

- 1 **Q. (page 5, Footnote 11, page 14, Table 3) It is stated that NP typically does not charge**  
2 **security deposits for domestic customers. Table 3 indicates that most utilities do.**  
3 **Page 15 indicates that the Company instead works with customers to establish a**  
4 **payment process. Why doesn't NP do both, as presumably most utilities do?**  
5
- 6 A. Security deposits are essentially a mechanism to minimize financial risk. Newfoundland  
7 Power currently requires security deposits under certain conditions that represent higher  
8 financial risk to the Company and its customers. For example, security deposits are  
9 required from limited liability companies in business for less than 2 years, including such  
10 companies who assume responsibility for domestic service. This reflects the fact that  
11 many new business ventures fail, often resulting in uncollectible funds owed to the  
12 Company.  
13
- 14 Newfoundland Power's current practice with respect to security deposits balances the  
15 relative financial risk presented by individual domestic customers, on the one hand, with  
16 the increased administration costs and the financial barrier to service resulting from an  
17 increased requirement for security deposits, on the other. Minimizing barriers to service  
18 is consistent with Section 3(b)(ii) of the *Electrical Power Control Act, 1994*, which  
19 requires the Company manage its operations in a manner that would result in consumers  
20 in the province having equitable access to an adequate supply of power.  
21
- 22 A copy of Newfoundland Power's *Customer Deposit Policy* is provided in *Volume 2,*  
23 *Supporting Materials, Tab 8, 2018 Rules and Regulations Review, Appendix B.*