

1 **Q. Page 2-9, lines 16-17: Has Newfoundland Power been reviewing strategies to reduce**
2 **Uncollectible Bills? If yes, please provide details. If no, why not?**

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4 A. Newfoundland Power regularly reviews its accounts receivable and its Uncollectible Bills
5 expense. Periodically, the Company performs analysis on the amount of Uncollectible
6 Bills to determine the reasonableness of the annual cost.

7
8 Newfoundland Power's Uncollectible Bills as a percentage of Company revenue have
9 historically been low. This reflects a continuing credit focus on helping customers
10 manage their energy costs. In assessing whether extraordinary action, if any, is justified
11 to reduce Uncollectible Bills, Newfoundland Power will analyze the amount of
12 Uncollectible Bills in the context of Company revenues.

13
14 A recent analysis of Uncollectible Bills was performed for the 20 year period 1996 to
15 2015. A 20 year analysis period was chosen to ensure that the impact of cyclical
16 economic factors was considered. The results of this analysis indicated that, over the 20
17 year period, Uncollectible Bills as a percentage of Company revenue ranged from a low
18 of 0.13% in 2012 to a high of 0.41% in 1996. The mean of the 20 year data set indicated
19 that Uncollectible Bills averaged 0.22% of Newfoundland Power revenue; the median of
20 the data was 0.21%.

21
22 In the test period 2016/2017, Newfoundland Power is forecasting Uncollectible Bills at
23 just under 0.20% of revenue. This is below the long term average of Uncollectible Bills
24 as a percentage of Company revenue.

25
26 Uncollectible Bills have increased in recent years. The extent of the increase is
27 magnified by the fact that Uncollectible Bills were at a 20 year low in 2012 and appear to
28 be reverting to long term averages as a percentage of Company revenue. This analysis
29 supports Newfoundland Power's assessment in its evidence that the increase in
30 Uncollectible Bills is attributable to economic conditions.¹

31
32 Newfoundland Power will continue to regularly review its accounts receivable and its
33 Uncollectible Bills expense. It will also continue to maintain a credit focus on helping
34 customers manage their energy costs. Finally, the Company will periodically assess
35 whether the amount of Uncollectible Bills continues to be reasonable and what, if any,
36 extraordinary action is justified.

¹ See *Volume 1, Company Evidence, Section 2: Customers*, page 2-10, lines 1-2.