

1 New Brunswick Board of Commissioners of Public Utilities

2

3

4

5 In the Hearing of an application by NBP Distribution and
6 Customer Service Corporation (DISCO) for approval of a charge
7 to its Charges, Rates and Tolls - Customer Service Policies

8

9

10 Delta Hotel, Fredericton, N.B.

11 December 6th 2006

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45

46

47

Henneberry Reporting Service

48

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

INDEX

Neil Larlee, Rock Marois and Lynn Arsenault

Cross by Ms. Desmond - page 286

By the Board - page 303

A-11 - Undertaking dated Monday, December 4th 2006,
undertaking number 3 - page 285

A-12 - Undertaking dated Tuesday, December 5th 2006,
undertaking number 7 - page 285

A-13 - Undertaking dated Tuesday, December 5th 2006,
undertaking number 8 - page 285

A-14 - Undertaking dated Tuesday, December 5th 2006,
undertaking number 9 - page 285

A-15 - Undertaking dated Tuesday, December 5th 2006,
undertaking number 11 - page 285

A-16 - Undertaking dated Tuesday, December 5th 2006,
undertaking number 12 - page 285

A-17 - Undertaking dated Tuesday, December 5th 2006,
undertaking number 13 - page 285

A-18 - Undertaking dated Tuesday, December 5th 2006,
undertaking number 10 - page 356

ID-5 - Overview of Residential Customers 05/06 - page 312

Undertakings

page 300 - report

A-13 - Undertaking dated Tuesday, December 5th 2006,
undertaking number 8 - page

A-14 - Undertaking dated Tuesday, December 5th 2006,
undertaking number 9 - page

A-15 - Undertaking dated Tuesday, December 5th 2006,
undertaking number 11 - page

1

- 2 -

2 A-16 - Undertaking dated Tuesday, December 5th 2006,
3 undertaking number 12 - page

4 A-17 - Undertaking dated Tuesday, December 5th 2006,
5 undertaking number 13 - page 285

6

1 New Brunswick Board of Commissioners of Public Utilities

2

3

4

5 In the Hearing of an application by NBP Distribution and
6 Customer Service Corporation (DISCO) for approval of a charge
7 to its Charges, Rates and Tolls - Customer Service Policies

8

9

10 Delta Hotel, Fredericton, N.B.

11 December 6th 2006

12

13

14 CHAIRMAN: David S. Nelson

15

16

17 COMMISSIONERS: Randy Bell
18 Diana Ferguson Sonier
19 Patricia LeBlanc-Bird
20 H. Brian Tingley

21

22 BOARD COUNSEL: Ellen Desmond

23

24 BOARD STAFF: John Lawton
25 Doug Goss

26

27 BOARD SECRETARY: Lorraine Légère

28

29

30 CHAIRMAN: Good morning, In the matter of an application

31 dated March 21st 2005 by New Brunswick Power Distribution

32 and Customer Service Corporation for approval of a change

33 in charges, rates and tolls, customer service portion.

34 Could I have appearances please?

35 MR. MORRISON: Good morning, Mr. Chairman, Commissioners.

36 For the Applicant Terrence Morrison and with me at counsel

37 table is Lori Clark and Mike Gorman and of course our

38 panel.

39

2 CHAIRMAN: Vibrant Communities?

3 MR. PEACOCK: Good morning, Mr. Chair. Kurt Peacock here.

4 I can assure you I haven't switched team. I just needed
5 closer access to a plug.

6 CHAIRMAN: As I said, I automatically looked over here for
7 you. Informal intervenors?

8 MR. YOUNG: Good morning, Mr. Chairman, Commissioners. For
9 Utilities Municipal Dana Young and with me I have Dan
10 Dionne, Mike Couturier and Marta Kelly.

11 CHAIRMAN: Public Intervenor?

12 MR. HYSLOP: I was going to put him out on waivers but I'm
13 glad he's still on the team, Mr. Chair. Peter Hyslop, Mr.
14 O'Rourke, Mr. Hegler and Ms. Power.

15 CHAIRMAN: I have got to say, Mr. Peacock, you make these
16 hearings sort of interesting. Staff Public Utilities?

17 MS. DESMOND: Good morning, Mr. Chairman, Ellen Desmond and
18 with me is Doug Goss and John Lawton.

19 CHAIRMAN: Are there any preliminary matters?

20 MR. MORRISON: Yes, Mr. Chairman, there are a number of
21 undertakings which have been provided to the Board
22 Secretary that we should get marked. I believe once these
23 are marked that will be all of them except one, which is
24 undertaking number 10 which deals with the pro-forma
25 contract and that is being photocopied as we speak.

2 CHAIRMAN: Undertaking dated Monday, December 4th 2006,
3 undertaking number 3, that will be A-11. Undertaking
4 dated Tuesday, December 5th 2006, undertaking number 7,
5 which will be marked A-12. Undertaking dated Tuesday,
6 December 5th 2006, undertaking number 8 will be A-13.
7 Undertaking dated Tuesday, December 5th 2006, undertaking
8 number 9 will be A-14.

9 I wonder if anybody has calculated how much tonnage of
10 paper we have used in these hearings?

11 MR. MORRISON: I think Ms. Clark could probably give you a
12 pretty good estimate.

13 CHAIRMAN: The only problem is this paper is not produced in
14 New Brunswick. No mill in New Brunswick produces bond
15 paper.

16 Undertaking dated Tuesday, December 5th 2006, undertaking
17 number 11 will be A-15. Undertaking dated Tuesday,
18 December 5th 2006, undertaking number 12 will be marked as
19 A-16. Undertaking dated Tuesday, December 5th 2006,
20 undertaking number 13 will be marked as A-17.

21 Are there any other preliminary matters?

22 MR. MORRISON: That's all for the Applicant, Mr. Chairman.

23 CHAIRMAN: Beg your pardon?

24 MR. MORRISON: That's all for the Applicant.

25 CHAIRMAN: All for the Applicant. Mr. Hyslop?

1 - 286 - Cross by Ms. Desmond -

2 MR. HYSLOP: I have nothing, thank you, Mr. Chair.

3 CHAIRMAN: Ms. Desmond, are you ready to carry on with your
4 cross?

5 MS. DESMOND: Yes, thank you.

6 CROSS-EXAMINATION BY MS. DESMOND (continued):

7 Q.515 - Good morning. I just wanted to start by following up
8 with a question that arose from our discussion yesterday
9 in respect to the RSP manual and the training manuals.
10 I'm wondering if you could confirm that all of the current
11 practices that are not documented in the RSP manual are in
12 fact documented in the training manual?

13 MR. LARLEE: The RSP manual is a policy document and
14 practices and procedures and other types of information
15 relayed to employees would go through many, many different
16 channels, training materials, specific written procedures,
17 some of which have been filed here.

18 Some of the material would be given through training and
19 orientation to supervisors and it would be the
20 supervisors' responsibility to pass that on to employees.

21 So there would be many different channels where employees
22 would get their instructions on basically how to do their
23 day to day activities.

24 Q.516 - So given that the material comes from a number of
25 different channels and is communicated in a number of

2 different ways, how is it that you can ensure that all of your
3 customers are treated equally?

4 MR. MAROIS: I think that's the reality of managing any
5 business. I mean if you want to ensure consistency it
6 requires again different approaches. Like we mentioned,
7 some of the things are in -- training manuals, for
8 example, or procedures are the same across the province.
9 But a lot of it is done through just ongoing supervision,
10 discussions. Like we have got for example people across
11 the province in certain specific areas that meet on a
12 regular basis to compare notes to ensure that what they
13 are doing are indeed consistent.

14 One of the projects we have underway right now I think
15 will help us down that path as well is we are going to be
16 reviewing all our key processes across the company to
17 ensure that we can improve them, but also to ensure that
18 we make them consistent in every areas.

19 One of the things that we have done that I think was part
20 of our cost reduction measures but also I think has helped
21 us improve consistency is for example we have reduced the
22 number of regions from five to three. So by having only
23 three regions now this helps us ensure better consistency
24 across the province.

25 So I think it's an ongoing challenge, but it's the

2 same with any company. You do it through different means and
3 part of it is just good old dialogue to ensure that indeed
4 you are doing things the same way.

5 Q.517 - I believe the panel heard the scenario presented to
6 them last evening with respect to a gentleman named
7 George, and one of the questions we have is whether or not
8 there is any way that DISCO could make a program available
9 that those who are experiencing payment difficulties could
10 move to an equalized payment plan, and if that's not a
11 possibility, why not?

12 MR. MAROIS: Well I think it is happening right now, because
13 somebody that is having difficulty doing their payments we
14 will deal with them on a one by one basis. And one of the
15 objectives is to implement an instalment plan. An
16 instalment plan is very similar to equalized billing where
17 you spread out your debt over a fixed amount. So that
18 option is available.

19 Unfortunately our past experience has demonstrated that --
20 and I know this is counterintuitive because common sense
21 would tell you that if people have equal payments each
22 month it should make them -- it should make it easier for
23 them to manage their budget. But at one point in time we
24 were more liberal in implementation of our equal billing
25 plan and the people that do not pay their bills

2 were not paying them even if they were on equal billing plans.

3 So maybe for some people it was of assistance. For some
4 people it didn't seem to resolve the issue and we were
5 still facing that.

6 What that does for us it compounds an already difficult
7 situation, because contrary to other utilities, we allow
8 people to get on the equal billing plan any time of the
9 year. And fate would have it that I think it's 82 percent
10 of our customers get on the equal billing plan in the
11 fall. So what that means is we finance the customers
12 through the equal billing plan because they get on us in
13 the fall, they pay an equal amount, but then the bigger
14 bills are incurred the fall, winter, so they are I guess -
15 - their account is in a debit position, and then in the
16 spring they pay off. So if that's the case you are
17 already kind of financing the customers through equal
18 billing plan, and then if you have customers that are on
19 the equal billing plan that do not pay their monthly
20 payments, it just compounds an already difficult
21 situation. So unfortunately there is not an easy answer.
22 But like I say, we do work with our customers to establish
23 an instalment plan wherever possible.

24 Q.518 - For those that are attempting to manage their bill, is
25 this an area where DISCO would apply judgment and would

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

allow somebody to move to an equalized billing payment?

MR. MAROIS: The current equal billing plan is available to anybody that is paid up. So if you don't have any arrears you can access the program.

Where our personal struggle is -- and I come back to my opening comment about I believe that providing assistance is a good thing, the issue is how do you provide that assistance. And throughout this hearing we have heard different alternatives. Some was foregoing the security deposit, some was reducing the late payment charge, some was create a fund.

I believe before embarking on that you have to analyze the pros and cons -- well first of all you have to decide do you want to do it, and my thinking is because we are a Crown corporation this should be a policy decision, but once a policy decision has been made what is the best way of doing it.

And I don't have the pretension to know because you can't do it all, because each of these initiatives has a cost and you have to choose which is the best one to do and which one has the less perverse effect Because if you do something that has a hidden cost, for example that builds up your bad debt, well all customers will pay for that. So I find it's a very difficult question to answer.

2 It also raises the other question that I pose, that is no
3 matter the program you have is who qualifies for it, who
4 determines who qualifies. And if you waive for example, a
5 security deposit or -- who is eligible for it. For me
6 that's a tough question.

7 Q.519 - But, sir, if conditions are developed and as an
8 example you might say if you miss a payment, then you are
9 off the equalized billing plan, if DISCO could develop
10 some kind of a condition and if there is good faith, which
11 I think we have heard used quite a bit over the last few
12 days -- if there is a demonstration of good faith, would
13 DISCO be prepared to consider looking at providing people
14 who have demonstrated good faith with an opportunity to
15 try the equalized billing plan?

16 MR. MAROIS: We are always prepared to be more flexible and
17 look at options, and yes, we are more than willing to
18 revisit our policy. I will give you an example of a
19 perverse effect. If somebody goes on equal billing in the
20 fall and -- so they are going to accumulate a balance
21 because they are going to consume more than they are
22 paying. And if they miss a payment then, to use your
23 example, we take them off the plan, all of a sudden they
24 owe a big balance. Is that good or bad? I don't know.
25 But it's just the thinking you have to do. Sometimes you

2 do something with the best of intentions but it can have a
3 perverse effect. So yes, we will be flexible, but we
4 don't want to worsen the situation either by trying to do
5 something good.

6 Q.520 - You would agree that if they are not moved to the
7 equalized billing plan and given an indication that there
8 will be no disconnects in the winter anyway, they are
9 going to be in a situation where they are going to have a
10 large bill. So to suggest that they will be left with a
11 large bill if they miss a payment, in fact they will have
12 even a larger bill in the spring given the current policy,
13 is that correct?

14 MR. MAROIS: Well I don't think anybody portrayed the no
15 disconnect policy as being a panacea. That is the
16 unfortunate thing is yes, it prevents somebody being
17 disconnected in the winter but the debt still stands. And
18 that's part of the challenge.

19 And that's why we have always tried to work with the
20 customer because we found that if the customer could make
21 any instalment on their account, it would be in their
22 benefit because it helps -- it helps reduce the likelihood
23 that their account would balloon to a point that it's out
24 of control.

25 So that's why it's so tough and that's why it's so

1 much a case by case situation where I don't think it's
2 necessarily doing somebody a favour by just saying, okay,
3 that's fine, we won't disconnect you, you don't have to put
4 anything on your account. The debt will still be there
5 and growing.

6 So it's a very, very difficult challenge to try to strike
7 the proper balance between being empathetic but at the
8 same time helping the customer and helping recover the
9 outstanding amounts.

10 Q.521 - I appreciate you have to strike a balance. But is
11 DISCO prepared to exercise some judgment to allow that
12 plan to be available if there is a demonstration of good
13 faith and a willingness by the client to work with DISCO
14 even if there is an arrears?

15 MR. MAROIS: What I am prepared to do is determine if that
16 is the right thing to do to incorporate more flexibility.

17 I am not certain I am able to make a decision at this
18 stage if it is the right thing to do. I really don't
19 know.

20 Q.522 - Can I bring your attention to Appendix 2 in binder
21 volume 2 of 2, appendix 2? And it starts at page 4. And

22 I just want to clearly understand your Dunning --

23 CHAIRMAN: Ms. Desmond, could you just repeat what page and
24 binder?
25

2 MS. DESMOND: Sorry. It is volume 2 of 2 so it is the
3 appendices, appendix 2 and page 4 of appendix 2. It is
4 the second volume with the appendices.

5 Q.523 - And I just want to run through the Dunning notice
6 process. And could you confirm that if a customer owes
7 more than \$100 on their bill, they would be sent a super
8 friendly Dunning notice and a point would be added against
9 their credit worthiness. Is that correct?

10 MS. ARSENAULT: The credit worthiness is an internal scoring
11 mechanism that we have. And what it does is it determines
12 what collection activity is going to be taken. So in the
13 example that you have used there, that is correct. If it
14 is a customer that has a minimum of arrears of at least
15 \$100, and the customer has not made a payment and the age
16 of the arrears are 11 days past the invoice due date, then
17 yes, a super friendly reminder notice would be sent to the
18 customer because we would not have received any activity
19 on that customer's account.

20 And those reminder notices are automatically sent based on
21 the credit worthiness of the customer.

22 Q.524 - Okay. So following another 10 days, then a customer
23 would get a second notice and an additional 2 points again
24 would be against their credit rating. Is that correct?

25 MS. ARSENAULT: That is correct. If the customer has not

2 made a payment subsequently after 10 days and there has been
3 no activity on that customer's account, no call made to us
4 to advise us of either an instalment plan or that they are
5 going to make a payment, then another notice would be sent
6 to the customer.

7 Q.525 - And is it correct that 10 days later they would get a
8 third notice and 3 additional points against their credit
9 rating. Is that correct?

10 MS. ARSENAULT: That is correct. And extra 10 days and if
11 there has been no activity on the account, we send another
12 notice to the customer.

13 Q.526 - So in a 30 day period, three reminder notices would be
14 sent. Is that accurate?

15 MS. ARSENAULT: If the customer is in the low risk and from
16 that we determine based on the number of you want to say
17 points or scoring that we have on that activity, then yes,
18 that is what would take place.

19 Q.527 - And in addition to these notices, what other action
20 would you take before disconnecting the customer?

21 MS. ARSENAULT: I would like to clarify that. The first
22 indication to the customer is of course the invoice. So
23 the bill that they would have received and then subsequent
24 to that.

