JOINT HEARING OF

NOVA SCOTIA UTILITY AND REVIEW BOARD and NEW BRUNSWICK ENERGY AND UTILITIES BOARD

IN THE MATTER OF: An Application to amend Motor Carrier

License No. 244 and Extra-Provincial

Operating License No. X544 (by

amending schedules of rates, tolls and

charges)

An Application to approve Trailers for

the carriage of freight

HEARD BEFORE: Mr. Roland A. Deveau, Member

Nova Scotia Utility and Review Board

Mr. Raymond Gorman, QC, Chair

New Brunswick Energy and Utilities

Board

Mr. Cyril Johnston, Vice-Chair (NB)

Mr. Yvon Normandeau, Member (NB)

Mr. Steve Toner, Member (NB)

PLACE HEARD: Amherst, Nova Scotia

DATE HEARD: Friday, June 6, 2008

IN ATTENDANCE: Mr. John Stringer, QC

Counsel for the Licensee

Ms. Denise Sirois

Product Director for the Licensee

Mr. John Huneault

Vice-President Finance for the

Licensee

Ms. Nancy MacRae, CA

Local Moncton Office Financial Representative for the Licensee

Mr. David White

Motor Carrier Division Director

Ms. Tammy Paradis, Policy Analyst

New Brunswick Department of

Transportation

WITNESSES: Mr. John Huneault

Ms. Nancy MacRae Ms. Denise Sirois

Hearing Clerk: Ms. Anne Bonang

Board Staff: Ms. Dona Di Quinzio (NS)

Ms. Lorraine Legere, Secretary (NB)

Mr. David Keenan, Advisor (NB) Mr. Douglas Goss, Director of Regulatory and Finance (NB)

Recorded by: Nova Scotia Utility and Review Board

Transcribed by: Drake Recording Services Limited

1592 Oxford Street Halifax, Nova Scotia

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MR. DEVEAU

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This is a joint -- or these are joint hearings of the Nova Scotia Utility and Review Board and the New Brunswick Energy and Utilities Board with respect to applications by Acadian Intercity Coaches LP and --I should get the right name -- Acadian Coachlines LP operating in New Brunswick with respect to -- in Nova Scotia it's an application to amend Motor Carrier License No. 244 and to amend Extra-Provincial Operating License No. X544. It's an application to increase the existing fare structure on an average of 6.2 percent as set out in the application and the documentation filed with the There's also a joint application -- or another application which accompanies that in terms of trailers, with respect to Nova Scotia it's to operate public passenger vehicles with approved trailers attached for the carriage of freight, parcel express and luggage in conjunction with the provision of general route service only. My name is Roland Deveau, I'm here representing the Nova Scotia Utility and Review Board. And I'd ask Mr. Gorman to introduce the New Brunswick Board.

MR. GORMAN

Thank you. In New Brunswick this is an application

by Acadian Coachlines LP for approval of an increase in certain tariffs or passenger fares for its intercity scheduled services within the Province of New Brunswick. My name is Ray Gorman and I am the Chair of the New Brunswick Energy and Utilities Board. Our legislation requires a quorum of a minimum of three, and so we have many more people than Nova Scotia here. We have the vice-chair, Mr. Cyril Johnston, as part of the panel Mr. Yvon Normandeau and Mr. Steve Toner. Also from our Board is our Board secretary, Ms. Lorraine Legere, and Board staff Doug Goss and David Keenan.

MR. DEVEAU

I should mention that our staff are here today.

First of all, recording the hearing is Anne Bonang and Dona Di Quinzio, they're acting as hearing clerks, and the director of the public passenger division for Nova Scotia is here as well, Mr. David White. Mr. Stringer, you're here on behalf of the Applicants. Perhaps you could introduce who's accompanying you today.

MR. STRINGER

Yes. Representing the Acadian Bus Group, Mr. Chair, our witnesses today will include John Huneault, vice-president of finance, Denise Sirois, the

product manager, and Nancy MacRae to my right who's 1 2 the accounting manager for Acadian. MR. DEVEAU 3 And, sorry, it's Nancy MacRae? 4 5 MR. STRINGER 6 MacRae. 7 MR. DEVEAU 8 Yes. 9 MR. STRINGER 10 M-A-C-R-A-E. 11 MR. DEVEAU And she is ---12 13 MR. STRINGER She would be the accounting manager. It's proposed 14 that we would lead off with Ms. Sirois who would 15 16 give the general overview of the application, a 17 portion of which is confidential, and then we would 18 move on to a general in-camera session on the 19 financing aspect of the application where Mr. 20 Huneault and Ms. MacRae would be sitting as a panel 21 on that to respond to questions. So, at the 22 appropriate time we would ask that those people not 23 involved in the hearing be asked to leave the 24 hearing room.

25

MR. DEVEAU

1		Okay. Well, first of all, perhaps we can deal with
2		that issue. Pursuant to a direction last year there
3		were there was communication between the two
4		Boards and the Applicants with respect to the
5		confidential filing of information, and in our
6		letters to the Applicants we indicated that that
7		should be dealt with at the start of the hearing.
8		We've obviously read the materials but we do have
9		questions about that. So, perhaps before we get
10		into the actual evidence we'd like to deal with that
11		issue, and perhaps we'll canvass I see there's
12		two people here. They're obviously not with you,
13		Mr. Stringer, in the back?
14	MR. S	STRINGER
15		That's correct.
16	MR. I	DEVEAU
17		Okay.
18	MR. S	STRINGER
19		With regard to the representative from the New
20		Brunswick Department of Transportation we're not
21		objecting to her presence during the hearing.
22	MR. I	DEVEAU
23		Okay.
24	MR. S	STRINGER

She has appeared -- or she's been present during

1	other hearings and we don't have any problem with
2	that.
3	MR. DEVEAU
4	Yes.
5	MR. STRINGER
6	But I believe there's a member of the press here.
7	MR. DEVEAU
8	Okay. You're a member of the media?
9	UNIDENTIFIED MALE VOICE
10	Yes, I am.
11	MR. DEVEAU
12	Okay. What we'll do is consistent with other
13	applications that come before the Board, there is
14	sometimes a claim for confidentiality of certain
15	documentation that's been filed with the Board on a
16	confidential basis. We have to determine perhaps
17	I'll start again. Are you a member of the public or
18	the press?
19	UNIDENTIFIED MALE VOICE
20	The press.
21	MR. DEVEAU
22	Okay. I'll just start the comments you can have
23	a seat.
24	UNIDENTIFIED MALE VOICE
25	Okay.

