

- 1 **Q. (Reference various RFI responses) Please confirm that Newfoundland Power:**
2 **a) has not done any laboratory testing (CA-NP-017);**
3 **b) has not embedded productivity savings in the CBA (CA-NP-011);**
4 **c) has done little benchmarking against other utilities (except the Atlantic**
5 **Provinces with respect to SAIDI and SAIFI and T&D investment) (CA-NP-**
6 **012);**
7 **d) has not incorporated customer preferences (CA-NP-013);**
8 **e) has not quantified risks associated with delaying projects (CA-NP-016);**
9 **f) has not quantified benefits associated with undertaking projects in 2022 rather**
10 **than later (excepting the LED streetlight replacement project and application**
11 **enhancements) (CA-NP-031); and,**
12 **g) is proposing in its 2022-2023 GRA a 15.3% increase in its return on equity**
13 **from the current 8.5% to 9.8% (Volume 1 of GRA, page 1-8).**
- 14
- 15 **A. a)** As stated in response to Request for Information CA-NP-017, Newfoundland
16 Power did not conduct laboratory testing to verify the need for asset replacement
17 associated with projects in the *2022 Capital Budget Application*. Newfoundland
18 Power verifies the need for asset replacement through its annual inspection and
19 maintenance practices, condition assessments and engineering reviews. The
20 Company also completes laboratory testing when required.¹ In addition, the
21 Company engages third party engineering consultants to provide
22 recommendations for specific asset replacement.
23
- 24 **b)** As stated in response to Request for Information CA-NP-011, Newfoundland
25 Power has not embedded productivity savings as a bottom-line adjustment in its
26 *2022 Capital Budget Application*. Newfoundland Power believes that a well-run
27 utility should continually find ways to complete its work programs at the lowest
28 possible cost consistent with reliable service. See response to Request for
29 Information NLH-NP-042 for information on how Newfoundland Power manages
30 the cost of its capital works program.
31
- 32 **c)** As stated in response to Request for Information CA-NP-012, Newfoundland
33 Power completes a variety of benchmarking exercises.
34
- 35 **d)** As stated in response to Request for Information CA-NP-013, Newfoundland
36 Power provides electrical service in a manner consistent with customers'
37 expectations, or preferences.
38
- 39 **e)** As stated in response to Request for Information CA-NP-016, the Company uses
40 a comprehensive capital planning process to determine the necessity, scope and
41 timing of each proposed capital project. See response to Request for Information
42 CA-NP-014 for information on how the Company quantifies the benefits of its
43 capital projects and risks associated with deferring capital projects.

¹ See response to Request for Information CA-NP-017 for examples of laboratory testing completed by the Company.

- 1 f) As stated in response to Request for Information CA-NP-031, Newfoundland
2 Power conducts net present value analyses for all justifiable capital projects and
3 for capital projects where multiple alternatives exist, as well as other economic
4 analyses to confirm the customer benefits of projects. See response to Request for
5 Information CA-NP-014 for more information on how Newfoundland Power
6 quantifies other customer benefits associated with its capital projects.
7
8 g) Newfoundland Power has proposed a return on equity of 9.8% in its *2022/2023*
9 *General Rate Application*, which represents a 1.5% increase in the revenue
10 required from customer rates.