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CHECK AGAINST DELIVERY

Thank you and good day everyone.

For those of you visiting our province for the first time, welcome to Newfoundland and to St. John's. It is quite fitting that you have chosen to hold your conference on engineering and technology management here on 'The Rock'. Newfoundland's location in the North Atlantic positioned it as a critical link between Europe and North America. Much of the early exploration of North America passed through St. John's. By now I'm sure you know that the first European settlement in North America was in Newfoundland at L'Anse aux Meadows around about the year 1000 AD.

Newfoundland played a significant role in transportation and communications across the Atlantic.

The New York, Newfoundland and London Telegraph Company, pioneered by the great American entrepreneur Cyrus Field, laid the first transatlantic cable between Valentia, Ireland and Bull Arm in Trinity Bay, Newfoundland in 1856. However, the cable's connectivity was lost within 2 months.

Eight years later, thanks to Field's tenacity and advances in technology, the fabrication of a stronger Atlantic cable began with materials superior in terms of insulation, strength, lightness and corrosive resistance. Two years later, in 1866, a transatlantic cable was successfully laid between Valentia and Heart's Content, Newfoundland, the greatest technological achievement of that time.

Fast forward 35 years and witness the dawn of another significant technological milestone occurring here in Newfoundland, this time in wireless communications. In 1901, the first wireless transatlantic communication was sent from Cornwall, England and received by Marconi on Signal Hill, not far from here.

It was also here in St. John's that Fortis had its beginnings some 120 years ago with the formation of the St. John's Electric Company in 1885. This was only a few years after Edison introduced the first commercial use of electricity for lighting. Some of the leaders in electricity were in St. John's to maintain the transatlantic submarine cables. Their expertise was instrumental in helping to form the St. John's Electric Company, which eventually evolved into Newfoundland Power.

Today, Newfoundland Power, a wholly owned subsidiary of Fortis, operates an integrated generation, transmission and distribution system throughout Newfoundland and serves approximately 85 per cent of all electricity consumers in the province.

Those of you who have a particular interest in hydroelectricity may wish to visit Newfoundland Power's Petty Harbour Hydro Plant, which was one of the first hydroelectric plants built in Canada and the first to be built in Newfoundland. It is entered in the Canadian Engineering Heritage Record and has been inducted into the Hydro Hall of Fame.

The plant was built to supply power to the St. John's electric street railway system and was commissioned in 1900. The plant had the second largest capacity in Canada when it came into operation. It has continually operated since it was commissioned. At a capacity of only 5.3 megawatts, the plant's current production is small relative to the total electricity needs of the province.

I do hope you have a chance to explore our wonderful city and province while you are here for your conference.

I've been asked to share with you today a few thoughts on how our human resources have helped position Fortis as a leader in the electric utility business. Let me start by providing you with a very brief overview of the Fortis Group of Companies.

Fortis was established as the parent company of Newfoundland Power in 1987. In 18 years, Fortis has increased tenfold in size - growing from a single utility with assets of \$390 million to an internationally diversified company with assets exceeding \$4 billion and annual revenues of \$1.2 billion.

At Fortis, our principal business is the ownership and operation of electric utilities. We own and operate electric utilities in 5 provinces of Canada - Newfoundland, Prince Edward Island, Ontario, Alberta and British Columbia, and in the Central American country of Belize. We also hold a 37 per cent interest in a utility on the Caribbean island of Grand Cayman.

In total, Fortis utilities serve almost one million customers throughout Canada and the Caribbean region and meet a combined peak demand of about 5,000 megawatts. We own approximately 130,000 kilometres of transmission and distribution lines. Last year, our consolidated energy sales and deliveries totalled approximately 34,000 gigawatt hours.

Fortis also owns non-regulated generation assets in Newfoundland, Ontario, British Columbia, Upper New York State and Belize. These operations have a combined generating capacity of 188 megawatts, essentially all hydroelectric.

One Fortis company is not primarily in the electricity business. Fortis Properties owns and operates hotels in Eastern Canada, Manitoba and Alberta, and owns commercial real estate in Atlantic Canada.

Today, Fortis is *the* leading electric distribution company in Canada. Our success is a reflection of the technical knowledge gained over the many years that our operating companies have been in the business.

Our human resources strategy reflects a strongly decentralized management structure, which is absolutely necessary when your operators are separated by thousands of miles of geography and different environments.

The Fortis Group of Companies is comprised of more than 4,000 employees in total. Head Office has a staff of 12.

