

1 **Q. (Reference Application, 2023 – 2027 Capital Plan, page 3) It is stated**  
 2 **"Newfoundland Power has an obligation to provide reliable service to its**  
 3 **customers at the lowest possible cost."**  
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5 **a) Using this as a criterion for the provision of electricity service to**  
 6 **customers, can any project be justified? For example, replacing an older**  
 7 **feeder with a new feeder would be expected to provide improved**  
 8 **reliability. Could NP justify replacement of this feeder with a new feeder**  
 9 **even though the existing feeder was providing reliability similar to the**  
 10 **system average provided construction was put out to competitive tender**  
 11 **and the lowest cost bid were selected? Could NP improve reliability by**  
 12 **building a second feeder to every customer in the province that would**  
 13 **be called upon to operate only when the primary feeder failed? Provided**  
 14 **the second feeder were put out to competitive tender and the lowest**  
 15 **cost bid were selected, would this not be consistent with providing**  
 16 **reliable service to customers at the lowest possible cost?**

17 **b) How can Hydro and NP have such large variations in customer reliability**  
 18 **when both are subject to the same legislation?**

19 **c) Does this suggest that a change in legislation is warranted?**  
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21 **A. a)** No, it is not the case that any project can be justified using this as a criterion.  
 22 For example, the replacement of a reasonably reliable feeder with a new feeder  
 23 would carry a high cost and provide no material benefit for customers. Such a  
 24 project would not enable the provision of reliable service to customers at the  
 25 lowest possible cost.  
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27 **b)** Variations in the reliability performance of the utilities would practically reflect  
 28 differences in the utilities' service territories. This could include how the utilities'  
 29 electrical systems are constructed and maintained, including operational  
 30 responses when outages occur. While provincial legislation applies to both  
 31 Newfoundland Power and Hydro, it does not require both utilities to provide the  
 32 same level of service reliability to their customers.  
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34 **c)** The Provincial Government is responsible for setting the provincial power policy,  
 35 which contains common utility regulation principles as well as province-specific  
 36 considerations.<sup>1</sup> Newfoundland Power defers to the Provincial Government as to  
 37 whether any change to the current power policy is warranted.

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<sup>1</sup> *Electrical Power Control Act, 1994*, section 3.