

- 1 **Q.** (Reference CA-NP-124) The response states “*Newfoundland Power is required to*
2 *provide service to Memorial University in accordance the Public Utilities Act and its*
3 *Schedule of Rates, Rules and Regulations approved by the Board. As a result, no*
4 *“special guarantees” or connection agreements have been established.”*
5 a) Is Newfoundland Power required to provide service to all customers in
6 accordance with the Public Utilities Act and its Schedule of Rates, Rules and
7 Regulations, or only Memorial University?
8 b) Is any customer “required” to complete an Electrical Service Contract, and if so,
9 why not Memorial University? Do Regulations 3 and 4 of the Schedule of Rates,
10 Rules and Regulations serve only as a “suggestion”?
11 c) Please provide an example of a “special guarantee”.
12 d) Are there binding contracts between Newfoundland Power and Memorial
13 University with respect to Memorial and Long Pond Substations? Is there an
14 individual at Memorial University who is liable for service as stated in
15 Regulation 3c? If so, please provide the documentation.
16 e) Please provide the link for the application filed by Newfoundland Power on
17 January 30, 2019. As requested in CA-NP-124, please file for the record copies of
18 the Application for Service, the connection agreement, any “special guarantees”
19 and all financial arrangements between Newfoundland Power and Memorial
20 University leading up to the construction and commissioning of Long Pond
21 Substation and associated facilities.
22 f) Does the Schedule of Rates, Rules and Regulations apply only to new customers,
23 or existing customers as well?
24 g) It is understood that the Health Sciences Center at Memorial University is an
25 acute care facility serving the people of the entire province, and that it is
26 connected and shares services with the Janeway Children’s Health and
27 Rehabilitation Centre and the Dr. H. Bliss Murphy Cancer Centre
28 ([https://www.easternhealth.ca/facilities/health-sciences-](https://www.easternhealth.ca/facilities/health-sciences-centre/#:~:text=The%20Health%20Sciences%20Centre%20is,of%20Medicine%2C%20Pharmacy%20and%20Nursing)
29 [centre/#:~:text=The%20Health%20Sciences%20Centre%20is,of%20Medicine](https://www.easternhealth.ca/facilities/health-sciences-centre/#:~:text=The%20Health%20Sciences%20Centre%20is,of%20Medicine%2C%20Pharmacy%20and%20Nursing)
30 [%2C%20Pharmacy%20and%20Nursing](https://www.easternhealth.ca/facilities/health-sciences-centre/#:~:text=The%20Health%20Sciences%20Centre%20is,of%20Medicine%2C%20Pharmacy%20and%20Nursing)). Who is responsible for ensuring
31 supply adequacy and reliability at the hospital?
32 h) Would the medical facilities be better represented if the University were
33 categorized as a distribution company and subjected to regulatory oversight by
34 the Board?
35
36 A. a) Newfoundland Power is required to provide service to all customers in accordance
37 with the *Public Utilities Act* and its *Schedule of Rates, Rules and Regulations*
38 approved by the Board.
39
40 b) Sections 3. *Application for Service* and 4. *Security for Payment* are included in
41 Newfoundland Power’s *Schedule of Rates, Rules and Regulations* to ensure that
42 prospective or existing customers have the financial ability to pay for their electricity
43 service. Newfoundland Power has the discretion to assess and determine whether an
44 application for service should or should not be approved.¹ The Company also has the

¹ An application can be denied for the reasons outlined in section 3. *Application For Service*, paragraph (d).

