1   **RFIs on 2006 Peer Group Report**
2
3   **Q.   Please provide a description of all areas of its business where NP uses external**
4   **benchmarking as an input to its decision-making process.**
5
6   A.   Newfoundland Power routinely informs itself of performance data of other businesses,
7   usually distribution utilities, and this information influences decision making processes.
8
9   For example, Newfoundland Power has compared its reliability data to that of other
10   electrical systems in Canada (typically through data provided by the Canadian Electricity
11   Association) to evaluate its relative reliability performance for many years.[1] The
12   Company also routinely uses safety data provided by Canadian Electricity Association
13   for the same purpose.
14
15   While use of such comparative data is relatively common place in the Company, it lacks
16   the statistical formality which underscores *benchmarking*.
17
18   Newfoundland Power uses formal statistical external benchmarking techniques in a very
19   limited number of instances as an input to its decision-making process.
20
21   For example, Newfoundland Power employs Hay Management Consultants who use
22   formal statistical external benchmarking techniques in assessing pay for management
23   positions in the Company.
24
25   While Newfoundland Power uses performance data from other businesses on a routine
26   basis as an input in its decision-making, it uses external benchmarking as an input in its
27   decision making on a much more limited basis.

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