WHENEVER. WHEREVER.
We'll be there.

NEWFOUNDLAND POWER
A FORTIS COMPANY

February 7, 2024

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

Attention: Jo Galarneau
Executive Director and Board Secretary

Dear Ms. Galarneau:

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 included Newfoundland Power's commitment to report annually on the measures presented therein until otherwise directed by the Board.

Enclosed is the 2022 *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,

Lindsay Hollett
Senior Legal Counsel &
Assistant Corporate Secretary

ec. Shirley Walsh
Newfoundland and Labrador Hydro

Dennis Browne, KC
Browne Fitzgerald Morgan & Avis

Peer Group Performance Measures for Newfoundland Power

February 7, 2024

NEWFOUNDLAND POWER
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1.0 Introduction

In Order No. P.U. 19 (2003), the Newfoundland and Labrador 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 included the Company's commitment 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 2022.

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, the Canadian measures are based on data compiled by Electricity Canada ("EC"), formerly the Canadian Electricity Association. In particular, the report includes data from EC'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 EC for publication is limited. As of the date of this report, no cost-related EC composite indicators are available for use in the context of regulatory reporting of peer group performance measures.

Appendix A provides 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 megawatt hour ("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 18 utilities. For each measure, the range of individual utility results is provided.

The U.S. measures are based on information filed by utilities 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. These 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 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 is a more useful indication of performance than comparison with available data from other utilities.

Based on the measures presented in this report, Newfoundland Power offers the following conclusions:

1. Newfoundland Power's reliability performance has fluctuated substantially over the period 2013 to 2022. The fluctuations have been the result of a greater incidence of major system events.

2. Newfoundland Power's cost performance during the period from 2013 to 2022 indicates an overall stable trend.

3. Newfoundland Power's safety performance has improved since 2013.

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

Canadian Composite Comparisons

Appendix A

Canadian Composite Comparisons

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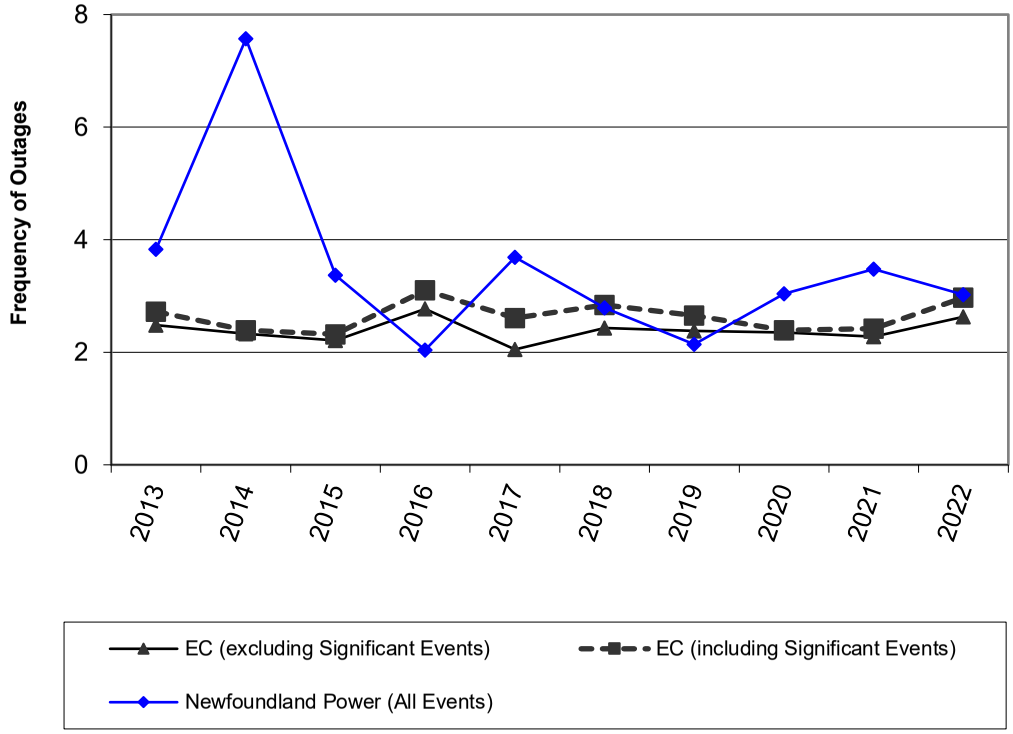
System Average Interruption Frequency Index (SAIFI)



