

September 22, 2000

P.U.B Hearing - NF Power Capital Budget

MR. SKOV: It is software but it is a part of the PC as well in that we don't allow our employees to go in to change the software on their PC at work. That is a pristine environment. We can't allow them to change things around on their PC at work, otherwise applications like the customer service system may not work, so that sort of software is both on the PCs and on the servers, so there's a heavy degree of management at a PC level in our environment.

MR. POWER: Very good. That's it, Madam Chair. Thank you very much. Thank you, gentlemen.

MS. WHALEN, CHAIRPERSON: Mr. Pelletier.

MR. JOHN EVANS AND MR. ALLAN SKOV.
XX'D BY MR. PELLETIER

MR. PELLETIER: I only have a very, a couple of very quick questions. Mr. Skov, you mentioned an outfit called the Gartner Group.

MR. SKOV: That's correct.

MR. PELLETIER: Who are they?

MR. SKOV: Gartner Group is an industry advisory group based out of the United States.

MR. PELLETIER: Sorry, when you say industry, you're talking about the computer industry at this stage ...

MR. SKOV: Thanks for catching me.

MR. PELLETIER: ... not the electronic industry. Okay.

MR. SKOV: The IT industry, the computer industry, and their role, what they're in business for is to provide consultation to companies like ours. Basically they do that by being aware of what all the different vendors in the IT community are doing, what other companies are doing, and they end up pooling that all together and then selling that information back out to guys like us.

MR. PELLETIER: So they do more than just PC rankings. Like this tier one business, they do that for all kinds of stuff involving the IT industry.

MR. SKOV: That's correct. They cover the whole IT spectrum.

MR. PELLETIER: When you purchase IT items other than personal computers, do you also purchase tier one equipment throughout? If you're planning anything to do with your computer network, do you purchase tier one as ranked by Gartner Group?

MR. SKOV: Gartner doesn't actually, or I'm not really familiar with anybody sort of using the same terminology for other types of technology. For example, a server generally isn't called tier one, but the premise still holds that one of the strategies that we follow, and it's one that guys like, a company like Gartner would also promote, is that you do want to align with the industry leading vendors, those vendors that are offering the superior product in that their product is also being the most widely adopted, which generally means it's getting used the most and people understand it the most and there's a very solid support community out there to support their technology. So the answer is yes although technically it doesn't generally get called tier one.

MR. PELLETIER: Those are my questions.

MS. WHALEN, CHAIRPERSON: Commissioner Crosbie.

MR. JOHN EVANS AND MR. ALLAN SKOV.
XX'D BY COMMISSIONER CROSBIE

COMMISSIONER CROSBIE: I have a couple of questions for Mr. Evans, minor questions really. On page, B, 47 of 70, you're listing some SAFEE (phonetic) and SAIDI numbers, Section B.

MR. PELLETIER: Sorry, Commissioner Crosbie, what page reference is that again?

COMMISSIONER CROSBIE: It's page 47 of 70, Schedule B. Would you happen to know what the Canadian Electrical Association recommended numbers might be for the SAFEE and SAIDI column? It's probably an unfair question. You know, I don't know ...

MR. EVANS: There's no such thing as an unfair question. There are not recommended numbers for SAIDI and SAFEE by the Canadian Electrical Association. You know, my desire is to get those as close to zero as is possible. Those numbers are higher than most Atlantic Canadian utilities and most utilities in Canada, so we don't have the numbers where we would like to have them yet, but there are no industry standards per se. For instance, I don't know, five years ago there was a major ice storm in the upstage New York, Quebec, Ontario region, and so national numbers for that year would have been through the ceiling sort of thing because power was off for weeks on end and that would affect a large number of customers and hence impact the Canadian average number, but to answer the question directly, there

1 aren't set standards but from my perspective I want
2 them as close to zero as I can get them.

3 COMMISSIONER CROSBIE: I believe I saw
4 references in the budget that a transformer lifespan
5 was in the order of 20 years.

