

1 **Q. Please provide for the record copies of the two most recent Peer Group Reports.**

2

3 A. Attachment A provides a copy of the *Peer Group Performance Measures for*
4 *Newfoundland Power* reports dated February 14, 2011 and February 6, 2012 .

**Peer Group Performance Measures Reports for Newfoundland Power
dated February 14, 2011 and February 6, 2012**

HAND DELIVERED

February 14, 2011

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies and Gentlemen:

Re: Peer Group Performance Measures for Newfoundland Power

On February 28, 2005, the Company submitted a report entitled *Peer Group Performance Measures for Newfoundland Power*. The report committed the Company to reporting annually on the measures presented therein until otherwise directed by the Board.

Enclosed herewith are the original and 8 copies of a report provided in fulfillment of that commitment.

We trust this is satisfactory. However, if there are any questions or concerns, they should be directed to the undersigned.

Yours very truly,



Gerard M. Hayes
Senior Counsel

c. Geoff Young
Newfoundland & Labrador Hydro

Tom J. Johnson
Consumer Advocate
O'Dea, Earle Law Offices

**Peer Group Performance Measures
For Newfoundland Power**

February 14, 2011

Table of Contents

	Page
1.0 Introduction.....	1
2.0 Performance Measures.....	1
2.1 Canadian Utility Measures.....	1
2.2 U.S. Utility Measures.....	2
3.0 Summary and Conclusion	2

Appendix A: CEA Composite Comparisons

Appendix B: American (U.S.) Peer Group Composite Comparisons

Appendix C: List of Companies Included in U.S. Utility Peer Group

1.0 Introduction

In Order No. P.U. 19 (2003), the Board of Commissioners of Public Utilities (the “Board”) ordered that Newfoundland Power Inc. (“Newfoundland Power” or “the Company”) file with the Board in 2004 a report suggesting a “peer group” of utilities and performance measures upon which to evaluate the Company’s performance.

In 2004, the Company submitted a draft report entitled *A Report on Peer Group Performance Measures for Newfoundland Power* (the “Draft Report”) which reviewed the Company’s initial findings in relation to utility performance measures and benchmarking initiatives. Subsequently, Newfoundland Power submitted a report entitled *A Supplementary Report on Peer Group Performance Measures for Newfoundland Power* (the “Supplementary Report”) addressing questions from the Board and recommending certain additional measures.

On February 28, 2005, the Company submitted a report entitled *Peer Group Performance Measures for Newfoundland Power* (the “February 2005 Report”), which provided comparative statistical data together with an assessment of the appropriateness of the recommended performance measures. The February 2005 report committed the Company to report annually on the measures presented until otherwise directed by the Board.

This report is provided in fulfillment of the Company’s commitment to report annually on the measures presented in the February 2005 Report. The performance information is updated to 2009.

2.0 Performance Measures

This report provides a comparison of Newfoundland Power performance measures against the performance measures of a composite of Canadian and U.S. utilities.

2.1 Canadian Utility Measures

The following measures are presented for comparing the Company’s performance against a composite of Canadian utilities:

1. System Average Interruption Frequency Index (SAIFI);
2. System Average Interruption Duration Index (SAIDI); and
3. All-injury Frequency Rate (Injuries per 200,000 hours worked).

As with previous reports, this report uses data compiled by the Canadian Electricity Association (“CEA”). In particular, the report includes data from the CEA’s *Annual Service Continuity Report on Distribution System Performance in Electrical Utilities* and *Safety Incident Statistics Reports*.

The number of composite performance measures available from the CEA for publication is limited. As of this date, no cost-related CEA composite indicators have become available for the Company to use in the context of regulatory reporting of peer group performance measures.

Appendix A shows comparisons of the available Canadian utility composite measures and the equivalent Newfoundland Power data.

2.2 U.S. Utility Measures

The following measures are presented for comparing the Company's performance to a peer group of U.S. utilities:

1. Total Distribution Operating Expense per Customer;
2. Total Distribution Operating Expense per MWh;
3. Total Customer Service Expenses per Customer;
4. Total Administration and Other Operating Expense per Total Operating Expense (Excluding fuel and purchased power);
5. Total Operating Expense per Energy Sold (Excluding fuel and purchased power); and
6. Total Operating Expense per Customer (Excluding fuel and purchased power).

These measures are based on information filed with the Federal Energy Regulatory Commission (FERC). FERC requires major electric utilities to annually file prescribed information regarding their operations based on a FERC - defined code of accounts. The FERC filings are public information.

Appendix B contains the comparisons of the composite measures for U.S. utilities and the equivalent Newfoundland Power data. The U.S. composite measures are based on data from 20 utilities. For each measure, the range of individual utility results is provided.

The measures for the U.S. data are presented without any adjustment for exchange rates. With the significant shifting in exchange rates since 2000, converting U.S. dollar figures to Canadian values would greatly distort cost trends.

Appendix C is a list of the U.S. utilities from which the composite measures in Appendix B were compiled.

3.0 Summary and Conclusion

Ongoing concerns with data availability and quality coupled with observed differences in the operating profiles of participating utilities, makes it difficult to draw meaningful conclusions regarding the Company's performance relative to other utilities.

Newfoundland Power maintains that year-over-year trending of the Company's own data provides a more useful indication of performance than any comparison with data available in relation to other utilities.

Based on the measures reported herein, Newfoundland Power's performance during the 10-year period from 2000 to 2009 has either remained stable or improved. Comparisons are subject to the limitations noted above, however, Newfoundland Power's performance generally compares positively to that indicated by trends in the composite data for Canadian and U.S. utilities presented in this report.

Appendix A

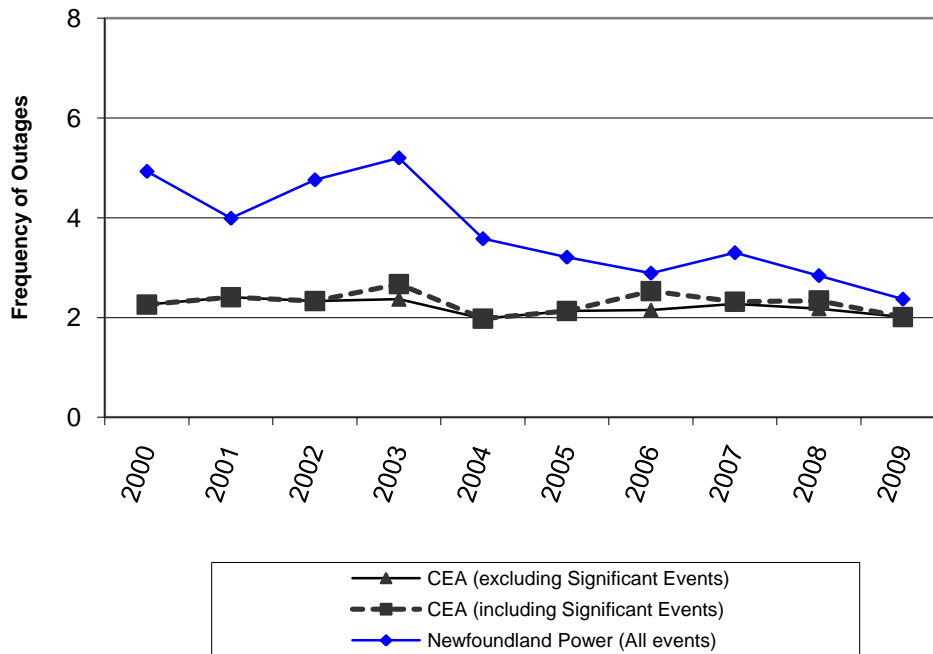
CEA Composite Comparisons

Appendix A
CEA Composite Comparisons

Table of Contents

Measure	Page
System Average Interruption Frequency Index (SAIFI)	A-1
System Average Interruption Duration Index (SAIDI)	A-3
All-injury Frequency Rate (Injuries per 200,000 hours worked)	A-5

System Average Interruption Frequency Index (SAIFI)



