# Multi-Page<sup>TM</sup> NL Power's 2008 General Rate Application

	Page 1		Page 2
1	(9·02 A M )	1	witness is Mr. Phonse Delaney and he's the
$\begin{vmatrix} 1 \\ 2 \end{vmatrix}$	CHAIRMAN	2	Vice-president of Engineering and Operations
3	O Thank you Good morning Good morning Ms	3	at Newfoundland Power
4	Newman Anything before we start?	4	CHAIRMAN.
5	MS NEWMAN.	5	O Thank you very much Good morning Mr
6	O Good morning Mr Chairman Vice-Chair Yes	6	Delaney How are you this morning?
7	there have been some responses to undertakings	7	A Good morning
8	filed There's three of them I believe	8	O This is not your first time I don't think
9	counsel for Newfoundland Power was just going	9	appearing before the Board is it?
10	to introduce them but I don't think there's	10	A No this will be my third time
	much to be said frankly	11	O Third time is it?
12	KELLY OC:	12	A Two capital budget proceedings and this one
13	O No Mr Chairman We've responded to three	13	O First time appearing before us I guess I
14	undertakings: the one with respect to the Wran	14	guess if I were to describe you as a witness
15	Un for Savings, which is undertaking one: the	15	after the last couple of days it would be
15	one with respect to the 2007 SALEL that Mr	15	with great expectations
17	Ludlow spoke to is undertaking two: and the	17	MR PHONSE DELANEY (SWORN)
10	20 400 labour charge which was undertaking	10	CHAIDMAN
10	three	10	O Welcome sir and you may begin when you're
20	CHAIRMAN.	20	c. wereone, sir, and you may begin when you re
$ _{21}^{20}$	O Thank you Mr Kally and good morning to you	20	KELLY OC:
$\begin{vmatrix} 21\\ 22 \end{vmatrix}$	Would you gare to introduce your witness	21	O Thank you Mr. Chairman Mr. Dalanay as I
22	would you care to introduce your writess,	22	Q. Thank you, Wr. Chairman. Wr. Defailey, as I
23		23	President of Engineering and Operations at
24	KELLI, Q.C.:	24	riesident of Engineering and Operations at
25	O Thank you Mr. Chairman Vice Chair. The next	25	Newfoundland Power?
25	Q. Thank you, Mr. Chairman, Vice-Chair. The next	25	Newfoundland Power?
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	Page 5		Page 6
1	MR. DELANEY:	1	If we can show Exhibit 1 of the first
2	A. My testimony focuses on engineering customer	2	revision? Exhibit 1 shows Newfoundland
3	operations issues. First I'll describe how we	3	Power's operating costs by function, from the
4	manage cost in the Company and how we balance	4	period 2002 through to 2008. If we look at
5	cost management to meet customer service	5	line 18, the subtotal line, this is our
6	expectations. I'll talk specifically about	6	controllable operating costs which exclude
7	some of the productivity improvements we have	7	deferred regulatory costs, pension costs and
8	implemented to improve the cost and service	8	capitalized general expenses. When you look
9	performance of the Company.	9	across line 18, you can see the operating
10	Second, my testimony will focus on how we	10	costs are relatively stable. 2003's operating
11	manage reliability, and here, I will address	11	costs were 49.5 million. 2008, we are asking
12	the issue of reliability and service standards	12	the Board to allow 49.4 million in operating
13	raised by the Consumer Advocate. And finally,	13	costs to be incorporated in rates. So our Test
14	I will address several other outstanding	14	Year operating costs are proposed to be about
15	issues raised by the Consumer Advocate during	15	the same as five years ago, and this is
16	the negotiated settlement process.	16	consistent with least cost service delivery to
17	Q. The first matter that you mentioned was the	17	our customers.
18	management of Newfoundland Power's operating	18	One of the measures of cost efficiency
19	costs. So perhaps we can begin there and you	19	that we use within the Company is the
20	can review for us the history of managing	20	operating cost per customer and declining
21	those costs.	21	operating costs per customer is an indication
22	A. Operating costs represent approximately 11	22	of improving cost efficiency. I am pleased to
23	percent of the 2008 Cost of Service.	23	say, Mr. Chair, that we have been able to
24	Operating costs are those costs over which the	24	reduce our operating cost per customer by four
25	Company has the greatest degree of control.	25	percent on an actual dollar basis and 15
	Page 7		Page 8
1	percent on an inflation-adjusted basis from	1	of how you achieve some of these efficiency
2	2002 through to 2008. The reduction in costs		
	2002 through to 2008. The reduction in costs	2	gains?
3	has not been at the expense of safety,	2 3	gains? A. Yes, I'll give three examples. First, in
3 4	has not been at the expense of safety, reliability, customer service or environmental	2 3 4	gains? A. Yes, I'll give three examples. First, in 2003, the Company implemented a new contact
3 4 5	has not been at the expense of safety, reliability, customer service or environmental stewardship. In fact, a contributing factor	2 3 4 5	gains? A. Yes, I'll give three examples. First, in 2003, the Company implemented a new contact process for customer technical requests such
3 4 5 6	has not been at the expense of safety, reliability, customer service or environmental stewardship. In fact, a contributing factor to improved cost performance is that	2 3 4 5 6	<ul><li>gains?</li><li>A. Yes, I'll give three examples. First, in 2003, the Company implemented a new contact process for customer technical requests such as new service connections, pole relocations,</li></ul>
3 4 5 6 7	has not been at the expense of safety, reliability, customer service or environmental stewardship. In fact, a contributing factor to improved cost performance is that performance has improved in all these areas.	2 3 4 5 6 7	<ul><li>gains?</li><li>A. Yes, I'll give three examples. First, in 2003, the Company implemented a new contact process for customer technical requests such as new service connections, pole relocations, easements, that sort of thing. Before the new</li></ul>
3 4 5 6 7 8	has not been at the expense of safety, reliability, customer service or environmental stewardship. In fact, a contributing factor to improved cost performance is that performance has improved in all these areas. Fewer outages, fewer accidents and fewer oil	2 3 4 5 6 7 8	<ul> <li>gains?</li> <li>A. Yes, I'll give three examples. First, in 2003, the Company implemented a new contact process for customer technical requests such as new service connections, pole relocations, easements, that sort of thing. Before the new technical contact process was established,</li> </ul>
3 4 5 6 7 8 9	has not been at the expense of safety, reliability, customer service or environmental stewardship. In fact, a contributing factor to improved cost performance is that performance has improved in all these areas. Fewer outages, fewer accidents and fewer oil spills all result in lower operating costs.	2 3 4 5 6 7 8 9	<ul> <li>gains?</li> <li>A. Yes, I'll give three examples. First, in 2003, the Company implemented a new contact process for customer technical requests such as new service connections, pole relocations, easements, that sort of thing. Before the new technical contact process was established, technologists spent considerable time handling</li> </ul>
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	Page 9		Page 10
1	MR. DELANEY:	1	tools and equipment, more effective control of
2	computing technology to maintain cost	2	spare parts inventory, better overall
3	efficiency as the number of employees is	3	productivity and reduced cost in the
4	reduced at Newfoundland Power. We serve over	4	maintenance function. Our response to CA-NP-
5	230,000 customers with over 10,000 kilometres	5	373 describes the use of mobile computing
6	of power lines, 130 substations and 23	6	technology in the Company.
7	hydroelectric generating plants, spread over a	7	My final example of organizational and
8	large service territory. Employees can spend	8	process change is the outsourcing of cash
9	much of their time travelling. In such an	9	services in 2005. At the time this decision
10	operating environment, mobile computing	10	was made, the number of customers who were
11	technologies can have a significant impact on	11	paying their bills in person at our area
12	employee productivity. For example, the	12	offices had been in steady decline and had
13	Company has introduced a hand-held computers	13	fallen to less than 15 percent. Customers are
14	for employees who perform routine substation	14	relying more on electronic methods to pay
15	transmission and distribution inspections.	15	their bills, and walk-in cash payment service
16	These devices enable our inspectors to enter	16	was expensive, costing approximately \$1.29 per
17	the inspection results electronically in the	17	transaction. As well, a capital expenditure
18	field and to upload that information into the	18	in the order of 350 to up to \$500,000 was
19	Company's Advantous Asset Management system	19	needed to maintain this service. Through an
20	when they return to the office. This	20	RFP process, we decided to outsource the cash
21	eliminates the need to rekey data and also	21	function to Dominion Stores. Dominion was
22	reduces data errors because the data screens	22	able to provide more locations, better
23	are customized for the task at hand. More	23	locations and was open for longer hours. The
24	efficient and accurate inspections result in	24	details of this arrangement with Dominion are
25	better scheduling, better coordination of	25	set out in our response to CA-NP-328.
	Page 11		Page 12
1	Another positive change that resulted	1	retirement program and 21 employees were hired
2	from the cash outsourcing was that the Company	2	to replace them. The 2005 early retirement
3	was able to consolidate operations in Corner	3	program effectively reduces the Test Year 2008
4	Brook and Grand Falls. In both those	4	operating salary costs by approximately two
5	locations, prior to 2005, we operated out of	5	million dollars from what it would otherwise
6	two buildings and closing our cash service	6	be.
7	enabled us to sell one building in each	7	Exhibit 3 contains the net present value
8	location and use the proceeds to renovate the	8	analysis of the 2005 early retirement program
9	other building to accommodate all the	9	which shows an overall net present value over
10	employees under one roof, and the synergies of	10	ten years of approximately 14 million dollars.
11	bringing all employees together in one	11	In addition to the cost benefits, the 2005
12	location provided the additional savings.	12	early retirement program brought a significant
13	(9:15 A.M.)	13	number of new employees to Newfoundland Power.
14	Q. In 2005, the Company undertook an early	14	In light of the demographic challenges facing
15	retirement program. What was the significance	15	the Company over the next several years, this
16	of that early retirement program?	16	also represents a benefit.
17	A. The 2005 early retirement program crystallized	17	Q. Could you explain those demographic challenges
18	the efficiency gains resulting from capital	18	that are now facing the Company?
19	investment, organizational change, process	19	A. Newfoundland Power believes operating costs
20	improvement and technology implementation.	20	must be managed with a view to the long term.
21	Because of the productivity improvements	21	Nowhere is that more true than when we look at
22	implemented in prior years, the Company was	22	the demographics of our work force. Many of
23	able to reduce our work force without	23	our employees were hired in the early 1970s as
24	compromising service to customers. 76	24	the power system was rapidly expanding. Fewer
25	employees retired through the 2005 early	25	employees were hired in the 1980s and 1990s

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	Page 13		Page 14
1	MR. DELANEY:	1	these new apprentices, new engineers and new
2	and as a consequence, we have an uneven	2	technologists are in training on the job, they
3	demographic profile, with many employees now	3	are not as productive as a seasoned employee.
4	approaching retirement. We have a demographic	4	So they do exert upward pressure on costs over
5	bubble and it's not unlike many other Canadian	5	the short term. However, it is clearly
6	utilities. By the end of 2008, there will be	6	necessary to incur these costs so that the
7	188 employees eligible to retire at	7	Company is positioned appropriately to deal
8	Newfoundland Power. That's about one-third of	8	with the anticipated turn over in the work
9	the Company's full-time regular employees. So	9	force.
10	a significant number of retirements can be	10	The Company fully intends to use the
11	expected in the coming years. This represents	11	opportunity that attrition through retirement
12	both a challenge and a great opportunity for	12	presents to ensure that the maximum benefits
13	Newfoundland Power.	13	of our capital investments, our process
14	It will be a challenge to train the	14	changes and technology deployment are captured
15	skilled work force needed to deliver the	15	by reducing the work force where it is prudent
16	service our customers expect, and in some	16	to do so. This is not unlike the approach the
17	regards, we're quite unique, particularly when	17	Company has taken in the past to reduce the
18	it comes to skills like linepersons. If	18	work force through early retirement programs.
19	Newfoundland Power and Hydro don't train	19	Q. The second issue that you mentioned in your
20	linepersons, no one else in the Province will.	20	opening comments was how you manage
21	So we currently have 20 apprentice linepersons	21	reliability. Would you outline for the Board
22	in training with our Company. This is the	22	Newfoundland Power's approach to reliability
23	highest level since the early 1970s. We also	23	management?
24	have six new engineers in training and six new	24	A. Yes. Could you show page 25, the customer
25	technologists on board since 2005. Because	25	operations evidence? I guess the summary is
	Page 15		Page 16
1	in line two and three there As outlined in	1	every year That's about five percent of our
2	the evidence here, the Company's approach to	2	feeders We analyze the five-year SAIDI
3	reliability management consists of three broad	3	SAIFL indices and the customer minutes of
4	aspects: capital investment maintenance	4	outage on these feeders. The SAIFI and SAIDI
5	practices and operational deployment	5	indices are used throughout the electric
6	O Let's discuss each of those three components	6	utility industry to measure reliability
7	in turn Let's first talk about capital		SAIFI with an F is the average number of
8	investment just explain that	8	outages per customer while SAIDI is the
9	A Over time, we have invested over 1.2 hillion	9	average hours a customer is without power
10	in our power system As the plant and	10	Customer minutes of outage is simply the
11	equipment becomes deteriorated continual	11	number of customers multiplied by the minutes
12	capital investment in new plant and equipment	12	of outage experienced by the customers.
13	is required All of this investment helps to	13	Let's show CA-NP-461 Attachment A and
14	some degree to maintain or improve	14	it's page one of Attachment A on the screen
15	reliability of service to customers. Over the	15	there This table shows the five-year average
16	past five years we have made capital	16	unscheduled distribution outages and we've
17	investments of approximately 30.2 million	17	got it sorted here by customer minutes for the
18	dollars annually to upgrade plant that is	18	Company's 15 worst performing feeders. This
19	deteriorated defective or obsolete	19	information was also filed with the Board as
20	Since 1999, we have included one project	20	part of Newfoundland Power's 2008 Capital
21	in our onnual conital hudget submissions that	21	Budget. It is indicative of the type of
21	III OUL AIIIIUAI CADITAL DUCIPEL SUDITISSIONS INAT	· · ·	
21 22	is specifically directed at reliability	22	information filed every year with our capital
21 22 23	is specifically directed at reliability improvement. We call it the Distribution	22 23	information filed every year with our capital budgets.
21 22 23 24	is specifically directed at reliability improvement. We call it the Distribution Reliability Initiative. Under this program.	22 23 24	information filed every year with our capital budgets. In our 2008 Capital Budget application.
<ul> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> </ul>	is specifically directed at reliability improvement. We call it the Distribution Reliability Initiative. Under this program, we assess our 15 worst performing feeders	22 23 24 25	information filed every year with our capital budgets. In our 2008 Capital Budget application, the three feeders we proposed to do work on.

#### Discoveries Unlimited Inc., Ph: (709)437-5028

	Page 17		Page 18
1 MR.	DELANEY:	1	with tar. The span lengths from pole to pole
2	under this distribution reliability	2	are too long, and the conductors too small,
3	initiative, are the top three listed in this	3	and they conductors they used, because of
4	table: LEW02, that's Lewisporte 02, serves	4	their long span lengths was a number two ACSR,
5	rural communities east of Lewisporte, such as	5	aluminum conductor with a steel reinforced
6	Baytona, Comfort Cove; BOT01, Botwood 01,	6	conductor, and because of the dissimilar
7	serves rural communities north of Botwood,	7	metals, the conductor is prone to salt
8	such as Fortune Harbour and Point Learnington;	8	corrosion in our environment, aluminum and
9	and GLV02, which is Glovertown 02 and it	9	steel.
10	serves the Eastport Peninsula. These three	10	In short, these lines can no longer
11	distribution feeders have experienced between	11	withstand the climatic conditions in which
12	6.3 times and 9.3 times the Company average of	12	they operate, and its no surprise to me that
13	unscheduled distribution related minutes of	13	these are the types of lines showing up in our
14	outage over the last five years, and these are	14	Distribution Reliability Initiative.
15	typical statistics for distribution feeders	15	Please show Graph 6 from page 26 of the
16	that have been refurbished under the	16	Customer Operations evidence. This graph
17	distribution reliability initiative.	17	clearly illustrates the success of the
18	Typically, the feeders we work on under	18	Distribution Reliability Initiative. I'll
19	the Distribution Reliability Initiative are	19	take some time to go through it. There's a
20	rural feeders that were built during the World	20	lot of bars and lines there.
21	Electrification Programs of the 1950s and	21	The horizontal axis represents each year
22	'60s. These lines were built expediently and	22	of the program and the vertical represents the
23	they were built to a low standard. We find	23	SAIDI or the duration of outages due to
24	that the poles are not strong enough. Many	24	problems on the distribution system. The
25	are actually made from local timbers treated	25	purple bar shows the duration of outages on
	Page 19		Page 20
1	Page 19 the feeders worked on that year, that's for	1	Page 20 to this improvement. However, the economics
1 2	Page 19 the feeders worked on that year, that's for the five years prior to the Distribution	1 2	Page 20 to this improvement. However, the economics associated with serving lower customer
1 2 3	Page 19 the feeders worked on that year, that's for the five years prior to the Distribution Reliability Initiative. And the blue bar	1 2 3	Page 20 to this improvement. However, the economics associated with serving lower customer densities in rural areas practically ensures
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	Page 21		Page 22
1 1	MR. DELANEY:	1	an indication of an internal problem in the
2	of inspections, diagnostic testing and	2	equipment.
3	periodic overalls. For instance, our 130	3 (	9:30 A.M.)
4	substations are inspected monthly. In our	4	In April of this year, we had an
5	substations, we have to maintain almost 4, 000	5	equipment failurean equipment failure was
6	pieces of major electrical equipment of	6	avoided as a result of oil analysis at our
7	diverse vintages, technologies, manufacturers	7	Broad Cove substation, which is in Portugal
8	and condition. Any defects found during	8	Cove St. Phillips. During a routine oil test,
9	inspection are recorded, prioritized and	9	a high concentration of hydrogen gas was
10	scheduled and work orders are issued through	10	detected in the substation power transformer,
11	our asset management system to correct them.	11	and since this could indicate a problem, our
12	Predictive maintenance is a subset of	12	maintenance staff decided that an immediate
13	preventive maintenance and involves using	13	response was required. When the transformer
14	technologies to anticipate equipment failures.	14	was taken out of service, an internal
15	For example, the Company has an oil sampling	15	inspection revealed serious carbon
16	program for major substation equipment, such	16	contamination inside the unit. Repairs were
17	as power transformers and breakers. We have	17	made and the unit was returned to service. If
18	on file lab analysis results of oil samples	18	this problem had gone undetected, it would
19	taken annually from our major substation	19	have eventually resulted in a power outage of
20	equipment. From these oil samples, we have	20	at least 24 hours for over 4.400 customers and
21	developed a chemical signature or a	21	possibly a one and a half million dollar
22	fingerprint for each piece of equipment, and	22	transformer replacement.
23	each year, we have the new oil sample taken	23	Breakdown maintenance, on the other hand,
24	and have it tested, and if there's any changes	24	refers to fixing plant or equipment to restore
25	to the chemical signature, then that could be	25	service after it has failed. Breakdown
-			
	Page 23		Page 24
	Page 23 maintenance is reactive in nature. It is more	1	Page 24 two teams a technical team and a customer
1	Page 23 maintenance is reactive in nature. It is more costly than preventive maintenance. The	1	Page 24 two teams, a technical team and a customer team
1 2 3	Page 23 maintenance is reactive in nature. It is more costly than preventive maintenance. The unplanned nature of breakdown maintenance	1 2 3	Page 24 two teams, a technical team and a customer team. The technical team includes engineers
1 2 3 4	Page 23 maintenance is reactive in nature. It is more costly than preventive maintenance. The unplanned nature of breakdown maintenance leads to increased costs particularly	1 2 3 4	Page 24 two teams, a technical team and a customer team. The technical team includes engineers, technologists linepersons Their focus is to
1 2 3 4 5	Page 23 maintenance is reactive in nature. It is more costly than preventive maintenance. The unplanned nature of breakdown maintenance leads to increased costs, particularly overtime labour.	1 2 3 4 5	Page 24 two teams, a technical team and a customer team. The technical team includes engineers, technologists, linepersons. Their focus is to find the trouble, assess the trouble, perform
1 2 3 4 5 6	Page 23 maintenance is reactive in nature. It is more costly than preventive maintenance. The unplanned nature of breakdown maintenance leads to increased costs, particularly overtime labour. Let's show Graph 7 from the Customer	1 2 3 4 5 6	Page 24 two teams, a technical team and a customer team. The technical team includes engineers, technologists, linepersons. Their focus is to find the trouble, assess the trouble, perform an necessary switching and get the repairs
1 2 3 4 5 6 7	Page 23 maintenance is reactive in nature. It is more costly than preventive maintenance. The unplanned nature of breakdown maintenance leads to increased costs, particularly overtime labour. Let's show Graph 7 from the Customer Operations evidence. This shows breakdown	1 2 3 4 5 6 7	Page 24 two teams, a technical team and a customer team. The technical team includes engineers, technologists, linepersons. Their focus is to find the trouble, assess the trouble, perform an necessary switching and get the repairs done. Power restoration is a methodical
1 2 3 4 5 6 7 8	Page 23 maintenance is reactive in nature. It is more costly than preventive maintenance. The unplanned nature of breakdown maintenance leads to increased costs, particularly overtime labour. Let's show Graph 7 from the Customer Operations evidence. This shows breakdown maintenance costs from 2002 through to 2006.	1 2 3 4 5 6 7 8	Page 24 two teams, a technical team and a customer team. The technical team includes engineers, technologists, linepersons. Their focus is to find the trouble, assess the trouble, perform an necessary switching and get the repairs done. Power restoration is a methodical process. It is tightly controlled from the
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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	<ul> <li>Page 23 maintenance is reactive in nature. It is more costly than preventive maintenance. The unplanned nature of breakdown maintenance leads to increased costs, particularly overtime labour. Let's show Graph 7 from the Customer Operations evidence. This shows breakdown maintenance costs from 2002 through to 2006. Breakdown maintenance has decreased by 21 percent by 2002. We do think breakdown maintenance cost is an indicator of improved preventive maintenance efficiency which improves reliability, and this is consistent with least cost electrical system operations.</li> <li>Q. The third aspect of the approach to reliability management that you spoke about was operational deployment. Would you explain what that means?</li> <li>A. Operational deployment is about our readiness to respond to power outages when they occur and our efficiency in restoring service. When a feeder level or greater power outage occurs, that event immediately becomes the top priority in Newfoundland Power's operations.</li> </ul>	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Page 24 two teams, a technical team and a customer team. The technical team includes engineers, technologists, linepersons. Their focus is to find the trouble, assess the trouble, perform an necessary switching and get the repairs done. Power restoration is a methodical process. It is tightly controlled from the system control centre and we operate under a standard protection code to ensure that all the work is conducted safely. The customer team ensures that voice messages in our outage notification system are updated with the most current information on the outage. The customer contact centre employees have the latest information from the field to give the customers who call in, and our customer team is also making outbound calls to customers. Each feeder has a customer contact list. During large outages, we attempt to contact these customers, who are typically large businesses and customers with critical operations, such as schools, hospitals, senior citizen homes, and customers

