

- 1 **Q.** (Reference Application) In the 2024-2028 Capital Plan it is stated (page 2)
 2 "*Newfoundland Power's investment priorities and five-year capital plan reflect*
 3 *the capital expenditures necessary to meet its statutory obligations under the*
 4 *Public Utilities Act and Electrical Power Control Act, 1994.*" The 2024 Capital
 5 Budget Overview (page 2) states "*The Electrical Power Control Act, 1994*
 6 *contains the provincial power policy, which requires that power be delivered*
 7 *to customers at the lowest possible cost, in an environmentally responsible*
 8 *manner, consistent with reliable service.*"
- 9 a) If the Board were to order any amount less than the amounts requested in
 10 the 2024 CBA, would NP be able to meet its statutory obligations under the
 11 provincial legislation?
- 12 b) Specifically, what is NP's mandate?
- 13 c) Please provide NP's definition of "reliable service" and all reliability criteria
 14 used to define "reliable service".
- 15 d) Please provide NP's definition of "environmentally responsible manner".
- 16 e) Did NP incorporate the requirement that projects be undertaken in an
 17 environmentally responsible manner? Please cite such references. For
 18 example, with respect to the Substation Refurbishment and Modernization
 19 Plan it is stated (page 21) "*Implementing this plan allows the Company to*
 20 *maintain the overall condition of its substation assets in a manner that*
 21 *provides efficiency and service benefits for customers.*" Does NP propose to
 22 do so in an environmentally responsible manner?
- 23 f) Is it a requirement under current provincial legislation and the Provisional
 24 Capital Budget Application Guidelines that NP provide service
 25 commensurate with the value its customers place on service, or does NP
 26 decide what constitutes reliable service on its own without consulting
 27 customers?
- 28
- 29 A. a) All projects and associated costs included in the Company's *2024 Capital Budget*
 30 *Application* are necessary to meet its statutory requirements under the *Public*
 31 *Utilities Act* and *Electrical Power Control Act, 1994*.
- 32
- 33 b) Newfoundland Power is a public utility within the meaning of the *Public Utilities Act*
 34 (the "Act").¹ The Company is the primary distributor of electricity in the province of
 35 Newfoundland and Labrador, serving 87% of all customers in the province.
 36 Newfoundland Power's mandate is to provide service to customers in a manner
 37 consistent with the provisions of the Act and the *Electrical Power Control Act, 1994*
 38 (the "EPCA").
- 39
- 40 The Act requires a public utility to provide service and facilities that are reasonably
 41 safe and adequate and just and reasonable.²
- 42
- 43 The EPCA establishes the provincial power policy. The provincial power policy
 44 requires, among other provisions, that all sources and facilities for the production,

¹ See section 2(1)(h)(i) of the Act.

² See section 37(1) of the Act.

1 transmission and distribution of power in the province should be managed and
2 operated in a manner that would result in:

- 3
4 (i) The most efficient production, transmission and distribution of power;
5 (ii) Consumers in the province having equitable access to an adequate supply of
6 power;
7 (iii) Power being delivered to consumers in the province at the lowest possible cost,
8 in an environmentally responsible manner consistent with reliable service.³
9

- 10 c) Newfoundland Power defines its current service delivery as reliable. For further
11 information on the Company's distribution reliability and challenges that pose a risk
12 to maintaining current levels, see the response to Request for Information
13 PUB-NP-002.
14

15 Newfoundland Power is focused on maintaining current levels of service reliability for
16 its customers at the lowest possible cost. The service reliability experienced by
17 customers primarily reflects the general condition of the electrical system and the
18 Company's response when customer outages occur. Annual capital expenditures are
19 essential to maintaining the condition of the electrical system and Newfoundland
20 Power's responsiveness when outages occur.
21

22 The Company applies condition-based, cost-based and risk-based criteria when
23 undertaking capital projects to maintain its electrical system. The specific criteria
24 applied for capital projects varies depending upon the asset that requires investment
25 and the nature or justification of a particular project. For additional details, see the
26 response to Request for Information PUB-NP-008.
27

28 Condition-based criteria are applied during inspections,⁴ condition assessments, and
29 engineering reviews.⁵ Cost-based criteria are applied in evaluating viable
30 alternatives⁶ and to confirm whether a project, such as extending the service life of a
31 hydro plant, will provide an economic benefit for customers.⁷ Risk-based criteria are
32 applied when assessing the probability that an asset will fail and the potential
33 consequences on the service provided to customers.⁸
34

35 The application of this criteria regularly involves the quantification of costs and
36 customer benefits. Projects aimed at reducing costs to customers are accompanied
37 by well established economic analyses.⁹ The quantification of customer benefits

³ See section 3(b) of the EPCA.

