

THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

IN THE MATTER OF the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47, as amended, (the "Act");

AND

IN THE MATTER OF a general rate application (the "Application") by Newfoundland Power Inc. ("Newfoundland Power") to establish customer electricity rates for 2008.

SUPPLEMENTAL PRE-FILED EVIDENCE OF C. DOUGLAS BOWMAN

1 My name is Doug Bowman. This document was prepared by myself, and is correct to the
2 best of my knowledge and belief. I have been retained by the Government appointed
3 Consumer Advocate to provide expert advice and evidence to the Consumer Advocate in
4 response to Newfoundland Power Inc.'s ("Newfoundland Power's") application to
5 establish customer electricity rates for 2008. In particular, this supplemental pre-filed
6 evidence provides further documentation of the results of my review of Newfoundland
7 Power's proposed cost of service and rate design, and its actions and performance
8 relating to distribution reliability and customer service. It incorporates evidence filed
9 since submission of my Pre-filed Evidence dated August 6, 2007, and is prepared with
10 the understanding that issues related to this application have been settled with the
11 exceptions noted in the Parties' October 12, 2007 Settlement Agreement. Therefore,
12 issues that are part of the negotiated settlement are not addressed in this evidence.

13

1 Section 1 of my Supplemental Pre-filed Evidence addresses the Basic Customer Charge
2 for Domestic customers and Section 2 provides further information relating to the
3 development and implementation of a distribution reliability and service standard.

4

5 **1. Basic Customer Charge for Domestic Customers**
6

7 In my Pre-filed Evidence, I state the following (page 3, lines 14 – 21):
8

8

9 *A reduction of about \$1.00 per month in the Basic Customer Charge for the*
10 *Domestic class would bring it down closer to the Canadian average and increase*
11 *the energy charge to a level that more closely tracks marginal costs, thus*
12 *improving the efficiency of the price signal. As I do not yet have information*
13 *relating to the customer bill impacts associated with different Basic Customer*
14 *Charges, I will pursue this issue further with Newfoundland Power during*
15 *negotiations and file a specific recommendation with the Board prior to the*
16 *hearing scheduled for October.*
17

18 Newfoundland Power has since filed its response to CA-NP 449 showing energy charges
19 and customer bill impacts associated with \$0.50 and \$1.00 reductions in the Basic
20 Customer Charge for Domestic customers. As stated in my Pre-filed Evidence, a
21 reduction of \$1.00 per month in the Basic Customer Charge would bring it down closer to
22 the Canadian average and increase the energy charge to a level that more closely tracks
23 marginal costs, thus improving the efficiency of the price signal.

24

25 Reducing the Basic Customer Charge transfers cost from low consumption customers to
26 high consumption customers. According to CA-NP 449, ^(“first revision”) customers consuming less than
27 1200 kWh/month, representing about 57% of the Domestic customers, would see rate
28 reductions relative to proposed rates; higher consumption customers would see increases

1 relative to proposed rates, with the largest increase of about 0.3% and 0.6% for
2 reductions of \$0.50 and \$1.00, respectively, in the Basic Customer Charge. The energy
3 charge would increase from the proposed rate of ~~9.586~~^{9.030*} cents/kWh to ~~9.626~~^{9.069*} cents/kWh
4 and ~~9.666~~^{9.108*} cents/kWh for reductions of \$0.50 and \$1.00, respectively, in the Basic
5 Customer Charge¹. This compares to the marginal cost of capacity and energy supply to
6 this class of 10.35 cents/kWh.

7
8 In summary, I recommend the Board direct that the Basic Customer Charge for the
9 Domestic Customer Class be reduced by \$1.00/Month. This improves the efficiency of
10 the price signal and results in acceptable customer bill impacts while maintaining
11 consistency with regulatory practice elsewhere in Canada. I have reviewed the October
12 11, 2007 Amended Application and nothing arises that would cause me to change this
13 recommendation.

14
15 **2. Distribution Reliability and Service Standard**
16

17 In my Pre-filed Evidence, I state the following (page 7, lines 1 to 10):
18

19 *Reliability and cost are identified as the areas of greatest importance to*
20 *consumers. Yet Newfoundland Power does not currently have a formal*
21 *distribution reliability and service standard. In the absence of such a standard*
22 *with attendant performance measures and benchmarks, it is not possible to*
23 *determine if Newfoundland Power is meeting its obligation under the Electrical*
24 *Power Control Act, 1994 to equitably deliver power to customers in the province*
25 *at the lowest possible cost consistent with reliable service (CA-NP 69, page 2 of*

¹ ~~The response to CA-NP 449 refers to the rates originally filed by Newfoundland Power. It does not incorporate the impacts of the Parties' October 12, 2007 Settlement Agreement.~~ Deleted

See Transcript - Oct 26, 2007
p. 52, lines 22-24.
p. 53, lines 7, 8 + 9.

1 2, lines 14-16), and if expenditures on reliability-related projects are prudently
2 incurred. I recommend that the Board direct that a distribution reliability and
3 service standard be developed with reporting initiated under the standard during
4 2008.
5

6 In my response to NP-CA 12, I state the following:

7
8 If Newfoundland Power has concerns relating to the proposed timetable and costs
9 for this undertaking, Mr. Bowman proposes the following alternative. Mr.
10 Bowman would develop the scope of work and schedule and present it to
11 Newfoundland Power during negotiations in September. The intent would be to
12 gain the acceptance of Newfoundland Power prior to commencement of the
13 hearing scheduled for October. Mr. Bowman would revise his recommendation
14 relating to the need for a Distribution Reliability and Service Standard as follows:
15

16 I recommend that the Board direct that a distribution reliability and
17 service standard be developed with reporting initiated under the standard
18 during 2008. I recommend that the development of the standard be led by
19 the Consumer Advocate with input and review by Newfoundland Power.
20 The standard would be developed specifically for Newfoundland Power
21 customers and the Board would have ultimate approval authority for the
22 Standard. I recommend that the Consumer Advocate develop the scope of
23 work and schedule for the project and submit it to Newfoundland Power
24 for review and comment. The Consumer Advocate will incorporate
25 Newfoundland Power input and submit the final scope of work and
26 schedule to the Board by November 15, 2007.
27

28 The Settlement Agreement did not resolve the issues related to a Distribution Reliability
29 and Service Standard for Newfoundland Power. Accordingly, I have developed a
30 proposed scope of work and template for a Distribution Reliability and Service Standard
31 included in *Exhibit CDB-2*. The template currently has data and information included in
32 Vermont-based, Green Mountain Power Corporation's *Service Quality and Reliability*
33 *Plan*. It would be modified to reflect Newfoundland Power's tracking and monitoring
34 capabilities and the expectations of its customers determined through direct contact (i.e.,
35 complaints), customer surveys, etc. Newfoundland Power responses to CA-NP 451

1 through CA-NP 464 along with its customer satisfaction surveys (CA-NP 62) provide
2 much of the information necessary to develop a standard specific to Newfoundland
3 Power's customers.