	Page 25		Page 26
1 M	R. DELANEY:	1	respond to emergencies. The Company has a
2	councils, fire departments, police departments.	2	service restoration plan for each of our
3	If the outage is of long duration, it	3	operating areas. We also maintain a 2. 5
4	will often become apparent, based on the field	4	megawatt portable diesel plant and a 6. 5
5	operations, that some customers are going to	5	megawatt portable gas turbine to serve as
6	be off longer than others, and the customer	6	contingency power supplies in the event of a
7	team is sensitive to that as well, and will	7	large scale damage to a substation or
8	identify customers who will be off longer than	8	transmission line due to a sleet storm or
9	others and communicate directly with those	9	fire.
10	customers. The customer team also interacts	10	O Just summarize then for us Newfoundland
11	with the media.	11	Power's approach to reliability management and
12	We have organized our work force to	12	then tell us about the results that that
13	ensure we can respond quickly. We have a	13	approach has achieved
14	presence in 23 locations across the island	14	A The key attributes of Newfoundland Power's
15	This enables us to respond quickly to power	15	approach to reliability management relate to
16	outages trouble calls to fire calls wire	16	capital investment which is reviewed annually
17	down calls and any other call where the power	17	by the Board in advance of expenditures and is
17	system may be posing a safety bazard. Our	10	by the Board in advance of experimentaries and is
10	target for response time is to get to the	10	based on detailed engineering evidence and
19	larget for response time is to get to the	19	economic analysis, maintenance practices which
20	and that's 25 percent of the time	20	are consistent with current industry practice
21	Effective executional deployment also	21	and operational deployment which is reasonably
22	Effective operational deployment also	22	responsive to the realities of Newroundland
23	requires the necessary contingencies plans are	23	Power's service territory.
24	in place and that the Company has a sufficient	24	Can we show page 24 of the evidence? On
25	inventory of spare parts and materials to	25	page 24, we have two graphs, Graph 4 and Graph
	Page 27		Page 28
1	5, and they show the reliability performance	1	reliability and service standard appropriate
2	for the period 2002 through to 2006. Let's	2	for Newfoundland Power?
3	look at Graph 4, SAIFI. Graph 4, which is the	3	A. No, and let me explain why. Current
4	SAIFI, shows that the frequency of outages	4	regulatory oversight over Newfoundland Power's
5	experienced by customers has decreased by 39	5	service and reliability performance is both
6	percent from 2002 to 2006. If we can move	6	reasonably comprehensive and reasonably
7	down to Graph 5? Graph 5, which is the SAIDI,	7	efficient. Further standards are not
8	shows that the duration of outages experienced	8	justified. At present, the Board exercises
9	by customers has decreased by 34 percent.	9	regulatory oversight over the service and
10	2006 was our best year ever for	10	reliability performance of Newfoundland Power
11	reliability on record, and we achieved this	11	through various means, including the capital
12	result through capital investment, maintenance	12	budget application process, quarterly
13	and the operational deployment approach. The	13	reporting and reporting of exceptional
14	cost to customers of this approach is also	14	incidents. All of Newfoundland Power's
15	clearly contained in the evidence. Please	15	capital expenditures must be approved in
16		15	
17	show Table 11 of the Supplemental Evidence,	16	advance by the Board in a public process that
	show Table 11 of the Supplemental Evidence, and look at Table 11 here. If the Board	16 17	advance by the Board in a public process that uses guidelines established through input from
18	show Table 11 of the Supplemental Evidence, and look at Table 11 here. If the Board approves the Amended Application, Newfoundland	15 16 17 18	advance by the Board in a public process that uses guidelines established through input from all stakeholders. The process is fully
18 19	show Table 11 of the Supplemental Evidence, and look at Table 11 here. If the Board approves the Amended Application, Newfoundland Power's net contribution to customer rate	15 16 17 18 19	advance by the Board in a public process that uses guidelines established through input from all stakeholders. The process is fully transparent and before any reliability based
18 19 20	show Table 11 of the Supplemental Evidence, and look at Table 11 here. If the Board approves the Amended Application, Newfoundland Power's net contribution to customer rate increases for the period 2002 through to 2008	16 17 18 19 20	advance by the Board in a public process that uses guidelines established through input from all stakeholders. The process is fully transparent and before any reliability based capital expenditures are made. the Company's
18 19 20 21	show Table 11 of the Supplemental Evidence, and look at Table 11 here. If the Board approves the Amended Application, Newfoundland Power's net contribution to customer rate increases for the period 2002 through to 2008 will total one percent.	10 16 17 18 19 20 21	advance by the Board in a public process that uses guidelines established through input from all stakeholders. The process is fully transparent and before any reliability based capital expenditures are made, the Company's specific proposed expenditures are placed
18 19 20 21 22	<ul> <li>show Table 11 of the Supplemental Evidence,</li> <li>and look at Table 11 here. If the Board</li> <li>approves the Amended Application, Newfoundland</li> <li>Power's net contribution to customer rate</li> <li>increases for the period 2002 through to 2008</li> <li>will total one percent.</li> <li>O. Now with that background, Mr. Delaney, what I</li> </ul>	16 17 18 19 20 21 22	advance by the Board in a public process that uses guidelines established through input from all stakeholders. The process is fully transparent and before any reliability based capital expenditures are made, the Company's specific proposed expenditures are placed before the Board for consideration. In
<ol> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> </ol>	<ul> <li>show Table 11 of the Supplemental Evidence,</li> <li>and look at Table 11 here. If the Board</li> <li>approves the Amended Application, Newfoundland</li> <li>Power's net contribution to customer rate</li> <li>increases for the period 2002 through to 2008</li> <li>will total one percent.</li> <li>Q. Now with that background, Mr. Delaney, what I</li> <li>want to turn to next is this discussion of</li> </ul>	16 17 18 19 20 21 22 23	advance by the Board in a public process that uses guidelines established through input from all stakeholders. The process is fully transparent and before any reliability based capital expenditures are made, the Company's specific proposed expenditures are placed before the Board for consideration. In addition, five-year capital forecasts are
<ol> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> </ol>	<ul> <li>show Table 11 of the Supplemental Evidence, and look at Table 11 here. If the Board approves the Amended Application, Newfoundland Power's net contribution to customer rate increases for the period 2002 through to 2008 will total one percent.</li> <li>Q. Now with that background, Mr. Delaney, what I want to turn to next is this discussion of distribution, reliability and service.</li> </ul>	16 17 18 19 20 21 22 23 24	advance by the Board in a public process that uses guidelines established through input from all stakeholders. The process is fully transparent and before any reliability based capital expenditures are made, the Company's specific proposed expenditures are placed before the Board for consideration. In addition, five-year capital forecasts are before the Board as part of the current
<ol> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> </ol>	<ul> <li>show Table 11 of the Supplemental Evidence, and look at Table 11 here. If the Board approves the Amended Application, Newfoundland Power's net contribution to customer rate increases for the period 2002 through to 2008 will total one percent.</li> <li>Q. Now with that background, Mr. Delaney, what I want to turn to next is this discussion of distribution, reliability and service standards. Is a Board mandated distribution</li> </ul>	16 17 18 19 20 21 22 23 24 25	advance by the Board in a public process that uses guidelines established through input from all stakeholders. The process is fully transparent and before any reliability based capital expenditures are made, the Company's specific proposed expenditures are placed before the Board for consideration. In addition, five-year capital forecasts are before the Board as part of the current guidelines

#### Discoveries Unlimited Inc., Ph: (709)437-5028

	Page 29		Page 30
1 1	MR. DELANEY:	1	quarter and reliability enhancements that have
2	Each capital budget application of	2	taken place during the quarter.
3	Newfoundland Power is accompanied by detailed	3	Newfoundland Power also reports to the
4	engineering and economic analysis aimed at	4	Board, by the next business day, all power
5	establishing for the Board that the Company's	5	outages exceeding 5,000 customer hours, all
6	capital expenditures are consistent with least	6	damage claims exceeding \$5,000 or affecting
7	cost provision of reliable service. All of	7	five or more customers, and all safety
8	this material is before the Board before	8	incidents where a member of the public comes
9	Newfoundland Power commences its capital	9	in contact with a power line. It is our
10	program.	10	belief that the current service and
11	In 1999, the Board, in consultation with	11	reliability performance reporting meets the
12	Newfoundland Power, mandated a quarterly	12	reasonable needs of the Board and other
13	reporting process. While the quarterly report	13	stakeholders in the regulatory process. The
14	was more comprehensive than the pre-1999	14	information provided allows the Board and
15	monthly reports, it was created with no	15	others to track the service and reliability
16	greater overall effort or cost and this is	16	performance of the utility with respect to
17	largely because Newfoundland Power's business	17	current and historical performance. This can
18	reporting is quarterly and having regulatory	18	be done without adding costs associated with
19	reporting consistent with this is efficient.	19	the tracking and compiling of information not
20	The quarterly report contain a comprehensive	20	already used for business purposes.
21	array of service measures related to	21	The response to CA-NP-8 placed on the
22	reliability, customer service, safety and	22	record the quarterly regulatory reports from
23	environmental performance. They also include a	23	the first quarter of 2004 through to the first
24	review of major events that have impacted	24	quarter of 2007. I won't take the time to
25	Newfoundland Power's reliability within the	25	review in detail the information contained in
	Page 31		Page 32
1	Page 31 these reports, but I will observe that each of	1	Page 32 regulation. One Canadian jurisdiction that
1 2	Page 31 these reports, but I will observe that each of these reports contains between 40 and 50 pages	1 2	Page 32 regulation. One Canadian jurisdiction that has service quality and reliability standards
1 2 3	Page 31 these reports, but I will observe that each of these reports contains between 40 and 50 pages of various metrics used to qualify and	1 2 3	Page 32 regulation. One Canadian jurisdiction that has service quality and reliability standards is Alberta, and as discussed by Mr. Ludlow,
1 2 3 4	Page 31 these reports, but I will observe that each of these reports contains between 40 and 50 pages of various metrics used to qualify and quantify the performance of the Company.	1 2 3 4	Page 32 regulation. One Canadian jurisdiction that has service quality and reliability standards is Alberta, and as discussed by Mr. Ludlow, the adoption of Alberta's service quality and
1 2 3 4 5	Page 31 these reports, but I will observe that each of these reports contains between 40 and 50 pages of various metrics used to qualify and quantify the performance of the Company. Customer service performance indicators, such	1 2 3 4 5	Page 32 regulation. One Canadian jurisdiction that has service quality and reliability standards is Alberta, and as discussed by Mr. Ludlow, the adoption of Alberta's service quality and reliability standards was a response to
1 2 3 4 5 6	Page 31 these reports, but I will observe that each of these reports contains between 40 and 50 pages of various metrics used to qualify and quantify the performance of the Company. Customer service performance indicators, such as customer satisfaction, first call	1 2 3 4 5 6	Page 32 regulation. One Canadian jurisdiction that has service quality and reliability standards is Alberta, and as discussed by Mr. Ludlow, the adoption of Alberta's service quality and reliability standards was a response to customer dissatisfaction with service
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#### Discoveries Unlimited Inc., Ph: (709)437-5028

# Multi-Page<sup>TM</sup> NL Power's 2008 General Rate Application

	Page 33		Page 34
1 N	IR. DELANEY:	1	plans when a utility fails to make that
2	show CA-NP-432, First Revision?	2	target. And third is a system of penalties
3 (	9:45 A.M.)	3	and rewards.
4	CA-NP-432, First Revision, has, at	4	One example of American service
5	Attachment A, a copy of the revised standards	5	regulation put forward by the Consumer
6	adopted in 2005, and as you can see from line	6	Advocate was the Delaware Public Service
7	12, the Ontario Energy Board has begun a	7	Commission's Electric Service Reliability and
8	further review of the standard, with a view to	8	Quality Standards. In Delaware, the
9	further revisions.	9	introduction of service reliability and
10	Q. What is the experience with these standards in	10	quality standards originated a 1999
11	the United States?	11	investigation into outages by the Delaware
12	A. Reliability and service standards appear to be	12	Public Service Commission. A key focus of the
13	more common in the United States than in	13	investigation was whether Delmarva Power was
14	Canada, but their application varies across	14	investing sufficiently in the reliability of
15	jurisdictions. The use of these standards by	15	its transmission and distribution systems. In
16	American regulators appears to have come about	16	2006, the service reliability and quality
17	largely as a result of concern about under	17	standards were adopted. Interim standards
18	investment in a restructured utility industry.	18	were in place since 2003.
19	The spectrum of service regulation in the	19	Let's show CA-NP-65, Attachment A. In
20	United States appears to be divided into about	20	this response, we provided a comparison
21	three general groupings. One is monitoring,	21	between the Delaware Public Service
22	which is similar to the reporting Newfoundland	22	Commission's Electric Service Reliability and
23	Power does for the Board at present. Second	23	Quality Standards and Newfoundland Power's
24	is the setting of targets for regulatory	24	practices. We have undertaken a nine-point
25	purposes which trigger explanation and action	25	comparison between the two utilities. If we
			▲ · · · · · · · · · · · · · · · · · · ·
	Page 35		Page 36
1	Page 35 can move down to the table?	1	Page 36 Under reliability reporting, the metrics
1 2	Page 35 can move down to the table? As you can see, under filing	1 2	Page 36 Under reliability reporting, the metrics used by both Delaware and Newfoundland Power
1 2 3	Page 35 can move down to the table? As you can see, under filing requirements, Delaware reports annually, while	1 2 3	Page 36 Under reliability reporting, the metrics used by both Delaware and Newfoundland Power are standard measures. In Delaware, they use
1 2 3 4	Page 35 can move down to the table? As you can see, under filing requirements, Delaware reports annually, while here in Newfoundland, we report quarterly.	1 2 3 4	Page 36 Under reliability reporting, the metrics used by both Delaware and Newfoundland Power are standard measures. In Delaware, they use the customer specific metrics, referred to
1 2 3 4 5	Page 35 can move down to the table? As you can see, under filing requirements, Delaware reports annually, while here in Newfoundland, we report quarterly. Quarterly reporting to the Board works well	1 2 3 4 5	Page 36 Under reliability reporting, the metrics used by both Delaware and Newfoundland Power are standard measures. In Delaware, they use the customer specific metrics, referred to here as CEMI and CELID. These alternative
1 2 3 4 5 6	Page 35 can move down to the table? As you can see, under filing requirements, Delaware reports annually, while here in Newfoundland, we report quarterly. Quarterly reporting to the Board works well for us. We report quarterly within the	1 2 3 4 5 6	Page 36 Under reliability reporting, the metrics used by both Delaware and Newfoundland Power are standard measures. In Delaware, they use the customer specific metrics, referred to here as CEMI and CELID. These alternative measures require monitoring the power system
1 2 3 4 5 6 7	Page 35 can move down to the table? As you can see, under filing requirements, Delaware reports annually, while here in Newfoundland, we report quarterly. Quarterly reporting to the Board works well for us. We report quarterly within the Company. It's efficient.	1 2 3 4 5 6 7	Page 36 Under reliability reporting, the metrics used by both Delaware and Newfoundland Power are standard measures. In Delaware, they use the customer specific metrics, referred to here as CEMI and CELID. These alternative measures require monitoring the power system at the customer level and Newfoundland Power
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# Multi-Page TM NL Power's 2008 General Rate Application

	Page 37		Page 38
1 MR.	DELANEY:	1	Given this, the introduction of
2	in Newfoundland is similar to Delaware in some	2	regulatory service quality and reliability
3	regards, and in some areas, most notably in	3	standards does not appear, to Newfoundland
4	the area of performance benchmarks and outage	4	Power, to be justified.
5	management technology, we differ.	5 Ç	What concerns does Newfoundland Power have
6	When I look at these service quality	6	with the implementation of a distribution
7	standards in Alberta and Ontario and Delaware,	7	reliability and service standard as proposed
8	I observe that they were each created to deal	8	by the Consumer Advocate?
9	with specific issues in their jurisdictions.	9 A	The Company has three main concerns with the
10	In Alberta, it was poor service quality. In	10	Consumer Advocate's reliability and service
11	Ontario, it was incentives to under invest in	11	standards proposal. The first concern is how
12	distribution reliability. In Delaware, it	12	to deal with the difference between urban and
13	appeared to be a combination of service	13	rural reliability when setting benchmarks.
14	quality and disincentive to investment. I do	14	Although Newfoundland Power manages
15	not see similar issues right now in this	15	reliability consistently across our entire
16	province. Currently the Board has a	16	service territory, adopting one performance
17	comprehensive reporting regime for	17	benchmark for all customers is simply not
18	Newfoundland Power and Newfoundland and	18	practical. Reliability performance varies
19	Labrador Hydro. It provides meaningful and	19	across our service territory, especially
20	comprehensive information on current service	20	between urban and rural areas.
21	and reliability. Through the annual capital	21	The Consumer Advocate has presented
22	budget approval process, the Board is provided	22	evidence regarding reliability and service
23	with the detailed information necessary to	23	standards that apply to Green Mountain Power
24	assess all planned expenditures that affect	24	in the State of Vermont. Vermont is
25	service and reliability.	25	approximately 25 percent the size of the
	Page 39		Page 40
1	island of Newfoundland, but it has a peak load	1	the Ontario Energy Board is further
2	similar to Newfoundland Power. Vermont's	2	considering service quality standards seven
3	situation is very different than	3	years after their introduction. In Delaware,
4	Newfoundland's. In the State of Vermont,	4	it took six years to settle the issue of
5	there are approximately 20 different	5	standards. We have worked hard in
6	distribution utilities employing different	6	Newfoundland Power to reduce our
7	reliability standards. With 20 utilities,	7	administrative overheads. Administrative and
8	such standards may be necessary, but I don't	8	engineering costs, which are shown in Exhibit
9	think standardizing multiple reliability	9	1, First Revision, at line five, they had
10	targets is appropriate for the customers of	10	decreased 2.1 million dollars from 7.8 million
11	Newfoundland Power.	11	in 2002 to 5.6 million in 2008. One of our
12	A second concern is the cost associated	12	successes has been taking overheads out of the
13			
	with implementing the standards and their	13	organization and focusing more of our
14	with implementing the standards and their ongoing administration, a standard that	13 14	organization and focusing more of our resources on the customer directly. Any
14 15	with implementing the standards and their ongoing administration, a standard that requires data and reporting as additional to	13 14 15	organization and focusing more of our resources on the customer directly. Any initiative that will increase administration
14 15 16	with implementing the standards and their ongoing administration, a standard that requires data and reporting as additional to the data and reporting that management	13 14 15 16	organization and focusing more of our resources on the customer directly. Any initiative that will increase administration costs needs to be understood as to how it will
14 15 16 17	with implementing the standards and their ongoing administration, a standard that requires data and reporting as additional to the data and reporting that management currently uses to run the business may add	13 14 15 16 17	organization and focusing more of our resources on the customer directly. Any initiative that will increase administration costs needs to be understood as to how it will benefit the customer before it is implemented.
14 15 16 17 18	with implementing the standards and their ongoing administration, a standard that requires data and reporting as additional to the data and reporting that management currently uses to run the business may add material capital costs for new information	13 14 15 16 17 18	organization and focusing more of our resources on the customer directly. Any initiative that will increase administration costs needs to be understood as to how it will benefit the customer before it is implemented. At this point, the additional cost of
14 15 16 17 18 19	with implementing the standards and their ongoing administration, a standard that requires data and reporting as additional to the data and reporting that management currently uses to run the business may add material capital costs for new information systems. In our discussions with management	13 14 15 16 17 18 19	organization and focusing more of our resources on the customer directly. Any initiative that will increase administration costs needs to be understood as to how it will benefit the customer before it is implemented. At this point, the additional cost of implementing reliability and service standards
14 15 16 17 18 19 20	with implementing the standards and their ongoing administration, a standard that requires data and reporting as additional to the data and reporting that management currently uses to run the business may add material capital costs for new information systems. In our discussions with management at utilities with these standards, it is clear	13 14 15 16 17 18 19 20	organization and focusing more of our resources on the customer directly. Any initiative that will increase administration costs needs to be understood as to how it will benefit the customer before it is implemented. At this point, the additional cost of implementing reliability and service standards is an unknown, but more importantly, I have no
14 15 16 17 18 19 20 21	with implementing the standards and their ongoing administration, a standard that requires data and reporting as additional to the data and reporting that management currently uses to run the business may add material capital costs for new information systems. In our discussions with management at utilities with these standards, it is clear that there is a material effort and cost	13 14 15 16 17 18 19 20 21	organization and focusing more of our resources on the customer directly. Any initiative that will increase administration costs needs to be understood as to how it will benefit the customer before it is implemented. At this point, the additional cost of implementing reliability and service standards is an unknown, but more importantly, I have no reason to believe that the adoption of
14 15 16 17 18 19 20 21 22	with implementing the standards and their ongoing administration, a standard that requires data and reporting as additional to the data and reporting that management currently uses to run the business may add material capital costs for new information systems. In our discussions with management at utilities with these standards, it is clear that there is a material effort and cost associated with administering them.	13 14 15 16 17 18 19 20 21 22	organization and focusing more of our resources on the customer directly. Any initiative that will increase administration costs needs to be understood as to how it will benefit the customer before it is implemented. At this point, the additional cost of implementing reliability and service standards is an unknown, but more importantly, I have no reason to believe that the adoption of standards will provide any material benefit to
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14 15 16 17 18 19 20 21 22 23 24	with implementing the standards and their ongoing administration, a standard that requires data and reporting as additional to the data and reporting that management currently uses to run the business may add material capital costs for new information systems. In our discussions with management at utilities with these standards, it is clear that there is a material effort and cost associated with administering them. There's also significant effort and cost associated with developing meaningful	13 14 15 16 17 18 19 20 21 22 23 24	organization and focusing more of our resources on the customer directly. Any initiative that will increase administration costs needs to be understood as to how it will benefit the customer before it is implemented. At this point, the additional cost of implementing reliability and service standards is an unknown, but more importantly, I have no reason to believe that the adoption of standards will provide any material benefit to our customers. Newfoundland Power's capital and operating procedures and the Board's

