

**Transcript:  
July 23, 1996, pages 138 to 142  
1996 General Rate Proceeding**

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1 Q. And essentially once the whole program is  
2 introduced, because I understand the optimization of  
3 the meter reading routes will have a few wrinkles in  
4 it, it's not going to be without its costs, the  
5 routes have to be redrawn, and that affects the  
6 billing cycles and so on. So I can assume that  
7 that's part of the reason for the cost at this  
8 stage. Is it possible to break out the cost of  
9 returning to monthly meter reading on its own, is  
10 that in the Demand for Particulars, because I don't  
11 have that in front of me at the moment?

12 MR. HAYES:

13 Q. I believe it's--it may be PUB 27, Madam Vice Chair.

14 VICE-CHAIR GALWAY:

15 Q. PUB 27.

16 MR. HENLEY ANDREWS:

17 Q. There's another one besides that that shows the  
18 actual increase in cost, I thought it was like  
19 \$237,000.00 or something like that.

20 A. The figure here shown on an optimize basis for both  
21 alternatives looks like a difference of 189  
22 thousand, I believe.

23 VICE-CHAIR GALWAY:

24 Q. That's for '97.

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1 A. That's in '97, that's right. '98 is--what does that  
2 work out to--259, yeah. It's a bit over a dollar  
3 per customer per year. So you're talking 8 cents a  
4 month, something in that ball park.

5 Q. Would it be fair to say that the reason the company  
6 is proposing the phasing out of bimonthly meter  
7 readings is that entirely based on its proposal to  
8 move to this surcharge?

9 A. What I'm trying to do is divorce the two points.  
10 And I'm saying that if the Board chooses not to  
11 accept our recommendation on the surcharge, I would  
12 still recommend that we do away with bimonthly.

13 Q. So you would not agree then with Mr. Bowman's  
14 comment during cross-examination that the company  
15 could still maintain its bimonthly meter reading if  
16 it decided to accept the proposal that the surcharge  
17 be collected through a basic customer charge?

18 A. If the surcharge was collected through the basic  
19 customer charge, you could maintain bimonthly, but I  
20 would still recommend against it. And, again, Madam  
21 Commissioner, it's strictly on the basis of customer  
22 service, that's the only reason I'm making that  
23 recommendation.

24 Q. I'm going to defer my questions with respect to

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1 financial matters to Mr. Smith, thank you.

2 MR. AIDAN RYAN, CROSS-EXAMINATION BY CHAIRMAN DAVID VARDY

3 CHAIRMAN:

4 Q. Mr. Ryan, you're Chief Executive Officer and  
5 Chairman of the Board, is that correct?

6 A. Yes, sir.

7 Q. How long have you occupied those positions?

8 A. I was made Chief Executive Officer in 1990 and I was  
9 made Chairman of the Board this year.

10 Q. Now in your testimony you make reference to this  
11 management salary freeze which was first instituted  
12 in 1992, can you tell me if that covers both  
13 executive and management personnel?

14 A. It covers executive and people who are classed as  
15 managers. We have a rather confusing term in our  
16 company which is known as managerial, and that  
17 really means people who are not--are not part of the  
18 executive group, who are not managers and not part  
19 of the union. So a better term might be non-union  
20 people. But the executive group and the managers  
21 have not received--I think I'm creating a question,  
22 am I. I'm sorry, sir, was there a question?

23 Q. The question--yeah, the question is--I guess the  
24 question was whether--there are two groups,

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1 Executive and Management?

2 A. Yes, there's Executive, Managers and Non-union,  
3 let's put it that way.

4 Q. Now do these people operate on a grid where they get  
5 automatic step increments, notwithstanding the fact  
6 that there is a wage freeze in place?

7 A. There is a--there's a scale for each one of the  
8 jobs. And during the period of the wage freeze if  
9 somebody was below their job rate, we generally  
10 continued to move them up, the job rate. Now I  
11 think in the Executive Group, I believe I was the  
12 only one that fell into that category. With the  
13 Managers, I suspect there are three, maybe four,  
14 something in that order.

15 Q. So those people who would be--are not at the top of  
16 this scale--would, in fact, qualify for a step  
17 increment?

18 A. Yes, that's right.

19 Q. What size would those increments be annually?

20 A. I believe we move people into jobs at 80 percent of  
21 the top rate and then move them up over four or five  
22 years. Subject to confirmation, I'm sorry, I  
23 haven't got that, I'm not 100 percent sure, but  
24 that's roughly the way it works.