Year	CEA (Excluding Significant Events)	CEA (Including Significant Events)	Newfoundland Power
2000	2.26	2.26	4.93
2001	2.41	2.41	3.99
2002	2.33	2.33	4.76
2003	2.37	2.67	5.20
2004	1.98	1.98	3.58
2005	2.13	2.13	3.21
2006	2.15	2.53	2.89
2007	2.27	2.32	3.30
2008	2.18	2.34	2.84
2009	2.01	2.01	2.37

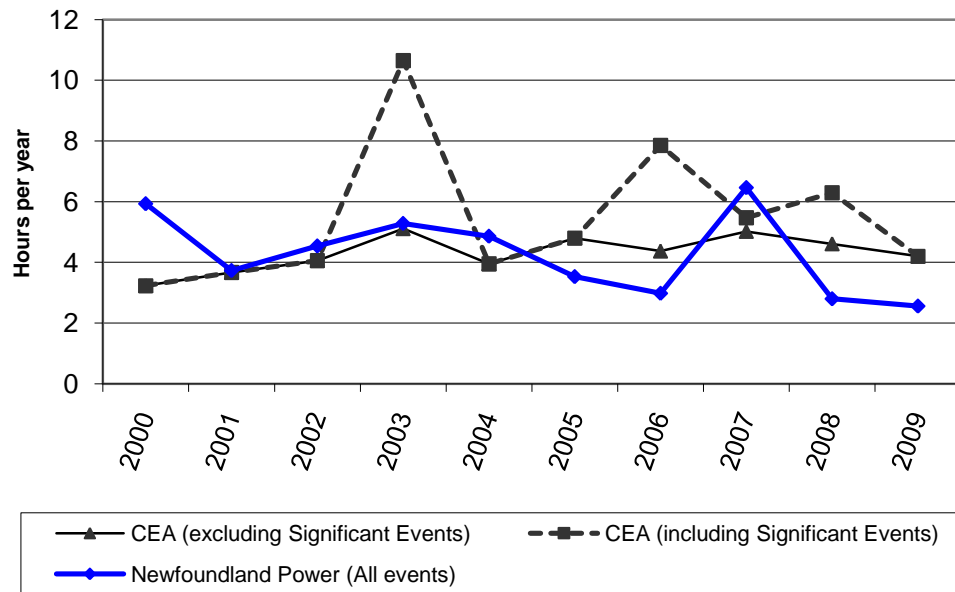
SAIFI is a standard industry index representing the average number of interruptions per customer served per year.

The CEA trend line reflects the composite¹ performance of participating Canadian utilities (25 participants in 2009). The trend line shows that the frequency of service interruptions to customers has been stable over the period 2000 to 2009. For Newfoundland Power, the data shows a continued decline in the frequency of customer outages. Since 2000 the average frequency of outages experienced by Newfoundland Powers customers has decreased by more than half.

¹ Technological advances that improved data collection may impact the trend in reliability data. This factor was recognized in the COPE Report, *2003 Industry Evaluation Distribution Business Unit Executive Summary*, December 2004. The Report stated:

“It is important to note that technological advances in data collection systems coupled with additional rigor in the data processes as a result of utilities’ increased focus on customer service and outage management implies that there has been additional improvement in the average number of outages experienced by customers that does not appear in the trend line.”

System Average Interruption Duration Index (SAIDI)



Year	CEA excluding Significant Events	CEA including Significant Events	Newfoundland Power
2000	3.23	3.23	5.93
2001	3.67	3.67	3.73
2002	4.06	4.06	4.54
2003	5.11	10.65	5.28
2004	3.95	3.95	4.86
2005	4.80	4.80	3.53
2006	4.37	7.85	2.98
2007	5.02	5.47	6.46
2008	4.61	6.29	2.80
2009	4.20	4.20	2.56

SAIDI is a standard industry index representing the average interruption duration per customer served per year.

The CEA trend line reflects the composite performance of participating Canadian utilities (25 participants in 2009). The trend lines show significant variability year over year, especially when significant events are included in the CEA data. The trend lines also show a continued decline in SAIDI for Newfoundland Power and a relatively stable trend line for the CEA composite excluding significant events.²

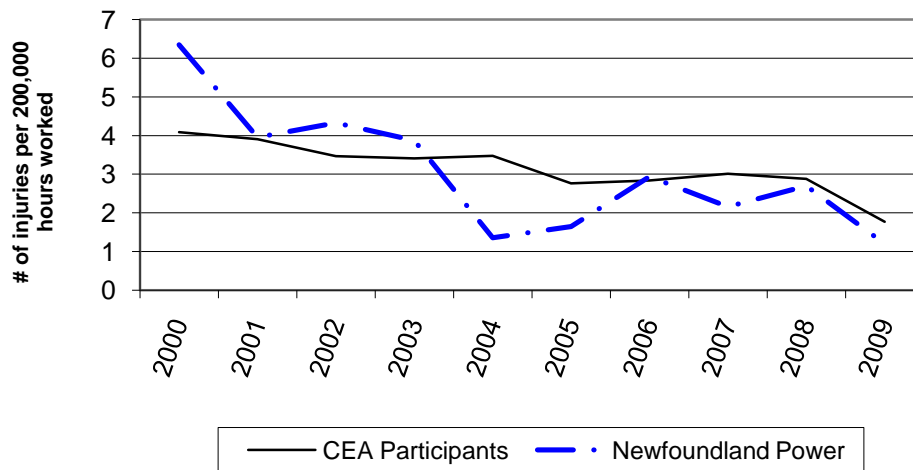
The significant increase in Newfoundland Power's service interruption duration in 2007 reflects the impact of a severe winter storm on the Bonavista Peninsula in December.

The anomalous results evident in the "CEA including Significant Events" trend line reflect the eastern North America power blackout and Hurricane Juan in Nova Scotia in 2003, storms in British Columbia and Ontario during 2006 and storms in Ontario in 2008.

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All-injury Frequency Rate (Injuries per 200,000 hours worked)



Year	CEA Composite	Newfoundland Power
2000	4.09	6.35
2001	3.91	3.96
2002	3.47	4.33
2003	3.41	3.87
2004	3.48	1.36
2005	2.76	1.65
2006	2.84	2.94
2007	3.01	2.16
2008	2.88	2.70
2009	1.77	1.20

This measure represents the rate of disabling injuries and medical aid injuries per 200,000 exposure hours (hours worked).

The CEA data is a composite of participating Canadian utilities. Both the CEA and Newfoundland Power trend lines show a clear and comparable level of improvement.

Appendix B

American (U.S.) Peer Group Composite Comparisons

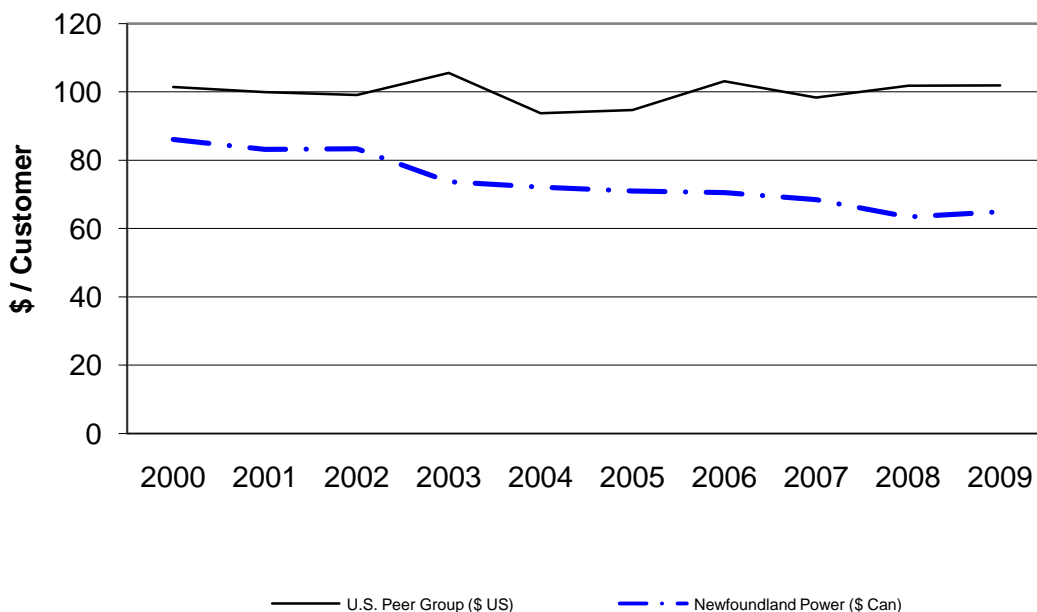
Appendix B

American (U.S.) Peer Group Composite Comparisons

Table of Contents

Measure	Page
Total Distribution Operating Expense per Customer.....	B-1
Total Distribution Operating Expense per MWh.....	B-3
Total Customer Service Expenses per Customer.....	B-5
Total Administration and Other Operating Expense per Total Operating Expense (Excluding fuel and purchased power)	B-7
Total Operating Expense per Energy Sold (Excluding fuel and purchased power)	B-8
Total Operating Expense per Customer (Excluding fuel and purchased power).....	B-9

