

1 **Volume 2: Cost of Service Study**
2

3 **Q. Was the reasonableness of the rate paid by Memorial University evaluated in the**
4 **previous rate design review completed by Newfoundland Power? If yes, what was**
5 **the conclusion?**
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7 A. Yes. Newfoundland Power's current customer rates reflect the recommendations of the
8 *Retail Rate Review* conducted in 2010.¹ The *Retail Rate Review* specifically evaluated
9 cost recovery of Memorial University as a General Service Rate #2.4 customer due to the
10 significant difference in its demand requirements compared to the other General Service
11 Rate #2.4 customers. The evaluation found that cost recovery associated with Memorial
12 University was comparable to cost recovery of other General Service Rate #2.4
13 customers with lower demand requirements.²

¹ Newfoundland Power's current customer rates reflect the recommendations of the *Retail Rate Review* conducted in in 2010. The *Retail Rate Review* consisted of a comprehensive review of Newfoundland Power's domestic and general service rates, and an evaluation of alternative rates. The review commenced following Newfoundland Power's *2008 General Rate Application* and was completed in 2010. Recommendations from the review were implemented, as appropriate, in subsequent years. Proposals approved by the Board in Order No. P.U. 2 (2019) included implementation of the recommendations outlined in the *Retail Rate Review*. In Order No. P.U. 3 (2022), the Board directed Newfoundland Power to conduct a new Load Research Study and Retail Rate Design Review.

² See Newfoundland Power's *Rate Design Report*, January 2009, *Part 4: General Service Rate Design*, pages 79-80. It states: "*The range of cost recovery is fairly narrow around the class revenue to cost ratio of 104%. The analysis of within class cost recovery indicates the illustrative rate provides reasonable cost recovery from customers with low demand requirements and customers with high demand requirements.*"