

1 **Q. Further to CA-NP-129, list 5 cost saving measures that NP has instituted since its**
2 **last GRA which did not involve expenditures made in the expectations of future**
3 **savings which is the case with those listed in reply to CA-NP-129.**
4

5 A. The following cost saving measures were instituted since the last GRA:
6

- 7 1. In December 2007, the Company renegotiated the contract for the supply of
8 cellular telephone service resulting in a reduction in the cost of wireless services.
9 This contract remains in effect through 2010.
10
- 11 2. In 2008, the Company renegotiated the contract for the supply of local telephone
12 service resulting in a reduction in the cost of each business telephone line. This
13 contract remains in effect through 2011.
14
- 15 3. In 2008, the Company joined with other Fortis companies to negotiate a 4%
16 discount on the purchase price of heavy fleet vehicles. This initiative came about
17 following the success achieved in negotiating discounts for passenger vehicles
18 prior to 2008.
19
- 20 4. In 2009, the Company added a requirement to the purchase agreements for aerial
21 devices that the manufacturer provide factory specific training documentation to
22 allow Newfoundland Power employees and local garages to more effectively
23 troubleshoot and repair vehicles. This has resulted in better quality repairs of
24 aerial devices, minimizing follow up service.
25
- 26 5. In 2009, the Company participated with other Fortis Companies in negotiating a
27 volume discount pricing agreement with a drawing/drafting application vendor.
28 This contract remains in effect through April 2010.
29

30 Cost management must be consistent with the fulfillment of the Company's obligation to
31 provide a reasonable level of service to its customers.¹ For this reason, Newfoundland
32 Power's continuing cost management efforts are principally aimed at achieving
33 *sustainable* cost efficiencies in its operations.²

¹ In this context, a proper evaluation of any cost saving measure will involve some level of expenditure.

² This approach is consistent with the Company's view of its obligation to serve as a *long-term* obligation.