

- 1 **Q. C. Douglas Bowman Report, page 9, lines 3-9, Recommendation # 11.**
2 **(i) Please explain whether Mr. Bowman is recommending that Rate 2.4 should**
3 **be split into two rate classes with a new class created for customers served at**
4 **transmission voltage and that this be done prior to the completion of the**
5 **ongoing load research study and rate design review. If yes, please include in**
6 **the response whether Mr. Bowman is proposing that the new rate would be**
7 **developed using existing historical load research data.**
8
9 **(ii) Please list the expected tasks that would be required to complete prior to**
10 **implementation of this new rate and explain how this could be accomplished**
11 **as part of the current General Rate Application proceeding.**
12
13 **(iii) Please explain why it is appropriate to create this new rate before the updated**
14 **load research work and rate design review is completed.**
15
16 **A. (i) Mr. Bowman’s Recommendation #11 in his Pre-filed Evidence is that the Board**
17 **order Newfoundland Power to “Develop a new customer class that includes**
18 **customers who are directly-connected to the transmission system. Costs assigned**
19 **to the new class in the cost of service study should include only the costs of assets**
20 **that are used to supply those customers. This undertaking should be completed in**
21 **2024 so it forms part of the Board’s Order on this Application for implementation**
22 **on January 1, 2025.” Mr. Bowman recommends that a new customer class be**
23 **formed that includes only customers served directly from the transmission system**
24 **as the current cost of service study is assigning costs to these customers for**
25 **distribution assets that are not used in their supply. This is contrary to the fairness**
26 **principle of rate design and Section 3 of the Electrical Power Control Act, 1994,**
27 **chapter E-5.1 that “the rates to be charged, either generally or under specific**
28 **contracts, for the supply of power within the province should be reasonable and**
29 **not unjustly discriminatory.” As stated in his response to PUB-CA-022, the load**
30 **research study may not be completed before 2027, so Mr. Bowman is**
31 **recommending that a new rate class be developed in 2024 based on existing load**
32 **research data which is the best data that will be available until that time.**
33
34 **(ii) Newfoundland Power is in a better position to discuss what tasks would be**
35 **involved, but the cost of service study would be modified to include the new**
36 **customer class and assign only those costs to the new class that are used in its**
37 **supply. Specifically, distribution costs should be removed and there should be**
38 **modifications to account for Mr. Bowman’s recommendations respecting the fair**
39 **treatment of connection facilities. The allocation factors in the cost of service study**
40 **would require adjustment to reflect the different coincident peak, energy**
41 **consumption and losses to supply these customers. Similar changes would be**

1 needed to the General Service Rate 2.4 customer class to allow for the removal of
2 customers that are directly connected to the transmission system.

3
4 In CA-NP-260e, it is stated “*Newfoundland Power’s estimates its cost of serve*
5 *studies typically take four to six weeks to complete.*” This is likely a longer time
6 than would be needed to make adjustments to hive out customers from the Rate
7 2.4 customer class to form a new customer class, but nonetheless, could readily be
8 completed in time for a Board order on this GRA.

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10 (iii) The new customer class should be formed now because: 1) these customers are
11 being treated unfairly contrary to Section 3 of the Electrical Power Control Act,
12 1994, chapter E-5.1 that “*the rates to be charged, either generally or under specific*
13 *contracts, for the supply of power within the province should be reasonable and*
14 *not unjustly discriminatory*”. A General Rate Application is the appropriate time
15 to make changes to rates. A GRA’s purpose is not solely for a utility to request a
16 rate increase; 2) the Rate Design Review will not consider the appropriateness of
17 the current rate classes;¹ and 3) the load research study is unlikely to be completed
18 before 2027. Current load research data will be the best available until that time.

¹ PUB-NP-160 indicates that a review of the rate charged Memorial University is not part of the 2023 Rate Design Review.