

1 **Volume 1, Section 2 – Customer Operations**
23 **Q. With reference to Exhibit 2, “Operating Costs by Breakdown 2002 - 2008” please:**
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- 5 **a. Explain what expenses are included in the term miscellaneous” at line 13 of**
6 **the Exhibit 2 and please provide a breakdown of these expenses for 2006,**
7 **2007 (f) and 2008 (f).**
- 8 **b. With respect to line 15 Insurances, are maximum deductibles used, where**
9 **applicable, to reduce insurance expenses?**
- 10 **c. With respect to Travel Expense at line 9, please indicate what the assumptions**
11 **are which were used in forecasting a \$987,000 travel expense in 2008.**
- 12 **d. With respect to Travel Expense at line 9 please confirm whether NP mandates**
13 **that employees shall book accommodations, where possible, at Fortis Inc.**
14 **owned inns and hotels and if so, demonstrate the benefit to the ratepayers and**
15 **utility of such a policy.**
- 16 **e. With respect to Travel Expense, please provide a detailed accounting of travel**
17 **costs by department and separately state travel costs incurred by each**
18 **member of the executive team and by individual directors for the years 2004**
19 **to 2008 (f). Please also show the amount of travel expense, broken down as**
20 **above, which was billed to Fortis Inc. or affiliated companies.**
- 21 **f. Detail Other Company Fees (line 19).**
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23 **A. (a) Table 1 provides a detailed breakdown showing the major components of the**
24 **miscellaneous cost category.**
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Table 1
Miscellaneous Expenditures

	2006	2007F	2008F
Energy Programs	76,274	114,780	118,000
Health & Wellness (EAP Program)	42,843	25,000	28,000
Share Purchase Plan	122,926	100,000	102,000
Employees Association	94,137	94,000	94,000
Computer Purchase Plan	65,467	65,000	65,000
Damage Claims	141,616	156,500	165,000
Cafeteria/Lunchroom Supplies	65,615	59,000	61,000
Books & Magazines	65,647	45,000	48,000
Promotional Materials	119,086	125,000	125,000
Donations	189,403	175,000	175,000
Miscellaneous	437,986	497,720	505,000
Total	\$1,421,000	\$1,457,000	\$1,486,000

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- 28 **(b) Newfoundland Power selects insurance deductibles that are a balance between the**
29 **premium credit and the additional cost from the increased deductible in the event**
30 **of a claim.**

- 1 (c) Travel is based on historical expenditure adjusted for productivity improvements.
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 3 (d) Newfoundland Power does not mandate that employees use Fortis-owned hotels.
 4 Employees are expected to minimize the costs of their travel to the extent
 5 possible.
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 7 (e) Table 2 provides travel cost details by department.
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Table 2
Travel Costs By Department

	2004	2005	2006	2007F	2008F
Corporate Offices	132,901	115,917	156,943	137,000	135,000
Internal Audit	11,431	4,431	4,815	10,000	12,000
Engineering	182,275	179,732	198,638	175,000	160,000
Environment	11,310	14,775	11,741	16,000	15,000
Energy Supply	182,127	92,075	96,356	116,000	110,000
Eastern Region	151,261	184,464	168,764	168,000	200,000
Human Resources	83,534	64,631	95,389	82,000	75,000
Western Region	180,790	281,243	214,533	208,000	150,000
Finance	43,215	41,521	58,155	45,000	32,000
Customer Service	70,800	49,497	57,443	67,300	62,000
Information Services	37,639	25,684	29,689	23,000	21,000
Transportation	8,047	8,856	12,520	15,000	15,000
Total	\$1,095,330	\$1,062,826	\$1,104,986	\$1,062,300	\$987,000

1 Table 3 provides travel cost details for the Company's executive. Because
 2 Newfoundland Power does not forecast travel by individual, forecast data is not available
 3 for 2007 and 2008.
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Table 3
Executive Travel Costs

	2004	2005	2006
Karl Smith	14,501	18,422	29,172
Phonse Delaney	25,418	14,234	7,694
Michael Mulcahy	11,666	1,701	-
Peter Alteen	2,999	7,092	2,826
Lisa Hutchens	6,125	5,823	5,493
Jocelyn Perry	-	1,263	1,683
Total	60,709	48,535	46,868

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 8 Table 4 provides details on executive travel costs that were billed to Fortis.
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Table 4
Executive Travel Costs Billed to Fortis¹

	2004	2005	2006
Karl Smith	15,420	10,324	6,308
Michael Mulcahy		7,154	
Peter Alteen	5,172		3,240
Total	20,592	17,478	9,548

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¹ Executive travel costs billed to Fortis are in addition to the executive travel costs itemized in Table 3.

1 Table 5 provides travel cost details for the Company's directors.
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Table 5
Directors Travel Costs

	2004	2005	2006
Director 1	1,039	1,077	423
Director 2	902	392	-
Director 3	3,200	3,619	3,487
Director 4	744	372	-
Director 5	515	331	182
Director 6	2,234	7,483	-
Director 7	215	1,043	290
Director 8	586	393	450
Director 9	773	331	-
Director 10	1,541	-	-
Director 11	-	7,152	11,436
Director 12		4,258	12,627
Director 13		235	1,515
Director 14			4,549
Director 15			979
Total	11,749	26,686	35,938

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6 (f) For detail regarding Other Company Fees, see the response to CA-NP-104.