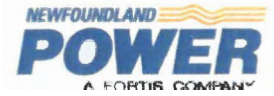


WHENEVER. WHEREVER.
We'll be there.



December 2, 2021

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Dear Ms. Blundon:

Re: Peer Group Performance Measures for Newfoundland Power

On February 28, 2005, Newfoundland Power submitted a report entitled *Peer Group Performance Measures for Newfoundland Power*. The report committed Newfoundland Power to reporting annually on the measures presented therein until otherwise directed by the Board.

Enclosed herewith is the 2020 *Peer Group Performance Measures for Newfoundland Power* report provided in fulfillment of that commitment.

Please direct any questions or concerns to the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read "Lindsay Hollett".

Lindsay Hollett
Senior Legal Counsel

cc. Shirley Walsh
Newfoundland and Labrador Hydro

Dennis Browne, QC
Browne Fitzgerald Morgan & Avis

Newfoundland Power Inc.

55 Kenmount Road • P.O. Box 8910 St. John's, NL A1B 3P6

PHONE (709) 737-5364 • FAX (709) 737-2974 hollett@newfoundlandpower.com

**Peer Group Performance Measures
For Newfoundland Power**

December 2, 2021

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Appendix B: American (U.S.) Peer Group Composite Comparisons

Appendix C: Companies Included in U.S. Utility Peer Group

1.0 Introduction

In Order No. P.U. 19 (2003), the Board of Commissioners of Public Utilities (the “Board”) ordered that Newfoundland Power Inc. (“Newfoundland Power” or the “Company”) file with the Board a report suggesting a “peer group” of utilities and performance measures upon which to evaluate the Company’s performance.

In 2004, the Company submitted a draft report entitled *A Report on Peer Group Performance Measures for Newfoundland Power* which reviewed the Company’s initial findings in relation to utility performance measures and benchmarking initiatives. Subsequently, Newfoundland Power submitted a report entitled *A Supplementary Report on Peer Group Performance Measures for Newfoundland Power* addressing questions from the Board and recommending certain additional measures.

On February 28, 2005, the Company submitted a report entitled *Peer Group Performance Measures for Newfoundland Power* (the “February 2005 Report”), which provided comparative statistical data together with an assessment of the appropriateness of the recommended performance measures. The February 2005 Report committed the Company to report annually on the measures presented until otherwise directed by the Board.

This report is provided in fulfillment of the Company’s commitment to report annually on the measures presented in the February 2005 Report. Performance information is provided through 2020.

2.0 Performance Measures

This report provides a comparison of Newfoundland Power performance measures against the performance measures of a composite of Canadian and U.S. utilities.

2.1 Canadian Utility Measures

The following measures are presented for comparing the Company’s performance against a composite of Canadian utilities:

1. System Average Interruption Frequency Index (“SAIFI”);
2. System Average Interruption Duration Index (“SAIDI”); and
3. All-injury Frequency Rate (Injuries per 200,000 hours worked).

As with previous reports, this report uses data compiled by the Canadian Electricity Association (“CEA”). In particular, the report includes data from the CEA’s *Annual Service Continuity Report on Distribution System Performance in Electrical Utilities* and *Safety Incident Statistics Reports*.

The number of composite performance measures available from the CEA for publication is limited. As of the date of this report, no cost-related CEA composite indicators are available for use in the context of regulatory reporting of peer group performance measures.

Appendix A shows comparisons of the available Canadian utility composite measures and the equivalent Newfoundland Power data.

2.2 U.S. Utility Measures

The following measures are presented for comparing the Company's performance to a peer group of U.S. utilities:

1. Total Distribution Operating Expense per Customer;
2. Total Distribution Operating Expense per MWh;
3. Total Customer Service Expense per Customer;
4. Total Administration and Other Operating Expense per Total Operating Expense (excluding fuel and purchased power);
5. Total Operating Expense per Energy Sold (excluding fuel and purchased power); and
6. Total Operating Expense per Customer (excluding fuel and purchased power).

Appendix B contains comparisons of the composite measures for U.S. utilities and the equivalent Newfoundland Power data. The U.S. composite measures are based on data from 19 utilities. For each measure, the range of individual utility results is provided.

