's not quite true. Our
19 customer service system came on line in 1992, I believe,
20 and in 1998, because of Y2K and a letter that we had
21 from the original vendor that said they would no longer
22 support the platform, we kind of, we refaced it, so we
23 made some investment in it to make sure it was
24 supportable beyond 1998, so it's been in use since
25 1991/92.

26 MR. KENNEDY: Sure, you've had it, you've had a
27 customer service system in use since then.

28 MR. COLLINS: It's essentially the same one, with just
29 a little bit of refacing to it.

30 MR. KENNEDY: So it wouldn't strike Newfoundland
31 Power as being necessary to update its IT strategy
32 document to take into account developments with
33 things such as the internet since 1998, or document
34 management systems since 1998?

35 MS. DUKE: Certainly the approach we have taken with
36 the Board, as key issues develop we will bring forward
37 information to give some background, and I think the
38 best example of that is the Open VMS issue when, in
39 fact, we did provide a report to the Board that outlined
40 that particular information technology challenge we
41 were facing and how we planned to deal with it, so as
42 issues such as that develop, we will bring forward
43 documentation or support to give the Board context
44 around those key issues.

45 MR. COLLINS: If I might add to that, certainly in our
46 2003 budget there's a couple of examples whereby, you
47 know, we do, we're undertaking a couple of studies,
48 that being the CSS replacement study and our cash
49 register system study. Those are things that are out
50 there that, you know, we will do a ... you know, we will
51 do a report on and see what kinds of expenditures we
52 would expect to have before the Board in the future
53 regarding those issues.

54 *(12:45 p.m.)*

55 MR. KENNEDY: But as a company then, is there, at
56 this point, any particular focus on whether the
57 company should be exploring and furthering its efforts
58 on the development of it's own intranet, as opposed to
59 pushing initiatives forward that are more public
60 oriented through the internet, or whether it should be
61 spending its time and effort on developing a more
62 enhanced customer service system when it migrates,
63 how do you know where to focus your attention if you
64 don't have a strategy document that provides a road
65 map going forward from 2002?

66 MR. COLLINS: I think our investment in technology,
67 as Ms. Duke said, from the period 1999 to 2002 hasn't
68 changed. Our IT investment is driven by customer
69 service, it's driven by operational efficiencies, it's driven
70 by reliability, and safety, and our environmental
71 stewardship, so really ...

72 MR. KENNEDY: But these aren't really strategies
73 though, are they, Mr. Collins, as much as they are
74 policies about how to implement a strategy?

75 MR. COLLINS: Well, we wouldn't, we wouldn't invest
76 in technology unless there was a clear customer service
77 operational efficiency or reliability benefit to the
78 customers.

79 MR. KENNEDY: But that's the, that's the net present
80 value calculation, if you will, or the cost benefit
81 analysis or the return on investment calculation that's
82 required when you're going to make a decision about
83 whether to implement a particular technology, but to
84 guide the company moving forward beyond 2002 on a
85 technology basis, how do you know which way to go?
86 Are you just making your decisions ad hoc then as you
87 proceed along during the year as things come up on
88 your radar screen, or is there some overriding policy
89 objective?

1 MS. DUKE: There's not sort of an overriding policy
2 referred to, but I can tell you that as an information
3 technology group, Peter's group would be very active
4 in terms of talking with our different users and user
5 departments and finding out what their challenges and
6 what they're ... what are their requirements moving
7 forward because we really look at our IS department,
8 not about a technology department. They have to be
9 linked into the business. They have to know what's
10 happening out there and how do they support the
11 business, so very much staying in tune with the
12 customer service groups, the operations groups and so
13 on within the company, finding out what their business
14 challenges are, and helping them develop solutions that
15 will support that, and then in addition to that, Mr.
16 Collins' group will certainly be looking externally as
17 well, to look into groups like the Gardner Group and
18 others to say what are the things that we need to keep
19 on our radar that will certainly present issues or
20 challenges for us moving forward, so while I can't
21 necessarily refer to a specific document or strategy in
22 every case, that's the kind of way we operate the
23 business and that's the approach that's certainly proved
24 to be successful.