4

5 In summary, I recommend the Board direct that a distribution reliability and service
6 standard be developed with reporting initiated under the standard during 2008. I
7 recommend that development of the standard be led by the Consumer Advocate with
8 input and review by Newfoundland Power. The standard would be developed specifically
9 for Newfoundland Power customers, and the Board would have ultimate approval
10 authority for the Standard. I recommend that the Board approve the scope of work and
11 schedule attached in *Exhibit CDB-2* as the basis for undertaking development of the
12 Standard.

13

14 This concludes my supplemental pre-filed evidence.

15

Exhibit CDB-2

**Consumer Advocate's Proposed
Scope of Work**

For

**Development of
Distribution Reliability and Service Standard
For Newfoundland Power**

October 15, 2007

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Attachment A – Proposed Template for Distribution Reliability and Service Standard

1.0 Background

As part of its review of Newfoundland Power's 2008 General Rate Application, the Consumer Advocate recommended that a Distribution Reliability and Service Standard (the "Standard") be developed with reporting initiated under the Standard by year-end 2008. A Distribution Reliability and Service Standard will improve the transparency and efficiency of the regulatory process, provide a better matching of Newfoundland Power resources to the service areas that are of greatest importance to consumers, and provide an audit trail to assist in determining if expenditures on reliability-related projects are prudently incurred and if Newfoundland Power is meeting its obligation under the *Electrical Power Control Act, 1994* to equitably deliver power to customers in the province at the lowest possible cost consistent with reliable service.

This scope of work is organized as follows:

Section 2 – Purpose and Objectives of the Standard

Section 3 – Role and Involvement of the Parties

Section 4 – Schedule

Section 5 - Material to be Considered for Inclusion in the Standard

Section 6 – Next Steps

Attachment A – Proposed Template for Distribution Reliability and Service Standard

2.0 Purpose and Objectives of the Standard

Newfoundland Power's retail electricity customers consistently rank reliability of power as the most important attribute of service followed closely by price of electricity.

Electricity is an essential service to the citizens of Newfoundland and Labrador. The policy of the Province of Newfoundland and Labrador as set out in the *Electric Power Control Act, 1994* requires, in effect, that customers should have equitable access to power and should pay the lowest possible cost consistent with reliable service.

Newfoundland Power spends a significant amount of money managing system reliability through (1) capital investment, (2) maintenance practices, and (3) operational deployment. Likewise, considerable resources are spent on other attributes of service such as customer call answering, metering, billing, work completion, etc. In order to meet the requirement under the Act that customers should pay the lowest possible cost consistent with reliable service, a Distribution Reliability and Service Standard with target performance standards reflecting the linkage between customer satisfaction and reliability and service is needed to assist in determining the appropriate balance between improved service and cost control. Specifically, a Standard is needed that defines what constitutes acceptable service to improve transparency, to improve the efficiency of the regulatory process, and to enable the conduct of a proper audit of Newfoundland Power's reliability and service expenditures and performance in the areas of greatest importance to consumers.

With this in mind, the purpose of the Distribution Reliability and Service Standard is:

To establish performance standards, and performance monitoring and reporting for electric distribution and supply services provided by Newfoundland Power in its franchise territory.

The objectives of the Standard are to:

- Make transparent Newfoundland Power performance relating to the provision of distribution and supply services in its franchise area;
- Provide an audit trail for monitoring and analyzing performance during and between general rate applications in an effort to determine if Newfoundland Power is meeting the requirements of the *Electrical Power Control Act, 1994*, and more specifically, if Newfoundland Power is delivering power to its customers:
 - Equitably (i.e., customers are receiving fair and consistent treatment); and
 - At the lowest possible cost consistent with reliable service;

- Provide a basis for determining the need and prudence of reliability- and service-related expenditures;
- Promote regulatory efficiency by enabling monitoring of performance between general rate applications, thus increasing the time between general rate applications, and by identifying and resolving service problems earlier and without the need for a public hearing; and
- Provide a basis for gauging if all customers are receiving a reasonable minimum level of performance.

The goal of the Standard is to move the Province toward a quality of service regulation format that better aligns management of the utility in terms of operations and planning with customer needs and expectations; i.e., the value customers place on service.

3.0 Role and Involvement of the Parties

The parties responsible for development of this Standard include Newfoundland Power and the Consumer Advocate. Newfoundland and Labrador Hydro will be copied and asked to review the draft and final copies of the Standard, and to participate in meetings relating to the Draft and Final Standards. It is proposed that the Board be involved as it sees fit so as to benefit the application process associated with the Standard. The Board will have ultimate approval authority for the Standard.

It is intended that the Final Standard submitted to the Board for approval will be a joint effort of the Consumer Advocate and Newfoundland Power. The Consumer Advocate will take the lead on this study subject to budget approval by the appropriate authorities in Newfoundland and Labrador. The responsibilities of the parties that follow are based on the assumption that the Consumer Advocate does indeed take the lead on this study.

The responsibilities of the Consumer Advocate include:

- Coordinating meetings and discussions;

- Undertaking and directing analyses as required;
- Preparing Draft and Final Standards;
- Submitting Final Standard to the Board; and
- Engaging Newfoundland and Labrador Hydro and the Board in the review process, as necessary,

The responsibilities of Newfoundland Power include;

- Attending meetings and discussions as necessary;
- Providing data and information as requested by the Consumer Advocate;
- Undertaking analyses as requested by Consumer Advocate;
- Reviewing and commenting on the Draft and Final Standards as appropriate; and
- Completing a report on 2007 performance consistent with the Standard by year-end 2008.

Discussions among the Consumer Advocate and Newfoundland Power are confidential, and will not be released to the public without the agreement of the parties to the process.

Each party is responsible for paying the costs it incurs in the development of this Standard.

4.0 Schedule

The Distribution Reliability and Service Standard will be developed according to the following schedule.