The U.S. measures are based on information filed with the Federal Energy Regulatory Commission ("FERC"). FERC requires major electric utilities under its jurisdiction to annually file prescribed information regarding their operations based on a FERC-defined system of accounts. The FERC filings are publicly available.

The measures for the U.S. data are presented without any adjustment for exchange rates. With the significant shifting in exchange rates over time, converting U.S. dollar figures to Canadian values would distort cost trends.

Appendix C is a list of the U.S. utilities from which the composite measures in Appendix B were compiled.

3.0 Summary and Conclusion

Ongoing concerns with data availability and quality, coupled with observed differences in the operating profiles of participating utilities, make it difficult to draw meaningful conclusions regarding the Company's performance relative to other utilities.

Newfoundland Power maintains that year-over-year trending of the Company's own data provides a more useful indication of performance than any comparison with data available in relation to other utilities.

Based on the measures reported herein:

1. Newfoundland Power's reliability performance has fluctuated substantially over the period 2011 to 2020. The fluctuations have been the result of a greater incidence of major system events.
2. Newfoundland Power's cost performance during the period from 2011 to 2020 indicates an overall stable trend.
3. Newfoundland Power's safety performance has improved steadily since 2011.
4. Comparisons are subject to the limitations noted above; however, Newfoundland Power's performance generally compares favourably to that indicated by trends in the composite data for Canadian and U.S. utilities presented in this report.

Appendix A

CEA Composite Comparisons

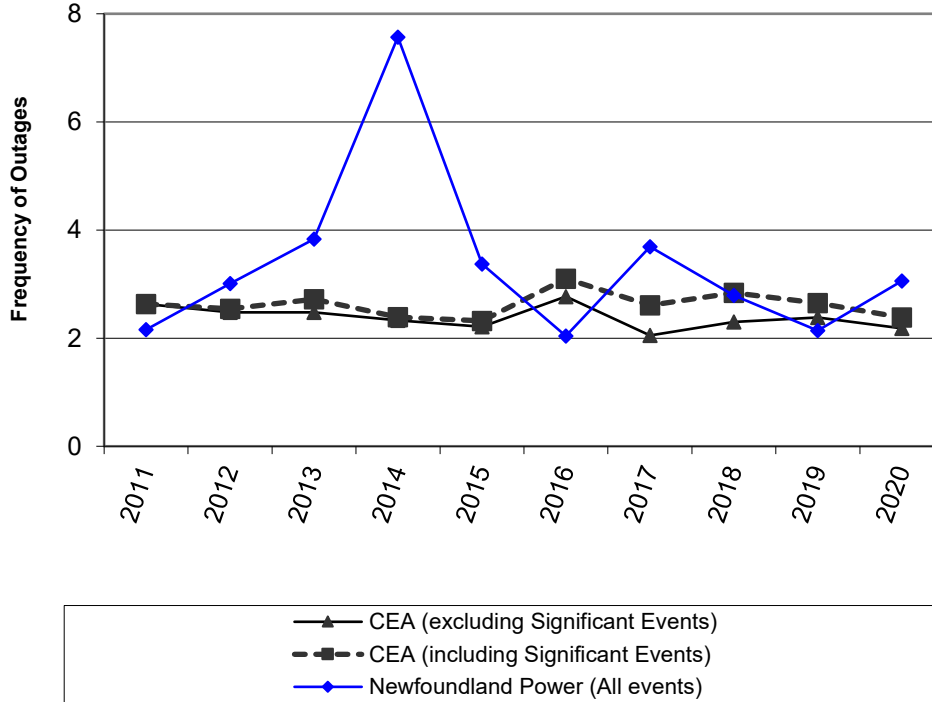
Appendix A

CEA Composite Comparisons

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All-injury Frequency Rate (Injuries per 200,000 hours worked)	A-5

System Average Interruption Frequency Index (SAIFI)



