

1 **Q. Reference: CA-NP-55: please fully explain whether and to what extent, if any, NP**  
2 **has undertaken any assessment(s) to substantiate the suggestion that a reduction in**  
3 **the number of employees would have "potential negative implications for both**  
4 **overall efficiency and least cost delivery of reliable service." To the extent such**  
5 **assessments exist please also provide copies.**  
6

7 A. Newfoundland Power believes that cost management initiatives, including labour  
8 reductions, must be consistent with the fulfillment of the Company's obligation to  
9 provide a reasonable level of service to its customers. The Company has experience of  
10 the negative impacts that may result from such cost-cutting measures.  
11

12 For example, in June 1993, Newfoundland Power introduced bi-monthly meter reading in  
13 an effort to reduce operating costs. While bi-monthly meter reading did in fact reduce  
14 costs, many customers perceived the practice to be unfair. In Order No. P.U. 7 (1996-  
15 97), in approving the Company's return to monthly meter reading, the Board stated:  
16

17 "While the Board appreciates the necessity of minimizing all costs and  
18 thereby minimizing rates, a balance must be struck between customer  
19 service and reducing costs."  
20

21 Newfoundland Power does not have formal written assessments analyzing the impact of  
22 specific employee reductions on the delivery of service to customers. Please refer to the  
23 response to CA-NP-324 for a description of Newfoundland Power's approach to  
24 assessing the impact of cost management initiatives on its ability to deliver least cost,  
25 reliable service.