

Q. GENERAL PROPERTY

PUB 20.0 (RE: p. 56 of 73) Additions to Real Property (\$325,000)

PUB 20.1

Will the renovation of the Maintenance Centre to accommodate generation/mechanical maintenance personnel result in cost savings, particularly with regard to leased premises, to the company? If a cost benefit study was done please provide details.

A. The renovation of the vehicle garage at Duffy Place to establish a Maintenance Centre to accommodate generation/mechanical maintenance will not result in any reduction from forecast 2004 expenses with regard to leased premises. The cost reduction associated with moving the personnel out of the leased premises was realized several years ago.

After being housed at the St. John's steam plant facility the generation/ mechanical maintenance personnel moved to leased space on Topsail Road. The lease was terminated in 1997 and the mechanical maintenance personnel were moved to space available within the Kenmount Road Office and Duffy Place. These accommodations have proven to be inadequate.

The Company is currently conducting a generation asset management initiative. To support this initiative, the Company has determined that consolidating the mechanical maintenance personnel at a Maintenance Centre in the vehicle garage at Duffy Place would have a number of benefits. Maintenance staff will have access to better-organized consumable and spare parts inventory, and designated areas for material and predictive maintenance test equipment. Further, providing these employees with ergonomic workstations and climate controlled office space will enhance their productivity.

A cost benefit study was not completed for this project.