



NEWFOUNDLAND AND LABRADOR

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

2023-07-07

**Newfoundland Power Inc.**

Dominic Foley  
Legal Counsel  
55 Kenmount Road, P.O. Box 8910  
St. John's, NL A1B 3P6  
E-mail: [dfoley@newfoundlandpower.com](mailto:dfoley@newfoundlandpower.com)

**Newfoundland and Labrador Hydro**

Shirley Walsh  
Senior Legal Counsel, Regulatory  
P.O. Box 12400  
Hydro Place, Columbus Drive  
St. John's, NL A1B 4K7  
E-mail: [shirleywalsh@nlh.nl.ca](mailto:shirleywalsh@nlh.nl.ca)

**Consumer Advocate**

Dennis Browne, K.C.  
Browne Fitzgerald Morgan & Avis  
Terrace on the Square, Level 2  
P.O. Box 23135  
St. John's, NL A1B 4J9  
E-mail: [dbrowne@bfma-law.com](mailto:dbrowne@bfma-law.com)

Dear Madam/Sirs:

**Re: Newfoundland Power Inc. - 2023 Capital Budget Supplemental Application - Approval for the Purchase and Installation of a Replacement Power Transformer for Memorial Substation - Response to Consumer Advocate's Request for Re-hearing of Application**

On June 5, 2023, pursuant to section 28(2) of the **Board of Commissioners of Public Utilities Regulations, 1996** (the "Regulations"), the Consumer Advocate requested a rehearing with respect to Order No. P.U. 14(2023). Newfoundland and Labrador Hydro ("Hydro") and Newfoundland Power filed comments in relation to the request on June 12, 2023.

Order No. P.U. 14(2023) was issued on May 31, 2023 approving Newfoundland Power's application to proceed with supplementary capital expenditures in the amount of \$1,614,000 to replace the MUN-T2 transformer at the Memorial Substation which serves Memorial University of Newfoundland and Labrador (the "University").

The Consumer Advocate submits that the consequences of compliance with Order No. P.U. 14(2023) will result in a serious violation of longstanding regulatory principles requiring that rates be fair and non-discriminatory. According to the Consumer Advocate by ordering that the MUN-T2 transformer replacement costs be recovered from all customers the Board violated the condition that all customers be charged the same rate under substantially similar circumstance

and conditions. In the Consumer Advocate's view, the Board's order effectively provides a subsidy to the University which is paid for by other customers. The Consumer Advocate submits that the MUN Substation benefits a single customer and this customer should pay for all the facilities to provide for fair and non-discriminatory rates.

As stated in Order No. P.U. 14(2023) General Service customers are supplied through a single supply point which is included in Newfoundland Power's cost of service. This is a fundamental aspect of the utilities obligation to serve and regulatory principles. Utilities, including Newfoundland Power and Hydro, have assets which are included in the cost of service used to the benefit of a single customer, the extent of these assets varies depending on the size and circumstances of the customer. The Board notes Newfoundland Power's submission that:

Newfoundland Power's General Service Rate 2.4 customers are its largest customers and have varying degrees of capacity requirements. Each of these customers requires dedicated transformers to provide service. As Newfoundland Power's largest customer, Memorial University requires more transformer capacity than other General Service Rate 2.4 customers. Similarly, Memorial University contributes the most revenue towards the cost of serving the General Service Rate 2.4 class.<sup>1</sup>

As stated by the Board in Order No. P.U. 14 (2023) the Memorial Substation is the primary supply point to the University and the Long Pond Substation is a redundant supply point which was fully funded on behalf of the customer as a special facility.<sup>2</sup> The Board found that this is consistent with the cost-of-service methodology accepted by the parties in Newfoundland Power's most recent General Rate Application and approved by the Board in Order No. P.U. 3(2022).

While both the Consumer Advocate and Hydro submit that MUN-T2 is a redundant supply within the Memorial Substation, this position is not supported by the evidence. MUN-T2 was added to the Memorial Substation in 1976 to accommodate load growth on the University's campus, not as a redundant supply. Since 1976 the Memorial Substation has functioned as the University's point of supply, most recently serving a load of approximately 19 kVA. While the Consumer Advocate asserts that the two transformers at the Memorial Substation each have the capacity to carry the entire substation load, this is incorrect. The record shows that in normal operation the Memorial Substation load is approximately 19 MVA and MUN-T1 cannot serve more than 14.83 MVA. As noted in Order P.U. 14(2023) with MUN-T2 out of service, the Memorial Substation cannot meet load and is limited by the capacity of MUN-T1.

The Board is satisfied that the treatment of the MUN-T2 transformer replacement at Memorial Substation is consistent with Newfoundland Power's approved cost of service and longstanding regulatory principles and is in no way unfair or discriminatory. The Board finds that the Consumer Advocate has not established that complying with Order P.U. 14(2023) will result in a serious violation of longstanding regulatory principles requiring that rates be fair and non-discriminatory.

---

<sup>1</sup> Newfoundland Power Submission, page 4.

<sup>2</sup> Order P.U. 14(2023), page 4.

The Board agrees with Newfoundland Power that the Consumer Advocate has not established a reasonable basis for rehearing the application and denies the Consumer Advocate's request.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, [jglynn@pub.nl.ca](mailto:jglynn@pub.nl.ca) or telephone (709) 726-6781.

Sincerely,



Cheryl Blundon  
Board Secretary

CB/cs

ecc **Newfoundland Power Inc.**  
NP Regulatory, E-mail: [regulatory@newfoundlandpower.com](mailto:regulatory@newfoundlandpower.com)  
**Newfoundland and Labrador Hydro**  
NLH Regulatory, E-mail: [NLHRegulatory@nlh.nl.ca](mailto:NLHRegulatory@nlh.nl.ca)

**Consumer Advocate**  
Stephen Fitzgerald, E-mail: [sfitzgerald@bfma-law.com](mailto:sfitzgerald@bfma-law.com)  
Sarah Fitzgerald, E-mail: [sarahfitzgerald@bfma-law.com](mailto:sarahfitzgerald@bfma-law.com)  
Bernice Bailey, E-mail: [bbailey@bfma-law.com](mailto:bbailey@bfma-law.com)