

**Transcript:
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1 Q. Could you please summarize your testimony for the
2 Board?
3 A. My name is Marvin Erbland, and I'm vice president of
4 Corporate Employee Services with Newfoundland Power.
5 My evidence falls into four categories. First, I
6 describe the conditions underpinning the Company's
7 marketing activities and I explain why we have
8 chosen to pursue these activities. I comment upon
9 the increased business risk that has arisen from
10 competition and from the downturn in the economy. I
11 emphasize that the goal of the Company's marketing
12 activities is to minimize rates to customers. I
13 describe how this goal has remained consistent over
14 the years, although the steps necessary to achieve
15 rate minimization have changed. I describe how
16 achieving minimized rates requires a fine balance
17 which avoids both sales decline and excessive sales
18 growth. I conclude this portion of my evidence by
19 noting that energy efficiency remains an important
20 part of the Company's marketing strategy.
21 My second topic covers the rural subsidy and
22 the Company's proposal for collecting this subsidy
23 through a surcharge. I describe fairness as the
24 central thrust of the Company's proposal. I observe

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1 how electric heating customers are paying a
2 disproportionately large share of the subsidy under
3 the existing rate structure. I also comment upon
4 the fact that the amount of the subsidy will be
5 increasing between now and the year 2000 and I
6 mention how the existing rate structure would result
7 in electric heating customers paying a
8 disproportionately large share of that increase. I
9 conclude my discussion of the subsidy by explaining
10 how the surcharge proposal would necessitate a
11 return to monthly meter reading and I comment as to
12 how this change would be implemented.
13 Third, I address some of the steps the Company
14 has taken to improve productivity. The examples I
15 cite include the consolidation of two system control
16 centres into one and the consolidation of island-
17 wide customer accounting into a single location.
18 Other examples cover regional and head office
19 operations. My evidence concludes with the
20 presentation of the results of the customer service
21 system net present value analysis and comments about
22 the probable importance of information technology in
23 the future.
24 MR. HAYES:

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1 Q. That concludes your summary. Mr. Erbland. Mr.
2 Chairman, Mr. Erbland is available for cross-
3 examination.
4 CHAIRMAN:
5 Q. Thank you. Mr. Browne?
6 MR. BROWNE:
7 Q. Mr. Kennedy will question Mr. Erbland on behalf of
8 the Consumer Advocate.
9 MR. MARDON ERBLAND, CROSS-EXAMINATION BY MR. MARK KENNEDY
10 Q. Good morning, Mr. Erbland.
11 A. Good morning, Mr. Kennedy.
12 CHAIRMAN:
13 Q. Just--when Mr. Erbland nodded that it was the
14 summary of his evidence, I think for the record if
15 you were to say yes. -
16 A. Yes, that was a summary of my -
17 Q. - because a nod cannot be recorded in the
18 transcript.
19 A. Thank you.
20 MR. HAYES:
21 Q. Thank you, Mr. Chairman. I keep forgetting
22 sometimes the limits of the technology.
23 CHAIRMAN:
24 Q. Yes.

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1 MR. KENNEDY:
2 Q. Also, Mr. Erbland, I take it that you adopt your
3 testimony that you've pre-filed with the Board in
4 relation to this application?
5 A. Yes, I adopt my pre-filed testimony as amended.
6 Q. As amended there, yeah. Mr. Erbland, as I
7 understand it and as it's been represented to us
8 throughout this hearing, Newfoundland Power's
9 strategy, change in capital structure and increased
10 advertising effort, is as a result of what you
11 perceive to be a competitive threat from the
12 alternative fuels, principally the oil companies,
13 and what success those oil companies may have been
14 having in the home heating marketplace, is that an
15 accurate statement?
16 A. No, I don't think it is, a couple of points. First
17 of all, I'm not the witness on capital structure, so
18 I really can't comment, make any comments related to
19 capital structure. The reason for our advertising
20 expense has been that we think it contributes to
21 minimizing rates, to make them lower than they would
22 be if we didn't make those expenditures. That's the
23 reason for our advertising.
24 Q. Okay, so am I right though thinking that your