

1 Q. **Reference: Application**

2 Could performance-based regulation (PBR) motivate larger efficiency improvements amongst
3 utilities than traditional cost of service regulation, and if properly designed, create lower rates
4 for customers than a cost of service regime in the long run, while rewarding utilities whose
5 management exceeds expectations on productivity? Could PBR also reduce the regulatory
6 burden on both utilities and regulators? Have other jurisdictions in fact implemented PBR,
7 particularly for distribution businesses?

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10 A. Newfoundland and Labrador Hydro has provided submissions to the Government of
11 Newfoundland and Labrador as part of the government's review of *the Public Utilities Act*¹ and
12 *the Electrical Power Control Act, 1994*.² Those submissions include commentary on
13 performance-based regulation. However, as Newfoundland and Labrador does not currently
14 practice performance-based regulation and the present capital budget application is not made
15 pursuant to that structure, the information requested is not necessary for a satisfactory
16 understanding of the matters to be considered in the 2023 Capital Budget Application as
17 required by the *Board of Commissioners of Public Utilities Regulations, 1996*.³

¹ *Public Utilities Act*, RSNL 1990, c P-47.

² *Electrical Power Control Act, 1994*, SNL 1994, c E-51.

³ Nfld Reg. 39/96, s 14.