

# Office of the Consumer Advocate

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September 8, 2023

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

**Attention: Ms. Cheryl Blundon, Director of**  
**Corporate Services / Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland Power's 2024 Capital Budget Application**  
**Request for Technical Conference**

The Board's schedule dated August 31, 2023 indicates that requests for a Technical Conference are to be submitted by September 8, 2023. This document conveys the Consumer Advocate's request along with projects and areas of concern to be covered at the Technical Conference. Midgard, the Board's consultant on the review of the Capital Budget Application Guidelines, indicated in its report to the Board that the purpose of a technical conference is to focus on a limited number of specific capital budget issues that require further clarification. Further, one of the roles of a technical conference is to deal with a particularly difficult issue or set of issues. According to Midgard, "*a Technical Conference will be used in concert with the RFI process to gain a full understanding of the scope and nature of a limited set of specific capital budget issues.*"

The Consumer Advocate therefore requests a Technical Conference to deal with the following issues, including:

- 1) Newfoundland Power proposes "*the replacement and modernization of deteriorated equipment at Memorial ("MUN") Substation located in the City of St. John's.*" This follows on the heels of a \$1.6 million project to replace the MUN T-2 transformer at the MUN Substation. The total capital expenditure proposed at the MUN Substation, almost all of which would be spent in 2024, is about \$6 million. Newfoundland Power proposes to recover the cost of these projects from all customers without establishing that customers other than Memorial University benefit from the expenditures.
- 2) Newfoundland Power stated in a June 28, 2023 letter relating to NL Hydro's Wood Pole Line Management Program that it will consider implementation of NL Hydro's program as part of its asset management review expected to be completed in 2024. However, as Newfoundland Power states, the results of the asset management review could take many

years to implement. Newfoundland Power has not established that its transmission line asset management program, in particular, the Transmission Line Rebuild Program, should continue in its present form while the asset management review is implemented.

- 3) Newfoundland Power has not considered all alternatives in light of changes in the energy sector. Newfoundland Power writes off customer-owned generation and non-wires alternatives without considering: 1) significant cost reductions for such alternatives in recent years, and expected continued cost reductions in the near future, 2) government net-zero carbon initiatives, and 3) potential significant increases in rates owing to Muskrat Falls, continuing operation of Holyrood and the need for new sources of generation. Such changes have a realistic probability of stranded assets 10 to 15 years into the future.
- 4) The Consumer Advocate has concerns about the prioritization matrix, including its subjectivity, the very broad categorizations, and the perception that it somehow quantifies the risk associated with delaying the project by two or three years.
- 5) Newfoundland Power's reliability policy that targets maintaining current levels of reliability that are considerably better than industry averages, resulting in higher costs at a time when customers are already experiencing significant cost pressures. There is no evidence indicating that customers have expressed a willingness to pay for such high levels of reliability.
- 6) The reluctance of Newfoundland Power to move to AMI (Advanced Metering Infrastructure) technology in light of government electrification efforts, the need for new generating capacity in the province and the continued use of the very expensive and dirty Holyrood Thermal Generating Station.
- 7) Ratepayer funding of electrification programs in light of Board approval of the EV charger load management pilot project and the assignment of costs to NP ratepayers when electrification is part of the government's net-zero carbon initiative which is deemed to benefit all of society.
- 8) Newfoundland Power's budget requests for several projects and programs are based on five-year averages of past inflation-adjusted expenditures and forecasts of inflation rather than detailed engineering or cost studies. The rationale for such an approach and what, if any, other relevant information is taken into account are matters that require further explanation.
- 9) Other items arising from the above.

In conclusion, the Consumer Advocate's request for a Technical Conference arises from the participation barriers identified by Midgard that impact the ability of intervenors such as the Consumer Advocate to effectively participate and intervene in the Capital Budget approval process. A Technical Conference will help to balance the interests of the parties and enhance intervenor understanding of Newfoundland Power's evidence.

We therefore request the Board to consider the foregoing and that a technical conference be ordered in relation to the above matter.

Yours truly,



**Dennis Browne, KC**  
**Consumer Advocate**

/jm

cc **Newfoundland Power Inc.**  
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