

1 **Reference: CA-NP-016 and CA-NP-053**

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 3 **Q. Please explain how Newfoundland Power’s current customer engagement**  
 4 **initiatives gauge customer opinions on the balance between reliable service**  
 5 **and the costs of providing such service and whether Newfoundland Power**  
 6 **plans on undertaking any customer engagement initiatives to specifically**  
 7 **address the issues of reliability, costs and the value customers place on the**  
 8 **balance of costs and reliability.**

9  
 10 **A. Customer Engagement**

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 12 Newfoundland Power uses customer input from a number of sources and a range of  
 13 benchmarks to help ensure electrical service is delivered in a manner consistent with  
 14 customers’ expectations, at the lowest possible cost.

15  
 16 The Company’s customer satisfaction survey provides a consistent method of collecting  
 17 and monitoring customer feedback. Each quarter, approximately 1,800 customers are  
 18 surveyed. Both commercial and residential customers are included in the survey. This  
 19 research helps Newfoundland Power understand trends in customer satisfaction, and  
 20 identify areas for improvement and areas of concern to customers, such as the cost and  
 21 reliability of electricity service.

22  
 23 Figure 1 shows the Company’s customer satisfaction index and field score over the last  
 24 decade.

**Figure 1**  
**Customer Satisfaction Index and Field Score**  
**(2013-2022)**



1 Overall customer satisfaction with Newfoundland Power's service averaged 86% from  
2 2013 to 2022.<sup>1</sup> Customer satisfaction averaged 93% when customers were surveyed  
3 about their direct interactions with field staff, including technologists and field service  
4 representatives.

5  
6 Newfoundland Power's daily customer interactions provide further context on customer  
7 opinions. In 2022, the Company had over 500,000 customer interactions via email,  
8 telephone and live chat.<sup>2</sup> Customers also communicate with Newfoundland Power via  
9 social media, which is monitored by a social media monitoring team that reviews all  
10 customer comments and responds as required. The Company had over 69,000  
11 subscribers across its social media accounts in 2022.<sup>3</sup>

12  
13 Qualitative customer research, such as focus groups, are held on an as-needed basis.  
14 For example, prior to the implementation of a new customer information system,  
15 Newfoundland Power used focus groups to gain a deeper understanding of customers'  
16 experiences and opportunities to improve customer service delivery.<sup>4</sup>

17  
18 Newfoundland Power also considers a range of benchmarks in conjunction with  
19 customer input when developing annual capital budgets including year-over-year  
20 comparisons of the Company's costs and performance as well as comparisons to other  
21 utilities.<sup>5</sup>

### 22 **Customer Reliability**

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24 Over the same timeframe of consistent customer satisfaction, customer reliability  
25 performance has also been consistent.  
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<sup>1</sup> The lowest customer satisfaction score received in the last decade was in 2014 following #darknl.

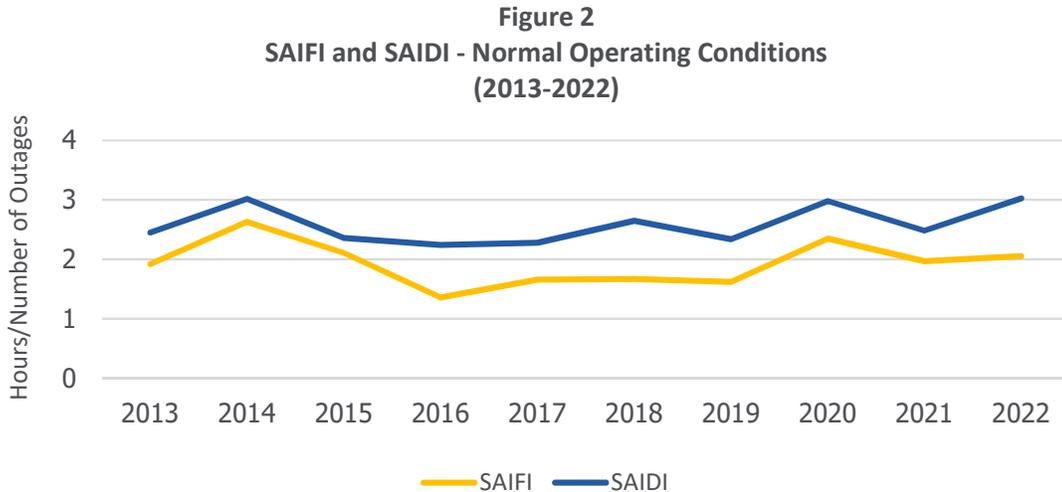
<sup>2</sup> Customer interactions are coded by topic. High level topics include outages, meter reading, billing, credit, and energy management. Further subcategories also exist. For example, energy management can be coded to subcategories such as utility program, government program, financing or increased usage.

