SECTION 1: INTRODUCTION

Q. Reference: NLH-NP-006
What percentage of the reduction in real operating cost per customer is attributable to customer growth? Assuming the same number of customers in 2013 and 2022, please provide the growth rate percentage.

A. Newfoundland Power does not track operating costs related to customer growth, therefore it cannot provide what portion of its real operating cost per customer is related to customer growth.

The operating cost per customer metric is a commonly used metric in the utility industry.[1] The operating cost per kWh metric has also been used by the Board to assess operating costs over time.[2] In Newfoundland Power's view, not considering one part of a two-part metric disregards the intended use of that metric.[3]

If the number of customers for 2022 were set at the 2013 number of customers, the requested calculation would show a reduction in real operating cost per customer of 3.2% over the 2013 to 2022 timeframe.[4]

[1] See the response to Request for Information PUB-NP-011.
[2] See, as examples, the response to Request for Information PUB-NP-010 and page 35 of Order No. P.U 16 (2019).
[3] 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 2022 operating cost per customer calculation disregards the purpose of the metric.
[4] $276 - $285 / $285 = (3.2%).