25 So the question was what other actions would take

2 place? Again, the scoring mechanism that is used internally
3 is to determine the priority -- not the priority, pardon
4 me, the collection activity that should take place. And
5 what is that collection activity? Either a reminder
6 notice or a contact, a call to the customer.

7 We know that 50 percent of the first notices that are sent
8 out, customers respond. They either give us a call or
9 make a payment. And so reminder notices are cost
10 effective because there is no, if I can say, human
11 intervention.

12 So the next step after the third notice would be a call to
13 the customer.

14 Q.528 - If I could just draw your attention to VCSJ IR-1. The
15 way I read this information is that in its fiscal year
16 2005/2006 DISCO had disconnected a total of 4,900 times
17 roughly for non-payment. And I also understand from the
18 evidence that in excess of 680,000 late payment or
19 disconnect notices were sent in the same time frame. Is
20 that accurate?

21 MS. ARSENAULT: What I would like to mention is under table
22 2, page 2 of VCSJ IR-1 there is a note there that these
23 numbers include all types of letters. At the time that we
24 were compiling this information we did not have a report
25 that differentiated the different types of notices. So

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

this number is all-inclusive of all types of letters that we send to our customers, which would include as well some of our instalment plan letters, notices and some reminders.

Q.529 - Assuming that a portion of that 680,000 is a notice or a payment plan, would you agree that a significant number of reminders are sent -- a very high proportion of reminders are sent in relation to the number of actual disconnects, is that a fair statement?

MR. MAROIS: Yes. And it's consistent with the fact that disconnects are always a last resort. So what we are trying to do is collect money before having to resort to disconnects. And it works.

I mean one thing maybe -- I don't know if the Board would be interested in this, but in preparing for this today, I had to go to a similar reflection and what I have prepared is kind of a table that shows the different steps of what happens at different stage of the process. And for example, each month we send 300,000 residential bills. 81 percent of the customers pay on that bill. So right off the bat 81 percent pays. So that leaves 19 percent or 57,000 customers in arrears.

We send these notices. 36,000 pay on those notices. So 63 percent of those who are in arrears pay by the

1 - 298 - Cross by Ms. Desmond -

2 notices. So that's why it has to be a stage process because a
3 lot of people, they just need a reminder to pay, they
4 won't pay the bill. So it goes on and on. So you try to
5 eliminate as much as you can the amount of the customers
6 at the end of the day who will need to be disconnected
7 because you don't want to disconnect, you want to recover,
8 you want to collect.

9 Q.530 - And I think that's reasonable. However, when Ms.
10 Arsenault indicated that 50 percent of individuals respond
11 to a notice, how can you be sure they are responding to
12 the notice? Maybe they simply were away or the bill got
13 lost in their pile of mail and they would have paid
14 anyway. So has there been a study to determine that in
15 fact they are responding to the notice?

16 And if I could bring your attention to your A-6 -- your
17 response to undertaking A-6, which is the survey that
18 DISCO did, I believe in your response only eight percent
19 of the customers indicated that they actually paid in
20 response to the letter.

21 So how can you be sure that in fact they are responding to
22 the notice when -- if you haven't demonstrated that they
23 might have paid in any event?

24 MR. MAROIS: I guess the only response I could give to that
25 is you never know for sure, but I just want to bring --

2 like you pointed us to table 2 and you were showing 681,000
3 notices. It sounds like a big number. But on a yearly
4 basis we send out -- we send out 3,840,000 bills. So 681
5 divided by 3,840,000, so that's what, 18 percent of our
6 bills roughly that we send notices. So yes, that's a big
7 number. When you put in perspective the amount of bills
8 you send annually, it's not that big.

9 Q.531 - But what percentage of those clients are actually high
10 risk clients? I had understood that there is a low risk
11 and the bulk of your customers are low risk. Then there
12 is medium risk and most of those customers pay again. So
13 only a small portion of your customers are actually the
14 high risk. And I would suggest that that's a significant
15 number of notices for a small portion of your customers.

16 MR. MAROIS: Well I'm not sure how you are basing your
17 comment. I mean, I think it's not based on facts. I mean
18 the issue is that's why we have a credit scoring process,
19 because you want to adjust your number of notices based on
20 payment behaviour. So I mean I'm not able to say that if
21 it's too much or it's not enough. It's working. It's
22 getting results. It's a cost-effective way of collecting
23 money. And we adjust the process based on past payment
24 behaviours.

25 Q.532 - Are you able to provide to the Board the report you

2 referenced just a minute ago? Could we have that available
3 for review?

4 MR. MAROIS: Which report, to top off this? Yes, we can
5 file it.

6 Q.533 - Can I bring your attention to RSP section D-2 --

7 CHAIRMAN: Excuse me, Ms. Desmond. Mr. Morrison, could you
8 ask your client to supply us with, you know, copies of it
9 now? Would that be possible?

10 MR. MORRISON: It will take a few minutes, but yes, we can
11 do that.

12 CHAIRMAN: Good.

13 MS. DESMOND: Would you like me to proceed, Mr. Chair, or
14 did you want to wait for that material?

15 Q.534 - I am just going to reference the first paragraph of
16 that section where it says that if NB Power facilities or
17 rental facilities on the customer's premises are damaged
18 by other than ordinary wear and tear, the customer will
19 pay NB Power the charges associated with repairing or
20 replacing those facilities.

21 And our question is what if damage is caused by something
22 other than the client, for example, the previous ice storm
23 that we are all familiar with, or an act of God. Would
24 you charge a customer for damage in that situation?

25 MR. LARLEE: No. No, we don't, for acts of God, for

2 instance, if there is fire, lightening strike, that sort of
3 thing there wouldn't be any charge. As a matter of fact,
4 in the RSP manual it's quite clear that for fire we don't
5 even charge for the disconnect, and that's simply based on
6 safety reasons.

7 Probably the best example of where we would charge is if a
8 customer for whatever reason is unhappy with the
9 performance of their meter and smashes it with a baseball
10 bat, this type of thing.

11 Q.535 - That's a very good example, but what about the
12 situation like an ice storm, why is it not clear in the
13 manual that situations or damage not caused by the client
14 or not caused by NB Power would not be charged to the
15 customer?

16 MR. LARLEE: I think if you look at RSP 01 there is a list
17 of situations at the bottom half of the page where a
18 service call fee is not applicable to the following
19 services, and there it is clear to me that it says any
20 incident not the fault of the customer.

21 Q.536 - That's with respect to the service call fee, is that
22 correct?

23 MR. LARLEE: Yes, that's correct.

24 Q.537 - What about the equipment?

25 MR. LARLEE: There is nothing in the manual that -- to my

2 recollection specifically to acts of God.

3 Q.538 - It would appear that D-2 does require the customer to
4 pay for the equipment.

5 MR. LARLEE: Well I think because our practice is that acts
6 of God we wouldn't ask the customer to pay, that's a
7 clarification we certainly could add to the manual.

8 Q.539 - Could you direct us to where in the RSP manual the
9 rates for pole attachment is shown?

10 MR. LARLEE: I assume you are referring to the pole
11 attachment rate specific to Rogers for cable TV equipment?

12 Q.540 - That's correct.

13 MR. LARLEE: No, it doesn't appear in the manual.

14 Previously that was a charge that the Board hadn't ruled
15 on and it was a specific agreement between ourselves and
16 one of the joint users of our facilities. It wasn't felt
17 that that or any other aspect of the contract should
18 necessarily appear in the RSP manual.

19 Of course this is a new charge that has been ruled on by
20 the Board. So as things change it's something we might
21 consider putting in the manual.

22 Q.541 - I understood the manual includes all rates and
23 charges. So would it not be appropriate to have that rate
24 clearly identified in the manual?

25 MR. LARLEE: I think now that we have a ruling by the Board

1 I would agree.

2 MS. DESMOND: Thank you. That concludes our questions.

3 MR. MORRISON: We have that document, Mr. Chairman, but I
4 think we are just waiting for the Board Secretary to
5 return. Perhaps we can chat for a moment. I know that
6 the Commissioners will have questions of the panel, and
7 after that is concluded I think we will be moving into
8 final submissions.

9 I would ask the Board if I could have 20 minutes to a half
10 hour before we move into final submissions. Just that I
11 had some technical problems getting some notes from my
12 office this morning, so --

13 CHAIRMAN: We were going to do that anyway. We were going
14 to allow half an hour before. I understand my fellow
15 Commissioners have some questions, but I just -- the
16 reason I asked for this, Mr. Marois, is -- the fact is,
17 you know, you are using some figures here, percentages and
18 all, and what you are saying here is 300,000 customers
19 which is 100 percent, 243,000 paid on time which is within
20 30 days of the receipt of the invoice?

21 MR. MAROIS: Yes, within the due date.

22 CHAIRMAN: Okay. And then you have a figure 57,000 in
23 arrears which is 19 percent, and then you have down here
24 36,000 paid upon receipt of reminder notice, 63 percent.

1
2 So in a 60 day period what is the percentage of customers that
3 paid within that 60 day period out of the totals?

4 MR. MAROIS: Just to make sure one thing before I forget,
5 this only is for residential.

6 CHAIRMAN: Yes, that's fine. This is what I'm talking
7 about.

8 MR. MAROIS: Well subject to check it would be 242,000 plus
9 the 36,000, so that gives you 279,000 divided by 300. So
10 roughly 93 percent of your customers will have paid within
11 60 days. And then the 9,000, although they haven't paid
12 they have made the instalment plan. So they still have an
13 outstanding amount but at least they have committed to
14 pay.

15 CHAIRMAN: Okay. So they made the financial arrangements.

16 MR. MAROIS: Yes.

17 CHAIRMAN: So in that 60 day period -- they would have had
18 to make that arrangement in the 60 day period?

19 MR. MAROIS: Exactly.

20 CHAIRMAN: So what then is the total percentage of your
21 customers that in the 60 day period have paid?

22 MR. MAROIS: So it's 243 plus 36 plus 9, so that gives
23 288,000 divided by 300,000. So it's 96 percent.

24 CHAIRMAN: 96 percent. So four percent goes beyond we will
25 say the 60 day period.

2 MR. MAROIS: Generally speaking. This is an approximation.

3 CHAIRMAN: Okay. So I guess what I'm trying to do here is
4 do a, you know, receivable aging, you know, whereas, you
5 know, I look at this and I'm saying, so 96 percent has
6 either paid, made arrangements or whatever in the 60 day
7 period. So we are safe in saying that?

8 MR. MAROIS: Yes. And I think that's what allows us to
9 minimize the number of disconnects at the end of the day,
10 because you try to collect the money as soon as possible
11 after it's due.

12 CHAIRMAN: So basically we have 12,000 customers that are
13 into the 60 plus days.

14 MR. MAROIS: Yes. And that's where you have to get into the
15 nuances. These customers are scheduled for disconnects
16 for a variety of reasons. One of them is someone you
17 can't reach, some are not willing to collaborate and all
18 that. So they get scheduled. But surprisingly 50 percent
19 -- 58 percent of those that get scheduled pay before being
20 disconnected. So it's just kind of a -- these people need
21 this further kind of reminder or notice to pay.

22 CHAIRMAN: So we are down now to 6,000 people.

23 MR. MAROIS: 5,000 that are --

24 CHAIRMAN: In that five, 6,000.

25 MR. MAROIS: Yes. If you look down the sheet about

2 two-thirds, out of the 12,000 that gets scheduled for
3 disconnect, 7,000 effectively pay before they get
4 disconnected. That leaves 5,000 that get disconnected,
5 but out of those 5,000, 2,000 pay in full right after,
6 1,000 make financial arrangements.

7 So it's really at the end of the day you have got 2,000
8 customers that either vacate their premises or move out or
9 move into a premise that has electricity built to their
10 rent, something like that. And --

11 CHAIRMAN: Okay. They could be students. I mean have you
12 done a percentage of students or situations or anything
13 like --

14 MR. MAROIS: We don't know for sure but we can extrapolate
15 based on the time of year.

16 CHAIRMAN: Yes. Okay. So really we are looking at five,
17 6,000 people. Now how many people do you have in
18 collection? If my memory serves me right, I'm going back
19 into the annals of a year-and-a-half later of information.
20 It's around -- it started out at 42 people and then you
21 are down to 26 people?

22 MR. MAROIS: We can bring you -- we have got a specific IR
23 that has that information. In response to PI IR-16 we
24 provided an organizational chart of the entire retail
25 customer marketing group and we showed separately the

2 amount of people working in collection. Lynn can speak to
3 it.

4 MS. ARSENAULT: Specific to the collections activity we have
5 23 agents and two supervisors and one manager.

6 CHAIRMAN: So I guess, and I'm going to be generous in this,
7 so the fact remains that 96 percent of your clientele pay
8 within 60 days, period, right? So you have remaining
9 12,000. So you have 23 people plus two supervisors and a
10 director responsible to collect from those 12,000?

11 MR. MAROIS: I don't think that's a fair assessment. I
12 think the reason you have got 80 percent that pay -- or a
13 higher number that pays is because you got people doing
14 the notices, doing the follow-ups and all that.

15 CHAIRMAN: Well I guess, and I don't want to interject here,
16 but 81 percent -- you said 81 percent pay within this 30
17 days.

18 MR. MAROIS: That's correct.

19 CHAIRMAN: So then, you know, to the extent --

20 MR. MAROIS: What we have got here is the typical 20/80
21 rule. You have got a small percentage of the customers
22 that require a lot of work. And that's why I started by
23 saying things like late payment charges are part of trying
24 to treat your customers fairly, because you incur a lot of
25 costs to recover amounts from a small group of customers.

2 These costs would be borne by all other customers. So that's
3 where you get into the fairness issue and that's a
4 challenge.

5 CHAIRMAN: Well I guess I'm going back to the 5,000
6 approximately or whatever, or the 7,000 -- we will take
7 the 12,000. But -- because there is always situations
8 there. But would it be safe to say that you have ongoing
9 situations with certain of your customers. Like I mean
10 are these a continual -- how can I say -- the same names
11 appear in a lot of cases?

12 MS. ARSENAULT: Yes, that is correct.

13 CHAIRMAN: Okay. So it's an ongoing -- in these situations
14 how do you deal with them? Like directly, do you deal one
15 on one, face to face, try to work with these people to try
16 and resolve these situations, or do we do it over the
17 phone or by sending Dunning letters?

18 MS. ARSENAULT: The majority of the interaction is over the
19 phone with the customer. In some cases they may want to
20 come into one of our offices to speak to an individual.
21 The majority of those interactions though are over the
22 phone, if the customer is available to discuss with us.
23 In some cases some customers are not providing their phone
24 number or their phone has been disconnected and then we
25 need to go to sending letters. But the majority of

2 those cases are over the phone.

3 And as well I would like to add that if we need to result
4 to send a disconnect notice out, so the customer service
5 representative, the individual going to the home, actually
6 does make an attempt there as well to discuss with the
7 customer and to find out the situation and report that
8 back to our office.

9 CHAIRMAN: Is there any question of literacy when you send
10 these notices out, of somebody being able to not read
11 them?

12 MS. ARSENAULT: That could be a situation, and that's why we
13 make always an attempt with telephone.

14 CHAIRMAN: I guess what I'm driving at here is that there is
15 a small -- I'm not saying it's a large number, I'm not
16 saying it's a small number, but there is a number of
17 people in a situation that they find themselves it's a
18 continual problem for everybody, for them, you, you know,
19 the company.

20 And I guess maybe I rally question the Dunning letters,
21 the phone calls, in the sense of somebody to go out and
22 sit down and resolve it once and for all and try to
23 resolve, you know, some sort of situation between the
24 customer and the company.

25 And so I throw it out in the sense that when I'm

2 looking at this and as I say when you have got 81 percent of
3 your customers paying in 30 days and 96 in 60, that's not
4 bad, you know. So we are only talking about four percent
5 and as you say that number whittles down to approximately
6 one or two percent.

7 So I mean it's just -- Mr. Marois, I was looking at all
8 these percentages here and I guess there was -- I look at
9 it from a different standpoint. I look at it as an aging
10 receivables standpoint and I think that sometimes we can -
11 - I know that you may have been trying to over -- you know
12 -- but I guess I try to simplify things down to a little
13 bit more on the basis of, you know, you have your aging
14 report going across, so --

15 MR. MAROIS: Like I said, I had done this mainly for myself
16 to try to understand the situation, but I agree there are
17 different ways to look at it.

