**Q. Are there any other approaches to co-occupants that may be considered and what are the pros and cons; for example refusal only where there is evidence of fraud, or requiring a deposit rather than refusing service?**

A. **A. General**

Newfoundland Power's Rules and Regulations, and related policies and practices, are designed to ensure an equitable balance in the delivery of service to customers. Maintaining such a balance requires responding to the needs of *individual* customers, while ensuring overall service delivery is fair for *all* customers.

The Company aims to maintain an equitable balance in its collections practices by offering a reasonable level of flexibility to customers facing financial difficulties, while at the same time limiting the amount of uncollectible bills expense borne by all customers through customer rates.

**B. Alternative Approaches**

The alternative approaches identified by Newfoundland Power that may be considered to address the issue of co-occupant arrears, and some possible pros and cons of each alternative approach, are described below. A full assessment of the possible impacts of these alternative approaches to co-occupant arrears on the equitable delivery of service to Newfoundland Power's customers would require more time than is allotted for the response to Requests for Information in this proceeding.

| **Alternative 1: Expand Use of Security Deposits** | |
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| **Current Practice** | **Alternative** |
| Security deposits are not required from individuals responsible for service at residential properties. | Security deposits would be required from applicants with a poor account history or a co-occupant with a poor account history. |
| Pros:<br>• Security deposits reduce the financial risk associated with potential future arrears.<br>Cons:<br>• Payment of a security deposit would not address the co-occupant's outstanding balance.<br>• Requiring the payment of a security deposit introduces an additional financial barrier to applicants requesting service at residential properties.<br>• Administration of security deposits may increase operating costs. | |

| **Alternative 2:<br>Eliminate Sharing of Financial Responsibility** | |
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| **Current Practice** | **Alternative** |
| An applicant and one or more co-occupants accept financial responsibility for the account. | Only the applicant could accept financial responsibility for an account. |
| | |
| <u>Pros</u>:<br>• Limiting financial responsibility to only the applicant would reduce refusals of service.<br>• The cost of administering the application for service process would be reduced.<br><u>Cons</u>:<br>• Flexibility for customers would be reduced by removing the option of adding co-occupants as financially responsible for an account.<br>• Limiting applications for service to one applicant per request would increase uncollectible bills expense by increasing the ability for customers to transfer service between individuals to avoid payment.<br>• Uncollectible bill expense would increase by limiting the Company's ability to collect arrears from co-occupants. | |

| **Alternative 3:<br>Limit Refusals Based on Co-occupancy** | |
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| **Current Practice** | **Alternative** |
| Refusal of service may occur when a co-occupant has outstanding arrears, regardless of whether the applicant and co-occupant lived together when arrears were accrued. | Refusal of service based on co-occupancy would be limited to instances where the applicant and co-occupant lived together when the arrears were accrued. |
| | |
| <u>Pros</u>:<br>• Limiting refusals of service to instances where an applicant and co-occupant lived together when the arrears were accrued would reduce refusals of service.<br><u>Cons</u>:<br>• This option may increase operating costs as efforts would be required to confirm previous co-occupancy.<br>• Uncollectible bills expense would increase by allowing a co-occupant to maintain existing arrears while continuing to receive service.<br>• This option would create inequalities in service delivery as some co-occupants who were financially responsible for a previous account would continue to access service without paying arrears. | |

| **Alternative 4:**<br>**Co-occupant Financial Responsibility on New Account** | |
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| **Current Practice** | **Alternative** |
| Refusal of service may occur when a co-occupant has outstanding arrears, regardless of whether the co-occupant is listed as financially responsible on a new application for service. | Refusal of service based on co-occupancy would be limited to instances where the co-occupant is listed as financially responsible on the new application for service. |
| | |
| Pros:<br>• Limiting refusals of service to instances where a co-occupant is listed as financially responsible on the new account would reduce refusals of service.<br>• There is no increased operating cost to administer this option.<br>Cons:<br>• Allowing a co-occupant to maintain existing arrears while continuing to receive service would remove their incentive to pay their outstanding balance and would increase uncollectible bills expense.<br>• This option would create inequalities in service delivery as some co-occupants who were financially responsible for a previous account would continue to access service without paying arrears. | |