MR. DEVEAU

1

2 We just started on an issue that involves you, 3 there's yourself and another member from the press as well. In these applications, this type of 4 5 application, in terms of our regulatory functions there is -- sometimes there is a request for 6 confidentiality in relation to -- in this case today 7 8 it's in terms of financial statements. So, the 9 first -- the way we deal with those is first to hear 10 the submissions from the Applicants, in this case Acadian, as to the reasons why they feel that 11 12 information is confidential and then the Board rules 13 on that and then -- depending on the ruling then we proceed either with or without that information. 14 15 And some of the presentation today would be public but obviously some parts are -- you would like to be 16 confidential. So, what we have to do before we get 17 18 into the actual evidence is we have to hear the 19 Applicants and what their view is as to why it should be confidential and we have to determine 20 21 that. So, while we hear those arguments -- because 22 obviously we'll be, you know, referring to the 23 matters that have been filed -- that will be held in 24 camera, so we would ask members of the public and the media that are not related to this to leave the 25

1	room while we do that. I suspect that would take,
2	you know, five, 10, 15 minutes, probably at least 10
3	- 15 minutes in any event. So, if you would, we'd
4	ask you to leave just for that time, and once
5	before we begin hearing the evidence on the
6	application we will go out and get you and advise
7	you of what our decision was. Okay?
8	UNIDENTIFIED MALE VOICE
9	Okay.
10	MR. DEVEAU
11	Thank you very much.
12	UNIDENTIFIED MALE VOICE
13	Do you want us to leave right now?
14	MR. DEVEAU
15	Yeah. Thanks. Please.
16	(SHORT DISCUSSION BETWEEN MR. DEVEAU AND MR. GORMAN)
17	MR. GORMAN
18	I understand that there is one member person
19	here, I guess, that is not a member of the
20	Applicant, is not a member of the various Boards,
21	and that's somebody from the New Brunswick
22	Department of Transportation. Perhaps, just for the
23	record, we can identify who you are.
24	MS. PARADIS
25	Tammy Paradis, Department of Transportation Policy

1	Branch. Paradis, P-A-R-A-D-I-S.
2	MR. GORMAN
3	Thank you, Ms. Paradis.
4	(SEE IN-CAMERA TRANSCRIPT - PAGES 15-60)
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(PUBLIC SESSION RESUMES)

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Okay. We have -- we've reopened the session to the public and the media, and just for the purposes of our -- how the matters have progressed, for your information, members of the public and media, as I indicated earlier this morning, Acadian had filed financial statements, full financial statements that were filed on a confidential basis -- pre-filed actually on a confidential basis with both Boards -and they were claiming confidentiality over those agreements for competitive reasons, which is not a -- that's a normal claim made by Applicants in matters before the Board. So, we went in camera to listen to their arguments and there was a break, discussion occurred between Acadian and staff from both Boards and it was agreed that the -- Acadian agreed that they would -- or at the conclusion of those discussions the result was that Acadian will file a redacted version, which essentially means some of the information is either struck out or combined, groups -- certain expenses or revenues are combined to protect sensitive information. Board -- both Boards were prepared to proceed on that basis, and those redacted financial statements

are part of the public record. If you want to obtain a copy of that, you can do so. Please contact the clerk and they can provide you with a copy of that, but it is part of the public filing for this hearing. The confidential filings are also on file and those will be considered by the Board in camera but the redacted versions will be -- can be referred to in the public session. So, the way we'll progress, Acadian will proceed with their application today, there may be some -- there might be a short -- shorter in-camera session later on but we'll first do the public portion of this and then we'll do the in-camera session later and then we may or may not issue a decision today. We'll see at the end of the day how it transpires, but we'll proceed with the public session now. So, Mr. Stringer, I'll pass it over to you. And obviously the witnesses are already sworn for today's testimony.

MR. STRINGER

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Thank you. Just one housekeeping matter, which would be the filing of the affidavits of publication of these hearings in -- for New Brunswick and Nova Scotia, and ---

MR. DEVEAU

I think we had already assigned No. 2 to that. So,

- 1 you've got one for both, 2(A) and 2(B)? Okay.
- 2 MR. STRINGER
- 3 All right. Thank you. As I mentioned previously,
- 4 the first witness that the Applicants wish to
- 5 examine would be Ms. Sirois, and she has a
- 6 presentation that I will take her through.
- 7
- 8 MS. DENISE SIROIS, (Previously Affirmed)
- 9 DIRECT EXAMINATION BY MR. STRINGER
- 10 1. Q. Ms. Sirois, you've already been sworn, so just for
- 11 the record if you could just provide your full name.
- 12 A. Denise Sirois, S-I-R-I-O-S.
- 13 2. Q. And where do you live?
- 14 A. In Montreal.
- 15 3. Q. And what position do you hold with the Acadian Bus
- 16 Group?
- 17 A. I'm [inaudible] manager for passenger services and
- 18 charter services.
- 19 4. Q. And what are your responsibilities in that position?
- 20 A. I'm responsible for revenue growth, customer service
- and the marketing of our services.
- 22 5. Q. And how long have you been employed with the Acadian
- Orleans Express organization?
- 24 A. 18 years.
- 25 6. Q. And generally for the record can you just describe

