

1 **Volume 2: Cost of Service Study**
2

3 **Q. Newfoundland Power states (CA-NP-153 pertaining to the 2024 Capital Budget**
4 **Application) "Radial transmission lines that serve multiple customers are considered**
5 **common transmission assets." The response goes on to say "It is Newfoundland**
6 **Power's existing practice to charge a customer for connection facilities that benefit**
7 **only one or a few customers where appropriate." Newfoundland Power states (CA-**
8 **NP-159 pertaining to the 2024 Capital Budget Application) "The loss of any**
9 **transformer at MUN Substation would not have any effect on customers other than**
10 **Memorial University."**

- 11 a) **If transmission lines 12L and 14L were joined into a single transmission line that**
12 **bypassed the MUN Substation, would any other customer on the system be**
13 **impacted other than Memorial University? Does Newfoundland Power classify**
14 **Lines 12L and 14L as common transmission assets?**
15 b) **Is MUN Substation a connection facility that benefits only Memorial University**
16 **or is it a common transmission asset?**
17 c) **Are all facilities at MUN Substation, or only the facilities from the high-voltage**
18 **side of the MUN-T1 and MUN-T2 transformers down to the distribution**
19 **facilities owned by Memorial University connection facilities that benefit only**
20 **Memorial University or are they common transmission assets?**

21
22 A. a) If transmission lines 12L and 14L were joined into a single transmission line that
23 bypassed the Memorial ("MUN") Substation, their role as common transmission
24 assets that are integral to the 66 kV transmission network serving the St. John's area
25 would not change, other than they would no longer supply Memorial University. This
26 demonstrates why Newfoundland Power classifies transmission lines 12L and 14L as
27 common transmission assets in its Cost of Service Study. See the response to Request
28 for Information PUB-NP-106 for further detail.
29

- 30 b) A definition of "connection facility" has not been provided. The Independent
31 Electricity System Operator ("IESO") defines a connection facility as: "*a facility and*
32 *equipment that allow a person to become connected to the IESO-controlled grid and*
33 *includes, in the case of a distributor, distribution assets owned by a person other than*
34 *the distributor that have been deemed by the OEB to be transmission assets.*"¹
35

36 The transmission infrastructure at MUN Substation consists of the 66 kV breakers,
37 switches, controls and other equipment necessary to keep transmission lines 12L and
38 14L in service. These assets are treated as common transmission assets in
39 Newfoundland Power's Cost of Service Study.²

¹ See IESO report *Market Rules – Chapter 11 – Definitions*, Issue Date: November 29, 2023, page 11-8 to 11-9.

² See the response to Request for Information PUB-NP-106 for additional information.

1 Newfoundland Power owned equipment beyond these assets, including the MUN-T1
2 and MUN-T2 transformers, are specifically assigned to the General Service Rate #2.4
3 customer rate class in accordance with the Company's Cost of Service Study.³ Since
4 they are not owned by the customer, these assets are not considered connection
5 facilities based on the IESO definition.⁴
6

7 c) See the response to part b).

³ 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.

⁴ In addition to Newfoundland Power owned and operated equipment located at MUN Substation, Memorial University owns and operates 12.5 kV distribution equipment including switchgear and breakers that distribute electricity provided by Newfoundland Power throughout the University campus.