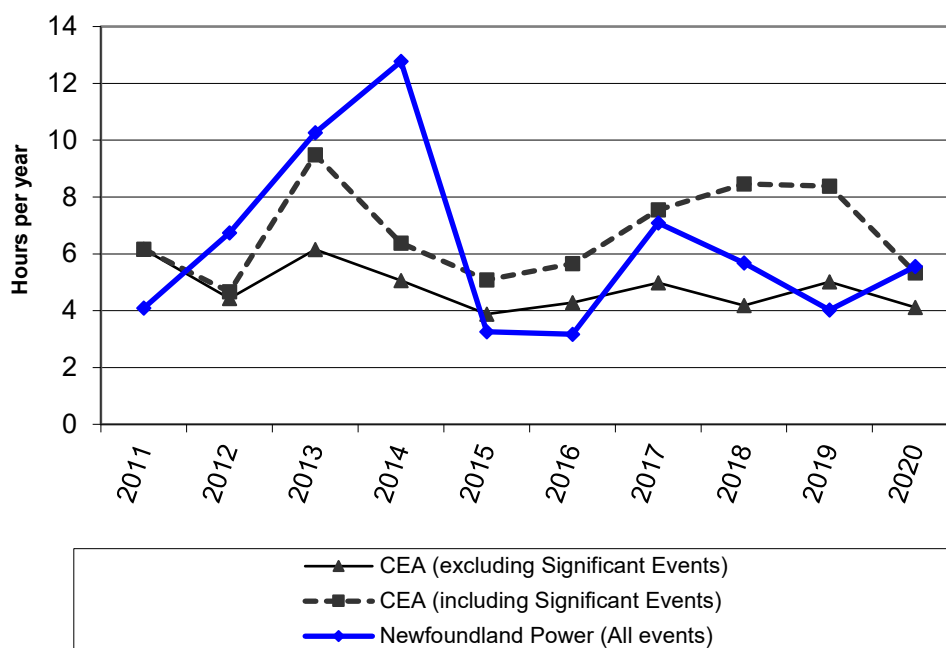
Year	CEA (Excluding Significant Events)	CEA (Including Significant Events)	Newfoundland Power
2011	2.63	2.63	2.16
2012	2.48	2.54	3.01
2013	2.48	2.72	3.83
2014	2.33	2.39	7.57
2015	2.21	2.32	3.37
2016	2.77	3.10	2.04
2017	2.05	2.61	3.69
2018	2.30	2.84	2.79
2019	2.38	2.65	2.14
2020	2.18	2.38	3.06

SAIFI is a standard industry index representing the average number of interruptions per customer served per year.

The CEA trend line reflects the composite performance of participating Canadian utilities (38 participants in 2020). The trend line shows that the frequency of service interruptions to customers has been relatively stable over the period 2011 to 2020.

The Newfoundland Power data reflects the impact of Tropical Storm Leslie in September 2012, loss of supply events in January 2013 and January 2014 and severe weather events in March and December of 2017. The increase in 2020 was a result of Snowmageddon.

System Average Interruption Duration Index (SAIDI)



Year	CEA (Excluding Significant Events)	CEA (Including Significant Events)	Newfoundland Power
2011	6.16	6.16	4.09
2012	4.43	4.66	6.74
2013	6.15	9.49	10.26
2014	5.06	6.38	12.77
2015	3.88	5.08	3.26
2016	4.28	5.66	3.17
2017	4.98	7.55	7.09
2018	4.18	8.46	5.68
2019	5.01	8.38	4.02
2020	4.11	5.33	5.55

