

1 **Q. How did Newfoundland Power determine which customers would be eligible for the**
 2 **one-time credit and why was July 1, 2020 chosen as the date on which customers**
 3 **must be receiving service to be eligible for the credit?**

4
 5 **A. A. Background**

6
 7 The Government of Newfoundland and Labrador directed the one-time bill credit to
 8 customers via Order in Council OC2020-081. OC2020-081 provides 2 specific directives
 9 as to how the one-time bill credit is to be provided to Newfoundland Power's customers.
 10 These are:

- 11
 12 (i) That the one-time bill credit be based on the dollar value of the change in the total
 13 amount for disposition to customers through the annual July 1st rate adjustment;
 14 and¹
 15 (ii) That the one-time bill credit be provided to customers as early as practicable.²

16
 17 Newfoundland Power's Application, including its proposed *One-Time Customer Bill*
 18 *Credit Plan* (the "Plan"), complies with these directives.³

19
 20 The Plan proposes to provide customers with the one-time bill credit in July 2020. This
 21 proposal complies with the directive that the bill credit be provided to customers as early
 22 as practicable.

23
 24 July 2020 was determined to be the earliest practicable opportunity to provide customers
 25 with the one-time bill credit based on: (i) the timing of the one-time wholesale bill credit
 26 from Hydro;⁴ and (ii) the development of an approach for issuing bill credits to customers
 27 that could be implemented within less than 1 month following Board approval.⁵

28
 29 The Plan proposes to determine customer eligibility for the one-time bill credit based on a
 30 July 1, 2020 service date. This approach was chosen based on an assessment of how
 31 various alternatives would affect the timing of providing customers with the one-time bill
 32 credit.

1 See paragraphs 2 and 3 of OC2020-081. The annual July 1st customer rate adjustment is the result of the operation of Newfoundland and Labrador Hydro's ("Hydro") Rate Stabilization Plan and Newfoundland Power's Rate Stabilization Account. For 2020, the annual July 1st rate adjustment would have been based on forecast costs for the period July 1, 2020 to June 30, 2021.

2 See paragraph 3 of OC2020-081.

3 See Exhibit 3 of Newfoundland Power's Application.

4 Hydro intends to provide the wholesale bill credit to Newfoundland Power on July 31, 2020. See paragraph 15 of Hydro's *Application for Approval of a One-Time Bill Credit to Newfoundland Power in Accordance with OC2020-081*, filed with the Board on May 25, 2020 and revised on May 29, 2020.

5 Newfoundland Power estimates that approximately 10 weeks are required to develop and administer its Plan from the time OC2020-081 was issued in mid-May. These 10 weeks include: (i) 2 weeks to develop the Plan; (ii) 4 weeks to develop, test and implement all required technology and administrative changes, as well as train customer service staff to respond to customers' inquiries; and (iii) 4 weeks to administer the one-time bill credit in July, including the analysis of over 3 million customer bills and manual processes to ensure all eligible customers receive the one-time bill credit.

1 The assessment found that using a July 1, 2020 service date for determining eligibility is
2 the alternative that would ensure customers receive the one-time bill credit as early as
3 practicable. In Newfoundland Power's assessment, this is the only alternative that fully
4 complies with the Provincial Government directive in OC2020-081.
5

6 The results of Newfoundland Power's assessment are described below.
7

8 **B. Assessment of Alternatives for Customer Eligibility**

9 *i. General*

10 Newfoundland Power assessed alternatives for determining customer eligibility based on
11 the impact each alternative would have on the timing of providing customers with the
12 one-time bill credit.
13
14

15 Differences in timing are primarily driven by differences in the level of administrative
16 and technical complexity associated with each alternative. This complexity is the
17 practical result of: (i) the variability of Newfoundland Power's customer base; and (ii)
18 functional limitations of the Company's Customer Service System ("CSS").
19
20

21 In general, a higher degree of complexity would result in more time being required to
22 provide customers with the one-time bill credit.
23

24 *ii. Fixed Service Date versus Period of Service*

25 Newfoundland Power assessed both the use of a fixed service date (e.g. July 1st) and a
26 period of service (e.g. month of July) in selecting an approach for determining customer
27 eligibility for the one-time bill credit.⁶
28
29

30 Newfoundland Power's customer base is not static. The Company processes
31 approximately 3,500 changes to its customer base each month. These changes include
32 new service connections and changes to the location of a customer's Serviced Premises.⁷
33

34 As a result of these changes, a single customer may have multiple Serviced Premises
35 throughout the year, or a single Serviced Premises may have multiple customers
36 throughout the year. Using a period of service for determining customer eligibility would
37 require the development of additional processes or technologies to ensure customers who
38 change their Serviced Premises receive the bill credit only once.
39

40 The complexities associated with accommodating changes in Newfoundland Power's
41 customer base are largely driven by limitations of its CSS. This system was implemented

⁶ From a practical perspective, the level of administrative complexity does not differ for the options of using a period of service (e.g. July 1st to July 31st) or multiple service dates (e.g. July 1st, July 15th, July 31st). These are therefore considered to be the same alternative for the purposes of this analysis.