- 1 the Intercity bus operations that Acadian Bus Group
- 2 runs throughout the Maritime provinces.
- 3 A. Okay. Acadian operates daily passenger services
- 4 throughout Nova Scotia and New Brunswick and parts
- of PEI. We're connecting Quebec with [inaudible]
- and other carriers for the west trips and we connect
- 7 in Bangor with Greyhound for trips to the States.
- 8 7. Q. And do you operate sort of a 24/7 operation?
- 9 A. Yes, we do.
- 10 8. Q. And can you describe the motor carrier and extra-
- 11 provincial operating authorities that you hold in
- 12 the Maritime provinces.
- 13 A. Well, we do have [inaudible] in Nova Scotia, in New
- Brunswick, in Quebec [inaudible] inter-provincial
- [inaudible].
- 16 9. Q. And that would be for intercity and charter
- 17 services?
- 18 A. That's correct.
- 19 10. Q. And can you describe the location of your terminals
- 20 in both New Brunswick and Nova Scotia.
- 21 A. We have six main terminals. In New Brunswick
- 22 they're located in Moncton, Fredericton and Saint
- John. In Nova Scotia they're in Halifax, Truro and
- Sydney.
- 25 11. Q. And besides the terminal operations, how many agency

- operations do you have throughout the Maritimes?
- 2 A. We do operate 68 point of sales [inaudible] agencies
- 3 throughout the Maritimes.
- 4 12. Q. And to run your network throughout the Maritimes how
- 5 many employees does Acadian have?
- 6 A. We do have -- [inaudible] I don't know if I have
- 7 that information here by provinces. I'll get back
- 8 with the information. I don't have the details.
- 9 13. Q. You don't have them as totals, or do you just have
- 10 them broken down?
- 11 A. I don't have them broken down.
- 12 14. Q. Okay.
- 13 A. Okay, here they are. Sorry. We do have 49 persons
- 14 in Nova Scotia, 29 of them are drivers, in New
- 15 Brunswick we have 97 employees, of them 37 are
- drivers, and we also have eight drivers based in
- [inaudible].
- 18 15. Q. And at the present time how many motor coaches does
- 19 the Acadian Bus Group operate in the Maritimes?
- 20 A. We to have 39 modern coaches.
- 21 16. Q. And are any of those handicap-equipped?
- 22 A. Yes, eight of them are equipped with a lift to give
- 23 access to the people with reduced mobility
- travelling with a wheelchair.
- 25 17. Q. Since Acadian last appeared before these Boards have

- there been any changes in the bus fleet?
- A. We still have the same number of buses. We added,
- obviously, five modern coaches -- three modern
- 4 coaches with the lift, but otherwise we have the
- 5 same number of buses.
- 6 18. Q. Same number, but have any of them been upgraded from
- 7 the -- the years?
- 8 A. The new ---
- 9 19. Q. They're newer?
- 10 A. Yeah. Yeah. We have a replacement program to --
- 11 that's [inaudible].
- 12 20. O. And where does Acadian have maintenance facilities?
- 13 A. We do have facilities in Moncton that we operate
- 14 ourselves and we also use our [inaudible] Express
- facilities [inaudible] and we [inaudible] services
- in Halifax.
- 17 21. Q. And since Acadian restructured its fare structure a
- number of years ago to reflect a zone of distance
- 19 system, has Acadian seen any improvement in its
- volumes?
- 21 A. In fact, the passenger volume is going down since
- two thousand and -- mid-2006, but what we wanted
- 23 with our new structure was to increase the round-
- 24 trip volume of our sales and we did attain that
- objective, it's slightly going up.

- 1 22. Q. So, now you sell a round-trip ticket whereas before
- 2 people were just buying one-way ---
- 3 A. Yes.
- 4 23. Q. --- and sometimes finding another way to get back?
- 5 A. Yes, exactly.
- 6 24. Q. Okay. Now, Ms. Sirois, you've prepared a PowerPoint
- 7 presentation to explain the request for the fare
- 8 increase contained in Acadian's application.
- 9 Perhaps you could just take us through that. I
- realize a portion of this is confidential, so when
- 11 we come to that point maybe we could just stop and
- we'll deal with that.
- 13 A. Okay. Perfect. Thank you. What we are proposing
- 14 this year is obviously the same structure that we
- introduced a few years ago in 2005. We -- if
- 16 [inaudible] with the [inaudible]. We're keeping our
- same [inaudible] distance, [inaudible] kilometres of
- each throughout the network. We maintain the same
- 19 discount structure that we have used years ago,
- 20 meaning that students and seniors will receive the
- 21 15 percent discount on one-way, children from five
- 22 to 12 receive a 40 percent discount and children
- from one to four years travel for five dollars
- 24 (\$5.00). Round-trip we are giving an additional
- discount of 15 percent to all groups and the young

kids are travelling free. There's no change in that 1 2 [inaudible]. The change, of course, will 3 [inaudible] structure. What I would like to show 4 here is a -- what I was saying previously when I 5 said that our round-trips are increasing slightly 6 over the year, from last year we -- from 2006 we were at 40 percent of our sales with round-trips and 7 8 for 2007 the total increased to 45 percent. Here 9 what we see is a segmentation by [inaudible] 10 clientele. Adults and the students are our main 11 customers, but we do see a decrease in our volume of ridership. What I'm showing here is only the sales 12 13 on Acadian network, it doesn't show the people coming from other networks, [inaudible] if they 14

16 25. Q. So, within the Acadian network in the Maritimes 17 there was a reduction of 11.5 percent in 2007?

connect with United States.

