

**Transcript:
July 31, 1996, pages 180 to 181
1996 General Rate Proceeding**

1 ANDREWS

2 Q. Mr. Erbland, on somebody's cross-examination of you
3 -- so long ago, it's hard to remember -- there was a
4 discussion of the Target Marketing proposal and I
5 think you were indicating that that target was more
6 enthusiastic about the capture of additional market
7 than the Company is. That you had testified
8 something to that effect?
9 A. Yes, that was the general thrust of what I said,
10 yes.
11 Q. Did you have a -- when you retain Target Marketing
12 to do the -- as your outside marketing consultant,
13 did you have a call for proposals?
14 A. No, we did not.
15 Q. Did you have a retainer letter or a letter of
16 instructions of any sort to Target Marketing as to
17 what you wanted them to do in their proposal?
18 A. Are you talking in a -- I'm not quite sure what
19 you're talking, with respect to a specific campaign
20 or about their general relationship with
21 Newfoundland Power?
22 Q. Well one of the documents which was produced and I
23 think it's -- well, it's in the Brushett -- it's in
24 Mr. Brushett's report at page 4. Is the commentary

1 on what Target had indicated -- that's not the
2 right-
3 MR. HAYES:
4 Q. I wonder, Mr. Chairman, if I could have an
5 indication of whether the witness has that available
6 to him.
7 A. I do have page 4 of the financial consultant's
8 report to the Board of Commissioners, REPU-4. I
9 think -- is that what you're referring to, Ms.
10 Henley Andrews?
11 MS. HENLEY ANDREWS:
12 Q. Yeah, I'm referring to the report of July 22nd,
13 1996.
14 A. Just -- could you repeat that please?
15 Q. The Doane Raymond report of July 22nd, 1996.
16 A. July 22nd. Yes, that's correct. I have that in
17 front of me, yes.
18 Q. Okay. And on the bottom of page 4, Target stated
19 the objectives of their assignment as approved on
20 December 17th, 1994 as follows, and then there's a
21 quote as to what it is, which was "to assist
22 Newfoundland Power in halting recent competitive
23 inroads and then expanding Newfoundland Power's
24 share of the home heating market in the short run

1 and the long run."
2 A. Yes, I see that. Yes.
3 Q. And you were asked questions about page 5 which says
4 "the Target proposal also stated that the marketing
5 objectives would be:" and then there were four
6 bullets down below.
7 A. That's correct, yes.
8 Q. And I thought that you had indicated that
9 Newfoundland Power didn't necessarily agree with all
10 of those objectives. That they were more ambitious
11 than Newfoundland Power's intention?
12 A. Yes. My recollection is that I made the comment or
13 the observation that we found it a bit difficult to
14 explain to an advertising agency that you can sell
15 too much of anything and obviously you can in our
16 situation.
17 Q. Well, my question relates to the proposal which is
18 that the proposal must have been in response to
19 something, in response to a request from the
20 Company-
21 A. Yes, there were -
22 Q. Of some sort -
23 A. Yes.
24 Q. To develop a proposal.

1 A. I'm clear now, yes, on your question.
2 Q. Okay.
3 A. There was a letter sent by our Manager of Energy
4 Management to Target Marketing asking them to
5 develop a proposal along these lines and there was a
6 letter of that nature from our manager to Target,
7 yes.
8 Q. Could you provide a copy of that letter?
9 A. I believe we can. I don't have it with me but we
10 could get one, yes.
11 Q. I'd like an undertaking to provide a copy of that
12 letter.
13 MR. HAYES:
14 Q. You have that undertaking.
15 MS. HENLEY ANDREWS:
16 Q. Thank you. One of the questions Mr. MacDonald asked
17 you concerned the optimization of meter routes and
18 you had indicated that even though you went to
19 monthly meter readings, that the extra cost would
20 only be in the first year or so and that by 1997,
21 there would be no extra cost?
22 A. Yes, that's correct, yes.
23 Q. Why haven't you optimized your meter groups before
24 now?

