

1 **Q. (CA-NP-43) It is stated “Given there have been no material changes in**
2 **Newfoundland Power’s performance over the last decade, the adoption of a**
3 **Distribution Reliability and Service Standard would not, in the Company’s view,**
4 **provide tangible benefits to customers.” Why should the Board grant NP an**
5 **increase in revenues when there has been no material change in NP’s performance**
6 **over the last decade?**

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8 A. The 1.2% average rate increase proposed in Newfoundland Power’s *2019/2020 General*
9 *Rate Application* reflects changes in the Company’s forecast cost of providing service
10 since its last general rate application.¹ This is consistent with Section 3(a)(ii) of the
11 *Electrical Power Control Act, 1994*, which requires that rates be based upon forecast
12 costs for 1 or more years.

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14 Newfoundland Power’s Application demonstrates the Company’s performance has
15 consistently met customers’ expectations for reliable, least-cost service delivery over the
16 longer term. For more information on Newfoundland Power’s performance, see response
17 to Request for Information PUB-NP-003.

¹ Changes in Newfoundland Power’s forecast cost of service are summarized on Page 1-8 of the Company’s *2019/2020 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 1: Introduction*.