<i>Milestone</i>	<i>Date</i>
Consumer Advocate submits data and information request to Newfoundland Power	January 31, 2008
Newfoundland Power fulfills data and information request	February 28, 2008
Consumer Advocate completes Draft Standard and submits to Newfoundland Power for review and comment. Consumer Advocate meets with Newfoundland Power as necessary	March 15, 2008
Newfoundland Power submits comments on Draft Standard to Consumer Advocate	April 1, 2008

Consumer Advocate finalizes proposed Standard and submits to Board with copies to Newfoundland Power and Newfoundland and Labrador Hydro	May 1, 2008
Parties submit reports to Board, as necessary	July 1, 2008
Board approves Standard	October 1, 2008
Newfoundland Power submits report on 2007 performance consistent with requirements of approved Standard	November 15, 2008

5.0 Material to be Considered for Inclusion in the Standard

A Distribution Reliability and Service Standard generally includes:

- **General Provisions:** the purpose and framework of the Standard, measurement and reporting protocol (i.e., effective date, reporting period, reporting requirements and waivers) and definitions.
- **Performance Reporting and Standards:** call center performance (i.e., percentage of calls answered within 20 seconds), billing performance (i.e., percentage of bills found inaccurate), meter reading performance (i.e., percentage of actual meter readings), work completion performance (i.e., percentage of customer requested work not completed on or before promised date), customer satisfaction (i.e., overall customer satisfaction, rate of complaints), worker safety (i.e., lost time incident rate), and reliability performance (i.e., SAIDI, SAIFI, worst performing areas).
- **Service Guarantees:** customer service related, service quality related and administration of guarantees

The Standard may also cover service quality compensation to reward the utility for good performance.

The performance measures to be reported should cover the areas of service considered important by consumers. In this sense, the performance measures should represent what is broadly tracked in other parts of North America while being tailored more specifically to Newfoundland Power's tracking and monitoring capabilities and the expectations of its customers determined through direct contact (i.e., complaints), customer surveys, etc.

With regard to the target performance indicators, the experience of a relevant peer group (i.e., other distribution/supply businesses with similar size and supply characteristics to that of Newfoundland Power) should be a consideration in the determination of targets, as should current levels of satisfaction of Newfoundland Power's customers (determined through customer surveys, tracking of customer complaints, etc.). While it is important that service to Newfoundland Power's customers be comparable to that in similar jurisdictions, it is even more important that expenditures relating to service reflect the value Newfoundland Power's customers place on a particular aspect of service. For

example, if current levels of SAIDI averaged across the system are 4 hours, and this happens to be double the peer group average (i.e., average of 2 hours), but customers are highly satisfied with Newfoundland Power's reliability performance, there is little justification for Newfoundland Power to commit expenditures to improve system SAIDI performance even though its performance lags the industry average.

Performance guarantees are established to reflect the extent to which the utility will back its commitment to performance. Generally, performance guarantees fall under two broad categories: those where it is possible to identify a specific customer that has been harmed by poor performance, and those where it is not. When a specific customer harmed by poor performance can be identified (i.e., work not completed by promised date, bills found inaccurate, etc.), there may be a monetary award deposited directly to the customer's account. Such awards are generally paid for by shareholders, and cost recovery is not allowed in rates. When a specific customer cannot be identified (i.e., customer satisfaction, worker safety, reliability measures such as system SAIDI and SAIFI, etc.), performance guarantees often include increased reporting (i.e., documentation explaining why performance has missed targets) including an action plan for remedying the problem, or at the very least, an explanation why actions are not necessary. In either case, the explanation would be subject to Board acceptance. In broad performance areas such as reliability, worker safety and customer satisfaction, there may be compensation (or penalties) tied to the utility's performance. This provides the utility additional incentive to meet service quality standards, and is common in jurisdictions with performance, or incentive-based, regulation.

As noted earlier, the Standard should reflect experience elsewhere, but should be tailored to the specific monitoring and reporting capabilities of Newfoundland Power, and the specific expectations of its customers. There are numerous distribution reliability and service standards already in place in other North American jurisdictions, so in an effort to reduce time and costs associated with development of the Standard for Newfoundland Power, the Consumer Advocate has chosen to start with an existing Standard. The existing standard represents a "straw-man", to be modified by Newfoundland Power and the Consumer Advocate to reflect the specific needs of the Province. In this regard, Vermont-based, Green Mountain Power Corporation's *Service Quality and Reliability Plan* has been chosen as the starting point for development of Newfoundland Power's *Distribution Reliability and Service Standard*, for the following reasons:

- The Green Mountain Power Standard was developed as a collaborative effort between Green Mountain Power and the Vermont Public Service Board (Vermont's consumer advocate) with the same goal in mind, to develop performance measures consistent with industry standards while taking into account the specific capabilities of Green Mountain Power and the needs and expectations of its customers.
- The current Standard for Green Mountain Power is second generation, so many of the problems encountered in development and implementation of the original Standard have been remedied.

- The Green Mountain Power Standard has been adapted to a broad range of distribution utilities, including all 21 of the distribution utilities in Vermont from the very small (Village of Readsboro Electric Department with 400 customers) to those comparable in size to Newfoundland Power (Central Vermont Public Service has more than 144,000 customers compared to Newfoundland Power's 230,000 customers).
- Like Newfoundland Power, Green Mountain Power is a combined distribution/supply utility serving a mix of urban and rural customers. When Green Mountain Power's *Service Quality and Reliability Plan* was developed, it was an investor-owned utility regulated under cost of service regulation like Newfoundland Power. Like Newfoundland and Labrador, Vermont has relatively low customer densities (the population of Vermont is 590,000), and power supply challenges are dominated by winter weather.

The Green Mountain Power *Service Quality and Reliability Plan* has been modified to be more consistent with the Province of Newfoundland and Labrador regulatory regime, and is included in **Attachment A**. This Standard is proposed as the template for development of Newfoundland Power's *Distribution Reliability and Service Standard*. There are two areas in the attached Standard that the Consumer Advocate believes warrant increased attention, as follows:

- Although the attached Standard requires identification of the ten worst performing feeders and the factors underlying their poor performance, it does not identify specific targets relating to individual feeder/customer minimum performance. This is of interest to the Consumer Advocate because the *Electrical Power Control Act, 1994* requires that customers have "equitable access to power" and should pay the lowest possible cost consistent with reliable service. In this regard, the Consumer Advocate wishes to explore development of a performance index that measures "equitable access to power". Specifically, the Consumer Advocate wishes to explore development of CELID_x (percentage of customers experiencing longest interruption duration of "x" or more hours, excluding major events) and CEMI_x (percentage of customers experiencing "x" or more outage interruptions per year, excluding major events) indices to determine if they might be more customer-focused, and provide a better means for measuring "equitable access to power" as required under the Act.
- Although the Consumer Advocate is interested in development of service quality compensation metrics, reward for performance represents a change in regulation from that practiced historically in Newfoundland and Labrador. Therefore, at this time, the Consumer Advocate proposes that compensation metrics be developed, and monitored and reported to the Board, but actual compensation paid be delayed until Newfoundland Power files its next General Rate Application. This will enable evaluation of the compensation mechanism within the overall context of Newfoundland Power performance and its risk-adjusted rate of return.

Monitoring and reporting of such compensation metrics during the interim period will be of great value in its assessment at the next General Rate Proceeding.