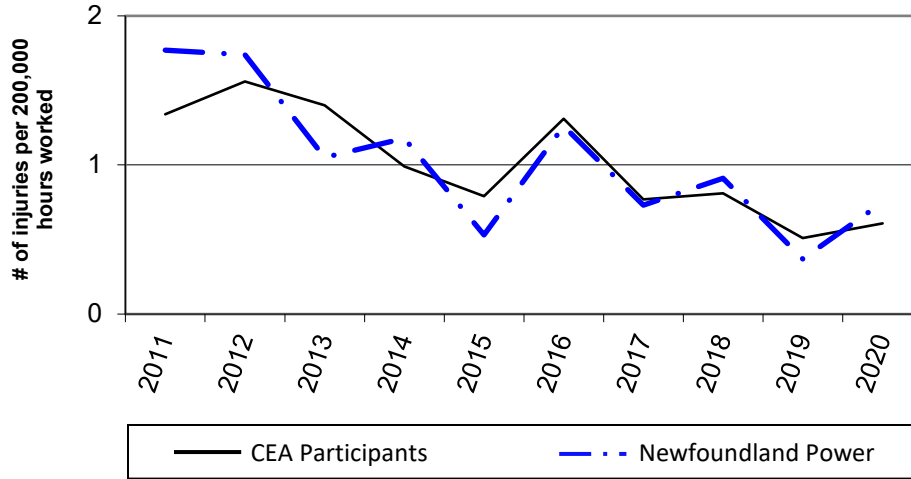
SAIDI is a standard industry index representing the average interruption duration per customer served per year.

The CEA trend line reflects the composite performance of participating Canadian utilities (38 participants in 2020). The trend lines show significant variability year over year. The fluctuations are principally due to the inclusion of outages caused by significant weather events. When significant events are excluded, there is a relatively stable trend line for the CEA composite.

The anomalous results evident in the “CEA Including Significant Events” trend line reflect storms in Ontario in 2011, 2013, 2017 and 2018, storms in Quebec in 2017 and 2018 and storms in Atlantic Canada in 2019.

The Newfoundland Power data reflects the impact of Tropical Storm Leslie in September 2012, loss of supply events in January 2013 and January 2014 and severe weather events in March and December of 2017. The increase in 2020 was a result of Snowmageddon.

All-injury Frequency Rate (Injuries per 200,000 hours worked)



Year	CEA Composite	Newfoundland Power
2011	1.34	1.77
2012	1.56	1.74
2013	1.40	1.05
2014	0.99	1.18
2015	0.79	0.53
2016	1.31	1.26
2017	0.77	0.73
2018	0.81	0.91
2019	0.51	0.37
2020	0.61	0.74

This measure represents the rate of disabling injuries and medical aid injuries per 200,000 exposure hours (hours worked).

The CEA data is a composite of 10 participating Canadian utilities. Both the CEA and Newfoundland Power trend lines show a comparable level of improvement.

Appendix B

American (U.S.) Peer Group Composite Comparisons

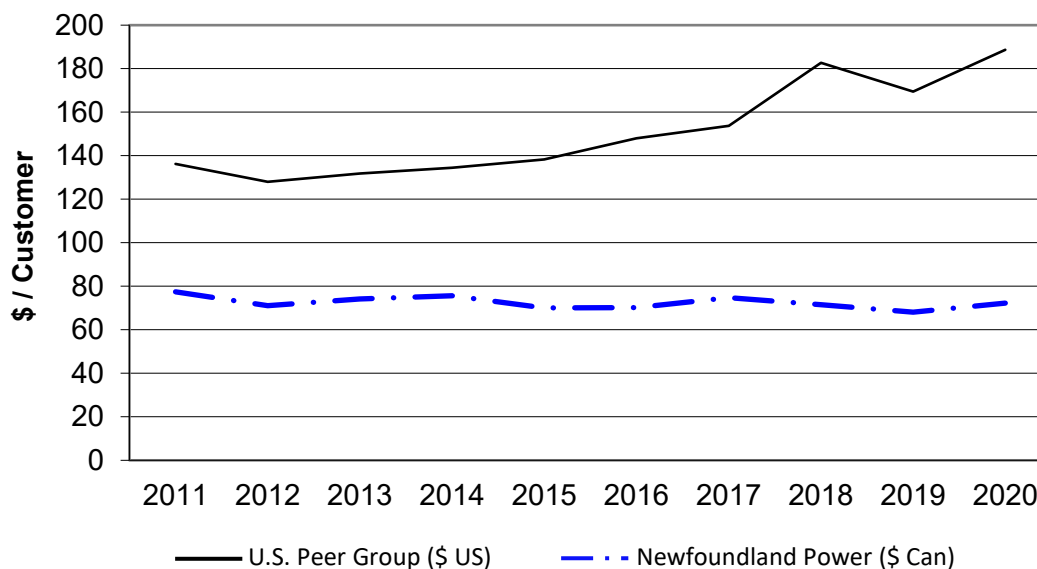
Appendix B

American (U.S.) Peer Group Composite Comparisons

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Total Distribution Operating Expense per Customer (2020\$)



