

1 **Q. (Reference CA-NP-163) Please confirm that General Service customers are supplied**
2 **through a single supply point which is included in Newfoundland Power’s cost of**
3 **service and funded by all ratepayers.**
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5 A. The referenced Request for Information relates to a specific statement made by the Board
6 in Order No. P.U. 14 (2023) approving Newfoundland Power’s 2023 *Supplemental*
7 *Capital Expenditure Application – Memorial Substation Power Transformer*
8 *Replacement* (the “MUN-T2 Application”).¹ The full statement made by the Board is as
9 follows:
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11 *“The Board notes that General Service customers are supplied through a single*
12 *supply point which is included in Newfoundland Power’s cost of service and funded*
13 *by all ratepayers. If a customer wants a second supply point, it is provided at the*
14 *customer’s expense as a special facility under Newfoundland Power’s Schedule of*
15 *Rates, Rules & Regulations or through a Contribution in Aid of Construction. The*
16 *evidence demonstrates that the Memorial Substation is the primary supply point to*
17 *the University while the Long Pond Substation is a redundant supply point which was*
18 *fully funded on behalf of the customer as a special facility.”*²
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20 The Consumer Advocate raised issue with the referenced statement to the Board in its
21 request for re-hearing the MUN-T2 Application. The Consumer Advocate stated:
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23 *“The Board’s Order states, ‘The Board notes that General Service customers are*
24 *supplied through a single supply point which is included in Newfoundland Power’s*
25 *cost of service and funded by all ratepayers.’ This statement is misleading as the*
26 *characteristics of the single supply point can vary widely. For example, a single*
27 *supply point for a typical household is a pole- or pad-mounted transformer that*
28 *supplies not only that household, but several households as well. The Board’s*
29 *statement implies that MUN is being treated the same as the 56 other General Service*
30 *customers served by NP with demand greater than 1000 kVA (Rate 2.4 customers,*
31 *Table 5-2 of NP’s 2022/23 GRA). However, MUN’s single point of supply includes a*
32 *dedicated substation and two transformers, MUN-T1 and MUN-T2, each with the*
33 *capacity to carry the entire substation load should the other fail. MUN-T1, which was*
34 *installed ten years before MUN-T2, is in fact carrying the full load of the MUN*
35 *Substation now. There is no evidence on the record indicating that each and every*
36 *General Service customer has a point of supply that includes a dedicated substation*
37 *with two mutually redundant transformers. If a capital contribution toward the*
38 *project is not provided by MUN, the sole beneficiary of the project, the other 56*
39 *General Service Rate 2.4 customers are providing a cross-subsidy to MUN, so are*
40 *not being treated equitably.”*³

¹ The MUN-T2 Application was filed with the Board on March 3, 2023.

² See Order No. P. U. 14 (2023), page 4, lines 25 to 31.

³ See the Consumer Advocate’s letter dated June 5, 2023, Re: Request for Re-hearing of Newfoundland Power’s Application re Memorial Substation Power Transformer Replacement, item 3, pages 2 to 3.

1 The issues outlined by the Consumer Advocate in relation to the Board’s statement were
2 addressed by the Board in its letter denying the request to re-hear the MUN-T2
3 Application. In particular, the Board correctly noted that MUN-T1 and MUN-T2 are not
4 redundant since MUN-T1 alone is not capable of meeting Memorial University’s peak
5 demand requirements.⁴ The Board also clarified the issue of cost recovery within
6 Newfoundland Power’s Cost of Service Study. The Board stated:

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

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16 *Newfoundland Power’s General Service Rate 2.4 customers are its largest*
17 *customers and have varying degrees of capacity requirements. Each of these*
18 *customers requires dedicated transformers to provide service. As Newfoundland*
19 *Power’s largest customer, Memorial University requires more transformer*
20 *capacity than other General Service Rate 2.4 customers. Similarly, Memorial*
21 *University contributes the most revenue towards the cost of serving the General*
22 *Service Rate 2.4 class.”⁵*

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24 Upon review of the Consumer Advocate’s issue with the referenced statement, the Board
25 rightfully concluded that the treatment of the MUN-T2 transformer replacement at the
26 Memorial Substation is consistent with Newfoundland Power’s approved cost of service
27 and longstanding regulatory principles and is in no way unfair or discriminatory.⁶

⁴ See the Board’s letter dated July 7, 2023, 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 the Consumer Advocate’s Request for Re-hearing of Application, page 2.

⁵ Ibid.

⁶ Ibid.