**Total Distribution Operating
Expense Per Customer
(2009\$)**



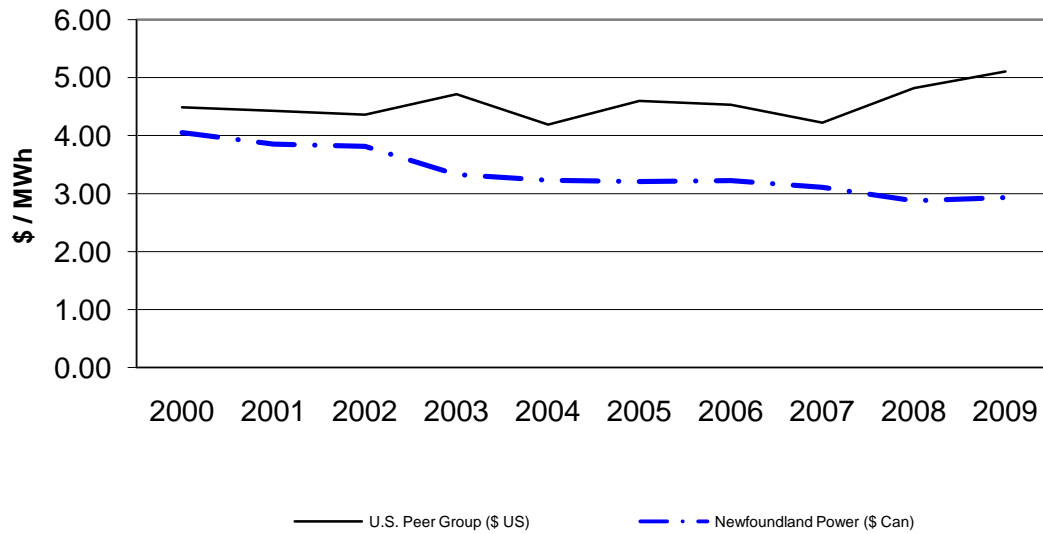
Year	U.S. Peer Group Composite	Newfoundland Power
2000	101.4	86.0
2001	99.9	83.2
2002	99.1	83.4
2003	105.6	73.7
2004	93.8	72.1
2005	94.7	71.0
2006	103.1	70.5
2007	98.3	68.5
2008	101.8	63.4
2009	101.9	64.9

This measure represents the total cost of operating and maintenance for the distribution function, as defined under the FERC code of accounts, expressed on a per customer account basis and adjusted for inflation. It measures the total direct cost of operating labour and materials, excluding allocated corporate shared services, involved in the operation and maintenance of the distribution portion of the electrical system, expressed on a per customer basis.³

³ The distribution system is the portion of the electrical system that links the transmission system to customer facilities.

The graph shows a general downward trend for Newfoundland Power over the period. The Newfoundland Power data reflects a material reduction in pension costs between 2007 and 2009. While the numbers fluctuated from 2003 to 2006 the U.S. utility data shows the distribution operating cost per customer to be relatively stable over the period. The U.S. utilities' individual 2009 measures range from approximately \$47 to approximately \$198 per customer.

**Total Distribution Operating Expense
Per MWh
(2009\$)**



Year	U.S. Peer Group Composite	Newfoundland Power
2000	4.49	4.05
2001	4.43	3.85
2002	4.36	3.81
2003	4.71	3.33
2004	4.19	3.23
2005	4.59	3.21
2006	4.53	3.22
2007	4.22	3.11
2008	4.82	2.88
2009	5.11	2.93

This measure represents the total cost of operating and maintenance for the distribution function, as defined under the FERC code of accounts, expressed on a per MWh of retail sales basis and adjusted for inflation. It measures the total direct cost of operating labour and materials, excluding allocated corporate shared services, involved in the operation and maintenance of the distribution portion of the electrical system, expressed on a per MWh basis.⁴

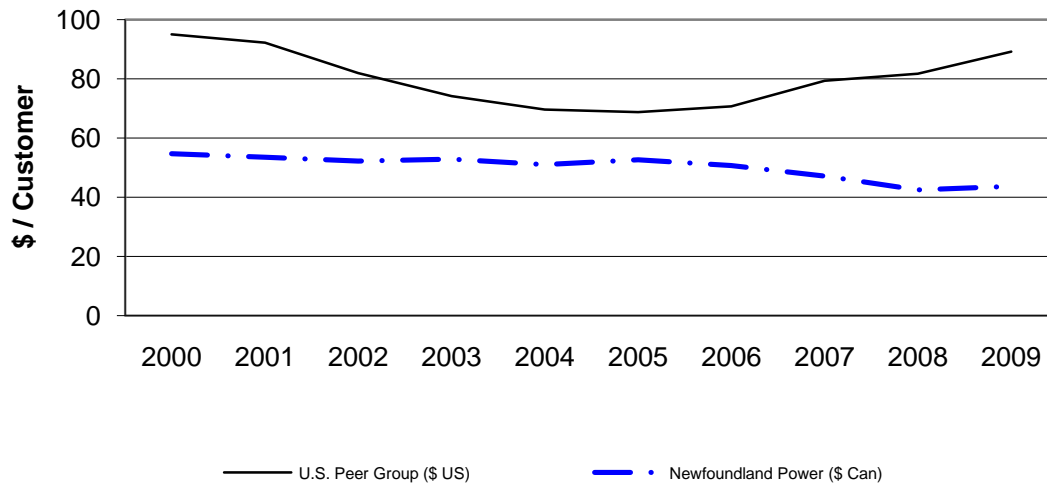
The MWh of retail sales includes the total MWh sales of electricity as per retail rate schedules. It does not include sales for resale such as those to other distribution companies and retailers, nor energy interchanged through the power system (usually through transmission facilities).

The graph shows a general downward trend for Newfoundland Power. The decline in recent years reflects a reduction in pension costs.

The U.S. peer group trend has been relatively stable but has been increasing since 2007 largely due to reduced sales. The U.S. utilities' individual 2009 measures range from approximately \$2 to approximately \$12 per MWh.

⁴ The distribution system is the portion of the electrical system that links the transmission system to customer facilities.

