

1 **Section 2: Customer Operations/Operating Costs**
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3 **Q. Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**
4 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-36/7-8.**

5 **Are there any instances of costs included as part of goods and services that were not**
6 **acquired through competitive processes? If so, how was it determined that these**
7 **costs were consistent with the least-cost requirement?**
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9 A. Newfoundland Power is committed to ensuring that goods and services are
10 acquired in a cost-effective and ethical manner and in accordance with prudent business
11 practices. These goods and services are typically acquired through competitive processes
12 to ensure they are consistent with least-cost service delivery. However, not all of the
13 Company’s non-labour operating costs are or can be acquired through the competitive
14 bidding processes.

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16 For example, Newfoundland Power’s insurance costs are determined through
17 professional risk management advice from insurance professionals. Annually, the
18 Company receives confirmation that its insurance rates and coverages are the best
19 available given the current market conditions.¹
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21 The nature of other costs, such as uncollectible bills expense and assessments from the
22 Board, are not conducive to competitive bidding.² Postage is another example of costs
23 that are not conducive to competitive bidding. The Company manages its postage costs
24 through the promotion of paperless billing to customers.³

¹ See response to Request for Information NLH-NP-021.

² See response to Request for Information PUB-NP-026 for a discussion on uncollectible bills expense.

³ As of December 31, 2023, approximately 59% of the Company’s customers receive their electricity bills electronically. Newfoundland Power has among the highest proportion of electronically billed customers in the Canadian electric utility sector.