25 MR. COLLINS: And in addition, I've been in the
26 information technology shops of Nova Scotia Power,
27 Maritime Electric, New Brunswick Power, and just
28 making sure that we, as Newfoundland Power, are in
29 tune with what's going on out there to ensure that we
30 are doing the right things, investing in the right
31 technologies to benefit customers, you know, to keep
32 the lights on, so to speak, you know, so I don't think
33 we're ... I don't think there's an issue there at all.

34 MR. KENNEDY: If I could though, I guess that always
35 strikes me as somewhat of a naval gazing exercise
36 because you're looking at other utilities to see what
37 they're doing, but then those utilities are looking to you
38 to see what you're doing, so that there is not much
39 input from outside the utilities on directions that you
40 could be taking. How does Newfoundland Power see
41 beyond the utility ...

42 MR. COLLINS: I don't agree with that statement, I mean
43 we do look outside the utility, as Ms. Duke said, the
44 Gardner Group is an example whereby we, we, who we
45 consult with to ensure that we are making some sound
46 technology decisions, obviously in line with, you
47 know, customer service and operating, you know, being
48 efficient and that sort of thing, so we do look to the
49 Gardner Group. You know, there was a customer

50 service conference that I had one of my staff members
51 go to a few months back that, you know, would be
52 somebody that, not only utilities were involved with,
53 but certainly all aspects of customer service companies
54 were involved with, and a lot of information we gather
55 that way as well, not just, you know, talking with peers
56 and other utilities.

57 MR. KENNEDY: Mr. Collins, if I gather correctly,
58 Newfoundland Power has a refresh rate on it's install
59 base of PCs and laptops of four years, is that right?

60 MR. COLLINS: No, we don't have a stated refresh rate
61 of a particular number of years on our PCs.

62 MR. KENNEDY: So the determination of when to
63 replace and how many PCs to replace is based on the
64 functionality requirements?

65 MR. COLLINS: I think that's in an RFI actually, if I can
66 just have a moment to bring it up there. I think it's RFI
67 CA-93(a), which is, you know, the steps that we go
68 through to determine what PCs and how many PCs, you
69 know, we'd be replacing, so it's not that we have a cut-
70 off period that as soon as it's three years old or four
71 years old, you know, they're out the door. There's a
72 number of things that go into that decision.

73 MR. KENNEDY: So it would be more of a qualitative
74 assessment rather than a quantitative one, if you will?

75 MR. COLLINS: There's certainly some judgement to be
76 exercised there for sure, but, yeah, you know, it's
77 qualitative and quantitative.

78 MR. KENNEDY: Okay, could we just go to 93(c)? This
79 provided a list of the, of the computers that were being
80 cascaded, I guess, out the door, is that right, this is the
81 bottom rung of the PCs, so in effect, these are the ones
82 that would be decommissioned?

83 MR. COLLINS: Yeah, these would be the ones, these
84 would represent the ones that we'd be retiring at the
85 end of 2002.

86 MR. KENNEDY: So the 233, that's a nice paperweight.
87 The 450, could you just explain to me why the 450
88 would be inadequate as a computer to use by
89 Newfoundland Power at that bottom rung?

90 MR. COLLINS: Let's see. The 450, actually, I mean the
91 difference between the 233 and the 450 is, I don't think

1 an employee, or anyone else would notice much of a
2 difference, but the 450 megahertz machines, they're four
3 years old, they're out of warranty, they have been used
4 in areas ... in terms of cascading, these would be the
5 PCs that we would have out in areas such as a linesmen
6 training room where they can actually come in and use
7 these machines for, to share, but in terms of a 450
8 megahertz PC, we are hard-pressed to run our Great
9 Plains environment on a PC that's a 450 megahertz
10 machine, so you know, those are the kinds of, you
11 know, that's an example of the kind of a decision we
12 would have to make regarding our PC replacement,
13 looking at the technology that we have on the floor, so
14 to speak, the software that we're using, and can the PCs
15 run that effectively.

16 MR. KENNEDY: And just a question just before I ask
17 the next one, the, are these salvaged by ... do you
18 obtain any salvage for this when you bump these out
19 the door? What happens to these?