6 MR. EVANS: What ...

7 COMMISSIONER CROSBIE: Are these related to
8 pole mounted transformers or ...

9 MR. EVANS: I would like to think that the lifespan,
10 and I know that the lifespan of the (unintelligible) coils
11 of a pole mounted transformer generally is much
12 longer than that, and we would expect to see an
13 average of 30, 35 years out of that which means that
14 some of them are going to fail in 20 years, but a lot of
15 them are going on to 50 years, and we'd like to see
16 more of the latter than the former. What I did make
17 reference to today was that since, and I'll use 1990 as
18 an example, it could be in a year or two one way or
19 the other, we've experienced significant problems with
20 the tank that the transformer, the pole mounted
21 transformer is in. Corrosion, salt environment, if
22 they're in Buchans, they're probably not a big
23 problem, but if they're in Wesleyville or if they're in
24 Trepassey, I've seen transformers that we put up in
25 May and June and taken down in October and
26 November with big huge pieces of rust on them, so
27 part of it is the kind of steel that is manufactured
28 today. You know, we as a society are looking at
29 recycling more. With that kind of environmental
30 protection there are some drawbacks because the
31 quality is not in the steel initially because there are
32 other impurities in it. What we've been able to find
33 this year is a supplier that will make a stainless steel
34 tank which does not subject itself because of the nickel
35 content and the like to the same corrosion problems
36 and they are prepared to warrant that tank to be free
37 of perforation from corrosion for 20 years, so I think
38 that was probably where the 20 years came from.
39 We're really excited about that because it helps
40 enhance the service levels while at the same time
41 hopefully going to reduce our costs over time.

42 COMMISSIONER CROSBIE: Would the failure rate
43 of the pole mounted transformers be the same as pad
44 mount transformers?

45 MR. EVANS: From an electrical point of view,
46 generally yes, and I hesitate because as you get into a
47 larger and more expensive transformer, and a pad
48 mounted transformer is another step up, you go into a
49 substation and add a power transformer and it's larger

50 and again much more expensive, we will take added
51 precautions because you can afford to take additional
52 precautions to protect those transformers. For
53 instance, every substation transformer would have
54 lightening protection on it, so the chances of losing the
55 transformer with a lightening strike is much less.
56 With a pole mount transformer, a lightening arrestor
57 for the transformer is probably 25 percent of the cost
58 of the transformer, so what do you do? What we've
59 done in recent years is look at the province
60 geographically and try to find the isochronic patterns,
61 where the lightening is going to hit, and for instance
62 a distribution feeder out of Botwood, we would put
63 lightening arrestors on the transformers because we
64 think that our history has shown that that area is more
65 subject to lightening hits than some other areas, so
66 we'll try and manage that process. So by and large
67 we're going to lose a pole mount transformer a little
68 more quickly because of the way it's employed.

69 (2:00 p.m.)

70 COMMISSIONER CROSBIE: So then the lifespan of
71 the pad mounts are, your small pad mount
72 transformer, 1,000 KVA or so, would be what, 30 or
73 40 ...

74 MR. EVANS: Be 30 plus years.

75 COMMISSIONER CROSBIE: 30 years or so. After
76 that you'll keep an eye on things.

77 MR. EVANS: Yeah.

78 COMMISSIONER CROSBIE: Yeah. That's all I
79 have.

80 MS. WHALEN, CHAIRPERSON: Commissioner
81 Pollett.

82 COMMISSIONER POLLETT: Commissioner
83 Crosbie asked the question I was going to ask Mr.
84 Evans, so you got away with it.

85 MR. JOHN EVANS AND MR. ALLAN SKOV.
86 XX'D BY MS. WHALEN, CHAIRPERSON

87 MS. WHALEN, CHAIRPERSON: I just have, I
88 think I just have a few questions. One question to Mr.
89 Skov. I think I get from reading SONA's intervention
90 and from their questioning that there is some, there
91 has been a change in your tendering practice. Is that
92 what I understand from your reply as well that you've
93 actually made a conscious decision to change your
94 tendering practice in terms of computer purchases?

95 MR. SKOV: The change is that we are only
96 purchasing, willing to purchase tier one PCs, and so