Year	U.S. Peer Group Composite	Newfoundland Power
2011	136.2	77.4
2012	128.0	71.1
2013	131.9	74.2
2014	134.4	75.6
2015	138.3	70.0
2016	148.0	70.1
2017	153.7	74.7
2018	182.7	71.5
2019	169.5	68.1
2020	188.7	72.2

This measure represents the total cost of operating and maintenance for the distribution function, as defined under the FERC code of accounts, expressed on a per customer account basis and adjusted for inflation. It measures the total direct cost of operating labour and materials,

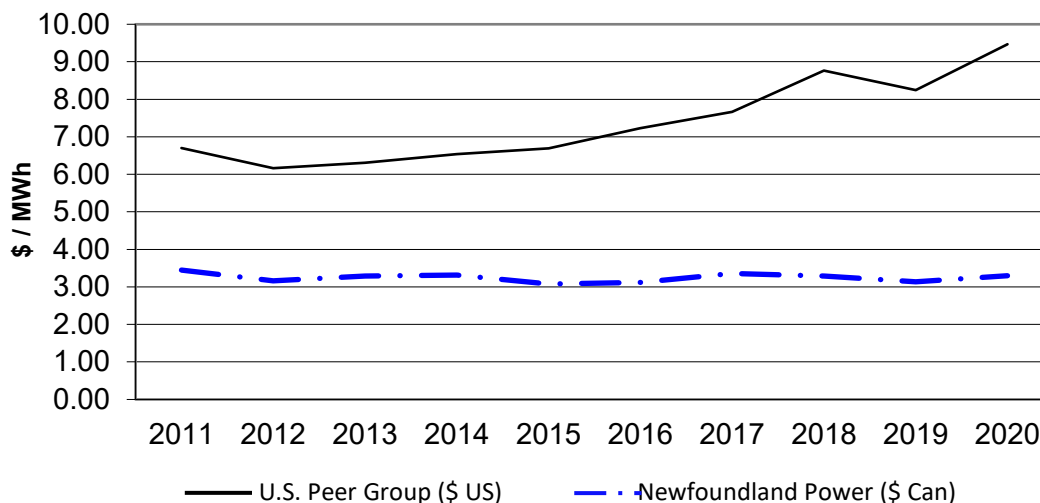
excluding allocated corporate shared services, involved in the operation and maintenance of the distribution portion of the electrical system, expressed on a per customer basis.¹

The graph shows a stable trend for Newfoundland Power over the period from 2011 to 2020.

While the numbers fluctuated, the U.S. utility data shows the distribution operating cost per customer to be increasing. The U.S. utilities' individual 2020 measures range from approximately \$80 to approximately \$313 per customer.

¹ The distribution system is the portion of the electrical system that links the transmission system to customer facilities.

Total Distribution Operating Expense per MWh (2020\$)



Year	U.S. Peer Group Composite	Newfoundland Power
2011	6.71	3.45
2012	6.16	3.16
2013	6.31	3.29
2014	6.54	3.32
2015	6.70	3.08
2016	7.23	3.12
2017	7.67	3.36
2018	8.76	3.29
2019	8.24	3.13
2020	9.47	3.30