Each of our subsidiaries operates as a separate, autonomous entity with its own management team. Our corporate philosophy is that to be successful at what we do, we must have decision making close to our customers. The goals of each of our utilities are exactly the same: to operate sound electrical systems and deliver safe, reliable electricity to customers at reasonable costs. However, each of our utilities has its own unique set of local challenges and opportunities in its daily operations.

While location can be a strong ally, it can also be a formidable adversary. For example, Newfoundland Power serves 220,000 customers living in about 600 communities spread throughout rural areas of the province. Newfoundland is exposed to some extremely harsh weather conditions (on a very regular basis I'm sorry to say). High winds, heavy salt spray from the ocean and sleet storms regularly threaten the integrity of the electrical system. Our obligation and commitment is to serve all our customers with safe and reliable electricity service.

The management of each of our companies is keenly aware of the challenges, both internal and external, they must address to meet the needs of their customers while continuing to run their business efficiently. They know it is critical to have a highly motivated workforce committed to serving customers well and to have a culture within the organization that is uncompromising on the highest level of safety and ethics.

In business, strong leadership, good ideas and hard work are the basis of most competitive advantages.

We begin with individuals who have good basic training and technical skills in their chosen fields. Graduation from accredited engineering and most professional schools helps ensure a minimum quality standard. Schools with co-operative education programs are preferred because graduates have a head start on how to apply this newly acquired knowledge.

We look for individuals with good people and communication skills. We look for individuals with good practical skills, or "common sense".

We look for individuals who know how their specific technology impacts their customers and how it can be used for the benefit of society.

Having recruited these individuals, we provide them with a continuing learning experience in a challenging environment. They are empowered with the freedom to act and are held accountable for their actions.

Changes in the electric utility industry continue to present new challenges and new opportunities, be they changes in regulation, public policy or technology. To be successful, our organization must be able to adapt to these changes and, in some

instances, be able to effect change. Strong technical and management teams who are close to their customers and who are empowered to act will always be the most successful.

The utility business is a very capital intensive business and one where technological advances are made frequently. Many of our customers use very sophisticated technology and require a high quality of electrical service. In order to meet our customers' requirements, we must continuously evaluate and invest in new technologies.

From the installation of "smart" meters with capabilities to read remotely, to technology which remotely monitors and controls the operation of the electrical systems, our utilities are responding to a more complex and demanding world.

Our companies use a diversity of employee development initiatives to ensure that the professional skills of their employees are aligned with the objectives of their businesses. These include technical training courses, job rotations and secondments, strategic recruitment practices and formal succession planning.

Our companies learn a lot from one another by sharing the knowledge and expertise of their individual operations. These cross company learning experiences also prepare them to provide special assistance to one another where needed.

Last September, for example, we deployed 140 employees from Fortis companies across Canada and from Belize to help Caribbean Utilities restore electricity service to its 21,000 customers when the Island of Grand Cayman sustained a direct hit from Hurricane Ivan. The system was rebuilt within 3 months without major injury, a remarkable achievement given the severity of the damage to the electrical system. Tomorrow, one of our employees who was directly involved in the restoration efforts will share with you how we helped make this happen. A major tenet of good customer service is to have the flexibility to respond to the "unknown".

Our employees are empowered to respond to the needs of our customers within an agile, highly decentralized organization.

While technical expertise and business acumen are important to running a business successfully, so too is the ability to motivate employees and to instill a culture within your organization which drives employees to be the best.

If technical skills and business acumen are the bricks in our organization, a culture sustained by the core values of integrity, accountability and autonomy is the mortar which holds all of this together and keeps our organization strong.

In summary, let me give you my 'Top 10' list of the essentials for an organization to be a leader in its industry. Because they are essentials, order is not important.

1. Know your business.
2. Stay close to your customers.
3. Leverage technology to improve customer service and to run your businesses efficiently.
4. Be adaptable to change and be able to effect it.
5. Provide development opportunities for your employees.
6. Share knowledge and skills with the organization.
7. Motivate your employees.
8. Foster a corporate culture that is uncompromising in its values of integrity, safety and respect in the workplace.
9. Give your employees autonomy.
10. Hold your employees accountable.

The strength of your human resources determines the strength and success of your organization. There is no secret in any of this. It is easy to list the requirements. The difficulty is in the execution. This is what takes leadership within the organization.

Thank you for your attention. Have a productive conference and enjoy your stay.