

1 **Q. (Reference CA-NP-087) Operating cost savings are quantified for application**  
 2 **enhancements and the LED Street Lighting replacement program. Are operating cost**  
 3 **savings quantified for any other projects in the 2022 CBA? Why not?**  
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5 A. In accordance with the *Capital Budget Application Guidelines*, capital expenditures are to  
 6 be classified as mandatory, normal capital or justifiable. Justifiable capital expenditures  
 7 are those which are justified based on the positive impact the project will have on the  
 8 utility's operations.<sup>1</sup>  
 9

10 The 2022 *Capital Budget Application* includes three projects classified as *Justifiable*:  
 11 (i) the 2022 *Application Enhancements* project; (ii) the *LED Street Lighting Replacement*  
 12 project; and (iii) the *Electric Vehicle Charging Network* project.  
 13

14 Operating cost savings are quantified for the 2022 *Application Enhancements* project and  
 15 the *LED Street Lighting Replacement* project. The *Electric Vehicle Charging Network*  
 16 project quantifies the rate mitigating benefit of electrification programs for customers.<sup>2</sup>  
 17

18 There are various other projects included in the 2022 *Capital Budget Application* that  
 19 have a positive impact on the utility's operations through efficiency improvements.  
 20 These include the *Substation Refurbishment and Modernization*,<sup>3</sup> *Distribution Feeder*  
 21 *Automation*,<sup>4</sup> *Customer Service System Replacement*,<sup>5</sup> and *Workforce Management*  
 22 *System Replacement*<sup>6</sup> projects.  
 23

24 In addition to efficiency improvements, Newfoundland Power also quantifies the benefits  
 25 associated with continued operation of its hydro plants which realizes customer benefits  
 26 through reduced purchased power costs.<sup>7</sup> This is consistent with maintaining reliable  
 27 service for customers at lowest possible cost.

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<sup>1</sup> See the 2022 *Capital Budget Application, Schedule B*, page i.

<sup>2</sup> The *Electric Vehicle Charging Network* project is necessary to facilitate the successful delivery of customer electrification programs outlined in Newfoundland Power's *Electrification, Conservation and Demand Management Plan: 2021-2025*. The successful delivery of electrification programs will provide a rate mitigating benefit to customers over the longer term. For example, increased net revenue through electrification will provide a rate mitigating benefit for the Company's customers of approximately 0.5¢/kWh by 2034.

<sup>3</sup> See response to Request for Information CA-NP-026.

<sup>4</sup> See responses to Requests for Information CA-NP-038 and CA-NP-132.

<sup>5</sup> See response to Request for Information CA-NP-075 from Newfoundland Power's 2021 *Capital Budget Application*.

<sup>6</sup> See the 2022 *Capital Budget Application, Report 7.3 Workforce Management System Replacement*.

<sup>7</sup> See response to Request for Information CA-NP-022.