

1 **Q. (Reference CA-NP-087) It is stated “the replacement of a reasonably reliable**
 2 **feeder with a new feeder would carry a high cost and provide no material**
 3 **benefit for customers.”**

4 **a) Please confirm that such a project would provide a reliability benefit.**

5 **b) Please define “material benefit”.**

6 **c) Please quantify the “material benefit” of each project in the 2023 Capital**
 7 **Budget Application that has a reliability component.**

8
 9 A. a) Newfoundland Power confirms that the hypothetical project described in the
 10 referenced Request for Information would likely provide some reliability benefit
 11 for customers, but at a very high cost. Even with the construction of a new
 12 feeder, customers would continue to be exposed to risks of outages due to
 13 factors such as tree contacts, lightning strikes, wildlife and vehicle accidents.

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 15 b) The term “material benefit” in the referenced Request for Information refers to a
 16 meaningful difference in the reliability improvement, relative to the potential
 17 costs, that would be provided to customers under the scenarios being discussed.

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 19 c) Newfoundland Power cannot quantify the “material benefit” of each project in
 20 the *2023 Capital Budget Application* that has a reliability component.

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 22 Newfoundland Power’s objective is to maintain current levels of overall service
 23 reliability for its customers. The projects included in the *2023 Capital Budget*
 24 *Application* represent the capital additions and improvements necessary to
 25 continue providing safe and reliable service to customers at the lowest possible
 26 cost.

27
 28 The *Distribution Reliability Initiative* project is the only project in the Company’s
 29 *2023 Capital Budget Application* that specifically targets an improvement in
 30 service reliability for customers. The project aims to improve the service
 31 reliability experienced by customers served by distribution feeder SUM-01.
 32 Customers served by this distribution feeder experience an outage duration that
 33 is approximately four times the average experienced by Newfoundland Power’s
 34 customers.¹

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 36 While Newfoundland Power cannot predict the reliability benefit that would be
 37 provided to customers served by distribution feeder SUM-01 following execution
 38 of the capital expenditures proposed for 2023, the Company has quantified the
 39 historical impact of the *Distribution Reliability Initiative*. The analysis showed
 40 that execution of this project has resulted in the reliability performance of the
 41 Company’s worst-performing feeders being improved to levels consistent with its
 42 corporate average.² The *Distribution Reliability Initiative* is therefore consistent
 43 with maintaining overall levels of service reliability for customers at the lowest
 44 possible cost.

¹ See the *2023 Capital Budget Application*, report 1.1 *Distribution Reliability Initiative*, page 4, Table 1.

² *Ibid.*, page 1, footnote 1.