Q: (Liberty December 17, 2014 Report to Board on *Supply Issues and Power Outages Review Island Interconnected System* addressing Newfoundland Power Inc.) The report states (page 23): "*The current gap between worst performing and all feeders is 5.15 versus 1.9. Newfoundland Power does not consider this gap sufficient to continue including worst performing feeders in its distribution Reliability Initiative. Liberty views the remaining gap as substantial enough to warrant the common utility practice of a targeted funding program to address that 10 to 15 percent of feeders exhibiting worst SAIDI and SAIFI performance during the previous year, absent a showing that other expenditures on reliability improvement are more cost effective".* Please provide support for the statement that it is common utility practice to have a targeted funding program to address the worst performing 10 to 15 percent of feeders and that a gap of 5.15 versus 1.9 is considered unacceptable. Further, when compiling the support, please show if the distribution companies consider in the conduct of such studies aspects relating to customer willingness to pay and customer satisfaction with current levels of reliability.

A. Newfoundland Power's "average" SAIDI of its 15 worst performing feeders is 5.15. Thus, some feeders have a SAIDI even greater that 5.15; *i.e.*, far above (worse than) what other customers experience. Newfoundland Power should follow what Liberty believes is good utility practice by addressing annually some number of those feeders serving customers who are receiving a quality of service substantially worse than generally delivered, especially with respect to feeders that exhibit much worse than average performance on a year after year basis.

Liberty's experience with a number of utilities in the United States shows general use of a "worst performing feeder program" (WPF) of some type. In Canada, Liberty is aware that Toronto Hydro-Electric System Limited has included a WPF in its 2011-2020 Electric Distribution Capital Plan.

WPF programs seek to ensure that groups of customers, even if they are small, do not suffer exaggeratedly worse performance year after year. We are not aware of objective standards that dictate when such a program should end; *i.e.*, when performance on worst feeders has sufficiently approached the average. Note, however that the reliability that some Newfoundland Power customers, served by the worst of these worst performing feeders, experience (when measured by outage durations) service that is worse by a factor of 3. The gap between their service and those experiencing the "best" is thus far wider. It is Liberty's view that some level of resource dedication is appropriate to ensuring that even small groups of customers are not subjected on a continuing basis to such a service penalty.