

- 1 **Q. (Reference CA-NP-032) It is stated “The supply point of any Newfoundland**
 2 **Power customer is considered the point at which the customer is metered.**
 3 **While multiple customers may receive service from the same substation,**
 4 **transmission line, distribution feeder, or other infrastructure, Newfoundland**
 5 **Power customers do not share a supply point.”**
 6 **a) What facilities and costs are associated with a customer supply point?**
 7 **b) Are costs of a General Service customer supply point the same as costs of**
 8 **a residential customer supply point?**
 9 **c) Is the cost of a meter for a household customer the same as the cost of a**
 10 **meter for a General Service Rate #2.4 customer?**
 11 **d) In the cost of service study does NP include a single unit supply point cost**
 12 **and allocate the cost to customer classes according to the number of**
 13 **customers in the class, or does it include different unit supply point costs**
 14 **for each customer class?**
 15 **e) In Order No. P.U. 14(2023) (page 4), the Board states “General Service**
 16 **customers are supplied through a single supply point which is included in**
 17 **Newfoundland Power’s cost of service and funded by all ratepayers.”**
 18 **Specifically, what costs associated with General Service customer supply**
 19 **points are funded by all ratepayers rather than only General Service**
 20 **customers?**
 21 **f) In rates, are supply point costs generally included in customer charges? Do**
 22 **customer charges vary by customer class?**
- 23
- 24 **A.** Newfoundland Power has revised the stated reference noted in the question. See the
 25 response to Request for Information CA-NP-032 (1st Revision).
 26
- 27 a) The facilities and costs associated with a customer supply point are the upfront and
 28 ongoing costs associated with facilities necessary to connect Newfoundland Power’s
 29 electrical system to the customer’s electric load.
 30
- 31 b) No, the cost of a General Service customer supply point will typically be different
 32 than the cost of a Domestic customer supply point.
 33
- 34 c) No, the cost of metering a household customer tends to be less than the cost of
 35 metering a General Service Rate #2.4 1000 kVA and Over customer.
 36
- 37 d) Newfoundland Power’s approved cost of service methodology does not allocate
 38 costs based on a customer’s supply point. Costs are allocated to reflect the cost of
 39 serving a particular rate class using various allocation factors including single
 40 coincident peak (“1CP”), non-coincident peak (“NCP”), Energy, and Weighted
 41 Customers.¹ Assets that are used solely for supplying a particular customer within a

¹ The 1CP and NCP allocation factors are used to allocate costs that are classified as Demand related and reflect the amount of demand used by a specific rate class. The energy allocation factors are used to allocate costs that are classified as Energy related and reflect the amount of energy used by a specific rate class. The weighted customers allocation factors are used to allocate costs that are classified as Customer related. It accounts for certain customers being more or less costlier to serve than others.

1 particular customer rate class are directly assigned to that customer's rate class
2 ("Specifically Assigned Costs").
3

4 The weighted customer allocation methodology applies to those costs that are
5 classified as customer related. The weighted customer allocation factor allocates
6 costs to various rate classes based on a weighting factor and the number of
7 customers.² The weighting factors vary depending on the type of cost and the
8 typical cost for a customer in a particular rate class.³
9

- 10 e) Specifically Assigned Costs that are assigned to a particular customer rate class are
11 used solely in determining the cost recovery from that particular rate class. These
12 costs would not be recovered from all rate payers. See part d) for a definition of
13 Specifically Assigned Costs.
14
- 15 f) See part d). Newfoundland Power's approved cost of service methodology does not
16 allocate costs based on a customer's supply point. Customer related costs, such as
17 the costs associated with metering, are generally included in the Basic Customer
18 Charge applicable to each rate class. The Basic Customer Charge does vary by rate
19 class.

² This is consistent with the views of National Association of Regulatory Utility Commissioners ("NARUC"). See NARUC *Electric Utility Cost Allocation Manual, January 1992*, page 98.

³ As an example, the Company uses the Weighted Customers allocation factors for allocating customer metering costs. In the Cost of Service Study filed as part of Newfoundland Power's *2022/2023 General Rate Application*, the metering costs allocated to a General Service Rate #2.4 customer served by primary voltage was 138.4 times the metering costs allocated to a Domestic customer. This higher weighting reflects the higher costs associated with metering a General Service Rate #2.4 customer versus the standard cost of metering a Domestic customer.