#### Discoveries Unlimited Inc., Ph: (709)437-5028

October 24, 2007

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1 1	MR. DELANEY:	1	of cost control, reliability improvement and a
2	effective in ensuring reliable service and	2	high level of customer satisfaction. However,
3	customer satisfaction.	3	if routine managerial decision making becomes
4	A third concern we have is the extent to	4	subject to additional Board approvals and
5	which such standards will reduce management's	5	process, it raises an issue of regulatory
6	flexibility to run the business. Management	6	efficiency. The recent focus on reducing the
7	routinely makes decisions that impact costs	7	complexity of regulatory oversight provides
8	and service. For example, management made a	8	benefits for customers. The adoption of
9	decision to suspend the distribution	9	regulated service standards at this time is
10	reliability initiative in 2007 to manage the	10	not consistent with reducing that complexity.
11	overall size of the capital budget because of	11	O. Can I get you next to comment generally on the
12	the large 18 million dollar Rattling Brook	12	issue of valuing reliability?
13	refurbishment project. Internally, we changed	13	A. Yes, I can. It is clear that our customers
14	our management standard for reporting	14	place a high value on reliable service. That
15	reliability from SAIDI to SAIFI to customer	15	much is simple. Establishing a meaningful
16	minutes of outage because it was easier for	16	dollar value that customers place on
17	employees to understand. In 2005, we decided	17	electrical system reliability that can be used
18	to outsource cash, which reduced cost, but it	18	by the utility in managing reliability is far
19	did result in a change in customer service	19	less simple There have been numerous
20	The degree to which the implementation of	20	technical studies and reports produced over
21	standards might limit or delay decisions like	21	time that have attempted to put a value on
22	these is a concern for Newfoundland Power	22	reliable electric service
23	Newfoundland Power must account for its	23	In the 1990s, there was considerable work
24	service performance and we accept that and we	24	done by the Electric Power Research Institute
25	come to these proceedings with a proven record	25	around this question There has also been
	Page 43		Page 44
	work done by B.C. Hydro on customer focus		for reliability. But because the fish plant
$\begin{vmatrix} 2 \\ 2 \end{vmatrix}$	that immed a much of the most baset. United	$\begin{vmatrix} 2 \\ 2 \end{vmatrix}$	and the seasonal cottage are both served by
3	that impacted much of the northeast United	3	the same distribution feeder, we cannot
	States and Ontario, there was work done by the	4	practically respond to differing reliability
5	U.S. Department of Energy to quantify the cost	5	expectations on a customer by customer basis.
6	of poor reliability. These studies generally	6	The overall reliability of service will be the
7	are not conclusive and call for further work	7	same for all customers on the Botwood 01
8	to be done.	8	feeder, regardless of their individual
9 (	(10:00 A.M.)	9	requirements, because all the customers are
10	Some of the reason for this lack of	10	served by the same poles and wires and
11	conclusion, I think, is clear. Different		equipment and this is true for virtually all
12	customers have different reliability	12	of our 300 distribution feeders.
13	expectations, but they are served by a common	13	Q. What's the current status of the Canadian
14			
15	infrastructure at largely common cost.	14	Electricity Association's efforts to develop
116	infrastructure at largely common cost. Transmission and distribution assets, by their	14 15	Electricity Association's efforts to develop industry performance indicators?
10	infrastructure at largely common cost. Transmission and distribution assets, by their nature, are communal assets. Let's consider	14 15 16	<ul><li>Electricity Association's efforts to develop industry performance indicators?</li><li>A. The CEA has an initiative to develop a set of</li></ul>
10	infrastructure at largely common cost. Transmission and distribution assets, by their nature, are communal assets. Let's consider our Botwood 01 feeder which is included in the	14 15 16 17	<ul><li>Electricity Association's efforts to develop industry performance indicators?</li><li>A. The CEA has an initiative to develop a set of industry standard performance indicators that</li></ul>
10 17 18	infrastructure at largely common cost. Transmission and distribution assets, by their nature, are communal assets. Let's consider our Botwood 01 feeder which is included in the 2008 Distribution Reliability Initiative.	14 15 16 17 18	<ul><li>Electricity Association's efforts to develop industry performance indicators?</li><li>A. The CEA has an initiative to develop a set of industry standard performance indicators that can be used by utilities to report their</li></ul>
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16 17 18 19 20	infrastructure at largely common cost. Transmission and distribution assets, by their nature, are communal assets. Let's consider our Botwood 01 feeder which is included in the 2008 Distribution Reliability Initiative. On that feeder, there are two senior citizen homes. There's a glove manufacturing	14 15 16 17 18 19 20	<ul><li>Electricity Association's efforts to develop industry performance indicators?</li><li>A. The CEA has an initiative to develop a set of industry standard performance indicators that can be used by utilities to report their performance to regulators and this initiative reflects a desire by industry to work with</li></ul>
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	Page 45		Page 46
1	MR. DELANEY:	1	option. In February of this year, we removed
2	indicators are being developed. The goal of	2	an obstacle that was hampering the growth of
3	the CEA initiative is to propose a set of high	3	eBills. The obstacle was that customers were
4	level indicators for use in the regulatory	4	required to log in to their account to get
5	setting by the end of 2007. Whether or not	5	their eBill and customers were forgetting
6	this time table will be met is uncertain right	6	their log in information and would drop out of
7	now. However, Newfoundland Power intends to	7	the electronic billing option because of this
8	continue to participate in the initiative.	8	inconvenience. So we made the necessary
9	Q. Thank you, Mr. Delaney. I want to turn next	9	technical changes and we now email the bill
10	now and look at the Consumer Advocate's other	10	directly to customers, thus making the option
11	issues, and the first is electronic billing.	11	much easier for the customers to use.
12	Can you describe Newfoundland Power's	12	We use a variety of means to promote
13	experience with electronic customer billing?	13	eBills, including bill inserts, our internet
14	A. Electronic billing or eBills is one advance we	14	site and print advertising. We also have a
15	have made to take advantage of increased	15	promotional voice message that customers
16	internet use, to reduce costs, while expanding	16	listen to while they're on hold at the
17	customer service. Through eBills, customers	17	customer contact centre. Our contact centre
18	can elect to get their monthly bill via email	18	employees, when the opportunity is right,
19	rather than a printed bill through the mail.	19	promote eBills to customers who phone us. As
20	If we can show CA-NP-73, Table 1?	20	well, to specifically target internet users,
21	As can be seen in this table,	21	we have a banner ad at the top of the VOCM
22	participation has grown rapidly from 4,275 in	22	news web site. We have also sent emails to
23	2004 when the program started to 14,195 when	23	every email account we have on file in our CSS
24	this RFI was prepared. As of mid October, we	24	system asking the customer whether they want
25	have 15,600 customers availing of the eBill	25	to join eBills.
	Page 47		Page 48
1	Page 47 Q. Do you think financial incentives to have	1	Page 48 putting extra effort into getting customers
1 2	Page 47 Q. Do you think financial incentives to have customers join eBills are justified?	1 2	Page 48 putting extra effort into getting customers with multiple accounts, such as landlords,
1 2 3	Page 47 Q. Do you think financial incentives to have customers join eBills are justified? A. No, I don't. Our current approach is working	1 2 3	Page 48 putting extra effort into getting customers with multiple accounts, such as landlords, rental management companies and government
1 2 3 4	Page 47 Q. Do you think financial incentives to have customers join eBills are justified? A. No, I don't. Our current approach is working very well and we do not think that financial	1 2 3 4	Page 48 putting extra effort into getting customers with multiple accounts, such as landlords, rental management companies and government enrolled in eBills.
1 2 3 4 5	Page 47 Q. Do you think financial incentives to have customers join eBills are justified? A. No, I don't. Our current approach is working very well and we do not think that financial incentives are necessary. Furthermore, a	1 2 3 4 5	Page 48 putting extra effort into getting customers with multiple accounts, such as landlords, rental management companies and government enrolled in eBills. Q. Let's go next to the issue of how Newfoundland
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#### Discoveries Unlimited Inc., Ph: (709)437-5028

	Page 49		Page 50
1	MR. DELANEY:	1	associated with efficiency gains that have not
2	of Newfoundland Power's size with many small	2	yet been identified. So let me explain that.
3	operations throughout the island an approach	3	If we can show CA-NP-47? Table 1 shows our
4	focusing on staff positions would restrict	4	forecast of operating labour comparing2007
5	flexibility and limit the pursuit of	5	and 2008. The total labour line, which is
6	productivity improvement. Newfoundland	6	bolded, in that line we can see an increase of
7	Power's flexible approach to staffing insures	7	\$1,002,000 from 2007 to 2008. Now this
8	that we avail of opportunities to reduce the	8	increase is based on the fact that under the
9	workforce whenever it is prudent to do so.	9	terms of our five-year collective agreement we
10	This, in turn, insures that labour costs are	10	will have a wage increase of four percent in
11	minimized for the benefit of our customers.	11	2008. And we're also forecasting management
12	If we can go to Graph 2 on page 19 of the	12	wages will increase by three percent. In the
13	evidence? The success of Newfoundland Power's	13	next column we see a productivity improvement
14	flexible approach is evidenced in the	14	of \$531,000. Management has reduced test year
15	reduction in FTEs. As seen in this graph, the	15	operating labour by this amount to reflect
16	workforce, as measured by FTEs has reduced by	16	cost efficiency improvement we believe we will
17	six percent from 2002 to 2206.	17	be able to achieve in 2008. We believe that
18	Q. The next question relates to productivity	18	such a level of efficiency improvement is
19	allowance. Should the Board reduce the	19	achievable without compromising service
20	Company's forecast test year operating costs	20	levels. If we do not or cannot achieve such
21	through a productivity allowance?	21	efficiencies, then customers will still
22	A. No. In the test year our customers would	22	receive the benefits of the \$531, 000
23	benefit from all the sustainable productivity	23	reduction. The 2008 operating labour forecast
24	measures implemented by the Company up to 2008	24	of 28.7 million is consistent with reasonable
25	and they will also receive a benefit	25	and sustainable continued officiency in the
	and they will also receive a benefit	25	and sustainable continued efficiency in the
	Page 51	23	Page 52
1	Page 51 management of Newfoundland Power. No further	1	Page 52 tree cutting incidents both utilities got
1 2	Page 51 management of Newfoundland Power. No further reduction in the 2008 operating forecast is	1 2	Page 52 tree cutting incidents both utilities got together and in partnership with the Workplace
1 2 3	Page 51 management of Newfoundland Power. No further reduction in the 2008 operating forecast is justified.	1 2 3	Page 52 tree cutting incidents both utilities got together and in partnership with the Workplace Health and Safety Compensation Commission
1 2 3 4	Page 51 management of Newfoundland Power. No further reduction in the 2008 operating forecast is justified. Q. Next I want to talk about utility safety.	1 2 3 4	Page 52 tree cutting incidents both utilities got together and in partnership with the Workplace Health and Safety Compensation Commission issues a joint safety notice to all 15,000
1 2 3 4 5	Page 51 management of Newfoundland Power. No further reduction in the 2008 operating forecast is justified. Q. Next I want to talk about utility safety. Should the Board direct Newfoundland Power to	1 2 3 4 5	Page 52 tree cutting incidents both utilities got together and in partnership with the Workplace Health and Safety Compensation Commission issues a joint safety notice to all 15,000 workplaces an employers in the province. The
1 2 3 4 5 6	Page 51 management of Newfoundland Power. No further reduction in the 2008 operating forecast is justified. Q. Next I want to talk about utility safety. Should the Board direct Newfoundland Power to coordinate a utility communication program	1 2 3 4 5 6	Page 52 tree cutting incidents both utilities got together and in partnership with the Workplace Health and Safety Compensation Commission issues a joint safety notice to all 15,000 workplaces an employers in the province. The two utilities have also cooperated in safety
1 2 3 4 5 6 7	Page 51 management of Newfoundland Power. No further reduction in the 2008 operating forecast is justified. Q. Next I want to talk about utility safety. Should the Board direct Newfoundland Power to coordinate a utility communication program with Newfoundland and Labrador Hydro on	1 2 3 4 5 6 7	Page 52 tree cutting incidents both utilities got together and in partnership with the Workplace Health and Safety Compensation Commission issues a joint safety notice to all 15,000 workplaces an employers in the province. The two utilities have also cooperated in safety advertising in the areas of hunter safety,
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1 2 3 4 5 6 7 8 9 10	Page 51 management of Newfoundland Power. No further reduction in the 2008 operating forecast is justified. Q. Next I want to talk about utility safety. Should the Board direct Newfoundland Power to coordinate a utility communication program with Newfoundland and Labrador Hydro on utility safety issues? A. It is not necessary for the Board to direct the Company to actively coordinate with	1 2 3 4 5 6 7 8 9 10	Page 52 tree cutting incidents both utilities got together and in partnership with the Workplace Health and Safety Compensation Commission issues a joint safety notice to all 15,000 workplaces an employers in the province. The two utilities have also cooperated in safety advertising in the areas of hunter safety, snowmobile safety and tree cutting safety. Newfoundland Power will continue to cooperate with Hydro in communicating safety messages
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	Page 53		Page 54
1	MR. DELANEY:	1	of a road-widening project or because it was
2	standard equal to that of Company's own	2	not high enough to accommodate additional
3	employees. To insure that the pole management	3	telecommunications cables. Reusing old poles
4	function is carried out at least cost to our	4	is environmentally responsible and is common
5	customers it is important that there be a	5	practice in the industry. Of the 5845 poles
6	competitive market in Newfoundland for pole	6	we installed in 2006 less than seven percent
7	contractors. To achieve this, we have a	7	were used poles. In 2006 we paid contractors
8	minimum of five separate pole contracts in	8	\$87,000 for used poles. This is less than two
9	place and larger projects are contracted out	9	percent of the overall cost of poles for
10	individually. By using this approach we have	10	Newfoundland Power. The cost contribution of
11	been successful in maintaining a competitive	11	used poles to the overall scheme is fairly
12	market for pole contractors on the island.	12	small, so to simplify administration we pay
13	(10:15 A.M.)	13	our contractors the same price for both new
14	At present there are five qualified	14	and used poles. Overall, we get a blended
15	contractors under contract to Newfoundland	15	rate that reflects the contractor's costs for
16	Power for pole services. A Newfoundland Power	16	new and used poles. If we were to change the
17	pole contract involves many things, involves	17	practice, the contractors would recover their
18	the installation, removal, transportation,	18	cost by simply adjusting the new and used pole
19	storage and supply of poles, both new and	19	prices accordingly. There would be no change
20	used. We allow contractors to supply us with	20	in our pole cost, pole-supply cost, but the
21	used poles under specific conditions. We	21	cost to administer the contract would just
22	reuse poles because many of our poles are	22	increase.
23	removed for issues other than deterioration	23	O. Are Newfoundland Power's utility pole
24	and they remain serviceable. For example, a	24	installation practices least cost?
25	pole may be removed because it was in the way	25	A. Yes, they are. The Company fully out sourced
-	Page 55	-	Dage 56
1	rage 33	1	rage 30
1 2	1000 shifting responsibility for pole storage		percent from 2002 to 2006. To understand
2	to and transportation, the final two things		sustomer expectations in this area we have
3	pole storage and transportation to our		conducted customer attitude surveys on energy
4	contractors. The move to fully out source	5	afficiency each spring since 2005 Through
5	pole management has been very cost effective	5	these surveys customers indicate that their
7	The cost to install a pole in 1907 prior to		preferred source of information, and programs
/ 0	the change was \$1282 per pole. Our cost to	0	for the afficient, use of electricity, is the
0	install a pole in 2007 is \$1202 per pole. Our cost to	0	aloctric utility And Nowfoundland Power has
9	ning percent increase over ten veers. On en	9	responded to changing customer requirements
10	inflation adjusted basis the cost has	10	responded to enanging customer requirements
11	actually decreased by 11 percent	11	of ways. One was is the Wran Un For Savings
12	O And the final issue relates to energy	12	Brogram Under this program which originated
13	Q. And the final issue feates to energy	15	in 1002 the Company offers relates to
14	direct Newfoundland Power to devote additional	14	sustamore for insulating their homes. In 2005
15	resources to radio and television advertising	15	we reviewed the economics of that program and
10	for energy conservation at this time?	10	we decided to double the relates. In 2004 we
1/	A No. I don't I don't believe that devoting	1/	redesigned our electric hill Providing
10	A. No, I don't, I don't believe that devoluing	10	sustemars with historic usage information was
19	adultional resources to radio and terevision	20	a key element of the hill redesign. The new
20	anoronriate at this time. First lat mo	20	a key element of the official consumption, which
21 22	explain what we are doing. Energy officiency	$\begin{vmatrix} 21\\ 22 \end{vmatrix}$	customers tell us and told us through focus
22 22	and conservation is an area of increasing	22	groups is a very valuable tool for them in
23	customer interest. The number of customers	2.5	managing their energy use Historical usage
24 25	who contact the Company about energy	25	information can also be viewed and downloaded
	and contact and company about choicy		

