Q. (Reference Application, 2024 Capital Budget Overview, pages 7 and 8) It is stated (page 8) "*The average duration of customer outages has been approximately half the Canadian average since 2013*."

a) Please provide an estimate of what it is costing customers to have reliability (SAIDI) that is about twice as good as the Canadian average and provide documentation indicating customer willingness to pay for this increased reliability.

b) Are the results shown in Figure 2 impacted by weather in the province relative to weather in other provinces?

c) Are the results shown in Figure 2 impacted by staff levels dedicated to outage response?

d) Please reproduce Figures 2 and 3 based on rolling 5-year averages.

e) What SAIDI/SAIFI targets are set by the Board?

A. a) The question implies that good reliability performance is more costly than poor reliability performance. In Newfoundland Power's view, better reliability performance does not directly translate to higher costs. Similarly, poor reliability does not mean lower costs. For example, an unplanned customer outage resulting from failed equipment can lead to worse reliability and higher costs to customers than completing the appropriate equipment maintenance or replacement in a planned fashion without the need for a customer to experience an outage.

Newfoundland Power's capital planning process is a deliberate effort to balance the cost and reliability of the service provided to customers.[1] The frequency and duration of customer outages has been reasonably stable over the last decade under normal operating conditions.[2] The Company's contribution to customer rates decreased by 10% on an inflation-adjusted basis over a 10-year period.[3]

Newfoundland Power surveys its customers on a quarterly basis to assess customer satisfaction.[4] Customers have indicated a reasonable level of satisfaction with the Company's service delivery over the last decade.[5] Customer satisfaction regarding the level of reliability experienced by customers is reflected in the survey results.[6]

b) The results shown in Figure 2 on page 7 of the *2024 Capital Budget Overview* are for normal operating conditions and excludes planned outages and outages due to loss of supply and major events resulting from severe weather.[7] Any differences in

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1 See Newfoundland Power's *2024 Capital Budget Application, 2024 Capital Budget Overview*, *Section 2.2 Capital Planning at Newfoundland Power* for additional details on Newfoundland Power's capital planning process.

2 See Newfoundland Power's *2024 Capital Budget Application, 2024 Capital Budget Overview, Section 2.3 Balancing Cost and Service*, page 6.

3 Ibid., page 11.

4 Newfoundland Power surveys approximately 1,800 customers each quarter.

5 Overall customer satisfaction with Newfoundland Power's service averaged 86% from 2013 to 2022.

6 The lowest level of satisfaction over the 2013 to 2022 period was 82% and occurred in the first quarter of 2014. This survey followed the widespread customer outages known as #darkNL.

7 The term "major events" refers to external events that exceed the design parameters or operational limits of the electrical system. Excluding major events is consistent with standard industry practice as major events are typically driven by severe weather rather than the condition of the electrical system and are outside of the utility's control.

weather between the provinces that does not result in a major event would be reflected in the reliability data shown in Figure 2.

c) The reliability performance of any utility is the result of a number of factors. These include the attributes of the utility's service territory, asset management practices, design and construction standards, and overall operational response, to name a few. The reliability data shown in Figure 2 on page 7 of the *2024 Capital Budget Overview* reflects the combined effects of all factors affecting the utility's reliability performance, including staffing levels.

d) Figure 1 below provides the rolling five-year averages for SAIDI for Newfoundland Power and Electricity Canada Region 2.

Figure 1
Newfoundland Power vs. Canadian Average
SAIDI - Normal Operating Conditions
5-Year Rolling Average
(2013-2022)

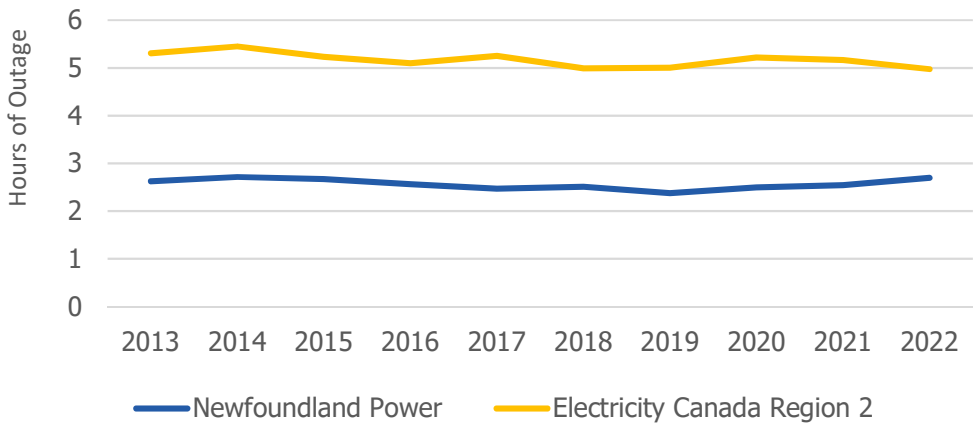
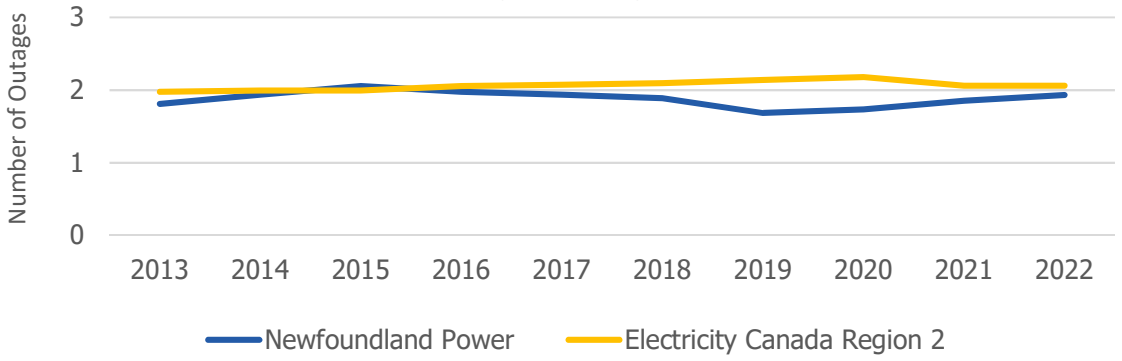


Figure 2 below provides the rolling five-year averages for SAIFI for Newfoundland Power and Electricity Canada Region 2.

Figure 2
Newfoundland Power vs. Canadian Average
SAIFI - Normal Operating Conditions
5-Year Rolling Average
(2013-2022)



e) The Board does not set SAIDI and SAIFI targets for Newfoundland Power.