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1 sufficient information available to it to come up  
2 with at least a study related to time-of-use rate  
3 for the Company. Did you accept that position?

4 A. I wasn't actually present for Doctor Wilson's cross  
5 examination or anything, but it's my understanding  
6 that you need good data on your marginal costs. And  
7 I guess any data we have is really--it's 10 years  
8 old. So, I'm not quite sure where he was coming  
9 from with that idea.

10 Q. I believe he was relying on information that's  
11 generally available through your own utility as well  
12 as information that might be contained in similar  
13 studies such as Nova Scotia.

14 A. I'm not sure that information like that is easily  
15 transferable. It strikes me that every utility is  
16 different, every utility has a different load curve  
17 and I'd be very very concerned about transferring  
18 data from Nova Scotia into Newfoundland as being  
19 appropriate.

20 Q. Has your utility ever been curious between the last  
21 time-of-use study and now to do a small study for  
22 themselves to see whether it's appropriate, not as  
23 delicate and sophisticated as specific rates, but in  
24 terms of the basic information that Doctor Wilson

1 significantly from what they used to be years ago.  
2 I personally--well, maybe I might go on a little  
3 further and say that when it comes to assessing  
4 what's a call about, bi-monthly, you probably also  
5 have to include high bill complaints because they  
6 tend to get somewhat confused. But we have done  
7 surveys on bi-monthly and certainly the results we  
8 find are that customers don't like bi-monthly meter  
9 readings. Now, if you ask them are they prepared to  
10 pay to have the meters read on a monthly basis, they  
11 say no.

12 Q. What was the percentage in the last case?

13 A. Who were unhappy with bi-monthly?

14 Q. Not so much unhappy with bi-monthly, although I'd  
15 like that on the record, as well, from that survey.  
16 But you just mentioned that there was a group of  
17 customers who, when asked if they were willing to  
18 pay for their meters to be read monthly, they  
19 weren't in favour of it. What was that percentage?

20 A. I'm speaking from memory now and this is subject to  
21 confirmation, but my recollection is that the  
22 percentage of customers who were unhappy with bi-  
23 monthly was in the range of 50 percent, about half  
24 the customers. And if asked how many would like to

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1 and I believe Doctor Bowman felt was generally  
2 available.

3 A. We could never get very excited about time-of-day  
4 rates on the basis that, if you look at the load  
5 picture on the peak day during the winter, it is so  
6 flat that time-of-day rates would present very  
7 little benefit. I have a feeling that a lot of  
8 these people who are recommending time-of-day rates  
9 are not really familiar with the situation here in  
10 Newfoundland.

11 Q. Okay. Now, onto another matter all together and  
12 it's bi-monthly meter readings. Would it be fair to  
13 say, particularly at its initial stages with your  
14 Company, that bi-monthly meter readings have been  
15 very contentious amongst your customers?

16 A. I think that would be a safe statement, yes.

17 Q. The customer service system now tracks calls by  
18 coding the nature of inquiry or complaint, is that  
19 correct?

20 A. That's correct, yes.

21 Q. What's the general trend then on the inquiry and  
22 complaints of bi-monthly meter readings?

23 A. There's no question that the number of calls that we  
24 are getting complaining about bi-monthly are down

1 pay more to have the meters read, it may have come  
2 down to 15 percent, something in that ballpark.  
3 Now, to me it's all a question of how much you have  
4 to pay. And I must say, I have turned around on bi-  
5 monthly. I would urge the Board to ditch bi-  
6 monthly. I don't--I know there's a cost to that and  
7 I'm not one to encourage higher costs, but I  
8 certainly believe that we'd be a lot better off if  
9 we issued bills on a monthly basis. What customers  
10 want, what's on the very top of the list is they  
11 want to make sure that the bill they get on a  
12 monthly basis--I'm not talking about electricity  
13 now, I'm talking about any bill, whether it's your  
14 Visa or what--the first thing customers want is that  
15 the bill be correct, they feel that the bill is  
16 correct. And I don't think our customers feel that  
17 way. And like I say, we are saving some money with  
18 bi-monthly, but I would really question its value  
19 and I quite frankly feel we'd be better off without  
20 it.

21 Q. I believe there's a Demand for Particulars regarding  
22 switching from bi-monthly back to monthly and the  
23 optimization of the meter reading routes.

24 A. Yes.