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	Page 57		Page 58
1 N	MR. DELANEY:	1	has many direct interactions with customers
2	on our internet site, which has been expanded	2	and this direct approach best leverages
3	to provide customers with information and	3	Newfoundland Power's existing expertise and
4	tools for the wise use of electricity. Any	4	resources. This approach involved, first, the
5	customer requiring information about	5	development of our Bright Ideas Campaign.
6	conservation and energy efficiency will find a	6	This campaign is designed to give practical
7	wide array of information on our website that	7	advice to customers who wish to take action to
8	is easy to view and print. As it became clear	8	conserve. For example, the Under \$20 brochure
9	to us that customers were becoming	9	provides 20 easy, cost-effective ways to save
10	increasingly interested in energy efficiency	10	electricity for less than \$20. And the Bright
11	management gave considerable thought as to how	11	Ideas Campaign gave us the tools to deliver
12	to best position Newfoundland Power in terms	12	the energy efficiency message directly to
13	of promotion and to be of the greatest value	13	customers through trade shows, through
14	to our customers. There's a broad spectrum of	14	seminars, through mall displays, those sort of
15	options for the promotion of energy	15	things. In 2006 we took part in 18 trade
16	efficiency, from an information booth in a	16	shows and conferences and exposed our Bright
17	mall way up to television advertising aimed at	17	Ideas booth to over 50,000 participants.
18	influencing behaviours. I think we are all	18	Additionally, over 2000 people dropped by our
19	aware that there's a wide array of messaging	19	mall displays throughout the province. We
20	in the media and in the daily news about	20	held in-store promotions for compact
21	conservation issues. After making our	21	florescent lights. We were successful in
22	assessment management decided that the best	22	getting free TV and radio advertising to
23	positioning for Newfoundland Power in terms of	23	promote energy efficiency and we also held
24	promotion was a direct practical, I call it	24	energy conservation presentations for a number
25			
23	like in the trenches approach. The Company	25	of community groups and industry
23	like in the trenches approach. The Company Page 59	25	of community groups and industry Page 60
1	like in the trenches approach. The Company Page 59 organizations. Newfoundland Power sends out	25	of community groups and industry Page 60 in with Hydro. The results of that study are
1 2	like in the trenches approach. The Company Page 59 organizations. Newfoundland Power sends out 2.7 million bills per year, so bill inserts	25 1 2	of community groups and industry Page 60 in with Hydro. The results of that study are expected later in the year. The study will
1 2 3	like in the trenches approach. The Company Page 59 organizations. Newfoundland Power sends out 2.7 million bills per year, so bill inserts are an excellent way to leverage our existing	25 1 2 3	of community groups and industry Page 60 in with Hydro. The results of that study are expected later in the year. The study will examine the cost effectiveness of further
1 2 3 4	like in the trenches approach. The Company Page 59 organizations. Newfoundland Power sends out 2.7 million bills per year, so bill inserts are an excellent way to leverage our existing resources to promote energy efficiency at low	25 1 2 3 4	of community groups and industry Page 60 in with Hydro. The results of that study are expected later in the year. The study will examine the cost effectiveness of further conservation and energy efficiency program
1 2 3 4 5	like in the trenches approach. The Company Page 59 organizations. Newfoundland Power sends out 2.7 million bills per year, so bill inserts are an excellent way to leverage our existing resources to promote energy efficiency at low cost. In 2007 all of our bill inserts have	25 1 2 3 4 5	of community groups and industry Page 60 in with Hydro. The results of that study are expected later in the year. The study will examine the cost effectiveness of further conservation and energy efficiency program alternatives. The second is the Company's
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	Page 61		Page 62
1	MR. DELANEY:	1	never been a time where the importance of
2	consistent and that the effort is cost	2	conservation was so acute, would that be a
3	effective. The Energy Conservation and	3	fair comment?
4	Efficiency Partnership brings another	4	A. I can say that right now customers are very
5	significant partner to the table. In addition	5	interested in energy conservation. Clearly,
6	to its \$5 million funding contribution, the	6	clearly we're seeing a large increase in the
7	government is in a unique position to	7	number of customers that are calling us and
8	influence public attitudes and behaviour in	8	wanting information. But whether it's the
9	the area of energy conservation. And together	9	greatest of all time, I don't know.
10	with the joint utility efforts to date, we	10	Q. Well, look at the current price dynamic, for
11	believe this will build on the overall energy	11	instance, that was spoke about previously in
12	conservation initiatives already under way.	12	terms of the marginal cost of power with
13	Q. Mr. Delaney, does that conclude your	13	Holyrood being on the margin all the time.
14	testimony?	14	You know, from that perspective has the need
15	A. Yes, it does.	15	to conserve ever been as acute as it is now?
16	Q. Thank you, Mr. Chairman.	16	A. I believe the need to conserve is important
17	CHAIRMAN:	17	right now, but whether it's the, you know,
18	O. Thank you, Mr. Kelly. Good morning, Mr.	18	it's any greater than it was in the past, I
19	Johnson.	19	really can't comment, but it is great right
20	MR. JOHNSON:	20	now, the need to conserve.
21	Q. Good morning, Mr. Chairman. Mr. Delaney, I	21	Q. Well, you know, let's just take, you know, the
22	just want to start off with this issue that	22	price of a barrel of oil. Has it ever been
23	you've addressed last in your direct	23	higher?
24	testimony, the conservation messaging. Would	24	A. I don't know the historic price of the barrels
25	it be fair to say, you know, that there has	25	of oil.
	Page 63		Page 64
1	Page 63 O Okay If we are indeed, at historic highs in	1	Page 64 things. So, we get those opportunities from
1	Page 63 Q. Okay. If we are indeed at historic highs in terms of the price of oil would that indicate	1	Page 64 things. So we get those opportunities from time to time from NTV. As well I think we
1 2 3	Page 63 Q. Okay. If we are indeed at historic highs in terms of the price of oil, would that indicate that at least on that indicator it's more	1 2 3	Page 64 things. So we get those opportunities from time to time from NTV. As well, I think we have confirmation that we're also going to get
1 2 3 4	Page 63 Q. Okay. If we are indeed at historic highs in terms of the price of oil, would that indicate that at least on that indicator it's more important than ever?	1 2 3 4	Page 64 things. So we get those opportunities from time to time from NTV. As well, I think we have confirmation that we're also going to get on just before Christmas to promote LED
1 2 3 4 5	Page 63 Q. Okay. If we are indeed at historic highs in terms of the price of oil, would that indicate that at least on that indicator it's more important than ever? A. I feel, it's very important, right now, to be	1 2 3 4 5	Page 64 things. So we get those opportunities from time to time from NTV. As well, I think we have confirmation that we're also going to get on just before Christmas to promote LED Christmas lights on the NTV News
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#### Discoveries Unlimited Inc., Ph: (709)437-5028

	Page 65		Page 66
1	MR. DELANEY:	1	thousand times per year, another excellent way
2	surveys in 2005 and 2006 bill inserts were the	2	to leverage our existing resources,
3	top source of information that our customers	3	capabilities. We have a lot of people that
4	would use. So based on thatand television	4	arehave customer service expertise and are
5	was clearly No. 2. Based on that I think	5	out there directly contacting, talking to
6	television is high, but I wouldbased on	6	customers every day. So using all of those
7	those survey results, I would say bill inserts	7	advantages we have to best leverage and to
8	arewere higher in both of those surveys.	8	best get out there with the message to
9	Q. And so you used that customer survey	9	customers was a key part of our management
10	information, but what other expertise or	10	strategy. We looked at television. On the
11	insight was brought to bear on this management	11	television today there is a lot of energy
12	strategy to go by print ads and bill inserts	12	conservation messaging. It's in the news and
13	and the odd time you could get a free	13	the media. Television ads are very expensive.
14	appearance on television?	14	We have a safety ad and it runs three times a
15	A. As I explained in my direct, the management	15	week on NTV and twice a week on CBC for nine
16	strategy was influenced by how best we could	16	months of the year. That costs us \$100,000,
17	position ourselves in getting that message	17	just that, you know, for that amount of air
18	out. And one thing Newfoundland Power has at	18	play. As well, developing a TV ad is another
19	its disposal are all the technologies and	19	thing that the cost, well, it's considerable
20	processes we have today. Bill inserts a	20	cost. The TV ad we have for safety, as you
21	perfect example. We send all this information	21	notice, is just, it's a bunch of pictures, you
22	out, let's get theand for a very, very small	22	kind of pan across the pictures, still
23	incremental cost, we can get a wide, a large	23	photography type of ad and that cost us about
24	splay of energy advice out there. We have a	24	\$30,000 to put together. So we're talking
25	website that's visited 300 and some odd	25	about significant expenditures for television
		_	
	Page 67		Page 68
1	Page 67 advertising. We're also, from a management	1	Page 68 in terms of what advice or expertise was
1 2	Page 67 advertising. We're also, from a management strategy, we're not in this alone. Like,	1 2	Page 68 in terms of what advice or expertise was brought to bear on this issue. I mean, for
1 2 3	Page 67 advertising. We're also, from a management strategy, we're not in this alone. Like, we're not the only ones. There's Newfoundland	1 2 3	Page 68 in terms of what advice or expertise was brought to bear on this issue. I mean, for instance, seems to me, and you can disagree
1 2 3 4	Page 67 advertising. We're also, from a management strategy, we're not in this alone. Like, we're not the only ones. There's Newfoundland and Labrador Hydro. We've had a very close	1 2 3 4	Page 68 in terms of what advice or expertise was brought to bear on this issue. I mean, for instance, seems to me, and you can disagree with me if you want, but it seems to me that
1 2 3 4 5	Page 67 advertising. We're also, from a management strategy, we're not in this alone. Like, we're not the only ones. There's Newfoundland and Labrador Hydro. We've had a very close partnership with Newfoundland Hydro all	1 2 3 4 5	Page 68 in terms of what advice or expertise was brought to bear on this issue. I mean, for instance, seems to me, and you can disagree with me if you want, but it seems to me that this is an acutely important issue in these
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#### Discoveries Unlimited Inc., Ph: (709)437-5028

	Page 69		Page 70
1	MR. JOHNSON:	1	advertising for energy efficiency.
2	Q. So once that decision was made, I guess quite	2	Q. Did this internal people advise upper
3	obviously it was made regardless of the fact	3	management not to proceed on radio and TV,
4	of what a marketing professional or agency	4	based upon their experience and expertise?
5	might have been able to tell you about the	5	A. I can't say they told us not to, it's just
6	effectiveness of that media?	6	management's assessment that the best use of
7	A. We would have, within the organization, well	7	our resources at this time, given how
8	we knew approximately the cost in terms of TV	8	Newfoundland Power with all the numerous
9	advertising, what it cost us to run our safety	9	interactions we have with customers and what
10	ad. And we do within the organization have a	10	we call our out-reach program, that that was
11	number of people in our Customer Service	11	just where we, that was our pocket in the
12	Department, customer service specialists,	12	whole spectrum of how this energy efficiency
13	various MBA type people that have significant	13	message is unfolding in society today, which
14	marketing experience, significant marketing	14	is clearly a big thing. Our pocket, our
15	expertise, I would say, particularly people	15	spectrum, the decision we made was to get in
16	that were with us through the '90s and people	16	the trenches and deal one on one with
17	that are out in front of the customers,	17	customers. I guess it's part of our
18	dealing with the customers every day in terms	18	management philosophy, you know, we're
19	of their energy efficiency. And so in house	19	responsive to customers' expectations and
20	we do have a number of people that have energy	20	requirements. And that was the best pocket
21	efficiency and conservation expertise and we	21	for us.
22	certainly rely on those people to give us	22	Q. You won't often hear a Consumer Advocate, I
23	advice on how to move ahead. But we did not	23	don't suspect, asking a utility to spend more
24	engage a professional marketing team from	24	on something. And your comment with respect
25	outside the Company to look at television	25	to television on the safety, which are
			-
	Page 71		Page 72
1	Page 71 detailed in CA-NP-367, we needn't go there,	1	Page 72 for employee recognition, but a portion of
1 2	Page 71 detailed in CA-NP-367, we needn't go there, but we're only talking 108,000 bucks, Mr.	1 2	Page 72 for employee recognition, but a portion of that promotional item. So I just want to
1 2 3	Page 71 detailed in CA-NP-367, we needn't go there, but we're only talking 108,000 bucks, Mr. Delaney, and you're on three times a week on	1 2 3	Page 72 for employee recognition, but a portion of that promotional item. So I just want to address that issue first. But the question
1 2 3 4	Page 71 detailed in CA-NP-367, we needn't go there, but we're only talking 108,000 bucks, Mr. Delaney, and you're on three times a week on NTV, which if you listen to them they're the	1 2 3 4	Page 72 for employee recognition, but a portion of that promotional item. So I just want to address that issue first. But the question about why we are not out on television -
1 2 3 4 5	Page 71 detailed in CA-NP-367, we needn't go there, but we're only talking 108,000 bucks, Mr. Delaney, and you're on three times a week on NTV, which if you listen to them they're the most watched newscast, and it gets you two	1 2 3 4 5	Page 72 for employee recognition, but a portion of that promotional item. So I just want to address that issue first. But the question about why we are not out on television - Q. It's the dollar amount. Is this a huge
1 2 3 4 5 6	Page 71 detailed in CA-NP-367, we needn't go there, but we're only talking 108,000 bucks, Mr. Delaney, and you're on three times a week on NTV, which if you listen to them they're the most watched newscast, and it gets you two times a week on CBC. I mean, I'm mystified,	1 2 3 4 5 6	Page 72 for employee recognition, but a portion of that promotional item. So I just want to address that issue first. But the question about why we are not out on television - Q. It's the dollar amount. Is this a huge figure, 108 grand was spent for CBC and NTV
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#### Discoveries Unlimited Inc., Ph: (709)437-5028

	Page 73		Page 74
1	MR. DELANEY:	1	in this upcoming study into demand
2	something about people's reaction to it. So	2	conservation and the like that, you know,
3	the ad of still photography with not many	3	really, you know, guys, let's hold off, we've
4	bells and whistles that we have for safety	4	really got to see that. Do you think that
5	cost us 30,000 to make, so additional costs	5	there's the remotest chance that the study
6	with respect to making the ad and then for me	6	would suggest that consumer education is not
7	drawing the cost benefits associated with that	7	vitally important on the energy conservation
8	is another area that's, that it was a bit	8	issue?
9	uncertain.	9	A. I'm not going to predict what the study is
10	Q. You mentioned internet hits. Is the number	10	going to say. As well, Newfoundland Power
11	300,000 hits a year?	11	cannot be considered to be holding off waiting
12	A. If you turn to page 34 of the evidence, the	12	for the energy conservation study. I think I
13	number is there. The Company website in 2006	13	clearly detailed, you know, a large number of
14	was visited 355,000 times. And so far this	14	initiatives that the Company has undertaken in
15	year, up to the end of September, we're up to	15	the energy efficiency area. And I can't
16	290,000.	16	predict what the CDM Study will say. I'll say
17	Q. And what's your total number of customers?	17	that there have been a number of drafts
18	A. Total number of customers is 230,000.	18	through both Newfoundland Power and
19	Q. In terms of your decision to make the, put the	19	Newfoundland and Labrador Hydro. There's a
20	safety message on television, do you know what	20	workshop planned, I think, for this week or
21	the viewership would be for NTV and CBC?	21	maybe next where the consultants, Marbek, are
22	A. I'm not aware of the viewership at this time.	22	going to interface with a number of commercial
23	We can probably get it, but I don't know what	23	customers and builders and learn a few things
24	it is.	24	from those focus groups and that we are
25	Q. You seem to put some great stock, Mr. Delaney,	25	expecting the final product later in the year.
	Page 75		Page 76
1	Q. And is it likely that customer outreach, based	1	Page 76 highly desirable behaviour to encourage in
1 2	Page 75 Q. And is it likely that customer outreach, based on what you know, will be a big component of	1 2	Page 76 highly desirable behaviour to encourage in Newfoundland Power's customers from the point
1 2 3	Page 75 Q. And is it likely that customer outreach, based on what you know, will be a big component of the way forward?	1 2 3	Page 76 highly desirable behaviour to encourage in Newfoundland Power's customers from the point of view of the environment, cost, etcetera?
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#### Discoveries Unlimited Inc., Ph: (709)437-5028

	Page 77		Page 78
1 N	IR. DELANEY:	1	this point in time? They receive no discount
2	itself.	2	for doing it, obviously?
3	Q. If we could take up CA-NP-356? I take it what	3	A. No, they receive no financial discount, no.
4	we're seeing here is the cost per payment	4	Q. Now, you raised the issue of the potential
5	transaction based on 2006 costs in	5	unfairness of people who arehave access to
6	transactions. Now certainly, I'll acknowledge	6	e-mail or are comfortable using e-mail getting
7	that the fact that someone gets their bill by	7	some sort of discount relative to those who
8	e-mail doesn't necessarily mean that they will	8	may not have a computer or e-mail account or
9	pay by, you know, an automated manner.	9	whatever. And just, is that a concern? You
10	Although, it seemsdo you have any experience	10	know, I look at your other designated benefit
11	as to whether there is much of a correlation	11	programs whereby people who are in a monetary
12	between, you know, someone who is	12	situation where they can pay their bills by
13	technologically comfortable enough to receive	13	early payment date, they get a break, while
14	their bill by e-mail is more apt to use	14	perhaps customers who are poorer and have
15	electronic payment or that type of process	15	just going, make ends meet can't get it in
16	which would involve further savings?	16	there on time and they lose out on the
17	A. Maybe someone has done that correlation within	17	discount. I mean, is it, in principle, is
18	the Company, but I don't recall it.	18	one, in principle, any more odious than the
19	Q. Now, I guess we're still sort of in the	19	other?
20	infancy of the take up of eBills within	20	A. No, I think in principle they're very
21	Newfoundland Power's customer base, still only	21	different. Everyone has the same opportunity
22	six percent. Wouldbut I take it that the	22	to pay at the discount date. I won't get into
23	individual customer who presently opts for to	23	people's financial situation to be able to do
24	receive their bill by e-mail, they don't	24	that. But clearly, if I don't have internet,
25	receive any encodific hanafit for doing that at	25	I don't have intermed. I con't are it of the
23	receive any specific benefit for doing that at	25	I don t nave internet. I can t avail of the
	Page 79	25	Page 80
1	Page 79 option.	1	Page 80 that this was going to mean an increase of
1 2	Page 79 option. Q. But I would suggest that the poorer citizens,	1 23	Page 80 that this was going to mean an increase of about 58 cents a month for those customers.
1 2 3	Page 79 option. Q. But I would suggest that the poorer citizens, they don't have the same opportunity as me or	1 2 3	Page 80 that this was going to mean an increase of about 58 cents a month for those customers. Is that your understanding, as well, in terms
1 2 3 4	Page 79 option. Q. But I would suggest that the poorer citizens, they don't have the same opportunity as me or you to pay our bills on time because they just	1 2 3 4	Page 80 that this was going to mean an increase of about 58 cents a month for those customers. Is that your understanding, as well, in terms of the last application?
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	Page 81		Page 82
11	MR. DELANEY:	1	eBills, that is the best bang for the buck,
2	country, we're the top. No one else has got	2	okay. And as well, we look at customers with
3	more customers on eBills than we do, so we're	3	multiple accounts, you know, landlords, rental
4	doing something well in terms of our	4	agencies, the government, getting all these
5	promotion. To get into financial incentives,	5	people in eBills, like that's where our focus
6	okay, and to give rebates to customers, just	6	is. My focus is not to go into our 15 year
7	think of the complexity with that. For one	7	old CSS system with a bunch of programmers to
8	thing, we're going to have to go into our CSS	8	try to make all the changes in the code,
9	system. It's a database modification in our	9	there's two million lines of code in that CSS
10	CSS system. Our CSS system is 15 years old,	10	system, to make all the changes to offer the
11	it's proprietary technology, we have a few	11	opportunity of financial incentives for
12	people at our shop and at X Wave that can	12	eBills. That's basically where we are with
13	handle this thing. We can't go in and make a	13	eBills.
14	single database change without spending	14	Q. And don't get me wrong, I'm notI haven't
15	\$50,000, period. And when we get into the	15	closed my eyes to the logistical circumstances
16	complexities of how the various incentives can	16	andbut in terms of, I guess there hasn't
17	work and how we can track this with eBills and	17	really been a look at what would be involved
18	give them money back and all the trails would	18	in any detail in order to give an incentive to
19	have to go along with that, then you're	19	the very people who are creating the saving,
20	talking a fairly complex thing. So we look at	20	you know, the people who are using eBill or
21	eBills, we're promoting it all across the	21	creating the saving. But has it been looked
22	spectrum with what we can do. The best thing	22	at in any detail?
23	we do is when a customer calls in and our CARs	23	A. In terms of giving a financial incentive?
24	are armed with the script, when the right, for	24	Q. Yeah.
25	the right customer, to get that customer on	25	(11:00 A.M.)
	Page 83		Page 84
	1 420 05	1	1 450 04
1	A I'm just saving that to get into the financial	1	compared to the \$7 on a per customer basis
1 2	A. I'm just saying that to get into the financial incentive, the detail is about, what I looked	1	compared to the \$7 on a per customer basis. So we have all that going on And it's just
1 2 3	A. I'm just saying that to get into the financial incentive, the detail is about what I looked at First of all my IT people tell me you	$\begin{vmatrix} 1 \\ 2 \\ 3 \end{vmatrix}$	compared to the \$7 on a per customer basis. So we have all that going on. And it's just about like how much energy do, we put in this
1 2 3 4	A. I'm just saying that to get into the financial incentive, the detail is about what I looked at. First of all, my IT people tell me you can't go anywhere near the database without	1 2 3 4	compared to the \$7 on a per customer basis. So we have all that going on. And it's just about like how much energy do we put in this and where do we put it, and it's not in going
1 2 3 4 5	A. I'm just saying that to get into the financial incentive, the detail is about what I looked at. First of all, my IT people tell me you can't go anywhere near the database without spending \$50,000. That's just in testing.	1 2 3 4 5	compared to the \$7 on a per customer basis. So we have all that going on. And it's just about like how much energy do we put in this and where do we put it, and it's not in going into the IT system and offering financial
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# Multi-Page<sup>TM</sup> NL Power's 2008 General Rate Application

