

1 **Q. Please provide the Advertising/Marketing Plans filed by the Company in 2001 and**
2 **2002.**

3
4 A. Attachment A is a copy of the 2001 Advertising and Marketing Report filed with the
5 Public Utilities Board on March 28, 2001. Attachment B is a copy of the 2002
6 Advertising and Marketing Report filed with the Public Utilities Board on March 25,
7 2002.

**2001 ADVERTISING
AND MARKETING REPORT**

Newfoundland Power
March 28, 2001

1. Background

In Order No. P.U. 7 (1996-97) (the "Order"), the Board of Commissioners of Public Utilities ordered that Newfoundland Power Inc. (the "Company") "*shall file annually, by April 1st of each year, a report on its advertising and marketing programs, detailing its objectives for the year, and the quantitative measures of success.*" In addition, the Order placed specific limits on the amount and content of advertising expense allowable for regulatory purposes.

This report provides an overview of the Company's 2001 advertising and marketing plans and advertising costs. Also outlined are the quantitative measures of success of the Company's 2000 advertising and marketing plans.

2. Overview of 2001 Advertising and Marketing Plans

The Company's advertising and marketing plans and objectives continue to support the initiatives the Company believes are most important to its customers. These plans and objectives are described below. New initiatives developed or implemented since the 2000 report are also identified.

2001 Advertising Objectives

In 2001, the Company's advertising and marketing plans will promote public awareness of electrical safety programs and services, as well as the Company's efforts in the areas of reliability, safety and customer service. Specifically, the objectives of the Company's 2001 regulated advertising program are:

1. To inform customers of Company initiatives, particularly in the areas of reliability, safety and customer service.
2. To inform customers of the programs and services offered by the Company and encourage participation; and
3. To inform the public of critical industry issues such as electrical safety practices.

2001 Advertising Categories

The following are the major advertising categories for 2001:

Customer Service: The Company will continue to advertise its programs and services including: Equal Payment Plan (EPP), Pre-authorized Payment Plan (PAP), TVD (automated power outage information system), Energy Efficiency programs, Call Centre hours, self-service options, and the services and information available through the Company's website.

The Company will also encourage increased customer participation levels in its EPP and PAP programs through timely promotion of these programs.

Safety: The Company's annual electrical safety campaign includes television, newspaper, radio, signage and direct mail initiatives. These communication vehicles will be utilized to raise public awareness of the hazards of electrical equipment, promote safety around substations and poles, warn the public of the dangers of vandalism to poles and substations, and advertise the dangers of activities on or near water reservoirs.

In 2000, two new television ads were produced to increase awareness of safety issues. These ads will be part of an increased emphasis on safety advertising in 2001.

With the province's record snowfall during the winter of 2001, the Company developed a new print and radio campaign to warn the public, especially children, of the dangers of high snow banks near power lines.

The Company's *Tree Smart* advertising campaign will continue in 2001. This campaign promotes customers' awareness of the safety hazards associated with trees growing near power lines and the importance of the Company's tree trimming program in reducing the hazards.

Newfoundland Power will also continue to use Louie the Lightning Bug in its campaign to bring electrical safety information to pre-teen children and their parents.

Personnel: Newfoundland Power will advertise employment opportunities and management appointments in provincial newspapers as appropriate.

Regional Services: Throughout the year, the Company's regional offices will advertise planned power outages, electrical system upgrades, repairs and maintenance efforts, vegetation management practices, and customer service hours of operation.

Non-Regulated Advertising: The Company also uses advertising to support its community and business activities. The Company is currently in the process of choosing a new corporate charity and in 2001 will promote its new corporate charity partnership as well as other major charitable contributions. Newfoundland Power will also use advertising to facilitate its community involvement activities including its environment programs and EnviroFest activities.

