

Undertaking (Consent) NP-62
1996 General Rate Proceeding

Undertaking to Nath Mullett by Newfoundland Power

Q. Whereas Newfoundland Power charges its customers for late payments, and whereas Newfoundland Power has a policy of estimating consumption on a bimonthly basis, and whereas often times estimates exceed what it would actually be if the meters were read monthly, should not Newfoundland Power be required to pay interest on the money overcharged to its customers due to this billing method?

A. The normal billing revenue that the Company receives from customers under bimonthly meter reading is not materially different than it would be under monthly reading. While some customers may be over-billed in the estimated month, others may be under-billed. This is an unavoidable consequence of estimating electrical consumption. On average, however, there is no increased cash flow to the Company as a result. Therefore, on average, customers have not been overcharged.

Since it is impossible to identify accurately the amount by which a customer's consumption may have been over- or under-estimated in a given month, it is not possible to assess how much the Company ought to bill or credit the customer for interest on such amount. It is likewise impossible to calculate the increased or decreased amounts collected from customers due to lost discounts or interest on overdue accounts as a result of bimonthly meter reading. However, each customer's bill does accurately reflect that customer's consumption over the period between readings.

For these reasons, it is the Company's view that its existing billing practices with regard to bimonthly meter reading are appropriate.