

**Q. Please justify the statement as found on page 8 of the pre-filed evidence of Hughes and Perry that: “Meeting customers’ expectations of enhanced telephone service”. Please provide proof that customers expect an enhanced telephone service. What does “an enhanced service” mean? Please provide the objective of an “an Enhanced telephone service”. Please provide the cost of an enhanced telephone service.**

**A. Meeting Customers’ Expectations**

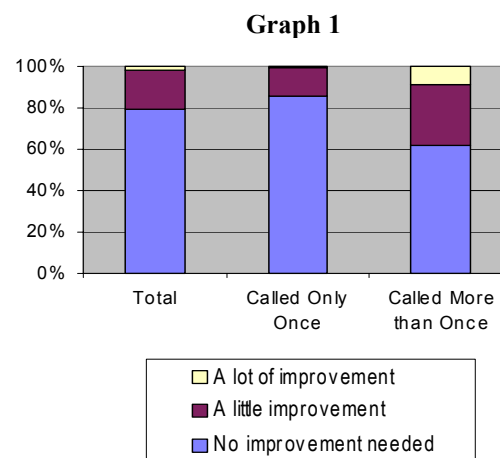
The improvement of telephone service levels provided by the Company’s Customer Contact Centre is evidence that Newfoundland Power is meeting customers’ expectations of enhanced telephone service. The introduction of new telephone technology, the streamlining of business processes, and improved training of the Company’s customer service staff has resulted in significant improvements.

Today, 80 per cent of calls are answered within 40 seconds, compared to 48 per cent in 60 seconds prior to the introduction of advanced call centre technology in 1998. A recognized industry standard for call centre service levels is the answering of 80 per cent of calls within 40 seconds. Many Canadian utilities have adopted a service level standard of 80 per cent in 20 seconds. The fact that fewer customers are hanging up before their calls are answered is further indication that the Company is meeting customer expectations of enhanced telephone service. The calls abandoned rate has been reduced from over 10 per cent in 1998 to less than 2 per cent in 2002.

**Do Customers Expect Enhanced Telephone Service?**

That customers expect an enhanced telephone service is evident in the results of the Company’s customer research. This research provides feedback on telephone service levels and on customers’ assessments of the quality of response to their telephone inquiries. For instance, customers who have used the Company’s telephone service in the previous six months are asked to rate the quality of service received on a scale of one to ten. Both residential and commercial customers currently rate Newfoundland Power’s telephone service in the range of 8.5 to 9.0 out of 10.

Customers are also asked whether or not the Company needs to improve its telephone service. Analysis of the results reveals that customers are more satisfied with Newfoundland Power’s telephone service and fewer of them believe service must improve, provided that agents are able to answer their inquiries or complete their service requests the first time they call. As shown in Graph 1, 14% of customers who called only



once about a particular issue thought the Company could improve service a little or a lot, as compared to 38% of customers who called more than once. When asked what the Company can do to improve telephone service, the responses have been to “answer right away” and “to have knowledgeable staff available to answer the calls”.

What Does “Enhanced Service” Mean?

Newfoundland Power has responded to this expectation with technology solutions that allows staff to respond effectively to incoming customer inquiries, and through the training of customer service staff so they are prepared to complete customer inquiries and service requests in a timely and efficient manner.

However, service levels in the Customer Contact Centre are not the only component of enhanced telephone service. For example, Newfoundland Power has been able to respond to customer expectations during power disruptions through use of the Outage Notification System. This system, developed especially for utilities, automatically generates a voice message indicating the problem and probable time of power restoration. The technology also allows customers to report an outage at their home or in their neighborhood. The system can provide more than 2000 simultaneous calls with geography-specific and up-to-date outage information. Depending on the nature of the trouble call, calls can be routed to the Customer Contact Centre. These calls can then be distributed to Contact Centre agents for personalized service.

