

1 **Q. (Reference CA-NP-031) NP states that the New Services program “involves**
2 ***the installation of service wires to connect new customers to the electrical***
3 ***distribution system. In general, these installation costs are within the***
4 ***definition of the Company’s basic investment, as outlined in its Residential***
5 ***and General Service CIAC Policies, requiring no contribution from the***
6 ***customer towards the capital cost.”***

7 **What is the rationale for not requiring even a minimal capital contribution for**
8 **new service even if it is within the company’s definition of basic investment?**
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10 **A.** In accordance with the *Electrical Power Control Act, 1994*, Newfoundland Power is
11 required to provide customers with equitable access to an adequate supply of power in a
12 manner that is not unjustly discriminatory.¹ Demanding contributions from new
13 customers seeking electricity service is contrary to these requirements.
14

15 The Company’s basic capital investment to connect new customers is governed by its
16 *Residential and General Service CIAC Policies*, which are approved by the Board. These
17 policies define the standard infrastructure provided without requiring a customer
18 contribution.²
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20 Electricity rates charged to customers are established through a general rate application
21 and a detailed cost of service study, both reviewed and approved by the Board.³ These
22 rates are designed to reasonably recover the costs of serving each customer class,
23 including the infrastructure and investment necessary to provide service.
24

25 Requesting additional contributions from customers for costs already accounted for in
26 approved rates would be inconsistent with the principles of regulated rate-setting and
27 contrary to Board-approved policies.
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29 As such, Newfoundland Power only requires customer contributions towards the cost of
30 requested capital work in cases where the costs exceed what can reasonably be
31 recovered through approved customer rates.

¹ See sections 3 and 4 of the *Electrical Power Control Act, 1994*.

² See Newfoundland Power’s *Residential and General Service Contribution in Aid of Construction Policies, Effective January 27, 2025*, approved by the Board in Order No. P.U. 4 (2025).

³ See the Company’s *Approval of Compliance with Order No. P.U. 3 (2025) and Customer Rates, Rules and Regulations, effective July 1, 2025*.