

1 Q. **Reference: Application**

2 With respect to Hydro's distribution business, excluding isolated systems:

3 a) Please provide a comparison for each of the past 10 years of Hydro's distribution reliability
4 in terms of SAIDI and SAIFI to that of Newfoundland Power.

5 b) Are the mandates of Hydro and Newfoundland Power the same when it comes to the
6 distribution component of the business?

7 c) Are Hydro and Newfoundland Power subject to the same legislation and the same
8 Provisional Capital Budget Application Guidelines?

9 d) What metrics and policies guide Hydro's distribution business (excluding isolated systems)?
10 For example, in terms of reliability, does Hydro strive to: i) mirror the Canadian average, ii)
11 exceed the Canadian average, iii) fall short of the Canadian average by a specific percentage,
12 etc?

13 e) Do Hydro policies and metrics relating to distribution reliability take into consideration the
14 impact on customers and customer willingness to pay?

15

16

17 A. a) Newfoundland Power Inc.'s ("Newfoundland Power") ten-year historical SAIDI¹ and SAIFI² is
18 illustrated in Newfoundland Power's 2023 Capital Budget Overview.³ Newfoundland and
19 Labrador Hydro's ("Hydro") ten-year historical SAIDI and SAIFI are provided in its 2023
20 Capital Budget Overview.⁴

21 b) Hydro operates consistent with its obligations under the *Public Utilities Act ("Act")*⁵ and the
22 *Electrical Power Control Act, 1994 ("EPCA")*⁶, particularly the power policy of the province as
23 set out in Section 3 of the *EPCA*, and even more specifically, the mandate in Section 3(b)(iii)

¹ System Average Interruption Duration Index ("SAIDI")

² System Average Interruption Frequency Index ("SAIFI")

³ "2023 Capital Budget Application," Newfoundland Power Inc., June 29, 2022, 2023 Capital Budget Overview, s. 2.3.1, p. 6, fig. 1.

⁴ "2023 Capital Budget Application," Newfoundland and Labrador Hydro, July 13, 2022, vol. I, sch. 1, s. 4.0, pp. 8-16.

⁵ *Public Utilities Act*, RSNL 1990, c P-47.

⁶ *Electrical Power Control Act, 1994*, SNL 1994, c E-51.

1 of the *EPCA* to manage and operate its production, transmission, and distribution facilities in
2 a manner that results in power being delivered to consumers at the lowest possible cost
3 consistent with reliable service.

4 **c)** Hydro and Newfoundland Power are both subject to the *Act* and the *EPCA*. Hydro is also
5 subject to the *Hydro Corporation Act, 2007*,⁷ which does not apply to Newfoundland Power.
6 Both utilities are subject to the provisional Capital Budget Application Guidelines.⁸

7 **d)** Hydro uses Service Continuity SAIDI and SAIFI metrics, calculated in conformance with
8 Electricity Canada practices, to determine its distribution business reliability performance.
9 Hydro uses the average of the previous five years' annual Service Continuity SAIDI and SAIFI
10 performance metrics as its annual Service Continuity SAIDI and SAIFI performance target.

11 For Service Continuity metrics, Hydro is an Electricity Canada Region 2 utility. Region 2
12 consists of utilities with a mix of rural and urban customers. As compared to many of the
13 other Region 2 utilities, Hydro's distribution customers are more geographically widely
14 dispersed and are primarily located in rural and/or remote areas. Many of these locations
15 are also exposed to severe maritime environments and weather. These conditions result in
16 Hydro's Service Continuity metrics underperforming the Electricity Canada Region 2
17 average. As a consequence of this situation, Hydro strives to balance reliability and capital
18 infrastructure cost and to provide consistent Service Continuity reliability performance for
19 its distribution customers.

20 While Hydro's approach to achieving distribution reliability does not formally consider its
21 distribution customers' willingness to pay, Hydro does appreciate that its actions impact its
22 customers and strives to balance reliability performance and costs to provide reasonable
23 electrical service to its distribution customers. Please refer to Hydro's response to CA-NLH-
24 028 of this proceeding for further details on its customer engagement practices.

⁷ *Hydro Corporation Act, 2007*, SNL 2007, c H-17.

⁸ "Capital Budget Application Guidelines (Provisional)," Board of Commissioners of Public Utilities, January 2022.