3. 2001 Advertising Costs

| <u>Advertising Category</u> | <u>2001 Budget</u> |
|-----------------------------|--------------------|
| Customer Service | \$ 10,000 |
| Safety | 150,500 |
| Personnel | 10,000 |
| Regional Services | 13,150 |
| Non-Regulated Advertising | 70,000 |
| Miscellaneous | 5,000 |
| Total Advertising Budget | \$ 258,650 |

4. Quantitative Measures of Success

The Company's effectiveness in marketing programs and services continues to be established by comparing customers' awareness of and participation in its programs over time. In addition, the Company's effectiveness in informing customers about issues such as safety, reliability and customer service are measured through customers' assessments of the Company's performance in these areas.

The following are the specific results achieved in 2000. The success of these efforts is attributable, in part, to the Company's ability to advertise and market effectively:

- In 2000, participation levels for both EPP and PAP were increased, with 26,067 customers enrolled in the EPP and 15,053 customers participating in the PAP. This represents a 13 per cent increase for EPP and a 14 percent increase for PAP over 1999 participation levels.
- Customers continue to use the self-service functions of the Call Centre to retrieve their account balance and payment information. In 2000, the automated account balance function was used by 25 per cent of customers who called our office compared with 20 per cent in 1999.
- Overall, the *Tree Smart* campaign is being well received by customers. Feedback from the crews and technicians involved in the tree-trimming program indicate that customers' understanding of the safety concerns and the necessity of tree trimming has greatly increased. The Company continues to receive positive feedback on the educational materials and has experienced an increase in the number of customers proactively requesting tree-trimming services.

- Quarterly customer research is an important means by which the Company obtains feedback on its efforts to meet customers' expectations. Customers continue to regard reliability and low cost electricity rates as their primary areas of concern and the Company will continue to keep customers informed of its efforts to address their expectations.
- Newfoundland Power achieved a customer satisfaction rating of 89 per cent in 2000, its highest annual rating ever. This represents a slight improvement over the Company's 1999 customer satisfaction rating of 88 per cent.

In 2001, the Company will continue to evaluate, through quarterly customer research, the effectiveness of its advertising activities and the extent to which it has achieved its advertising and marketing objectives.

**2002 ADVERTISING
AND MARKETING REPORT**

Newfoundland Power Inc.
March 25, 2002

1. Background

In Order No. P.U. 7 (1996-97) (the "Order"), the Board of Commissioners of Public Utilities ordered that Newfoundland Power Inc. (the "Company") "*shall file annually, by April 1st of each year, a report on its advertising and marketing programs, detailing its objectives for the year, and the quantitative measures of success.*" In addition, the Order placed specific limits on the amount and content of advertising expense allowable for regulatory purposes.

This report provides an overview of the Company's 2002 advertising and marketing plans and advertising costs. Also outlined are the quantitative measures of success of the Company's 2001 advertising and marketing plans.

2. Overview of 2002 Advertising and Marketing Plans

The Company's advertising and marketing plans and objectives for 2002 have not substantially changed from those for 2001. The Company continues to use its advertising and marketing efforts to support initiatives the Company believes are most important to its customers. The 2002 plans and objectives are described below.

2002 Advertising Objectives

In 2002, the Company's advertising and marketing plans will continue to promote public awareness of electrical safety programs and services, as well as the Company's efforts in the areas of reliability, safety and customer service. Specifically, the objectives of the Company's 2002 regulated advertising program are:

1. To inform customers of Company initiatives, particularly in the areas of reliability, safety and customer service;
2. To inform customers of the programs and services offered by the Company and encourage participation in these programs and services; and
3. To inform the public of critical industry issues such as electrical safety practices.

2002 Advertising Categories

The following are the major advertising categories for 2002:

Customer Service: The Company will continue to advertise its programs and services, including: Equal Payment Plan (EPP), Pre-authorized Payment Plan (PAP), the Automated Power Outage Messaging system, Energy Efficiency programs, Call Centre hours, and various self-service options.

The Company will promote the services and information available through its website through the "@ your service" promotional campaign. The Company will also encourage increased customer participation levels in its EPP and PAP programs through timely promotion of these programs.

