

1 Q. **Reference: Newfoundland Power 2024 CBA, 3.1 2024 Transmission Line Rebuild, page 7**

2 Footnote 12 states

3 Reliability indices are lagging indicators that encompass historical issues on the  
4 electrical system. Waiting for reliability on the transmission system to degrade  
5 before undertaking capital investments would result in a poor quality of service  
6 being experienced by large numbers of customers for several years.

7 In Hydro's opinion:

- 8 a) Does considering lagging reliability indicators necessarily mean that a decision is being  
9 made to wait until the transmission system degrades before undertaking capital  
10 investments, or is it just one of many considerations in such a decision?
- 11 b) Should the Board and intervenors ignore all historical reliability statistics referenced in  
12 Hydro's 2024 CBA?
- 13 c) Can the Board assess the merits of a project if it is to ignore historical performance,  
14 particularly when the province's utilities are unable to quantify service improvements  
15 owing to a proposed project?

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18 A. a) Newfoundland and Labrador Hydro ("Hydro") determines capital work required based on a  
19 multitude of factors in order to find an optimal balance between reliability, customer  
20 service, environmental responsibility, and cost.

21 b) Hydro provides a variety of historic and forecast system reliability trend information, as  
22 required by the Provisional Capital Budget Guidelines<sup>1</sup> for consideration by the Board of  
23 Commissioners of Public Utilities ("Board") and parties, along with other evidence relevant  
24 to the justification of the proposed projects. The Board, in making its determination, should  
25 review that information in context with all other information provided.

26 c) Please refer to Hydro's response to part b) of this response.

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<sup>1</sup> "Capital Budget Application Guidelines (Provisional)," Board of Commissioners of Public Utilities, January 2022, p. 9.