

1 **Q. (Reference CA-NP-093) How much of the cost of the Memorial Substation**  
 2 **Refurbishment and Modernization project would be charged to NP customers**  
 3 **if the Board were to determine that NP customers are responsible only for**  
 4 **facilities at the substation up to the line termination facilities; i.e., Memorial**  
 5 **University would be responsible for all elements of the project from the high**  
 6 **side of the transformers including switchgear, the transformers, and all 12.5**  
 7 **kV equipment beyond the low-voltage side of the transformers? Please identify**  
 8 **the specific elements of the project, if any, that would be charged to NP**  
 9 **customers other than Memorial University under this scenario.**

10  
 11 A. Memorial ("MUN") Substation is a 66kV – 12.5 kV substation located in the centre of  
 12 St. John's. It consists of transmission infrastructure that is integral to the Company's  
 13 66 kV transmission system serving St. John's Region.<sup>1</sup> It also contains infrastructure  
 14 necessary to provide service to Memorial University.

15  
 16 The 2024 *Memorial Substation Refurbishment and Modernization* project includes capital  
 17 expenditures of approximately \$4.4 million for MUN Substation. Capital expenditures  
 18 associated with the 66 kV transmission system serving St. John's Region are  
 19 approximately \$2.1 million. Capital expenditures associated with serving Memorial  
 20 University are approximately \$2.3 million.

21  
 22 Costs associated with Newfoundland Power's common transmission assets, such as  
 23 those located at MUN Substation are allocated to Newfoundland Power's various  
 24 customer rate classes in accordance with the approved cost of service methodology.<sup>2</sup>  
 25 Costs associated with Newfoundland Power's General Service Rate #2.4 customers that  
 26 do not require a Contribution in Aid of Construction or other contribution in accordance  
 27 with the Company's *Contribution in Aid of Construction Policy or Schedule of Rates,*  
 28 *Rules & Regulations* are recovered through the rates charged to the General Service  
 29 Rate #2.4 customer rate class.<sup>3</sup>

30  
 31 General Service Rate #2.4 customers pay rates that are designed to recover the cost of  
 32 serving the General Service Rate #2.4 customer rate class. Memorial University is one of  
 33 approximately 60 General Service Rate #2.4 customers. As a result, the rates paid by  
 34 Memorial University recover a portion of all of the costs required to serve the General  
 35 Service Rate #2.4 rate class. This includes costs associated with all of the substation,

<sup>1</sup> See the response to Request for Information PUB-NP-053 for a discussion of how MUN Substation is integral to the 66 kV transmission system.

<sup>2</sup> The Company's cost of service methodology has been approved by the Board since it was reviewed in detail as part of the Company's *2003/2004 General Rate Application*. In Newfoundland Power's *2003/2004 General Rate Application*, Newfoundland Power presented detailed evidence on its cost of service study methodology. Through a mediation process, the parties at the hearing recommended the approval of the cost of service study methodology. In Order No. P.U. 19 (2003), the Board approved the recommendations as presented in the evidence and the Mediation Report. In Order No. P.U. 32 (2007), the Board stated that it was satisfied that Newfoundland Power's cost of service study and methodology were appropriate to be used in establishing 2008 customer rates. At Newfoundland Power's 2010, 2013/2014, 2016/2017, 2019/2020, and 2022/2023 general rate applications, the results of the Company's cost of service studies were accepted for use in establishing customer rates.

<sup>3</sup> Newfoundland Power's *Schedule of Rates, Rules and Regulations, Effective July 1, 2023* was approved by the Board in Order No. P.U. 17 (2023).

1           transformers, and distribution equipment allocated to the General Service Rate #2.4 rate  
2           class.  
3  
4           If the Board were to determine that Memorial University is responsible for all of the  
5           specific costs to serve it from MUN Substation, the Board would also have to consider  
6           the appropriateness of Memorial University continuing to pay a rate that recovers the  
7           cost of serving *a//* General Service Rate #2.4 customers. For example, if Memorial  
8           University were to be directly assigned all costs associated with its service from MUN  
9           Substation, consideration would have to be given to whether it remained appropriate for  
10          Memorial University to continue to pay a rate that recovers a portion of costs associated  
11          with substations, transformers, and distribution equipment that are used to serve other  
12          customers in the General Service Rate #2.4 customer rate class.