20 MR. COLLINS: When they're retired?

21 MR. KENNEDY: Yeah.

22 MR. COLLINS: We actually give them, once we clean
23 them off and all that sort of thing, we give them to our
24 P30 Club, which is retired employees, and what they do
25 is they take all requests in from schools and from, gosh,
26 non-charitable organizations like Junior Achievement
27 and places like that that are looking for old PCs
28 wherever they can get them, so these are, these would
29 be PCs that would end up, for instance, in schools at
30 the end of the day.

31 MR. KENNEDY: You're aware, I take it, that Hydro,
32 Newfoundland and Labrador Hydro has recently made
33 a decision to migrate towards a Sun Microsystems
34 platform for its computers?

35 MR. COLLINS: I'm not aware of that.

36 MR. KENNEDY: And has Newfoundland Power
37 conducted any reviews to consider whether a SUN
38 system would ... or perhaps we should explain first,
39 maybe you could just provide some quick details about
40 what the SUN system is as opposed to the desktop
41 model for the Windows environment?

42 MR. COLLINS: Yes, my understanding of a SUN
43 system is that it's a platform that's a piece of hardware
44 that runs a version of Unix operating system as

45 opposed to a piece of hardware that runs the Windows
46 operating system that most people would be familiar
47 with.

48 MR. KENNEDY: And is my understanding correct that
49 under the SUN system, the processing power, the hard
50 drive, the basic requirements of the unit that sits on a
51 desk are much less because most of the processing and
52 data crunching are taking place at the server level?

53 MR. COLLINS: I'm not that familiar with it, Mr.
54 Kennedy, I'm sorry.

55 MR. KENNEDY: Okay, so you wouldn't be familiar with
56 the fact that a Sun desktop model is much less
57 expensive than a Windows based desktop model?

58 MR. COLLINS: I guess the only thing I can say to that
59 is that a Sun desktop model will not run our customer
60 service system and it won't run our financial system, so
61 ...

62 MR. KENNEDY: And it won't run your financial system
63 because you chose to go with the Windows system.
64 The customer service system though is still an open
65 book, right, in ...

66 MR. COLLINS: It is indeed.

67 MR. KENNEDY: Okay, and so it may be considered by
68 Newfoundland Power to follow suit to Hydro and go
69 with a more inexpensive system, which I believe the
70 SUN system is as opposed to the Windows system?

71 MR. COLLINS: I don't have any information on prices
72 of SUN systems, but I know that, you know, that if we
73 decide with the customer service system replacement
74 that SUN systems are more appropriate in our call
75 centre versus Windows systems, that's certainly
76 something to consider, but you know, you'd have to
77 look at other things. Our call centre uses more than just
78 our customer service system. It uses email, as I
79 mentioned earlier, it uses faxing capabilities from the
80 desktop, it logs calls through our trouble management
81 system, our PCLS system, so it would all have to ... it
82 would be more than just the customer service system
83 replacement that would cause me to have to move to a
84 completely different technology on the desktop.

85 MR. KENNEDY: But you would, as was completed by
86 Hydro, be willing to conduct a review of that
87 technology to see whether it was appropriate to adapt