**Total Customer Service Expenses
Per Customer
(2009\$)**



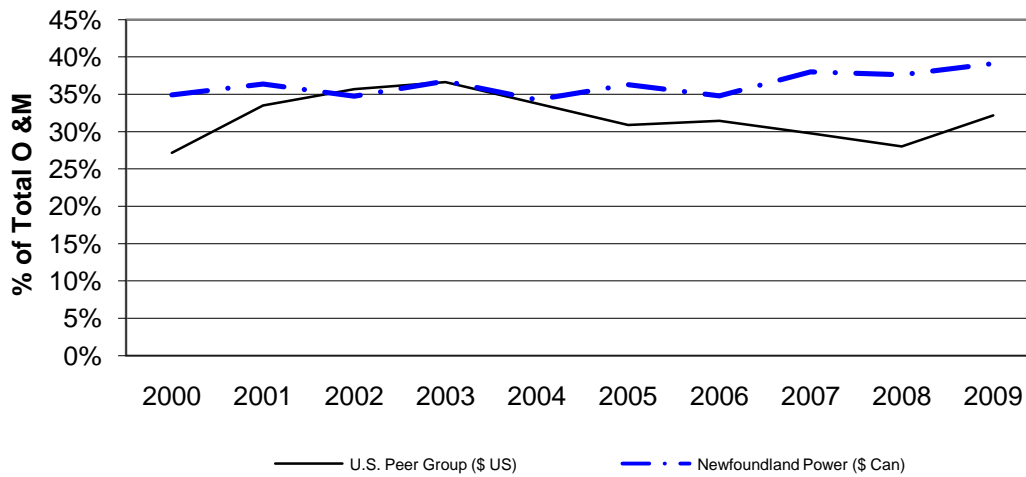
Year	U.S. Peer Group Composite	Newfoundland Power
2000	95.0	54.7
2001	92.2	53.5
2002	81.9	52.2
2003	74.1	52.8
2004	69.6	51.0
2005	68.8	52.6
2006	70.7	50.7
2007	79.4	47.1
2008	81.7	42.4
2009	89.1	43.7

This measure represents the total cost of operating and maintenance for the customer accounting and customer service functions, as defined under the FERC code of accounts, expressed on a per customer account basis and adjusted for inflation. It measures the total direct cost of operating labour and materials, excluding allocated corporate shared services, associated with the management of customer relations and billing functions, expressed on a per customer account basis.

Newfoundland Power data shows a continued decline over the past 10 years. The decline in recent years reflects a reduction in pension costs.

The U.S. peer group data had been decreasing; however, over the last four years, the trend has reversed. The U.S. utilities' individual 2009 measures range from approximately \$40 to approximately \$198 per customer.

**Total Administration and Other Operating Expense
Per Total Operating Expense
(Excluding fuel and purchased power, 2009\$)**

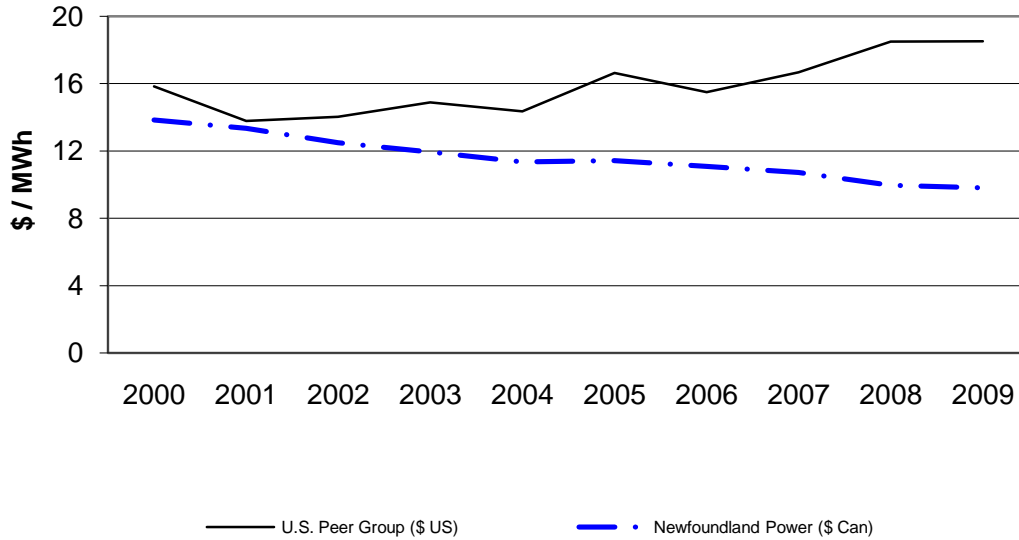


Year	U.S. Peer Group Composite	Newfoundland Power
2000	27.2%	34.9%
2001	33.5%	36.4%
2002	35.7%	34.7%
2003	36.6%	36.8%
2004	33.7%	34.2%
2005	30.9%	36.3%
2006	31.4%	34.8%
2007	29.8%	38.0%
2008	28.0%	37.6%
2009	32.2%	39.1%

This measure is a ratio of the total administration and general expense to the overall corporate electrical operating and maintenance expense (excluding fuel and purchased power) as defined by the FERC code of accounts.

The trend line for the U.S. utilities shows an increase between 2000 and 2003, and a general decrease thereafter. The initial increase appears to reflect a dramatic reduction in production expenses (net of fuel and purchased power) that occurred between 1999 and 2001. The U.S. utilities' individual 2009 measures varied from approximately 9% to 65%. The trend line for Newfoundland Power shows a slight increase over the ten-year period.

**Total Operating Expense
Per Energy Sold
(Excluding fuel and purchased power, 2009\$)**



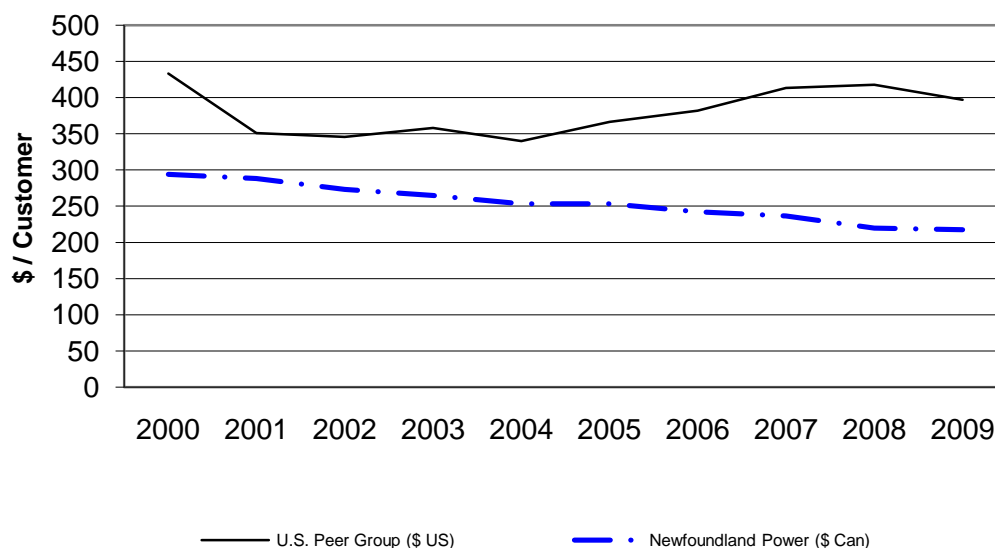
Year	U.S. Peer Group Composite	Newfoundland Power
2000	15.8	13.8
2001	13.8	13.3
2002	14.0	12.5
2003	14.9	11.9
2004	14.4	11.3
2005	16.6	11.4
2006	15.5	11.1
2007	16.7	10.7
2008	18.5	10.0
2009	18.5	9.8

This measure represents the corporate electrical operating and maintenance expense (excluding fuel and purchased power), as defined by the FERC code of accounts, expressed on a per MWh of total energy sold basis and adjusted for inflation. Total energy sold includes sales according to retail rate schedules, and sales for resale, such as sales to other distribution companies, sales to retailers, and energy interchanged through the power system (usually through transmission facilities).

The trend line for the U.S. utilities shows an upward trend since 2001. The U.S. utilities' individual 2009 measures varied from approximately \$2 to \$49 per MWh.

The trend line for Newfoundland Power shows a decline over the ten-year period.

**Total Operating Expense
Per Customer
(Excluding fuel and purchased power, 2009\$)**



Year	U.S. Peer Group Composite	Newfoundland Power
2000	433.27	293.86
2001	350.80	288.36
2002	345.44	273.04
2003	357.80	264.67
2004	340.07	253.23
2005	366.48	253.06
2006	381.75	242.43
2007	413.42	236.55
2008	417.87	219.69
2009	396.76	217.29

This measure represents the corporate electrical operating and maintenance expense (excluding fuel and purchased power), as defined by the FERC code of accounts, expressed on a customer account basis and adjusted for inflation.

The trend line for the U.S. utilities shows an upward trend since 2004. The U.S. utilities' individual measures varied from approximately \$47 to approximately \$826 in 2009.

The trend line for Newfoundland Power shows a continued decline over the ten-year period.