<sup>3</sup> The Company maintains social media accounts on Facebook, X (previously known as Twitter), Instagram and LinkedIn.

<sup>4</sup> Customer service focus groups were completed by MQO Research in 2020. See Newfoundland Power's *2021 Capital Budget Application, Customer Service Continuity Plan*, Attachment B.

<sup>5</sup> For examples, see the response to Request for Information CA-NP-013.

1 Figure 2 shows the average frequency (“SAIFI”) and duration (“SAIDI”) of outages to  
 2 Newfoundland Power’s customers from 2013 to 2022 under normal operating conditions.



3 The frequency and duration of customer outages has been reasonably stable over the  
 4 last decade under normal operating conditions. The average frequency of customer  
 5 outages has ranged from approximately 1.4 to 2.6 outages per year. The average  
 6 duration of customer outages has ranged from approximately 2.2 to 3.0 hours per year.  
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8 For further information on the adequacy of Company’s reliability performance, see the  
 9 response to Request for Information PUB-NP-002.

10 **Customer Willingness-To-Pay Initiatives**

11 It can be challenging to gauge customer opinions on the value they place on reliable  
 12 service. For example, the results of Newfoundland and Labrador Hydro’s Digital  
 13 Engagement Initiative were reviewed by the Public Utility Board’s consultant, The Liberty  
 14 Consulting Group (“Liberty”). Liberty found that the initiative did not provide substantial  
 15 guidance in analyzing tradeoffs between cost and reliability. In its review, Liberty  
 16 stated:  
 17

18 *Hydro surveyed customers to understand their preferences between*  
 19 *reliability and cost. The results, while interesting, do not provide*  
 20 *substantial guidance in analyzing specific tradeoffs between cost and*  
 21 *reliability here.*<sup>6</sup>  
 22  
 23

<sup>6</sup> See Liberty’s *Review of Newfoundland and Labrador Hydro’s Reliability and Resource Adequacy Study*, August 19, 2019, page 13, filed with the Board in relation to Hydro’s *Reliability and Resource Adequacy Study* review.

1 Newfoundland Power has a statutory obligation to provide safe, adequate and reliable  
2 electrical service to customers at the lowest possible cost.<sup>7</sup> The Board has recognized  
3 that fully justified capital expenditures contribute to the delivery of least cost service to  
4 customers.<sup>8</sup> The Company has had adequate customer satisfaction and reliability  
5 performance over the last decade. For these reasons, Newfoundland Power does not  
6 plan on undertaking customer engagement initiatives specific to the value customers  
7 place on the balance of costs and reliability at this time.  
8

9 This approach is consistent with the Alberta Utilities Commission's (the "AUC") findings  
10 related to a customer willingness-to-pay study proposed by the Office of the Utilities  
11 Consumer Advocate (the "UCA") in 2012. The AUC rejected the UCA's proposal for a  
12 willingness-to-pay study to set targets given acceptable reliability and customer  
13 satisfaction performance by the Alberta distribution companies.  
14

15 In Decision 2012-237 (September 12, 2012), the AUC provided:

16  
17 *With respect to the willingness-to-pay study proposed by the UCA, the*  
18 *Commission does not consider that such a proposal is necessary.*  
19 *Although a willingness-to-pay study may provide valuable information if*  
20 *the Commission were trying to ascertain whether Alberta distribution*  
21 *companies were providing a socially optimal level of reliability, at this*  
22 *time, the evidence on the record of this proceeding demonstrates that*  
23 *reliability standards are acceptable. Customer satisfaction scores are*  
24 *already provided by the companies on an annual basis as a part of the*  
25 *AUC Rule 002 results. The Commission is of the view that declining*  
26 *customer satisfaction scores will be a timely indicator of problems. For all*  
27 *of these reasons, the Commission rejects the UCA's proposal to use a*  
28 *willingness-to-pay study to set target measures at this time.*<sup>9</sup>

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<sup>7</sup> For more information on balancing cost and service, please refer to Newfoundland Power's *2024 Capital Budget Application, Capital Budget Overview*, page 5. See also, the response to Request for Information PUB-NP-002.

<sup>8</sup> In Order No. P.U. 7 (2002-2003), the Board stated: "From a regulatory perspective, efficient operations, fully justified capital expenditures and a low cost capital structure all combine to minimize revenue requirement, and hence provide least cost electricity to ratepayers."

<sup>9</sup> See Decision 2012-237 (September 12, 2012), paragraph 928, page 200.