18 But one comment I would like to make is I'm convinced that
19 the percentages are the way they are because we are paying
20 close attention to our collection. And I gave the analogy
21 of an accelerator in the car. In my mind as soon as you
22 ease off on your collection process these numbers would
23 change radically. So you always have to -- some people
24 will only pay if you send those reminders constantly and
25 things like that.

2 Yes, you are going to have a case where somebody is on
3 vacation, but most of the times it's going to be some
4 people just wait for the second reminder. So if you ease
5 off on those procedures and if you don't give the call for
6 that, these numbers might deteriorate pretty quickly.
7 So I'm really proud that in my mind we have struck this
8 balance between being diligent, managing the business
9 well, but showing compassion. And it's a fine balance.

10 CHAIRMAN: Now that you have got everybody into, you know,
11 with that kind of percentage is 96 percent in 60 days,
12 would it be -- would you look at possibly putting some
13 resources in another area in order to alleviate the
14 problems at the high end, the one or two percent that you
15 are dealing with that you have to -- you know -- the
16 problem that you have with disconnection on?

17 I know there is always going to be disconnects, okay. I
18 know that people are going to disappear in the night and I
19 know that situations and all that, but there must be a
20 percentage of your clientele that it's a continual thing.

21 And I guess what I am really questioning is how much
22 effort has been placed to try and resolve those problems
23 with those people?

24 MR. MAROIS: I guess maybe a couple of points. First of
25 all, it's constant evolution and we are refining the

2 process on a regular basis and try different things. Right
3 now what we have done is exactly the posit. We reduced to
4 only two people dealing with the disconnect phase to try
5 to get consistency and to avoid a customer that is not in
6 good faith calling once, trying to play one over the
7 other.

8 With only two people they are always in constant contact
9 and we know who is who and who is doing what. So that's
10 the current strategy and it seems to be working well.

11 The challenge I see in your thinking about trying to work
12 with the customer is what you have to offer. I mean if a
13 customer -- that's where you get into the social programs
14 or potential funding. Even if we went to visit somebody
15 on site for somebody that is in legitimate need, the only
16 solution might be to provide additional assistance, and so
17 I think we are limited to what we can do other than
18 showing flexibility and compassion. I mean we don't have
19 the solution to their financial needs unfortunately.

20 MS. DESMOND: Mr. Chairman, might I suggest that that
21 document be marked for identification?

22 CHAIRMAN: As an exhibit, or ID -- just ID it. ID-5. We
23 will mark the document as ID-5. I guess maybe -- see, I
24
25

2 have been quiet the last couple of days. I am feeling better.

3 COMMISSIONER BELL: This question is directed to Mr. Marois

4 and it is in respect to your corporate mission statement.

5 And I don't have a copy of the mission statement her

6 before me today but I am wondering if in fact the

7 principles and objectives of providing good quality

8 customer service are embodied in your mission statement?

9 Are they? Do you expressly state in your mission

10 statement objectives around customer service?

11 MR. MAROIS: Yes, we do because the mission statement refers

12 to reliability, for example. So in my mind that is one of

13 the key quality of service --

14 COMMISSIONER BELL: Reliability?

15 MR. MAROIS: Yes.

16 COMMISSIONER BELL: Yes.

17 MR. MAROIS: Yes, that we are trying to provide.

18 MR. MORRISON: I think the mission statement was filed

19 somewhere in this proceeding.

20 COMMISSIONER BELL: I apologize I don't have it here today.

21 MR. MORRISON: We can certainly put a copy on the record. I

22 know it is somewhere, Commissioner Bell.

23 MR. MAROIS: I know we are not going to recite it by heart

24 but my mind is kind of full with other -- but yes, it is.

2 MR. MORRISON: I have a blackberry version that I can recite
3 if that would help.

4 COMMISSIONER BELL: No, it's okay.

5 MR. MAROIS: But maybe I can jump from the mission statement
6 to the vision. Because the vision is we want to be one of
7 the best run utilities. And for me that means from many
8 perspectives.

9 It means from the perspective of cost, but it also means
10 from the perspective of customer service. And we have
11 just embarked in Disco on a pretty ambitious change plan.

12 And initially I was calling it a transformation plan but
13 maybe it was a bit too ambitious. But and it is based on
14 three pillars.

15 One of the pillars of our change plan is definitely based
16 on efficiency and productivity because that is part of
17 trying to keep your costs low. But it is not the only
18 one. The other pillar is know when to strike a balance
19 between cost and quality of service because that is the
20 only way -- I mean we have to strike the right balance
21 because if you want to try to keep your rates as low as
22 possible, manage your costs, you have to have a
23 corresponding service -- as mentioned during this hearing
24 that we are doing customer research right now to
25 understand what the customer is expecting. We are going

2 to have to try to reach that balance.

3 The other one too is we want to strike a balance between
4 cost and reliability. And I guess what we want to do
5 there is make sure that we have the right balance. We
6 want a reliable system but we don't want a gold-plated
7 system either. We want to design a system well to have
8 the adequate level that allows us to meet our reliability
9 target but at the same time try to be cost efficient in
10 the process.

11 So with these three pillars, we are confident that over
12 the next couple of years we are going to be able to
13 transform Distribution and Customer Service into one of
14 the best run utilities, if we are not already there in
15 some areas.

16 COMMISSIONER BELL: Do you feel that communicating with the
17 customer is an obvious pillar of providing good customer
18 service?

19 MR. MAROIS: Yes.

20 COMMISSIONER BELL: And as a follow-up from that, would it
21 also not mean that as part of good communication it would
22 -- it is a two way street, that you are open to customer
23 complaints and monitoring and tracking customer
24 complaints?

25 MR. MAROIS: The first part I agree. I am not -- I mean, I

1
2 think I have expressed my opinion on tracking customer
3 service. I mean, there is good in everything -- sorry
4 customer complaints.

5 But I am not certain how much it adds because tracking
6 customer complaints is challenging in a corporation like
7 ours. In my mind, what is more important is you instill
8 the culture in the business that you deal with issues as
9 they come up. And naturally things will always fall in
10 the cracks but when they do you address them as soon as
11 you can. And I mean, we are committed to addressing
12 concerns that are raised and I am confident we do, even if
13 we don't have a formal tracking system.

14 COMMISSIONER BELL: Does a formal tracking system need to be
15 very large and grandiose or can it be a sample from you
16 mentioned several entry points as being one of the
17 problems yesterday in providing this tracking system. But
18 could it not be sort of a subset? You know, one
19 particular area or service sector that you might focus on
20 in one given year so as to eliminate the difficulty of
21 having too much information? And would that not be
22 helpful in monitoring just how well you are doing in
23 specific areas?

24 MR. MAROIS: Yes. I am hoping -- we are going to have to go
25 down this alley in a formalized process. I mean, as part

1
2 of running a business, if there are areas that we are
3 concerned about because like I say, even without a
4 tracking system we know the -- completely know the pulse
5 of the customers in terms of if you are doing good or bad
6 in a certain area.

7 And you put more effort into it to try to improve it. And
8 naturally you don't have necessarily the statistics to
9 demonstrate that the number of complaints have gone down,
10 but that is also related to my point is how do you track
11 those complaints?

12 Because my understanding of what happens in other -- like
13 if -- when complaints are regulated by the regulator, and
14 there is a formal complaints procedure, the only
15 complaints that get tracked are the ones that are --
16 typically are the ones that are submitted in writing both
17 to the utility and to the regulator.

18 Well that is not -- that potentially adds value but it is
19 a very small number of issues that gets raised on a daily
20 basis. I prefer instilling the culture in my line worker
21 that is working alone in the field that nobody is there to
22 monitor, that he does that thing right. That he knows
23 exactly the type of service we expect from him. That he
24 treats the customers with courtesy and all that for me
25 gives me more satisfaction that we are at the end

2 of the day providing the proper service.

3 We do track customer satisfaction on a quarterly basis at
4 the higher level. And naturally if that moves we -- it
5 allows us to raise flags but it is not at a micro level.

6 COMMISSIONER BELL: Thank you. My second question -- and
7 this may have been covered as well -- but is there a
8 comparison of those customers who -- in the arrear amounts
9 for those that are on regular billing versus the
10 equalization -- equal monthly billing plans?

11 MR. MAROIS: We have that information but we don't have it
12 here. Just to make sure I understand is for example what
13 is the percentage of customers that are on equal billing
14 plan that are in arrears versus the percentage who are
15 not?

16 COMMISSIONER BELL: Right. I am just concerned about what
17 the success rate is with the equal billing plan. Is it a
18 better success rate and has the trend been going in a
19 positive direction?

20 MR. MAROIS: In terms of avoiding the risk?

21 COMMISSIONER BELL: In terms of the number of customers who
22 are on the monthly plan.

23 MR. MAROIS: Without having the numbers unfortunately my gut
24 would say that the number would be lower in equal billing
25 plan, first of all, because of the equal billing nature,

2 but also because of the kind of natural screening that takes
3 place, because somebody to qualify for the equal billing
4 plan they can't be in arrears to start off with. So I
5 think that would kind of bias your population to start off
6 with.

7 COMMISSIONER BELL: And are the number of people or
8 customers -- is that volume growing with the percent of
9 total customers enrolling in that plan?

10 MS. ARSENAULT: We have approximately 55,000 customers right
11 now on equalized payment plan. We have seen that kind of
12 plateau, not growing extensively. What we have heard in
13 recent customer focus groups is that some of our customer
14 base is not interested in equalized payment plan. They
15 prefer to have the low bills in the summer and to deal
16 with the high bills in the winter.

17 We haven't seen a drastic growth. It grows a little, but
18 not drastically in the past couple of years. What we have
19 seen now we would like to have more customers on the
20 equalized payment plan, if that's their choice. And we
21 are considering looking at a marketing plan to see if we
22 can grow that.

23 COMMISSIONER BELL: You see that as part of this year's
24 action plan, the current year?

25 MS. ARSENAULT: I'm sorry?

2 COMMISSIONER BELL: Is this something you are undertaking
3 this year in the way of promoting it? You said you are
4 considering evaluating it, implementing it.

5 MS. ARSENAULT: It will either be in the tail end of our
6 fiscal year, so January, February, March, or potentially
7 into the next fiscal year, to see if it could be grown.

8 COMMISSIONER BELL: Thank you.

9 COMMISSIONER LEBLANC-BIRD: I recall last year or maybe
10 earlier this year there was some discussion around a
11 change to DISCO's policy with respect to billing and doing
12 estimated billings every couple of months. Can somebody
13 just refresh my memory on what that was? One of the Panel
14 members -- I recall there being a controversy surrounding
15 that earlier in the proceeding. Would that be --

16 MR. MAROIS: Yes. And we have even provided some
17 information in one of the IRs. But what we did -- my
18 dates will be rough, but last fall we initiated a pilot to
19 read a certain percentage -- yes -- to read a certain
20 percentage of our residential customers every two months
21 rather than every month, because our practice has been to
22 read every month. We bill every month. So with those
23 customers we were billing every month but reading only
24 every second month. So that meant a bill every two months
25 was estimated -- the customer was estimated.

1 - 321 - By the Board -

2 So we did that for a couple of months and we had some
3 challenges. And one of the challenges that the -- the
4 formula we were using was kind of static. It didn't take
5 into account actual weather, it was estimated weather.
6 And last year we had the mildest winter in history and
7 what happened is we overestimated certain accounts because
8 the formula wasn't taken into account. We modified the
9 formula but the challenge with any estimation you will
10 never get it perfect. I mean there is always going to be
11 a case, somebody that's on vacation one year and wasn't
12 the next year, they change their patterns, their kids have
13 moved away or come back or -- so there was always going to
14 be a certain amount of bills that would have been not bang
15 on, but the concept of estimating is that the bill
16 corrects itself the second month because when you do the
17 reading then you correct the bill.

18 But all that came to an end in the spring when the
19 province introduced its Energy Action Plan and asked us to
20 stop doing estimating. So --

21 COMMISSIONER LEBLANC-BIRD: Was that a focus group? Was
22 that a designated select group of customers, or was that
23 province-wide to the 300,000 customers?

24 MR. MAROIS: I guess it was a combination of both. It was -
25 - we provided some statistics in answer to PUB IR-12. So

1
2 during that six month pilot we estimated almost 20 percent,
3 19.94 percent of our residential customers each month.

4 They were not always the same customers but they were not
5 across the province either. They were located in specific
6 areas.

7 COMMISSIONER LEBLANC-BIRD: And I guess what I'm trying to
8 get around to is what efforts were made by the utility to
9 educate the public about this concept, and would there --
10 it was something that I believe presented challenges. As
11 I recall in the hearings people who were sitting as panel
12 members telling us about individuals calling up, being
13 unhappy with the amount of their power bill, and then
14 being made aware of the fact that they could just pay the
15 amount that they had paid the month before and things
16 would reconcile.

17 But it was something that I guess went sideways and it
18 would be something that would be covered under a policy
19 manual. So what efforts were made to educate the public
20 and what might be done to ensure that something like this
21 wouldn't happen again in the future?

22 MR. MAROIS: Probably not enough. We did some market
23 research ahead of time to try to gauge the customer
24 reaction to this. I'm trying to recall the detail. I
25 guess that's the problem with research. It's not perfect.

1
2 The indication we got at the time is customers would be
3 open to it, but I guess -- and I don't have the -- in my
4 mind the people that did raise concerns, it's probably
5 just a small number, but any concern is a concern.

6 I guess what we have decided to do since then is -- in my
7 mind this was a good thing to do and when you look at --
8 most utilities do that. I mean they do estimate. When I
9 was at Enbridge it was part of life. We estimated every
10 other bill and things were fine. Here I think it was
11 going from one practice to the other that was the tough
12 thing.

13 But right now what we are doing is we are accelerating the
14 use of technology because we were doing this to keep our
15 costs as low as possible. So what we are doing right now
16 in Fredericton and Moncton, which are our two major areas,
17 is we are -- we have accelerated the introduction of radio
18 frequency meters which can be read with mobile vehicles.
19 So it's much more efficient. It's more costly but it's
20 more efficient.

21 And the business case showed us that if we would have been
22 able to continue estimating probably we would have delayed
23 that decision, but if you can't estimate then the business
24 case showed that it was the right thing to do.

25 COMMISSIONER LEBLANC-BIRD: What I'm not sure of or what I

1 haven't completely understood the last couple of days is when
2 a policy or a change to a policy finds its way into the
3 manual and some things seem to take a long time to find
4 their way into the manual. Just as an example, if that
5 had been not a pilot project or something that didn't go
6 by the wayside but something that you had found to be a
7 successful plan and it was something that the public
8 bought into and you found it was a cost saver and a good
9 thing for everyone, would that find its way into the
10 manual that we are speaking of in time?
11

12 MR. MAROIS: It should have.

13 COMMISSIONER LEBLANC-BIRD: That someone would have been
14 able to pick that up and find that in that document so
15 that they wouldn't have the stress and the confusion and
16 the things that centred around those bills that caused a
17 lot of people anguish. I guess that's what I'm trying to
18 get to

19 MR. MAROIS: I agree that -- it's in a case like that which
20 is very visible and affects everybody, communication is
21 very important. I agree.

22 COMMISSIONER LEBLANC-BIRD: Would that have been something -
23 - and I know this is hindsight and it's just a question
24 that I have. I looked at the document that we received
25 this morning in response to undertakings that set out some

1
2 of the manuals that come -- or the flyers that come with our
3 bills. Would that be something that would have been
4 better placed in a flyer that people would have had that
5 in their possession that they would have known about that
6 rather than sort of through the back door.

7 MR. MAROIS: Yes, I agree. Yes, probably. The particular
8 challenge we had with that one was it was a pilot. And
9 you send a notice to everybody and -- I mean because you
10 really -- and we weren't targeting always the same people.

11 So that was a practical challenge is can you send -- I
12 forget the discussion we had around it, but I remember
13 that was a challenge because of the fact it was a pilot
14 and you have to target your communication to the group
15 that you weren't necessarily certain who they would have
16 been because you change each month depending on who you
17 read. But I agree that communication could have helped
18 potentially resolve or reduce some of the backlash.