	Page 85		Page 86
1	CHAIRMAN:	1	the provision of customer services such as
2	Q. Are you ready, Mr. Delaney?	2	metering, billing, DSM, energy efficiency?
3	A. Yeah.	3	A. Yes.
4	Q. When you're ready, Mr. Johnson.	4	Q. And what do customers consistently rank as the
5	MR. JOHNSON:	5	most important attribute of service?
6	Q. Thank you, very much, Mr. Chairman. Mr.	6	A. The two items that are consistently ranked one
7	Delaney, what would you describe	7	and two, above all others, are reliability and
8	Newfoundland's core business function as	8	price, in our customer satisfaction surveys.
9	being?	9	Q. And how long has it been like that?
10	A. Newfoundland's core business function would be	10	A. I know it's been like that from all of the
11	providing reliable electric service to	11	customer satisfaction surveys that we've put
12	customers.	12	on the record. I know that's true for
13	Q. And I take it that part of the core business	13	certain. And I think, subject to check, it's
14	function would be distribution asset	14	probably been like that since we've been doing
15	management?	15	customer satisfaction surveys since 1998.
16	A. Yes, one of the things that we do is manage a	16	Q. Now, as we know and you know, reliability has
17	distribution system that has a value of about	17	a cost. So how do you make the trade off
18	\$700 million, book value.	18	between improved reliability and the
19	Q. And would part of your core business function,	19	associated increase in cost?
20	as well, be the provision of customer services	20	A. I think you have to step back and look at how
21	such as metering, billing, DSM, energy	21	you manage reliability, which is, as I went
22	efficiency, etcetera?	22	through in my direct, has many aspects. I
23	A. Customers, sorry, could repeat all those	23	think in your statement you said that
24	again?	24	improving reliability cost, I don't think
25	O. Would your core business function also include	25	that's entirely true. There are situations
25		23	that is entirely true. There are situations
23	Page 87	20	Page 88
1	Page 87 out there when improving reliability will	1	Page 88 budgets are built from the bottom up. Each
1 2	Page 87 out there when improving reliability will reduce your cost. I think the way that we	1 2	Page 88 budgets are built from the bottom up. Each department looks at its requirements for the
1 2 3	Page 87 out there when improving reliability will reduce your cost. I think the way that we manage reliability with the focus on capital	1 2 3	Page 88 budgets are built from the bottom up. Each department looks at its requirements for the coming year and in terms of labour, material.
1 2 3 4	Page 87 out there when improving reliability will reduce your cost. I think the way that we manage reliability with the focus on capital investment, maintenance, our operational	1 2 3 4	Page 88 budgets are built from the bottom up. Each department looks at its requirements for the coming year and in terms of labour, material. There's a reconciliation that happens between
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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	<ul> <li>Page 87 out there when improving reliability will reduce your cost. I think the way that we manage reliability with the focus on capital investment, maintenance, our operational deployment under the regulatory regime that we have where we come in here in a capital budget process and have all of our evidence, engineering studies, assessments reviewed and how we have established our maintenance practices based on industry practices, good sound engineering judgment and how we deployed our resources across the island, that entire package gets us to a point where were provide least cost reliable service to customers.</li> <li>Q. And how, I guess, how does that get reflected at the time that budgets are being prepared, say, an operating budget for a particular year, how is that balancing act brought to bear in that process?</li> <li>A. When we prepare our capital budgets, it's based on engineering assessments as to what needs to be done and put before the Board. Your question was capital?</li> <li>Q. Operating.</li> </ul>	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Page 88 budgets are built from the bottom up. Each department looks at its requirements for the coming year and in terms of labour, material. There's a reconciliation that happens between capital and operating. And so the operating budgets reflect a from the bottom up approach in terms of the whole organization, the requirement for our, well, to develop our overall operating cost. And reliability, just to get back to the reliability tie in to operating budgets, is our preventative maintenance program is, you know, we size what the preventative maintenance program is in a year and we have a fair amount of experience in that, so that requires labour, materials. So that's a major part of our operating budget in a year. And so those inputs in terms of what our maintenance program is for the year also goes into coming up with a budget cost, operating cost for the year. Q. Thank you, Mr. Delaney. Perhaps it would be useful at this juncture to turn up CA-NP-85? And I guess broadly speaking, is that what you

	Page 89		Page 90
1	MR. DELANEY:	1	department budget is being reconciled?
2	A. Yeah, broadly speaking, that's where we are in	2	A. Just trying to think of a real good example.
3	terms of budget preparation, yeah.	3	We maywell, a good example would be next
4	Q. And so I guess the budget starts getting	4	year where our distribution reliability
5	developed from the bottom up, as you put it,	5	initiative next year has three feeders that
6	and then there would be budget coordinators in	6	are all in Central Newfoundland, Botwood, 01
7	each department, I take it?	7	feeder, Lewisporte, 02 and Glovertown are in
8	A. We don't have a budget coordinator position,	8	the same sort of geographical area. So, the
9	but the regional manager or the manager of the	9	resources to do those projects don't reside in
10	department would be responsible for their	10	Grand Falls and Gander. There's eight linemen
11	responsibilities and their budget. Now he may	11	in Grand Falls and about the same number in
12	assign that to an engineer to coordinate or	12	Gander. So we'll have to transfer line
13	any number of people that may have a specialty	13	resources and technologists and perhaps an
14	in developing a budget. But the	14	engineer from Corner Brook, St. John's,
15	responsibility for the product out of each	15	Clarenville, other areas to work in Central
16	department of the Company is the manager would	16	Newfoundland for, I guess, a large portion of
17	be responsible for that.	17	2008.
18	Q. Then at lines 28 to 30 it indicates that	18	Q. And doesat the beginning ofand I take it
19	"Departmental budgets are reconciled to both	19	what's explained on CA-NP-85, this would apply
20	labour forces and capital projects on a	20	to the budget process, not only for a test
21	corporate-wide basis. This process typically	21	year, but for intervening years, that's
22	results in some transfers of staff between	22	correct, I take it?
23	departments to meet various priorities." And	23	A. Yes, our budget process is consistent from
24	just give us an example of some transfers of	24	year to year. We have improved the process,
25	staff to meet priorities in that when the	25	has changed somewhat in the recent past with
25	staff to meet priorities in that when the Page 91	25	has changed somewhat in the recent past with Page 92
1	staff to meet priorities in that when the Page 91 the introduction of the Great Plains financial	25 1	has changed somewhat in the recent past with Page 92 evidence that we take costs seriously and
25 1 2	staff to meet priorities in that when the Page 91 the introduction of the Great Plains financial system, which has enabled us to have better	25 1 2	has changed somewhat in the recent past with Page 92 evidence that we take costs seriously and managers of the Company are very much attuned
25 1 2 3	staff to meet priorities in that when the Page 91 the introduction of the Great Plains financial system, which has enabled us to have better information. It's a better system than we had	25 1 2 3	has changed somewhat in the recent past with Page 92 evidence that we take costs seriously and managers of the Company are very much attuned to that, while they're responsible for a lot
25 1 2 3 4	staff to meet priorities in that when the Page 91 the introduction of the Great Plains financial system, which has enabled us to have better information. It's a better system than we had in the past, so there has been some	25 1 2 3 4	has changed somewhat in the recent past with Page 92 evidence that we take costs seriously and managers of the Company are very much attuned to that, while they're responsible for a lot of managing of costs and they know that we're
25 1 2 3 4 5	staff to meet priorities in that when the Page 91 the introduction of the Great Plains financial system, which has enabled us to have better information. It's a better system than we had in the past, so there has been some improvements along the way, but conceptually	25 1 2 3 4 5	has changed somewhat in the recent past with Page 92 evidence that we take costs seriously and managers of the Company are very much attuned to that, while they're responsible for a lot of managing of costs and they know that we're a company that takes costs seriously. And any
25 1 2 3 4 5 6	staff to meet priorities in that when the Page 91 the introduction of the Great Plains financial system, which has enabled us to have better information. It's a better system than we had in the past, so there has been some improvements along the way, but conceptually it's about the same from year to year.	25 1 2 3 4 5 6	has changed somewhat in the recent past with Page 92 evidence that we take costs seriously and managers of the Company are very much attuned to that, while they're responsible for a lot of managing of costs and they know that we're a company that takes costs seriously. And any increase in cost is something that we look at
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#### Discoveries Unlimited Inc., Ph: (709)437-5028

# Multi-Page<sup>™</sup> NL Power's 2008 General Rate Application

	Page 93		Page 94
1	MR. DELANEY:	1	"Departmental forecasts are consolidated into
2	can all kind of get together as to what all of	2	a corporate forecast and then reviewed and
3	our priorities are and bring this process	3	approved by the executive." And that happens
4	through. At the outset it's very much a	4	vearly, obviously?
5	bottom up approach.	5	A. That's correct.
6	Q. And those priorities are obviously set by	6	Q. Okay. And if we could turn up CA-NP-361?
7	upper management for the Corporation?	7	And, Chris, if you could just go to the
8	A. Which priorities are you speaking of?	8	attachment, page 2 of 2, actually? I take it
9	Q. The priorities that you spoke of that bear	9	that from combined reading of CA-NP-85 and
10	upon the initial budget development.	10	looking at CA-NP-361, that that column that's
11	A. I wouldn't saywell, upper management being	11	called "Initial Forecast", that that is really
12	the executive and the management of the	12	the what's termed as the corporate forecast in
13	Company, yes, we have a sense of the	13	CA-NP-85 that then gets reviewed by the
14	priorities for the coming year.	14	executive team?
15	Q. And those priorities would be known and	15	A. Yes, that would be the first cut of the
16	communicated to those preparing budgets?	16	forecast, yeah.
17	A. Through our quarterly management meetings	17	Q. Now, in developing that initial forecast how
18	where all senior management of the Company	18	is the reliability goals of the Company taken
19	gets together we kind of have a, it's not	19	into account along with the other corporate
20	formally communicated, but through those	20	priorities that are out there?
21	meetings in terms of discussions of our	21	A. If we look at, a good example would be the
22	priorities for the coming year, that would be	22	plant substation system operations buildings
23	as a group we would pretty well be on the same	23	line. That is a breakdown which captures all
24	page as to what the priorities are.	24	the non-labour expenses associated with our
25	O And at lines 32 and 33 of CA NP 85 it states	25	maintenance program. So that would be a way
25	Q. And at miles 52 and 55 of CA-M-65 it states,	23	maintenance program. So that would be a way
23	Q. And at miles 52 and 55 of CA-M-65 it states, Page 95	23	Page 96
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1 2	Page 95 reliability is brought into this capitalinto this operating budget. And another one would	1 2	Page 96 global bargaining unit and management pay increases, correct?
1 2 3	Page 95 reliability is brought into this capitalinto this operating budget. And another one would be clearly vegetation management.	1 2 3	Page 96 global bargaining unit and management pay increases, correct? A. Correct.
1 2 3 4	Page 95 reliability is brought into this capitalinto this operating budget. And another one would be clearly vegetation management. Q. And in terms of balancing the priorities and	1 2 3 4	Page 96 global bargaining unit and management pay increases, correct? A. Correct. Q. Therefore, the resulting figure when you sum
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1 2 3 4 5 6	Page 95 reliability is brought into this capitalinto this operating budget. And another one would be clearly vegetation management. Q. And in terms of balancing the priorities and emphasizing the corporate priorities in this process in terms of looking at the initial or	1 2 3 4 5 6	Page 96 global bargaining unit and management pay increases, correct? A. Correct. Q. Therefore, the resulting figure when you sum those, the twenty-eight, two and the little over a million provides a resulting figure of
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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	<ul> <li>Page 95 reliability is brought into this capitalinto this operating budget. And another one would be clearly vegetation management.</li> <li>Q. And in terms of balancing the priorities and emphasizing the corporate priorities in this process in terms of looking at the initial or developing of the budget, I take it that might involve some transfer of staff, as you've described, between the departments to meet the priorities?</li> <li>A. Yes, it would, yes.</li> <li>Q. And I take it that goal is to achieve all of your objectives, including reliability and any other goals within budget?</li> <li>A. Yes, our goals when we set objectives are to achieve that.</li> <li>Q. Now, if we could turn to CA-NP-47? Do you have that, Mr. Delaney?</li> <li>A. Yes, I do.</li> <li>Q. CA-NP-47 shows a figure for total labour in 2007 of \$28,200,000, correct?</li> <li>A. Yes, it does.</li> <li>Q. Okay, and which isand then there's an increase column which shows an increase by a</li> </ul>	1 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Page 96 global bargaining unit and management pay increases, correct? A. Correct. Q. Therefore, the resulting figure when you sum those, the twenty-eight, two and the little over a million provides a resulting figure of \$29,202,000, is that correct, representing the total labour cost in 2008? A. That's correct. Q. For an unchanged staff level? A. I think that's correct, yeah. Q. Okay. You then show a global productivity improvement of \$531,000? A. Yes. Q. And that's the difference between the adjusted 2007 figure and the 2008 forecast? A. That's thecould you repeat that again? Q. The global productivity improvement figure of \$531,000. A. Yeah. Q. That is the difference between the adjusted 2007 figure and the 2008 forecast? A. It would be twenty-eight, two hundred, plus 1 million, 200, minus 531,000 equals 28 million,