1 discretion to determine whether security for payment is required from a customer if
2 their ability to pay for their electricity service is in question.
3

4 The terms of the Electrical Service Contract referenced in section 3. *Application for*
5 *Service* include that: (i) the rates and fees charged for electrical service be approved
6 by the Board; (ii) the customer is responsible for notifying Newfoundland Power
7 when an electrical service is no longer required; (iii) until notified that service is no
8 longer required, the customer is liable for paying all charges that may be incurred on
9 the account; and (iv) the customer consents to Newfoundland Power using personal
10 customer information for the purpose of providing the customer with service.²
11

12 The Electrical Service Contract also requires contact information from the
13 prospective customer who has the necessary signing authority to bind the individual
14 or entity to the terms of the Electrical Service Contract. This is used by
15 Newfoundland Power to inquire and assess whether the customer has the financial
16 ability to pay for their electricity service.
17

18 Memorial University has been a customer of Newfoundland Power for several
19 decades and has demonstrated its financial ability to pay for its electricity service
20 from Newfoundland Power. It receives service from the Company in accordance with
21 the Company's *Schedule of Rates, Rules and Regulations* which are approved by the
22 Board. Requiring Memorial University to complete the referenced Electrical Service
23 Contract is not necessary and the decision to refrain from doing so is within the
24 discretion of the Company.
25

- 26 c) Section 4. *Security for Payment*, paragraph (b) of Newfoundland Power's *Schedule of*
27 *Rates, Rules, and Regulations* states:
28

29 *"The Company may in its discretion require special guarantees from an Applicant*
30 *or Customer whose location or load characteristics would require abnormal*
31 *investment in facilities or who requires Service of a special nature."*
32

33 The referenced paragraph provides Newfoundland Power with the discretion to
34 require a special guarantee from a customer to ensure costs associated with the
35 customer will be recovered. An example of a special guarantee could be a
36 performance bond.³ While Newfoundland Power has not recently required
37 performance bonds or any other type of special guarantee from a customer, section
38 4(b) of the *Schedule of Rates, Rules and Regulations* provides the Company with the
39 ability to do so if the Company deems it appropriate and necessary.
40

41 In the case of Memorial University, the Long Pond ("LPD") Substation was
42 considered to be a special facility in accordance with Newfoundland Power's

² See the response to Request for Information CA-NP-122, Attachment B.

³ A performance bond is a financial guarantee to one party in a contract against the failure of the other party to meet its obligations.

1 *Schedule of Rates, Rules and Regulations*.⁴ As such, the customer was required to pay
2 for the full cost of the LPD Substation. The cost of the LPD Substation was agreed to
3 be paid by the Provincial Government’s Department of Transportation and Works on
4 behalf of Memorial University. As a result, no special guarantee beyond an agreement
5 by the Department of Transportation and Works to pay for the full cost of the LPD
6 Substation was required from the customer.

- 7
8 d) An agreement in relation to Newfoundland Power and access to its equipment at
9 Memorial University was provided in the response to Request for Information
10 CA-NP-124, Attachment A. This agreement provides Newfoundland Power with
11 access to its equipment located within the MUN Substation at no cost.

12
13 Newfoundland Power and Memorial University also have an agreement relating to
14 the LPD Substation. It provides Newfoundland Power with access to its equipment
15 located at the LPD Substation at a nominal fee of one dollar per year.⁵

16
17 Section 3(c) of the *Schedule of Rates, Rules and Regulations* pertains to a person who
18 signs an application for service. The purpose of this section is to ensure that the
19 person who signs an application for service from Newfoundland Power has the
20 authority to do so. To the Company’s knowledge, there is no individual person liable
21 for the electricity service at Memorial University. Rather, it is the responsibility of the
22 University.

- 23
24 e) The *2019 Capital Budget Supplemental Application – Approval for the Addition of a*
25 *Substation on the North Side of the MUN St. John’s Campus* (the “Application”) was
26 filed with the Board and copied to Newfoundland and Labrador Hydro (“Hydro”) and
27 the Consumer Advocate on January 30, 2019. No comments were received in relation
28 to the Application. The Application was approved by the Board the in Order
29 No. P.U. 5 (2019).

