

1 **Reference: Schedule B, Page 85: Long Pond Substation Capacity Expansion**
 2 **(\$247,000)**
 3

4 **Q. Newfoundland Power states that the Long Pond Substation Capacity**
 5 **Expansion project is required to provide Memorial University with equitable**
 6 **access to an adequate supply of power. Will a Contribution in Aid of**
 7 **Construction be required from Memorial University?**
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9 A. As stated in Newfoundland Power's *Contribution in Aid of Construction Policy:*
 10 *Distribution Line Extensions and Upgrades to General Service Customers*, effective
 11 January 1, 2022 (the "CIAC Policy"), the Company will provide service upgrades to
 12 General Service customers without a contribution in aid of construction ("CIAC") when
 13 the cost to provide and maintain the upgrade will be recovered by rates paid by those
 14 customers.¹
 15

16 Costs to be recovered from a customer's rates are reflected in the Company's Additional
 17 Load Based Investment. Pursuant to section 4(b) of the CIAC Policy, the Additional
 18 Load Based Investment for the *Long Pond Substation Capacity Expansion* project has
 19 been estimated to be \$6,922,230.² Given that the Company's Additional Load Based
 20 Investment is approximately double the capital cost of the *Long Pond Substation*
 21 *Capacity Expansion* project, the cost of the upgrade will be more than fully recovered
 22 through customer rates paid by Memorial University.³
 23

24 Construction costs associated with this CIAC are calculated pursuant to section 5(e) of
 25 the CIAC Policy, which requires detailed cost estimates when the upgrade is estimated
 26 to cost more than \$100,000. In addition to the regulatory requirement to seek Board
 27 approval for the project's capital construction costs, section 10(ii) of the CIAC Policy
 28 requires the Company to also seek Board approval for any CIAC where the project cost
 29 is calculated pursuant to section 5(e) of the CIAC Policy.
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31 As such, the Company intends to submit an application to the Board for a contribution in
 32 aid of construction by Memorial University of \$0.00, as required, prior to incurring any
 33 capital costs associated with the *Long Pond Substation Capacity Expansion* project.

¹ Section 3(ii) of the CIAC Policy mandates that the Company's Basic Investment shall include transformation for service up to 500 kVA. Regulation 5(j) of the Company's *Schedule of Rates, Rules and Regulations* grants the Company discretion to provide transformation for services greater than 500 kVA on conditions the Company deems acceptable.

² The Company's Additional Load Based Investment is calculated by multiplying (i) the estimated increase in the annual customer peak demand, less 10 kW, and (ii) the appropriate dollars per kW as stipulated in Appendix B of the CIAC Policy [24,990 kW X \$277.00/kW = \$6,922,230]. Memorial University's 2024 peak demand is forecast to increase by 25,000 kW as a result of the addition of the electric boilers, with an estimated annual load factor of 40%.

³ See the Company's *2023 Capital Budget Application, Schedule B*, page 86: [\$6,922,230/\$3,313,000 = 2.09].