Appendix C

List of Companies Included in U.S. Utility Peer Group

**Companies Included in U.S. Utility Peer Group
(2009 Information)**

Company	Number of Customers	Sales (MWh)	% Production of Total O&M	% Transmission of Total O &M
Atlantic City Electric Company	546,236	13,153,938	120.0%	-7.3%
Bangor Hydro-Electric Company	134,187	1,972,062	0.5%	-56.0%
Central Hudson Gas & Electric Corporation	282,069	3,649,949	1.6%	6.3%
Central Illinois Public Service Company	383,115	6,473,169	-0.8%	8.3%
Central Vermont Public Service Corporation	179,140	3,177,412	7.3%	25.7%
Unitil Energy Systems, Inc.	76,014	944,174	0.6%	48.8%
Delmarva Power & Light Company	498,046	13,241,393	4.0%	5.8%
Duquesne Light Company	598,969	13,948,705	0.0%	4.5%
Green Mountain Power Corporation	98,190	2,287,155	7.1%	42.0%
Illinois Power Company	616,812	8,878,770	0.2%	5.0%
Kingsport Power Company	47,027	2,216,161	0.0%	3.7%
Metropolitan Edison Company	549,818	16,681,591	22.3%	31.6%
The Narragansett Electric Company	479,912	5,470,602	0.0%	25.0%
New York State Electric & Gas Corporation	875,290	17,288,065	1.0%	10.7%
Orange and Rockland Utilities, Inc.	223,336	4,396,479	0.9%	7.6%
Rockland Electric Company	72,358	1,638,627	0.0%	2.8%
Duke Energy Kentucky	134,819	4,700,505	30.4%	12.6%
West Penn Power Company	714,966	20,427,715	0.1%	27.7%
Western Massachusetts Electric Company	204,220	2,084,191	0.4%	25.3%
Wheeling Power Company	41,225	2,143,426	0.0%	5.8%

HAND DELIVERED

February 6, 2012

Board of Commissioners
of Public Utilities
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Attention: G. Cheryl Blundon
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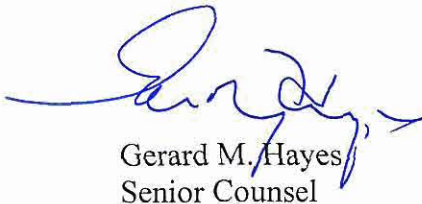
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For Newfoundland Power**

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Table of Contents

	Page
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Appendix C is a list of the U.S. utilities from which the composite measures in Appendix B were compiled.

3.0 Summary and Conclusion

Ongoing concerns with data availability and quality, coupled with observed differences in the operating profiles of participating utilities, makes it difficult to draw meaningful conclusions regarding the Company's performance relative to other utilities.

Newfoundland Power maintains that year-over-year trending of the Company's own data provides a more useful indication of performance than any comparison with data available in relation to other utilities.

Based on the measures reported herein:

1. Newfoundland Power's reliability performance, with the exception of the impact of significant weather events in 2007 and 2010, has shown an overall improving trend over the past 10 years.
2. Newfoundland Power's cost performance during the period from 2001 to 2009 depicts an overall stable or improving trend. The 2010 cost indices show an increase driven

principally by increased pension and conservation and demand management (“CDM”) costs, and the cost of restoration efforts following Hurricane Igor.

3. Comparisons are subject to the limitations noted above; however, Newfoundland Power’s performance generally compares favourably to that indicated by trends in the composite data for Canadian and U.S. utilities presented in this report.

Appendix A

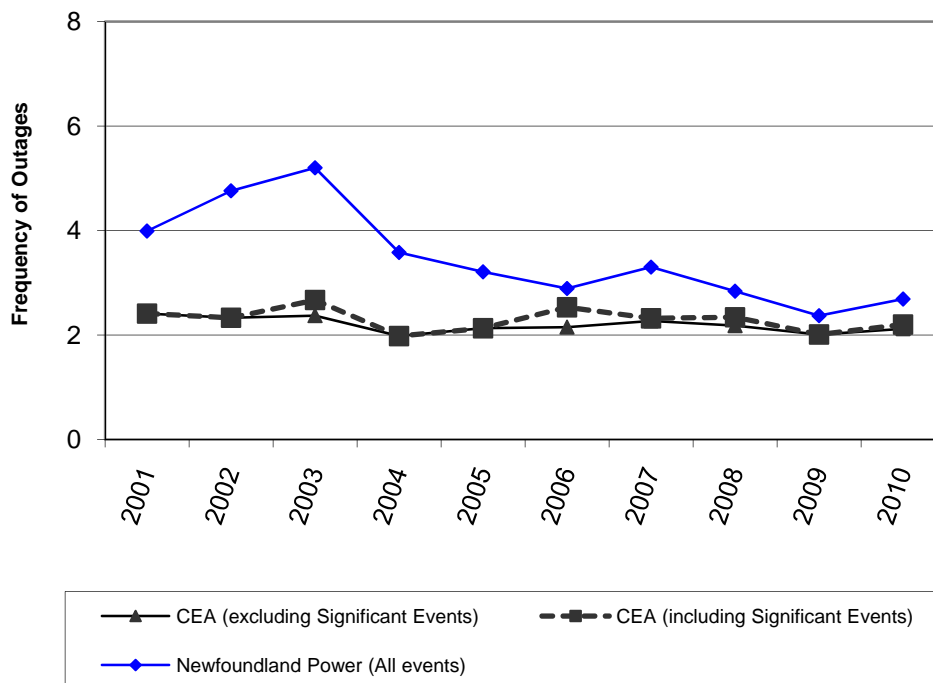
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Table of Contents

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System Average Interruption Frequency Index (SAIFI)



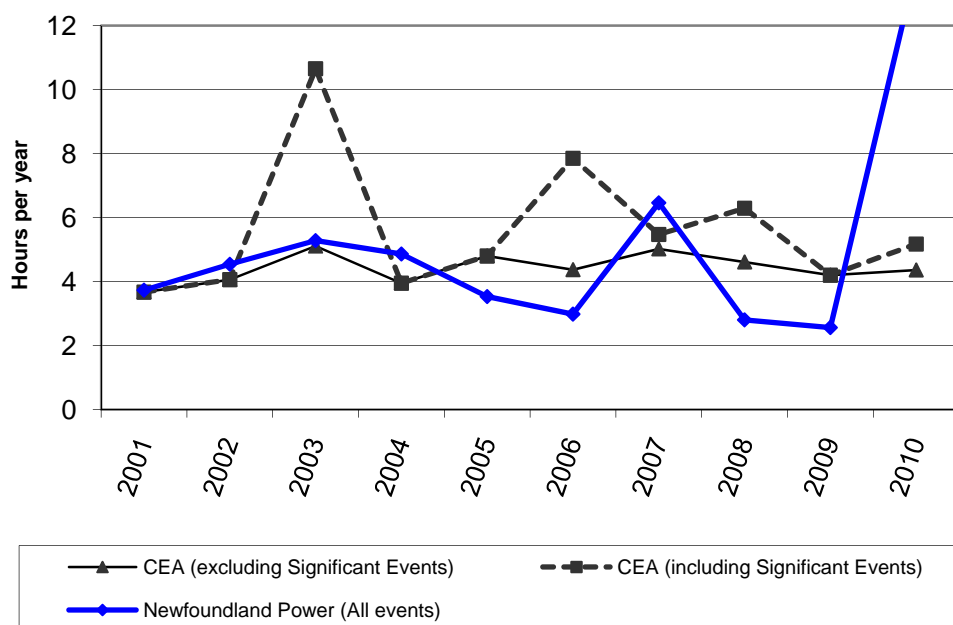
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2005	2.13	2.13	3.21
2006	2.15	2.53	2.89
2007	2.27	2.32	3.30
2008	2.18	2.34	2.84
2009	2.01	2.01	2.37
2010	2.12	2.20	2.69

SAIFI is a standard industry index representing the average number of interruptions per customer served per year.

The CEA trend line reflects the composite performance of participating Canadian utilities (24 participants in 2010). The trend line shows that the frequency of service interruptions to customers has been stable over the period 2001 to 2010. For Newfoundland Power, the data trend reflects a general decline in the frequency of customer outages in the reporting period. The

increases in 2007 and 2010 were due to significant weather events, consisting of severe winter storms in December 2007, March 2010 and Hurricane Igor in September 2010.