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A. That's correct, over -- between 2006 and 2007. We will see there that it's slightly less [inaudible].

I'm showing here a table that reflects that our [inaudible] structure that was introduced is -- the [inaudible] between the average price in Nova Scotia and New Brunswick is getting lower, is decreasing.

When we introduced that new price structure years ago, there was a different pricing structure for New

1 Brunswick than Nova Scotia that was inherited from 2 the [inaudible] and in 2007 we're getting closer 3 between the two provinces. I must -- may remind you 4 that the average price is only an indicator for us, 5 it's only the number -- the revenues divided by the number of passengers that we have, so it gives us an 6 average price and it's influenced by the distance 7 8 that is travelled and the type of clientele and the 9 type of trip, if it's a one-way or a round-trip. 10 So, that has an impact on the average price, so the 11 more we're selling round-trips it's going to influence that price, but it's a good indicator for 12 13 us on where we're going. Here, I'm sorry it's 14 really small but I'm presenting the price per zone. Those are the adult one-way. We see that Zone 1 to 15 16 4 is increasing -- are increasing by one dollar (\$1.00), Zone 5 to 9 by \$2.00, 10 and 11 by \$3.00, 17 18 12 to 20 by four dollars (\$4.00) and 21 to 52 by 19 five dollars (\$5.00). We're still keeping the concept that the farther the person travels the less 20 21 he pays per kilometre. We had estimated that our 22 impact -- average impact rate is up 62 percent and 23 I'll show in a further slide where that number is 24 coming from. Moncton-Halifax, who is one of our main corridors, is increasing by three dollars 25

(\$3.00) or 6.8 dollars on a one-way basis for an 1 2 adult. I'm showing here adult round-trip, a 15 3 percent discount is given and the increase varies from 4.5 to 16.7 percent, the increase being higher 4 5 if the price is smaller. Of course, that's only mathematical. And we rounded all our prices to the 6 closest dollar, so maybe smaller or larger increases 7 8 are shown there. Adult and Club 60, seniors, we're 9 still maintaining that 17 discount, prices are 10 rounded to the closest dollar, and I'm showing here a few examples of the impact on some corridors. 11 12 We'll see that Moncton-Halifax one-way is increasing 13 by three dollars (\$3.00), the same thing for the students, and that's an increase of 6.8 or 8.1 for 14 students. And we do still add that two dollar 15 16 (\$2.00) surcharge on one-ways and four dollars (\$4.00) on returns for the Confederation Bridge 17 18 tolls. Same thing here for Nova Scotia, if we're 19 looking at the popular corridor, Halifax-Antigonish, adult is increasing by 5.3 and student by 6.3. 20 21 That's a two dollar (\$2.00) increase for Nova 22 Scotia. And that concludes the part on my 23 structure. I have further elements that will explain why we're presenting that increase today. 24

25

MR. STRINGER

Now, Mr. Chair, as we go through pages 11 on it
deals with information which was redacted in the
financial information. We can either just skip over
that, if the Board has got that -- we do have an
additional exhibit, as we undertook to provide
actual fuel cost increases this year. So, we could
enter that in and we could speak to that.

8 MR. DEVEAU

9 On a public ---

10 MR. STRINGER

11 On a public basis.

MR. DEVEAU

13 Sure.

14 MR. STRINGER

We could do that?

MR. DEVEAU

17 Yeah.

18 MR. STRINGER

These are separate diesel costs for New Brunswick and the [inaudible] Nova Scotia. We'll enter that as an exhibit.

MR. DEVEAU

23 It's the same exhibit, it's just for each province?
24 Or is the diesel prices ---

MR. STRINGER

- 1 Well, it's -- and it's updated through to May, so it
- is useful to see how ---
- 3 MR. DEVEAU
- 4 But one for each province?
- 5 MS. SIROIS
- 6 Yes.
- 7 MR. STRINGER
- There's one for each province, yes.
- 9 MR. DEVEAU
- Okay. So, that'll be 11(A) and (B).
- 11 MR. STRINGER
- 12 11(A) and (B).
- 13 EXHIBIT NO. 11(A) (ENTERED) AVERAGE COST OF DIESEL FOR
- 14 NOVA SCOTIA
- 15 EXHIBIT NO. 11(B) (ENTERED) AVERAGE COST OF DIESEL FOR
- 16 NEW BRUNSWICK
- 17 BY MR. STRINGER
- 18 26. Q. Ms. Sirois, do you have a copies of ---
- 19 A. No, I don't.
- 20 27. Q. You don't? Okay.
- 21 A. I gave mine ---
- 22 28. Q. Sure, you gave them ---
- 23 A. --- yesterday.
- 24 29. Q. There we go. Maybe we could just identify Exhibit
- 25 (A) and (B), Ms. Sirois.

