

- 1 **Q. Further to CA-NP-190, assuming eBills participation increases by a further 10,000**
2 **customers per year in each of 2016 and 2017 (as appears to be the pattern), what**
3 **would be the resultant test year savings?**
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- 5 A. Newfoundland Power's cost management involves a large number of initiatives of
6 varying size, which combine to reduce *overall* costs.¹ Accordingly, in assessing
7 operating efficiency, the Company tends to focus on overall operating costs.
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- 9 *eBills* is one of the initiatives used by Newfoundland Power to reduce overall operating
10 costs. The Company has included Postage cost savings of approximately \$80,000
11 associated with approximately 9,000 additional *eBills* customers in the 2016/2017 test
12 period.² These savings are offset by additional Postage costs associated with
13 (i) postage rate increases and (ii) new customers.³
14
- 15 Newfoundland Power's Postage costs are forecast to increase by approximately 2% over
16 the 2015 to 2017 period, or 1% per year.⁴

¹ The Company's approach to operational efficiency is described in the response to Request for Information PUB-NP-011.

² As stated in the response to Request for Information CA-NP-190, Newfoundland Power does not forecast *eBills* participation. The savings included in the test years is based upon the average annual increase in *eBills* customers over the 2012 to 2014 period.

³ These costs have historically offset postage savings due to *eBills* participation. For example, postage rate increases have been higher than inflation in each of the 5 years, 2012 to 2016, with an average increase of 4 times the annual average inflation rate over that period. Savings due to *eBills* participation have resulted in modest increases in the Company's Postage costs, approximating the rate of inflation over the 5 year period.

⁴ See *Volume 2, Exhibits and Supporting Materials, Exhibit 2: Operating Costs by Breakdown: 2013 to 2017F*, page 1, line 23.