

1 **Q. (Reference CA-NP-030)**

- 2 **a) Please confirm that in Newfoundland Power's opinion, the Board does**  
 3 **not have the authority to take into consideration rate impacts on**  
 4 **customers at times when customers are experiencing financial distress.**  
 5 **b) Please confirm that Newfoundland Power does not take into account**  
 6 **such considerations when it files its capital budgets and general rate**  
 7 **applications.**  
 8 **c) Please confirm that regulation should replicate the effects of a**  
 9 **competitive market in markets where competition does not exist.**

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 11 A. a) It is not confirmed.

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 13 The Board has full authority for the general supervision of public utilities in the  
 14 province and is given broad powers and responsibilities in its governing  
 15 legislation. The Board has demonstrated that it does consider customer rate  
 16 impacts of utility expenditures. For example, in its *Capital Budget Application*  
 17 *Guidelines (Provisional)*, effective January 2022, the Board compelled the utilities  
 18 to include a summary of rate impacts associated with a utility's annual capital  
 19 budget.<sup>1</sup>

20  
 21 b) It is not confirmed.

22  
 23 The Board is statutorily mandated to ensure that sources and facilities for the  
 24 production, transmission and distribution of electricity are operated in a manner  
 25 that results in power being delivered to customers at the lowest possible cost  
 26 consistent with reliable service.<sup>2</sup> Public utilities also have an obligation to ensure  
 27 that they provide service and facilities which are reasonably safe and adequate  
 28 and just and reasonable. Newfoundland Power ensures that all proposed capital  
 29 expenditures meet those criteria.

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 31 For a discussion of how Newfoundland Power balances the cost and quality of  
 32 the service provided to its customers, including information on customer rate  
 33 impacts associated with proposed capital expenditures, see section 2.3 of the  
 34 *2023 Capital Budget Overview*.

35  
 36 For a discussion of cost efficiencies contained in the *2023 Capital Budget*  
 37 *Application*, see the response to Request for Information CA-NP-011.

38  
 39 c) Newfoundland Power agrees that, historically, regulation has intended to serve  
 40 as a substitute or surrogate for competition in markets that are not competitive,  
 41 such as regulated public utilities, which have generally been considered to be  
 42 natural monopolies.

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<sup>1</sup> See the *Capital Budget Application Guidelines (Provisional)*, Appendix A, *Annual Capital Budget Application Filing Requirements*, section I.C.

<sup>2</sup> See the *Electrical Power Control Act, 1994*, section 3(b)(iii).