

1 **Q. (Application Volume 1, Exhibit 1, item 14) What measures is NP taking to reduce**  
2 **uncollectible bills? What are the primary causes of uncollectible bills? Is it**  
3 **accurate to say that uncollectible bills is not a risk to NP because it recovers the**  
4 **amounts as operating costs?**  
5

6 A. Uncollectible bills reflect customer accounts that are referred to collections agencies and  
7 customers that have declared bankruptcy. As such, uncollectible bills are largely a  
8 reflection of economic conditions.  
9

10 Newfoundland Power manages its uncollectible bills through its Collections Policy. The  
11 Collections Policy is designed to provide reasonable flexibility to individual customers  
12 who experience difficulty paying their monthly electricity bill, while also aiming to  
13 reduce the amount of uncollectible bills that are paid for by all customers.  
14

15 Examples of specific measures taken to manage uncollectible bills include:  
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- 17 (i) Offering customer payment arrangements to collect amounts owed while avoiding  
18 disconnection of service;
- 19 (ii) Requiring security deposits, typically from commercial customers, in  
20 circumstances that present higher risk;<sup>1</sup>
- 21 (iii) Screening applicants for new service to determine whether amounts are owing  
22 and must be paid for previous service;
- 23 (iv) Disconnecting service to customers for non-payment in a manner consistent with  
24 the Collections Policy;<sup>2</sup> and
- 25 (v) Using third-party collection agencies to recover amounts from customers, when  
26 required.  
27

28 A review of Newfoundland Power's Collections Policy in 2018 determined the  
29 Company's practices are reasonable and consistent with public utility practice.<sup>3</sup>  
30

31 No, it is not accurate to say that uncollectible bills are not a risk to Newfoundland Power  
32 because it recovers the amounts as operating costs. The Company bears the risk of any  
33 amounts in excess of those included in its revenue requirement for ratemaking purposes.

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<sup>1</sup> Newfoundland Power's practices regarding security deposits are governed by the Company's Customer Deposit Policy filed with the Board. According to this policy, certain commercial applicants, such as limited liability companies, may be required to provide a security deposit.

<sup>2</sup> The Company makes a minimum of 3 contacts with customers to communicate that an account is in arrears before issuing a Notice of Intent to Disconnect Service. There is a minimum of 1 additional customer contact before disconnection may occur.

<sup>3</sup> See Newfoundland Power's 2019/2020 General Rate Application, Volume 2, Supporting Materials, Tab 8, 2018 Rules and Regulations Review.