

1 **Q. The upgrading of Duffy Place will cost \$2,792,000. Please explain why the**  
2 **ratepayers should have to pay for this facility.**  
3

4 A. The Duffy Place Building is Newfoundland Power's primary operations facility for the  
5 St. John's Region. The St. John's Region serves approximately 102,000 customers, 42%  
6 of all customers served by the Company. The St. John's Region service territory extends  
7 from Cappahayden in the south to Cape St. Francis in the north, and from Cape Spear in  
8 the east to Holyrood in the west.  
9

10 The Duffy Place facility houses employees and equipment necessary to support  
11 operations throughout the St. John's Region service territory.<sup>1</sup> This includes line crews,  
12 line inspectors, regional engineering, meter reading and associated support and  
13 management staff. In addition, the Facility houses corporate functions such as stores  
14 warehouse, metering, customer service, information services, production center,  
15 generation maintenance, transportation and dispatch functions.  
16

17 The Duffy Place facility is now 26 years old and has reached an age where capital  
18 improvements are necessary to ensure it continues to provide safe and reliable service to  
19 employees and the public. Improvements are required in 2015 and 2016 to replace  
20 building components that have reached the end of their useful service life. Neglecting to  
21 address these deficiencies at this time will lead to more expensive renovations in the  
22 future.  
23

24 The critical customer service functions undertaken from the Duffy Place facility,  
25 including the Customer Contact Centre and line operations makes its safe and efficient  
26 operation essential to providing least cost reliable service to customers. The operating  
27 and capital costs associated with facilities used in the delivery of electricity and customer  
28 service are legitimate costs of service for rate making purposes. Their recovery from  
29 ratepayers through electricity rates is consistent with generally accepted sound public  
30 utility practice.

---

<sup>1</sup> Approximately 233 employees work from the Facility.