- 1 A. Yes. (A) and (B) are showing the average diesel
- 2 cost paid by Acadian in New Brunswick and in Nova
- 3 Scotia. That's a by-month pricing since January
- 4 2005 up to May 2008 and it shows our increases or
- 5 the price we paid over the months. In 2005 our
- 6 average price was 78.3, it goes up to 84.3 in 2006
- 7 and 86.7 in 2007. By the end of May of this year
- 8 our average price was at 1.1 dollars a litre, so
- 9 over -- if we compare the average price of 2008 to
- the one in 2007, that's an increase of almost 27
- 11 percent, 26.8 to be more precise. By the end of May
- 12 we were paying 45 percent more than we were paying
- in May last year.
- 14 30. Q. And, Ms. Sirois, could you just explain the
- significance of this number. In May you were at
- 16 \$1.23.51.
- 17 A. Yes.
- 18 31. Q. And for the purposes of your budgeting forecasts, as
- 19 the Board would have seen in your pre-filed
- 20 information ---
- 21 A. Okay.
- 22 32. Q. --- what did you use as your forecasted number, even
- your amended forecasted number?
- 24 A. Our amended forecast was at 1.1 per litre, our
- initial forecast when we prepared our 2008 budget

- was at 95.6 -- 85.6. So, it's really over
- what we budgeted and reforecast in May -- in March.
- 3 33. Q. So, at the bottom of this document you say:
- 4 "By the end of May we were paying 44.8
- 5 percent more than the same period last
- 6 year."
- 7 A. That's correct. For Nova Scotia the numbers are
- 8 really similar. By the end of May this year we were
- 9 paying 45.4 percent over what we paid last year at
- 10 the same time. Our average price in 2008 is at 1.9
- 11 dollars a litre. The increase between May and --
- 12 April and May was almost up 7 cents a litre, so
- that's a big increase, and our forecast and budget
- 14 were at the same prices that I just mentioned for
- 15 New Brunswick, 1.1 in the reforecast and 85.6 in the
- initial budget.
- 17 34. Q. And as a percentage of your overall expenses can you
- 18 comment on how fuel costs have grown.
- 19 A. The share of fuel?
- 20 35. Q. Yes, fuel as a percentage of expense. It's
- 21 obviously grown.
- 22 A. Yeah, it has and -- let me check my numbers, John,
- 23 I'm sorry. I don't have them, sorry. The increase
- over our budget for ---
- 25 36. Q. No, as a percentage of your overall operating budget

- 1 can you comment on how fuel has impacted that as a
- 2 percentage?
- 3 A. I don't have the precise information, and maybe I'll
- 4 let my -- I'm not sure that ---
- 5 37. Q. I'll just show you the [inaudible].
- 6 A. Okay. I didn't understand your question properly.
- 7 That's our share -- the fuel share over our revenue
- has increased, yes. In 2006 in Nova Scotia it was
- 9 14.2 and it goes to 14.8. That was in our initial
- 10 budget, and finance will be able to explain with the
- 11 reforecast and actual results because what I'm
- showing here is only from our initial budget.
- 13 38. Q. Yes. And obviously now that we have the end of May
- that's not reflected in that?
- 15 A. Not at all.
- 16 39. Q. No.
- 17 MR. DEVEAU
- Just for clarification, what you're saying is the
- 19 application you're making today for the increase,
- 20 the application that's before the Board, that was
- 21 based on earlier projections on fuel?
- 22 MS. SIROIS
- Yes.
- MR. DEVEAU
- 25 So, what's happened -- I think it's obviously fair

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1 Right. So, what's happened since April 1st, that's

2 not being recovered as part of this application?

3 MS. SIROIS

4 No, it's not.

5 MR. DEVEAU

6 Okay. Thank you.

7 MR. TONER

No, but the average includes May, though.

9 MS. SIROIS

10 That's an updated information that I prepared ---

11 MR. TONER

But it's still a dollar one. Is that a dollar one

or a dollar ten?

14 MS. SIROIS

15 A dollar ten.

16 MR. TONER

17 The average [inaudible] ---

18 MS. SIROIS

19 Yeah.

MR. TONER

21 --- [inaudible] still on ---

MR. STRINGER

23 You've got -- maybe I can just explain that.

MR. DEVEAU

Yeah, that's [inaudible]. Yeah.

- 1 MR. STRINGER
- 2 You're not looking at a full year, you're looking at
- an average for only those months.
- 4 MR. TONER
- I agree but -- yeah, okay.
- 6 BY MR. STRINGER
- 7 40. Q. Anyway, we can get into that a little bit more maybe
- 8 on the in-camera session.
- 9 A. Yeah.
- 10 41. Q. We're just trying to -- and maybe I can just ask you
- a little bit again with regard to other operating
- expenses. Generally the company has seen other
- expenses continue to increase?
- 14 A. Yes, but not as much as the fuel is.
- 15 42. Q. No.
- 16 A. We will be presenting details later but ---
- 17 43. Q. And I think just generally those expenses for -- in
- New Brunswick have gone up in 2008 versus over 2007
- 19 3.4 percent?
- 20 A. That's correct.
- 21 44. Q. And in Nova Scotia 3.6 percent?
- 22 A. That's correct.
- 23 45. Q. Correct.
- 24 A. Those are based on the initial budget.
- 25 46. Q. Maybe I could just ask you to then just skip over to

1 the conclusions of your presentation.

2 A. Yes, I will.

MR. TONER

4 Can I ask you a question first?

5 MS. SIROIS

6 Yes, certainly.

MR. TONER

Can you explain to me in your opinion, since it is your -- that's your responsibility, why has your ridership gone down given fuel costs being so high?

I would think that it would be skyrocketing just ---

MS. SIROIS

We may expect it. Demography is one of the elements that, I think, has an impact on our ridership. Low-cost airlines, because I think a lot of people from the Maritimes travel farther than Quebec or they don't travel that much within the provinces, they tend to travel to go to west and they travel by plane. Because if we're looking at our numbers, what we're selling on the network is going down faster that what is coming from interlining. We will have a survey of our customers later this summer. It's part of our marketing activities for this year. We may have better information or precise information of what people -- why people are

