

1 **Section 2: Customer Operations/Operating Costs**
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3 **Q. Volume 1, Section 2, page 2-32, lines 1-8. What specific actions is Newfoundland**
4 **Power taking to reduce Operating Costs – Customer Services?**
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6 A. Customer Services costs include customer service, energy solutions and uncollectible
7 bills. Costs in the Customer Services function are forecast to increase by \$1.4 million
8 from 2022 to 2026 forecast, or approximately \$350,000 annually.¹
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10 Newfoundland Power aims to maintain efficiency in serving its customers. Specific
11 actions taken by the Company to reduce Customer Services operating costs include:
12

13 (i) *Replacement of the Customer Service System.* The *Customer Service System*
14 *Replacement* project was a three-year capital project that commenced in 2021.
15 The replacement system was successfully implemented in August 2023, on time
16 and on budget.² It is providing service continuity for customers to maintain
17 current levels of service efficiency, as planned.
18

19 As a result of the new system, the Company has forecasted a reduction of
20 approximately two full-time equivalent employees (“FTEs”) within the customer
21 services function in 2024. The reduction in FTEs reflects the forecast elimination
22 of manual billing processes and a reduction in the length of time to respond to
23 customer enquiries.³ Accordingly, the Company has reduced the operating labour
24 costs in this function by \$200,000 beginning in 2024.⁴
25

26 (ii) *Paperless billing (“eBills”) for customers.* Newfoundland Power continues to
27 promote eBill adoption among its customers.⁵ Paperless billing results in avoided
28 paper and postage costs. Postage costs are forecast to decrease by approximately
29 \$160,000 between 2022 and 2026 when compared to inflation. Continued
30 promotion of eBills is contributing to the Company’s lower postage costs over the
31 long term.

¹ Labour costs account for over 60% of total costs in the Customer Services function and are forecast to increase from \$6.6 million in 2022 to \$7.6 million in 2026. The labour costs in this function are forecast to increase at a rate lower than labour inflation.

² See the response to Request for Information PUB-NP-016.

³ Manual processes currently include billing of Net Metering customers and certain General Service customers as well as other data entry requirements. Customer Services Representatives (“CSRs”) also have access to improved information and user interface to better address customers’ service issues. The new system also provides additional automation, including the ability to automatically transfer services such as Automatic Payment Plan and Customer Outage Notifications when a customer moves to a new address.

⁴ These efficiencies will help to offset a corresponding increase of two FTEs in the Information Services function associated with higher support requirements for the replacement system. Overall, the Company will maintain its overall operating efficiency with the implementation of the replacement system. See the response to Request for Information PUB-NP-016 for further details on the new Customer Service System.

⁵ Paperless billing results in avoided paper and postage costs. The cost of issuing an electronic bill is over \$12 less than the cost of issuing a paper bill. Newfoundland Power currently has among the highest proportion of electronically billed customers in the Canadian electric utility sector.

1 (iii) *Management of uncollectible bills.* Newfoundland Power manages uncollectible
2 bills in accordance with its Rules and Regulations and Collections Policy.⁶
3 Although uncollectible bills are expected to increase through 2026 as a result of
4 increases in customer electricity rates over that period, they are forecast to remain
5 relatively constant as a percentage of revenue. For example, uncollectible bills in
6 2022 were approximately 0.3% of revenue from rates, which is consistent with the
7 2026 forecast. Management of uncollectible bills allows the Company to limit the
8 amount of uncollectible bills expense borne by all customers to the minimum
9 reasonable level.

10
11 (iv) *Effective use of technology.* The Company routinely utilizes advancements in
12 technology to reduce manual processes and contribute to efficient customer
13 service delivery without increasing its overall operating costs. Some examples
14 include:

- 15
16 1. Continued use of digital communications, including a website with
17 self-service tools, as well as social media channels. This allows customers to
18 access information on their accounts and available programs and services
19 without the assistance of a CSR, thereby avoiding additional labour costs.
20
- 21 2. Introduction of electronic identification verification. An online tool provides
22 secure and accurate verification of an individual's identity for customers
23 requesting electrical service at rental properties. This eliminates the need for
24 customers to visit a Company office to present identification to a CSR.
25
- 26 3. Implementation of an online chat feature. An online chat feature allows
27 customers to communicate with a CSR on the Company's website.⁷ The
28 Company plans to expand this feature to include an automated option, which
29 will provide after-hours service for customers without requiring the assistance
30 of a CSR.⁸
31
- 32 4. Continued enhancement of customer outage communication channels. The use
33 of social media, the Company's website with an outage map, text alerts,
34 interactive voice response and automated customer calls allows the Company
35 to broadly disseminate outage information to its customers. This is more cost
36 effective than direct interaction with a CSR.

⁶ The Company's Rules and Regulations were reviewed by the Board as part of the *2019/2020 General Rate Application*. See the *2019/2020 General Rate Application, Volume 2, Supporting Materials, Report 8, 2018 Rules and Regulations Review*. See the response to Request for Information PUB-NP-026 for additional information regarding the Company's policies and collection practices.

⁷ The number of customer interactions handled through the online chat feature was approximately 7,400 in 2022 and 21,000 in 2023, an increase of 184%.

⁸ See the *2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2.2 Customer Service*, page 2-4, lines 5-13.

1 (v) *Energy solutions initiatives.* Newfoundland Power provides education and
2 awareness on energy conservation initiatives to help customers manage their
3 energy costs. This includes a variety of community and outreach activities, as well
4 as through channels such as the takeCHARGE website.⁹ In addition, the
5 Benchmarking Program provides customers with home energy reports to help
6 customers reduce their energy usage, which was expanded in 2023 to include a
7 fully digital option.

8
9 While these initiatives do not directly result in a decrease in the Company's
10 operating costs, customer education and awareness activities have a direct impact
11 on customer's energy usage and costs. Approximately 45% of customers
12 indicated that when they read or hear something about takeCHARGE they take
13 action to reduce their energy usage.¹⁰ This results in electricity bill savings for
14 customers that do take action, and overall reduced system costs, which benefits all
15 customers.¹¹

16
17 Newfoundland Power expects to serve approximately 278,000 customers by 2026, an
18 increase of 4,600 from 2022.¹² The Company aims to maintain efficiency in serving its
19 customers throughout this period. This includes initiatives outlined in this response,
20 which serve to reduce Customer Services operating costs, avoid increases in costs, and
21 help customers manage their energy costs. Overall, Newfoundland Power is
22 demonstrating reasonable operating efficiency in the Customer Services function
23 through 2026.

⁹ For example, the Company participated in close to 200 events and external presentations throughout 2023 to connect directly with customers on how to use energy wisely. Customers continued to visit TakeChargeNL.ca for a range of energy solutions advice, with the website receiving over 643,000 visits in 2023.

¹⁰ Results from the 2023 takeCHARGE Marketing Survey completed by MQO Research.

¹¹ By 2025, customers are forecast to achieve cumulative energy savings of approximately 2,208 GWh and peak demand savings of 68 MW. This is achieved through the continued implementation of CDM programs. See the *2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2.2.4 Conservation and Demand Management.*

¹² Ibid, page 2-2.