In future, it may be desirable to revise the current format of the customer satisfaction survey in an effort to better quantify the value customers place on different aspects of service. This information might be used to refine benchmarks included in future editions of the Standard.

6.0 Next Steps

The next steps in the development of the Newfoundland Power *Distribution Reliability and Service Standard* follow:

1. Consumer Advocate to submit data and information request to Newfoundland Power as needed to complete the initial draft of the Standard.
2. Newfoundland Power to fulfill the data and information request.
3. Consumer Advocate to submit the initial draft of the Standard to Newfoundland Power for review and comment. Specifically, Newfoundland Power will provide:
 - a. General comments on the overall document in meeting the purpose and objectives of the Standard;
 - b. Specific comments on the performance areas, including revisions, additions, subtractions with justification tied to monitoring and reporting capabilities and customer expectations; and
 - c. Specific comments on performance guarantees, administration of the guarantees and potential compensation metrics.

Attachment A

Proposed Template

Distribution Reliability and Service Standard for Newfoundland Power ¹

¹ The format for this Standard is based on the Green Mountain Power Corporation *Successor Service Quality and Reliability Performance, Monitoring and Reporting Plan* which can be found at <http://www.gmpvt.com/atyourservice/sqrp%20plan%209-11-06.pdf>.

NEWFOUNDLAND POWER INC.
DISTRIBUTION RELIABILITY AND SERVICE STANDARD

Section I: General Provisions

1. The purpose of this Standard is to establish performance standards, and performance monitoring and reporting for electric distribution and supply services provided by Newfoundland Power ("the Company") in all of its franchise service territory in the Province and Newfoundland and Labrador. This Distribution Reliability and Service Standard shall be referred to throughout this document as the "Standard."
2. The parties to this Standard are Newfoundland Power and the Newfoundland and Labrador Consumer Advocate (the "Consumer Advocate").
3. Section II establishes the measurement and reporting protocols for the performance standards. Section III of the Standard establishes minimum performance standards in each performance area. Section IV of the Standard establishes service guarantees. Section V establishes the service quality compensation mechanism.
4. The Standard shall remain in effect from the beginning of the first quarter following Board of Commissioners of Public Utilities (the "Board") approval until modified by subsequent Board order. The parties agree that they will review the Standard after it has been in effect for one year and every two years thereafter to determine the need for any modifications of measurements or performance levels. Either party may petition the Board for modifications of measurements or performance levels at any time during the life of the Standard.
5. Nothing in this Standard shall preclude the use of other remedies available under law for addressing substandard performance to the degree that such performance has not already been addressed under the provisions of this Standard.
6. In the event that Newfoundland Power opens its territory to retail competition during the life of this Standard, the parties acknowledge additional and/or different standards may be necessary to monitor service delivery changes attendant to restructured service delivery. Newfoundland Power shall negotiate with the Consumer Advocate additional standards should the need arise. Modifications to the Standard under this paragraph shall be submitted to the Board for approval.
7. Section IV of the Standard consists of service guarantees to be offered by Newfoundland Power. Newfoundland Power shall within 30 days of Board approval of the Standard file such tariff amendments as are necessary to implement the service guarantees. Such guarantees shall not be effective unless the Board grants tariff approval.

8. All monies paid under sections IV and V of this Standard shall be accounted for below the line and shall not be included in Newfoundland Power's cost of service for purposes of rate making.

9. In addition to the performance standards and measurements set forth in this document, Newfoundland Power agrees to the following time frames for response to consumer and regulatory complaints:

a. Newfoundland Power shall provide a substantive response to consumer complaints expressed directly to the company within 14 calendar days of receipt by any method of contact.

b. Newfoundland Power shall provide a substantive response to consumer complaints from the Board within 14 calendar days.

c. If Newfoundland Power needs additional time to respond fully to a complaint from a consumer or from the Board, Newfoundland Power shall within the initial 14-day period request a specific additional time for response and shall provide a full resolution within the requested additional time.

10. Definitions:

a. Disconnect/Reconnect: Electric power in a location must temporarily be disconnected and reconnected at the customer's request. The physical disconnection of the electric service cable is usually to ensure safety during work being completed at the location.

b. Escalation: An escalation is a complaint to Newfoundland Power or to the Board which, following investigation, it is determined there is something the utility reasonably could or should have done to satisfy the consumer and thereby prevent the complaint from arising. Each party's discretion shall determine whether or not a complaint to it is classified as an escalation.

c. Move-ins & Move outs: Any customer request to either establish or discontinue service at the meter.

d. New Line Extensions: Any installation for the purposes of servicing new customer(s) that triggers Newfoundland Power's Line Extension payment requirement and there is a payment by the customer for "Contribution in Aid of Construction."

e. New Service: A primary circuit exists and only a transformer and/or a secondary cable are needed to be installed and the installation does not trigger Newfoundland Power's Line Extension payment requirement and there is no customer payment.

f. Normal Business Hours: "Normal business hours" are 7 a.m. to 7 p.m. Monday through Friday excluding days on which legal holidays are observed and Newfoundland Power is closed to routine business operations.

g. After Normal Business Hours: "After Hours" are Weekends, Holidays and 7 p.m. to 7 a.m. Monday through Friday.

h. SAIDI: System average interruption duration index is the average hours of outage per customer calculated by dividing the number of customer outage hours by the total number of customers in an area.

i. SAIFI: System average interruption frequency index is the average number of outages per customer calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

j. CAIDI: Customer average interruption duration index is the average interruption duration time in hours for those customers that experience an interruption during the year. It approximates the average length of time required to complete service restoration and is calculated by dividing the annual sum of all customer interruption durations by the sum of customers experiencing an interruption over a year (i.e., SAIDI divided by SAIFI).

k. Street Light Maintenance: Newfoundland Power makes repairs to the Company-owned outdoor lights (rental units on private property) or municipal lights at the request of a customer.

l. Street Light New Installation: Newfoundland Power installs the Company-owned outdoor lighting at the request of a customer.

m. Temporary service: A secondary service is installed for a customer-specified period of time. Primary conductors exist to the site.

n. Weather-related delays: These are the delays that are included in the "not ready" exclusions described in the work completion performance measure (Section IV, paragraph 4 and Service Guarantee description Section V, paragraph 4). Weather related delays shall be defined as provided by the relevant section of Newfoundland Power's union contract concerning restrictions on outside work during inclement weather. Weather-related delays shall also include: periods when roads are impassable to company vehicles following heavy rain, snow or spring thaw conditions; and un-availability of company personnel as a result of service restoration efforts due to storms.

Section II: Measurement, and Reporting Protocol

i. Newfoundland Power shall continue to monitor performance under this Standard until the effective date of this Standard as provided in Paragraph I.7.