- using us, are using our services, because we'll
- 2 survey our customers. Knowing what people like of
- 3 us we will be able to promote those advantages, but
- 4 what I'll be telling today are really feelings and
- 5 we know that the airline -- low-cost airlines are
- 6 hitting us hard, but further than that I don't have
- 7 really precise information or scientific answers to
- 8 that.
- 9 BY MR. STRINGER
- 10 47. Q. Ms. Sirois, could you just skip over to page 21 of
- 11 your presentation.
- 12 A. Yes.
- 13 MR. STRINGER
- Just go down on your computer to page ---
- MR. DEVEAU
- Is there a way you can point to that page on your
- 17 computer, please.
- 18 MR. STRINGER
- Just go to page 21 on your computer.
- MR. GORMAN
- Just to confuse the issue, I'm not sure we have a
- 22 page 21 in the pre-filed.
- MR. STRINGER
- Oh, I'm sorry.
- 25 MS. SIROIS

- 1 Yeah, that's the ---
- THE CLERK
- That would be 19.
- 4 MR. STRINGER
- 5 19, okay. Page 19.
- 6 MS. SIROIS
- 7 Ah! Okay.
- 8 MR. DEVEAU
- 9 Mine seems to conclude at 17.
- 10 BY MS. SIROIS
- 11 A. I don't see a 19, John. 19?
- 12 48. Q. No, I'm sorry, keep going, and you have a page with
- "Conclusions," Ms. Sirois.
- 14 A. Okay. The conclusion?
- 15 49. Q. Yes.
- 16 A. Okay. That's page 24.
- 17 50. Q. 24, I'm sorry. My pagination got changed. Sorry.
- 18 A. Okay.
- 19 MR. GORMAN
- 20 I'm not sure we have copies of it. That's fine,
- 21 we'll just follow along on the PowerPoint.
- 22 MS. SIROIS
- 23 What you're missing, I think, in the original
- 24 presentation are the updated fuel costs that I --
- that we gave [inaudible].

- 1 MR. GORMAN
- 2 Fair enough.
- 3 MR. DEVEAU
- 4 [Inaudible] the last page?
- 5 MR. GORMAN
- 6 No, but that's okay, we'll ---
- 7 MS. SIROIS
- 8 That's the last page of the presentation that we --
- 9 my conclusion.
- 10 MR. GORMAN
- 11 Fair enough. We'll just follow along with the
- 12 PowerPoint.
- 13 MR. STRINGER
- We can follow along with that.
- 15 MS. SIROIS
- 16 I'm sorry about the confusion.
- 17 MR. GORMAN
- No problem.
- 19 BY MS. SIROIS
- 20 A. Okay. Of course, we believe that what we are
- 21 presenting today is a reasonable request for our
- 22 price increase, especially in light of the fuel
- 23 costs that we are facing since the beginning of the
- year, in fact since mid-summer last year. We're
- 25 trying to keep our request or our price as low as

- 1 possible because we know that our customers are
- 2 really price-sensitive, but this year we cannot go
- with the usual 2 or 2.5, 3 percent increase. Our
- 4 projected costs for this year could be more than 27
- 5 over budget because obviously that was prepared
- 6 before the May result. In light of those things and
- 7 the further information you will have from my
- 8 colleagues, we think that's a reasonable increase.
- 9 We don't think it will be -- it will have an impact
- on our actual customers, and it will be my work as a
- 11 marketing person to convince other people to use our
- 12 services.
- 13 51. Q. Now, Ms. Sirois, if the Boards approve the rate
- 14 increase as applied for, Acadian would like to have
- that implemented by ---
- 16 A. By June 16 ---
- 17 52. Q. --- June 16?
- 18 A. --- if it's possible, yes.
- 19 53. Q. Okay.
- 20 A. Thank you very much.
- 21 MR. STRINGER
- 22 And Ms. Sirois is available for any questions of the
- Board.
- MS. SIROIS
- Yes, of course.

- 1 MR. DEVEAU
- 2 Perhaps I'll pass it over to New Brunswick first.
- 3 Do you have any questions?
- 1 QUESTIONED BY MR. GORMAN
- 2 1. Q. I just want to clarify the -- just at that slide 24,
- 3 that the projected cost of fuel is 27 percent over
- 4 our initial budget. That's the increase since the
- 5 budget -- does that reflect what was applied for in
- 6 April or is that an additional 27 percent. I just
- 7 need a little clarification.
- 8 A. No. It's what was originally presented in April.
- 9 2. Q. Is 27 percent over your initial budget.
- 10 A. Yes. At 1.1.
- MR. DEVEAU
- So it's 27 percent over 1.1.
- 13 MS. SIROIS
- 14 No.
- 15 MR. DEVEAU
- 16 No?
- 17 MS. SIROIS
- 18 No.
- 19 MR. DEVEAU
- I'm confused then.
- 21 BY MS. SIROIS
- 22 A. Our initial budget when we prepared them last fall,

- 1 we were at .856. And when I prepared that, I
- 2 prepared that with in mind 1.1, one dollar, ten
- 3 cents (\$1.10). So we projected at that time 27
- 4 percent costs over our initial budget.
- 5 3. Q. And that took you to a dollar ten. And what your
- figures are showing is that, as of today, it's about
- 7 a dollar and a quarter. So that additional fifteen
- 8 cents has not been contemplated in your application.
- 9 So there's a greater cost that you've seen of about
- 10 fifteen cents a litre on fuel that's not part of
- 11 your application.
- 12 A. That's correct.
- 13 MR. STRINGER
- 14 Given current costs where they've been ---
- 15 MS. SIROIS
- 16 Yes.
- 17 MR. GORMAN
- 18 Sure.
- 19 MR. KEENAN
- 20 Mr. Chair, just on the document that was filed, I'm
- just looking at the last -- bottom line on 2008, and
- 22 just on the -- the Brunswick item, it is identified
- as 1.0991, the Nova Scotia 1.0891. Those should be
- 24 -- to conform with the rest of the document, should
- 25 be 109.91 and 108.91. Is that correct?