1 MB.JOHNSON:         1         we were going through this-the forecast is a           2 Q, Now, is this, is this productivity achieved         anany-teration process, as anyone who has been           3         through staff or FTF reductions?         anany-teration process, as anyone who has been           3         anivolved in budgeting knows. You just don't           4         h. I'm uncertain right now how we're going to         have one number and then there's anyone who has been           5         achieve this productivity improvement.         number. There are massive numbers of           6         Q. Just turn back to CA-NP-30?         All I not that           8         29,251,000?         approved forecast darf a lot of iterations is           9         A Yes.         approved forecast of a lead at           9         approved forecast of a lead at         approved forecast of a lead at           11         for a moment, I note that that is close to but         11         a cosunt for the \$47,000 difference on           12         of the fact that the initial forecast in CA-         14         A Yes, it's a different figure, yeah.         15           16         of the fact that the initial forecast in CA-         16         approved forecast of, as shown on 361 of           17         N No 361 is the result of the garstoro         17         productivity improvement compa		Page 97		Page 98
2       0, Now, is this, is this productivity achieved       2       many-iteration process, as anyoe who has been         4       A. I'm uncertain right now how we're going to       involved in budgeing knows. You just don't         5       achieve this productivity improvement.       5       number. There are massive numbers of         6       0, Just time back to CANP 36!? And I note that       6       number. There are massive numbers of         7       the initial forecast for total labour is       7       this was a point in time of Irst initial         8       292,51,000?       8       forecast that I'm seeing in 361 and at         9       A. Yes.       10       the number that we see there in 361. I can't         10       Q. And if you just keep out 47 in front of you       10       the number that we see there in 361. I can't         11       for a moment, I note that that is close to but       11       account for CANP 47?       12         12       slightly higher than the adjusted 2007 figure       12       29,251,000       12       12         13       A. Yes.       16       ot fur fact that the initial forecast in CA-       16       approved forecast in, as shown on 361 of         14       A. Yes.       16       ot fact that the initial forecast in CA-       16       approved forecast in, as shown on 361 of	11	MR. JOHNSON:	1	we were going through thisthe forecast is a
3         through staff or FTE reductions?         3         involved in budgeting knows. You just don't           4         A. I'm uncertain right now how we're going to achieve this productivity improvement.         3         involved in budgeting knows. You just don't           6         Q. Just turn back to CA-NP-30? And I note that         6         interactions an iterations that go on. So           7         the initial forecast for total labour is         7         forecast that I'm seeing in 361 and at           8         29,251,000?         8         forecast that I'm seeing in 361. I can't           9         A. Yes.         9         approved forecast after a lot of iterations is           10         A. Nex?         10         the number that we see there in 361. I can't           11         for a norment, I note that that is close to but         10         cacunt for the \$47,000 difference on           13         on CA-NP-47?         13         0. I guess in any event, would it be fair of me           14         A. Yes, it is a different figure, yeah.         15         forecast of twenty-nine, two-fifty-now to the           15         oftecast that inital orceast in CA-         16         approved forecast affected in           15         forecasting methodology whereas the figure in         18         productivity improvement tha's reflected in	2	Q. Now, is this, is this productivity achieved	2	many-iteration process, as anyone who has been
4       A. I'm uncertain right now how we're going to       a         5       achieve this productivity improvement.       5         6       Q. Just turn back to CA-NP-361? And I note that       5         7       the initial forecast for total labour is       7         8       29,251,000?       8         9       A. Yes.       9         10       O. And if you just keep out 47 in front of you       10         11       for a moment, I note that that is close to but       11         12       sightly higher than the adjusted 2007 figure       12         13       O. CA-NP-477       13         14       A. Yes. its a different figure, yeah.       14       to say that the change from the initial forecast in CA-         16       of the fact that the initial forecast in CA-       16       approved forecast of twenty-nine, two-fifty-one to the         17       NP-361 is the result of a less precise       19       productivity improvement comparable to the         19       global adjustment?       22       25.1000       CA-NP-47?         21       A. If you're asking me to explain the difference       19       productivity improvement comparable to the         22       between the-of 547.000 between 29.251.000 at       24       identical to in 47 and 361, and there ar	3	through staff or FTE reductions?	3	involved in budgeting knows. You just don't
5       achieve this productivity improvement.       5       number. There are massive numbers of         6       Q. Just turn back to CANP-3617 And I note that       6       interactions an iterations that go on. So         7       the initial forecast for total labour is       7       this was a point in time of first initial         8       29,251,000?       8       forecast that I'm seeing in 361 and at         9       A. Yes.       9       approved forecast after a lot of iterations is         10       Q. And if you just keep out 47 in front of you       10       the number that we see there in 361. I can't         11       for a noment, I note that that is close to but       11       account for the \$47,000 difference on         13       on CA-NP-47?       13       Q. I guess in any event, would it be fair of me         14       A. Yes, it is a difference figure, yeah.       14       to say that the change from the initial         15       Q. CAAN - 477       13       Q. I guess, in any event, would it be fair of me         16       of the fax that the initial forecast. The       18       productivity improvement that's reflected in         16       Greecast in the opint. Although, I know the       24       looking at the approved forecast, which is         17       How of the say d' is calculated is different than       3	4	A. I'm uncertain right now how we're going to	4	have one number and then there's another
6Q. Just turn back to CA.NP-361? And I note that6interactions an iterations that go n. So7the initial forecast for total labour is7this was a point in time of first initial829,251,000?8forecast that I'm seeing in 361 ad at9A. Yes.9approved forecast after a lot of iterations is100. A.NP-87?11account for the \$47,000 difference on11so n CA-NP-87?1229,251,000.12slightly higher than the adjusted 2007 figure1229,251,000.130. CA.NP-87?14to say that the change from the initial14A. Yes, it is a different figure, yeah.14to say that the change from the initial150. Okay. And does this difference arise because15forecast of twenty-nine, two-fifty-one to the16aptroved forecast of twenty-nine, two-fifty-one to theapproved forecast of twenty-nine, two-fifty-one to the17twenty-eight, six-seventy-one represents15productivity improvement comparable to the18cA-NP-47?14to say that the change from the initial19CA-NP-47?14Ndowing at in 361 was a number that1228,200.000. J just don't know why they' re23Newfoundland Power, the initial forecast. I'm12different, the numbers are different because14isour there's a \$580,000 deduction. And T'm180. Gacuase I see -16orecast to the approved forecast for total19different, the numbers are different then16abour th	5	achieve this productivity improvement.	5	number. There are massive numbers of
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8       29,251,000?       8       forecast that I'm seeing in 361 and at approved forecast after a lot of iterations is         9       A. Yes.       9       approved forecast after a lot of iterations is         11       for a moment, I note that that is close to but       11       account for the \$47,000 difference on         12       29,251,000.       12       29,251,000.         13       on CA-NP-47?       13       Q. I guess in any event, would it be fair of me         14       A. Yes, it is a different figure, yeah.       14       15       forecast of twenty-nine, two-fifty-one to the         16       of the fact that the initial forecast in CA-       16       approved forecast of a budget proces on       22,251,000.         17       NP-361 is the result of a less precise       19       conductivity improvement comparable to the         19       CANP-47? is the result of a less precise       19       conductivity improvement comparable to the         20       global adjustment?       21       A. What I'm looking at in 361 was a number that         21       A. If you'r asking me to explain the difference       21       A. What I'm looking at in 47 is our         22       different the numbers are different because       19       consing at hewofing, and here are         23       different, the numbers are different because <td>7</td> <td>the initial forecast for total labour is</td> <td>7</td> <td>this was a point in time of first initial</td>	7	the initial forecast for total labour is	7	this was a point in time of first initial
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15       Q. Okay. And does this difference arise because       15       forecast of twenty-nine, two-fifty-one to the approved forecast of, as shown on 361 of twenty-eight, six-seventy-one represents         16       of the fact that the initial forecast in CA-       16       approved forecast of, as shown on 361 of twenty-eight, six-seventy-one represents         18       forecasting methodology whereas the figure in global adjustment?       18       productivity improvement that's reflected in CA-NP-47 is the result of a less precise       19       productivity improvement that's reflected in 2CA-NP-47?         20       A. If you're asking me to explain the difference       21       A. What I'm looking at in 361 was a number that was a furth is point. Although, I know the 24       10 oking at the approved forecast, which is identical to in 47 and 361, and there are         23       28,200,000, 1 just don't know why they're       23       Newfoundland Power, the initial forecast I'm 10 oking at the approved forecast for total         24       different, the numbers are different because       1       Q. I guess, because I note from the initial forecast for total         3       361, the initial assumptions.       3       1abour there's a \$580,000 deduction. And I'm 4 just wondering, is not that the more accurate         7       forecast of labour in 2007. And we make the 7       reflection of the productivity factor, not         8       assumption based on our management expected 9       increase of three percent ad a union incr	14	A. Yes, it is a different figure, yeah.	14	to say that the change from the initial
16       of the fact that the initial forecast in CA-       16       approved forecast of, as shown on 361 of         17       NP-361 is the result of the grassroots       17       twenty-eight, six-seventy-one represents         18       forecasting methodology whereas the figure in       18       productivity improvement comparable to the         19       CA-NP-47 is the result of a less precise       19       productivity improvement that's reflected in         20       global adjustment?       20       CA-NP-47?         21       A. If you're asking me to explain the difference       21       A. What I'm looking at in 361 was a number that         22       between theof \$47,000 between 29,251,000 and       22       was the first cut of a budget process in         23       28,200,000, I just don't know why they're       23       Newfoundland Power, the initial forecast. I'm         24       different, the numbers are different because       21       O. I guess, because I note from the initial         2       the way 47 is calculated is different than       2       forecast of labour in 2007. And we make the       1         3       A. In 2007I guess probably clarify it a little       5       forecast of labour in 2007. And we make the       1         4       symption based on our management expected       8       A. They're both areflection and they're both in	15	Q. Okay. And does this difference arise because	15	forecast of twenty-nine, two-fifty-one to the
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18       forecasting methodology whereas the figure in       18       productivity improvement comparable to the         19       CA-NP-47 is the result of a less precise       19       productivity improvement that's reflected in         20       global adjustment?       20       A. If you're asking me to explain the difference       21         21       A. If you're asking me to explain the difference       21       A. What I'm looking at in 361 was a number that         22       between theof \$47,000 between 29,251,000 and       22       was the first cut of a budget process in         23       28,200,000 I just don't know why they're       23       Newfoundland Power, the initial forecast. I'm         23       initial forecast, that was a working number as       25       identical to in 47 and 361, and there are         24       the way 47 is calculated is different because       1       0. I guess, because I note from the initial         2       the way 47 is calculated is different than       2       forecast of habour in 2007. And we make the       1         3       1007-J guess probably clarify it a little       5       reflection of the productivity forcor, not         6       bit more, what 'm looking at in 47 is our       6       the, was it the 531 but the 580 that's been         9       increase of three percent and a union increase       9       simi	17	NP-361 is the result of the grassroots	17	twenty-eight, six-seventy-one represents
19CA-NP-47 is the result of a less precise global adjustment?19productivity improvement that's reflected in 20 CA-NP-47?21A. If you're asking me to explain the difference between theof \$47,000 between 29,251,000 and 28,200,000, I just don't know why they're initial forecast, that was a working number as21A. What I'm looking at in 361 was a number that a was the first cut of a budget process in Newfoundland Power, the initial forecast, which is is identical to in 47 and 361, and there are28,200,000, I just don't know why they're initial forecast, that was a working number as 2321A. What I'm looking at in 461 forecast, I'm looking at the approved forecast, which is is identical to in 47 and 361, and there are29Page 9910. I guess, because I note from the initial a sourpoved forecast for total 3 alto the initial assumptions. 410. I guess, because I note from the initial a labour there's a \$580,000 deduction. And I'm 4 1 just wondering, is not that the more accurate 433. In 2007-I guess probably clarify it a little 65reflection of the productivity factor, not 66bit more. What I'm looking at in 47 is our 66he., was it the 531 but the 580 that's been 67forecast of labour in 2007. And we make the 8assumption based on our management expected 98A. They're both a reflection and they're both in 910of four percent, we come up with one million 1010They both havereflect a productivity12split of management, union within those 1313the fact and we make the 913	18	forecasting methodology whereas the figure in	18	productivity improvement comparable to the
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21A. If you're asking me to explain the difference between theof \$47,000 between 29,251,000 and 2321A. What I'm looking at in 361 was a number that was the first cut of a budget process in 242328,200,000, I just don't know why they're different at this point. Although, I know the 2521A. What I'm looking at in 46 pproved forecast, which is identical to in 47 and 361, and there are26Page 1001different, the numbers are different because the way 47 is calculated is different than 3 361, the initial assumptions.10. I guess, because I note from the initial orecast to the approved forecast for total 3 labour there's a \$580,000 deduction. And I'm 4 just wondering, is not that the more accurate to reflection of the productivity factor, not 6 the, was it the 531 but the 580 that's been 7 morecast of labour in 2007. And we make the 9 increase of three percent and a union increase 10 of four percent, we come up with one million 11 and two thousand dollars when we look at the 12 split of management, union within those 13 those, that's the assumption, and then we took 14 related to our 2007 forecast multiplied by 14 related to our 2007 forecast multiplied by 15 those, that's the assumption, and then we took 15 forecast. What I'm looking at in 361 is an 19 initial budget in our whole budget process, 19 forecast. What I'm looking at in 361 is an 19 initial budget in our whole budget process, 19 the first cut, which we all know is not the 20 me.2121A. What I'm looking at in 361 we 19 those, that's the asametion, is not the 19 those that submption, and then we took 15 forecast. What I'm looking at in 361 is an 19 initial budget in our whole budget process, 19 there for a test year, we're not a cost plus 19	20	global adjustment?	20	CA-NP-47?
22       between theof \$47,000 between 29,251,000 and       22       was the first cut of a budget process in         23       28,200,000, I just don't know why they're       23       Newfoundland Power, the initial forecast. I'm         24       different at this point. Although, I know the       23       Newfoundland Power, the initial forecast. I'm         25       initial forecast, that was a working number as       25       identical to in 47 and 361, and there are         26       the way 47 is calculated is different then       2       forecast of the approved forecast for total         3       361, the initial assumptions.       3       labour there's a \$580,000 deduction. And I'm         4       Q. Because I see -       4       just wondering, is not that the more accurate         5       A. In 2007I guess probably clarify it a little       5       reflection of the productivity factor, not         6       bit more. What I'm looking at in 47 is our       6       the, was it the 531 but the 580 that's been         7       forecast of three percent and a union increase       0       membeded?         8       A. They're both a reflection and they're both in       9         9       increase of three percent and a union increase       10       They both havereflect a productivity         11       related to our 2007 forecast multiplied by	21	A. If you're asking me to explain the difference	21	A. What I'm looking at in 361 was a number that
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<ul> <li>final cut, and the change between the first</li> <li>cut and the final cut of the budget. But the</li> <li>final cut of the budget is the same in both of</li> <li>these RFIs.</li> </ul>	12 13 14 15 16 17 18 19 20	split of management, union within those numbers. That's the one million, two is related to our 2007 forecast multiplied by those, that's the assumption, and then we took 530,000 off of that realizing we're coming in here for a test year, we're not a cost plus organization and we arrived at our final forecast. What I'm looking at in 361 is an initial budget in our whole budget process.	12 13 14 15 16 17 18 19 20	<ul> <li>Q. And it is the standard forecasting process that's described in CA-NP-85, is it standard forecasting process to have an initial forecast that is in effect the pre-productivity forecast which is approved by the executive to result in the with productivity approved forecast?</li> <li>A. You're going to have to repeat that again for me.</li> </ul>
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<ul> <li>final cut of the budget is the same in both of</li> <li>these RFIs.</li> <li>these RFIs.</li> <li>the productivity</li> </ul>	12 13 14 15 16 17 18 19 20 21 22	split of management, union within those numbers. That's the one million, two is related to our 2007 forecast multiplied by those, that's the assumption, and then we took 530,000 off of that realizing we're coming in here for a test year, we're not a cost plus organization and we arrived at our final forecast. What I'm looking at in 361 is an initial budget in our whole budget process, the first cut, which we all know is not the final cut, and the change between the first	12 13 14 15 16 17 18 19 20 21 22	<ul> <li>Q. And it is the standard forecasting process that's described in CA-NP-85, is it standard forecasting process to have an initial forecast that is in effect the preproductivity forecast which is approved by the executive to result in the with productivity approved forecast?</li> <li>A. You're going to have to repeat that again for me.</li> <li>(12:00 P.M.)</li> <li>Q. Is it usual to have your initial forecast be</li> </ul>
25these RFIs.25in the forecast which has the productivity	12 13 14 15 16 17 18 19 20 21 22 23	split of management, union within those numbers. That's the one million, two is related to our 2007 forecast multiplied by those, that's the assumption, and then we took 530,000 off of that realizing we're coming in here for a test year, we're not a cost plus organization and we arrived at our final forecast. What I'm looking at in 361 is an initial budget in our whole budget process, the first cut, which we all know is not the final cut, and the change between the first cut and the final cut of the budget. But the	12 13 14 15 16 17 18 19 20 21 22 23	<ul> <li>Q. And it is the standard forecasting process that's described in CA-NP-85, is it standard forecasting process to have an initial forecast that is in effect the pre-productivity forecast which is approved by the executive to result in the with productivity approved forecast?</li> <li>A. You're going to have to repeat that again for me.</li> <li>(12:00 P.M.)</li> <li>Q. Is it usual to have your initial forecast be really the pre-productivity forecast which</li> </ul>
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#### Discoveries Unlimited Inc., Ph: (709)437-5028

	Page 101		Page 102
1 1	MR. JOHNSON:	1	from the executive decision?
2	built in?	2	A. No. The productivity comes from -
3	A. Is it usual? I think that going into a test	3	Q. The reflection -
4	year we're not going to have a usual forecast	4	A the management group, including senior
5	because we know we're going into the test	5	management. Senior management come in with a
6	year, we know we're going before the Board, so	6	first cut. Now, you come in with your first
7	we're very conscious about the, our cost and	7	cut, now we're working together to get these
8	being a company that, like I say, is not cost	8	costs down, we're looking at each other's
9	plus, that has, you know, good intention on	9	priorities, looking at things there. I can't
10	the cost and that's where we came up with the	10	say that it's a directive of the executive
11	\$530.000 productivity improvement. In any	11	that the costs shall be thus. We got to do
12	vear that we would do a budget between test	12	what's reasonable. If my customer service
13	years, we would take the same discipline in	13	manager comes to me and says, you know, we got
14	terms of making sure that our costs were in	14	these various things going on in energy
15	line with the ethos of our management which	15	efficiency we got to put resources in here
16	is clearly evidenced in this record that we've	16	we're just not going to cut cut costs like
17	had outstanding performance in operating cost	17	that we got to manage all the priorities. So
18	and it's a hard won outstanding performance in	18	it's not a directive from the executive that
10	operating cost. So that's part of our ethos	10	this the way it is. It's a management team
20	in managing this whole, operating cost budget	20	working together to get these costs down as
20	is to keep the cost down	20	for as we can
$\begin{bmatrix} 21\\ 22 \end{bmatrix}$	O So in looking at what we see in 361, the	21	O But the fact remains that until the executive
22	difference between initial and approved	22	Q. But the fact femanis that until the executive
25	chycles the executive put their influence on	25	not the meduativity same from the review and
24	the initial forecast and the productivity came	24	notthe productivity came from the review and
1/5		1/7	
25	the initial forecast and the productivity came	25	
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1 1	MR. DELANEY:	1	referred to, you know, contacts with customers
2	A. Reliability, yes, is a core business function.	2	over reliability. You have 230,000 customers.
3	Q. Why not, given the demonstrated, admitted,	3	How do you go about ensuring consistency in
4	acknowledged importance of reliability to your	4	treatment amongst your 230,000 customers?
5	customers, would you not have a distribution	5	A. One way that I can ensure that customers are
6	reliability policy?	6	consistently treated is that I can go to a
7	A. I explained a lot of this in my direct. We	7	customer in Twillingate or a customer anywhere
8	clearly have a management approach to	8	in rural Newfoundland and say "the
9	reliability. Reliability is a huge issue. It	9	distribution line in your community, the
10	is a core issue in this Company, and I	10	substation in your community, the assets
11	explained clearly how we manage reliability,	11	serving your community, I inspect and I
12	in detail, through capital investment, through	12	maintain those and I apply the same
13	maintenance, through deploying our resources.	13	engineering judgment to those assets that I
14	That is a comprehensive way of looking at	14	apply to all assets, assets in St. John's or
15	reliability based on review by the Board,	15	Corner Brook or any urban area." I can tell
16	based on industry practices, and the way we're	16	customers in Newfoundland Power that I manage
17	organized as a company in terms of our	17	reliability consistently across this province.
18	deployment across our service territory. I'm	18	Q. And according to what policy are you acting
19	not sure what a reliability policy would look	19	when you can give customers that assurance as
20	like different than that. That is ourthat's	20	you've detailed it?
21	the way we manage reliability in the Company,	21	A. As I mentioned, we don't have a reliability
22	very thorough. It is an absolutely essential	22	policy, so to speak policy, but we do have an
23	thing for Newfoundland Power.	23	approach to managing reliability that is
24	Q. And I guess you receive concerns from	24	consistent across this province.
25	customers on an individual basis. Mr. Ludlow	25	Q. And does Newfoundland Power track customer
	Page 107	7	Page 108
1	complaints?	1	A. Yeah.
2	A. Newfoundland Power does not track customer	2	Q. And that's fine, and they've been tracked
3	complaints. We do track some items like high	3	since 2006?
4	bill inquiries, damage claims, any billing	4	A. If we could put it up on the screen? You'll
5	adjustments that we might have to do. I know	5	see in Table 1 that we tracked high bill
6	that the Board usedwell, the Board probably	6	inquiries. All the calls that come into our
7	still does track complaints from customers,	7	call centre have a code attached to them, and
8	what I would call an escalated complaint, and	8	actually, while we're on the issue of
9	the last report that I saw from the Board was	9	complaints, I just want to colour it with one
10	in 2000, mid 2000, and in the 12 months, there	10	aspect, our view on complaints. You will see,
11	was a report for the last 12 months up to mid	11	and I think it was brought up in Mr. Ludlow's
12	2000, there had been 15 complaints over that	12	testimony yesterday about first call
13	12-month period. I think the Board stopped	13	resolution. We're very focused on first call
14	sending us the reports after that. Most of	14	resolution. One thing that we've found
15	those complaints were associated with credit	15	through our customer satisfaction surveys over
16	issues.	16	a long time is that if we're able to answer
17	Q. And I think for the state of the record, you	17	the customer's inquiry on that first call, it
18	are referencing the billing adjustment	18	leads to high satisfaction. If we can't get
19	complaints, the damage claims and high bill	19	that inquiry done on the first call, then it
$ ^{20}$	inquiries, that is detailed in CA-NP-82, and -	$ ^{20}$	comes back to a much lower satisfaction. Our
$\begin{vmatrix} 21\\ 22 \end{vmatrix}$	A. Les, mey le some of the more sensitive calls	$\begin{vmatrix} 21\\ 22 \end{vmatrix}$	thet's the kind of noting we get out of tar
$ ^{22}$	them as complaints, but they are	22	unat s the kind of rating we get out of ten.
23	O Sensitive customer interactions, when I read	23	first call resolution as a propertive measure
$\begin{vmatrix} 24 \\ 25 \end{vmatrix}$	y. Sensitive customet interactions, when i read	24	against complaints, if you will and one of
140	11.	140	against complaints, it you will, and one of