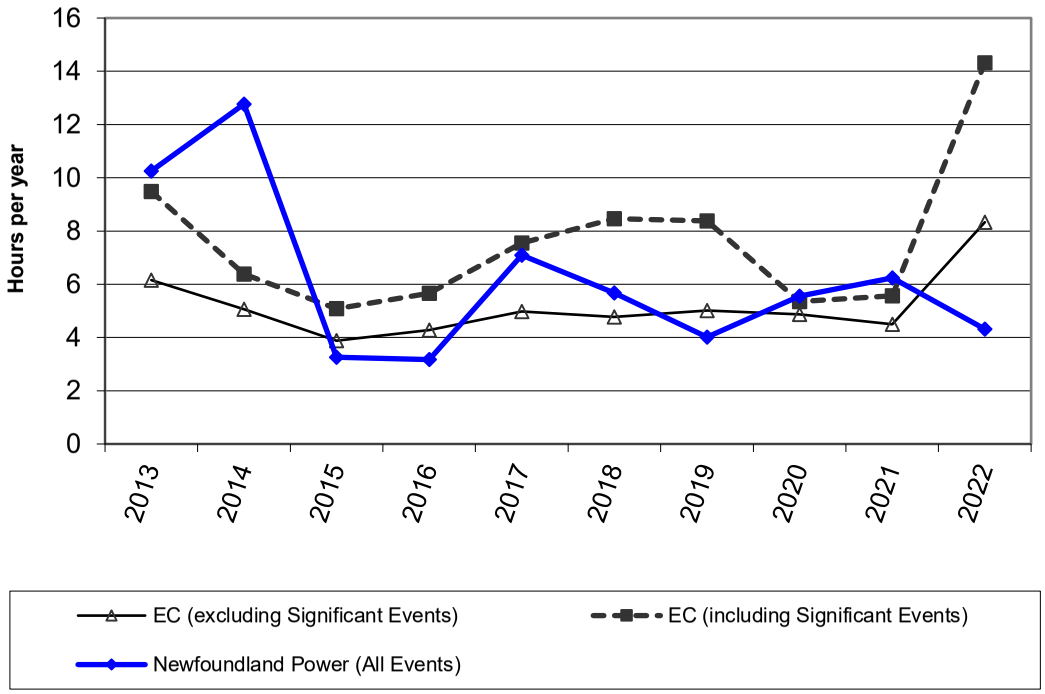
Year	EC (Excluding Significant Events)	EC (Including Significant Events)	Newfoundland Power
2013	2.48	2.72	3.83
2014	2.33	2.39	7.57
2015	2.21	2.32	3.37
2016	2.77	3.10	2.04
2017	2.05	2.61	3.69
2018	2.43	2.84	2.79
2019	2.38	2.65	2.14
2020	2.35	2.39	3.04
2021	2.28	2.42	3.48
2022	2.63	2.97	3.02

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

The EC trend line reflects the composite performance of participating Canadian utilities (37 participants in 2022). The trend line shows that the frequency of service interruptions to customers has been relatively stable over the period 2013 to 2022.

The Newfoundland Power data reflects the impact of loss of supply events in January 2013 and January 2014, severe weather events in March and December of 2017, and Snowmaggedon in 2020. In 2021, data was impacted by Hurricane Larry in September, loss of supply events and severe weather events in December. In 2022, data was impacted by severe weather events in January, more frequent high winds, loss of supply events, Hurricanes Earl and Fiona in September and underfrequency load shedding events related to testing on the Labrador-Island Link in November.

System Average Interruption Duration Index (SAIDI)



Year	EC (Excluding Significant Events)	EC (Including Significant Events)	Newfoundland Power
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	4.77	8.46	5.68
2019	5.01	8.38	4.02
2020	4.87	5.35	5.56
2021	4.50	5.57	6.24
2022	8.33	14.32	4.32

