

1 **Q. In reference to the evidence of Earl Ludlow, page 50, line 6, please show how the**  
2 **Company's move from four operating regions to two has save (sic) rate-payers**  
3 **money and please provide the specific amount of money saved.**  
4

5 A. The reduction in operating regions resulted in the elimination of two Regional Managers.  
6 These two positions are included in the cost reduction estimates provided in the  
7 Company's response to Request for Information CA-466.  
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9 As stated in the pre-filed evidence of Mr. Earl Ludlow, page 50, the reduced number of  
10 regions has enhanced the sharing of resources at the regional and departmental level.  
11 Also, the reduced emphasis on regional boundaries, and the inherent efficiency of a  
12 smaller management team, has enhanced decision-making and streamlined operations.  
13

14 The cost reductions resulting from the reorganization of regional operations would be  
15 primarily reflected in the Electricity Supply category shown at line 9 of Exhibit EAL-1.  
16 Costs in the Electricity Supply category were approximately \$23.3 million in 2000 and  
17 are forecast to be approximately \$21.2 million in 2002. Newfoundland Power has not  
18 performed detailed analysis of the direct impact of this reorganization on this cost  
19 category, however, the reduction in operating regions was a contributing factor to the cost  
20 reductions experienced in the Electricity Supply category.