

1 Q. **Reference: Application, 2024 Capital Budget Overview (page 1)**

2 It is stated

3 Hydro also seeks to engage with stakeholders and customers to inform its  
4 capital investment considerations.

5 **a)** Please explain how Hydro has engaged stakeholders and customers to inform its 2024  
6 capital budget.

7 **b)** How has Hydro used this information to ensure that its 2024 Capital Budget provides an  
8 appropriate balance between reliability, environmental impacts, rate impacts, and the  
9 value customers place on service?

10 **c)** Please provide customer surveys and documentation relating to customer feedback that  
11 Hydro has relied upon in the development of the 2024 Capital Budget Application.

12 **d)** Please identify customer complaints relating to reliability over the past 15 years.

13 **e)** Please provide any documentation that informs customers of the cost of maintaining  
14 current levels of reliability.

15 **f)** Please provide customer survey responses identifying: i) the value customers place on  
16 maintaining current levels of reliability, ii) customer willingness to pay more for  
17 increased levels of reliability, iii) customer willingness to accept lower levels of reliability  
18 in exchange for lower rates.

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21 A. **a)** Newfoundland and Labrador Hydro's ("Hydro") capital investments reflect its obligations to  
22 provide reliable service at the lowest possible cost in an environmentally responsible  
23 manner.

24 In recent years, Hydro has engaged in various forms of customer and stakeholder  
25 engagement, providing customers with an opportunity to register their opinions regarding  
26 electricity service reliability as well as share their perceptions about levels of capital

1 investment and electricity rates in the province. Hydro uses information gathered from its  
2 various engagement activities to help inform its capital investment strategy.

3 This information has been valuable, and as such Hydro intends to continue this engagement  
4 through a digital survey planned for the fall of 2023. The survey will gauge what is most  
5 important to customers, which will help not only inform capital investment strategy, but  
6 also the Reliability and Resource Adequacy filings. Questioning in the survey will include key  
7 determining factors to expenditures, such as reliability and environmental impact, and their  
8 relation to cost.

9 Hydro also engages with customers through its Electricity Feedback Panel, which was first  
10 established in 2019 and consists of approximately 1,000 electricity consumers in the  
11 province who have voluntarily registered. The purpose of the panel is to gather opinions and  
12 feedback on various electricity-related topics through online surveys, with the aim of  
13 helping Hydro better understand and meet the needs of customers. Topics for the panel  
14 change regularly.

15 Hydro also regularly engages with additional stakeholders, such as all levels of government,  
16 Industrial customers, other North American utilities, and suppliers to inform planned and  
17 proposed expenditures, and the work related to same.

18 In addition, Hydro conducts residential customer surveys every two years to gauge and track  
19 satisfaction levels over time. While these surveys do not specifically query customers about  
20 the value they place on increased system reliability, they measure general satisfaction with  
21 service and reliability.

22 **b)** Hydro has a legislated mandate of providing least-cost, reliable service in an  
23 environmentally responsible manner. As these very priorities can compete with each other,  
24 Hydro ensured that the proposals in its 2024 Capital Budget Application (“CBA”)  
25 appropriately balanced these criteria as it evaluates infrastructure and operational planning  
26 in order to meet its obligation for the provision of least-cost electricity to its customers.

27 All stakeholder and customer feedback is utilized in tandem with other information related  
28 to a project or program to ensure an effective and appropriate balance of all deliverables of  
29 Hydro’s mandate.

- 1           c) Please refer to Hydro’s response to part a) of this response.
- 2           d) Hydro conducts residential customer surveys every two years to gauge and track satisfaction  
3           levels. For this survey, a random sample of customers is selected across Hydro’s service  
4           territory. The surveys are typically conducted by telephone, but have also been directed to  
5           customers via online medium. Customers are asked to rate their level of satisfaction with a  
6           variety of service delivery attributes such as reputation, service reliability, and overall  
7           satisfaction with the company. The most recent residential customer survey was conducted  
8           in 2022 and reported an overall satisfaction score of 89%. A total of 75% of the respondents  
9           rated Hydro’s reputation as “good” or “very good”, and 94% indicated they were pleased  
10          with reliability.
- 11          For additional information, please refer to Hydro’s response to part a) and part e) of this  
12          response.
- 13          e) Hydro’s capital investments reflect its obligations to provide reliable service, in an  
14          environmentally responsible manner at the least possible cost. Hydro also recognizes that  
15          the province’s electricity system is undergoing significant transformation and renewal in  
16          order to integrate new generation and transmission assets, while responding to load growth  
17          and increasing demand for clean energy and electrification.
- 18          Hydro conducts various forms of customer and stakeholder information and engagement,  
19          providing customers with opportunities to hear about Hydro’s efforts and priorities to  
20          maintain reliability, as well as to provide their opinions regarding electricity service  
21          reliability. Please refer to Hydro’s response to part a) of this response for additional detail  
22          on how Hydro has engaged stakeholders and customers.
- 23          Each year, Hydro publishes an annual business and financial report,<sup>1</sup> and holds an annual  
24          general meeting open to the public, all of which overview Hydro’s activities, performance,  
25          strategy and financial results from the past year, and include information on items such as  
26          capital investment and reliability performance.

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<sup>1</sup> The 2022 annual report can be viewed on Hydro’s website at <<https://nlhydro.com/annual-2022/>>.

1 Hydro's annual CBA is an open and transparent publication that is filed with the Board of  
2 Commissioners for Public Utilities, that provides details on specific capital projects and  
3 expenditures that Hydro plans to execute in the following year. All applications,  
4 correspondence and further information is available to the public.

5 To further inform electricity customers in the province, Hydro's President and CEO, Jennifer  
6 Williams, P. Eng. has been providing presentations, speaking engagements, and meetings  
7 with various groups to discuss the future investment in the system required to meet  
8 growing demand and maintain reliability. This year, this has included speaking engagements  
9 at Energy NL's conference, Expo Labrador, and Southeastern United States-Canadian  
10 Provinces (SEUS-CP) conference.

11 f) In 2018, Hydro conducted extensive digital engagement of the province's electricity  
12 customers as part of the Reliability and Resource Adequacy Study. With more than 2,000  
13 completed surveys, it provided insight on customers' views with respect to various aspects  
14 of the electricity system, including reliability of the system and the service they receive, and  
15 preferences on the level of reliability and costs. Results included the following:

- 16 ● 82% of respondents indicated they believe Newfoundland and Labrador's power system  
17 to be highly reliable;
- 18 ● 71% said "I am comfortable with our power system's current level of reliability [and]  
19 prefer additional investment be made cautiously"; and
- 20 ● The majority (59%) said their preference was a "good" level of reliability with a lower  
21 impact on cost; another 34% preferred "better" reliability with a moderate impact on  
22 cost.

23 For further information, please refer to Hydro's response to part a) of this response,  
24 CA-NLH-031<sup>2</sup> from its 2022 CBA and CA-NLH-028<sup>3</sup> from its 2023 CBA.

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<sup>2</sup> Please refer to Hydro's response to CA-NLH-031 of the 2022 CBA proceeding.  
<<http://www.pub.nl.ca/applications/NLH2022Capital/rfis/CA-NLH-031.pdf>>.

<sup>3</sup> Please refer to Hydro's response to CA-NLH-028 of the 2023 CBA proceeding.  
<<http://www.pub.nl.ca/applications/NLH2023Capital/responses/CA-NLH-028.pdf>>.