System Average Interruption Duration Index (SAIDI)



Year	CEA excluding Significant Events	CEA including Significant Events	Newfoundland Power
2001	3.67	3.67	3.73
2002	4.06	4.06	4.54
2003	5.11	10.65	5.28
2004	3.95	3.95	4.86
2005	4.80	4.80	3.53
2006	4.37	7.85	2.98
2007	5.02	5.47	6.46
2008	4.61	6.29	2.80
2009	4.20	4.20	2.56
2010	4.36	5.17	13.82

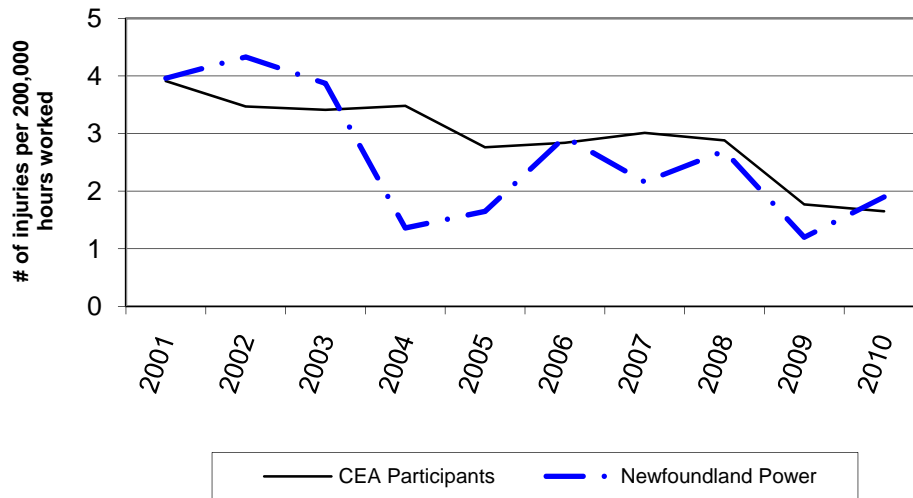
SAIDI is a standard industry index representing the average interruption duration per customer served per year.

The CEA trend line reflects the composite performance of participating Canadian utilities (24 participants in 2010). The trend lines show significant variability year over year. The fluctuations are principally due to the inclusion of outages due to significant weather events. When significant events are excluded, the trend line shows a relatively stable trend line for the CEA composite.

The significant increase in Newfoundland Power's service interruption duration in 2007 reflects the impact of a severe winter storm on the Bonavista Peninsula in December. The extraordinary result in 2010 reflects the impact of a severe winter storm in March and Hurricane Igor in September.

The anomalous results evident in the "CEA including Significant Events" trend line reflect the eastern North America power blackout and Hurricane Juan in Nova Scotia in 2003, storms in British Columbia and Ontario during 2006 and storms in Ontario in 2008.

All-injury Frequency Rate (Injuries per 200,000 hours worked)



Year	CEA Composite	Newfoundland Power
2001	3.91	3.96
2002	3.47	4.33
2003	3.41	3.87
2004	3.48	1.36
2005	2.76	1.65
2006	2.84	2.94
2007	3.01	2.16
2008	2.88	2.70
2009	1.77	1.20
2010	1.65	1.90

This measure represents the rate of disabling injuries and medical aid injuries per 200,000 exposure hours (hours worked).

The CEA data is a composite of participating Canadian utilities. Both the CEA and Newfoundland Power trend lines show a comparable level of improvement.

Appendix B

American (U.S.) Peer Group Composite Comparisons

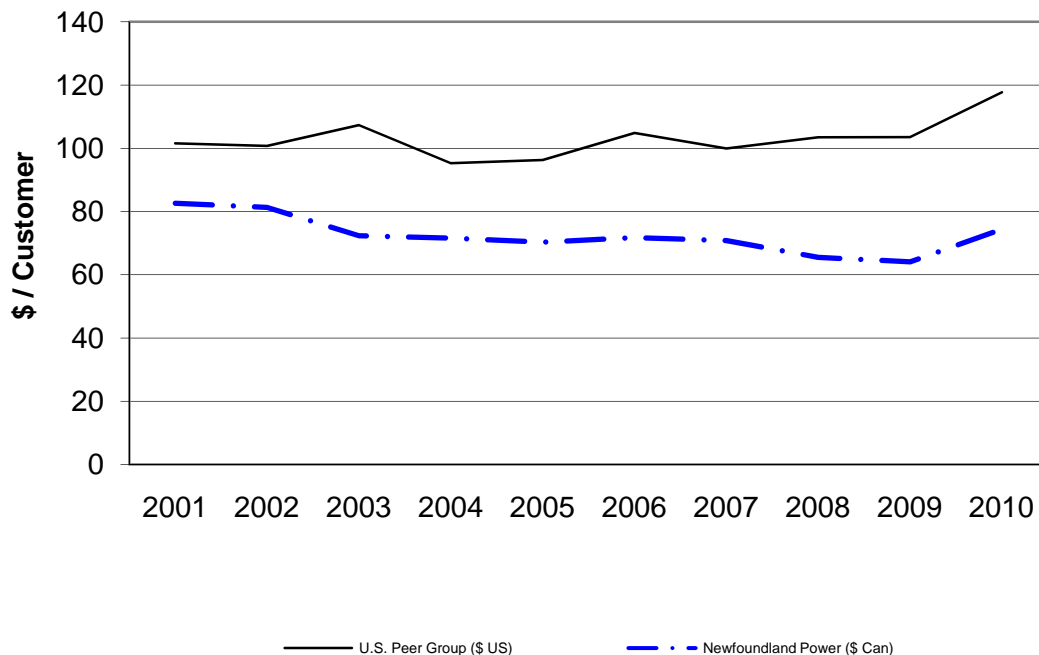
Appendix B

American (U.S.) Peer Group Composite Comparisons

Table of Contents

Measure	Page
Total Distribution Operating Expense Per Customer	B-1
Total Distribution Operating Expense Per MWh.....	B-3
Total Customer Service Expenses Per Customer.....	B-5
Total Administration and Other Operating Expense Per Total Operating Expense (Excluding fuel and purchased power)	B-7
Total Operating Expense Per Energy Sold (Excluding fuel and purchased power)	B-8
Total Operating Expense Per Customer (Excluding fuel and purchased power)	B-10

**Total Distribution Operating
Expense Per Customer
(2010\$)**



Year	U.S. Peer Group Composite	Newfoundland Power
2001	101.5	82.6
2002	100.7	81.3
2003	107.3	72.3
2004	95.3	71.6
2005	96.3	70.3
2006	104.8	71.8
2007	99.9	70.8
2008	103.5	65.5
2009	103.5	64.1
2010	117.7	74.4

This measure represents the total cost of operating and maintenance for the distribution function, as defined under the FERC code of accounts, expressed on a per customer account basis and adjusted for inflation. It measures the total direct cost of operating labour and materials, excluding

