

Requests for Information

1 **Q. Provide an explanation for a 40% increase in uncollectable bills from \$500,000 in**
2 **2000 to \$700,000 in 2002.**

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4 A. Since 1998, the Company has significantly improved the success of its collections
5 processes. This is reviewed at pages 46 to 48 of the *Operations & Customer Service*
6 *Evidence*.

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8 Uncollectible bills in 2002 are significantly lower than in prior years. In 1998,
9 uncollectible bills were \$1.2 million. The \$700,000 allowance for uncollectible bills for
10 2002 represents a 42 per cent decline from the 1998 level.

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12 The results of a survey of the collection practices of Canadian electric utilities are shown
13 in the response to Request for Information CA-392. Newfoundland Power's bad debt
14 expense as a portion of revenues in 2002 is < > 0.19 per cent, compared to a survey
15 average of 0.46 per cent.

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17 The < > increase in the Company's uncollectible bills expense over 2000 and 2001 levels
18 is partly the result of the overall increase in revenue resulting from energy sales increases
19 and a 3.68 per cent increase in rates effective September 1, 2002. The increase also
20 reflects the impact of a number of large corporate insolvencies. In 2002, large corporate
21 insolvencies resulted in approximately \$150,000 in bad debt write-offs, as compared to
22 write-offs of approximately \$26,000 in 2000 and \$17,000 in 2001.