- 1 for your own operation and save money, as I believe
2 Hydro has demonstrated through a net present value
3 calculation that it will?
- 4 MR. COLLINS: Certainly, you know, as I said earlier,
5 my intention with meeting with Mr. Dowden at Hydro
6 would be to actually talk about what their plans are for
7 the upcoming years and the reasons why, but at this
8 point in time I cannot tell you that, you know, if it
9 makes sense or doesn't make sense until I have more
10 information.
- 11 MR. KENNEDY: No, fair enough, and I appreciate that,
12 I'm just saying that you do have an open mind.
- 13 MR. COLLINS: Right, absolutely.
- 14 MR. KENNEDY: And you would recognize that being
15 on the same platform might help in the future with
16 Newfoundland Power and Hydro being able to talk to
17 each other?
- 18 MR. COLLINS: Yes, sure.
- 19 MR. KENNEDY: Okay, that's all the questions I have,
20 Chair, thank you.
- 21 MR. NOSEWORTHY, CHAIRMAN: Thank you.
- 22 MR. KENNEDY: Thank you, Mr. Collins, Ms. Duke.
- 23 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
24 Kennedy. Thank you, Mr. Collins and Ms. Duke. The
25 last couple of minutes I have said see transcript and
26 read carefully. The technical considerations certainly
27 are interesting, I'll leave it at that. We'll move now, well
28 I guess we said we'd break at 1:00, although I guess
29 with redirect and questions from the Board, there's
30 probably not an awful lot more.
- 31 MS. NEWMAN: Yeah, I would suggest that we
32 perhaps could find out from counsel for Newfoundland
33 Power how long they expect to be on redirect. We may
34 be able to proceed and finish by 1:30.
- 35 MS. BUTLER, Q.C.: Mr. Chairman, I wonder if I might
36 just have the five minute break to speak to my co-
37 counsel to determine whether, in fact, we have any
38 redirect.
- 39 MR. NOSEWORTHY, CHAIRMAN: Sure, yes, that will
40 be fine.
- 41 MS. BUTLER, Q.C.: And if I do have redirect it's going
42 to be very brief.
- 43 MR. NOSEWORTHY, CHAIRMAN: No, that's fine.
44 Okay, five minutes, please.
- 45 *(break)*
- 46 MR. NOSEWORTHY, CHAIRMAN: Thank you,
47 alright, Ms. Butler, do you have any redirect?
- 48 MS. BUTLER, Q.C.: Yes, I do actually have just one
49 question, Mr. Chairman, but before I do that question,
50 Ms. Duke actually has a response to the undertaking
51 from Mr. Fitzgerald's question from ...
- 52 MS. NEWMAN: And before we start that, I'd just like
53 to note for the record, in terms of a housekeeping
54 matter, the Board has now filed the response to
55 information request, CA-130, and I believe that
56 concludes the responses to the information requests.
- 57 MR. NOSEWORTHY, CHAIRMAN: Thank you, Ms.
58 Newman. Ms. Duke?
- 59 MS. DUKE: This is the undertaking related to Mr. John
60 Simmonds and a PC that was identified in the material.
61 We have checked on that and it has been determined
62 that that particular PC was negotiated as part of the
63 settlement, or negotiated severance for Mr. Simmonds
64 upon his retirement, so it became part of that severance
65 of completion package.
- 66 MR. NOSEWORTHY, CHAIRMAN: Thank you.
- 67 MS. BUTLER, Q.C.: Okay, the only question I had, Mr.
68 Chairman, relates to a question from Mr. Fitzgerald from
69 early this morning actually. Chris, sorry Mr. Wells,
70 before we actually look at what's on the screen, can we
71 see first Ms. Duke's joint pre-filed testimony, page 6,
72 and can we scroll down slightly so that we can get the
73 sentence under the graph. There we go. Thank you.
74 Mr. Fitzgerald was asking you relative to this graph,
75 which is, I think, called graph three, and lines 9 to 10,
76 about the reduction in full-time equivalents to 665 by
77 2002, 14.3 percent since 1998, and whether, in fact, we
78 could quantify the value of the reduction in labour
79 costs. We don't have the actual figures for the year
80 2002, Ms. Duke, but I think we do have the figures for
81 the year 2001. Can you tell by looking at the graph
82 there what the full-time equivalents are actually there
83 for 2001?

1 MS. DUKE: I can't quite tell from the graph but it looks
2 like maybe 675, something in that range.

3 MS. BUTLER, Q.C.: Okay, and for 1998, it looks like
4 about 775?

5 MS. DUKE: It looks to be.

6 MS. BUTLER, Q.C.: Now we do have the actual labour
7 costs, that's operating costs for Newfoundland Power
8 for the years '98 to 2001, so perhaps to assist with Mr.
9 Fitzgerald's question, we can look at the Grant
10 Thornton reports. These are found, Mr. Chairman, at
11 CA-124. Alright, now at the bottom of the screen, what
12 we have is CA-124, I believe it's Appendix A, Schedule
13 1. If you're following a hard copy, Ms. Duke, maybe
14 you could confirm that?

15 MS. DUKE: Yes, that's correct.

16 MS. BUTLER, Q.C.: And at the top of the screen, Mr.
17 Chairman, we have CA-124, Appendix D, Schedule 1.
18 Ms. Duke, what was the total labour for the 1998, yeah,
19 charged to operating for the 1998 year?