1 A. The main difficulty, I guess, with optimizing meter
2 routes is that it means that customers have to have
3 their, the date on which their bill is due or time
4 the meter is read and consequently, the date that
5 their bill is due, has to be switched around and
6 that's--for many customers, that's a significant
7 inconvenience and we didn't want to do that at the
8 same time as we were introducing the bi-monthly
9 meter reading. So we didn't want to optimize and
10 introduce bi-monthly at the same time.

11 Q. But you've already told us that the bi-monthly meter
12 reading was not well received by many of your
13 customers, so I mean, would there have been that
14 much more of an outcry from optimizing your routes
15 at the same time?

16 A. Well, we felt there would have been, yes.

17 Q. But, if you optimized your meter routes now, without
18 going to a monthly meter reading, then you would
19 have an overall saving.

20 A. Yes, that's correct.

21 Q. You were asked some questions about the Energy
22 Consultants and you indicated that the Energy
23 Consultants' positions are temporary and that
24 they've been in their jobs about a year, but that

1 their temporary assignments are done on a three
2 month basis which will be really, up at the end of
3 August of 1996?

4 A. I think what I explained was that they were in fact,
5 as you say, in temporary assignments. Those
6 positions are temporary and we talked about them
7 being regular employees who had been reassigned. I
8 believe what I said is that the year's temporary
9 assignment would be up in August and that we had
10 arranged to, through consultation and discussion
11 with the union, because there are a number of union
12 members involved, had arranged to have an additional
13 three month evaluation period so that instead of
14 having the--the trial be a year, we've moved it to
15 15 months.

16 Q. In NP-40.

17 A. I don't have that with me. I'll need a copy.

18 Q. That was a new one I think, within the last day or
19 so.

20 MR. HAYES:

21 Q. Ms. Henley Andrews, is what you're referring to, the
22 undertaking with respect to the status reports on
23 the various projects in the -

24 MS. HENLEY ANDREWS:

1 Q. No, it was a breakdown of the budgets of the
2 corporate communications and energy management
3 departments.

4 MR. HAYES:

5 Q. I don't think that's NP-40, maybe I've got it
6 mislabelled.

7 MR. KENNEDY:

8 Q. Yeah, I've got it marked as NP-40.

9 MR. HAYES:

10 Q. Oh, do you? Okay.

11 MS. HENLEY ANDREWS:

12 Q. Do you have that?

13 A. Yes, I didn't recognize it as NP-40 but I do have
14 it, yes.

15 Q. Okay. All right.

16 MR. HAYES:

17 Q. My apologies. I had it mislabelled.

18 MS. HENLEY ANDREWS:

19 Q. Well, it's equally possible that I have it
20 mislabelled, but anyway--in that, and if I look at
21 the 1995 budget cost, it shows Energy Consultants as
22 a total of 543,198?

23 A. Just--we're looking at which sheet now, 1996.

24 Q. We're looking at 1995 costs.

1 A. 19--for Energy Management function?

2 Q. No, for Energy Consultants.

3 A. 543,198. Yes.

4 Q. But when I look at 1996, there's a split between
5 Energy Consultants residential and Energy
6 Consultants commercial and there's a cost of \$1.15
7 million in total.

8 A. That's right, yes.

9 Q. Do you have that many more or what is the
10 explanation of the increase in the cost?

11 A. The difference there is largely due to the fact that
12 the 1996 budget represents this year, it's an
13 entirety and the cost for last year represented them
14 being appointed in August and starting up in
15 September and some of them even a little later than
16 that. But it's just a difference of a partial year
17 compared to a full year.

18 Q. Now, these budget figures, do they include the extra
19 three months beyond August?

20 A. Budget figures include the full year for 1996, yes.
21 Yes, they do. When we originally planned to go to
22 August, we weren't sure, so it was budgeted for the
23 full year, yes.

24 CHAIRMAN: