

1 **Section 1: Introduction**

2
3 **Q. (Section 1, page 1-2)**

- 4 **a) Has Newfoundland Power surveyed its customers concerning trade-offs between**
5 **costs and service improvements? Why or why not?**
- 6 **b) Has Newfoundland Power surveyed its customers to determine if they are willing**
7 **to pay for reliability that is 40% better than the Canadian average?**
- 8 **c) Please confirm that Newfoundland Power continues to spend on capital projects**
9 **in the absence of this information.**

- 10
11 A. a) Newfoundland Power surveys its customers to determine their overall satisfaction
12 with its service delivery. The Company's customer satisfaction survey provides a
13 consistent method of collecting and monitoring customer feedback. Each quarter,
14 approximately 1,800 customers are surveyed. Both commercial and residential
15 customers are included in the survey. This research helps Newfoundland Power
16 understand trends in customer satisfaction, and identify areas of concern to
17 customers, such as the cost and reliability of electricity service.

18
19 Customers have indicated a reasonable level of satisfaction with the Company's
20 service delivery over the last decade.¹ Over the same timeframe of consistent
21 customer satisfaction, customer reliability performance has also been consistent.²
22 Newfoundland Power is focused on maintaining current levels of overall service
23 reliability for its customers.

- 24
25 b) See part a) above.

26
27 Customer opinions on the value they place on reliable service can be difficult to
28 ascertain. For example, the results of Newfoundland and Labrador Hydro's Digital
29 Engagement Initiative were reviewed by the Board's consultant, The Liberty
30 Consulting Group ("Liberty"). Liberty found that the initiative did not provide
31 substantial guidance in analyzing tradeoffs between cost and reliability. In its review,
32 Liberty stated:

33
34 *"Hydro surveyed customers to understand their preferences between*
35 *reliability and cost. The results, while interesting, do not provide substantial*
36 *guidance in analyzing specific tradeoffs between cost and reliability here."*³

¹ Overall customer satisfaction with Newfoundland Power's service averaged 86% over the last decade. See the *2025/2026 General Rate Application, Evidence, Section 2: Customer Operations*, page 2-7, footnote 10.

² The average duration of outages experienced by Newfoundland Power's customers from 2013 to 2022 under normal operating conditions has been reasonably consistent, with customers experiencing between two and three hours of outage per year. Similarly, the frequency of customer outages has been reasonably consistent, with customers having experienced an average of one to three outages per year over the last decade. See the *2025/2026 General Rate Application, Evidence, Section 2: Customer Operations*, pages 2-17 to 2-18.

³ 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 Newfoundland and Labrador Hydro's *Reliability and Resource Adequacy Study* review.

1 This is consistent with the Alberta Utilities Commission’s (the “AUC”) findings
2 related to a customer willingness-to-pay-study proposed by the Office of the Utilities
3 Consumer Advocate (the “UCA”) in 2012. The AUC rejected the UCA’s proposal for
4 a willingness-to-pay study to set targets given acceptable reliability and customer
5 satisfaction performance by the Alberta distribution companies.
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7 In Decision 2012-237 (September 12, 2012), the AUC provided:
8

9 *“With respect to the willingness-to-pay study proposed by the UCA, the*
10 *Commission does not consider that such a proposal is necessary. Although a*
11 *willingness-to-pay study may provide valuable information if the Commission*
12 *were trying to ascertain whether Alberta distribution companies were*
13 *providing a socially optimal level of reliability, at this time, the evidence on*
14 *the record of this proceeding demonstrates that reliability standards are*
15 *acceptable. Customer satisfaction scores are already provided by the*
16 *companies on an annual basis as a part of the AUC Rule 002 results. The*
17 *Commission is of the view that declining customer satisfaction scores will be a*
18 *timely indicator of problems. For all of these reasons, the Commission rejects*
19 *the UCA’s proposal to use a willingness-to-pay study to set target measures at*
20 *this time.”*⁴
21

22 Newfoundland Power has a statutory obligation to provide safe, adequate and reliable
23 electrical service to customers at the lowest possible cost. The Board has recognized
24 that fully justified capital expenditures contribute to the delivery of least cost service
25 to customers.⁵ The Company has had consistent customer satisfaction and reliability
26 performance over the last decade as detailed above.
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- 28 c) Newfoundland Power continues to invest in capital projects that have been approved
29 by the Board.

⁴ See Decision 2012-237 (September 12, 2012), paragraph 928, page 200.

⁵ See Order No. P.U. 7 (2002-2003), in which 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.”*