MS. SIROIS 1 2 I'm not sure I understand. 3 MR. KEENAN The documents -- they -- if you -- you have it in 4 5 cents per litre. It's just the decimal position is 6 7 MS. SIROIS Oh, okay, okay. 8 MR. DEVEAU 9 10 The decimal is in the wrong place. 11 MR. KEENAN So just to confirm that under the last line on 2008, 12 13 for New Brunswick, should read 109.91, and for Nova Scotia, 108.91. 14 MS. SIROIS 15 16 Yeah. That's right. 17 MR. GORMAN 18 Any questions from the rest of the New Brunswick panel on the information that we've heard so far? 19 That's it from New Brunswick. 20 21 MR. DEVEAU 22 Thank you. 23 MR. STRINGER 24 Thank you, Mr. Chair. That would conclude the

information that we've led on the application, on

the public portion of these matters, Mr. Chair. I'm

just wondering how you'd like to proceed. There's

been a lot of discussion about the in-camera

information during the preceding session earlier

this morning, but if there are questions arising,

then we can go into the presentation with regard to

Mr. Huneault and Ms. MacRae, if that's alright.

MR. DEVEAU

Okay. So what I'll do is we are now going to go into extraordinary in-camera session, and hopefully it won't be as long as the one this morning. And what we'll do, we'll come out and get you after that portion is completed.

THE PRESS

Can we just have a clarification on when she was talking about the increases of fuel prices? Because when she went through them, like 2006, 2007, the last one, with a car going by and noise, we couldn't hear, or at least I couldn't hear.

MR. DEVEAU

Okay. Perhaps you could just repeat that again.

THE PRESS

And I'm just wondering if the table is on a piece of paper. And the other one was you had a page of increases in actual fares, like from Halifax to

1		Amherst or something like that. If we could have
2		that page.
3	MR.	DEVEAU
4		Perhaps what we'll do is perhaps after we finish
5		the in-camera session, we'll make sure that you have
6		access to those exhibits
7	THE	PRESS
8		That'd be great.
9	MR.	DEVEAU
10		so you can get those figures. Okay.
11	THE	PRESS
12		Thank you.
13	MR.	DEVEAU
14		Thank you.
15		(SEE IN-CAMERA TRANSCRIPT)
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(PUBLIC SESSION RESUMES)

MR. DEVEAU

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Just one question, just to deal with the issue again of the trailer. The Board has obviously -- this material was pre-filed. And the Board understands staff spoken with that has the appropriate representatives from Acadian in terms of bringing these on line. The Board is prepared to do so. So there are a few points that we just -- in our order that we'd be looking for. And just to summarize them, obviously there's a particular type of trailer that's been looked at and inspected, one that's been -- is being manufactured on behalf of Acadian. those are the trailers that would be approved, and the list of those would be provided to the Public Division by VIN number. Obviously Passenger necessary permits would have to be obtained. obviously -- they'd have to be obtained in any event, but we'll note them in the order as we do in this type of application. Necessary permits in Nova Scotia, subject to inspection, the terms of And obviously insurance, same as the coaches. satisfy that insurance is in place for the trailers. And finally, perhaps the only -- the other item that would be a little out of the ordinary would be to

provide a training manual, provide a copy of the 1 2 training manual for the coaches and the trailers. 3 There's obviously a reference to the training in the And just to file the appropriate 4 application. 5 training manual, booklet or pages or portion with --6 keep that filed with the Public Passenger Division. 7 But based on those five things, we're prepared to 8 grant that order. We realize that in New Brunswick,

it's been in place, I think, the last two years.

MR. STRINGER

11 Yes, I believe that's the case, by special permit.

MR. DEVEAU

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13 Pardon me?

MR. STRINGER

By special permit in New Brunswick. It's done separately, I think, from -- with the Department of Transportation.

MR. DEVEAU

So I understand from our -- administratively it would be another schedule. We don't have enough schedules already, so we're going to add another one. So in any event, the Board is prepared to approve that based on that -- and again, I think there have been discussions -- many discussions in relation to bringing that on line, so -- yeah, in

relation to the application today, I just should mentioned for the press, that was just in relation to Acadian's application to -- for trailers on the back of their coaches for freight. So that's obviously approved. Now, we're back to the original application on the rate increase. Now, Mr. Stringer, we -- you know, we've just caucused here and we're fairly satisfied with the applications. If you want to just briefly summarize it for the purposes of the press who -- and the public, just to bring them up to speed with that.

MR. STRINGER - SUMMATION

Yes, absolutely. I'll just briefly summarize. Thank you, Mr. Chair, Members of the Boards. As we've heard at this concurrent hearing of the New Brunswick Energy and Utility Board and the Nova Scotia Utility and Review Board, the purpose of this application by Acadian Bus Group is to provide for a general increase in fares of an average of 6.2 percent over its 52 zones of distance. And this strategy has been in place for approximately three years and was approved by the Board, so it gives a seamless pricing scheme throughout the Maritimes. It's been well received. However, as we've heard, there has been a decrease in the past year, which

Acadian is hoping to stem the tide on through new 1 2 marketing programs. We've got a return ticket 3 program in place, which has been well received, and now Acadian, as we've heard, is going to have a 4 5 Passport program trying to get better customer 6 allegiance on a go-forward basis. Ms. Sirois has 7 described that it's a continuing challenge to try to 8 make these companies profitable with the increasing 9 price of fuel, as well as other operating expenses. 10 In fact, since this application was made to 11 Board, we've seen significant increases 12 month over month, so it's a constant catch-up 13 The company has explained its commitment Over the years, it has 14 to Maritime customers. 15 decreased the average age of the Acadian bus fleet. 16 It's committed to bringing handicap-equipped busses 17 It has improved its website. stream. There is, 18 we would submit, a great commitment by the company 19 to the Maritimes to improve the quality of service, 20 improve the schedules, and generally improve the 21 service levels to the public. The next 12 months 22 are obviously going to be very challenging for the 23 It is a period of time where expenses are company. 24 going in directions that nobody had forecast. 25 we hope that the increases that have been applied 1