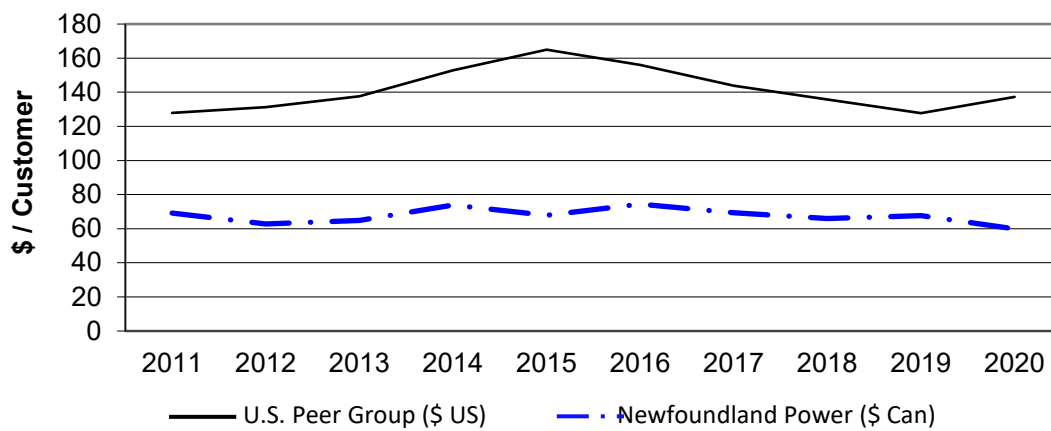
This measure represents the total cost of operating and maintenance for the distribution function, as defined under the FERC code of accounts, expressed on a per MWh of retail sales basis and adjusted for inflation. It measures the total direct cost of operating labour and materials, excluding allocated corporate shared services, involved in the operation and maintenance of the distribution portion of the electrical system, expressed on a per MWh basis.

The MWh of retail sales includes the total MWh sales of electricity as per retail rate schedules. It does not include sales for resale such as those to other distribution companies and retailers, nor energy interchanged through the power system (usually through transmission facilities).

There is an increasing trend in the U.S. peer group over the reporting period. The U.S. utilities' individual 2020 measures range from approximately \$3 to approximately \$26 per MWh.

The graph shows a stable trend for Newfoundland Power from 2011 to 2020.

Total Customer Service Expense per Customer (2020\$)



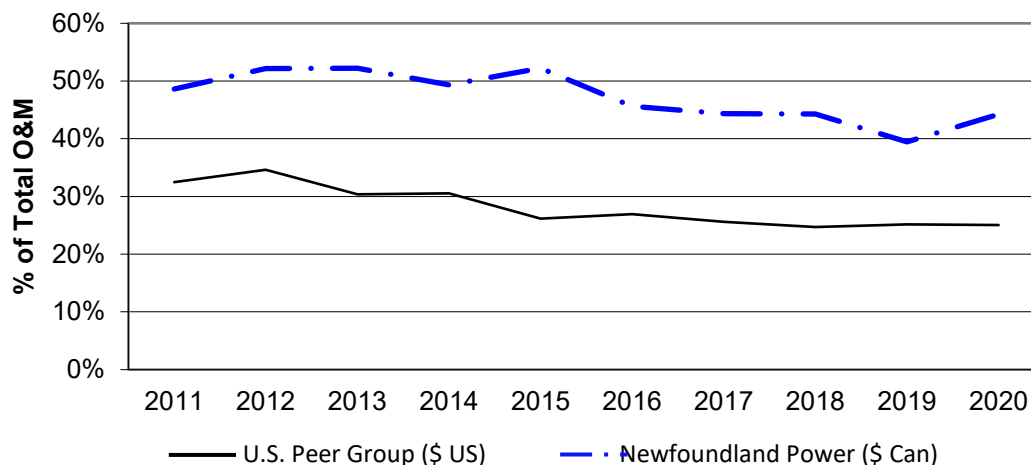
Year	U.S. Peer Group Composite	Newfoundland Power
2011	127.9	69.2
2012	131.2	62.7
2013	137.7	64.8
2014	152.8	73.8
2015	165.0	67.8
2016	156.0	74.4
2017	143.9	69.3
2018	135.7	66.1
2019	127.8	67.7
2020	137.3	59.9

This measure represents the total cost of operating and maintenance for the customer accounting and customer service functions, as defined under the FERC code of accounts, expressed on a per customer account basis and adjusted for inflation. It measures the total direct cost of operating labour and materials, excluding allocated corporate shared services, associated with the management of customer relations and billing functions, expressed on a per customer account basis.