2. Reporting periods shall be calendar years, with annual reports submitted to the Consumer Advocate and the Board by January 31 of the following year.
3. Achievement of minimum standards for purposes of calculating service quality compensation shall be determined on the basis of a 12-month average. Service quality compensation shall be calculated annually in the month following the anniversary of the effective date of the Standard. A minimum performance standard shall be considered met if the 12-month average upon the anniversary of the effective date of the Standard met or was below the standard.
4. Where quarterly performance falls more than ten percent above any standard, Newfoundland Power shall within 30 days of the end of the calendar year in which this provision is triggered, submit a corrective action plan indicating how it will remedy the failed standard.
5. Performance shall be evaluated and reported to one decimal place for all performance areas unless otherwise specified. Actual performance shall be rounded up when the relevant decimal place is 5 or more. Newfoundland Power shall retain all of its reports that support the results for each of the performance areas for a period of not less than 24 months after the results are reported. Newfoundland Power shall provide these reports upon request to the Consumer Advocate or the Board.
6. Newfoundland Power shall review with the Consumer Advocate any change to its measurement protocol or to the internal reporting methods that are used to obtain the data measured prior to implementation of such changes. If the Consumer Advocate and Newfoundland Power are unable to agree on the changes requested, nothing in this Standard shall preclude the Consumer Advocate from seeking appropriate relief from the Board. Newfoundland Power shall have an affirmative duty to report missing data or other events that could reasonably affect the quality of the data at the time it becomes aware of such events. Any data related to the Standard reported to the Consumer Advocate that reflects significantly altered measurement procedures or internal data acquisition methods that have not been agreed to between Newfoundland Power and the Consumer Advocate shall be subject to challenge and potential exclusion from results.
7. Newfoundland Power may seek a waiver of any applicable performance standard from the Board. A waiver may only be granted where the circumstances causing the failure were beyond Newfoundland Power's control, and Newfoundland Power can demonstrate that its level of preparedness and response was reasonable in light of the cause of the failure.

Section III. Performance Standards

Call answer performance measures: All data required for call answer performance measures shall be obtained from Newfoundland Power's Automated Call Distribution

Center (ACD) monitoring applications. The system reports both real time and historical call system activity to Newfoundland Power's Customer Service number 24 hours a day. Newfoundland Power also utilizes an Integrated Voice Response system (IVR), and an automated call overflow system, which provide for the routing of calls and automated messaging for outages. Data is extracted on a monthly basis and modified as indicated in each specific measure below to obtain specified performance data analysis.

1. Call answer performance measures

a. **Call Answering Service Level:** Percentage of customers not reaching a company representative within 20 seconds during normal business hours excluding outage calls. Performance shall be calculated as follows:

$$\frac{\text{Number of calls not reaching a company rep within 20 seconds}}{\text{Number of attempts to reach a company rep}}$$

Performance measure: $\leq 25\%$

Source of data: The ACD system separates call data for those choosing to report outages. Calls prior to 7 a.m. and after 7 p.m. and call activities for weekends and holidays shall be subtracted from call data to obtain data for normal business hours only.

b. **Abandon rate, normal business hours:** Percentage of calls abandoned after being transferred from the IVR to the Call Center ACD during normal business hours. Excludes: outage-related calls. Performance shall be calculated as follows:

$$\frac{\text{Number of calls abandoned}}{\text{Number of attempts to reach a company rep}}$$

Performance measure: $\leq 5\%$

Source of data: Data are prepared as described in 1a above. Resulting data are cross referenced to the 1a call answer statistics to ensure data match for the calls answered and offered.

c. **Outage calls not answered (live and automated):** Percentage of attempted outage related calls not answered live, by the IVR, or by the overflow system on a 24-hour, 7-day per week basis. Performance shall be calculated as follows:

$$\frac{\text{Number of outage calls not answered}}{\text{Number of outage calls attempted}}$$

Performance measure: $\leq 15\%$

Source of data: Data shall be obtained from the ACD, IVR and call overflow systems on a 24-hour basis to include weekends and holidays. The automated answer rate is obtained from the IVR and call overflow systems statistics of those listening to the outage recording or creating an outage order and hanging up prior to reaching a company representative.

d. **Blocked Calls to the Company:** Percentage of calls blocked (calls that receive a busy signal or call back message). Performance shall be calculated as follows:

$$\frac{\text{Number of calls that receive a busy signal/message}}{\text{Number of calls trying to reach the Company}}$$

Performance measure: $\leq 3\%$.

Source of data: Data on the number of calls reaching the IVR, ACD and call overflow systems shall be compared to phone service carrier report measuring the number of calls receiving busy. Calls that are blocked as a result of failure by the telecom carrier shall be excluded provided that documentation of the failure is provided by the telecom carrier.

2. Billing performance measures

a. **Percentage of bills not rendered monthly:** Percentage of bills not rendered within seven days of the scheduled billing date. Performance shall be calculated as follows:

$$\frac{\text{Number of bills not rendered within seven days of the scheduled billing date}}{\text{Total number of bills scheduled to be rendered}}$$

Exclusions: The measurement will exclude accounts that were activated within 10 days prior to the normal billing cycle; accounts that are scheduled to receive a final bill within 10 days after the normal billing cycle; sales for resale accounts; station service accounts; company use accounts.

Performance measure: $\leq .10\%$

Source of data: This standard shall be measured by using data obtained from Newfoundland Power's Customer Information System. Results shall be reported to the second place.

b. **Bills found inaccurate:** Percentage of bills found inaccurate after being sent to customers, brought to company's attention either as result of customer complaints and/or by the company's own efforts. Performance shall be calculated as follows:

$$\frac{\text{Number of bills rendered inaccurately for the month}}{\text{Total number of bills rendered for the billing month}}$$

Exclusions: This standard does not include bills found to be inaccurate strictly as a result of estimation, bills where the inaccuracy does not affect the calculation of the bill, or where the fault does not lie with the company (i.e., mixed meters due to erroneous customer third-party install). Multiple bills for a customer that are caused by the same error shall be counted as one incident.

Performance measure: $\leq .10\%$

Source of data: This standard shall be measured by using data obtained from Newfoundland Power's Customer Information System. A specific resolution code shall identify and track the complaints that are the result of an inaccurate bill. Data on the total number of bills rendered for a billing month will be obtained from the Company CIS system. The standard shall be reported to the second decimal place.

c. **Payment posting complaints:** Percentage of customers filing complaints ultimately classified as escalations to the Company or to the Board concerning the posting of their payments to their accounts. Performance shall be calculated as follows:

$$\frac{\text{Number of customers complaining about payment posting}}{\text{Total number of customers}}$$

Performance measure: $\leq .0050\%$

Source of data: Data shall be obtained from the Customer Information System for complaints to the Company and from the Board for complaints to the Board. The standard shall be measured and reported to the fourth decimal place.

