**Q. (Reference 2025 Capital Budget Overview, page 8) In the June 26, 2024 transcript relating to the 2025-2026 GRA (pages 95-96), Mr. Chubbs indicates that he "*feels*" that targeting a level of reliability that is 40% better than the Canadian average is least cost. More specifically, he states "*the reliability of the electricity system is least cost for our customers.*" With respect to NP's reliability:**

**a) Is NP targeting a SAIDI that is 40% better than the Canadian average?**

**b) Does NP consider a target SAIDI level that is 40% better than the Canadian average least cost? If so, please provide supporting documentation.**

**c) Please identify other Canadian utilities that are targeting reliability levels that are substantially better than the Canadian average because it is least cost.**

**d) Please identify all costs expended by NP in recent years to bring SAIDI to a level that is 40% better than the Canadian average.**

**e) Would there be a cost associated with bringing reliability up to a level that is 60% better than the Canadian average? If so, please provide supporting documentation.**

**f) Would there be a savings associated with targeting a level of reliability that reflects the Canadian average? If so, please identify the programs/projects that could be cut and the resultant savings. If not, please explain why not.**

**g) If the Board were to reduce, eliminate or delay NP spending on capital programs associated with technology and automation would reliability be impacted?**

**h) Would smart meters be expected to improve reliability?**

A. a) The reference in this Request for Information is a mischaracterization of the record of the Company's *2025/2026 General Rate Application*. In oral testimony offered on June 26, 2024, Mr. Chubbs did not say that targeting a level of reliability that is 40% better than the Canadian average is least cost. Mr. Chubbs was consistent with the balance of the evidence of that proceeding that, in the Company's view, maintaining current levels of reliability is least cost for customers when compared to (i) increasing reliability, or (ii) allowing reliability to degrade.

Newfoundland Power sets its annual SAIDI reliability target based on the Company's reliability performance over the most recent five-year period. The Canadian average reliability performance is not used in determining the Company's SAIDI reliability target.

b) Newfoundland Power does not target a SAIDI level that is 40% better than the Canadian average. Newfoundland Power is focused on maintaining current levels of reliability for its customers.

This Request for Information implies that a reduction in SAIDI performance would reduce costs for customers. Newfoundland Power does not agree with this premise. SAIDI performance reflects both the number of interruptions that a customer experiences and the average duration of the interruption. Therefore, reducing SAIDI performance can be achieved by: (i) increasing the number of customer

interruptions that occur; (ii) increasing the average duration of customer interruptions; or (iii) a combination of (i) and (ii).

Increasing the number of customer interruptions can be achieved by reducing the amount of planned investment in the electrical system. However, this will also result in more frequent unplanned outages as more equipment will fail in service. Unplanned work typically takes longer to complete and often occurs outside normal operating hours, requiring more resources, potentially resulting in a costlier response. Increasing the average duration of customer interruptions can be achieved by delaying response times to customer outages or reducing focus on operating efficiency.[1]

The overall service reliability experienced by customers reflects both the condition of the electrical system and the Company's operational response. In Newfoundland Power's view, the frequency of outages is most reflective of the condition of the electrical system, while the duration of outages is most reflective of the Company's operational response.

Maintaining current levels of reliability requires routine expenditures to both maintain the condition of the electrical system and to support the Company's operational response. Capital planning priorities such as condition assessments, long-term asset management strategies and preventative and corrective maintenance programs maintained over time are essential to managing the number of power outages customers experience on an annual basis. The frequency and duration of customer outages has been reasonably stable over the last decade under normal operating conditions, which indicates that the Company's approach to capital planning has been effective in maintaining the condition of its electrical system.

An efficient response to customer outages minimizes the length of an outage experienced by a customer and minimizes the amount of labour costs associated with responding to the outage. Establishing a target aimed at degrading current levels of reliability will result in longer outages for customers compared to what they currently experience. Purposefully targeting lower reliability does not necessarily equate to lower costs.

In Newfoundland Power's view, a reliable power system can also be a more efficient power system to operate, with fewer unplanned events that would require a costlier response and can result in lower overall cost to customers compared to an unreliable system. The Company's capital planning process is a deliberate effort to balance the cost and reliability of service provided to customers.[2]

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[1] In Newfoundland Power's view, this hypothetical approach would offend the Company's statutory duty to provide reasonably adequate service to its customers and the general public. See section 37 of the *Public Utilities Act*. It would also be inconsistent with generally accepted sound public utility practice. See section 4 of the *Electrical Power Control Act, 1994*.

[2] For additional information see Newfoundland Power's *2025 Capital Budget Application, 2025 Capital Budget Overview, Section 2.3 Balancing Cost and Service*.

c) Newfoundland Power is unaware of other Canadian utilities that determine reliability targets based on the Canadian average.

d) See part a). Newfoundland Power is unable to provide the data as requested.

e) See parts a) and b).

f) See parts a) and b).

g) All projects and programs proposed in Newfoundland Power's 2025 Capital Budget Application are required to provide least cost, reliable service to customers in an environmentally responsible manner.

h) There are no capital expenditures associated with Advanced Metering Infrastructure ("AMI") included in the Company's *2025 Capital Budget Application*. Newfoundland Power is unable to provide commentary on whether AMI meters would be expected to improve reliability. For more information, see the response to Request for Information CA-NP-016.