

1 **Q. (Reference Application) Please provide a summary of all benchmarking**
2 **exercises performed by Newfoundland Power relating to costs and**
3 **performance that have been incorporated in the 2023 Capital Budget**
4 **Application. Specifically, please show how Newfoundland Power spending and**
5 **performance compare to a peer group and provide relevant information on**
6 **each peer included in the group.**

7
8 A. With respect to the *2023 Capital Budget Application*, the benchmarking exercises
9 performed by Newfoundland Power included both year-over-year comparisons of the
10 Company's costs and performance, as well as comparisons to other utilities. The
11 benchmarking exercises completed were:

12
13 (i) A year-over-year comparison of Newfoundland Power's System Average
14 Interruption Duration Index ("SAIDI") and System Average Interruption Frequency
15 Index ("SAIFI") over the period 2012 to 2021.¹ The comparison shows that the
16 frequency and duration of customer outages has been reasonably stable over the
17 last decade. The average duration of customer outages has ranged from
18 approximately 2.2 to 3.0 hours of outage annually. The average frequency of
19 customer outages has ranged from approximately 1.4 to 2.6 outages annually.²

20
21 (ii) A year-over-year comparison of Newfoundland Power's SAIDI and SAIFI to the
22 Canadian average under normal operating conditions over the period 2012 to
23 2021.³ The comparison shows that Newfoundland Power's reliability performance
24 has been reasonable over the last decade in comparison to the Canadian average.
25 The average duration of customer outages has been approximately half the
26 Canadian average since 2012. The average frequency of customer outages has
27 been consistent with the Canadian average over this period.⁴

28
29 (iii) A year-over-year comparison of Newfoundland Power's capital expenditures over
30 the period 2012 to 2023.⁵ The comparison shows that capital expenditures have
31 averaged approximately \$111 million when adjusted for inflation. On an inflation-
32 adjusted basis, expenditures have ranged from approximately \$100 million in 2018
33 to \$134 million in 2014. The 2023 Capital Budget of approximately \$123.5 million
34 is within this range.

35
36 (iv) A comparison of Newfoundland Power's contribution to revenue requirement and
37 customer rates in 2014 and 2023. The comparison shows that the Company's
38 contribution to revenue requirement decreased by approximately 4% on an

¹ The analysis of SAIDI and SAIFI related to normal operating conditions and did not include significant events.

² See the *2023 Capital Budget Application, 2023 Capital Budget Overview*, page 6.

³ See the *2023 Capital Budget Application, 2023 Capital Budget Overview*, page 7.

⁴ The Canadian average reflects Region 2 utilities of the Canadian Electricity Association ("CEA"). Region 2 utilities include Canadian utilities that serve a mix of urban and rural markets. These are ATCO Electric, BC Hydro, FortisAlberta, FortisBC, Hydro One, Hydro Quebec, Manitoba Hydro, Maritime Electric, NB Power, Newfoundland and Labrador Hydro, Newfoundland Power, Newmark-Tay Power Distribution, Nova Scotia Power, Northwest Territories Power Corporation, Sask Power, Veridian Connections, Waterloo North Hydro, Yukon Electrical Co. and Yukon Energy.

⁵ See the *2023 Capital Budget Application, 2023 Capital Budget Overview*, page 8.

- 1 inflation adjusted basis over this period.⁶ The Company's contribution to customer
 2 rates decreased by approximately 1% on an inflation-adjusted basis over the same
 3 period.⁷
 4
- 5 (v) A comparison of Newfoundland Power's SAIDI and SAIFI to that of other utilities in
 6 Atlantic Canada over the period 2011 to 2020.⁸ Over this period, the Company's
 7 customers have experienced 35% fewer outages in comparison to customers of
 8 other Atlantic Canadian utilities. The Company's average outage duration was the
 9 lowest of any Atlantic Canadian utility over this period.⁹
 10
- 11 (vi) A comparison of changes in Newfoundland Power's investment in transmission and
 12 distribution ("T&D") assets over the period 2011 to 2020.¹⁰ The comparison shows
 13 Newfoundland Power's investment in T&D assets has increased at a rate consistent
 14 with the average of other Atlantic Canadian utilities over the 10-year period ending
 15 2020, with investments among other Atlantic Canadian utilities ranging from 50%
 16 to 58%.¹¹
 17
- 18 (vii) A comparison of customers' level of satisfaction with Newfoundland Power's
 19 general service delivery over the last ten years. The comparison shows that
 20 customer satisfaction with Newfoundland Power's service averaged approximately
 21 86% from 2012 to 2021.¹²

⁶ See the *2023 Capital Budget Application, 2023 Capital Budget Overview*, page 10.

⁷ See the *2023 Capital Budget Application, 2023 Capital Budget Overview*, page 11.

⁸ The analysis included the primary distributors of electricity in Atlantic Canada: Nova Scotia Power, New Brunswick Power and Maritime Electric. These utilities are members of CEA Region 2, meaning they serve a mix of customers living in urban and rural areas. Newfoundland Power is also a CEA Region 2 utility.

⁹ See the *2023 Capital Budget Application, 2023 Capital Budget Overview*, page 12.

¹⁰ The analysis included the primary distributors of electricity in Atlantic Canada, as described in footnote 8.

¹¹ See the *2023 Capital Budget Application, 2023 Capital Budget Overview*, page 12.

¹² See the *2023 Capital Budget Application, 2023-2027 Capital Plan*, page 3, footnote 9.