3. Meter reading performance measures

a. **Percentage of actual meter readings per month:** Percentage of meters not read each month in relation to the number that was scheduled to be read. Performance shall be calculated as follows:

$$\frac{\text{Number of scheduled meters not read}}{\text{Number of meter readings scheduled}}$$

Performance measure: $\leq 5.0\%$

Source of data: Data shall be obtained from Newfoundland Power's Customer Service and Billing System and Meter Reading System. Standard shall be measured and reported to the first decimal place.

4. Work completion performance measures

a. Percentage of customer requested work not completed on or before promised delivery date: The percentage of jobs resulting from customer requests for meter related or other customer requested work that are not completed on or before the promised completion date as defined and agreed to by the customer. Performance shall be calculated as follows:

$$\frac{\text{Number of jobs not completed on or before promised delivery date}}{\text{Total number of jobs promised complete in the reporting month}}$$

Exclusions: When an event outside of company's control occurs resulting in the work not being completed as promised, company will renegotiate the promised delivery date with the customer. These events include but are not limited to the following: meter socket not installed correctly; energizing permit not issued; customer site work or tree trimming not completed; customer underground conduit/trenching not completed; weather-related delays and delays created as a result of the telephone company not completing their prerequisite work (i.e., pole setting) in a reasonable time frame; streetlight repair delayed due to bad underground and/or not a streetlight specific problem will be reclassified as general maintenance work. Renegotiated jobs will be reported as 'completed on or before' based on the new renegotiated date not the original date.

Inclusions: "Move-ins," "move-outs," "seal-outs" and "check readings" completed by the end of the promised day; line extensions; new service; disconnect/ reconnect; new street/security light installation; street/security light maintenance; and temporary service connection.

Performance measure: $\leq 5\%$

Source of data: Data shall be obtained from Newfoundland Power's Customer Service, Billing, and Work Management systems. When a customer calls for a move in, move out or a meter investigation, a service request is created for the date promised to the customer. Reports are generated monthly of all open service request and are reviewed for the following: (1) was the service request preempted by another service request, (2) was the service request not the result of a customer request but rather an internal request for service work, (3) was the request for non-regulated business activities? Those service requests found to match any of the above shall be removed from the final data report.

b. Average number of days after the missed delivery date: Average number of days after the missed delivery date in which company was to complete meter-related or other customer-requested work. Performance shall be calculated as follows:

$$\frac{\text{Total days of delay}}{\text{Total number of delayed jobs in the reporting month}}$$

Exclusions: When an event outside of Newfoundland Power's control occurs resulting in the work not being completed as promised. The Company will renegotiate the promised delivery date with the customer. These events include but are not limited to the following: meter socket not installed correctly; energizing permit not issued; customer site work or tree trimming not completed; underground conduit/trenching not completed; weather-related delays; delays created as result of the telephone company not completing their prerequisite work (i.e., pole setting) in a reasonable time frame.

Inclusions: "Move-ins," "move-outs," "seal-outs" and "check readings" completed by the end of the promised day; line extensions; new service; disconnect/ reconnect; new street/security light installation; street/security light maintenance; and temporary service connection.

Performance standard: ≤ 5 days.

Source of data: Data shall be obtained from Newfoundland Power's Customer Service, Billing, and Work Management systems. When a customer calls for a move in, move out or a meter investigation, a service request is created for the date promised to the customer. Reports are generated monthly of all open service request and are reviewed for the following: (1) was the service request preempted by another service request, (2) was the service request not the result of a customer request but rather an internal request for service work, (3) was the request for non-regulated business activities? Those service requests found to match any of the above shall be removed from the final data report. Days of delay will be calculated as working days from the day after the missed date to the day of the promised delivery date.

5. Customer satisfaction measures

a. Transactional customer satisfaction: Percentage of customers who are satisfied or completely satisfied following customer-initiated contact with the company (report, request, inquiry, customer requested work and complaint resolution).

Performance measure: $\geq 80\%$. Deviation from the baseline for this measure shall be calculated dividing the number of points of deviation from the baseline by 20 rather than 80 in order to convert the measure to its inverse.

Exclusions: The performance standard shall be considered met if performance falls within the survey margin of error.

Source of data: Survey conducted by an independent, third-party contractor performing four quarterly surveys of customers who have contacted the company with a report, request, inquiry, complaint or request for work in order to assess the level of satisfaction with the transaction. Newfoundland Power may add additional questions following the required initial set of questions. The sampling and surveying methods shall continue to be conducted in the same manner as surveys prior to the introduction of this Standard. The

Company will allow the Consumer Advocate to review and have input into any changes it may propose to implement.

b. Overall customer satisfaction: Percentage of customers satisfied or completely satisfied with the Company.

Performance measures: $\geq 80\%$. Deviation from the baseline for this measure shall be calculated dividing the number of points of deviation from the baseline by 20 rather than 80 in order to convert the measure to its inverse.

Exclusions: The performance standard shall be considered met if performance falls within the survey margin of error.

Source of data: Survey conducted by an independent, third-party contractor performing an annual survey of a sample of Newfoundland Power's customers. The survey shall assess general customer satisfaction in the following areas: reliability, service restoration, customer inquiry, meter reading and billing. Newfoundland Power and the Consumer Advocate shall agree on the sampling and survey methods.

c. Rate of complaints to the Board: Percentage of customers who file complaints with the Board that are ultimately classified as escalations following investigation. Performance shall be calculated as follows:

$$\frac{\text{Number of escalations}}{\text{Total number of customers}}$$

Performance measure: $\leq .07\%$

6. Worker safety performance measures:

a. Lost Time Incident Rate: The number of lost time cases experienced by Newfoundland Power in a calendar year, multiplied by 200,000 and divided by the total hours worked by Newfoundland Power employees.

$$\frac{\text{Number of lost time cases} \times 200,000}{\text{Total hours worked by The Company employees}}$$

Source of data: Lost time cases are the total number of incidents that cause an injury that result in the employee missing work as a result of an injury sustained while performing work for the company. Lost time cases are recorded in the company's Accident Log that is maintained by the Company's Safety Department.

Performance measure: ≤ 3.5

b. Lost Time Severity Rate: The number of employee lost days experienced by Newfoundland Power for a calendar year, multiplied by 200,000 and divided by the total hours worked by Newfoundland Power employees.

$$\frac{\text{Number of employee lost days} \times 200,000}{\text{Total hours worked by the Company employees}}$$

Source of data: Employee lost days are the total number of work days missed by employees as a result of an injury sustained while performing work for the company. Employees lost days are recorded in the company's Accident Log that is maintained by the company's Safety Department.

