

- 1 **Q. (Reference Application, 2024 Capital Budget Overview, page 8) It is stated**
 2 **"While overall levels of service reliability are viewed as acceptable, customers**
 3 **in certain areas experience service reliability that is considerably below**
 4 **Newfoundland Power's corporate average."**
- 5 **a) Is it inevitable that some customers have reliability that is below**
 6 **"average"?**
- 7 **b) Do some customers have reliability that is well above average? Is it fair for**
 8 **customers receiving reliability that is average or below average to subsidize**
 9 **customers who are receiving reliability that is above average?**
- 10 **c) How many customers experienced no distribution-related service outages**
 11 **in 2022?**
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- 13 **A.** a) Newfoundland Power measures system reliability using the System Average
 14 Interruption Duration Index ("SAIDI") and the System Average Interruption
 15 Frequency Index ("SAIFI"). SAIDI and SAIFI represent the average reliability
 16 experienced by customers. As such, it is inevitable that some customers will have
 17 reliability that is above and below the average value.¹
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- 19 b) The question implies that the cost to serve customers with below average reliability
 20 is lower than the cost to serve customers with higher than average reliability. In
 21 Newfoundland Power's view, there is not a direct relationship between customer
 22 reliability and the cost to serve a customer. For example, a customer in a rural area
 23 may experience below average reliability and be costlier to serve than a customer in
 24 an urban area with above average reliability by virtue of geography, population
 25 density, and the nature of the transmission system serving those customers.
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- 27 Newfoundland Power is required to provide customers with equitable access to an
 28 adequate supply of power.² One way the Company achieves this is through the
 29 *Distribution Reliability Initiative* which aims to improve service reliability to
 30 Newfoundland Power customers supplied by feeders with service reliability
 31 considerably below average.³
- 32
- 33 c) In 2022, approximately 226,000 customer accounts were not affected by unplanned
 34 distribution-related outages.⁴

¹ The *average* is a number expressing the central or typical value in a set of data. In this case it is the mean, which is calculated by dividing the sum of the values in the set by their number.

² See the *Electrical Power Control Act, 1994*, SNL 1994, c. E-5.1, s. 3(b)(ii).

³ See Newfoundland Power's *2024 Capital Budget Application*, report 1.1 *Distribution Reliability Initiative*. See also the response to Request for Information CA-NP-064.

⁴ Newfoundland Power's outage management system, Responder, tracks reliability information on a customer account basis. Each individual meter or premise is associated with its own account. Customers may have more than one account or meter.