19 COMMISSIONER LEBLANC-BIRD: Some of the frustration.

20 MR. MAROIS: Yes.

21 COMMISSIONER LEBLANC-BIRD: I have a couple more questions.

22 I have heard the phrase late payment penalty and late
23 payment charge suggested a couple of times. I'm just not
24 sure what that is. If someone could tell me what that
25 would be? Is that just interest? Is that the interest

2 charge that somebody has on a bill?

3 MR. MAROIS: It's called numerous things. We can maybe
4 refer to the -- the official name in our handbook or
5 policy manual, it's late payment charge. And that's the
6 fee that's charged on accounts that are in arrears, and
7 it's 1.5 percent of the outstanding balance. Some say
8 it's interest.

9 The purpose of this charge is not to recover interest.
10 It's really to try and offset our collection charges. So
11 the amount of money we collect from this is still less
12 than the amount of cost we incur to collect the account.
13 And it's partly that, but it's also partly -- it comes
14 back to the fairness issue. I mean if you incur costs to
15 collect money from those that are in arrears, then this is
16 kind of a user pay fee. I mean you apply it to the
17 customers that are indeed in arrears so that a customer
18 that pays on time they don't have to incur as much of the
19 collection cost as they would otherwise.

20 COMMISSIONER LEBLANC-BIRD: I have another question and
21 again this comes from not having a lot of experience in
22 this area. The Ombudsman --

23 MR. MAROIS: Yes.

24 COMMISSIONER LEBLANC-BIRD: -- how does a complaint to the
25 Ombudsman become communicated to the utility? What is the

1 track of that?

3 MR. MAROIS: Well that's funny, because I took note during
4 this process that I need to go sit down with the Ombudsman
5 to better understand. Because like I mentioned we got a
6 letter from him and I have been relatively new to my job,
7 but I think the Ombudsman too is relatively new, I'm
8 trying to remember if it's two or three years roughly.
9 So we got this high level letter saying we dealt with 60
10 complaints and he was very pleased with our collaboration,
11 but I never heard any feedback on any specific one, and I
12 have asked my staff as well and nobody has. So I don't
13 know -- what I would like to assume is they were all
14 settled satisfactorily. But if that's not the case there
15 should be a feedback loop so that we know if we have done
16 something wrong that we need to change.

17 Like I say I would hope that if we were -- we did something
18 wrong that somebody would have told us, oh, you need to
19 fix this.

20 COMMISSIONER LEBLANC-BIRD: So it's a letter that you get
21 that somebody has raised a complaint to the Ombudsman and
22 then they don't let you know what the --

23 MR. MAROIS: Well no. The letter I'm talking about, that
24 was kind of a year end report, saying during this year we
25 dealt with -- typically I think it's done verbally. We

2 get a call from the Ombudsman's office asking us -- telling us
3 that they have got a complaint or somebody has raised a
4 concern regarding this and this. And then we -- they do
5 their investigation. So we collaborate in providing them
6 with information, and then they do their assessment. But
7 we -- to my knowledge we have never heard back in terms of
8 what was the outcome.

9 COMMISSIONER LEBLANC-BIRD: I was thinking yesterday Mr.
10 Larlee had told us of the 60 complaints to the Ombudsman
11 in 2004/2005. 21 were related to disconnection, 16 were
12 relating to billing calculations and one to security
13 deposits. I am wondering if it wouldn't be -- and perhaps
14 this is something off the side -- but certainly there must
15 be some valuable insight that the utility could gain from
16 understanding the nature of those complaints. And I have
17 wondered if any of the complaints that had been processed
18 through the Ombudsman's office had led to any changes to
19 the manual? If you were aware on anything like that over
20 the history of the utility?

21 MR. MAROIS: No. And I really need to -- we really need to
22 sit down with the Ombudsman's office to leverage that
23 relationship in terms of learning from -- if we have done
24 something wrong, we should learn from it.

25 COMMISSIONER LEBLANC-BIRD: So there seems to be a bit of a

1 disconnect between the information that is provided?

2 MR. MAROIS: At least at my level.

3 COMMISSIONER LEBLANC-BIRD: I have one other question. And
4 again it is just one of interest. I read in the materials
5 something with respect to the reclassification of a fish
6 farmer. And the fish farmer was somebody who was
7 classified in a different category than they should have
8 been. Did somebody discuss that in the last couple of
9 days? Was that you, Mr. Larlee?

10 MR. LARLEE: Yes. It centred around changes to the
11 definition of a farm in the RSP manual.

12 COMMISSIONER LEBLANC-BIRD: I guess my question with respect
13 to that is if somebody is -- I understand other than
14 residential because I understand when somebody makes a
15 call to have a installation of power placed or disconnect,
16 I understand that they would call and it would be very
17 clear who they would be dealing with and what service they
18 were going to be gaining or disconnecting.

19 But somebody who is not in the residential class, what
20 would be the contact that they would make with a customer
21 service representative? Who would set them straight as to
22 where they should be classified?

23 MR. LARLEE: The first contact would be -- normally would be
24 through the contact centre. So in the case of a typical
25

2 residential customer, then that determination as to which rate
3 category the customer falls under, that would be done over
4 the phone.

5 If it is a commercial enterprise or industrial enterprise
6 and there is any question as to what rate category should
7 be applied, then an energy advisor and possibly an account
8 manager would then do a site visit and contact the
9 customer directly to make that rate determination.

10 In the case of fish farms, what is important to note here
11 in aquaculture operations, two things really, is it is a
12 new industry appearing in the province in the early to mid
13 '90s. So there was some evolution as to how we handled
14 rate applications for them.

15 And whether or not it was considered a farm was very
16 important to those customers because farms were eligible
17 for the residential rate. And at the time and it
18 continues to be the case, that the residential rate is the
19 lowest rate that we can apply to a customer.

20 COMMISSIONER LEBLANC-BIRD: So would that particular
21 enterprise have paid -- I'm wondering by extension would
22 they have paid more than they should have paid for some
23 period of time as a result of not having the proper
24 designation or classification?

2 MR. LARLEE: No, I don't believe so. The -- when the policy
3 would have been changed -- when we were originally
4 classifying them as small industrial in most cases. When
5 the policy would have changed then it would have been on a
6 go-forward basis.

7 And as a matter of fact, they continue to have the option
8 of the small industrial rate as well so should it ever
9 come to pass that the small industrial rate is a
10 beneficial rate for them, they will continue to have the
11 option of selecting that rate as well.

12 COMMISSIONER LEBLANC-BIRD: That is all my questions. Thank
13 you very much.

14 COMMISSIONER FERGUSON SONIER: My question is on policy
15 making. I understand that practical changes come before
16 the change in the policy or is it vice-versa? Now is each
17 service mandated to revise or update the policy they are
18 responsible for to better accommodate the customer?

19 MR. LARLEE: It's a little bit of both. There are times
20 when there is a decision made that the policy will change
21 and we change the policy. Usually it's a significant
22 review of the policy has taken place and then the
23 procedures and practices are modified accordingly.

24 Other times procedures and practices evolve and they
25 evolve to a point where it becomes necessary now to make

2 sure that the policy is really reflecting what is going on.

3 And so when that happens it's more of a gradual type of
4 thing and it's really a question of making sure that the
5 i's are dotted and the t's are crossed on when we are
6 looking at how the policy is written and interpreted.

7 COMMISSIONER FERGUSON SONIER: But do you mean to say that
8 each service is not mandated like every other year, or how
9 often do they do that? Because I notice in a PIR-3 I
10 guess the list of the changes. There are some years noted
11 but there was some space, very large space that there were
12 no changes at all.

13 MR. LARLEE: There is no formalized process that each
14 department within DISCO is required, you know, on a
15 periodic basis to report any particular changes. There
16 definitely is a need identified. Usually it's, you know,
17 every five year period there is a need to review, do a
18 general review.
19 For instance in the 1999/2000 time period it was
20 recognized that there really hadn't been an overall review
21 of much of the RSP manual since the previous PUB hearing
22 in '92. And as well a new customer information system was
23 being installed. So we undertook essentially a general
24 review of the manual which spanned a period of about 18
25 months.

2 So when that happens then you will see a lot of changes
3 occur, some of which are changes in the policy that
4 originate in direct changes in policies, and others are
5 essentially housekeeping issues, making sure things are
6 accurate and kept as clear and concise as possible.

7 COMMISSIONER FERGUSON SONIER: In the PR I notice there was
8 I guess six pages of changes over 16 years, but were there
9 new policies added to better accommodate the customers, or
10 would you know that there are new policies that you
11 brought up?

12 MR. LARLEE: I think primarily there would be new services
13 that we would add or have added. For instance, we now
14 offer the service of providing bills electronically. So
15 that's something that we might -- perhaps we should
16 consider adding to the RSP manual.

17 Another example I could think of is that we did add a
18 section on accessibility to meters. Our rights there are
19 clearly defined in the Electricity Act, but it's much
20 easier to be able to show a customer pages from the RSP
21 manual when there is a dispute over whether we have access
22 to their meter than it is to haul out the Electricity Act.

23 So we added a section in the RSP manual that clearly
24 defined what our rights are to access meters.

25 COMMISSIONER FERGUSON SONIER: Si je comprend bien je vais

2 vous demander cette question parce que je sais que vous
3 comprenez vous parlez les trois francais. C'est surtout,
4 moi je m'inquiète surtout les procédures qui concerne les
5 clients, la clientèle. A savoir que eux qu'est-ce que
6 c'est qui apporté pour accomoder, les accomoder. Tans ce
7 que vous venez de me dire c'est surtout des facons de
8 faire de vos services de vos employés.

9 (So if I understand correctly, I will ask you this question
10 because I know that you understand all three of you speak
11 French. What concerns me is the procedures relating to
12 your customers, the customer to know what it is that is
13 brought to accommodate, accommodate them. What you have
14 just told me deals primarily with the way you operate your
15 services, your employees.)

16 MR. MAROIS: Well yes, a lot of the policies and procedures
17 dictate how we do things. But what I'm hoping is as part
18 of the project we have initiated to review our service
19 standards and to establish new ones, and as part of this I
20 wouldn't be surprised we will need to maybe add new
21 elements to the RSP manual specifically targeted at the
22 customer.

23 I mean that's what I'm personally trying to do is try to
24 make us more customer focused, less internally focused.
25 Right now we have to be somewhat internally focused

2 because right now we are trying to become more efficient,
3 trying to manage our costs, trying to become more
4 standardized across the province.

5 So there are certain things we have to do internally to
6 try to make sure that we get our house in order. But as
7 part of that we also want to look at our customers to see
8 what they are expecting from us, and I know full well that
9 we are going to get certain things out of this customer
10 research that we will probably not be able to deliver on.
11 So then that's where we start managing expectations and
12 communication and all that. Because again it's going to
13 be striking a balance. We are trying to keep our costs
14 low, keep our customers happy, and at one point in time
15 you can't do it all. So we are trying to become more
16 proactive in that area. And hopefully take into account
17 the customer needs as much we can.

18 COMMISSIONER FERGUSON SONIER: Merci.

19 COMMISSIONER TINGLEY: Mr. Marois, I believe it was
20 yesterday we were talking about goals or you were
21 discussing goals, or I always call them goals, you call
22 them targets, I'm assuming we are talking about the same
23 thing, a target and a goal?

24 MR. MAROIS: I think we can assume it, yes.

2 COMMISSIONER TINGLEY: We can assume the same thing. And
3 you would agree that goals which are set are achievable
4 and reasonable? Goals are set to be achieved. They are
5 achievable.

6 MR. MAROIS: Yes, they are. I guess I use the expression
7 stretch target.

8 COMMISSIONER TINGLEY: Well that gets to my question. What
9 is a stretch goal or a stretch target?

10 MR. MAROIS: A stretch target is -- should be -- and I mean
11 that's the challenge, because when you set the target you
12 are never certain -- it should be a target that is
13 achievable but only as a result of a stretch. In other
14 words, if you continue status quo you shouldn't be able to
15 achieve your stretch target. And let's use a telephone
16 answering -- average speed of answer. I am probably going
17 to quote numbers that are not 100 percent accurate. But
18 over the past years we have been able to deliver on
19 average roughly 30 percent -- 30 second telephone response
20 time. But in 2004/2005 we have reduced our staff
21 significantly, as I mentioned 22 percent. We are still
22 targeting the same 30 percent -- 30 seconds. But we know
23 that the 30 seconds is much more a challenge today than it
24 was before because we have got much fewer people. And
25 down the road it might become easier because we have got

1
2 some system changes that we have planned that hopefully will
3 make us more efficient and better able to meet that
4 target. But currently meeting that target I consider is a
5 stretch because you are trying to meet a target you were
6 meeting with much more people. So I consider it a
7 stretch. We are hoping it's achievable but we know it's
8 going to be very demanding on us to achieve it.

9 COMMISSIONER TINGLEY: So to achieve that goal it's a
10 stretch. So why don't you change your goal to something
11 that is achievable and let people know that that is going
12 to be an achievable goal, something that they can expect.

13 MR. MAROIS: Well first of all, the targets I mention are
14 internal targets. The reason you make stretches you want
15 to become better. So that's why -- I will give you
16 another example. One of the targets we have is zero lost
17 time accidents. And each year when we set our target at
18 zero somebody tells us -- many people tell us, well you
19 are not being realistic. But each year you end up having
20 some lost time accident. Well my response to that is it's
21 a question of mindset. If we have a target of let's say
22 two accidents -- two lost time accidents and we achieve
23 two, we will probably be pretty happy. If I have zero as
24 a target and achieve two I won't be happy at all and I
25 will work much more harder to try to make sure that I

2 don't get two the following year.

3 So my line of dictates or mindset of trying to improve how
4 you do things. And we are not -- like the zero target in
5 terms of lost time accident is not something we
6 communicate to the public. It's an internal target that -
7 - it's something we want to focus on and make sure we are
8 the best that we can. So the purpose is to make us
9 better.

10 COMMISSIONER TINGLEY: And that's a good goal, to get
11 better.

12 MR. MAROIS: I hope. And the danger there is if it's too
13 much of a stretch it can be -- it can impact morale
14 because if you don't meet it -- and that's why sometimes
15 you may have to adjust the goal and say, listen, this is
16 truly not achievable. Let's have something more
17 realistic. But --

18 COMMISSIONER TINGLEY: Okay. I don't agree with your
19 stretch concept. You know, a goal is a goal and if you
20 are going to give people unreasonable goals then you are
21 not normally going to reach those unreasonable goals But
22 anyway, that's --

23 MR. MAROIS: I hope they are not unreasonable.

24 COMMISSIONER TINGLEY: -- open for debate. But going
25 farther, exhibit A-17 that was submitted this morning as a

2 result of Mr. Hyslop's request, lists -- and he asked for each
3 target and the results of each target. And you are
4 telling me that you have eight targets that you monitor,
5 is that correct?

6 MR. MAROIS: No. If you recall the exercise we did
7 yesterday, and I believe it was with Ms. Desmond, is that
8 she asked me which target we had related to customer
9 service. So I went through the list of targets I had with
10 me here and identified those that we could relate to --

11 COMMISSIONER TINGLEY: So you have many more than eight
12 targets relating to customer service I assume?

13 MR. MAROIS: Yes. Well relating to managing the business.
14 We have financial targets, we have employee targets,
15 things like lost time accidents.

16 COMMISSIONER TINGLEY: I know, but I can think of a few that
17 aren't on here that still relate to customer service, and
18 you brought them up twice in your testimony, as a matter
19 of fact volunteering them in terms of temporary power hook
20 up and permanent power hook up.

21 MR. MAROIS: Yes. Those --

22 COMMISSIONER TINGLEY: And I take issue with both of those
23 and I would suggest that you are not coming anywhere close
24 to reaching your goal or target on either one of those.
25 But if you are not tracking them, how do you know?