Newfoundland Power's data indicates a relatively stable trend over the 10 year period from 2011 to 2020.

The U.S. peer group composite data shows an increasing trend between 2011 and 2015 followed by a decline until 2019. The U.S. composite increased in 2020. The U.S. utilities' individual 2020 measures range from approximately \$32 to approximately \$321 per customer.

**Total Administration and Other Operating Expense
per Total Operating Expense
(excluding fuel and purchased power)**



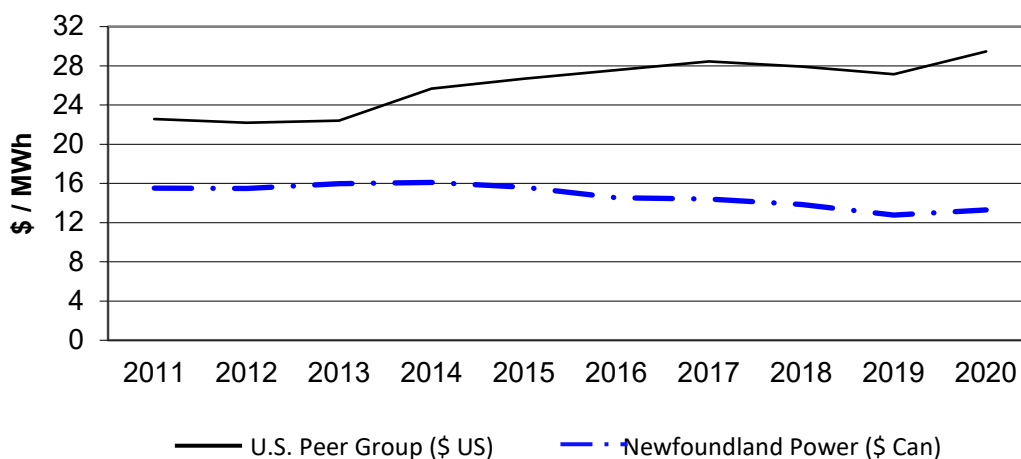
Year	U.S. Peer Group Composite	Newfoundland Power
2011	32.5%	48.6%
2012	34.6%	52.1%
2013	30.4%	52.2%
2014	30.5%	49.3%
2015	26.2%	52.2%
2016	26.9%	45.6%
2017	25.6%	44.3%
2018	24.7%	44.3%
2019	25.2%	39.5%
2020	25.2%	44.3%

This measure is a ratio of the total administration and general expense to the overall corporate electrical operating and maintenance expense (excluding fuel and purchased power) as defined by the FERC code of accounts.

Newfoundland Power's data indicates a declining trend since 2011.

The trend line for the U.S. utilities shows a general decline since 2012. The U.S. utilities' individual 2020 measures varied from approximately 6% to 50%.

**Total Operating Expense
per Energy Sold
(excluding fuel and purchased power, 2020\$)**



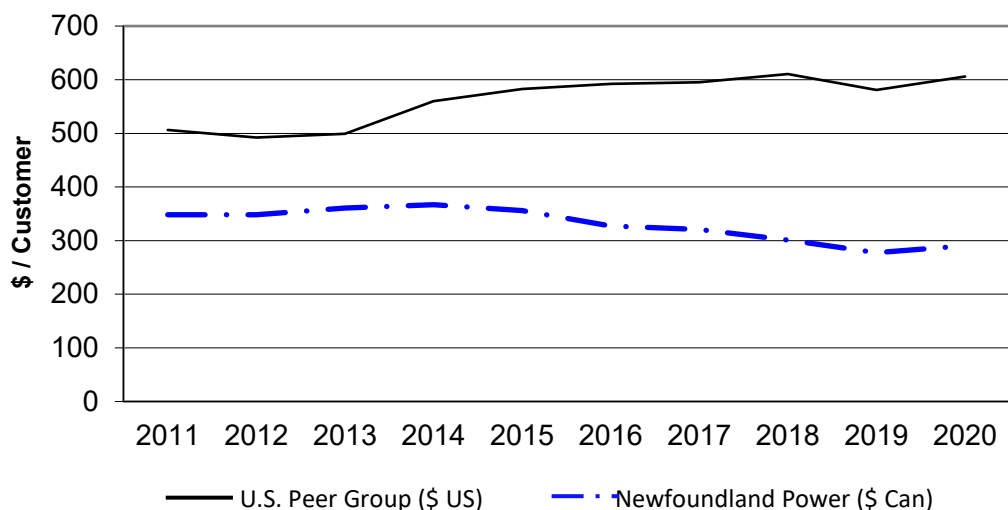
Year	U.S. Peer Group Composite	Newfoundland Power
2011	22.6	15.5
2012	22.2	15.5
2013	22.4	16.0
2014	25.7	16.1
2015	26.7	15.6
2016	27.6	14.6
2017	28.5	14.4
2018	27.9	13.9
2019	27.2	12.8
2020	29.4	13.3

