

Volume 2: Cost of Service Study

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2
3 **Q. In P.U. 14(2023) (page 4) the Board states “The Board notes that General Service**
4 **customers are supplied through a single supply point which is included in**
5 **Newfoundland Power’s cost of service and funded by all ratepayers.”**
6 **a) Please verify the accuracy of this statement, or correct as necessary.**
7 **b) Please provide evidence submitted by Newfoundland Power in support of this**
8 **statement.**
9 **c) Specifically, what costs associated with General Service customer supply points**
10 **are funded by all ratepayers rather than only General Service customers?**

- 11
12 **A. a) The partial quote provided in this Request for Information is reproduced below with**
13 **greater context.**
14

15 *“The Board notes that General Service customers are supplied through a single*
16 *supply point which is included in Newfoundland Power’s cost of service and*
17 *funded by all ratepayers. If a customer wants a second supply point, it is provided*
18 *at the customer’s expense as a special facility under Newfoundland Power’s*
19 *Schedule of Rates, Rules & Regulations or through a Contribution in Aid of*
20 *Construction. The evidence demonstrates that the Memorial Substation is the*
21 *primary supply point to the University while the Long Pond Substation is a*
22 *redundant supply point which was fully funded on behalf of the customer as a*
23 *special facility.”*
24

25 The Board reviewed and approved Newfoundland Power’s application for
26 supplemental expenditures associated with the replacement of the MUN-T2
27 transformer (the “Application”) in Order No. P.U. 14 (2023). All evidence supporting
28 the Application is available on the Board’s website. Newfoundland Power considers
29 the provision of additional evidence in support of the Application and specific
30 interpretations of the Board’s Order not relevant to the proposals included its
31 *2025/2026 General Rate Application.*
32

33 In response to the Consumer Advocate’s request for the Board to re-hear the
34 Application, the Board stated:
35

36 *“The Board is satisfied that the treatment of the MUN-T2 transformer*
37 *replacement at Memorial Substation is consistent with Newfoundland Power’s*
38 *approved cost of service and longstanding regulatory principles and is in no way*
39 *unfair or discriminatory.”¹*
40

41 Newfoundland Power agrees with the Board’s decision on the matter.
42

- 43 **b) See part a) of this response.**

¹ See page 2 of the Board’s correspondence *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*, dated July 7, 2023.

- 1 c) Costs incurred to service a particular rate class are recovered only from that rate class.
2 The costs associated with common assets are allocated to each rate class in proportion
3 to their contribution to common costs in accordance with the cost allocation factors
4 outlined in Newfoundland Power's Cost of Service Study. General Service customers
5 pay the cost of common assets allocated to their respective rate classes. In addition,
6 costs to service General Service customers which are not fully recovered through the
7 rates they pay are reasonably recovered in accordance with Newfoundland Power's
8 *Contribution in Aid of Construction Policy: Distribution Line Extensions and*
9 *Upgrades to General Service Customers.*² As a result, the cost to service General
10 Service customers, including the cost of their supply points, is adequately recovered
11 from their respective rate classes. For a practical example of this, see part g) of the
12 response to Request for Information CA-NP-137.

² Newfoundland Power's *Residential and General Service Contribution in Aid of Construction Policies* were filed as Attachment A to the response to Request for Information CA-NP-134.