1 MB. DPL ANFY:         1         other complaints that might not fit those           3 alluded to, every call that comes into the         3         alluded to, every call that comes into the         3           4 call centre has a code attached to it, and         4         A Yes, there could be other complaints as well.           6 with 45 days, we have a record of that call         0, Okay, and how many customers, in terms of your           7 and that call is automatically routed to the         quarter?           8 same call centre agent, and it's amazing, call         8           9 centre agent, stat of all, that call centre         10           10 numerous number of calls, but they do remember         10           11 calls and by routing it back to the call         11           12 centre agent, first of all, that call centre         13           13 agent is more apprised of the situation and         13           14 we're getting the feedback loop with our         14           15 customer people and training our employees and         16           16 really focusing on getting that first call         16           10 industry push as well, you know, first call         17           20, But in terms of these sensitive—besides these         28           23 sensitive customer interactions having to do         21           11 fort and, you know, what your number was,	1 MR. DELANEY:1other complaints that might no2the things we do is that, like I previously2categories which are not tracked3alluded to, every call that comes into the3that's an obvious statement.4call centre has a code attached to it, and4A. Yes, there could be other compl5what we're doing now is if a customer calls in5Q. Okay, and how many customers6with 45 days, we have a record of that call6quarterly customer survey, do y7and that call is automatically routed to the7quarter?8same call centre agent, and it's amazing, call8A. We survey 800, a little over 8009centre agents remember calls. They take9customers every quarter.10numerous number of calls, but they do remember10customers every quarter.11calls and by routing it back to the call11Q. And does the survey ensure that	ot fit those d? I take it laints as well. s, in terms of your ou survey each 0 residential ) commercial
2       the things we do is that, like 1 previously       2       categories which are not tracked? I take it         4       call centre has a code attached to it, and       that's an obvious statement.       4         5       what we're doing now is if a customer calls in       5       0. Okay, and how many customers, in terms of your         7       and that call is automatically routed to the       7       quarter?       quarter?         8       same call centre agent, and it's amazing, call       8. We survey 800, a little over 800 residential         9       centre agent, first of all, that call centre       10       0. And obse the survey sums that customers who         11       customer people and training our employees and       15       customer people and training our employees and       16         12       customer people and training our employees       17       always ask the reason for that. There may be         13       actively improve customer service. Big       19       maint reason that we get zero or get a low         14       Nenever we get a very low rating from a customer interactions having to do       21       traing, the biggest pop I see there is meter         12       customer people and training our employees and sing accuracy. Poople having issue with       23       sensitive customer interactions having to do         21       resolution, putting the focus ther	2the things we do is that, like I previously2categories which are not tracked3alluded to, every call that comes into the3that's an obvious statement.4call centre has a code attached to it, and4A. Yes, there could be other compl5what we're doing now is if a customer calls in5Q. Okay, and how many customers6with 45 days, we have a record of that call6quarterly customer survey, do y7and that call is automatically routed to the7quarter?8same call centre agent, and it's amazing, call8A. We survey 800, a little over 8009centre agents remember calls. They take9customers and a little over 40010numerous number of calls, but they do remember10customers every quarter.11calls and by routing it back to the call11Q. And does the survey ensure that	<ul> <li>d? I take it</li> <li>laints as well.</li> <li>s, in terms of your</li> <li>ou survey each</li> <li>0 residential</li> <li>) commercial</li> </ul>
3       alluded to, every call that comes into the       3       that's an obvious statement.         5       what we're doing now is if a customer calls in       6       Vest there could be other complaints as well.         6       with 45 days, we have a record of that call       6       Q Okay, and how many customers, in terms of your         6       with 45 days, we have a record of that call       6       Q Okay, and how many customers, in terms of your         7       and that call is automatically routed to the       7       quarter?       7         8       same call centre agent, and it's amazing, call       8       A. We survey 800, a little over 800 residential         9       centre agent, first of all, that call centre       10       customers and a little over 400 commercial         11       calls and by routing it back to the call       11       0. And does the survey low rating from a         14       we're getting the feedback loop with our       14       A. Wenerever we get a very low rating from a         15       customer service. Big       16       some physical analysis done on that but the         16       really focusing on getting that first call       16       reading accuracy. Dople having issue with         17       dealt with. That'll be a great way to pro-       17       always ask the reason for that. There may be       some physical a	3alluded to, every call that comes into the call centre has a code attached to it, and what we're doing now is if a customer calls in with 45 days, we have a record of that call and that call is automatically routed to the same call centre agent, and it's amazing, call centre agents remember calls. They take3that's an obvious statement. A. Yes, there could be other complete Q. Okay, and how many customers quarterly customer survey, do y quarter?3and that call is automatically routed to the same call centre agent, and it's amazing, call numerous number of calls, but they do remember calls and by routing it back to the call3that's an obvious statement. A. Yes, there could be other complete quarterly customer survey, do y quarter?4A. We survey 800, a little over 800 customers and a little over 400 customers every quarter.5Numerous number of calls, but they do remember 	laints as well. s, in terms of your rou survey each 0 residential ) commercial
4       call centre has a code attached to it, and       4       A. Yes, there could be other complaints as well.         6       what we're doing now is if a customer calls in       9       O.Kay, and how many customers, in terms of your         7       and that call is automatically routed to the       7       quarter?         8       same call centre agent, and it's amarging, call       8       A. We survey 800, a little over 800 residential         9       centre agent, first of all, that call centre       10       O. Ada, were y cast and little over 400 commercial         11       customers and a little over 400 commercial       customers every quarter.       10         12       centre agent, first of all, that call centre       12       have lodged complaints are part of the survey         13       agent is more apprised of the situation and       14       A. Whenever we get a very low rating from a         15       customer people and training our employees and       16       one out of ten, that sort of thing, we'll         16       really focusing on getting that first call       16       some physical analysis done on that but the         17       dealt with. That'll be a great way to pro-       17       always as the reason for that. There may be         20       resolution, putting the focus there.       21       rating, the biggest pop I see there is meter <td>4call centre has a code attached to it, and4A. Yes, there could be other complete5what we're doing now is if a customer calls in5Q. Okay, and how many customers6with 45 days, we have a record of that call6quarterly customer survey, do y7and that call is automatically routed to the7quarter?8same call centre agent, and it's amazing, call8A. We survey 800, a little over 8009centre agents remember calls. They take9customers and a little over 400010numerous number of calls, but they do remember10customers every quarter.11calls and by routing it back to the call11Q. And does the survey ensure that</td> <td>laints as well. s, in terms of your ou survey each 0 residential ) commercial</td>	4call centre has a code attached to it, and4A. Yes, there could be other complete5what we're doing now is if a customer calls in5Q. Okay, and how many customers6with 45 days, we have a record of that call6quarterly customer survey, do y7and that call is automatically routed to the7quarter?8same call centre agent, and it's amazing, call8A. We survey 800, a little over 8009centre agents remember calls. They take9customers and a little over 400010numerous number of calls, but they do remember10customers every quarter.11calls and by routing it back to the call11Q. And does the survey ensure that	laints as well. s, in terms of your ou survey each 0 residential ) commercial
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6       with 45 days, we have a record of that call       6       quarterly customer survey, do you survey each quarter?         7       and that call is automatically routed to the       7       quarter?         8       same call centre agent, and it's amazing, call       7       A. We survey 800, a little over 800 residential customers and a little over 400 commercial         9       centre agent, first of all, that call centre       11       Q. And does the survey ensure that customers who have lodged complaints are part of the survey         11       calls ont by oroting it back to the call       11       Q. And does the survey ensure that customers who have lodged complaints are part of the survey         12       centre agent, first of all, that call centre       12       sample?         14       we're getting the feedback loop with our       14       A. Whenever we get a very low rating from a         15       customer people and training our employees and       16       on out of ten, that sort of thing, we'll         16       readity focusing on gring that first call       18       some physical analysis done on that but the         17       dealt with. That'll be a great way to pro-       17       always ask the reason for that, there may be         20       resolution, putting the focus there.       21       reading accuracy. People having issee with         21       Q. But interms of thes	<ul> <li>with 45 days, we have a record of that call</li> <li>and that call is automatically routed to the</li> <li>same call centre agent, and it's amazing, call</li> <li>centre agents remember calls. They take</li> <li>customers and a little over 400</li> <li>numerous number of calls, but they do remember</li> <li>calls and by routing it back to the call</li> <li>and that call is automatically routed to the</li> <li>quarterly customer survey, do y</li> <li>quarter?</li> <li>A. We survey 800, a little over 80</li> <li>customers and a little over 400</li> <li>customers every quarter.</li> <li>Q. And does the survey ensure that</li> </ul>	ou survey each 0 residential ) commercial
7       and that call is automatically routed to the       7       quarter?         8       same call centre agent, and it's amazing, call       8       A. We survey 800, a little over 800 residential         9       centre agents remember calls. They take       9       customers and a little over 400 commercial         10       numerous number of calls, but they do remember       10       customers every quarter.         11       calls and by routing it back to the call       11       Q. And does the survey ensure that customers who         13       agent is more apprised of the situation and       13       customer, customer rates us zero out of the or         15       customer people and training our employees and       16       really focusing on getting that first call       16         16       really focusing on getting that first call       16       17       always ask the reason for that. There may be         18       actively improve customer service. Big       18       some physical analysis done on that but the         19       industry push as well, you know, first call       19       rating, the biggest pop I see there is meter         21       (12:15 A.M.)       21       reating accuracy. Neople having issue with         22       Q But in terms of these sensitive-besides these       22       rating accuracy. So when we redesigned <t< td=""><td><ul> <li>and that call is automatically routed to the</li> <li>same call centre agent, and it's amazing, call</li> <li>centre agents remember calls. They take</li> <li>numerous number of calls, but they do remember</li> <li>calls and by routing it back to the call</li> <li>quarter?</li> <li>A. We survey 800, a little over 80</li> <li>customers and a little over 400</li> <li>customers every quarter.</li> <li>Q. And does the survey ensure that</li> </ul></td><td>0 residential ) commercial</td></t<>	<ul> <li>and that call is automatically routed to the</li> <li>same call centre agent, and it's amazing, call</li> <li>centre agents remember calls. They take</li> <li>numerous number of calls, but they do remember</li> <li>calls and by routing it back to the call</li> <li>quarter?</li> <li>A. We survey 800, a little over 80</li> <li>customers and a little over 400</li> <li>customers every quarter.</li> <li>Q. And does the survey ensure that</li> </ul>	0 residential ) commercial
8       same call centre agent, and it's amazing, call       8       A. We survey 800, a fulle over 400 commercial customers and a little over 400 commercial customers every quarter.         9       centre agent, first of all, bat call centre       11       C. And does the survey ensure that customers who have lodged complaints are part of the situation and use of each straining our employees and training our employees and training our employees and training our employees and training our employees and the survey we get a very low rating from a customer, restoner rates us zero out of ten, or one out of ten, that sort of thing, we'll always ask the reason for that. There may be some physical analysis done on that but the main reason that we get zero or get a low resolution, putting the focus there.         10       resolution, putting the focus there.       10         11       customer interactions having to do       23       the bill in 2004, that was another thing that         12       Q. But in terms of these sensitive-besides these       23       the meter reading accuracy. So when we redesigned the bill in 2004, that was another thing that         13       be read next, and those things to approach       3       Q. And I guess it gave you a heads up of what was internal benchmark issue.         14       moure resolution, yMr. Delaney, and in equiption and the weat of reading accuracy. It was one our sories arions various survious exitomer sories and approach and the weat there and the weat the reading accuracy. It was not doe that was another thing tha	<ul> <li>same call centre agent, and it's amazing, call</li> <li>centre agents remember calls. They take</li> <li>numerous number of calls, but they do remember</li> <li>calls and by routing it back to the call</li> <li>A. We survey 800, a little over 80</li> <li>customers and a little over 400</li> <li>customers every quarter.</li> <li>Q. And does the survey ensure that</li> </ul>	0 residential ) commercial
9       centre agents remember calls, They take       9       customers and a little over 400 commercial         10       numerous number of calls, but they do remember       10       customers every quarter.         11       calls and by routing it back to the call       10       0. And does the survey ensure that customers who         12       centre agent, first of all, that call centre       11       0. And does the survey ensure that customers who         13       agent is more apprised of the situation and       13       ver getting the feedback loop with our         14       we're getting the feedback loop with our       14       A. Whenever we get a very low rating from a         16       really focusing on getting that first call       16       adaws ask the reason for that. There may be         16       really inprove customer service. Big       18       some physical analysis done on that but the         19       industry push as well, you know, first call       19       adaws ask the reason for that. There may be         2       0. But in terms of these sensitive-besides these       20       reading accuracy. Teople having issue with         2       0. But in terms of these sensitive customer neetageng accuracy. So when we redesigned       21         2       first and, you know, what your number was,       2       yesterday?         2       what	9centre agents remember calls. They take9customers and a little over 40010numerous number of calls, but they do remember10customers every quarter.11calls and by routing it back to the call11Q. And does the survey ensure that	) commercial
10       numerous number of calls, but they do remember       10       customers every quarter.         11       calls and by routing it back to the call       11       Q. And does the survey ensure that customers who         13       agent is more apprised of the situation and       13       sample?         14       we're getting the feedback loop with our       15       customer zotsomer rates us zero out of ten or         16       customer people and training our employees and       16       one out of ten, that sort of thing, we'll         17       dealt with. That'll be a great way to pro-       18       some physical analysis done on that but the         18       actively improve customer service. Big       18       some physical analysis done on that but the         19       industry push as well, you know, first call       19       main reason that we get zero or get a low         20       resolution, putting the focus there.       20       rating, the biggest pol 1 see there is meter         21       Q. But in terms of these sensitivebesides these       21       meeter reading accuracy. So when we redesigned         23       sensitive customer interactions having to do       24       we really put al to do formphasis on was showing         24       what it was last month, when your bill would       24. Yes, I was.       1       gesterday?	10numerous number of calls, but they do remember10customers every quarter.11calls and by routing it back to the call11Q. And does the survey ensure that	1
11       calls and by routing it back to the call       11       Q. And does the survey ensure that customers who         12       centre agent, first of all, that call centre       12       sample?         14       we're getting the feedback loop with our       13       sample?         14       we're getting the feedback loop with our       14       A. Whenever we get a very low rating from a         15       customer people and training our employees and       16       one out of ten, that sort of thing, we'll         18       actively improve customer service. Big       19       industry push as well, you know, first call         10       industry push as well, you know, first call       19       industry push as well, you know, first call         20       P. But in terms of these sensitive—besides these       20       rating, the biggest pop 1 sec there is meter         21       Q. But in terms of these sensitive—besides these       21       reading accuracy. So when we redesigned         24       with billing adjustments and damage claims and       22       we really put a lot of emphasis on was showing         25       focuses in 2004 with the bill design.       5       focuses in 2004 with the bill design.       5         35       focuses in 2004 with the bill design.       6       Ludow that Newfoundland Power anotors various customer         <	11 calls and by routing it back to the call 11 Q. And does the survey ensure that	
12       centre agent, first of all, that call centre       12       have lodged complaints are part of the survey         13       agent is more apprised of the situation and       13       sample?         14       we're getting the feedback loop with our       14       A. Whenever we get a very low rating from a         15       customer people and training our employees and       16       one out of ten, that sort of thing, we'll         16       really focusing on getting that first call       16       one out of ten, that sort of thing, we'll         18       actively improve customer service. Big       18       some physical analysis done on that but the         19       industry push as well, you know, first call       19       reading accuracy. Recipie having issue with         12       O. But in terms of these sensitive-besides these       20       reading accuracy. So when we redesigned         24       with billing adjustments and damage claims and       24       we really put a lot of emphasis on was showing         25       high bill inquiries, I take it there could be       25       the meter reading accuracy. So when we redesigned         26       what it was last month, when your bill would       3       Q. And I guess it gave you a heads up of what was         3       Q. And I guess it gave you a heads up of what was       Q. Anu guess it gave you a heads up of what was	· · · · · · · · · · · · · · · · · · ·	t customers who
13       agent is more apprised of the situation and       13       sample?         14       we're getting the feedback loop with our       13       sample?         14       we're getting the feedback loop with our       14       A. Whenever we get a very low rating from a         15       customer, customer rates us zero out of ten or       one out of ten, that sort of thing, we'll         16       really focusing on getting that first call       16       one out of ten, that sort of thing, we'll         17       dealt with. That'll be a great way to pro-       17       always ask the reason for that. There may be         18       actively improve customer service. Big       18       some physical analysis done on that but the         20       resolution, putting the focus there.       20       reading accuracy. People having issue with         21       Q. But in terms of these sensitivebesides these       22       reading accuracy. So when we redesigned         23       sensitive customer interactions having to do       23       the bill in 2004, that was another thing that         24       with billing adjustments and damage claims and       24       we really put a lot of emphasis on was showing         25       the meter reading accuracy. It was one of our       3       yesterday?         35       focuses in 2004 with the bill design.	12 centre agent, first of all, that call centre 12 have lodged complaints are part	t of the survey
14       we're getting the feedback loop with our       14       A. Whenever we get a very low rating from a         15       customer people and training our employees and       15       customer, customer rates us zero out of ten or         16       really focusing on getting that first call       16       one out of ten, that sort of thing, we'll         17       dealt with. That'll be a great way to pro-       17       always ask the reason for that. There may be         18       actively improve customer service.       Big       some physical analysis done on that but the         20       resolution, putting the focus there.       20       resolution, putting the focus there.       20         21       Q. But in terms of these sensitive-besides these       22       meter reading accuracy. So when we redesigned         22       Q. But in terms of these sensitive-besides these       22       meter reading accuracy. So when we redesigned         24       with billing adjustments and damage claims and       24       we really put a lot of emphasis on was showing         25       high bill inquiries, I take it there could be       25       the meter reading accuracy. It was one of our       4         4       meter reading accuracy. It was one of our       4       ikely to come your way, but I took from Mr.         5       focuses in 2004 with the bill design.       5	agent is more apprised of the situation and 13 sample?	
15       customer people and training our employees and       15       customer, customer, rates us zero out of ten or         16       really focusing on getting that first call       16       one out of ten, that sort of thing, we'll         18       actively improve customer service. Big       18       some physical analysis done on that but the         19       industry push as well, you know, first call       19       main reason that we get zero or get a low         20       resolution, putting the focus there.       20       rating, the biggest pop I see there is meter         21       (12:15 A.M.)       21       meter reading accuracy. People having issue with         22       Q. But in terms of these sensitive-besides these       22       meter reading accuracy. So when we redesigned         23       sensitive customer interactions having to do       23       the billin adjustis on was showing         24       with billing adjustments and damage claims and       24       we really put a lot of emphasis on was showing         25       high bill inquiries, I take it there could be       25       the bill in guess it gave you a heads up of what was         3       be read next, and those things to approach       3       Q. And I guess it gave you a heads up of what was         4       meter reading accuracy. It was one of our       5       Ludow that Newfoundland Power already	14 we're getting the feedback loop with our 14 A. Whenever we get a very low	rating from a
16       really focusing on getting that first call       16       one out of ten, that sort of thing, we'll         17       dealt with. That'll be a great way to pro-       17       always ask the reason for that. There may be         18       actively improve customer service. Big       18       some physical analysis done on that but the         19       industry push as well, you know, first call       19       main reason that we get zero or get a low         20       P.But in terms of these sensitive-besides these       20       reading accuracy. So when we redesigned         21       Q.But in terms of these sensitive-besides these       23       the bill in 2004, that was another thing that         23       sensitive customer interactions having to do       23       the bill in 2004, that was another thing that         24       with billing adjustments and damage claims and       24       we really put a lot of emphasis on was showing         25       high bill inquiries, I take it there could be       25       the meter reading accuracy. Is was one of our         3       be read next, and those things to approach       3       Q. And I guess it gave you a heads up of what was         4       meter reading accuracy. It was one of our       1       Ludlow that Newfoundland Power already has         6       Q. In your direct testimony, Mr. Delaney, and in       5       interna	15 customer people and training our employees and 15 customer, customer rates us zero	o out of ten or
17       dealt with. That'll be a great way to pro- actively improve customer service. Big industry push as well, you know, first call       17       always ask the reason for that. There may be some physical analysis done on that but the main reason that we get zero or get a low rating, the biggest pop I see there is meter reading accuracy. People having issue with meter reading accuracy. People having issue with meter reading accuracy. People having issue with meter reading accuracy. So when we redesigned the bill in 2004, that was another thing that         20       But in terms of these sensitive-besides these as sensitive customer interactions having to do the bill in 2004, that was another thing that       24         24       with billing adjustments and damage claims and the meter reading on the bill up clearly in       Page 111         25       be read next, and those things to approach for uses in 2004 with the bill design.       2         3       be read next, and those things to approach for curses in 2004 with the bill design.       3       Q. And I guess it gave you a heads up of what was internal benchmarks for various customer your Company's response to CA-NP-65, 1       7       services, do they not?         4       No. No, that's not what I said. What I did performance benchmark issue.       11       Q. Okay. Targets, benchmarks, I think we'renot to get caught up in the terminology, but I think we're on the same page, are we not?         14       performance benchmarks and in the outage management system, the only difference is the use of benchmarks?       18       A. Nea some thing rhat's important when you can compare yourself to	really focusing on getting that first call 16 one out of ten, that sort of thir	ng, we'll
18       actively improve customer service. Big industry push as well, you know, first call       18       some physical analysis done on that but the main reason that we get zero or get a low         20       resolution, putting the focus there.       20       rating, the biggest pop I see there is meter reading accuracy. People having issue with         21       Q. But in terms of these sensitivebesides these sensitive customer interactions having to do       23       the bill in guod, that was another thing that         24       with biling adjustments and damage claims and big bill inquiries, I take it there could be       24       we really put a lot of emphasis on was showing         25       hey hill inquiries, I take it there could be       25       Page 111         1       front and, you know, what your number was,       1       yesterda?         2       what it was last month, when your bill would       2       A. Yes, I was.         3       be read next, and those things to approach       3       Q. And I guess it gave you a heads up of what was         6       Q. In your direct testimony, Mr. Delaney, and in       5       Ludlow that Newfoundland Power monitors various customer         7       your Company's response to CA-NP-65, I       7       services, do they not?         8       A. Newfoundland Power monitors various metrics of       7         9       the only real difference between Newfou	17 dealt with. That'll be a great way to pro- 17 always ask the reason for that.	There may be
19       industry push as well, you know, first call       19       main reason that we get zero or get a low         20       resolution, putting the focus there.       20       rating, the biggest pop I see there is meter         21       (12:15 A.M.)       21       reading accuracy. People having issue with         22       0. But in terms of these sensitive-besides these       22       reading accuracy. So when we redesigned         23       sensitive customer interactions having to do       23       the bill in 2004, that was another thing that         24       with billing adjustments and damage claims and       24       we really put a lot of emphasis on was showing         25       the meter reading accuracy. I was one of our       1       Page 112         26       what it was last month, when your bill would       2       A. Yes, I was.         3       be read next, and those things to approach       3       Q. And I guess it gave you a heads up of what was         4       meter reading accuracy. It was one of our       4       likely to come your way, but I took from Mr.         5       focuses in 2004 with the bill design.       5       Ludlow that Newfoundland Power already has         6       only read difference between Newfoundland       9       customer service and reliability and we set         10       Power's current reporting an	18 actively improve customer service. Big 18 some physical analysis done or	that but the
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<ul> <li>A. And some other small differences as well.</li> <li>Q. But those -</li> <li>A. The big two are benchmarks and outage management system.</li> <li>Q. The other differences are not material?</li> <li>D. The other differences are not material?</li> </ul>	18 use of benchmarks?	s just. I
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A. They're reasonably similar. 24 correct in understanding that these internal	24 A. They're reasonably similar. 24 correct in understanding that these	e internal
25 O Now you were here for Mr Ludlow's testimony 25 targets benchmarks that these are in the	25 Q. Now you were here for Mr. Ludlow's testimony 25 targets, benchmarks, that these are	in the

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	Page 113		Page 114
1	MR. JOHNSON:	1	determined, whether they be in the plan as is
2	annual plan figures included in your quarterly	2	referenced in the quarterly reports or they
3	reports to the Board? There's a big RFI	3	exist elsewhere in the Company that don't make
4	containing these quarterly reports contained	4	it themselves into the plan?
5	at CA-NP-8. Is that where these internal	5	KELLY, Q.C.:
6	targets or benchmarks are to be contained?	6	Q. Not quite sure I follow the question, so
7	A. Yes, the terminology we would use as a target	7	before we start thinking about undertakings,
8	in the quarterly reports, we refer to that as	8	I'd like to know exactly what's being asked.
9	our plan number.	9	The witness is here. If there's questions
10	Q. And these quarterly reports to the Board of	10	about how we do it, the witness is here to be
11	Commissioners, do these contain all of	11	asked how we do it.
12	Newfoundland Power's internal targets or	12	MR. JOHNSON:
13	metrics?	13	Q. Well, for instance, I foundmaybe this will
14	A. They would contain the, I would guess, the	14	be illustrative. The undertaking that Mr.
15	corporate company metrics that we manage to as	15	Ludlow provided, Undertaking 2, where he
16	a company. Within individual departments,	16	provided the explanation of how the '07 SAIFI
17	there are other metrics that individual	17	target was derived and he indicated that it
18	managers would use to manage their own	18	was derived asprovides that that answer took
19	department.	19	an historical average and then made a five
20	Q. Which are not necessarily included in the	20	percent improvement factor to it, and what I'm
21	quarterly?	21	seeking an undertaking is the same type of
22	A. Which may not be included in the quarterly,	22	response with respect to your other internal
23	yes, correct.	23	targets, whether they be in the plan that's
24	Q. Can you undertake, sir, to provide us with the	24	filed with the Board or elsewhere within the
25	targets that are notor how your targets are	25	Company.
	Page 115		Page 116
1	Page 115 KELLY, Q.C.:	1	Page 116 have the number of services we need to replace
1 2	Page 115 KELLY, Q.C.: Q. It's a very open-ended request, Mr. Chairman,	1 2	Page 116 have the number of services we need to replace and the manager there may track that, in terms
1 2 3	Page 115 KELLY, Q.C.: Q. It's a very open-ended request, Mr. Chairman, and I think we'd like to have a lot more	1 2 3	Page 116 have the number of services we need to replace and the manager there may track that, in terms of how many replacement services that he wants
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#### Discoveries Unlimited Inc., Ph: (709)437-5028