⁷ Newfoundland Power completes approximately 200 new service connections and 3,300 Move-In/Move Out requests monthly for customers who change their Serviced Premises.

1 in 1993 and cannot be customized within reasonable timeframes to deliver new
 2 functionality.⁸ For example, customizing this system to deliver the 2016 RSP Refund
 3 required approximately 16 months to implement.⁹
 4

5 Using a fixed service date to determine customer eligibility allows Newfoundland Power
 6 to mitigate these limitations through a 2-week manual assessment process. The manual
 7 assessment process will ensure all eligible customers are identified in July.¹⁰ This
 8 manual process can reasonably accommodate the level of variability in Newfoundland
 9 Power's customer base when using a fixed service date to determine eligibility. It could
 10 not, however, practically accommodate the higher degree of variability that would result
 11 from using a period of service to determine eligibility.¹¹
 12

13 Increased technical capabilities would be required to automate the determination of
 14 customer eligibility based on a period of service. A minimum of approximately 2 months
 15 would be required to customize Newfoundland Power's CSS to deliver this capability.¹²
 16 This would result in a delay in providing the one-time bill credit to customers.
 17

18 A delay of 2 months would, in Newfoundland Power's assessment, be inconsistent with
 19 the directive to provide the one-time bill credit to customers as early as practicable. The
 20 Plan therefore proposes the use of a fixed service date for determining customer
 21 eligibility.
 22

23 *iii. Determining the Fixed Service Date*

24 Newfoundland Power considered 2 alternatives when selecting the fixed service date for
 25 determining customer eligibility:
 26

27 *Option 1: Historical Service Date*

28 Option 1 involves determining customer eligibility based on an historical service date,
 29 such as April 30, 2020.
 30
 31

⁸ Newfoundland Power's CSS is highly customized and cannot be cost-effectively upgraded in a timely manner to deliver new customer service functionality. For more information, see response to Request for Information PUB-NP-008 filed as part of Newfoundland Power's 2019/2020 General Rate Application.

⁹ For more information on Newfoundland Power's approach to delivering the 2016 RSP Refund, see the Company's Application for Approval of a Plan for the Refund to Newfoundland Power's Customers of a Surplus Balance in Newfoundland and Labrador Hydro's Rate Stabilization Plan ("RSP"), filed June 30, 2016.

¹⁰ See Newfoundland Power's Application, Evidence, page 14, footnote 37.

¹¹ By using a fixed service date, Newfoundland Power expects manual assessments will be required for a few hundred customers to determine their eligibility. By comparison, using a period of service of only 1 month to determine eligibility would require manual assessments of thousands of customers. Automation of the assessment process would therefore be required under that alternative.

¹² This is an estimate of the time required to: (i) redesign the Plan; (ii) design and document change specifications; (iii) create functional test plans; (iv) complete customizations; (v) identify and stage data for testing; (vi) execute testing and change control; and (vii) deploy, administer and train customer service staff on the changes.

1 Using an historical service date, such as April 30, 2020, would have allowed all eligible
2 customers to be identified at the time the Plan was developed. Conceptually, determining
3 customer eligibility at the time of Plan development would have provided greater
4 certainty in the number of customers eligible to receive the one-time bill credit. This
5 approach would reduce complexities posed by the variability of Newfoundland Power's
6 customer base.

7
8 However, the use of an historical service date would result in customers who no longer
9 receive service from the Company being eligible to receive the one-time bill credit.¹³
10 This would be inconsistent with the Provincial Government's stated objective of
11 providing financial assistance to electricity customers by means of a one-time credit to
12 their electricity bills.¹⁴

13
14 The use of an historical service date was therefore eliminated as an alternative for
15 determining customer eligibility.

16 *Option 2: Prospective Service Date*

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18
19 Option 2 involves determining customer eligibility based on a prospective service date of
20 July 1, 2020.

21
22 The Plan proposes to provide customers with the one-time bill credit in July 2020.
23 Determining eligibility based on a service date of July 1st will allow customers to begin
24 receiving their bill credits commencing July 2nd.

25
26 Unlike Option 1, using a service date of July 1st will ensure, to the extent practicable, that
27 only current customers are eligible for the one-time bill credit.

28
29 While using a July 1, 2020 service date results in some degree of uncertainty regarding
30 the precise number of customers who will be eligible to receive the one-time bill credit, a
31 2-week manual assessment process will ensure all eligible customers are identified in
32 July.

33
34 Any fixed service date for determining customer eligibility later than July 1, 2020 would
35 result in a delay in providing the one-time bill credit to customers. This would be
36 inconsistent with the Provincial Government directive in OC2020-081.

¹³ Unlike the RSP Refund, which was provided to customers via a cheque, a bill credit cannot practically be provided to former customers.

¹⁴ On May 14, 2020, the Provincial Government issued a news release titled *Premier Ball and Minister Coady Announce Financial Measures for Electricity Customers*. The news release states: "This is an unprecedented time for the province and the Provincial Government recognizes that many people are facing challenges. To help, residential and general service customers including businesses and other organizations whose rates are based on Holyrood fuel costs, will receive a one-time credit on their bills as early as July. This credit is expected to vary based on customers' usage and is made possible due to fuel savings at the Holyrood Thermal Generating Facility."