

- 1 **Q. (Reference CA-NP-014) When asked to provide its definition of reliable service it is**
 2 **stated "Newfoundland Power defines its current service delivery as reliable." The**
 3 **response goes on to quote a Board consultant who recommended that Newfoundland**
 4 **Power "seek to improve the service reliability experienced by its customers".**
- 5 a) **Given that current service is reliable, why is Newfoundland Power pursuing**
 6 **reliability improvement programs such as the distribution reliability**
 7 **initiative?**
- 8 b) **How is it possible to determine if Newfoundland Power is providing reliable**
 9 **service at lowest cost when it defines reliable service as "its current service**
 10 **delivery"? How does Newfoundland Power know that service reliability will be**
 11 **the same going forward if the Board approves the 2022 CBA? How much**
 12 **would service reliability deteriorate if the Board approved only costs for**
 13 **unforeseen events in 2022?**
- 14 c) **In Newfoundland Power's opinion do NB Power, Maritime Electric and Nova**
 15 **Scotia Power need to improve their service reliability, or is it possible that**
 16 **customers of these utilities are satisfied with current levels of reliability and**
 17 **are not willing to pay more for reliability improvements? Is Newfoundland**
 18 **Power suggesting that these utilities, and NL Hydro for that matter, are not**
 19 **meeting their mandates and need to improve reliability performance to SAIDI**
 20 **and SAIFI levels that Newfoundland Power customers are experiencing?**
- 21 d) **Is Hydro's mandate similar to that of Newfoundland Power?**
- 22 e) **Is it possible to have different interpretations of Newfoundland Power's**
 23 **Mandate? Please explain.**
- 24 f) **Could Newfoundland Power meet its mandate if it had SAIDI and SAIFI levels**
 25 **similar to those of the other Canadian Atlantic provinces, and NL Hydro for**
 26 **that matter, if customer satisfaction remained at, or near, current levels?**
- 27 g) **Could Newfoundland Power meet its mandate if it had poorer SAIDI and**
 28 **SAIFI performance than today provided customers indicated a preference for**
 29 **reduced reliability in exchange for lower rates?**
- 30 h) **Did the Board's consultant say in 1998 how much reliability should be**
 31 **improved and at what cost? Did the Board's consultant consider customer**
 32 **willingness to pay for reliability improvements? If so, please provide all**
 33 **references in the consultant's report.**
- 34 i) **Why does Newfoundland Power believe the recommendation of a Board**
 35 **consultant made 23 years ago is relevant today, but does not believe**
 36 **recommendations made only months ago by the Board's consultant Midgard**
 37 **are not worthy of incorporation in the 2022 CBA (CA-NP-010)?**
- 38
- 39 **A. a) Newfoundland Power is not seeking to improve its overall system reliability.**
 40
 41 **The *Distribution Reliability Initiative* is a data-driven project that is supplemented**
 42 **with engineering assessments. The project addresses issues on specific feeders**
 43 **where customers experience service reliability that is significantly below the**

1 Company average. Addressing issues on the worst performing feeders is
 2 consistent with maintaining acceptable levels of service reliability for all
 3 customers.¹

4
 5 Newfoundland Power has proposed that a 2 km section of distribution feeder
 6 BCV-04 be addressed under the *Distribution Reliability Initiative* in 2022. This
 7 project is not expected to have a measurable impact on overall system reliability.
 8 See response to Request for Information CA-NP-151.

- 9
 10 b) Newfoundland Power’s long-term performance demonstrates that it is providing
 11 reliable service at the lowest cost. From 2000 to 2020, the duration of customer
 12 outages was reduced by over 40%² and the Company’s contribution to average
 13 customer rates was reduced by over 20% on an inflation-adjusted basis.³ This
 14 performance is consistent with Newfoundland Power’s obligation of providing
 15 reliable service for customers at the lowest possible cost.

16
 17 The Company has viewed overall levels of service reliability as acceptable over
 18 the last decade and is currently focused on maintaining its service reliability at the
 19 lowest possible cost. The service reliability experienced by customers primarily
 20 reflects the general condition of the electrical system and the Company’s response
 21 when customer outages occur. Annual capital expenditures are essential to
 22 maintaining the condition of the electrical system and Newfoundland Power’s
 23 responsiveness to customer outages. The capital expenditures proposed in the
 24 2022 CBA are largely consistent with expenditures over the last decade. It is
 25 therefore reasonable to expect that service reliability will remain consistent in the
 26 near term if the Board approves the 2022 CBA.