2 MR. MAROIS: Those are -- first of all, before I answer that
3 question, the discussion we had yesterday and what I
4 offered to provide are these are the targets that are
5 tracked at the corporate level in distribution customer
6 service. Each department then has their own targets.
7 And the tough choice you have to make when you establish
8 your objectives is you typically end up with -- you have
9 to make choices. I mean each time we go through this
10 exercise we come up with 25, 30 targets. Then tracking
11 them on a regular basis. So you have to make choices for
12 a given year, say okay, this year I'm going to focus on
13 these 15 targets. These are -- and those are the ones I'm
14 going to try to improve and make better, and once you feel
15 they are control then you can park them the next year.
16 You can't focus on everything. So I'm not saying that
17 these are the sole targets in the company, but these are
18 the targets that we measure at the corporate level. So
19 that was my kind of introduction. But the one you just
20 talked about is if you look at page 2 of A-17, it is the
21 one a bit more than the middle down, actual service to
22 standard, work orders completed on time and this is a
23 combination of the three measures we have for new
24 services.

2 One is temporary service, 5 days. And permanent service
3 12 days. And converting a temporary to a permanent, which
4 is 12 days. And I believe when I talked about this one, I
5 made the comment that I see this as a place holder.

6 Because we are currently in the process of revisiting our
7 service levels through customer research and all that.

8 And once we have done that, we are going to be
9 establishing new standards and these are the ones we are
10 going to be tracking.

11 But in the meantime, we wanted to track at least these
12 three. And our target was to meet those days 85 percent
13 of the time. So that's the full year target. And our
14 reporting right now indicates that our year to date, we
15 are at 87 percent of the time.

16 So we can argue that is the 85 a good target or not, but
17 that's what we are working with right now. And what this
18 tells me is that yes, there are times that we won't meet
19 those days. But in most instances, we are meeting those
20 dates.

21 COMMISSIONER TINGLEY: These are provincial-wide targets?

22 MR. MAROIS: Yes, they are. And they could be some -- this
23 is a process --

24 COMMISSIONER TINGLEY: There could be some regional
25 problems?

2 MR. MAROIS: There could be. And we do look at it. And so
3 this is what was reported to me each month. Then I meet
4 with all my direct reports and look at their regional
5 targets -- results. And I don't know the regional
6 disparities there, but if you go two boxes above,
7 percentage of ETR's reported against incidents reported,
8 so that's what I mentioned yesterday. One of the things
9 we put the emphasis on this year is when the line worker
10 shows up at a site where there is an outage that they
11 report back to us the estimated time of response. So we
12 could put that in our contact centre. We could put it on
13 our website. So the customer wants that.
14 We started off the year very low. I mean we had a very
15 small amount of line workers that did that on a regular
16 basis. And right now we are showing great progress, but
17 when you dig into the region, you realize that some
18 regions are doing better than the others. So now we are
19 focused on the region that's not doing as well and say,
20 okay, what -- it's a constant monitoring in trying to
21 understand why somebody -- and then we try to leverage
22 best practices. If somebody is doing well, well why?
23 What are they doing differently? And then try to apply --
24 and in my mind this is a great example of a measure or
25 target that once we have got it right, we may

2 be able to remove it from our list because, okay, it's
3 ingrained, it's part of our practice. Let's move on to
4 something else.

5 COMMISSIONER TINGLEY: The question from Diana here was that
6 do you upgrade these -- your targeting exercises on a
7 yearly basis? Was that it?

8 COMMISSIONER FERGUSON SONIER: Yes.

9 MR. MAROIS: Yes. We -- well, yes, it's almost a grounds up
10 exercise each year.

11 COMMISSIONER TINGLEY: You do.

12 MR. MAROIS: So we lock ourselves in a room for -- and then
13 we go -- we review the measures -- the targets we had the
14 year before and how many of those we want to keep. Do we
15 want to keep them all? Do we want to keep a portion of
16 it? Then we start from there.

17 And then we say, okay, what are the new measures that we
18 would like to have? And then we look at -- then we always
19 end up with a list that's too long. Then we say, okay,
20 what's our priority this year? What are the things we
21 want to focus on to try to improve? And then those are --
22 and it's almost more the discipline of this, because now
23 what we do is we sit down each month, my entire team we
24 sit down and go measure to measure. Okay. Have we made
25 it. Not. Why not? What can we do better? Are we

2 okay? And then sometimes it prompts a discussion, oh maybe we
3 should be measuring this or this. We park it. And then,
4 you know, it's a -- I see it as an evolutive thing.

5 COMMISSIONER TINGLEY: Ongoing evolution.

6 MR. MAROIS: Yes.

7 COMMISSIONER TINGLEY: Thank you.ou.ou.

8 MR. MAROIS: You're welcome.

9 MS. DESMOND: Mr. Chairman, if I could, I think with respect
10 to that undertaking A-17, I believe -- and I don't have
11 the transcript in front of me, but I thought that the
12 undertaking was to provide the targets at the corporate
13 level and the customer service level. I thought that that
14 was the request. And I don't know that this information
15 answered that request.

16 MR. MAROIS: Well what I recall from the exchange was I went
17 through a list. And I said these are the measures in
18 DISCO's scorecard that relate to customer service. And I
19 listed them all. And these are the ones I listed when I
20 spoke. So if you go to the transcripts, they are all the
21 ones I listed that I would be providing information on.

22 MS. DESMOND: But I think the question, if you look at A-17,
23 speaks to would DISCO provide to the Board information on
24 each target and your actual performance in relation to the

2 target? And I believe the context was at a corporate and a
3 customer service level. That's subject to reviewing the
4 transcript.

5 MR. MAROIS: The only major one that is not here that would
6 be tracked in the customer service group is the estimated
7 time of response. And we provided that in A-16.

8 CHAIRMAN: Mr. Hyslop, have you anything on Ms. Desmond's
9 comments? It was your question.

10 MS. DESMOND: Actually that was my question. That's an
11 error.

12 MR. HYSLOP: Yes, that is an error.

13 CHAIRMAN: Okay.

14 MR. HYSLOP: A-17 was at the request of Board counsel, Mr.
15 Chair.

16 CHAIRMAN: So, Ms. Desmond?

17 MR. HYSLOP: Mr. Chair, there is one outstanding undertaking
18 that was the pro-forma contracts. Is that something that
19 is expected to be delivered shortly

20 MR. MORRISON: It is. It's in the process of being
21 photocopied. We can check on that. We can check at the
22 break. It may be ready.

23 CHAIRMAN: Thank you. Mr. Marois, I'm trying to go back and
24 as I say after a year-and-a-half I'm trying to think of
25 things, it's -- what do you allow this year for bad debts

2 for residential, the amount of money?

3 MR. MORRISON: I know we can get it at the break, Mr.
4 Chairman, because it was in the revenue requirement
5 evidence.

6 CHAIRMAN: I know.

7 MR. MORRISON: And I just asked Ms. Clark and she couldn't
8 recall.

9 MR. MAROIS: I'm going by memory. I think we budgeted
10 between 1.5 and 1.8 million in bad debts, and I would say
11 the majority of that would be residential.

12 CHAIRMAN: I thought it was a higher number. You included
13 an increase this year, wasn't it? I am going to ask Ms.
14 Clark. I know she is not sworn in or anything, but wasn't
15 there an increase in this given year?

16 MR. MORRISON: She has always asked me to say this. Please
17 don't badger my witness.

18 MS. CLARK: He tells me that's just in soap operas. I don't
19 know. I don't have the number either. We can check at
20 the break. I thought it was a bit higher than --

21 CHAIRMAN: Yes, I think it was this year, if my memory -- as
22 I say -- you know, when we have these mature moments here
23 I try and remember things, you know.

24 MR. MAROIS: I guess I have it too.

25 CHAIRMAN: Ms. Arsenault, what is the budget for your

1 - 347 - By the Board -

2 department for collections and, you know, with your 23 people
3 and your two supervisors and director? What is your total
4 budget for the staff, your mailings, the 660,000 mailings
5 and everything else that you have?

6 MS. ARSENAULT: My total budget for all of my group within
7 retail customer marketing is approximately 18,000,000.

8 CHAIRMAN: 18,000,000.

9 MS. ARSENAULT: But specific to the contact centre, which
10 includes customer service and the collections and the
11 support for that, learning, development and training, is
12 approximately 10,000,000.

13 CHAIRMAN: So it's 10,000,000.

14 MS. ARSENAULT: I'm sorry. Mr. Marois was talking to me.

15 Did you ask me another question? I'm sorry.

16 CHAIRMAN: So it's 10,000,000 --

17 MS. ARSENAULT: Yes.

18 CHAIRMAN: -- for that -- for your collections branch.

19 MS. ARSENAULT: That includes as well the customer service.

20 So that includes our customer service agents --

21 CHAIRMAN: Right.

22 MS. ARSENAULT: -- plus our collections agents. So it's not
23 only specific to collections. It includes, you know, the
24 type of calls we receive for bill inquiries or service
25 requests or people that are moving. It includes all those

2 types of calls that we receive.

3 CHAIRMAN: And as I say earlier specifically -- and
4 specifically -- I'm going back to where I was before. We
5 are looking at a very -- I won't say small -- but a group
6 of customers that are -- it's a problem for them and for
7 you every year. It's year end and year out, isn't it?
8 You know, a lot of it it's repeat situations and all.

9 MS. ARSENAULT: Of those that we schedule for disconnect and
10 work with on a regular basis?

11 CHAIRMAN: Yes.

12 MS. ARSENAULT: Yes. It's a repetitive or a continued
13 relationship building.

14 CHAIRMAN: That's right. That's a nice way of putting it.

15 COMMISSIONER TINGLEY: At what percent? Excuse me. What
16 percent of those are repeats? A guesstimate.

17 MS. ARSENAULT: I cannot determine what that percent -- you
18 know -- what that percentage would be.

19 COMMISSIONER TINGLEY: It's fairly high, that number of --
20 percentage of repeat offenders would be quite high?
21 Significant, let's say?

22 MS. ARSENAULT: Are you referring to the ones that we work
23 on a continuing basis --

24 COMMISSIONER TINGLEY: Yes. Year after year.

25 MS. ARSENAULT: -- to avoid disconnections?

1
2 COMMISSIONER TINGLEY: Yes. To avoid disconnection or
3 disconnects or -- let's say the real problem, the problem
4 group. I'm trying not to be insensitive because I know,
5 you know, there are people with problems that have repeat
6 problems that have them year after year.

7 I'm just trying to get an idea of if there are a
8 significant number of repeaters. And if there are a
9 significant number of repeaters that DISCO have to deal
10 with year after year after year, maybe somebody else
11 should be dealing with them year after year after year
12 instead of you guys.

13 MR. MAROIS: Just one thing I would like to clarify too is
14 there is such a group. I guess our challenge is just
15 trying to put a number. But the other comment I would
16 like to make is there is at least two categories in that
17 group too. There is the ones that can't and the ones that
18 won't. And the ones that won't we are doing what we can
19 to make sure that there is no games being played, like
20 things like people just changing the names of the
21 customer. So we are doing our best to try to alleviate
22 those and --

23 CHAIRMAN: And that's not really -- you know -- in a sense
24 that's neither where Commissioner Tingley nor myself are
25 going.

2 MR. MAROIS: Okay.

3 CHAIRMAN: I mean I guess what I'm saying -- I guess from my
4 point, okay, I mentioned students earlier. You know, by
5 April rolls around, boys, they are skimped. They don't
6 have anything left. So is there -- I mean to work with
7 these, you know, kids over that period of time -- because
8 they get into these situations from September to April,
9 the highest cost months for them, you know. There must be
10 some sort of way, you know, to work through that with them
11 or work with them on that, you know, as students. Because
12 by the time April rolls around there isn't anything left,
13 you know, to pay any bills.

14 And I guess going back, if people are in this situation --
15 you know -- the Saint John Community Loan Fund was here
16 last night, okay. And for Saint John -- it seems to be
17 working for Saint John. And, you know, your two urban
18 areas are Moncton and Fredericton.

19 I mean is there any way of working with groups like that
20 to work with some of we will say the problems, you know,
21 that are ongoing problems or, you know, continuing
22 problems? I mean, has anybody -- I guess that's what I
23 was driving at earlier. You are spending a fair amount of
24 resources and, you know, maybe those resources should be
25 channelled into some other areas to maybe solve some of

2 the long-term problems or the ongoing problems?

3 MR. MAROIS: The quick answer is yes, I agree with you that
4 there is certainly a better way. My current view is I
5 think that leadership should come from the province in
6 bringing different intervenors to the table, because we
7 can't do it ourselves.

8 I will give you an example. If you look at some of the
9 funds that have been created in some of the other
10 jurisdictions, sometimes they are only one time funds. So
11 if somebody is in crisis, they need \$300, they get it. So
12 in my mind that doesn't address your concern of trying to
13 get to the root of the problem and -- yes, it's an
14 emergency fund but -- and I don't think that's what you
15 have got in mind. It's more systemic to say let's address
16 the problem once and for all.

17 I don't think us at NB Power we have that ability. So how
18 do you get the right people around the table to do that?

19 I mean we already have a relationship with Family &
20 Community Services, but even then their mandate is --

21 CHAIRMAN: That's a different mandate.

22 MR. MAROIS: But they do help in certain circumstances.

23 CHAIRMAN: In certain circumstances, yes.

24 MR. MAROIS: They do. They do.

25 CHAIRMAN: And I agree. But everybody has to go around the

1
2 table. But what I guess I'm driving at is the fact is this
3 problem is an ongoing problem, it's an ongoing situation.

4 If you are saying that there is a high percentage that
5 are into this on an ongoing basis, let's address the
6 problem and see what you can do to help it, you know, for
7 the long-term.

8 MR. MAROIS: Yes.

9 CHAIRMAN: You know, it's -- because it just seems to be --
10 I mean looking back in '92, it came up in '92, you know,
11 in that hearing, the generic hearing there. So I mean
12 it's an ongoing -- you know -- March 3rd we had the open
13 day, you know, the last couple of nights we did have some
14 people here. And I mean, I guess the only thing I'm
15 looking at is is there a better way?

16 MR. MAROIS: Certainly. But I think it's bigger than us, to
17 be honest. Finding a solution to this is much bigger than
18 NB Power.

19 COMMISSIONER TINGLEY: It's not a power problem, it's a
20 social problem. You are in the power business, somebody
21 else is in the social.

22 COMMISSIONER LEBLANC-BIRD: I recall yesterday or I guess
23 the day before, Mr. Marois, you were speaking about how
24 the new provisions would be implemented with respect to de
25 facto and when somebody had qualified for social services.

1
2 And in those circumstances it made me wonder what would
3 have happened prior to this new policy, because actually
4 this has not yet been implemented. We are just getting
5 into the winter season. So what would have happened last
6 year or years before when people were having financial
7 difficulties?

8 Was there a partnering or was there information that was
9 sought from community services, or what would have
10 occurred? Would there have been these same sort of
11 determinations made if somebody had made a good faith
12 effort to go to Community & Family Services? Would there
13 have been some leniency provided to them or what would
14 have been the situation, because I guess we don't really
15 have an idea how it's going to work this year because it
16 hasn't really started. I was wondering that.

17 MR. MAROIS: That's a good question. What I tried to convey
18 in my explanation was it's not a radical change. So some
19 of what you have just described was happening already. We
20 were already referring people to Family & Community
21 Services. We were already trying to be as compassionate
22 as we could, work with the customer as much as we could.
23 I guess as part of this we have gone to the next degree or
24 next level where if somebody qualifies they will not be
25 disconnected during the winter months, and if

2 somebody has gone to them we will do what we can to avoid that
3 they get disconnected. So it's really a question of
4 degree. All these steps were happening but now we are
5 doing what we can to avoid disconnection even more so.

6 COMMISSIONER LEBLANC-BIRD: You also spoke about the dignity
7 issue, and how the customer service representatives did
8 not ask the question, they had to wait for the information
9 to be voluntary.

10 Do you think there is an element of the people who are of
11 that small percentage that certainly would not indicate
12 that they were having difficulties and they would not make
13 those choices to go to Community & Family Services, so
14 that they would slip between cracks?

15 MR. MAROIS: Yes. That's part of the challenge. If you
16 recall in the communication the province made as part of
17 the notice to make policy they were clear that the only
18 way we could implement this is with the collaboration of
19 the customer to provide minimum of information. So it is
20 a challenge.

21 And we respect the fact that it's not easy for somebody to
22 say that they are having difficulty, but that's why we try
23 to be -- by having only two people in our contacts to deal
24 with them they become kind of experts in the field and
25 they are able to develop expertise to try

2 to work with the customer to get that information out. But
3 again it's a fine line. We have to be respectful of
4 private information. It's a tough job.