Performance measure: ≤ 37.0

7. Reliability Performance Measures

a. System average interruption frequency ("SAIFI"): This standard is established for the system as a whole.

Performance measure: ≤ 1.7

b. Customer average interruption duration ("CAIDI"): This standard is established for the system as a whole.

Performance measure: ≤ 2.2

c. Worst-Performing Areas For each calendar year, Newfoundland Power shall identify the ten worst performing circuits on its system, identify the factors underlying the performance of these circuits, and institute economically feasible measures to improve the reliability of these circuits. All circuits that have been identified shall be monitored each year, over a five-year period, to determine the effectiveness of the improvement measures and to identify further measures that may be required.

d. Major Storms: Calculation of all SAIFI and CAIDI indices shall be net of outages caused by major storms. A major storm is defined as a severe weather event that satisfies all three of the following criteria:

- i. Extensive mechanical damage to the utility infrastructure has occurred;
- ii. More than 10% of the customers in a service territory are out of service due to the storm or the storm's effects; and,
- iii. At least 1% of the customers in the service territory are out of service for at least 24 hours.

Section IV. Service Guarantees

1. Newfoundland Power shall offer the following service guarantees subject to Board approval of necessary tariff amendments:

a. **Bills not rendered:** Newfoundland Power shall provide a credit of \$25 to any retail customer whose bill is not rendered within 7 days of the customer's scheduled billing cycle. In the event of systemic errors that affect in excess of 1000 customers in the same manner and the same incident (such as programming errors), the amount of service guarantees shall be capped at \$10,000 per incident. The \$10,000 shall be divided equally among all affected customers. Bills that are inaccurate in the customer's favor where Newfoundland Power chooses not to collect are excluded.

b. **Bills found inaccurate:** Newfoundland Power shall provide a \$25 credit if a retail customer's bill is determined to be inaccurate (see above III.2.B) as a result of a customer complaint or found to be inaccurate by the company after the bill has been sent to the customer. In the event of systemic errors that affect in excess of 1000 customers in the same manner and the same incident (such as programming errors), the amount of service guarantees shall be capped at \$10,000 per incident. The \$10,000 shall be divided equally among all affected customers. Bills that are inaccurate in the customer's favor where Newfoundland Power chooses not to collect are excluded.

c. **Payment Posting:** Newfoundland Power shall provide a \$25 credit if a retail customer's payment is determined to be posted inaccurately (in error) as brought to the Company's attention either as a result of customer complaints; and/or the company's own efforts; and/or as reported to the Company as an escalation by the Board.

d. **New Service Installation:** In the case of overhead and underground new service requiring only installation of a service cable or a service connection, Newfoundland Power shall provide a credit of \$25 to any customer whose installation is not completed within five (5) business days of the date the customer has met his or her requirements and is ready for service.

e. **Temporary service installation:** In the case of overhead temporary service requiring only the installation of a service cable or service connection, Newfoundland Power shall provide a credit of \$25 to any customer whose temporary installation is not completed within five (5) business days of the date the customer has met his or her requirements and is ready for service.

f. **Disconnects and reconnects:** Newfoundland Power shall provide a credit of \$25 to any customer whose disconnect/reconnect is not completed within three (3) business days of notification to the Company of the customer's need.

g. **Move In/Move out:** Newfoundland Power shall provide a credit of \$35 to any customer whose move in or move out order is not completed within three (3) business days of the date promised to the customer on the service order,

h. **Streetlight and outdoor light repair:** Newfoundland Power shall provide a credit of \$25 to any customer if repair of a streetlight does not occur within seven (7) business days of outage notification by the customer. Measurement shall begin on the day the notification occurred,

i. **Streetlight installation:** Newfoundland Power shall provide a credit of \$25 to any customer if new installation of less than three streetlights does not occur within seven (7) business days of the order or on the date promised, whichever is later. This guarantee shall apply to orders of less than three streetlights and where the existing poles and electric service for the light fixtures already exist. Measurement begins on the date the order was created.

j. **Line Crew Appointments:** In the case of where an appointment for a line crew is made to do work at a customer premise, Newfoundland Power shall provide a credit of \$25 if the crew does not show up within a 2 hour window of the time the work was scheduled, or by the end of the agreed day if no appointment time was scheduled.

k. **Delay days:** Newfoundland Power shall provide a credit of \$25 to any customer whose line work is not completed within 5 business days of the promised delivery date assuming the customer has met his or her requirements and is ready. This includes: line extensions; new service; disconnect/reconnects; new street/security light installations; street/security light maintenance; and temporary service connection. Any work that is compensated under paragraph c or d above shall not be eligible for this credit.

2. All credits owed to customers as a result of Newfoundland Power's failure to meet the service guarantees described above in paragraph 1 will automatically be credited without the customer having to notify Newfoundland Power. In the event a customer who is due a credit no longer has an account with Newfoundland Power at the time the company determines a credit is due, Newfoundland Power shall mail a check for the credit amount to the customer's last known address. Annually, any amounts held by Newfoundland Power as a result of un-cashed checks to former customers shall be donated to a charitable organization of Newfoundland Power's choice and the recipient and amount reported to the Consumer Advocate and the Board.

3. Service guarantees that are not met as a result of weather-related delays, defined in Section III.8.k, will not be eligible for this program.

Section V. Service Quality Compensation

1. Failure to meet the standards in performance areas III.1, III.3.a, III.5.a-b, and III.7 shall result in the calculation of service quality compensation points.

2. Attachment A sets forth the performance measures for purposes of calculation of service quality compensation points. Points are assigned for areas subject to service quality compensation based on actual performance during the 12-month reporting period. Actual performance shall be compared to the performance measure. The deviation of the actual performance compared to the performance measure is expressed as a percent deviation from the performance measure. This percent deviation shall be expressed as points by multiplying the percent (as expressed as a decimal) by 100 so that each point equals one percent deviation from the baseline. No points are assigned if Newfoundland Power achieves results equal to or below (i.e., better than) the performance measure. When Newfoundland Power performs above (i.e., worse than) the performance measure, the applicable points are calculated for each performance measure and totaled. The total of these points is referred to as "service quality compensation points."

3. A dollar amount will be assigned to service quality compensation points as shown in Attachment B. Service quality compensation dollars are assessed on a sliding scale up to a maximum one year total of \$750,000, which is equal to 300 service quality compensation points.

4. Service quality compensation points are divided into two categories. Forty percent, or 120 points, are allocated to the reliability measures (III.7.a-b). The remaining 180 points are allocated to the remaining measures for which points are assessed (III.1.a-e, III.3, and III.5.a-b).