20 MS. DUKE: So for 1998 it was \$31,743,000.
21 *(1:15 p.m.)*

22 MS. BUTLER, Q.C.: And for the year 2001?

23 MS. DUKE: \$27,703,000.

24 MS. BUTLER, Q.C.: So what is the reduction in
25 approximate terms?

26 MS. DUKE: It looks to be just over seven, sorry, \$4
27 million.

28 MS. BUTLER, Q.C.: Thank you, Mr. Chairman, that's
29 the only question on redirect for the panel.

30 MR. NOSEWORTHY, CHAIRMAN: Thank you, Ms.
31 Butler. We move now to Board questions and
32 Commissioner Finn, would you have any?

33 COMMISSIONER FINN: No questions, Mr. Chairman.

34 MR. NOSEWORTHY, CHAIRMAN: Thank you, and
35 Commissioner Whalen?

36 COMMISSIONER WHALEN: Yes, I just have one
37 question and I'm not sure, it's probably you, Mr.
38 Collins, in terms of the budget, the project under
39 application environment, the \$755,000. There's a
40 \$250,000 item there for Microsoft Enterprise Agreement.

41 MR. COLLINS: Uh hum.

42 COMMISSIONER WHALEN: Is that a, could you
43 explain to me what that is first, in terms of the
44 agreement itself?

45 MR. COLLINS: What it is it gives us the ability, first
46 to buy the software from Microsoft, and over a period
47 of three years at a substantially reduced price, so we've
48 done the analysis on this and it shows that buying the
49 software from Microsoft, such as Microsoft Office, you
50 know, Word, Excel, those kinds of things, over a period
51 of time, broken out like this, kind of levelizes the cost
52 and actually is much better to the customer because it's
53 going to be a much lower cost.

54 COMMISSIONER WHALEN: So you would have
55 signed this agreement recently?

56 MR. COLLINS: It would have been in, let's see, this
57 would have been ... we had this original agreement, I
58 think it was 1999, and so we would have renewed that
59 in April of 2002, if my memory serves me correctly.

60 COMMISSIONER WHALEN: So ...

61 MR. COLLINS: This would be then the second, the
62 second year, I think.

63 COMMISSIONER WHALEN: So is it my
64 understanding then that it's \$250,000 in terms of your
65 comment about levelizing, it's a \$250,000 annualized
66 cost, it's an annual cost for each year of the agreement?

67 MR. COLLINS: I think it varies a little bit per year, so
68 I'm thinking next year, next year's capital budget you
69 would see that a little bit lower than that, so it's not
70 \$250,000 spread out over three years, it's our estimate of
71 the cost of the agreement concerning the licenses that
72 we have to buy. It's about \$249,000, so our budget is
73 around \$250,000.

74 COMMISSIONER WHALEN: So I ...

75 MR. COLLINS: It's not an annual, sorry, it's not an
76 annual cost, so when we look at, when we did the

1 agreement ... maybe I can take you to, let's see ... maybe
2 it's CA-67, and it's CA-67(f) to be precise. Okay, and if
3 we just scroll down a little bit there, please, Chris. So
4 the options available to us at the time of signing the
5 agreement, we would have had to pay \$848,000 over
6 those three years. By purchasing a little bit of a
7 separate agreement that Microsoft has, the price would
8 have been \$647,000, the agreement, the contract under
9 the Microsoft Enterprise Agreement, it would be
10 \$516,000 over that three year period, so 2003 costs are
11 about \$250,000.

12 COMMISSIONER WHALEN: So do you actually then
13 just get the software upgrades and whatever Microsoft
14 products you need as just part of that agreement
15 without additional expenditure?

16 MR. COLLINS: That's correct.

17 COMMISSIONER WHALEN: So that's ...

18 MR. COLLINS: For those software that are covered
19 under that agreement.

20 COMMISSIONER WHALEN: Okay, so that would just
21 answer my next question, I guess, as to why an
22 Enterprise Agreement amount would be in the capital
23 budget, but it's not a fee or a licensing fee.

24 MR. COLLINS: No, it's not.

25 COMMISSIONER WHALEN: It's actually a substitute
26 in lieu of the actual purchases.

27 MR. COLLINS: That's correct.

28 COMMISSIONER WHALEN: Okay, yeah, that's fine,
29 thank you.

30 MR. ALTEEN: Madame Vice-Chair, you might find
31 additional information in response to NLH-32, which
32 might be of assistance.

