

- 1 **Q. (Reference NLH-NP-011) It is stated “Newfoundland Power’s operating costs per**  
2 **customer from 2013 to 2026 are forecast to reduce by 7.9% on an inflation-adjusted**  
3 **basis.” Please indicate what portion of the 7.9% figure is due to the change in the**  
4 **number of customers and what portion is due to the change in inflation-adjusted**  
5 **annual operating costs.**  
6
- 7 A. The operating cost per customer metric is a commonly used metric in the utility  
8 industry.<sup>1</sup> The operating cost per kWh metric has also been used by the Board to assess  
9 operating costs over time.<sup>2</sup> In Newfoundland Power’s view, not considering one part of a  
10 two-part metric disregards the intended use of that metric.<sup>3</sup>  
11
- 12 If the number of customers for 2026 were set at the 2013 number of customers, the  
13 requested calculation would show a \$1 increase in real operating cost per customer, or  
14 0.3%, over the 2013 to 2026 forecast timeframe.<sup>4</sup>

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<sup>1</sup> See the response to Request for Information PUB-NP-011.

<sup>2</sup> See, as examples, the response to Request for Information PUB-NP-010 and page 35 of Order No. P.U 16 (2019).

<sup>3</sup> The purpose of the operating cost per customer metric is to consider a utility’s operating costs in relation to the customer base it serves in that year. The metric, as well as the operating cost per kWh, provides for a comparison of operating costs on a “per unit” basis over time. As such, using a customer base from 2013 in the 2026 operating cost per customer calculation disregards the purpose of the metric.

<sup>4</sup>  $\$292 - \$291 / \$291 = 0.3\%$ .