

1 **Q. In reference to uncollectible bills, please provide particulars as to the Company's**
2 **practice to collect on these outstanding amounts, including specific information on**
3 **the "improved management of credit and collections", and further particulars as to**
4 **what point the Company writes off amounts owing.**

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6 **A. *Improved Management of Credit and Collections***

7 The process of collecting outstanding amounts from accounts that have been closed or
8 disconnected includes:

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10 1. The immediate issuance of a bill indicating the amount outstanding;
11 2. Several attempted contacts by telephone or in the field; and,
12 3. If the customer has opened a new electrical account with Newfoundland Power,
13 the automatic transfer of the balance owing to the new account.
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15 In cases where the customer has not applied for a new electrical service, and where the
16 customer has not responded to our attempts to collect the outstanding balance, the
17 outstanding accounts are placed with a collection agency. Currently, four collection
18 agencies are contracted by Newfoundland Power to collect outstanding accounts and their
19 performance is monitored on a regular basis. This process of transferring accounts to
20 collection agencies provides regular collection of many of these balances, thereby
21 reducing the overall write off.
22

23 Effective credit management also contributes to the collection of outstanding amounts
24 and thus minimizes the number of accounts that are released to a collection agency. For
25 instance, through a co-operative effort with the Provincial Department of Human
26 Resources and Employment ("HRE"), the Company has increased customers' awareness
27 and resulting participation in the Redirect Program. Through this program, once the
28 clients have been enrolled in the Company's Equal Payment Plan, HRE makes payment
29 on the clients' behalf directly to the Company. This has reduced the number of
30 disconnects for debt amongst social assistance recipients.
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32 In addition, over the past several years the Company has concentrated its collection
33 efforts on accounts in the earliest stages of overdue status, thereby minimizing the
34 number of accounts that move into the older and riskier overdue categories. This
35 approach has been instrumental in reducing the number of disconnects, managing
36 accounts receivable, reducing net write-offs and minimizing the number of accounts
37 released to collection agencies.
38

39 ***Write-offs***

40 Accounts that cannot be collected through conventional means (as noted above) are
41 transferred to collection agencies. At the point of transfer, these accounts are placed in a
42 reserve status. Amounts subsequently collected on those accounts are applied against the
43 amounts outstanding. On a monthly basis, the net amounts are written-off.
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- 1 The collection agencies will continue to actively collect on these accounts until it
- 2 becomes clear that the amounts are no longer collectible (e.g. death, bankruptcy), or the
- 3 statutory limitations have been reached.