This measure represents the electrical operating and maintenance expense (excluding fuel and purchased power), as defined by the FERC code of accounts, expressed on a per MWh of total energy sold basis and adjusted for inflation. Total energy sold includes sales according to retail rate schedules, and sales for resale, such as sales to other distribution companies, sales to retailers, and energy interchanged through the power system (usually through transmission facilities).

The trend line for the U.S. utilities is upward over the period 2012 to 2020. The U.S. utilities' individual 2020 measures varied from approximately \$8 to \$81 per MWh.

The graph shows a relatively stable trend for Newfoundland Power from 2011 to 2015, and a decline following that period.

**Total Operating Expense
per Customer
(excluding fuel and purchased power, 2020\$)**



Year	U.S. Peer Group Composite	Newfoundland Power
2011	506.36	348.17
2012	492.15	348.06
2013	498.83	360.51
2014	560.14	366.90
2015	582.66	355.64
2016	592.29	327.45
2017	595.05	320.56
2018	610.54	301.03
2019	580.99	277.53
2020	604.67	290.49

This measure represents the electrical operating and maintenance expense (excluding fuel and purchased power), as defined by the FERC code of accounts, expressed on a customer account basis and adjusted for inflation.

The trend line for the U.S. utilities is upward over the reporting period. The U.S. utilities' individual measures in 2020 varied from approximately \$260 to approximately \$3,284.

The graph shows a declining trend for Newfoundland Power since 2014.

Appendix C

**Companies Included in
U.S. Utility Peer Group**

**Companies Included in U.S. Utility Peer Group
(2020 Information)**

Company	Number of Customers	Sales (MWh)	% Production of Total O & M	% Transmission of Total O & M
Ameren Illinois Company	1,225,204	33,933,846	13.4%	9.6%
Atlantic City Electric Company	562,054	8,419,975	0.0%	6.9%
Central Hudson Gas & Electric	244,944	2,958,626	2.0%	5.4%
Delmarva Power & Light Company	534,749	11,663,007	3.1%	7.8%
Duke Energy Kentucky, Inc.	145,957	3,850,451	60.8%	14.7%
Duquesne Light Company	603,791	12,133,394	0.4%	4.7%
Emera Maine	165,861	1,937,734	0.0%	12.4%
Green Mountain Power Corporation	267,603	4,040,763	12.5%	47.9%
Jersey Central Power & Light Company	1,145,080	19,868,169	0.1%	6.3%
Kingsport Power Company	48,444	1,661,014	0.0%	6.1%
Madison Gas and Electric Company	159,249	3,103,765	39.4%	21.8%
Metropolitan Edison Company	577,500	13,809,686	0.0%	5.6%
New York State Electric & Gas Corporation	907,336	15,198,700	5.5%	5.3%
Orange and Rockland Utilities, Inc.	236,634	3,840,190	0.2%	7.5%
Rockland Electric Company	74,052	1,493,921	0.0%	4.7%
The Narragansett Electric Company	496,459	7,237,226	0.0%	18.4%
Unitil Energy Systems, Inc.	79,737	1,160,419	0.4%	53.1%
West Penn Power Company	730,526	18,878,787	0.0%	24.7%
Wheeling Power Company	41,715	4,362,043	51.6%	32.3%