

Q. Please provide in a dollar amount the actual revenue collected by Newfoundland Power as a result of late payment charges for 1998 to current and forecast and please advise as to the actual interest rate charged.

A. Late payment charges are billed in accordance with Section 10(c) of the Rules and Regulations as follows:

“Bills are due and payable when issued. Payment shall be made at such place(s) as the Company may designate from time to time. When a bill is not paid in full by the date that a subsequent bill is issued and the amount outstanding is \$50.00 or more, the Company may charge interest at a rate equal to the prime rate charged by chartered banks on the last day of the previous month plus five percent.”

The forecast of Late Payment Charges for 2002 is based on YTD charges to June and historical experience for the remaining six months. The forecast for 2003-2004 is based on the 2002 forecast. The reduction in 2002 is primarily attributable to lower interest costs and a reduction in overdue amounts.

The actual revenue collected and average interest rate related to late payment charges from 1998 to 2001 and forecast for 2002-2004 is as follows:

Table 1 Newfoundland Power Late Payment Charges 1998-2004F		
Year	Average Interest Rate (%)	Late Payment Charges (\$000's)
1998 Actual ¹	11.54	917
1999 Actual ¹	11.46	906
2000 Actual ¹	12.19	1,155
2001 Actual ¹	11.10	1,029
2002 Forecast ²	8.88	925
2003 Forecast ³	n/a	1,000
2004 Forecast ³	n/a	1,000

¹ Based on monthly prime rates plus five percent for the years 1998-2001 as published in the Bank of Canada website.

² Interest rate based on actual prime rates plus five percent from December 31st, 2001 to May 31st, 2002.

³ Forecasts for 2003 and 2004 are based on 2002. Prime rates not used in calculation.