	Page 117		Page 118
1	MR. DELANEY:	1	type of80 percent of the calls answered in
2	80/40 target and then every quarter, we're	2	20 seconds, you need a huge call centre where
3	talking to our customers through the survey,	3	you can balance off different companies and,
4	and one thing we're always asking them is	4	you know, a call centre that would contract
5	"what's the call centre service like?" and	5	out services and be able to be much more
6	it's been consistently ranked high, up in the	6	flexible to the client's need.
7	nines, and nine and ten. So we think we've	7	But 80/40 is where we are. Customer
8	gotten that balance.	8	satisfaction tells us we're in the right
9	Now how do we manage to 80/40? How do we	9	place. That's how we set that target.
10	get there? We have a program in our call	10	Q. And how about other customer service targets
11	centre call eWorkforce and we look at the	11	that you have?
12	historical number of calls we get for every	12	A. Are there any in particular you would like to
13	day of the year. We got a big database as to	13	-
14	how many calls you can expect on every day of	14	Q. Takewell, we'll look at your safety target
15	the year and we've negotiated with our union	15	for instance.
16	different flexible working arrangements. So	16	A. Safety?
17	we have some four-hour shifts, some eight-hour	17	Q. Yes.
18	shifts. We have staggered time, so we match	18	A. Safety targets is one, I'll say that we always
19	our resources, our people, with those expected	19	haveanyway, we look at the previous year's
20	call volumes and bring it all together and	20	performance with safety and we always build an
21	achieve that target, that 80/40 target.	21	improvement factor into our safetysafety
22	If we were to move to 80/20, I don't	22	meaning the injury frequency rate?
23	think it's possible for us. Our call centre	23	Q. Sure.
24	is a 20-seat operation and from what I know of	24	A. Okay. We'll always build an improvement
25	call centre technology, to get to an 80/20	25	target into our safety target for the year.
	Page 119		Page 120
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#### Discoveries Unlimited Inc., Ph: (709)437-5028

October 24, 2007	<b>Multi-Page</b> <sup>T</sup>	<sup>M</sup> NL Power's 2008 General Rate Application
F	age 121	Page 122
1 MR. DELANEY:	1	That's subject to check. Maybe we do.
2 reads. I'm not sure what the number is right	t 2 Q	. How about the internal target for energization
3 now. Missed meter reads are very much	a 3	requests for new homes or that type of thing?
4 function of weather. Weather plays a	4	Is there internal target for the amount of
5 determining role in whether we read a mete	or 5	time it takes for Newfoundland Power to
6 not. It's hard to forecast the weather, of	6	energize the property at the owner's request?
7 course, but we keep a meter readmissed m	eter 7 A	. After all of the information, all the approval
8 read target pretty well consistent over	8	have come in, there's usually a number of
9 historical performance.	9	approvals associated with energizing a house,
10 Q. How about billing accuracy?	10	not only our own. We have electrical
11 A. What kind of billing accuracy are you speal	ting 11	inspection and types of that. We usually look
12 of? There's many ways of talking abou	12	at three to five business days to get the
billing accuracy. I don't know if you can b	e 13	customer hooked up. Now unless they have to
14 specific about that.	14	have an extension or CIAC where we got to
15 Q. That's a tough question, isn't it? Are the	15	build a long power line to get them, but a
bills accurate? Do you target a number o	16	typical service is three to five days.
17 accurate bills, for instance?	17 Q	And is that something that you track?
18 A. Well, we can count our cancels and our reb	ll, 18 A	. We track it. There arewe do not have a work
and we can count the adjustments we mak	e to 19	management system, so we're somewhat limited
20 bills. However, what makes it a bit tricky i	20	in how we track that. There are all kinds of
21 whether it's NP's, Newfoundland Power's f	ult 21	exceptions and we don't have a big database to
22 or whether it's due to some other inaccurac	. 22	track all of this. I know of utilities that
Another way of looking at it are theanywa	<b>v</b> , 23	have work management systems that track when
24 we can count the number of cancels and	l 24	the utility will go and actually connect the
25 rebills. I don't think we have a target.	25	service and make appointments and stuff. In
F	age 123	Page 124
1 order to get to that level of sophistication,		And I take it that you'll agree with me that
2 you need a very complicateda very complex o	2	the Consumer Advocate or the Board has not had
3 a big work management system. We don't hav	e 3	input into what those targets are?
4 that. As I say, we work off our 15-year-old	4 A	. Those targets are formulated by management.
5 customer service system.	5	They are reported to the Board on a quarterly
6 When we priced work management systems	6	basis in thosenot only the metric, but some
7 back in 2001 or 2000, somewhere around that	7	detail as to what's going on in the metric, in
8 area, to get to a place where we could give	8	terms of different action plans and
9 performance guarantees, you know, to get the	9	initiatives that Newfoundland Power has. The
10 technology to give us the best chance to get	10	Board reviews those targets, all that
11 our performance guarantees, that kind of	11	information. The Board asks us questions and
12 technology cost about seven million at that	12	for clarification on items when they have
13 time, I know when we looked at those reviews.	13	reason to do so, in their oversight capacity.
14 Q. Mr. Delaney, a number of minutes ago, you	14	So the Board does have interactivethe Board
15 indicated that one of the two main differences	15	does respond to quarterly reports when they
between what Newfoundland Power does now	and 16	require additional information or different
17 what Delaware does was Delaware reports to	17	in their regulatory oversight.
18 benchmarks. But it's apparent to me that this	18 Q	Yes, I'm aware of that. From my review of the
19 is not a case where Newfoundland Power does	19	RFIs, I wonder if you'd agree with me,
20 not have benchmarks or targets, is it?	20	Newfoundland Power has already supplied much
21 Clearly, your Company clearly has benchmarks	21	of the performance data under the varying
22 and targets.	22	performance areas that are outlined in Mr.
A. Newfoundland Power, yes, has itsthat's what	23	Bowman's template, distribution reliability
24 management does. Management sets objectives	, 24	and service standard. Would you confirm that
25 sets targets and tries to meet targets	25	fact?

# Multi-Page<sup>TM</sup> NL Power's 2008 General Rate Application

	Page 125		Page 126
1 N	IR. DELANEY:	1	came up with -
2	A. I haven't analyzed what percentage of the data	2	Q. But please understand me though, Mr. Delaney,
3	that we do supply. I know that there are a lot	3	I'm not suggesting that you go to 20 seconds,
4	of things in Mr. Bowman's report that we don't	4	okay. All I'm asking you is whether or not
5	supply. Whether it's the majority or not, I	5	you've actually provided us performance data
6	don't know right now, but there are some	6	with respect to call answering service levels.
7	measures, yes, in what Mr. Bowman has proposed	7	A. I do not provide you the number of calls not
8	for reliability. There are some measures	8	reaching a company within 20 seconds. I
9	there that we do track, yes.	9	provide you the percentage of calls that reach
10	Q. And perhaps you could turn to Exhibit CDB-2.	10	a company rep within 40 seconds. There is a
11	It's supplemental, Chris, to Mr. Bowman'sI'm	11	difference.
12	sorry, I'm misspeaking here. It's the	12	Q. Could we turn up, too bad we can't keep both
13	Supplemental Pre-filed evidence of Mr. Bowman	13	on the same, but maybe it's not possible. I
14	dated October 15th. And in particular, Chris,	14	know I certainly couldn't do it if I was
15	if you could turn to page five of the	15	behind the keyboard, 455? CA-NP-455. Do you
16	Attachment A? So. I take it you can confirm	16	have that Mr. Delaney?
17	that you have provided performance data	17	A. CA-NP-455, just one second there now, see if I
18	relative to call answering service level?	18	got it in hard copy. Yes.
19	A. If you look at call service level, the number	19	(12:45 p.m.)
20	that I see there is the number of calls not	20	O. I thought you provided a fair bit of detail in
21	reaching a company rep within 20 seconds over	21	terms of percentage of calls answered within
22	the number of attempts to reach the Company	22	40 seconds from '02 through to '06 that's
23	I think I explained to the Board that 20	23	there. I grant you now the 20 second business
24	seconds would be somewhat of a stretch for us	24	is not there but that's not in accordance
25	in a 20-seat Call Centre. I explained how we	25	with your existing internal standard, right?
-		-	
	Page 127		Page 128
1	Page 127	1	Page 128
1	Page 127 A. No, it's not consistent. O Right And then at B part of the answer you	1	Page 128 looking through the rest of it, yes.
1 2 3	Page 127 A. No, it's not consistent. Q. Right. And then at B part of the answer, you show a table. Table 2, calls abandoned, and	1 2 3	Page 128 looking through the rest of it, yes. Q. But you've provided on page two of three at Table One percentage of delayed bills from
1 2 3 4	Page 127 A. No, it's not consistent. Q. Right. And then at B part of the answer, you show a table, Table 2, calls abandoned and percent of calls offered not including outage	1 2 3 4	Page 128 looking through the rest of it, yes. Q. But you've provided on page two of three at Table One, percentage of delayed bills from '02 to '062
1 2 3 4 5	Page 127 A. No, it's not consistent. Q. Right. And then at B part of the answer, you show a table, Table 2, calls abandoned and percent of calls offered, not including outage related calls from '02 to '06 and all the	1 2 3 4 5	Page 128 looking through the rest of it, yes. Q. But you've provided on page two of three at Table One, percentage of delayed bills from '02 to '06?
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1 2 3 4 5 6 7 8 9	<ul> <li>Page 127</li> <li>A. No, it's not consistent.</li> <li>Q. Right. And then at B part of the answer, you show a table, Table 2, calls abandoned and percent of calls offered, not including outage related calls from '02 to '06 and all the stats.</li> <li>A. Yes, that's there.</li> <li>Q. And then we have in Part C, Table 3, outage related calls abandoned '02, '06.</li> <li>A. Number of outage calls now answered in C?</li> </ul>	1 2 3 4 5 6 7 8 9	Page 128 looking through the rest of it, yes. Q. But you've provided on page two of three at Table One, percentage of delayed bills from '02 to '06? A. Yes, that would be something we have data available. Q. Yes. And on part B on page 2 of 3, you've indicated that the Company obviously performs billing adjustments as required to ensure billing accuracy but you don't track the
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	Page 129		Page 130
1 N	IR. JOHNSON:	1	Q. And just without skipping over 457(b), that
2	and explain how each is measured and if any	2	asks the average number of days after the
3	exclusions are applied, and the first category	3	missed delivery date in which Newfoundland
4	being the percentage of jobs resulting from	4	Power is to complete meter related or other
5	customer requests, meter related or other	5	customer requests of work, and you explained
6	customer requests at work that are completed	6	that that'smeter-related work is contracted
7	on or before the promised completion date and	7	out, so it's not tracked, okay. Now your
8	as defined and agreed to by the customer. And	8	comment regarding the Call Centre performance,
9	on that, you've indicated that customer-	9	you know, the 80/40. You've made it a point
10	related work, such as new services and the	10	of impressing that, goodness, we can't go to
11	removal of poles is influenced by outside	11	Delaware, you know, that goes with the 80/20
12	factors; therefore, Newfoundland Power doesn't	12	or whatever it is that Delaware goes with, and
13	promise customers that the work will be	13	you indicated the concerns that, you know, you
14	completed at a specific date. But I take it	14	have a small Call Centre and that would
15	you do, as you've confirmed, actually track	15	require, you know, perhaps more spending and,
16	performance in relation to the promise to	16	you know, is it worth the candle, you know,
17	energize a property for an owner?	17	that type of consideration, I suppose. But,
18	A. Me too, but it's a very imperfect system.	18	Mr. Delaney, if Newfoundland Power were to be
19	Lots of exceptions, the data is not that	19	a participant in the development of a
20	reliable, not the kind of reliability of data	20	standard, as Mr. Bowman has proposed, well, I
21	that you would get in a work management	21	trust that Newfoundland Power would certainly
22	system, but we endeavour to try to get those	22	inform the Board and inform the Consumer
23	services hooked up in three to five days.	23	Advocate that there would be additional costs
24	O. You do the best you can with what you've got.	24	if a benchmark were set too aggressively high.
25	A. That's true.	25	would it not?
	Page 131		Page 132
1	Page 131 A. If we were to go down this road and we were to	1	Page 132 benefit from the adoption of a code similar to
1	Page 131 A. If we were to go down this road and we were to go through the process of implementing	1	Page 132 benefit from the adoption of a code similar to the Delaware standard, there should be some
1 2 3	Page 131 A. If we were to go down this road and we were to go through the process of implementing benchmarks and all that it requires. like I	1 2 3	Page 132 benefit from the adoption of a code similar to the Delaware standard, there should be some tangible improvement in results or process."
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1 2 3 4 5	Page 131 A. If we were to go down this road and we were to go through the process of implementing benchmarks and all that it requires, like I said, Delaware it was six or seven years; Ontario, it's seven years now after the.	1 2 3 4 5	Page 132 benefit from the adoption of a code similar to the Delaware standard, there should be some tangible improvement in results or process." Correct? A. That's what it says.
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# Discoveries Unlimited Inc., Ph: (709)437-5028

# Multi-Page<sup>TM</sup> NL Power's 2008 General Rate Application

	Page 133		Page 134
1	MR. JOHNSON:	1	can just read the sentence, I can't provide
2	Q. Thank you, Mr. Kelly. And in particular,	2	much more commentary on that.
3	Chris, we're looking for Exhibit Ato	3	(1:00 p.m.)
4	Information No. 8. And could you turn to page	4	Q. Chris, could you turn up further Information
5	13 of that, Mr. Delaney? And in particular	5	item, Information No. 9? First of all, this
6	paragraph 3.1. Could you read that, sir?	6	is obviously a state of reliability related
7	A. "Each EDC shall provide reliable electric	7	regulation United States overview in trends,
8	service that is consistent with the pre-	8	sponsored by the EEI. Do you know, have you
9	restructuring service levels as identified in	9	heard of the Edison Electric Institute?
10	Section 4 and complies with 26 Del.C. 1002."	10	A. Yes, I have.
11	Q. Mr. Delaney, does that imply that the goal of	11	Q. And what are they?
12	the Delaware standard is to maintain	12	A. To my understanding they are a research
13	reliability rather than improve reliability?	13	institute looking at Public Utility matters in
14	A. It says what it says. It says "Consistent	14	the United States.
15	with pre-structuring service levels as	15	Q. And are you aware that, as it says on their
16	identified in Section 4." I have no other	16	website, at least, that they are the
17	knowledge of it than that sentence right	17	association of shareholder owned electric
18	there.	18	companies and represent about 70 percent of
19	Q. To draw upon the past performance in any	19	the US electric power industry?
20	event. To be consistent with the previous	20	A. I wasn't aware of that, no.
21	service levels that has been experienced, is	21	Q. Would you take that, subject to check?
22	that correct?	22	A. Pardon?
23	A. If consistent means maintained through the	23	Q. Could you confirm that perhaps by visiting
24	restructuring, I have little knowledge of the	24	their site perhaps after today?
25	restructuring that happened in Delaware. I	25	A. I could look at their site, yes.
	Page 135		Page 136
1	Page 135 O. So perhaps I could just turn to slide 8 of	1	Page 136 making into quality of service regulation tied
1 2	Page 135 Q. So perhaps I could just turn to slide 8 of that report, actually I should have brought	1 2	Page 136 making into quality of service regulation tied to penalties. What does that mean, this
1 2 3	Page 135 Q. So perhaps I could just turn to slide 8 of that report, actually I should have brought you back to the purpose of the study and the	1 2 3	Page 136 making into quality of service regulation tied to penalties. What does that mean, this notion of Ouality of Service regulation?
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	Page 137		Page 138
1	MR. DELANEY:	1	A. I'm aware that there is various types of
2	somewhere where we are right now, I would	2	service and reliability regulation going on in
3	think, that we have a reporting regime to our	3	the United States, whether it is a trend or
4	Regulator.	4	not, well Davies Consulting is saying that, I
5	Q. That would be reporting only would be the	5	can't testify whether there's a trend or not.
6	minority?	6	Q. So would Newfoundland Power feel that, you
7	A. Twenty-four percent reporting only and I'll	7	know, these regulators who are, you know, part
8	add that 24 percent have no standard. So	8	of this trend that they must have it wrong,
9	about 50/50 there, I guess is the split.	9	that -
10	Q. And could you go to slide 12 which talks about	10	KELLY, Q.C.:
11	a summary of key trends as is noted here,	11	Q. I don't understand, with respect tobefore
12	Point 1, there seems to be a shift aware from	12	the witness answers, Mr. Chairman, with
13	ROE based PBR to Quality of Service PBR where	13	respect, I don't understand the question
14	the focus is on the establishment of the	14	because we are in this jurisdiction not
15	reliability end or Customer Service targets?	15	regulated on ROE base PBR, we are not
16	And then the final bullet, in general	16	regulated on Quality of Service PBR, we are
17	Regulators are moving towards Quality of	17	not a competitive environment. We are
18	Service PBR approach with penalties only. Are	18	regulated on a cost of service basis under the
19	you in a position to say that this trend is	19	Public Utilities Act and that's the mechanism
20	not happening?	20	that Newfoundland Power has to work with and
21	A. No, I'm not in a position to say the trend is	21	it's the mechanism that the Board applies, so
22	or is not happening.	22	I'm a little puzzled as to the question about
23	Q. You weren't aware of the trend that was doing	23	moving to a Quality of Service PBR approach
24	in this direction as reported by EES, were	24	when we don't have the statutory basis for it
25	vou?	25	in place
	<i>Jou</i> .	25	in place.
	Page 139	25	Page 140
1	Page 139 MR. JOHNSON:	1	Page 140 expect Mr. Delaney to be able to, outside of
1 2	Page 139 MR. JOHNSON: Q. I doubt very much that you would need to	1 2	Page 140 expect Mr. Delaney to be able to, outside of what's there, to be able to accept or be
1 2 3	Page 139 MR. JOHNSON: Q. I doubt very much that you would need to concern ourselves, Mr. Chairman, with evidence	1 2 3	Page 140 expect Mr. Delaney to be able to, outside of what's there, to be able to accept or be terribly knowledgeable about this particular
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1 MR. DELANEY:	1 Q. Depends upon what you will be tracking.
2 Q. After all that.	2 A. That's true.
3 A. Well we can go to page 22 and I think	3 Q. How much money is Newfoundland Power spending
4 something jumped out at me as I read this	4 now to develop its internal targets and
5 report. Looking at the conclusion, if we look	5 benchmarks?
6 at the first paragraph, it says the vast	6 A. Developing internal benchmarks is embedded
7 majority of ROE base PBR and Quality of	7 within the cost of managing the organization
8 Service PBR legislation was passed as a result	8 and we don't track specifically through our
9 of a merger agreement or following a	9 system of accounts, through our code of
10 significant event. Significant events range	10 accounts the amount of time that any
11 from extends of outages and Call Centre	11 managerial or other person would spend on the
12 performance to billing errors. Now another	12 actual activity of making a target. It's
13 thing that jumped out of me on the report is	13 embedded in the management cost of the
14 on page 23, if you look down, one, two, three,	14 organization.
15 four to the fifth bullet, the tracking and	15 Q. I'm wondering, Mr. Chairman, though it's not
16 reporting, these indicators may force	16 at the time, I'm wondering if I might benefit
17 utilities to undertake significant investments	17 from a little break to, although the break
18 in information systems.	18 would be the rest of the day, would it not?
19 Q. Sure you're already tracking a load of stuff,	19 CHAIRMAN:
20 aren't you? Those are existing costs, we've	20 Q. Absolutely.
21 already gone through that.	21 MR. JOHNSON:
A. We are tracking, but in this instance here,	22 Q. To organize what's left and perhaps do it more
the summary certainly says that it may force	23 dispatch tomorrow morning.
24 utilities to undertake significant investments	24 CHAIRMAN:
25 in information systems.	25 Q. There's 12 minutes left, I don't thinkand if
Page 143	Page 144
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