

1 **Q. In reference to the evidence of Earl Ludlow, page 50, line 5, please show from a**
2 **revenue perspective how the general corporate re-organization, which reduced the**
3 **number of internal departments, saved rate-payers money and please provide the**
4 **specific amount of money saved.**

5
6 A. The corporate reorganization in 2001 resulted in the reduction of the core management
7 team from 19 to 14. This reduction was achieved mostly through retirements without
8 replacement. The total annual salary for the positions eliminated (based on the
9 employees' last year of employment) was approximately \$600,000. The net present
10 value analysis completed with respect to the Company's 2000 and 2001 early retirement
11 programs, under which several of these individuals retired, indicates an after-tax NPV of
12 \$2.1 million for each of the two programs (see *Finance & Accounting Evidence*, Exhibit
13 BVP-24). The Company has not completed any further analysis quantifying the savings
14 resulting from the 2001 corporate re-organization.

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16 Workforce reductions and operating efficiencies are assessed and achieved on a
17 corporate-wide basis as opposed to on the basis of individual productivity initiatives.
18 Since 1992 the Company's workforce has decreased by approximately 33 percent.