5 COMMISSIONER LEBLANC-BIRD: You would have to be experts on
6 both sides of that equation as well, experts in
7 understanding those who are determined not to pay no
8 matter what and those that are determined to pay no matter
9 what. So it would be a difficult balance.

10 MR. MAROIS: It is.

11 COMMISSIONER LEBLANC-BIRD: Thank you.

12 CHAIRMAN: I guess we are ready for the panel.

13 MR. MORRISON: Mr. Chairman, just a couple of things. This
14 is wonders of technology. We can get responses very
15 quickly. The bad debt expense budget for last year was
16 2.3 -- sorry -- for 06/07 it was 2.3 million dollars.
17 That was for all classes.

18 CHAIRMAN: That was for all classes.

19 MR. MORRISON: That's right.

20 CHAIRMAN: So what are we looking at for residential? We
21 are putting you on the spot, aren't we.

22 MR. MORRISON: Okay. So maybe technology isn't perfect.
23 With respect to undertaking number 3 we are having some
24 problems with our photocopier. We have 14 copies
25 available that we can make available -- sorry --

1 - 356 - By the Board -

2 undertaking number 10. We have 14 copies available and I will
3 try to crank out the other 66 soon.

4 CHAIRMAN: I think that was Mr. Hyslop's -- or was it yours,
5 Ms. Desmond?

6 MS. DESMOND: I believe that was his.

7 MR. HYSLOP: If it cuts the number of copies, we will just
8 take one instead of our usual three.

9 MR. MORRISON: So we can get that marked now, Mr. Chairman,
10 and we will make whatever other copies we need later.

11 CHAIRMAN: Just in getting back to the bad debt. Because
12 that was increased, wasn't it, from the previous years?
13 Wasn't there an increase there? There was something in my
14 -- as I say, after a year and a half. One thing we can
15 always say, we all got older in that time.

16 Looking at it now, what is this, our 62nd or 63rd day?

17 62, 62nd day. It almost became a hearing over just sort
18 of this group. Even Mr. Peacock, after all this time, he
19 is starting to come in on time. I was just killing time.

20 Undertaking dated Tuesday, December 5th 2006, undertaking
21 number 10 will be marked as exhibit A-18.

22 It is 11:30 so what is everybody's pleasure?

23 MR. MORRISON: I would like to have a little bit of time
24 before I start final argument but I probably don't need
25 any more than a half hour or so, Mr. Chairman. But I'm

1

- 357 -

2 sure people will probably like to have lunch.

3 CHAIRMAN: I guess would it be conceivable could we start
4 back here then at 12:30?

5 MR. MORRISON: Certainly.

6 CHAIRMAN: Would that be -- Mr. Hyslop?

7 MR. HYSLOP: Fine with me, Mr. Chair.

8 CHAIRMAN: Mr. Peacock, are you?

9 MR. PEACOCK: I should finish writing my final argument by
10 then, Mr. Chair.

11 CHAIRMAN: Okay. Ms. Desmond? So we adjourn to 12:30 and
12 allows people to have lunch and allows Mr. Peacock to get
13 his work done.

14 (Recess - 11:30 a.m. - 12:30 p.m.)

15 CHAIRMAN: Good afternoon. Have we any preliminary matters?

16 MR. MORRISON: No, Mr. Chairman.

17 CHAIRMAN: Were you able to find that number for me?

18 MR. MORRISON: I guess we do have that number. The '05/'06
19 budget for bad debt residential was 1.6 million. General
20 Service was .4 million. Miscellaneous .2 million for a
21 total of 2.2 million.

22 CHAIRMAN: Thank you. So Mr. Morrison first, then Mr.
23 Peacock, Mr. Hyslop and back to Morrison, I guess.

24 MR. MORRISON: Thank you, Mr. Chairman, Commissioners. It
25 certainly has been a long journey. But I think we are

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

finally -- it's nearing the finish line. At least I hope we are.

This hearing, this specific generic hearing arises as a result of DISCO's application for a rate increase and the Board's authority to take into account DISCO's customer service policies in conjunction with the rate application. DISCO welcomes this opportunity to hear from interested parties and the public with respect to its customer service policies. I think it's fair to say the customer service policies and customer service in general can always be improved.

Mr. Hyslop in his cross-examination suggested that DISCO's customer service policies do not compare favourably with those of some other jurisdictions. This, of course, is a matter of personal opinion and one with which DISCO does not agree. Further, there is no evidence to support this suggestion.

The only evidence on the record in this proceeding is the evidence of DISCO. There is no evidence that DISCO's policies are any better or any worse than any other utility.

There is no question that customer service policies differ from jurisdiction to jurisdiction. They derive

1 from different traditions, differing government policies and
2 different regulatory contexts.

3 True DISCO's policies may differ from those of some other
4 jurisdictions, but that does not make them either better
5 or worse, only different.

6 DISCO, and I think all of us listened with great interest
7 to the various suggestions put forward for dealing with
8 the issue of assistance to those who are struggling
9 financially to cope with their electricity bills. I
10 believe the evidence is clear that DISCO has a culture of
11 treating customers in financial difficulty with empathy,
12 compassion and respect.

13 The evidence of Ms. Arsenault was that DISCO does
14 everything possible to make financial arrangements with
15 customers to avoid disconnection. Disconnection is truly
16 a last resort.

17 However, the fact that disconnections are a rare
18 occurrence does not mean that electricity bills are not a
19 financial challenge to many New Brunswickers. DISCO is
20 open to -- and I believe, Mr. Marois, said this this
21 morning, and supportive of the concept of some mechanism
22 to assist those who are struggling. DISCO would gladly
23 work in conjunction with others to assist low income
24 ratepayers.

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

However, DISCO's expertise is in the distribution of electricity. If an arrears fund or other mechanism were established, it should be administered by those with the expertise and experience in social program delivery, such as a community group, a government agency or a charity. I believe, as Commissioner Tingley commented this morning, this is not a power problem, it is a social problem and DISCO is in the power business.

This raises the issue of the arrears fund. And the Board specifically asked parties to address the question of whether the Board has the authority to order DISCO to implement an arrears fund.

As pointed out in the Board's decision of June 19th, the implementation of an arrears fund would require the development of new customer policies, funding and administration. It's clearly a customer service policy issue. And this is underlined by the fact that the Board directed the consideration of this arrears fund be deferred until this hearing.

Now pursuant to Section 101(4) of the Electricity Act, the Board has jurisdiction to take into account customer service policies when considering an application by DISCO for approval of a change in its charges, rates and tolls.

And that's under Section 104(d) I won't read the section.

2 It must be remembered that the Board has not been given
3 general regulatory oversight of DISCO by the legislature.

4 Its jurisdiction to consider customer service policies is
5 only in connection with an application for a change in
6 rates. And this makes sense. This linkage to a rate case
7 is logical. Customer service policies invariably have an
8 impact on a utility's revenue requirement. It is,
9 therefore, important for a regulator to take account of
10 customer service policies when considering a utilities
11 revenue requirement in a rate case.

12 For example, if the Board were to disallow certain of
13 DISCO's customer service expenditures, it should consider
14 and understand the impact on customer service delivery.
15 Now the issue of the Board's jurisdiction over customer
16 service policies was squarely addressed by the Board --
17 this Board in its customer service policies decision of
18 July 15th 1992. In that case -- and I am sure Professor
19 O'Rourke will remember this -- the Public Intervenor
20 argued that the Board should assume a broad mandate to
21 approve all customer service policies.

22 Now the lawyer for New Brunswick Power at the time argued
23 that the Board had no jurisdiction over customer service
24 policies, period.

2 After considering the arguments of both sides, the Board
3 ruled, and I am quoting from page 7 of the decision, "The
4 Public Intervenor argued that the Board should assume a
5 broad mandate since the Public Utilities Act permits the
6 Board to take customer service policies into account when
7 considering an application of NB Power for approval of a
8 change to its charges, rates and tolls. The Board
9 believes that it has a responsibility to comment on the
10 customer service policies of NB Power and to ensure that
11 revisions to any policies that would affect the charges,
12 rates and tolls should be approved by the Board."

13 The Board went on at page 8, "The Board considers that
14 with respect to the issue of the Board's mandate, it has a
15 definite responsibility to ensure that changes to the
16 charges, rates and tolls of New Brunswick Power must be
17 approved by the Board."

18 Now later in that same decision the issue of jurisdiction
19 was once again addressed. The Public Intervenor argued
20 that the Board should implement a process whereby the
21 Board would approve changes and revisions to customer
22 service policies and implement a mechanism for the Board
23 to resolve disputes. Some of this has come up in this
24 hearing.

25 The Board rejected this proposal on the grounds that

2 it did not have jurisdiction. At page 18 of the decision, the
3 Board ruled and I will quote, "The Board does not consider
4 it necessary to establish a process for changes and
5 revisions. The Board has a specific mandate under the Act
6 and any proposed revisions or additions that impact
7 charges, rates and tolls will be treated in accordance
8 with the provisions of the Act."

9 So the Board has already ruled on its jurisdiction over
10 customer service policies is my submission. The Board has
11 a specific mandate. That mandate is approve any changes
12 in customer service policies requested by DISCO that
13 result in a change in charges, rates or tolls.

14 I appreciate that the Board considers -- and I agree that
15 it has a responsibility to comment on customer service
16 policies. That responsibility, however, does not extend
17 the Board's specific mandate, its jurisdiction.

18 And I would like to point out that the legislative
19 provision which governed the Board's decision in 1992 was
20 Section 43 of the Public Utilities Act. The current
21 provision, Section 101(4) of the Electricity Act, which I
22 just quoted was basically cut and pasted from the Public
23 Utilities Act. It is virtually identical. So there has
24 been no legislative or statutory change since the Board's
25 decision in 1992.

2 So given the Board's clear ruling with respect to its
3 jurisdiction over customer service policies and the
4 legislative provisions which underpin that jurisdiction,
5 it is DISCO's submission that the Board has no authority
6 to order DISCO to implement an arrears fund, nor for that
7 matter any other customer service policy.

8 The Board has a specific mandate. It's jurisdiction is
9 limited to approval of any changes to the RSP manual
10 sought by DISCO, which would result in an increase to a
11 charge, rate or toll in excess of the amount specified in
12 Section 101 of the Electricity Act.

13 So that's the jurisdictional issue with respect to the
14 arrears fund. But I think we have touched upon this
15 morning some of the practical problems that would arise if
16 the Board delved into that issue here. Implementation of
17 an arrears fund in the context of a generic hearing poses
18 several procedural and practical difficulties.

19 First, as pointed out in the Board's ruling of July 19th,
20 the establishment of an arrears fund would impact DISCO's
21 revenue requirement and would require -- and I am quoting
22 from the Board's decision -- "development of new customer
23 policies, funding and administration."

24 DISCO would have to develop and file with the Board a new
25 budget incorporating the cost of the arrears fund and

2 demonstrating its impact on rates before the Board could
3 determine its prudence. This would necessarily require in
4 my submission a re-examination of DISCO's revenue
5 requirement.

6 Second, I anticipate that cost allocation issues may also
7 be put into issue depending on the mechanism that's used
8 for this arrears fund. For example, which rate class or
9 classes would bear the burden of the cost of funding an
10 arrears fund? Would there be an impact on revenue to cost
11 ratios?

12 In effect, proper consideration of an arrears fund could
13 re-open issues which have already been dealt with in the
14 CARD hearing, which we concluded last November.

15 Third, as pointed out, establishment of an arrears fund
16 would also require the development of new customer
17 policies. And I think I have already dealt with that.

18 But for those reasons, it's DISCO's submission that the
19 Board really can't go into that establishment or ordering
20 the establishment of customer service policies.

21 But even if the Board had jurisdiction there are a number
22 of unanswered questions which would have to be thoroughly
23 considered before implementing such a fund. Who would
24 administer it, DISCO, the government, a charity?

25 Who would determine which customers qualify for

2 assistance? If DISCO, would it need to recruit staff
3 especially trained in economic assessment?

4 How would such a fund be financed, through donations,
5 customer levy, contribution from DISCO's bottomline or the
6 government?

7 These questions must all be answered and their impact on
8 DISCO's revenue requirement before going forward with the
9 implementation of an arrears fund.

10 In summary, consideration of an arrears fund in my
11 submission would re-open issues which have already been
12 dealt with in these proceedings, and basically have been
13 concluded and aside from the obvious jurisdictional
14 issues, a generic hearing in my submission is not the
15 appropriate process for a detailed examination of the
16 potential cost allocation rate design and revenue
17 requirement issues which would be -- which could be raised
18 in considering the establishment of such a fund.

19 Now the other day I did indicate that there was one other
20 legal issue which I would address in final argument. You
21 will recall that in cross-examination Mr. Hyslop suggested
22 -- this was in cross-examination of Mr. Larlee -- that if
23 the Board had jurisdiction over a change in a charge for a
24 line extension -- we were talking about the line extension
25 charge -- that it would also have

2 jurisdiction to resolve a dispute should the contractor and
3 DISCO not agree on the amount of the charge.

4 As mentioned earlier, the Board's mandate is very
5 specific. It has been given jurisdiction to approve
6 changes to charges, rates and tolls. That mandate does
7 not give the Board jurisdiction to resolve a dispute over
8 a charge even if the Board may have jurisdiction to
9 approve a change in that charge.

10 And again I'm going to refer to the 1992 decision. In
11 1992 the Public Intervenor urged the Board to impose a
12 dispute resolution mechanism which would allow the Board
13 to settle disputes between NB Power and its customers. I
14 think there has been suggestion, although I don't think
15 it's been opposed -- but there has been some suggestion
16 of that in the questioning of the last two days.

17 On that point, the Board stated at page 18 of its
18 decision, the Act -- and remember the Act is identical
19 today as it was then -- the Act does not give the Board
20 jurisdiction over the settlement of disputes between the
21 utility and its customers. While the Public Intervenor
22 argues that this -- while the Public Intervenor argued
23 that this would be a preferable method for dispute
24 resolution from the customer's viewpoint, the Board can
25 take no action on this suggestion.

2 Finally and in conclusion, Mr. Chairman and Commissioners,
3 there have been many suggestions with respect to what
4 should be added to the RSP manual, what information should
5 be provided to customers, whether procedures should be
6 widely circulated, et cetera.

7 I think it's important to draw a distinction between
8 policies and procedures and processes. A policy is a
9 broad statement of principle. However, one must resist
10 the natural urge to micromanage when it comes to processes
11 and procedures.

12 I think perhaps the best analogy is that of legislation
13 and regulation. For example, the Clean Water Act is one
14 that I have had to deal with frequently in the last few
15 years. It's a relatively short piece of legislation and
16 it was debated in the house and had public input and all
17 the rest of it.

18 The regulations under the Clean Water Act are voluminous,
19 and that's where the nuts and bolts are, the processes and
20 procedures. But the regulations are never debated in the
21 house and never have any public input. So I think that's
22 a reasonable analogy.

23 So that the RSP manual are broad statements of policy, the
24 nuts and bolts, I don't think that's something that we
25 should get into and micromanage.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

In conclusion, DISCO's evidence is that it strives to provide the best possible balance between customer service and costs, while being mindful of the need to be fair to all its customers, including those who pay their bills, those who won't pay their bills and those who cannot pay their bills.

It is submitted that DISCO's customer service policies are reasonable and responsive. Sure, there is always room for improvement. DISCO has listened to the comments of the intervenors and the public presentations very carefully. It looks forward to receiving comments from this Board. DISCO will give all these comments its most serious consideration in an effort to continually improve its customer service, while being mindful of its obligation to deliver reliable electricity at the lowest possible rate. Those are my submissions, Mr. Chairman, Commissioners.

Thank you.

CHAIRMAN: Thank you, Mr. Morrison. Mr. Peacock?

MR. PEACOCK: Mr. Chair, would you like me to move to the front.

CHAIRMAN: Well what is easiest for you?

MR. PEACOCK: I will go to the front.

CHAIRMAN: Well come to the front then. We're not hard to

2 get along with so whatever is easy.

3 MR. PEACOCK: Thank you, Mr. Chair. First of all I would
4 like to thank all the members of the Board, its staff, the
5 Applicant, the Municipal Utilities and the Public
6 Intervenor for your collective endurance, if nothing else.

