

1 **Q. (Application Volume 1, page 2-39) It is stated “*This approach to capital budgeting is***
2 ***conducive to rate stability for customers.*” Have customers indicated a preference for**
3 **stable rates over rate reductions?**
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5 A. The provincial power policy requires customers be provided with reliable service at the
6 lowest possible cost.¹ The Company regularly implements initiatives to reduce costs to
7 customers while maintaining reliable service. For example, the implementation of LED
8 street lights have reduced rates to customers by between 9% and 39%.²
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10 Additionally, customer rate stability is an established regulatory principle of the Board.³
11 To uphold this principle, a number of measures have been implemented to address
12 volatility in Newfoundland Power’s revenue requirement. This includes, for example,
13 deferral accounts that address year-over-year variations in costs by recovering those costs
14 over longer-term time horizons.⁴
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16 Newfoundland Power surveys approximately 1,800 of its customers each quarter. These
17 surveys indicate the 2 most important issues to customers are reliability and price.⁵
18 Customers have indicated a reasonable level of overall satisfaction with the Company’s
19 service delivery over the last decade, averaging approximately 86%.⁶

¹ See Section 3(b)(iii) of the *Electrical Power Control Act, 1994*.

² See the *2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2: Customer Operations*, page 2-8.

³ See, for example, Order No. P.U. 7 (2002-2003), page 29.

⁴ See the *2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 3: Finance, Regulatory Mechanisms*, page 3-39 *et seq.*

⁵ Of 44 quarterly surveys completed over the period 2010 to 2020, the lowest level of customer satisfaction recorded was during the first quarter of 2014. This survey followed widespread customer outages known as #darkNL. Customer satisfaction was 82% during that quarter.

⁶ See the *2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2: Customer Operations*, page 2-10, footnote 28.