33 COMMISSIONER WHALEN: Thank you, Mr. Alteen.

34 MR. NOSEWORTHY, CHAIRMAN: Thank you,
35 Commissioner Whalen. I just have a couple of
36 questions, and again, they're more general than
37 anything. Mr. Ludlow, Ms. Duke, went through a fair
38 explanation during his testimony concerning the
39 manner in which he would arrive at his capital budget,
40 I suppose, the process that he would go through. He

41 would have indicated consultation with councils, and
42 I guess, a process internally where his budget would be
43 developed from the ground up, if you will, engineering
44 technicians, information from the field, and there would
45 be continuous discussions in that regard. Either you or
46 Mr. Collins, if you could comment on the process that
47 you engage in, I'm particularly interested, I suppose, in
48 the customer service initiatives in particular, and how
49 they're arrived at and what sort of feedback you use
50 and what sort of process you use in putting together
51 that budget.

52 MS. DUKE: Maybe I could start off and then Mr.
53 Collins could pick it up from there.

54 MR. NOSEWORTHY, CHAIRMAN: Sure.

55 MS. DUKE: In terms of the capital budget process,
56 there are some parallels actually with what Mr. Ludlow
57 was talking about in terms of the field, except, I guess,
58 our field is a little different. It's in some cases the users
59 of these actual computer applications, so Mr. Collins
60 and his group certainly would be speaking with these
61 users early through the capital budget process trying to
62 find out, you know, where are their issues and
63 concerns, and where are the directions they need to be
64 moving in from a technology point of view, so our
65 customer service group would be one of those, and we
66 actually have some people within the customer service
67 department that are very much focused on our customer
68 service system and our technology options there, so
69 you know. For example, the IT staff would be meeting
70 with them on a regular basis, trying to understand,
71 where do we move with these kind of technology
72 improvements and so on. That would certainly be one
73 aspect of it.

74 Then there's the whole sort of, what I call
75 infrastructure side, and I'm sure Mr. Collins can speak
76 to this, it's trying to understand the base technology
77 itself, and you know, as the example of Open VMS, that
78 particular technology challenge, how do we address
79 that, and he at that point would be talking to,
80 obviously, his infrastructure staff within his
81 department, but also, as he mentioned earlier, looking at
82 outside groups and getting some advice and guidance
83 from those folks as to where we move forward, so really
84 collecting all of those inputs early on in the spring, and
85 then, you know, developing the capital budget
86 information from there.

1 A couple of the projects that are mentioned
2 this year, and were there last year as well, had to do
3 with our operations support group, you know, how can
4 we better support our operations people in the field
5 from a technology point of view. It's an area of the
6 company that hasn't been supported a great deal from
7 technology in the past, so how can we now bring some
8 technology to those groups to make their jobs easier.
9 So that's just an example, so Peter would have his staff
10 talking with our operations people, saying well, where
11 are the opportunities here to improve the business,
12 improve service, make the business more efficient, so
13 that's sort of the dialogue that would occur in advance
14 of the capital budget process. I don't know if you have
15 anything to add.

16 MR. COLLINS: Sure, yeah, and another piece of that
17 would be that, you know, we'd be looking at all the
18 technology components, such as PCs and servers and
19 disks and those kinds of things, and determining the
20 age and performance of that equipment, and you know,
21 what would we expect to be a good, you know, the
22 useful life of it, and when should we expect to replace
23 those kinds of things, so much like a, you know, a
24 transformer is looked at in distribution, a piece of
25 technology like a server is also looked at much the
26 same way on the, in the information technology
27 department where I am, to see, you know, how much,
28 how is this performing, what's its life expectancy and
29 that sort of thing, so those kinds of components is
30 what makes up that budget at the end of the year.

31 MR. NOSEWORTHY, CHAIRMAN: So essentially you
32 would look at what opportunities exist in areas like
33 customer service, for example, and see what
34 technologies might be available, or tools might be
35 available to respond to those and, I guess those
36 opportunities would be identified through internal
37 discussions and external ...

