

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 from 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)*