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for are approved and that that allows the company to reach some equilibrium to stem the tide of losses it's incurred over the last period of time. The tests that the respective Boards have to apply this application are found in Section 14 of the New Brunswick Act and Section 13 of the Nova Scotia Motor Carrier Act. We would submit that we've met those requirements, those prerequisites, that the evidence as presented today, both in public and in sessions, both the current and in-camera forecasted financial information, clearly supports the increase being requested. And as a result, we submit that the application should be approved as presented. We again want to emphasize we appreciate the respective Boards being receptive to sitting on a concurrent basis. It's efficient to companies, we would submit that it's efficient for the respective Boards, and I think the discussion with regard to technical sessions with regard to the form of disclosure for financial informations going forward will be useful. On that basis, we would ask that the applications be granted effective June 16th of this year. Thank you.

MR. DEVEAU - N.S. DECISION

I'll perhaps proceed first. Obviously the Board has

reviewed the information that's been 1 filed in 2 advance of today's session and it is satisfied that 3 the factors in Section 13 have been met and that the 4 rate increase is justified and appropriate. Obviously one of those -- all costs go up, but 5 6 obviously fuel is an important component of your operation, and it's clear that that's presenting 7 8 many challenges not only to your industry but other 9 industries. And for those and other reasons, 10 obviously rising costs, particularly including fuel, 11 the Board is prepared to approve the rate increase requested, and it'll be effective June 16th. 12 13 We'll have an order out before then. Part of that order as well will be to continue to move towards a 14 15 protocol for financial statements, redacted 16 financial statements. And we'll -- we talked about 17 a 90-day session today, so obviously if you're prepared to proceed on that basis, we can do -- I'm 18 19 sure the Boards can accommodate that and work 20 And finally, in relation to Nova towards that. 21 Scotia, as I mentioned, we're prepared to approve 22 the use of trailers on the basis that we've previously outlined, and we'll incorporate that into 23 24 the same order as well. Mr. Gorman?

MR. GORMAN - N.B. DECISION

Thank you. The application before the New Brunswick 1 2 Energy and Utilities Board is for permission to vary 3 the tariff of passenger fares on its inter-city services within the Province of New Brunswick as set 4 5 out in the Schedule "A" that was attached to 6 The evidence indicates that those application. 7 changes would result in an average increase of 6.2 8 percent. The New Brunswick Board is satisfied on 9 the evidence filed before it, both the evidence 10 which was disclosed on a public basis and that which 11 was disclosed on a confidential basis, that there is 12 indeed an indication that that would be 13 appropriate increase, and so the Board will grant increase as requested. We particularly take 14 note of the fuel costs and the fact that they 15 16 continue to escalate even beyond the point of having 17 been an increase from the point in time when the 18 application was first made. We also would make as a 19 condition of the approval that the parties -- or 20 that Acadian meet with the two Boards to agree on 21 essentially a formula or a template, if you will, for disclosure of financial information for filings 22 23 for future applications that would be made public. 24 And the 90 days seems to be the period of time that everybody is comfortable with. I appreciate we're 25

going into the summer season, so I hope everybody 1 2 understands what they're agreeing to. But I think 3 if we don't do it now, as I indicated in my earlier 4 remarks, then perhaps, you know, another year 5 potentially will pass and we'll find ourselves in a 6 similar situation. The Board will in fact render a written decision, and if in fact the written 7 decision varies in some minor respects from my 8 9 comments today, the written decision will govern.

MR. DEVEAU

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On that 90-day issue, perhaps it might be better to set a date certain. I'm just seeing -- is September 30th reasonable? That's -- I mean, by the time ---

MR. STRINGER

15 Certainly.

MR. DEVEAU

So that's -- we're talking about a hundred days or something.

19 MR. GORMAN

There, you've extended it already.

MR. DEVEAU

Yeah. By the time we issue our decisions ---

MR. GORMAN

New Brunswick can live with September 30th.

25 MR. DEVEAU

1		Yeah. Okay. So we'll do September 30th.
2	MR.	STRINGER
3		Thank you.
4	MR.	DEVEAU
5		And then we'll know everyone knows the date after
6		we leave here today and okay. So on that basis,
7		there are a few undertakings. One, you're going to
8		file a clean version of those redacted financial
9		statements for both New Brunswick and Nova Scotia.
10		And there was also the undertaking about the extra-
11		provincial crossings from Nova Scotia. And I think
12		that was it. So I thank you for your presentation.
13		Obviously there are challenges, but hopefully things
14		will get better and hopefully the price of oil will
15		go down, for everyone's benefit. So I thank you
16		all, and we're adjourned for the day.
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18		Hearing adjourned at 1:45 p.m.
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CERTIFICATE OF COURT TRANSCRIBERS

We, the undersigned, Gwenyth Smith-Dockrill and Janine Seymour, Court Transcribers, hereby certify that we have transcribed the foregoing and that it is a true and accurate transcript of the evidence given in the matter of An Application to amend Motor No. 244 and Extra-Provincial Carrier License Operating License No. X544 (by amending schedules of rates, tolls and charges) and An Application to approve Trailers for the carriage of freight, taken by way of electronic tape recording, and transcribed by us to the best of our abilities given the quality of portions of the recording.

Janine Seymour
Court Transcriber (Registration No. 2006-28)

Gwenyth Smith-Dockrill Court Transcriber (Registration No. 2006-45)

Halifax, Nova Scotia Tuesday, June 10, 2008