38 MS. DUKE: And some validation externally as well, but
39 certainly it's not technology for the sake of technology.
40 It has to fit in with our business philosophy. Does it,
41 you know, does it improve the business, does it serve
42 customers better, does it make us more efficient. It's
43 those kind of challenges that really it has to go
44 through.

45 MR. NOSEWORTHY, CHAIRMAN: There's a couple
46 of references that seem to be, I suppose, fairly specific,
47 and I won't call them up, but I'll, in your pre-filed
48 evidence on page two, you know, and I guess there's a

49 paragraph or a comment, managing its investment in
50 information technology requires the company to
51 maintain existing information technology assets long
52 enough to obtain maximum value from the investment,
53 but not as long as to jeopardize reliable service, and
54 you know, there are some clear measures or outcomes
55 that are named in that, in reference in that particular
56 sentence. I guess I look at page 7 and it refers to Power
57 manages, or Newfoundland Power manages its
58 investment in information technology on a least cost
59 basis, certainly that's an outcome. Are there any, are
60 there any particular references to tests that you actually
61 apply to achieve these outcomes? I mean are there, in
62 terms of the tools that you would apply to derive those
63 outcomes, would you have any comment on
64 specifically what they would be?

65 MS. DUKE: So the tools for the outcomes, just so that
66 I understand your question, are you talking about the
67 operational efficiency outcomes of customer service, or
68 the decision to replace ...

69 MR. NOSEWORTHY, CHAIRMAN: Well, for example,
70 under capital budget on the other side, you know, cost
71 benefit, I suppose would be a tool that's used to
72 determine whether you'd buy a particular piece of
73 equipment, you'd move forward, and how you would
74 achieve these, what I call outcomes, and I'm wondering,
75 obviously in looking at the opportunities that exist, and
76 you just referred to, for example, in the customer service
77 area, and you're looking at obtaining maximum value,
78 you're looking at not jeopardizing reliable service,
79 you're looking at maintaining the useful life of assets,
80 what types of things, what types of tools do you, or
81 indicators do you apply to reach those objectives, I
82 suppose?

83 MS. DUKE: I wish there was a perfectly sort of
84 quantitative or objective way to do it but ...

85 MR. NOSEWORTHY, CHAIRMAN: No, and I realize
86 that, I guess I'm looking for some examples to see how,
87 how those references are actually operationalized by
88 you.

89 MS. DUKE: I guess the best example I can provide you
90 with is in our call centre, because I'm very familiar with
91 that, and I look back to 1998 when we had some 200,000
92 calls that were not even getting through our system,
93 and now I look today and I see maybe two percent not
94 getting through, but I mean to think that we had 200,000
95 calls actually either being deflected or abandoned, not

1 even getting through to a real live person, so to see
2 that kind of an indicator, that's something we would
3 measure and track, so we would, for example, look at
4 what we call grade of service and say, we look at that
5 almost on a weekly basis, how are people
6 communicating with us, are they getting through, so
7 that would be an indicator.

8 We obviously look at operating efficiency,
9 things like costs that we referred to here earlier. We
10 would focus very much on that, that's an indicator for
11 us. We look at our customer surveys, you know,
12 general information that we can glean from those,
13 they're a great wealth of information to us as well.

14 In terms of extending asset life, which was the
15 other reference in here, that's a real challenge. It's a
16 balancing act that we have to do on an ongoing basis,
17 so we're always trying to say, can we, can we get a little
18 bit more life out of this without jeopardizing the system,
19 and I guess the best example I can think of that is our
20 handheld meter reading system which we just replaced
21 this past year. When we replaced it it was over ten year
22 old technology and for the last few years, we've been
23 really stretching it, you know, getting spares from the
24 vendor. The vendor was no longer supporting it, but
25 we were trying to basically maximize the use out of that
26 system, so we really felt it was at the end of its useful
27 life by the time we moved to where we are now, so it's
28 really balancing those issues too, when do your
29 maintenance costs and operational costs become so
30 great that it's, you need to make that investment and
31 trying to make judgements around it. So that's some of
32 the things that we would look at.

33 MR. NOSEWORTHY, CHAIRMAN: Yeah, I guess on
34 the operations side, you know, you have the SAIDI and
35 SAIFI statistics and there are other things that really,
36 that one would apply there that are fairly
37 straightforward and direct. In this area it's a little bit
38 more nebulous.

