

1 **Reference: 2024-2028 Capital Plan**

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3 **Q. Page 7. During the period that equipment failures on the distribution system**
4 **increased Newfoundland Power continued with its programs such as the**
5 **Distribution Reliability Initiative targeting worst performing feeders and the**
6 **Substation Refurbishment and Modernization Plan. Does the increase in**
7 **equipment failures bring into question the value and usefulness of**
8 **Newfoundland Power’s asset management approach as failures are**
9 **increasing while Newfoundland Power is continuing with asset management**
10 **strategies first developed a number of years ago?**

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12 A. No, the increase in equipment failures does not bring into question the value and
13 usefulness of Newfoundland Power’s asset management approach. The observed
14 increase in equipment failures in recent years does not diminish the benefits provided to
15 customers by the Company’s longstanding asset management approach.

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17 For example, Newfoundland Power has been implementing its *Distribution Reliability*
18 *Initiative* for over two decades. In 2023, the Company analyzed the project’s overall
19 effectiveness in improving the service reliability experienced by customers. The analysis
20 showed the project has been effective in addressing the poor performance of specific
21 feeders. On average, the project has improved the reliability performance of
22 Newfoundland Power’s worst performing feeders by approximately 69%.¹

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24 The *Reconstruction* and *Rebuild Distribution Lines* programs provide a structured basis
25 to ensure distribution plant and equipment are maintained.² Likewise, the
26 *Reconstruction* and *Rebuild Distribution Lines* programs have been in place for
27 approximately two decades. These two programs contribute significantly to the
28 Company’s stable reliability performance.³

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30 The observed increase in equipment failures is reflective of the age and condition of the
31 electrical system. For additional details on the cause of the increase in equipment
32 failures and how it relates to age, see the response to Request for Information
33 PUB-NP-023.

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35 Newfoundland Power acknowledges that while its longstanding asset management
36 approach has provided value to customers, the Company is exposed to an increasing
37 risk of equipment failure going forward due to the age of its electrical system and the

¹ The analysis compared the reliability performance of distribution feeders refurbished under this project by examining the average duration of outages during the five years prior to capital upgrades and five years following capital upgrades. The average outage duration prior to capital upgrades was 8.34 hours. The average outage duration following capital upgrades was 2.62 hours. While the performance of specific feeders has been improved under the *Distribution Reliability Initiative*, the project has had a minimal impact on overall electrical system reliability. See Newfoundland Power’s *2024 Capital Budget Application*, report *1.1 Distribution Reliability Initiative*, pages 1 and 2.

² The *Reconstruction* and *Rebuild Distribution Lines* programs also provide effective means of addressing specific defective equipment types or other plant conditions which reduce reliability as those defects or conditions emerge.

³ See Newfoundland Power’s *2024 Capital Budget Application*, *2024 Capital Budget Overview*, page 6, Figure 1.

1 effects of more severe weather. Newfoundland Power has undertaken a review of its
2 asset management practices to ensure its practices continue to be adequate, given the
3 age of its electrical system, and remain consistent with industry best practices. For
4 additional details on how the ongoing asset management review relates to equipment
5 failures, see the response to Request for Information PUB-NP-025.