27
 28 Newfoundland Power cannot practically forecast how much service reliability
 29 would deteriorate if the Board approved only costs for unforeseen events in 2022.

- 30
 31 c) Newfoundland Power cannot offer an opinion on whether NB Power, Maritime
 32 Electric and Nova Scotia Power (“NSPI”) need to improve their service
 33 reliability. This is a question best answered by these utilities and their regulators.⁴

¹ See response to Request for Information PUB-NP-004 of Newfoundland Power’s *2021 Capital Budget Application*.

² Under normal operating conditions, Newfoundland Power’s customers experienced an average of 5.3 hours of outage in 2000 and 3.0 hours of outage in 2020 $((5.3 - 3.0) / 5.3 = -43\%)$.

³ On an inflation adjusted basis, Newfoundland Power’s contribution to customer rates was 5.23 cents per kWh in 2000, and 4.14 cents per kWh in 2020 $((5.23 - 4.14) / 5.23 = -21\%)$.

⁴ In November 2016, in Decision M07387, the Nova Scotia Utility Review Board (“NSUARB”) established performance standards for reliability, response to adverse weather conditions, and customer service for NSPI. NSPI must report to the Board respecting its performance on the standards annually. Since that decision, the NSUARB noted in its *2020 Annual Performance Standards* review that 2020 was the fourth consecutive year that NSPI has failed to meet certain performance targets.

- 1 d) Newfoundland Power’s mandate is to provide service to customers in a manner
2 consistent with the provisions of the *Public Utilities Act* (the “Act”) and the
3 *Electrical Power Control Act, 1994* (the “EPCA”).⁵ The Act and the EPCA apply
4 to both Newfoundland Power and Newfoundland and Labrador Hydro.
5
- 6 e) Newfoundland Power’s mandate is to provide service to customers in a manner
7 consistent with the Act and the EPCA. It is possible that two parties may arrive at
8 differing interpretations of legislative provisions where there is ambiguity in the
9 text that has not been resolved by a judicial or quasi-judicial authority.
10
- 11 f) There is insufficient information in the proposed scenario to determine if
12 Newfoundland Power would be meeting its mandate if it had SAIDI and SAIFI
13 levels similar to those of the other Canadian Atlantic provinces, and customer
14 satisfaction remained at, or near, current levels. For example, an increase in
15 SAIDI and SAIFI from current levels would require additional labour costs to
16 respond to the more frequent and longer duration customer outages. This could
17 put upward pressure on customer rates.
18
- 19 g) See response to part f).
20
- 21 h) The Terms of Reference for the D. G. Brown report titled *Report on*
22 *Newfoundland Light & Power Company Limited Quality of Service and*
23 *Reliability of Supply* can be found in Appendix 1 of the Brown report.⁶ The
24 Terms of Reference approved by the Board did not include commentary on how
25 much reliability should be improved, at what cost, or include consideration of
26 customers’ willingness to pay for reliability improvements.

⁵ See response to Request for Information CA-NP-014.

⁶ Report on *Newfoundland Light & Power Company Limited Quality of Service and Reliability of Supply* prepared by D. G. Brown, P. Eng. submitted to the Board on October 22, 1998. On February 1, 1998, Mr. Brown was retained by the Board to review and report on the quality of service and reliability of supply of Newfoundland Power. A copy of the report can be found in Attachment B of response to Request for Information CA-NP-004 of Newfoundland Power’s 2021 *Capital Budget Application*.

- 1 i) Newfoundland Power considers the recommendations made by the Board’s
2 consultant in 1998 as relevant context in demonstrating how the Company defines
3 its current service delivery as reliable.
4
5 Recommendations made by the Board’s consultant, Midgard, are part of the
6 ongoing *Capital Budget Application Guidelines Review*. To date, the Board has
7 not adopted Midgard’s recommendations.⁷
8
9 Newfoundland Power intends to continue complying with all applicable directives
10 of the Board in preparing its annual capital budget application.⁸

⁷ See response to Request for Information CA-NP-125.

⁸ Newfoundland Power filed its 2022 *Capital Budget Application* to comply with the current *Capital Budget Application Guidelines, Policy No. 1900.6, revised October 2007* (the “Guidelines”), and other applicable directives of the Board.