

1 **Q. In reference to the evidence of Earl Ludlow, page 7, Table 1, and page 49, graph 6,**  
2 **although there has been overall cost savings from 1998 through 2002, costs are**  
3 **forecast to increase in 2003 and 2004 over 2002 levels. What programs are**  
4 **Newfoundland Power abandoning that had made it successful in reducing its costs**  
5 **in recent years?**

6  
7 A. The Company's response to Request for Information CA-275 reviews the means by  
8 which Newfoundland Power has been successful in achieving operating cost reductions  
9 since 1998. The Company has not abandoned any of the strategies that have made it  
10 successful in reducing its costs in recent years. Newfoundland Power will continue to  
11 employ such strategies as organizational change, process improvement, implementation  
12 of technology, and workforce reductions where opportunities are identified that will  
13 reduce costs while maintaining or improving service levels.