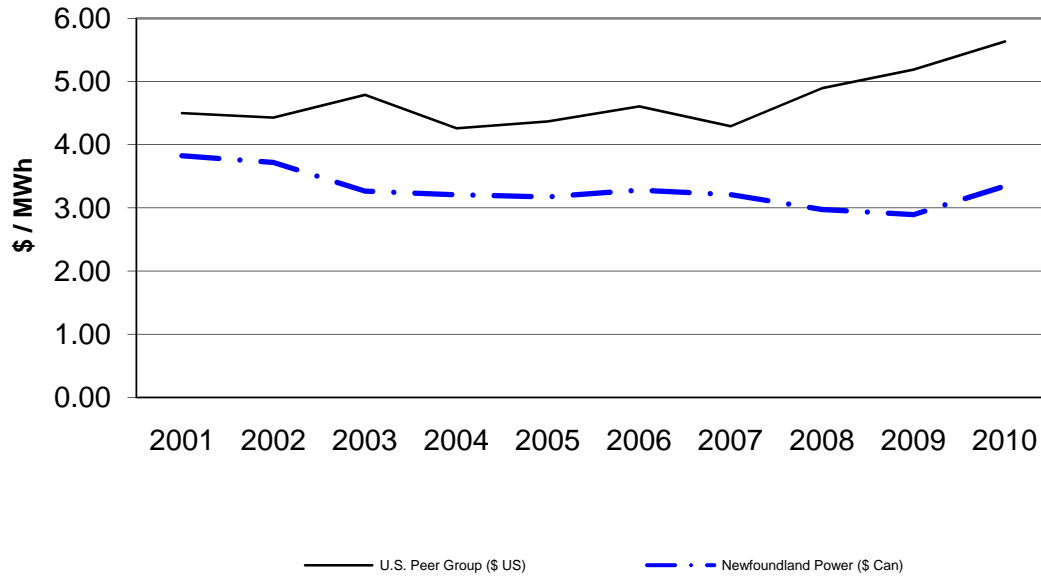
allocated corporate shared services, involved in the operation and maintenance of the distribution portion of the electrical system, expressed on a per customer basis.¹

The graph shows a downward trend for Newfoundland Power over the period. The Newfoundland Power data reflects a material reduction in pension costs between 2007 and 2009. The 2010 data reflects a material increase in pension cost and the cost of restoration efforts following Hurricane Igor.

While the numbers fluctuated from 2003 to 2006, the U.S. utility data shows the distribution operating cost per customer to be relatively stable, with an increase in 2010. The U.S. utilities' individual 2010 measures range from approximately \$49 to approximately \$226 per customer.

¹ The distribution system is the portion of the electrical system that links the transmission system to customer facilities.

**Total Distribution Operating Expense
Per MWh
(2010\$)**



Year	U.S. Peer Group Composite	Newfoundland Power
2001	4.50	3.82
2002	4.43	3.72
2003	4.79	3.26
2004	4.26	3.21
2005	4.37	3.17
2006	4.61	3.28
2007	4.29	3.21
2008	4.90	2.97
2009	5.19	2.89
2010	5.63	3.35

This measure represents the total cost of operating and maintenance for the distribution function, as defined under the FERC code of accounts, expressed on a per MWh of retail sales basis and adjusted for inflation. It measures the total direct cost of operating labour and materials, excluding allocated corporate shared services, involved in the operation and maintenance of the distribution portion of the electrical system, expressed on a per MWh basis.²

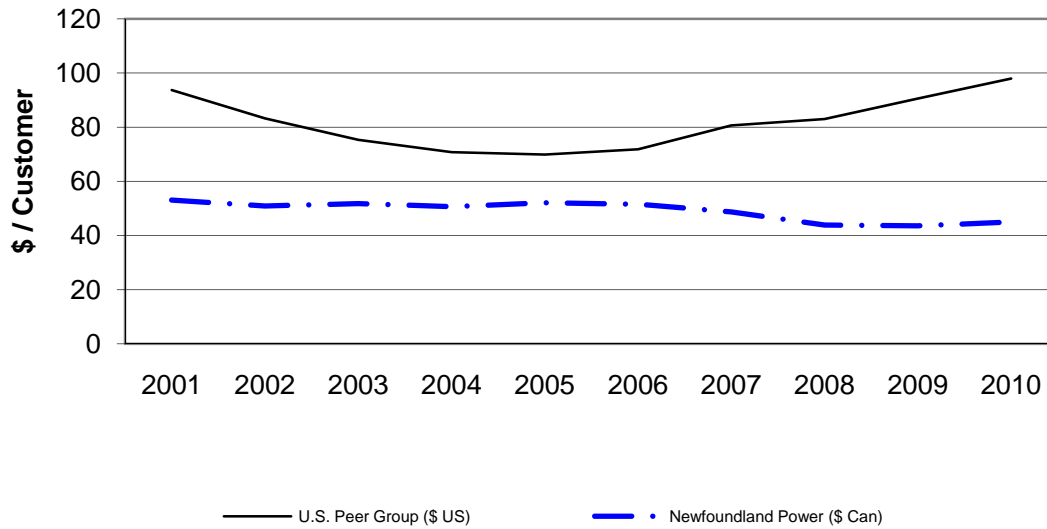
The MWh of retail sales includes the total MWh sales of electricity as per retail rate schedules. It does not include sales for resale such as those to other distribution companies and retailers, nor energy interchanged through the power system (usually through transmission facilities).

The graph shows a downward trend for Newfoundland Power. The Newfoundland Power data reflects a material reduction in pension costs between 2007 and 2009. The 2010 data reflects a material increase in pension cost and the cost of restoration efforts following Hurricane Igor.

The U.S. peer group trend was relatively stable early in the reporting period; the increase since 2007 is largely due to reduced sales. The U.S. utilities' individual 2010 measures range from approximately \$1 to approximately \$25 per MWh.

² The distribution system is the portion of the electrical system that links the transmission system to customer facilities.

**Total Customer Service Expenses
Per Customer
(2010\$)**



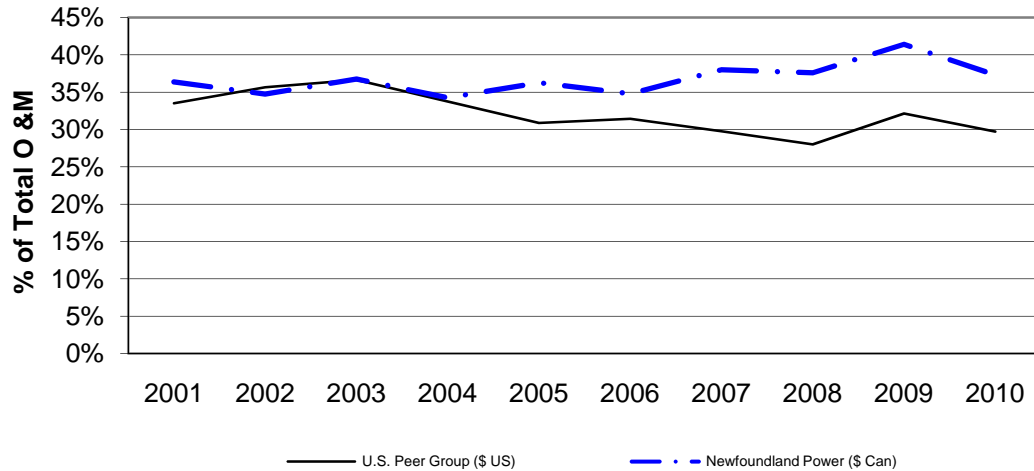
Year	U.S. Peer Group Composite	Newfoundland Power
2001	93.7	53.1
2002	83.2	50.9
2003	75.3	51.8
2004	70.8	50.7
2005	69.9	52.1
2006	71.9	51.6
2007	80.7	48.7
2008	83.0	43.8
2009	90.6	43.6
2010	97.9	45.0

This measure represents the total cost of operating and maintenance for the customer accounting and customer service functions, as defined under the FERC code of accounts, expressed on a per customer account basis and adjusted for inflation. It measures the total direct cost of operating labour and materials, excluding allocated corporate shared services, associated with the management of customer relations and billing functions, expressed on a per customer account basis.

Newfoundland Power's data has been relatively stable. During the period from 2007 through 2009, costs declined due to reduced pension costs. Pension costs increased in 2010, causing a slight increase in this measure.

Up until approximately five years ago, the U.S. peer group composite had been decreasing; however, the trend has since reversed. The U.S. utilities' individual 2010 measures range from approximately \$41 to approximately \$199 per customer.

**Total Administration and Other Operating Expense
Per Total Operating Expense
(Excluding fuel and purchased power, 2010\$)**



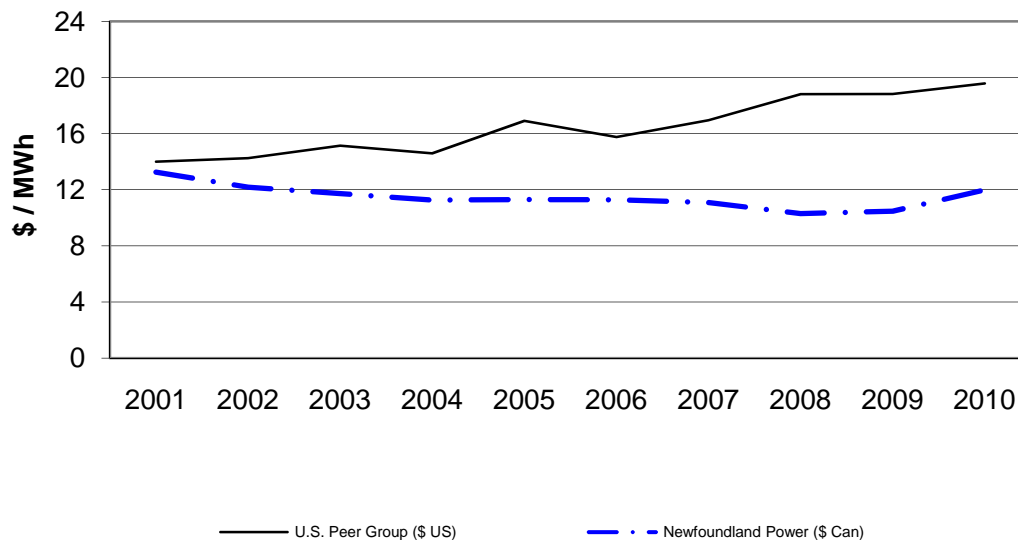
Year	U.S. Peer Group Composite	Newfoundland Power
2001	33.5%	36.4%
2002	35.7%	34.7%
2003	36.6%	36.8%
2004	33.7%	34.2%
2005	30.9%	36.3%
2006	31.4%	34.8%
2007	29.8%	38.0%
2008	28.0%	37.6%
2009	32.2%	41.4%
2010	29.7%	37.3%

This measure is a ratio of the total administration and general expense to the overall corporate electrical operating and maintenance expense (excluding fuel and purchased power) as defined by the FERC code of accounts.

The trend line for the U.S. utilities shows a general decrease over the reporting period. The U.S. utilities' individual 2010 measures varied from approximately 7% to 115%.

The trend line for Newfoundland Power has fluctuated, with a slight upward trend from 2006 forward.

**Total Operating Expense
Per Energy Sold
(Excluding fuel and purchased power, 2010\$)**



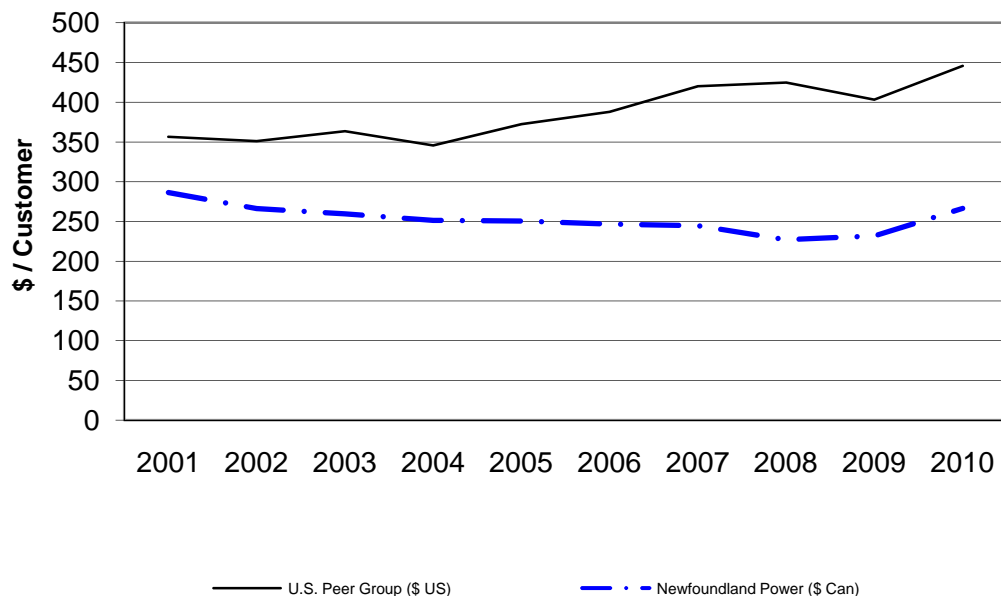
Year	U.S. Peer Group Composite	Newfoundland Power
2001	14.0	13.3
2002	14.3	12.2
2003	15.1	11.7
2004	14.6	11.3
2005	16.9	11.3
2006	15.8	11.3
2007	17.0	11.1
2008	18.8	10.3
2009	18.8	10.5
2010	19.6	12.0

This measure represents the corporate electrical operating and maintenance expense (excluding fuel and purchased power), as defined by the FERC code of accounts, expressed on a per MWh of total energy sold basis and adjusted for inflation. Total energy sold includes sales according to retail rate schedules, and sales for resale, such as sales to other distribution companies, sales to retailers, and energy interchanged through the power system (usually through transmission facilities).

The trend line for the U.S. utilities shows an upward trend since 2001. The 2010 measure appears to be impacted by declining energy sales. The U.S. utilities' individual 2010 measures varied from approximately \$3 to \$58 per MWh.

Newfoundland Power's data has been relatively stable. During the period from 2007 through 2009, costs declined due to reduced pension costs. In 2010, costs increased due to an increase in pension and CDM costs.

**Total Operating Expense
Per Customer
(Excluding fuel and purchased power, 2010\$)**



Year	U.S. Peer Group Composite	Newfoundland Power
2001	356.55	286.31
2002	351.11	266.20
2003	363.67	259.70
2004	345.65	251.40
2005	372.50	250.52
2006	388.01	246.69
2007	420.20	244.62
2008	424.72	227.03
2009	403.27	231.85
2010	445.79	266.55

This measure represents the corporate electrical operating and maintenance expense (excluding fuel and purchased power), as defined by the FERC code of accounts, expressed on a customer account basis and adjusted for inflation.

The trend line for the U.S. utilities shows an upward trend since 2004. The U.S. utilities' individual measures varied from approximately \$100 to approximately \$1,043 in 2010.

Newfoundland Power's data has been relatively stable. During the period from 2007 through 2009, costs declined due to reduced pension costs. In 2010, costs increased due to an increase in pension and CDM costs.

Appendix C

List of Companies Included in U.S. Utility Peer Group

**Companies Included in U.S. Utility Peer Group
(2010 Information)**

Company	Number of Customers	Sales (MWh)	% Production of Total O&M	% Transmission of Total O &M
Atlantic City Electric Company	547,400	10,184,695	0.0%	0.0%
Bangor Hydro-Electric Company	135,497	1,556,822	1.0%	0.0%
Central Hudson Gas & Electric Corporation	277,980	3,237,399	1.5%	5.0%
Ameren Illinois Company	1,197,805	37,891,801	0.2%	0.4%
Central Vermont Public Service Corporation	178,997	2,201,152	7.8%	20.1%
Unitil Energy Systems, Inc.	76,124	1,238,944	0.5%	50.9%
Delmarva Power & Light Company	499,689	12,856,400	3.8%	6.1%
Duquesne Light Company	599,126	14,089,963	0.0%	4.0%
Green Mountain Power Corporation	98,789	1,912,902	6.6%	40.2%
Illinois Power Company	609,498	14,528,169	0.4%	6.2%
Kingsport Power Company	47,183	2,240,059	0.0%	88.1%
Metropolitan Edison Company	551,776	13,995,525	22.6%	36.4%
The Narragansett Electric Company	473,561	5,310,790	0.0%	31.0%
New York State Electric & Gas Corporation	877,739	15,069,342	0.8%	8.7%
Orange and Rockland Utilities, Inc.	223,908	4,074,133	0.8%	5.8%
Rockland Electric Company	72,438	1,678,669	0.0%	3.1%
Duke Energy Kentucky	135,213	4,116,600	26.8%	14.5%
West Penn Power Company	716,108	2,040,381	0.1%	25.7%
Western Massachusetts Electric Company	205,817	3,731,563	0.2%	19.1%
Wheeling Power Company	41,146	2,304,062	0.0%	6.9%