

1 Q. **Reference: CA-NLH-002**

2 It is understood that the cost of Long Pond Substation was fully-contributed by Memorial
3 University. On February 21, 2023 Newfoundland Power filed an application for approval of a
4 Contribution in Aid of Construction for an upgrade to Long Pond Substation for Memorial
5 University. In the application, Newfoundland Power estimated construction costs for the
6 upgrade at about \$3.3 million and requested that the amount of \$0 be paid by the customer.
7 The Board approved Newfoundland Power's request in P.U. 5(2023).

- 8 a) Did Hydro intervene in this application? If so, please file Hydro's submission.
- 9 b) If a substation upgrade such as this were necessary at a Hydro substation that benefits
10 only Newfoundland Power, would Hydro require Newfoundland Power to pay the full
11 amount of the upgrade, or would Hydro assign part of the cost to non-benefitting
12 customers? Please explain.
- 13 c) Would Hydro include the cost of an upgrade such as this in rate base?
- 14 d) How would Hydro deal with the cost of an upgrade such as this in its cost of service
15 study?

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18 A. a) Newfoundland and Labrador Hydro ("Hydro") did not intervene in Newfoundland Power
19 Inc.'s ("Newfoundland Power") application for approval of a Contribution in Aid of
20 Construction ("CIAC") for an upgrade to Long Pond Substation for Memorial University of
21 Newfoundland.

22 b) As detailed in Hydro's response to CA-NLH-013 of this proceeding, Hydro applies the same
23 CIAC Policy and would perform the same calculation and application of load-based
24 investment based on that policy for a Domestic or General Service customer. Capital¹ and

¹ The capital cost of assets that are not fully contributed is recovered in the cost of service.

1 operating and maintenance costs associated with specifically assigned assets to a customer
2 are segregated in the cost of service and recovered directly from that customer.

3 **c)** Assets that are not fully contributed by customers are included in Hydro's rate base. Assets
4 that are fully contributed have no impact on rate base.

5 **d)** Please refer to Hydro's response to part b). For further information on Hydro's specifically
6 assigned assets for Newfoundland Power, please refer to Hydro's response to CA-NLH-003
7 of this proceeding.