

Q. Section 2: Customers Operations - Subsection 2.2.1 Responding to Customer Expectations. Table 2-1 is presented showing Customer Initiated Contacts for 2007 to 2009.

(a) How much capital has the company committed over each of the years 2003 to 2010 as regards establishing, maintaining or improving the means of responding to Customer Initiated Contacts?

(b) What operational cost savings have been provided as a result of this capital spending and how is it reflected in the Test Year?

A. (a) Table 1 shows Newfoundland Power's capital expenditures related to establishing, maintaining or improving the means of responding to Customer Initiated Contacts for the period 2003 through 2010F.

**Table1
Capital Expenditures Related to
Customer Contact Technologies
2003 to 2010F**

	2003	2004	2005	2006	2007	2008	2009F	2010F
Customer Service System	-	180,000	35,000	103,000	30,000	70,000	363,000	205,000
<i>eBills</i>	65,000	-	-	15,000	10,000	-	-	-
Internet Website	-	-	15,000	-	35,000	55,000	197,000	266,000
Outage Management System	285,000	-	-	-	-	-	147,000	-
Technical Contact Centre	-	-	110,000	95,000	-	-	-	-
Telephone Technology Upgrades	-	-	75,000	50,000	50,000	-	-	-
	350,000	180,000	235,000	263,000	125,000	125,000	707,000	471,000

(b) Newfoundland Power's capital expenditures related to customer contact technologies enable the Company to respond to customer expectations. These technologies also enable operating cost savings, which are reflected in actual and forecast operating costs over the period 2003 to 2010F.

The operating cost savings enabled by technologies are illustrated by *eBills* email customer bill delivery, and by customer self-service functionality provided via the Internet and via telephone technologies.

1 The Company's *eBills* electronic billing option allows customers to receive their
2 monthly bill electronically via email, rather than receiving a paper bill. For
3 customers who choose this option, the Company can avoid the operating costs of
4 approximately \$7 per customer per year for producing bills and mailing them
5 through Canada Post. There are over 25,000 customers currently using the *eBill*
6 option. This technology results in estimated annual operating savings of
7 approximately \$175,000.
8

9 Customers are increasingly using electronic means for informational inquiries
10 such as account balances.¹ When a customer chooses to use the interactive voice
11 response telephone technology to retrieve their account balance the operating cost
12 is approximately \$1.05 per transaction. By comparison, the estimated average
13 cost for a similar interaction handled by an agent in the Company's Customer
14 Contact Centre is \$3.36.
15

16 Capital expenditures related to the Company's website have increased types of
17 inquiries and transactions available for customer self-service via the Internet.
18 Customers can retrieve their account balance, produce an annual statement of
19 account, input meter readings, report street light failures and obtain outage
20 information through the Internet. The operating cost per visit associated with the
21 Company's website is approximately 10¢.²
22

23 Newfoundland Power's capital expenditures related to implementing, maintaining
24 and improving customer contact technologies provide operating cost savings and
25 enable least cost customer service delivery.

¹ Between 2006 and 2008 approximately 90% of customers who contacted the Customer Contact Centre to ascertain their account balance chose the self-serve interactive voice response option to access this information rather than speak to a call centre agent. In addition, approximately 182,000 visits per year to Newfoundland Power's website accessed customer account information.

² Estimate based on 471,000 web site visits in 2008.