

1 **Q. Please provide examples of how benchmarking has influenced NP's practices and,**
2 **indirectly, its budgets.**

3
4 A. Newfoundland Power uses formal external statistical benchmarking techniques in a very
5 limited number of instances as an input to the decision making process.

6
7 Formal benchmarking has been employed by Hay Management Consultants who use
8 formal statistical external benchmarking techniques in assessing pay for management
9 positions in the Company. The results of these benchmark comparisons are used when
10 determining labour budgets.

11
12 Benchmarking comparisons are not used directly by Newfoundland Power in the
13 development of its capital and operations and maintenance budgets, principally because
14 data of other utilities does not relate to the Newfoundland Power electrical system.
15 However, engineering practices of which the Company does become aware (whether
16 through benchmarking comparisons or otherwise) may influence the Company's
17 practices and, indirectly, its budgets.

18
19 Through personnel contacts with other utilities, membership in industry organizations
20 such as the Canadian Electricity Association, and informal issue-specific surveys
21 Newfoundland Power has, from time to time, become aware of engineering practices,
22 work methods and the application of engineering standards that have influenced the
23 Company's practices and, indirectly, its budgets.

24
25 Some specific examples of where the Company's knowledge of engineering practices,
26 standards and work methods at other utilities has influenced the practice, standards and
27 work methods at Newfoundland Power are:

- 28
29 • The adoption of predictive maintenance practices such as oil sampling and testing of
30 substation transformers was influenced by the successes of other utilities with this
31 technology.
32
33 • The decision to standardize on the use of polymer cut-outs was taken after the high
34 failure rate of porcelain cut-outs experienced by Newfoundland Power was
35 confirmed at other utilities.
36
37 • Varmint protection against rodents and birds on substation buses and distribution
38 transformers was adopted based on the success of other utilities in preventing
39 outages using varmint protection measures.
40
41 • The decision to standardize on the use of clamp-top distribution insulators was
42 influenced by the success of other utilities, particularly Newfoundland and Labrador
43 Hydro.

- 1 • Newfoundland Power learned from other utilities that KD-type transmission
2 impedance relays were experiencing high failure rates. Accordingly, the Company
3 assessed the condition of its KD-type relays and commenced a phase-out plan.
4
- 5 • The decision to discontinue the use of automatic sleeves was taken after the high
6 failure rate of automatic sleeves experienced by Newfoundland Power was
7 confirmed at other utilities.
8
- 9 • Based, in part, on feedback from other utilities regarding the high failure rate of
10 silicon carbide gap lightning arrestors, the Company commenced a program to
11 proactively replace these defective lightning arrestors.
12
- 13 • Information from other utilities that had experience with armless transmission line
14 construction led to the use of insulators that enabled the Company to eliminate cross-
15 arms on certain transmission structures.
16
- 17 • The decision to discontinue the use of aluminum hot-line clamps on main-line
18 connections was taken after the high failure rate of these clamps experienced by
19 Newfoundland Power was confirmed at other utilities.