

1 **Q. With regard to the Grant Thornton report entitled “Board of Commissioners of**
2 **Public Utilities Financial Consultants Report Newfoundland Power Inc. 2010**
3 **General Rate Application Hearing” dated July 31, 2009, it is stated on page 36, lines**
4 **1-5 “In 2008 and 2007 the Company changed some of the measures used in the STI**
5 **program. In 2007, the STI measure ‘Reliability – Duration of Outages’ (SAIDI) was**
6 **replaced with ‘1st Call Resolution’. In 2008, the measure ‘Reliability – Outages per**
7 **customer’ (SAIFI) was replaced with the SAIDI measure. The 2009 measures**
8 **remain the same as 2008. According to the Company, 2010 targets will not be**
9 **approved by the Board of Directors until January 2010”. What is the basis for**
10 **making these changes to the STI program? In particular, why was SAIDI dropped**
11 **in 2007 and added again in 2008?**

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13 **A.** The overall composition of annual STI targets reflects the core business priorities of the
14 Company including electrical system reliability, customer responsiveness, safety, cost
15 management and financial performance. These core priorities are relatively stable over
16 time. Newfoundland Power does not consider changes in annual STI *targets* to be
17 changes to the STI *program*.

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19 Specific annual STI targets are set to ensure continuing management focus on the core
20 priorities. For example, the addition of 1st call resolution as a target was intended to
21 increase the focus on customer satisfaction with service delivery, which is an aspect of
22 the core priority of customer responsiveness.

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24 In 2006, the Company had both SAIDI and SAIFI annual STI targets. In 2007, the
25 Company chose to target only SAIFI. This reflected a decision to focus on SAIFI
26 performance which did, in fact, improve. In 2008, the Company chose to use SAIDI as
27 the annual STI target. This reflected a judgment that duration of outages (i.e. SAIDI) is
28 of high importance to customers. This judgment was influenced by the December 2007
29 ice storm which affected the Company’s customers in the Bonavista and Avalon areas.

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31 Newfoundland Power considers electrical system reliability performance to be a core
32 priority requiring continuing management focus. Choice of SAIDI or SAIFI (or both) as
33 targets in a particular year reflects shorter term changes in emphasis within this core
34 priority.