Safety: The Company's annual electrical safety campaign includes television, newspaper, radio, signage and direct mail initiatives. These communication vehicles will be utilized to raise public awareness of the hazards of electrical equipment, promote safety around substations and power lines, warn the public of the dangers of vandalism to poles and substations, and advertise the dangers of activities on or near water reservoirs.

Television ads produced in 2000 to increase awareness of safety issues will continue to be part of an increased emphasis on safety advertising in 2002. Also, the print and radio campaign developed in response to the province's record snowfall during the winter of 2001 will continue to be used to warn the public, especially children, of the dangers of high snow banks near power lines.

The Company will continue its *Tree Smart* advertising campaign in 2002. This campaign promotes customers' awareness of the safety hazards associated with trees growing near power lines and the importance of the Company's tree trimming program in reducing the hazards.

Newfoundland Power will also continue to use Louie the Lightning Bug in its campaign to bring electrical safety information to pre-teen children and their parents.

Personnel: Newfoundland Power will advertise employment opportunities and management appointments in newspapers as appropriate.

Regional Services: Throughout the year, the Company's area offices will advertise planned power outages, electrical system upgrades, repairs and maintenance efforts, vegetation management practices, and customer service hours of operation.

Non-Regulated Advertising: The Company also uses advertising to support its community related activities. In 2002, the Company will promote its new corporate charity partnership as well as other major charitable contributions. Newfoundland Power will also use advertising to facilitate its community involvement activities including its environment programs and EnviroFest activities.

3. 2002 Advertising Costs

| <u>Advertising Category</u> | <u>2002 Budget</u> |
|------------------------------------|---------------------------|
| Customer Service | \$ 10,000 |
| Safety | 160,500 |
| Personnel | 10,000 |
| Regional Services | 10,500 |
| Non-Regulated Advertising | 70,000 |
| Miscellaneous | 5,000 |
| Total Advertising Budget | \$ 266,000 |

4. Quantitative Measures of Success

The Company's effectiveness in marketing programs and services continues to be established by comparing customers' awareness of and participation in its programs over time. In addition, the Company's effectiveness in informing customers about issues such as safety, reliability and customer service are measured through customers' assessments of the Company's performance in these areas.

The following are the specific results achieved in 2001. The success of these efforts is attributable, in part, to the Company's ability to advertise and market effectively:

- In 2001, participation levels for both EPP and PAP increased, with 28,183 customers enrolled in the EPP and 16,714 customers participating in the PAP. This represents an 8 per cent increase for EPP and an 11 per cent increase for PAP over 2000 participation levels.
- Customers continue to use the self-service functions of the Call Centre to retrieve their account balance and payment information. In 2001, there were 136,037 calls processed through the automated account balance function representing 30 per cent of inquiries to our call centre. This compares to 115,819 such calls in 2000, or 26 per cent of inquiries to the call centre.
- The Company significantly enhanced functionality and self-service options for customers in 2001 by giving customers convenient on-line service options 24-hours a day through the Company's website. Customers can now submit their own meter readings, open or close an account, change account information, join convenient payment plans or learn how to get more out of their energy dollar. In 2001 there were 81,452 visits to the Company's website, an increase of 51 per cent over the 2000 level of 54,111.

- The *Tree Smart* campaign continues to be well received by customers. Feedback in 2001 from the crews and technicians involved in the tree-trimming program indicates that customers' understanding of the safety concerns and the necessity of tree trimming has increased.
- Quarterly customer research is an important means by which the Company obtains feedback on its efforts to meet customers' expectations. Customers continue to regard reliability and low cost electrical rates as their primary areas of concern and the Company will continue to keep customers informed of its efforts to address their expectations.
- Newfoundland Power achieved a customer satisfaction rating of 90 per cent in 2001 - its highest annual rating ever - representing an improvement over the Company's 2000 customer satisfaction rating of 89 per cent.

In 2002, the Company will continue to evaluate, through quarterly customer research, the effectiveness of its advertising activities and the extent to which it has achieved its advertising and marketing objectives.