5. A dollar amount is assigned to each service quality compensation point within a range in its category such that increasing service quality compensation points within the category result in higher service quality compensation dollars per point. The service quality compensation dollars are calculated incrementally, that is, the service quality compensation dollars are calculated first at the bottom tier for the applicable service quality compensation points (e.g., the first 25 reliability points are worth nothing per point; the first 25 points in all other categories are worth \$625 per point). The next range of points is multiplied by the next highest dollar amount (e.g., if there are a total of 80 points, 40 in reliability and 40 in other categories they would be calculated as follows: reliability points, the first 25 are worth nothing per point and the next 15 are worth \$1,875 per point; all other categories, the first 25 points are worth \$625 per point and the next 15 are worth \$1,250 per point) for total service quality compensation of \$62,500.

6. Service quality compensation dollars shall be paid to active customers by a one-time credit. Newfoundland Power shall propose at the time of its annual filing in the year following the anniversary date of the Standard to which customers' service quality compensation points shall be paid. As far as practicable without incurring substantial administrative costs, service quality compensation dollars shall be returned to those active customers who were affected by the service deterioration. Newfoundland Power shall also propose at the time of its filing in which service quality compensation is

calculated the manner of communication to its customers concerning its service performance for the prior 12 month period.

7. The service quality compensation dollars due to customers shall be offset by any monies paid to customers through the service guarantees in Section IV.

8. The Consumer Advocate shall file any objection to the service quality compensation calculation, proposed credit methodology and customer communication within 30 days after Newfoundland Power files its proposal. If the Consumer Advocate files no objection within 30 days, the filing will be deemed accepted and approved. If the Consumer Advocate files a timely written objection, the Board will proceed to resolve the dispute.

9. If in any given year, Newfoundland Power meets all baselines, and produces results 10 percent better than each of performance measures III.1.a, III.1.b, III.1.c, III.4.a, III.5.a, III.5.b, III.5.c, III.7.a and III.7.b requires, it may carry over a balance of -25 service quality compensation points that may be deducted from any points earned in the following year.

***Attachment A. Performance Areas and Associated Baseline Standards
(For calculation of service quality compensation points)***

<i>Performance Standard</i>	<i>Benchmark</i>	<i>Service Quality Compensation Points</i>	<i>Service Guarantees</i>
<u>Call Answering</u>			
1a Calls not reaching a company rep within 20 seconds	≤ 25 %	Yes	No
1b Calls abandoned, normal business hours	≤ 5 %	Yes	No
1c Outage calls not answered	≤ 15 %	Yes	No
1d Blocked calls	≤ 3 %	Yes	No
<u>Billing</u>			
2a Bills not rendered monthly	≤ 0.1 %	No	Yes
2b Bills found inaccurate	≤ 0.1 %	No	Yes
2c Payment posting complaints	≤ 0.005 %	No	Yes
<u>Meter Reading</u>			
3 Meters not read	≤ 5 %	Yes	No
<u>Work Completion</u>			
4a Work not completed by promised date	≤ 5 %	No	Yes
4b Average delay days	≤ 5	No	Yes
<u>Customer Satisfaction</u>			
5a Customers satisfied or completely satisfied	≥ 80 %	Yes	No
5b Customers satisfied (company)	≥ 80 %	Yes	No
5c Complaints to Regulator	≤ 0.07 %	No	No
<u>Worker safety</u>			
6a Lost time incident	≤ 3.5	No	No
6b Lost time severity	≤ 37	No	No
<u>Reliability</u>			
7a SAIFI	≤ 1.7	Yes	No
7b CAIDI (hours/interruption)	≤ 2.2	Yes	No

Attachment B. Newfoundland Power Service Quality Compensation Cap and Points

Maximum Annual Service Quality Compensation

<u>Maximum Compensation</u>	<u>Average Cost/Point (300 Point Cap)</u>
\$750,000	\$2,500

Allocation of Points Between Plan Components

Reliability	40 %
All other points based measures	60 %

Sliding Point Scale Based on Cap of \$750,000 and \$2,500 Average Cost/Point

Max at risk for reliability	\$300,000
Max at risk for all other points based measures	\$450,000

Reliability Calculation

<i>Point Range</i>	<i>Points In Range</i>	<i>Weighting</i>	<i>Per Point</i>	<i>Max/Level</i>	<i>Cumulative</i>
101 to 120	20	1.938	\$4,844	\$96,875	\$300,000
76 to 100	25	1.500	\$3,750	\$93,750	\$203,125
51 to 75	25	1.000	\$2,500	\$62,500	\$109,375
26 to 50	25	0.750	\$1,875	\$46,875	\$46,875
0 to 25	25	0.000	-	-	-
Total	120			\$300,000	

Other Measures Calculation

<i>Point Range</i>	<i>Points In Range</i>	<i>Weighting</i>	<i>Per Point</i>	<i>Max/Level</i>	<i>Cumulative</i>
141 to 180	40	1.656	\$4,141	\$165,625	\$450,000
101 to 140	40	1.250	\$3,125	\$125,000	\$284,375
61 to 100	40	1.000	\$2,500	\$100,000	\$159,375
26 to 60	35	0.500	\$1,250	\$43,750	\$59,375
0 to 25	25	0.250	\$625	\$15,625	\$15,625
Total	180			\$450,000	

Exhibit CDB#3

Filed in Direct: Oct 26th, 2007

to Pre-filed Evidence

October 26, 2007

Comparison of Customer Impacts Under Various Basic Customer Charge Scenarios for the Domestic Class

(From CA-NP 197 1st Revision and CA-NP 449 1st Revision)

Consumption Range (kWh)	% of Customers	Cumulative (%)	% Increase - NP Proposed		% Increase - \$0.50 Reduction		% Increase - \$1.00 Reduction	
			Low	High	Low	High	Low	High
0 - 200	7.95	7.95	0.0	2.40	-3.42	1.05	-6.85	-0.29
200 - 400	6.95	14.90	2.40	3.13	1.08	2.43	-0.24	1.73
400 - 600	10.05	24.95	3.12	3.46	2.43	3.06	1.74	2.66
600 - 800	11.30	36.25	3.46	3.66	3.06	3.42	2.66	3.20
800 - 1000	11.80	48.05	3.65	3.79	3.42	3.68	3.20	3.57
1000 - 1200	9.15	57.20	3.78	3.89	3.68	3.86	3.57	3.83
1200 - 1500	10.35	67.55	3.88	3.99	3.86	4.05	3.83	4.11
1500 - 2000	16.75	84.30	3.99	4.10	4.05	4.24	4.10	4.39
2000 - 2500	10.7	95.00	4.10	4.16	4.24	4.37	4.39	4.57
2500 - 3000	3.55	98.55	4.17	4.21	4.37	4.46	4.58	4.70
Over 3000	1.45	100.00	4.21	4.30	4.46	4.62	4.70	4.93

Note: The average rate increase proposed for the Domestic class is 3.9%.