

1 Q. **Reference: Application**

2 With respect to Hydro’s distribution business, excluding isolated systems:

3 a) What metrics and policies guide Hydro’s distribution business? For example, in terms of
4 reliability, does Hydro strive to: i) mirror the Canadian average, ii) exceed the Canadian
5 average, iii) fall short of the Canadian average by a specific percentage, etc?

6 b) Should Hydro strive for reliability metrics that outperform the CEA? Why or why not?

7 c) Do Hydro policies and metrics relating to distribution reliability take into consideration
8 the impact on customers and customer willingness to pay?

9

10

11 A. Newfoundland and Labrador Hydro’s (“Hydro”) response is consistent to CA-NLH-021 of Hydro’s
12 2024 Capital Budget Application. Hydro’s approach to distribution reliability planning has not
13 changed.

14 a) Hydro uses Service Continuity SAIDI¹ and SAIFI² metrics, calculated in conformance with
15 Electricity Canada (“EC”) practices, to determine its distribution business reliability
16 performance. Hydro uses the average of the previous five years’ annual Service Continuity
17 SAIDI and SAIFI performance metrics as its annual Service Continuity SAIDI and SAIFI
18 performance targets.

19 For Service Continuity metrics, Hydro is an EC Region 2 utility. EC Region 2 consists of
20 utilities with a mix of rural and urban customers. However, as compared to many of the
21 other EC Region 2 utilities, Hydro’s distribution customers are more geographically widely
22 dispersed and are primarily located in rural and/or remote areas. Many of these locations
23 are also exposed to severe maritime environment and weather. These conditions result in
24 Hydro’s Service Continuity metrics underperforming compared to the EC Region 2 average.
25 As a consequence of this situation, Hydro strives to balance reliability and capital

¹ System Average Interruption Duration Index (“SAIDI”).

² System Average Interruption Frequency Index (“SAIFI”).

1 infrastructure costs and to provide consistent Service Continuity reliability performance for
2 its distribution customers. Hydro's policies outlined in its Schedule of Rules, Rates, and
3 Regulations, and its CIAC policy, govern new service connections and service extensions.

4 **b)** Please refer to part a) of this response.

5 **c)** As Hydro has noted in previous matters, while its approach to achieving distribution
6 reliability does not formally consider its distribution customers' willingness to pay, Hydro
7 does appreciate that its actions impact its customers and strives to balance reliability
8 performance and costs to provide reasonable electrical service to its distribution customers.