

1 **Q. Please indicate how NP currently uses external benchmarking to influence its**
2 **operational practices and decision making.**

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4 A. Newfoundland Power routinely informs itself of performance data of other businesses,
5 usually distribution utilities, and this information influences operational practices and
6 decision making.

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8 For example, Newfoundland Power has compared its reliability data to that of other
9 electrical systems in Canada for many years (typically through data provided by the
10 Canadian Electricity Association) in order to evaluate its relative reliability
11 performance.¹ The Company also routinely uses safety data provided by the Canadian
12 Electricity Association for the same purpose.

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14 While use of such comparative data by Newfoundland Power is relatively commonplace,
15 it lacks the statistical formality which underscores *benchmarking*.

16
17 Newfoundland Power uses formal statistical external benchmarking techniques as an
18 input to its decision-making in a very limited number of instances.

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20 For example, Newfoundland Power employs Hay Management Consultants who use
21 formal statistical external benchmarking techniques in assessing pay for management
22 employees.

23
24 While Newfoundland Power uses performance data from other businesses on a routine
25 basis as an input in its decision-making, it uses formal statistical external benchmarking
26 on a much more limited basis.

¹ Such comparisons have also been used by Board appointed engineering consultants that have been requested to review Newfoundland Power's technical performance.