

1 **Q. In reference to the evidence of Philip Hughes, page 12, line 2, please provide**
2 **specifics as to “contracting certain tasks to other firms at a lower cost”**
3 **demonstrating the lower cost in each and every contract.**
4

5 A. Please refer to the Company’s response to CA-353 for information on the cost savings
6 associated with on-site fuelling of line trucks in the St. John’s area by an independent
7 contractor.
8

9 Attachment A provides examples of cost savings associated with certain other tasks
10 contracted out by the Company. These tasks include flag-person services, tree trimming
11 services, conductor installation for new lines and pole setting services.
12

13 In addition to the cost advantage provided by contracting these tasks, this approach
14 allows the Company to focus on core labour requirements and to minimize the need to
15 maintain expertise in all areas. As well, this approach avoids adding capital equipment
16 that would be underutilized compared with that of contractors.
17

18 Contracting out non-core functions provides greater management flexibility in the control
19 of costs in light of fluctuating workloads and a changing business environment.