7 Quite frankly, we have come quite a long way since the
8 days when I sat beside the nice gentleman from Jolly
9 Farmer.

10 This re-application has no doubt been trying at times, and
11 since my newly established fatherhood has made me a much
12 gentler person, I appreciate the fact that the number of
13 the hearing participants would much rather be playing with
14 their children or grandchildren, but instead we are still
15 here. And we are dealing with one of the more challenging
16 aspects of this rate application, the question of customer
17 service.

18 This is a challenging issue to tackle because, as the
19 Board well knows, you are an economic regulator who spends
20 most of your days dealing with hard numbers. On the
21 question of customer service, you are dealing with nuance
22 and perspective over the utility's CSPs and vastly
23 different opinions as to what these policies mean.

24 While the utility is quite right in attempting to recover
25 its costs, we feel it also has the responsibility

2 to treat all of its customers fairly, and herein presents the
3 challenge. While DISCO certainly believes that the
4 policies and procedures developed in its manuals are fair
5 to customers, to a single mother or a pensioner on a fixed
6 income facing disconnection, the fairness of utility
7 procedures can be seen to be very different.

8 And that different perspective is precisely why we have
9 asked the Board to examine customer service, both in this
10 rate hearing and in future rate hearings. We honestly
11 feel that even in the fairest light, the utility cannot
12 determine which of its policies may be punitive toward
13 some of its most vulnerable customers. It is instead
14 forced to spend most of its time and energy on its
15 principal role, selling affordable power to the people of
16 New Brunswick.

17 But the utility has indicated it is listening and it is
18 open to direction on customer service, either from other
19 intervenors, its new minister or the regulator. We
20 certainly hope that you are able to examine utility best
21 practices throughout eastern North America and incorporate
22 some of these ideas in whatever recommendations you might
23 have. This is certainly something that we hope you can do
24 concerning the question of the late payment penalty.

25 In short, Vibrant Communities Saint John feels that

2 the regulator has the responsibility to regulate on this
3 matter, if only to protect the interests of New Brunswick
4 consumers. While the utility is quite possibly correct in
5 its assumption that its policies work quite well for as
6 much as 90 percent -- or 96 percent of its residential
7 clients, we feel that these policies also need to work for
8 the remaining four percent.

9 I might add, Mr. Chair, that VCSJ is concerned that a
10 number of low income consumers who fall inside that four
11 percent already face a high economic burden in the form of
12 a high monthly service charge and a limited access to the
13 declining block rate simply because they happen to live in
14 a small residence. While we appreciate that the rate
15 design of this utility has already been ruled upon, we ask
16 that the utility consider whether low income consumers --
17 the low income consumers it serves can truly face yet
18 another economic burden in the form of a relatively high
19 late payment penalty attached to their winter arrears.
20 Related to the subject of winter arrears is the utility's
21 new protocol regarding winter disconnects. As these
22 hearings have shown, the new protocol needs some further
23 development, if only in the way it is explained to utility
24 customers. I encourage the utility to not simply limit
25 further discussions about its new winter protocol

2 with the government departments of finance, energy or Family &
3 Community Services. To be frank, there are a number of
4 churches, food banks and soup conditions who deal with
5 families facing disconnection on a monthly basis. And
6 they may have some important insight as to how this
7 protocol can be improved.

8 We are also concerned that in phone conversations that we
9 have had with a number of these same agencies, there is a
10 strong belief that legitimate economic means includes a
11 number of New Brunswick's working poor and not just those
12 on social assistance. There is also a strong belief out
13 there that under this new protocol the burden of proving
14 legitimate economic means rests with the utility and not
15 on the consumer living under the threat of winter
16 disconnection.

17 All this to say, Mr. Chair, that there is still some work
18 to be done on this policy. And this is where this
19 excellent Board comes in. I should state that soon after
20 the new ministry was sworn in I was asked by one member of
21 the cabinet how the new government could best fulfil its
22 promise regarding winter disconnects. I offered a number
23 of opinions, many of which were ignored, but there is one
24 I think is still quite useful. Noting how winter
25 disconnect policies are reasonably common in Canadian and

1 American regulatory environments, I told the new government
2 minister that the cabinet should ask the regulator to
3 provide some insight as to how a winter disconnect policy
4 should work, based in large part on best practices in
5 other jurisdictions.
6

7 Even though the New Brunswick policy has already been
8 announced there are still details that need to be worked
9 out, and I'm sure that both the Applicant and the
10 provincial government would welcome some recommendations
11 from this Board in regard to making the winter no
12 disconnect policy work in the fashion that is satisfactory
13 to all parties.

14 Mr. Chair, another issue that concerns VCSJ is the
15 phenomenon of how low income consumers are often found in
16 homes that show a significant degree of residential
17 inefficiency. The data supplied by the Applicant shows
18 that whenever a repeat disconnect occurs that disconnect
19 is as least as likely to occur in the same residence as it
20 is with the same customer.

21 In our mind these numbers show that residential
22 inefficiencies may play as large a role in causing arrears
23 as limited incomes. That is why, Mr. Chair, we have
24 wanted to see the utility be more active in promoting
25 residential efficiency, particularly in its contact with

1
2 low income consumers.

3 While this is another one of those soft issues that may go
4 beyond the direct scope of an economic regulator, I
5 certainly hope that you might offer some thoughts on this
6 point. I say this because there is a strong likelihood
7 that this intervenor, or another group representing low
8 income New Brunswickers, will be present at a future rate
9 hearing.

10 Residential inefficiency is something that is of great
11 concern to us, and we would likely continue to bring it up
12 in the future. If the utility was more proactive on this
13 issue then it's less likely that we would bring it up at a
14 future regulatory hearing. We certainly hope they
15 undertake to make improvements.

16 As an aside, I should note that the largest of the
17 municipal utilities, Saint John Energy, has shown
18 remarkable leadership in this field. They recently held a
19 well attended fair on energy efficiency and offered every
20 residential customer in attendance three free CFL bulbs,
21 as well as lots of free education on how these customers
22 can reduce their heating bills.

23 As a result of the fair they have given out close to
24 45,000 energy saving bulbs and are in the process of
25 giving out the remaining bulbs to food banks, co-op

2 housing providers and other agencies that consume vulnerable
3 consumers of energy.

4 In the mind of this Intervenor this is a wonderful example
5 of how utilities can marry energy efficiency with customer
6 service.

7 The remaining paragraphs of my submission, Mr. Chair, deal
8 with how the utility can better manage the customer
9 arrears of that small amount of customers who have a very
10 difficult time making the payments. And I should
11 highlight that it is in fact a very small amount.

12 According to the Applicant's own evidence, an estimated
13 four percent of all residential customers.

14 I should add also that few of these customers appear to be
15 frequent defaulters. In its response to an IR from VCSJ,
16 the Applicant noted that slightly over 2000 customers had
17 been disconnected more than once in the last five years.

18 This represents less than one percent of all the utility's
19 residential ratepayers.

20 As a starting point I should offer a suggestion as to how
21 the cash starved utility may find a way to find funds to
22 support initiatives that could benefit low income
23 consumers. Much has been made of the various Dunning
24 notices and the rather large amount of late payment mail-
25 outs the utility issues. In my mind producing efficiency

1
2 in the way these mail-outs are administered can free up funds
3 for new initiatives that can help low income households.

4 I also remember a previous intervenor, the wonderful Nova
5 Scotian, David MacDougall, informing me of how the Nova
6 Scotian utility offers consumers a chance to top up their
7 utility payment in support of initiatives that either
8 support green projects or low income consumers. Perhaps
9 this sort of funding arrangement can be explored by this
10 Board.

11 Finally, Mr. Chair, there is the dilemma of how the
12 utility can treat its most vulnerable customers fairly
13 while at the same time meeting the revenue needs required
14 to maintain its operation. This intervenor has
15 highlighted endowments found in other jurisdictions as a
16 possible way to improve the relationship between NB Power
17 and its most vulnerable clients, because we felt that this
18 idea offered a possible solution to the Applicant's
19 dilemma. My written submission delivered on Monday
20 provides detail on these source of endowments.

21 I also invited Seth Asimakos of the Saint John Community
22 Loan Fund to present to this Board, because I believe his
23 innovative micro credit program offers an even more
24 interesting solution than the traditional charitable
25

2 endowment. Instead of forgiving debts, his loan fund offers
3 high need clients the chance to pay back their energy
4 arrears but at a rate that is far less than that charged
5 by a credit card, and using an amortization period that
6 takes into account the monthly budget crunch many low
7 income families face.

8 I know that Saint John Energy already has a growing
9 relationship with the Community Loan Fund and I would
10 encourage the Applicant to explore setting up a similar
11 relationship with it or another agency. I know for
12 instance that the credit counselling services of Atlantic
13 Canada had hoped to present to this Board similar sorts of
14 ideas. In my mind, Seth's program highlights something I
15 have found true time and time again at my job. When you
16 treat New Brunswickers fairly and give them a chance to
17 succeed, they rarely let you down.

18 As a final comment, Mr. Chair, I would like to answer the
19 broad question, why should the regulator comment and offer
20 sound recommendations on the issues that have only a small
21 bearing on the large economic considerations discussed at
22 the first stage of the hearing. In my mind, the regulator
23 must regulate on these issues if only because of
24 government decisions that have come out or were a result
25 of the first phase of the hearing.

2 As you know, the Board ruling in which the declining block
3 rate was substantially attacked was largely overturned,
4 meaning that low income consumers are still penalized
5 under the current rate design. Since that decision a new
6 government has issued a protocol regarding winter
7 disconnects.

8 Both decisions have a profound impact on low income
9 consumers and both decisions suggest that this Board needs
10 to provide the utility, and perhaps even more importantly,
11 the new energy minister, with a roadmap as to how all
12 consumers of energy in the province of New Brunswick can
13 receive better service.

14 I would add that since the idea of an arrears fund also
15 came out of the first phase of the hearing and was
16 discussed earlier in this application, my high school law
17 course tells me that the Board still has authority to
18 offer insight on that concept.

19 With that, Mr. Chair, I thank you again for your
20 endurance.

21 CHAIRMAN: It has been a pleasure, Mr. Peacock. As I say,
22 this has been going on for a year-and-a-half, so -- before
23 I move to Mr. Hyslop, Mr. Young, just for the record, do
24 you have any submission as an informal?

25 MR. YOUNG: Thank you for asking, Mr. Chairman, but no.

2 CHAIRMAN: Okay. Thank you. Mr. Hyslop.

3 MR. HYSLOP: Thank you, Mr. Chair and Panel. Thank you

4 also, Mr. Morrison, for during the hearings and to other
5 people -- professionals I have dealt with. It has been
6 quite an experience for a poor old country lawyer from
7 Hartland, New Brunswick.

8 I spent from 2:00 o'clock to 4:00 o'clock last night
9 typing out my remarks. And I heard some of the cross-
10 examination and examination of this Board this morning,
11 and they are largely to be ignored. I have changed some
12 of my thoughts. In particular the thoughts from the Chair
13 especially where, you know, when you cut through all this
14 customer service policy we are dealing with a very small
15 fraction of New Brunswickers. Four percent. Maybe less
16 than that. Maybe as little as .67 percent.

17 But I think everybody here appreciates probably who that
18 .67 percent are. They are the poor, they are the
19 disabled, they are probably many of the people in our
20 society that are without hope. The other 96 percent of us
21 don't give a rat's behind, I would say, about what is in
22 that customer service policy manual. It doesn't affect
23 us. They want a deposit, we pay the deposit. The bill
24 comes in, we pay the bill. We phone up for a hook-up at
25 our cottage, they run around in the spring, there is \$39

2 on there, we pay it. It doesn't matter.

3 What this manual is about is the relationship between the
4 four percent of people in our society that are most
5 disadvantaged and a monopoly publicly owned utility. It's
6 the setting of those rules.

7 Most of you are probably aware, I was a candidate in the
8 election this fall, and I knocked on about 5,000 doors in
9 a riding where there was a lot of poverty. There are a
10 lot of poor people in Saint John/Lancaster. I am ashamed
11 to say I was not aware of that fact. I drove by it every
12 day. I have a brother-in-law lives down the lower west
13 side on Guilford and Watson Street, it's one of the oldest
14 sections of Saint John. I was not aware of it. I don't
15 think I would be making the argument I am about to make to
16 you if I hadn't been a candidate in that election, because
17 I did not have the awareness.

18 There are three points. First, under the present law and
19 structure of the customer service policy NB Power makes
20 the rules. There is this review process and quite
21 frankly, I heard my colleague, Mr. Morrison's remarks --
22 don't sweat it, Mr. Morrison, I'm not arguing that this
23 Board has jurisdiction over these rules. In fact I even
24 question whether it's a bit of a stretch -- those stretch
25 targets -- maybe even whether you have the authority to

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

have this review, but I'm not going to go there.

This utility has unfettered discretion to administer these rules. There is no third party. Once in a while the Ombudsman calls up, but there is nobody designated. At the end of the day they are the referee that decides how the rules will be applied.

And what they have done during this hearing, and the panel has articulated it, they like to tell us that they do so with compassion, fairness and with a bit of a public heart.

And with greatest respect, as the Public Intervenor I have some concerns. I think I say it because I knocked on 5,000 doors. There is no countervailing pressure on the utility except perhaps a sense of decency. No one balances between the four percent of the customers that are most disadvantaged and NB Power. Nobody says at the end of the day if they cut someone's power off, or if George can't get a room because he can't pay the deposit, whether NB Power was right in administering these rules. The customer service manual is misnamed. The customer service policy is NB Power's collections and arrears manual. It's how they go about collecting bills. It's how they make sure the revenue they generate from running their electricity is collected.

2 This morning I looked at A-17 which was the document with
3 the different indicators, how they do their customer
4 service. I brought the wrong one up. Regardless of that,
5 the first one in it was the arrears to revenue. I want to
6 think about that. It's the arrears to revenue. It's the
7 objective. How much are the arrears of the total revenue
8 of the company.

9 With greatest respect, that doesn't measure customer
10 service. That's measuring how effective we are at
11 collecting our bills. And that's the first -- in NB
12 Power's mind, that's the first and most important
13 evaluation of how the customer service manual operates.
14 They are not looking at how they administer customer
15 service policies, they are looking at how well they do or
16 do not collect bills. And I'm not saying that's
17 unimportant. It's critically important to a business. In
18 a used auto parts business it would be terrific. But NB
19 Power is not a used auto parts business. It's a monopoly.

20 It's the only place you are going to buy electricity in
21 this province.

22 It's an essential service. It's cold in New Brunswick and
23 you better have your heat on in January. And it sells it
24 -- as a utility it's required to sell it to that 4 percent
25 of our people that are most vulnerable.

2 NB Power has suggested that it's government-owned and this
3 should make a difference. And if government wants to give
4 direction on this, they are entitled to do so. I accept
5 that. And at the end of my submission, I am going to ask
6 this Board perhaps to ask for the government to give some
7 direction on this point.

8 Mr. Marois made a very telling comment yesterday in cross-
9 examination. And I am not sure if it was to me or to my
10 colleague, Ms. Desmond. But he said, you know, we
11 sincerely feel it's in the best interest of every new
12 client to pay his bill. You know, I think it goes without
13 saying that at the end of the day that you don't have to
14 say it, it's also in the best interest of NB Power.

15 I want to go on and talk about some of the things we
16 learned during my cross-examination. And, you know, it
17 was a hardnosed cross-examination. I feel a little bad
18 about parts of it. But NB Power maintains that they look
19 at other jurisdictions when they make changes to their
20 policies. But when we ask them to provide the paper trail
21 of where they looked when they made all the changes set
22 out in PI IR-3, well we don't have records and details of
23 that.

24 A lot of times I have asked them if they were aware of
25 the policies in other provinces during the course of

2 this hearing. And the answer -- rare to get yes or no answer
3 from Mr. Marois, but every time it was no.

4 You know, I went and looked at the change they made to
5 deposits. And they had an IR this morning, a response
6 they gave, I think it was IR -- or A-14. And that
7 document said the previous policy was they would require a
8 deposit if you had a bad credit history with the utility.

9 So if I was a new account, I didn't have to pay a
10 deposit. It's only if I established the bad credit
11 history. If I was George, I wouldn't have had to worry
12 about it, if I managed to pay my bill, I wouldn't have had
13 to worry about making a deposit.