Prior to the introduction of automated outage notification, regional staff and System Control Centre staff were responsible for answering outage inquiries, while also being responsible for directing power restoration efforts. As a result, only a small percentage of customers were able to receive up-to-date outage information. The remainder encountered busy signals. Response to such inquiries has greatly improved. For instance, during a major snowstorm in April 1999, Newfoundland Power handled approximately 48,000 customer calls over a three-day period. More than 99 per cent of all callers received timely outage information, a significant improvement over the approximately one per cent of callers who would have been able to make contact with the Company and receive outage information if automated outage information was not available.

Effectively meeting customers’ needs for contact with Newfoundland Power by telephone involves a combination of technology solutions and employee development strategies.

The adoption of telephony technology including telephone and PC integration, integrated voice response (IVR) applications, call routing, customer queuing and screen pops have generated tremendous improvements in service levels and customer service as witnessed by the improving trends in service level, calls answered, calls abandoned and busy signals. In addition, the introduction of automated outage notification has improved the response rate to customer calls during major power outages from 1 per cent to more than 99 per cent.

1 Since 1998, the total number of calls answered has grown by approximately 30 per cent.  
2 The Customer Contact Centre currently answers approximately 460,000 calls per year  
3 and places more than 100,000 out-bound calls to customers. However, by utilizing the  
4 functionality of the new system, the percentage of these calls handled by Contact Centre  
5 agents has been reduced. Calls answered using the automated IVR have increased from  
6 20.4 per cent in its first full year of operation in 1999 to more than 30 per cent in 2002.  
7

8 In addition, during times of peak call volume, the remote functionality of the system  
9 enables the Contact Centre's capacity to be supplemented by staff in other offices across  
10 the province, thereby maintaining the desired level of customer service while optimizing  
11 the use of staff resources.  
12

### 13 The Objective of an Enhanced Telephone Service

14 The objective of an enhanced telephone service is to effectively respond to customer  
15 telephone inquiries and service requests in a timely, efficient manner.  
16

### 17 The Cost of Enhanced Service

18 The call centre telephony system was installed in 1998. Total costs associated with this  
19 implementation including all internal labor costs were approximately \$680,000. Ongoing  
20 maintenance costs total \$65,000 per year.  
21

22 The costs of enhanced service, however, must be considered in light of improvements in  
23 efficiency. While the technology solutions have improved the level of service customers  
24 experience, it has also improved employee productivity by making it possible to reduce  
25 or eliminate manual processes and to introduce improved and streamlined processes. For  
26 instance, with the introduction of personal computers into the Customer Contact Centre,  
27 employees are now able to answer calls, perform desktop faxing and access all customer  
28 data without leaving their workstations. The Company has also developed time saving  
29 desktop applications including a bill calculator, a consumption estimation program, a  
30 literature request application and automated customer forms such as the Application for  
31 Service, Returned Cheque and Request for Refund forms. A complete data bank of  
32 information is available for agents on energy efficiency, financing programs, outages and  
33 many other areas of interests for customers. Thus agents are able to answer more calls  
34 and complete customer requests in a more timely and efficient manner.  
35

36 The improved training of Customer Contact Centre agents also contributes to efficiency.  
37 All agents within the Call Centre have been trained to respond effectively to all types of  
38 inbound inquiries, outbound credit management calls and various types of "off-phone"  
39 work. Not only has this practice provided the Contact Centre management team with  
40 maximum flexibility with regards to agent utilization; it has also improved employee  
41 morale by provided the agents with development opportunities and a variety of duties.  
42 Although the entire customer service staff is better equipped to respond to a range of  
43 requirements, however, the Company continues to take advantage of its call routing  
44 technology to route calls according to 99 categories (such as residential customer,

1 commercial customer or service inquiries) to allow sensitive customers or large  
2 commercial customers to be routed to more experienced agents.  
3  
4 Effective training of Customer Contact Centre agents results in better service to  
5 customers. Since 1999, the average length of calls has dropped from 4.09 minutes to  
6 3.20 minutes in 2002 leading to more timely, consistent customer service and less labor  
7 costs.