

1 **Volume 1, Section 2 – Customer Operations**
23 **Q. In NP’s February 28, 2006 Energy Plan Submission, it states at page 7:**
45 **“Currently, Newfoundland Power maintains and operates approximately 80% of all**
6 **distribution support structures (poles and wires) and serves 85% of all customers in**
7 **the province. The current industry structure contains duplication between Hydro**
8 **and Newfoundland Power. Overlap exists in the delivery of energy over**
9 **transmission and distribution lines, and the provision of customer service, both of**
10 **which have an impact on customer electricity rates. The resources necessary to**
11 **perform these functions are, to a significant degree, duplicated by Hydro for a**
12 **much smaller group of assets and customers.”**
1314 **a. What does NP propose in order to remove this duplication and its attendant**
15 **costs.**
1617 **b. Does NP believe that the continued existence of duplication referred to in the**
18 **above statement runs contrary to the power policy of the province as expressed**
19 **in part at Section 3 (b) of the Electrical Power Control Act, 1994 SNL 1994,**
20 **Chapter E-51 as amended. If yes, please explain what in NP’s view must be done**
21 **about it. If no, explain this position.**
2223 **c. Please explain to what extent the existing duplication impacts upon the**
24 **electricity rates paid by consumers in the Province.**
2526 **A. (a) Newfoundland Power’s 2006 Energy Plan Submission contains the following**
27 **recommendation with respect to this matter:**
2829 “The elimination of duplication and overlap will minimize system costs and
30 ultimately keep rates as low as possible for customers. To achieve this
31 objective, the electricity industry should be separated along the functional
32 lines of supply (generation) and delivery (transmission and distribution).
3334 (b) Newfoundland Power does not believe that the continued existence of the duplication
35 referred to in the question runs contrary to the power policy of the province as
36 expressed in the *Electrical Power Control Act, 1994*. It is Newfoundland Power’s
37 view that the power policy of the province as determined by the provincial
38 government must be interpreted in the context of all relevant legislation, including
39 the *Hydro Corporation Act* which establishes Newfoundland & Labrador Hydro and,
40 in turn, the current industry structure.
4142 Newfoundland Power anticipates that the Provincial Energy Plan scheduled for
43 release in 2007 will provide a further indication of provincial policy direction for the
44 energy sector, including the electricity sector.

- 1 (c) For Newfoundland Power to *fully* explain or estimate the extent to which existing
2 duplication impacts upon the electricity rates paid by consumers in the Province, it
3 would be necessary for the Company to undertake a detailed assessment of industry
4 cost structure. Newfoundland Power has not done this nor does it have the current
5 information necessary to do this.