14 And, you know, I asked him during the course of the
15 hearing, many jurisdictions assume the credit worthiness
16 and only ask for the deposit later on. And I asked during
17 the cross-examination, I said are you aware of another
18 province that frames -- frames the request for a deposit
19 in the negative and says, who doesn't have to have one and
20 as yet I haven't found one like that. We are different.

21 I agree with -- my good friend, Mr. Morrison, there is no
22 evidence whether because we are different, we are better
23 or worse, but we are different. I will leave you to
24 ponder that question during your deliberations.

25 You know, no one can convince me when they made that

2 change on the deposits that didn't have a significant on the 4

3 percent of New Brunswickers we are dealing with. The

4 change was made for one reason. And that was to make it

5 easier for NB Power to collect the bill from those that

6 may be most disadvantaged. NB Power seems -- their

7 position is that we do show the compassion.

8 I went through that list and I invite you to do so, that's

9 in PI IR-3. Take some time, flip through it. Look at

10 those changes. Ask -- there is a lot of technical changes

11 because the piece of legislation changed. But ask

12 yourselves, is that change for the benefit of the 4

13 percent or is that change for the benefit to make it

14 easier for NB Power to collect the bills?

15 You know, something else we learned, we talked about how

16 they communicate with their customers. And I am not going

17 to spend a lot of time, but they filed an IR response this

18 morning. There was some great deal of testimony, for

19 example, about the different mailouts they put in the

20 bills. If you check that IR response, there has been one

21 mailout in the last four years.

22 We learned during these hearings that there is

23 inconsistencies between the RSP manual and the

24 administration book. And some of the things a customer

25 might want to know are only in the administration manual

2 and you find it up when you go on the phone to him.

3 Found out during this hearing they can't keep the bloody
4 manual up-to-date.

5 This Board in 1992, and NB Power must have sat there and
6 indicated that they would make a change so that fish farms
7 and fish hatcheries would fall under the definition of
8 farm. They were complimented on it, if you read the
9 decision that they would do so. Seven years and two
10 months later, they made that change. This is a utility
11 that says, you know, trust me.

12 They added something to the RSP manual on deposits. You
13 don't need a deposit if you get your credit check and give
14 them an Equifax credit check. They did that over six
15 years ago. Mr. Larlee wasn't aware of that until Ms.
16 Arsenault reached over to him during cross-examination.
17 NB Power is out of step with other jurisdictions. I put
18 questions to the panel based on my knowledge of those and
19 whether or not it is better or whether it is worse, I
20 cannot provide an opinion and I won't. But I will leave
21 it to you.

22 But some of these jurisdictions are interesting. On
23 security deposits I have touched on that. Also many of
24 these areas allow, when there is a security deposit you
25 can pay it over instalments. Some places up to as much as

1
2 four months.

3 I ask, you know, is spreading that out over four months,
4 is that to the benefit of the four percent or is that to
5 the benefit of the utility?

6 I would obviously suggest it helps somebody on limited
7 income.

8 NB Power will do that for you but it is not in their RSP
9 manual. You get them on the phone, and if you ask them if
10 they will spread it out, they might.

11 Now Mr. Morrison is going to argue in rebuttal and he
12 argued in argument, there is no evidence, no expert
13 opinion but says it is different elsewhere. Yes, it is
14 different and based on your ruling I can't prove whether
15 it is better or worse. I leave it to you to ponder it.

16 And I leave you to perhaps flip through some of the pages
17 in ID-2 and form your own opinion.

18 I'm sure if there were fewer deposits, NB Power would not
19 collect as much money. But then maybe George would have
20 his apartment.

21 I want to talk a little bit about disconnect policy. Mr.
22 Marois, in his own evidence, indicates that the
23 justifiable economic needs test is not a radical change
24 from what it was before. But you know, this is a utility
25 that says trust me. But they can't even get the details

2 of how it ties in to Family & Community Services in the
3 Dunning letter correct.

4 You know, they sat under oath and told us -- we are
5 putting the reference to it in. We asked them to produce
6 the letter and it wasn't there. You know, when it comes
7 to electricity that affects every average day New
8 Brunswicker, since the election campaign that was called
9 this spring up until November 1st up till today when it
10 comes to how it affects that four percent and a lot of
11 other New Brunswickers, can you think of anything -- can
12 you think of anything that would have more thought given
13 to it than what we are going to do with winter disconnects
14 in this province?

15 After last spring everything else we have done in terms of
16 what the public thinks probably spins around the young
17 lady that came in here and explained her problem.

18 NB Power can't get it in a letter but they will give a
19 balanced view to that four percent. Maybe the way they
20 intend this justifiable economics needs test should be a
21 little better spelled out.

22 NB Power still does not have a no winter disconnect
23 policy. All it has done with this justifiable economics
24 needs test is move it from being a disconnect policy to a
25 slower disconnect policy.

2 You know, the province of Quebec you cannot disconnect
3 during the winter months. The province of Ontario you
4 cannot disconnect during the winter months. Nova Scotia,
5 you can't disconnect in the winter months. Manitoba you
6 can't disconnect in the winter months. State of Maine you
7 can't disconnect anytime. Actually in the state of
8 Vermont you can.

9 Now this is different than New Brunswick. And I will
10 leave it to your consideration whether we are better in
11 New Brunswick because we have a slower disconnect policy.
12 But you know, think about it, think about it. The threat
13 of disconnection is a big stick to wield when you are
14 trying to collect an account. And balancing the interest
15 between that four percent and the utility's right to
16 collect its account, is it really fair that we give this
17 utility this stick? I don't know. You will have to
18 decide what is better.

19 The third point I want to speak to is this whole idea of
20 having a third party intervene or rule or act as a go
21 between between the utility and this vulnerable 4 percent.
22 Nova Scotia has a person in the company but he is not part
23 of the credit and collections team and you have got to
24 give him that number and that person can intervene on your
25 behalf and try to work something out.

2 A lot of utilities you have got to give notice to the
3 regulator or you have to give the customer notice to the
4 regulator that the regulator will step in and review what
5 they have done.

6 NB Power's disconnects aren't reviewed by anybody. Is
7 letting NB Power set the rules, administer the rules and
8 make the final judgment fair? There are a lot of
9 jurisdictions that are different. I don't know if that is
10 better or not.

11 Well what does this mean and where does it leave us? I
12 think the issue is a simple one this hearing comes out of.

13 Are we content at the end of the day to let NB Power to
14 continue to regulate itself and balance in between that 4
15 percent of our people that are most vulnerable that the
16 RSP manual affects or should we be looking at something
17 different?

18 You know, the Board -- I agree with my colleague, he is
19 quite correct -- the Board has no jurisdiction to do
20 anything about that RSP manual. This Board has no
21 jurisdiction if somebody calls and explains the facts to
22 you to order NB Power not to cut someone's electricity
23 off.

24 This Board has no jurisdiction to ask NB Power every year
25 to send a complete list of the disconnections and the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

reason for it and the steps you took before you took that, to see if they are behaving in a proper fashion.

But you know that doesn't mean necessarily mean that the needs that have risen during this hearing are answered.

And I want to just maybe touch on what I think some of the needs are that have to be addressed.

It is our submission that we need to have a countervailing pressure on NB Power to balance its relationships with its customers. I think we need to have a third party mediate and adjudicate disputes with NB Power.

You know, if they know they are going to have to explain themselves, maybe they will give it one more serious thought in an attempt to resolve it.

We need a third party to exercise oversight over what I suggest is lax management of the RSP manual.

We need a third party that will exercise oversight on the design and implementation of the customer service policies. The policies should provide customer balance, not a whole phalanx of policies that the utility can use to collect its bills.

We need a third party from time to time to monitor the performance of the customer service standards. You know, we need, I suggest as a result of what we heard at this

2 hearing over the last two days, we need oversight to protect
3 the 4 percent of our society that are the most vulnerable.
4 Right now NB Power sets the rules. They have an
5 unfettered discretion to administer and apply the rules.
6 They have an unfettered discretion to leave the customer
7 with not other option but to accept their position.
8 Maybe it doesn't matter much to a businessman with 100 lot
9 subdivision. He can walk away if he doesn't like the
10 price. Don't know.

11 I'm sure Commissioner LeBlanc-Bird has heard this but one
12 of the things you learn practising law, especially if you
13 are doing a bit of trial work, is it is good to have trust
14 but it is better to have verification. NB Power certainly
15 has a great deal of trust in NB Power.

16 The real issue -- the real issue that I would like you to
17 think about when you go to your deliberations and think
18 about the problem that is before you. The real issue is
19 whether or not you as a public utilities board should be
20 in a position to provide verification that the customer
21 service policy is fair, reasonable and balanced. And that
22 they are administered consistently and fairly.

23 Now I realize you may or may not be able to decide this.

24 And you are certainly at the end of the day not in

2 a position to do anything about it. But as a result of this
3 hearing, if you feel the way I do, I think you should in
4 your ruling take the opportunity to state that fact in
5 your decision.

6 Your decision will go to the Cabinet. It will go to the
7 government of New Brunswick. They will be able to ponder
8 whether you feel as a utility board who has to regulate
9 the electricity sector whether or not it is proper that
10 there be some verification of this utility and its
11 relationship with the four percent that are most
12 vulnerable in this province.

13 I have a one page -- I'm not going to read it this time.
14 I don't think I want to bore you. I am going to pass it
15 out. It is the order I am seeking -- the ruling. It is a
16 ruling. I don't think you can make an order. But look at
17 it and what I am asking you to do in your decision is to
18 tell the government of this province that the time has
19 come for some verification.

20 Thank you very much.

21 CHAIRMAN: Thank you, Mr. Hyslop.

22 MR. MORRISON: I would like 10 minutes before rebuttal,
23 please?

24 CHAIRMAN: Okay. We will take a 10-minute break.

25 MR. HYSLOP: Mr. Chair, could I just have that order

2 circulated before we proceed.

3 (Recess - 1:30 p.m. to 1:45 p.m.)

4 CHAIRMAN: Mr. Morrison?

5 MR. MORRISON: Thank you, Mr. Chairman. I only have two
6 points and I will be brief in rebuttal.

7 One point and it comes from Mr. Hyslop's argument. In his
8 argument he made reference to Ms. Arsenault on the stand
9 and being questioned about a letter and whether the letter
10 contained a reference to, referring people to Family &
11 Community Services.

12 And Mr. Hyslop went on to say that it was only when the
13 letter was produced that two facts come out as to -- that
14 in fact what Ms. Arsenault was incorrect. I can assure
15 you that Ms. Arsenault and the other witnesses take their
16 duties as witnesses very seriously. And I just hope that
17 this Board isn't left with the impression that Ms.
18 Arsenault deliberating attempted to mislead this Board in
19 any way, because that was certainly not the case.

20 The other issue I want to deal with -- and it's because
21 Mr. Hyslop brought it up directly in his argument, and it
22 goes again to this ID -- I think ID-2 in the comparison
23 information. Comparisons to other jurisdictions.

24 And I resisted that going on the record, as you know.

2 And it isn't on the record. And I have resisted that not
3 because DISCO is in any way concerned or afraid of the
4 comparison that's in there. That's not the reason for my
5 resistance. The reason for my resistance is that it's
6 information that's been prepared -- hasn't been prepared
7 by a witness, is not subject to cross-examination,
8 therefore, it can't be subject to verification.

9 And Mr. Hyslop raised one example. He raised several, but
10 I am only aware of one personally. He said in his
11 argument that Ontario has a -- currently has a no
12 disconnect during winter policy. That's not correct.
13 That policy was only in place for one year, 2002/2003 and
14 hasn't been repeated.

15 And I make that point only because -- and I don't know
16 about the other comparisons, that it is dangerous for this
17 Board to rely on information that hasn't been subject to
18 cross-examination and prepared by a witness and being able
19 to ask questions and probe the veracity of the
20 information.

21 Mr. Hyslop has urged you to flip through, I think was his
22 term, ID-2 and get a feeling for what's in there. I guess
23 my comment on that is decisions can't be based on
24 feelings. They have to be based on evidence. And ID
25 isn't evidence.

2 And those are all my submissions, Mr. Chairman. Thank
3 you.

4 CHAIRMAN: Thank you, Mr. Morrison. This comes to an end
5 of, as I said, 62 days of hearings that we had. I
6 wouldn't be surprised this has been the longest stretch
7 that this Board has ever -- how can I say -- strung out on
8 a hearing. I think we started, what, in April 2005. It
9 was around there.

10 My Board Secretary says that we can go back to
11 approximately 1917 in this Board. And this could likely -
12 - and I am just guessing here that possibly this is the
13 last hearing to be held under the Public Utilities Board.
14 As everybody is aware that what has transpired over the
15 last six months and with the introduction of a new
16 legislation, changing the name of the Board and all. So I
17 guess this will be like -- could possibly -- and I don't
18 know that for a fact or anything else could possibly be
19 the last time the Public Utilities Board sits in an open
20 session such as this, you know.

21 So, as I say, first of all, I would like to thank
22 everybody that has been involved. And I know it has been
23 a very long and arduous process. And I know at times we
24 have had our differences and all, but I think in the end
25 we will come out. And I would like to -- and my fellow

1

- 398 -

2 Commissioners.

3 One thing I will say personally, I didn't think I would
4 find myself sitting in this situation and all. So, but I
5 would like to thank my fellow Commissioners. They have
6 taken a lot of time out of their lives and all of us have.

7 And I think all of us in this room have to conduct these
8 hearings and all.

9 It's been very difficult. And from a standpoint of, you
10 know, the time and the effort and everything else and what
11 it has done for, you know, other things. Myself, I have
12 had to put a lot of things on hold. And I expect my
13 fellow Commissioners have and other people in the room
14 have.

15 But it's been a very good experience. It think it's been
16 a very good experience for all of us. And I think it's
17 been, you know -- a lot has been learned. And, you know --
18 -- and from all sides, I mean we have to look at the whole
19 picture and look at -- and I think that, you know, it's --
20 this Board has tried to do its best. And we have tried to
21 look at everybody on all sides, whether it's the company
22 that, you know -- the company itself, the public,
23 whatever. We have tried to do a balanced -- and take a
24 balanced approach on it and all.

25 But again I would like to thank everybody. And as I

1

- 399 -

2 say, it's been a -- it's been a learning experience. And I
3 hope that in the end, there is some good that comes out of
4 it.

5 The last six months, as I say, has been very difficult.
6 And it's -- we have had our ups and downs. And it's been
7 sort of a very -- I am trying to find the right word for
8 it -- but it's -- a lot of times we didn't know if we were
9 pitching or catching. You know, the fact is that as I
10 say, things were just up in the air and seems that, you
11 know, so -- and as I say, one of the first things I did
12 when -- October 2nd or 3rd, when I came into this
13 situation, I wanted these hearings to continue, because it
14 was our mandate and all and to continue them from the --
15 and so that's what we felt we should do.

16 But again, it's -- I would like to thank everybody and I -
17 - it's -- as I say it's -- what were you saying this
18 morning about you will have withdrawal?

19 MS. LEBLANC-BIRD: Hearing withdrawal.

20 CHAIRMAN: Because we got to a point that like it was almost
21 an automatic thing. You know, you sort of packed your
22 bags and like the rest of us and you sort of packed your
23 bags and you ended up, you know, in Saint John. You know,
24 it was almost like, you know, my own case, point the truck
25 in the right direction and it ended up -- that's where it

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

ended up in the parking garage of the Delta.

And so, you know, it was -- as I say, it's been interesting. And I think -- and I am not going to use the term, enjoyable, because that's not what it was here -- we were here for. But I think everybody got along and everybody -- we were -- as I say, we are here for one purpose is to serve the people of New Brunswick.

And I think that is what I -- myself and my fellow Commissioners, that's what we are about, to serve the people of New Brunswick. And, you know, the best interest of everybody, both ratepayers and shareholders of this province.

And it's very difficult, you know, in balancing the shareholders and ratepayers, you know, and drawing the line between the two and all. But on the whole that's what we are here for is to serve the people of New Brunswick. And hopefully we will do the best possible job we can. And that's all I would like to say. Thank you very much.

(Adjourned)

Certified to be a true transcript of the proceedings of this hearing as recorded by me, to the best of my ability.