⁴ See, for example, the response to Request for Information CA-NP-084 on the *Rebuild Distribution Lines* program.

⁵ See, for example, the response to Request for Information PUB-NP-029 on the *Distribution Reliability Initiative* project.

⁶ See, for example, the response to Request for Information CA-NP-136 on the evaluation of project alternatives.

⁷ See, for example, the response to Request for Information CA-NP-106 on the *Lookout Brook Hydro Plant Refurbishment* project.

⁸ See, as examples, the responses to Requests for Information CA-NP-105 and CA-NP-107 on the *Lookout Brook Hydro Plant Refurbishment*, and *Mobile Hydro Plant Surge Tank Refurbishment* projects, respectively.

⁹ See, for example, the *LED Street Lighting Replacement* project in the *2024 Capital Budget Application, Schedule B*, pages 2 to 5.

1 includes, as examples, the customer minutes of outage avoided through the
 2 deployment of emergency thermal generation, hotline work methods, or distribution
 3 feeder automation.¹⁰
 4

5 Together, these criteria allow Newfoundland Power to meet its objective of
 6 maintaining reliable service for its customers at the lowest possible cost.
 7

8 For additional information on how the Company balances the cost and reliability of
 9 the service provided to its customers, see the response to Request for Information
 10 CA-NP-016.
 11

- 12 d) On May 25, 2023, the Provincial House of Assembly passed Bill 34 which
 13 implemented a number of amendments to the Act and the EPCA.¹¹ One such
 14 amendment added the words “environmentally responsible manner” to section
 15 3(b)(iii) of the EPCA such that it now reads:
 16

17 *It is declared to be the policy of the province that all sources and facilities*
 18 *for the production, transmission and distribution of power in the province*
 19 *should be managed and operated in a manner that would result in power*
 20 *being delivered to consumers in the province at the lowest possible cost,*
 21 *in an environmentally responsible manner, consistent with reliable*
 22 *service.*
 23

24 The House of Assembly did not add a definition of “environmentally responsible” to
 25 the EPCA. Members’ statements made on the House floor suggest it was the
 26 intention of the House to leave the defining of “environmentally responsible” to the
 27 discretion of the Board. Newfoundland Power expects that the appropriate
 28 regulatory definition will be built through precedent established by future Board
 29 orders. The Company is not in a position to pre-determine what standard the Board
 30 might employ to establish whether a particular capital project or program meets the
 31 statutory definition of “environmentally responsible” as that term appears in the
 32 EPCA.
 33

34 However, in interpreting the relevant section of the EPCA, it is reasonable to be
 35 informed by environmental standards that currently exist apart from the EPCA both
 36 in other statutes and elsewhere.
 37

38 Newfoundland Power considers sustainability and environmental stewardship in all of
 39 its practices. The Company currently maintains an environmental management
 40 system that conforms to the internationally recognized ISO 14001 standard, is
 41 compliant with all environmental legislation, and is verified by third party auditors.¹²
 42 In addition, Newfoundland Power has been recognized as a Sustainable Electricity

¹⁰ See, for example, the response to Request for Information CA-NP-081 on the *Distribution Feeder Automation* project.

¹¹ See *An Act to Amend the Electrical Power Control Act, 1994 and the Public Utilities Act*, SNL 2023, c. 10.

¹² ISO 14001 sets out the criteria for an environmental management system. It can provide assurance that environmental impact is being measured and improved.

- 1 Leader™ by Electricity Canada which is based primarily on ISO 26000 guidance on
2 social responsibility.¹³ For more information on the Company's commitment to
3 delivering electrical service in an environmentally responsible manner see
4 Newfoundland Power's *Environmental Policy*.¹⁴
5
- 6 e) Newfoundland Power is committed to providing electrical service to its customers in
7 an environmentally responsible manner.
8
- 9 The projects proposed in the Company's *2024 Capital Budget Application* are
10 planned to be implemented in an environmentally responsible manner. For
11 additional details on environmental benefits provided by the projects and programs
12 proposed in the 2024 Capital Budget, see the response to Request for Information
13 CA-NP-140.
14
- 15 Specific to report 2.1, see the response to Request for Information CA-NP-089.
16
- 17 f) It is a requirement under current legislation that Newfoundland Power provide
18 reliable service to customers at the lowest possible cost, in an environmentally
19 responsible manner. See the response to Request for Information CA-NP-016 for
20 additional details on customer engagement.

¹³ See <https://www.electricity.ca/programs/sustainable-electricity-program/>

¹⁴ See <https://www.newfoundlandpower.com/-/media/PDFs/About-Us/Environment/Environmental-Policy.pdf>