

Requests for Information

Q. On page 56, Table 24 of the Corporate Overview Evidence (sic) the reduction in the number of full time employee equivalents is indicated. Please provide a similar table showing dollar savings per year as a result of these reductions.

A. Table 24 referenced in the question is found in the *Operations & Customer Service Evidence* at page 56.

Table 1 below shows the dollar savings per year from 1999 through 2002 < > resulting from the reduction in the number of full time equivalents (FTEs).

Table 1 Salary Savings					
	1998	1999	2000	2001	2002
FTEs	776.1	768.4	704.0	675.2	665.6
Average salary per FTE		\$53,736 ¹	\$55,577 ¹	\$58,227 ¹	\$60,493 ²
FTE Reduction from 1998		7.7	72.1	100.9	110.5
Annual Salary Savings (000s)³		\$414	\$4,007	\$5,875	\$6,685
Estimated cumulative total savings: 1999 through 2002 (000s)					\$16,981

¹ As shown on page 17 of the Grant Thornton, LLP's 2001 Annual Financial Review of Newfoundland Power Inc.

² Calculated using the same methodology as used by Grant Thornton, LLP.

³ Annual salary savings is calculated by multiplying the FTE reduction from 1998 with the average salary per FTE for the given year.

In order to improve the quality of service provided by the Company while keeping operating costs under control, the Company has had to improve productivity. FTEs have been reduced through improvements in productivity resulting from organizational restructuring, business process improvement and the introduction of technology that allows for more productive allocation and utilization of the Company's resources. Examples of these initiatives include reducing the number of operating regions from four to two, departmental consolidation from 14 to 9 and use of mobile workforces. Improvements in productivity since 1998 have enabled the Company to reduce its work force by approximately 111 FTEs and has enabled the Company to reduce its annual salary costs, from what it otherwise would have been, by approximately \$6.7 million in 2002.

Total salary savings for the period 1999 through 2002, resulting from FTE reduction, are expected to reach approximately \$17.0 million. During this period, sales climbed by 325

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- 1 GWh or 7.3% and the number of customers the Company serves increased by
- 2 approximately 6,962 or 3.3%.