30
31 The link to the Application and record of proceeding is:

32 [http://www.pub.nl.ca/applications/NP2019Capital/NP2019Capital_SUPP_NorthSide](http://www.pub.nl.ca/applications/NP2019Capital/NP2019Capital_SUPP_NorthSideMUN/index.htm)
33 [MUN/index.htm](http://www.pub.nl.ca/applications/NP2019Capital/NP2019Capital_SUPP_NorthSideMUN/index.htm)

34
35 The financial arrangement associated with the construction of the LPD is articulated
36 in the Application. It states:

37
38 *“The Company considers MUN’s request for a second power supply point to be a*
39 *request for a special facility under clause 9(c) of its Schedule of Rates, Rules &*

⁴ Section 9(c) of Newfoundland Power’s *Schedule of Rates, Rules and Regulations*, effective July 1, 2023 states that, “Where special facilities are required or requested by the Customer or any facility is relocated at the request of the Customer, the Customer shall pay the Company the estimated additional cost of providing the special facilities and the estimated cost of the relocation less any betterment. The payment may be required in advance or, subject to credit approval, billed to the Customer.”

⁵ The agreement was marked as confidential by Memorial University and Newfoundland Power. Further, the Company submits that the contents of the agreement are not relevant to this proceeding. As a result, it is not included.

1 *Regulations. Clause 9(c) requires MUN to pay for the estimated additional cost of*
2 *providing the special facility. The Provincial Government’s Department of*
3 *Transportation and Works (“DT&W”) has agreed to reimburse the Company for*
4 *the capital expenditures associated with the work.”*

5
6 The financial arrangement was referenced by the Board in Order No. P.U. 5 (2019)
7 which states:

8
9 *“WHEREAS the Provincial Government’s Department of Transportation and*
10 *Works has agreed to reimburse Newfoundland Power for the capital expenditures*
11 *associated with the work.”*

12
13 The Assistant Deputy Minister of the Department of Transportation and Works
14 signed a Contribution in Aid of Construction (“CIAC”) Quote Acceptance Form in
15 relation to the construction of the LPD Substation. Terms of the agreement included
16 that the final CIAC amount to be paid by the Customer would reflect actual costs
17 incurred and an upfront charge for recurring operating and maintenance costs. The
18 financial terms of the agreement have been satisfied.⁶ That is, the Department of
19 Transportation and Works paid the full construction cost of the LPD Substation.

- 20
21 f) Newfoundland Power’s *Schedule of Rates, Rules and Regulations* applies to all
22 Newfoundland Power customers. Certain provisions may only have applicability at
23 one stage of a customer’s lifecycle (e.g. on connection), or may be subject to the
24 Company’s discretion, as discussed in part b) to this response.
25
26 g) The supply adequacy and reliability of service to Newfoundland Power’s customers,
27 including Memorial University, is the responsibility of Hydro and Newfoundland
28 Power. Hydro is the primary generation and transmission utility in the province and
29 provides bulk electricity supply to Newfoundland Power.⁷ Newfoundland Power is
30 the primary distributor of electrical service in the province, and responsible for
31 delivering reliable service to its customers through its transmission and distribution
32 infrastructure.
33
34 Newfoundland Power’s customers have a responsibility to provide electricity to their
35 various loads beyond the Company’s point of supply. For example, Memorial
36 University is responsible for serving its various loads located throughout the campus,
37 including the hospitals referenced.
38
39 h) Newfoundland Power is not in a position to speculate as to whether Eastern Health
40 would be better represented if Memorial University were to become a public utility
41 subject to regulation by the Board.

⁶ The Privacy Policy Statement included in the CIAC Quote Acceptance Form states: “*Newfoundland Power will safeguard all of the information you provide to us, and will not share this information with outside parties except for the purposes identified in the Company’s personal information policy or when required to do so by law.*” Further, the Company submits that the contents of the quote acceptance form are not relevant to this proceeding. As a result, the CIAC Quote Acceptance Form is not provided.

⁷ Newfoundland Power purchases approximately 93% of its electricity requirements from Hydro.