39 MS. DUKE: Certainly customer satisfaction, grade of
40 service, as I mentioned the call centre, operating cost
41 efficiency, within the IT shop itself, of course, they look
42 at things, you know, the availability of their systems,
43 and there's certain indicators, help desk response, all of
44 those kind of more IT related measures as well.

45 MR. COLLINS: Right, you know, and in terms of, again,
46 balancing the risk and extending asset life, you know,
47 that's exactly why we're looking at our customer service

48 system very closely today. We know that the Open
49 VMS, excuse the jargon, is something that's really out
50 there in terms of something that won't be supported
51 anymore. That means that if that fails, we cannot get
52 support for Open VMS, we will not be able to respond
53 effectively to customer calls, so you know, we're ...
54 while there are no good measures like SAIDI and SAIFI
55 in there, I mean, I guess one of the things that we do is
56 we have to apply a lot of judgement and looking
57 forward, looking ahead to see what industry experts are
58 saying about technology and where it's going and just
59 try to make those assessments and make those
60 judgements so that they benefit the customers here at
61 Newfoundland Power.

62 MR. NOSEWORTHY, CHAIRMAN: Thank you very
63 much, that's all the questions I have. Mr. Fitzgerald, are
64 there any questions on ...

65 MR. FITZGERALD: Mr. Chairman ...

66 MR. NOSEWORTHY, CHAIRMAN: ... on matters
67 arising.

68 MR. FITZGERALD: There are no questions in
69 particular, although, I don't know if this is the right
70 opportunity or the right time to seek clarification of the
71 undertaking that's been provided regarding the
72 Simmonds computer. I'm just wondering if that's the
73 extent of the response we're going to get to that
74 undertaking?

75 *(1:30 p.m.)*

76 MS. DUKE: I can further elaborate if that would be
77 helpful.

78 MR. FITZGERALD: I guess, Mr. Chairman, the basic
79 idea is we want to know whether the computer was
80 given as a gift, was there a nominal value, or was it fair
81 market value?

82 MS. DUKE: My understanding in that case was that it
83 was a negotiated part of Mr. Simmonds' retirement or
84 severance arrangement. The value of that would
85 probably be in the \$2,000 range.

86 MR. FITZGERALD: Thank you, Mr. Chairman.

87 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
88 Fitzgerald. Mr. Young, are there any questions?

1 MR. YOUNG: No, Mr. Chair.

2 MR. NOSEWORTHY, CHAIRMAN: Board Hearing ...

3 MR. KENNEDY: Nothing arising, Chair.

4 MR. NOSEWORTHY, CHAIRMAN: Ms. Butler?

5 MS. BUTLER, Q.C.: No, thank you, Mr. Chairman.

6 MR. NOSEWORTHY, CHAIRMAN: Okay, thank you
7 very much, timing is perfect. I think, as Mr. Browne
8 alluded to yesterday, I think at this point in time the
9 blood goes from your head to your stomach, at 1:30 in
10 the day, so I think the timing is perfect. We will
11 adjourn. I guess the understanding is that we will
12 adjourn to final argument on the 28th of November,
13 which is the same day, I guess, as the motions day
14 we've scheduled for the general rate application.

15 MS. NEWMAN: Yes, Mr. Chairman, 9:00 a.m. on the
16 28th. I did want to confirm though, according to the
17 Clerk's records, there's no outstanding information
18 requests or undertakings. If there are then the parties
19 should advise us now so that we can follow up on that.

20 MR. ALTEEN: An undertaking, I believe, is still
21 outstanding with respect to the status of the insurance
22 claim for the lightning storm, and I can tell the Board
23 that the claim hasn't been asserted. We will file a
24 written response on Monday. The claim hasn't been
25 asserted, but the insurers are on notice and we have to
26 inquire as to exactly where it is, and it's taking us a day
27 or two to ensure that between our brokers and our
28 claims staff, that we've got our facts straight. That's all
29 that's there.

30 MS. NEWMAN: Thank you.

31 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
32 Alteen, we're adjourned now until 9:00 a.m. on
33 November the 28th, and have a good weekend, thank
34 you.

35 *(hearing adjourned to November 28, 2002)*