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3 **Q. On page 38 Lines 4 to 5, Mr. Bowman recommends that a “distribution**  
4 **reliability and service standard be developed with reporting initiated under the**  
5 **standard during 2008.” For the purpose of putting some context around the time**  
6 **line recommended, please provide information on the regulatory process involved in**  
7 **establishing the distribution reliability and service standards in both Delaware and**  
8 **Vermont. Provide the start date, completion date, the dates of all intermediate**  
9 **releases of the standards, and the cost involved in establishing the distribution**  
10 **reliability and service standards. If this is not known, please provide time and cost**  
11 **estimates for undertaking the process recommended by Mr. Bowman.**

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13 **A.** Mr. Bowman is not aware of timelines and costs associated with development of  
14 standards in Vermont and Delaware. However, he understands from discussion with  
15 regulatory staff that Vermont’s *Service Quality and Reliability Plan* was developed by  
16 Green Mountain Power and the Department of Public Service (Vermont’s equivalent of a  
17 Consumer Advocate) during settlement proceedings of a rate application by Green  
18 Mountain Power.

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20 The timeline and costs associated with development of a distribution reliability and  
21 service standard for Newfoundland Power will depend on the project scope of work and  
22 schedule developed by the parties and approved by the Board. Mr. Bowman believes for  
23 the following reasons that a standard can be developed with reporting being initiated  
24 during 2008 provided the parties are truly committed as would be the case if directed by  
25 the Board:

- 26  
27 • Much of the development of the standard itself can be bypassed by simply  
28 adopting an existing standard such as that in Vermont, Ontario or Delaware, and  
29 having Newfoundland Power modify the standard to be consistent with its own  
30 capabilities and the service expectations of its customers. As noted, Vermont’s  
31 *Service Quality and Reliability Plan* was developed by Green Mountain Power  
32 and the Consumer Advocate during settlement proceedings for a rate application.  
33 • Newfoundland Power indicates that its current practice already includes  
34 “reliability assessment and reporting on a conceptually similar basis to that  
35 required by the Delaware standard” (see response to CA-NP 65, page 5 of 6, lines  
36 13).  
37 • Newfoundland Power already compiles and reports performance measures  
38 relative to a peer group of utilities (see report entitled *Peer Group Performance*  
39 *Measures for Newfoundland Power*, December 21, 2006).  
40 • Newfoundland Power is already tracking performance in a number of key  
41 customer service areas including: customer enquiries (by type) (CA-NP 82),  
42 percentage of all customer calls and customer outage calls answered within 40  
43 seconds (CA-NP 82), estimated meter readings as a percentage of scheduled  
44 monthly meter reads (CA-NP 82), customer satisfaction (CA-NP 14, page 2 of 2,  
45 Table 3), percentage of new service energized within three to five days of receipt

- 1 of the electrical inspection authorization (CA-NP 440), and arrival at 85% of  
 2 trouble calls within two hours of being contacted by a customer (CA-NP 70).  
 3 • “Newfoundland Power believes that broad reliability performance across the  
 4 electrical system, as indicated in system reliability indices such as SAIDI and  
 5 SAIFI, is currently acceptable” (see response to CA-NP 435, lines 20-22). This  
 6 implies that at least internally, Newfoundland Power has established what it  
 7 believes to be appropriate target reliability indices for the system as a whole.  
 8 • Newfoundland Power can draw on the experience of other Fortis companies that  
 9 are subject to distribution reliability and performance standards such as  
 10 FortisOntario (CA-NP 432) and FortisAlberta (CA-NP 431).  
 11 • Newfoundland Power has already developed performance measures and targets  
 12 for Executives and Managers under its short term incentive plan (CA-NP 40,  
 13 Table 2) including for 2006: SAIDI, SAIFI, customer satisfaction, and  
 14 injury/illness frequency rate.

15  
 16 Mr. Bowman believes the following timetable is feasible. It is anticipated that  
 17 Newfoundland Power would prepare a report on 2007 performance coincident with  
 18 the development of the standard since this information would be integral to  
 19 development of the standard. The report on performance would be submitted to the  
 20 Board prior to year-end 2008. Reports subsequent to 2008 would be modified as  
 21 necessary to reflect the requirements of the standard ultimately approved by the  
 22 Board. It is anticipated that the standard would be modified from time to time as  
 23 customer expectations are better defined.  
 24

<i>Milestone</i>	<i>Date</i>
Parties develop scope of work and schedule	November 15, 2007
Newfoundland Power develops draft standard based on existing standard (i.e., Vermont) identified in project scope of work	March 31, 2008
Newfoundland Power presents standard to parties at technical conference including Board representation	April 15, 2008
Parties provide written comments on proposed standard	May 15, 2008
Newfoundland Power finalizes proposed standard and submits to Board	June 15, 2007
Parties submit reports to Board, as necessary	July 15, 2007
Board approval	October 15, 2008
Newfoundland Power submits report on 2007 performance	December 1, 2008

25  
 26 If Newfoundland Power has concerns relating to the proposed timetable and costs for  
 27 this undertaking, Mr. Bowman proposes the following alternative. Mr. Bowman  
 28 would develop the scope of work and schedule and present it to Newfoundland Power

1 during negotiations in September. The intent would be to gain the acceptance of  
 2 Newfoundland Power prior to commencement of the hearing scheduled for October.  
 3 Mr. Bowman would revise his recommendation relating to the need for a Distribution  
 4 Reliability and Service Standard as follows:

5  
 6 *I recommend that the Board direct that a distribution reliability and service*  
 7 *standard be developed with reporting initiated under the standard during 2008. I*  
 8 *recommend that the development of the standard be led by the Consumer*  
 9 *Advocate with input and review by Newfoundland Power. The standard would be*  
 10 *developed specifically for Newfoundland Power customers and the Board would*  
 11 *have ultimate approval authority for the Standard. I recommend that the*  
 12 *Consumer Advocate develop the scope of work and schedule for the project and*  
 13 *submit it to Newfoundland Power for review and comment. The Consumer*  
 14 *Advocate will incorporate Newfoundland Power input and submit the final scope*  
 15 *of work and schedule to the Board by November 15, 2007.*

16  
 17 Mr. Bowman believes the following timetable for this alternative is feasible. The  
 18 Consumer Advocate would submit the final version of the Standard for approval by  
 19 June 15, 2008. Newfoundland Power would prepare a report on 2007 performance  
 20 consistent with the new standard before year-end 2008.

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<b><i>Milestone</i></b>	<b><i>Date</i></b>
Consumer Advocate submits proposed scope of work to Newfoundland Power for review and comment	September 5, 2007
Newfoundland Power provides review and comment on scope of work	October 5, 2007
Consumer Advocate submits final scope of work to Board	November 1, 2007
Newfoundland Power fulfills data request included in scope of work	January 31, 2008
Consumer Advocate completes Draft Standard and holds technical conference including Board representation	April 15, 2008
Parties provide written comments on proposed standard	May 15, 2008
Consumer Advocate finalizes proposed standard and submits to Board	June 15, 2007
Parties submit reports to Board, as necessary	July 15, 2007
Board approval	October 15, 2008
Newfoundland Power submits report on 2007 performance	December 15, 2008