



NEWFOUNDLAND AND LABRADOR

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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2020-10-09

Dennis Browne, Q.C.
Browne Fitzgerald Morgan & Avis
Terrace on the Square, Level 2
P.O. Box 23135
St. John's, NL A1B 4J9

Dear Mr. Browne:

Re: Newfoundland Power Inc. – 2021 Capital Budget Application – Consumer Advocate's Request for Technical Conference and Public Hearing – Board's Reply

This is in relation to your request of September 25, 2020 for a technical conference with respect to certain matters related to Newfoundland Power's 2021 Capital Budget Application.

As set out in the Capital Budget Guidelines, a technical conference is to be used in concert with the request for information (RFI) process to gain a full understanding of the scope and nature of the proposed projects. When used in this way a technical conference can be a very effective process to assist in the review of proposed projects as it allows for a direct exchange of information between the utility and the parties and for follow-up questions, if required. A technical conference can be particularly useful in the case of a capital project which involves complex technical issues which require further exploration and in the case of large capital projects where there are multiple issues and significant expenditures.


The proposed replacement of Newfoundland Power's Customer Service System is significant in terms of the nature of the project and its impact on customers as well as the level of the proposed expenditures. This project involves proposed total expenditures of \$31.6 million and will take three years to complete. Newfoundland Power's Customer Service System supports essentially all of its customer service functions, including program and service delivery, account management and billing and communications and contract management. The current system was implemented in 1993 and, according to the information filed, the modifications since have resulted in a highly customized and complex system that is unique to Newfoundland Power. The Board has reviewed the information filed to date with respect to this proposed project, both in the application and in the responses to RFIs, and is satisfied that a technical conference may be helpful to allow for a full exchange of information with respect to this project. The Board will therefore convene a technical conference in relation to the proposed Customer Service System replacement project.

As to the other issues raised by the Consumer Advocate, having reviewed the record and considered the submissions, the Board is not satisfied that a technical conference would be of assistance in addressing these matters. In relation to the Mobile Hydro Plant the Board notes that the 2021 Capital Budget Application does not propose any expenditures in relation to this plant. In terms of the issue of the contribution of capital budget expenditures to electricity rates, the Board is satisfied that the information filed and the clarification set out in Newfoundland Power's October 1, 2020 letter fully answers the questions posed by the Consumer Advocate and a technical conference would not be of benefit. Similarly the Board believes that the information filed with respect to the levelized unit costs of the Topsail Hydro Plant Refurbishment fully answers the questions posed by the Consumer Advocate. In relation to the future of Newfoundland Power's generating facilities after the commissioning of Muskrat Falls the Board does not believe that it would be helpful to hold a technical conference to address these issues at this time given the current timing for the commissioning of Muskrat Falls and the ongoing Reliability and Resource Adequacy Study Review. With respect to the issues related to the Board's authority to approve a capital budget expenditure envelope and Newfoundland Power's current asset management program the Board notes that these issues are not specific to Newfoundland Power's 2021 Capital Budget and that both of these issues are being addressed as part of the ongoing Capital Budget Guideline Review process. As a result the subject matter of the technical conference to be scheduled will be limited to the proposed replacement of Newfoundland Power's Customer Service System.

Given that the technical conference will be scheduled to address only one project the Board believes that the best approach to ensure the timely consideration of Newfoundland Power's 2021 Capital Budget Application is to consider the proposed Customer Service System replacement project separately from the rest of Newfoundland Power's 2021 Capital Budget Application. As such the Board will set the schedule for the filing of final submissions for the 2021 Capital Budget Application, excluding the proposals in relation to the Customer Service System. The Board will write the parties shortly to advise as to the filing dates. In addition Board counsel will be in contact to schedule the technical conference and set the date for the filing of a list of issues. The Consumer Advocate's request with respect to CA-NP-092 will be addressed under separate cover in advance of the filing of issues lists.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, jglynn@pub.nl.ca or telephone (709) 726-6781.

Sincerely,



Cheryl Blundon
Board Secretary

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