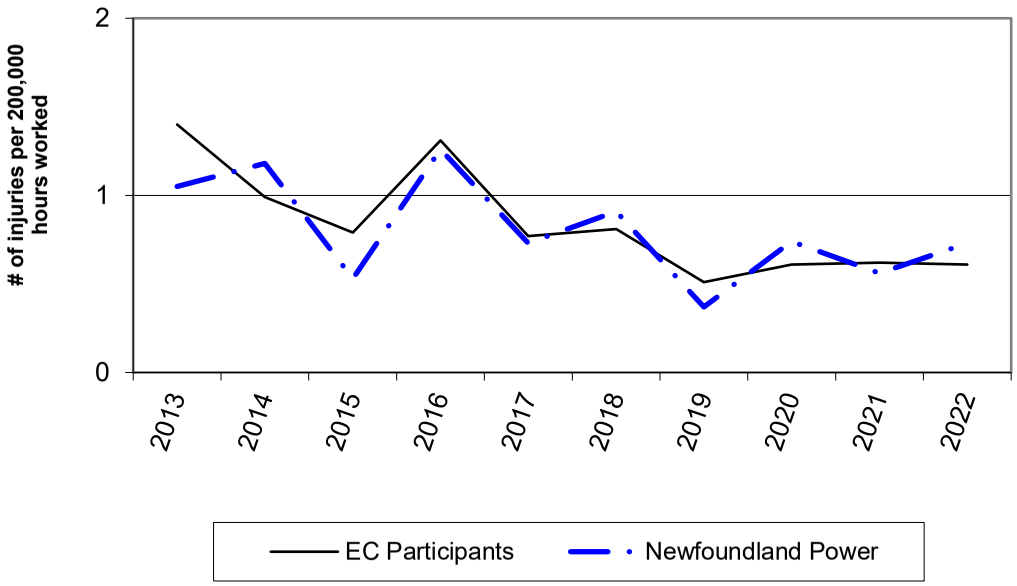
SAIDI is a standard industry index representing the average interruption duration per customer served per year.

The EC trend line reflects the composite performance of participating Canadian utilities (37 participants in 2022). The trend lines show significant variability year-over-year. These 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 EC composite.

The anomalous results evident in the “EC (including Significant Events)” trend line reflect storms in Ontario in 2013, 2017, 2018 and 2022, storms in Quebec in 2017, 2018 and 2022, and storms in Atlantic Canada in 2019 and 2022.

The Newfoundland Power data reflects the impact of loss of supply events in January 2013 and January 2014, severe weather events in March and December of 2017, and Snowmaggedon in 2020. In 2021, data was impacted by Hurricane Larry in September, loss of supply events and severe weather events in December. In 2022, data was impacted by severe weather events in January, more frequent high winds, loss of supply events, Hurricanes Earl and Fiona in September and underfrequency load shedding events related to testing on the Labrador-Island Link in November.

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



Year	EC Composite	Newfoundland Power
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
2021	0.62	0.56
2022	0.61	0.73

All-injury Frequency Rate represents the rate of disabling injuries and medical-aid injuries per 200,000 exposure hours (hours worked).

The EC data is a composite of 10 participating Canadian utilities. The EC and Newfoundland Power trend lines show a comparable level of improvement over time.

Appendix B

U.S. Peer Group
Composite Comparisons

Appendix B

U.S. Peer Group Composite Comparisons

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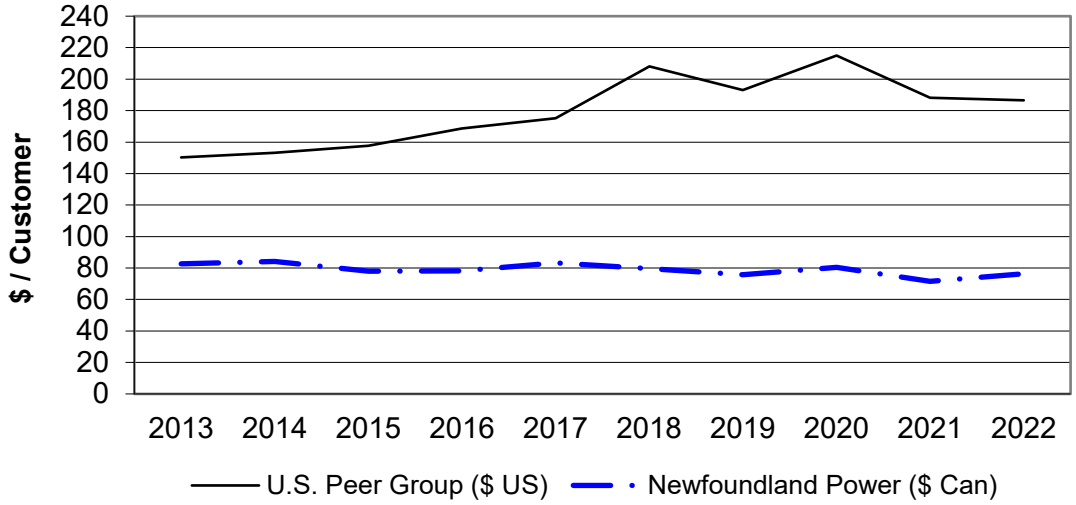
Total Distribution Operating Expense per Customer (2022$)



Year	U.S. Peer Group Composite	Newfoundland Power
2013	150.3	82.6
2014	153.2	84.2
2015	157.6	78.0
2016	168.6	78.1
2017	175.1	83.2
2018	208.2	79.6
2019	193.1	75.8
2020	215.0	80.4
2021	188.2	71.5
2022	186.6	76.4

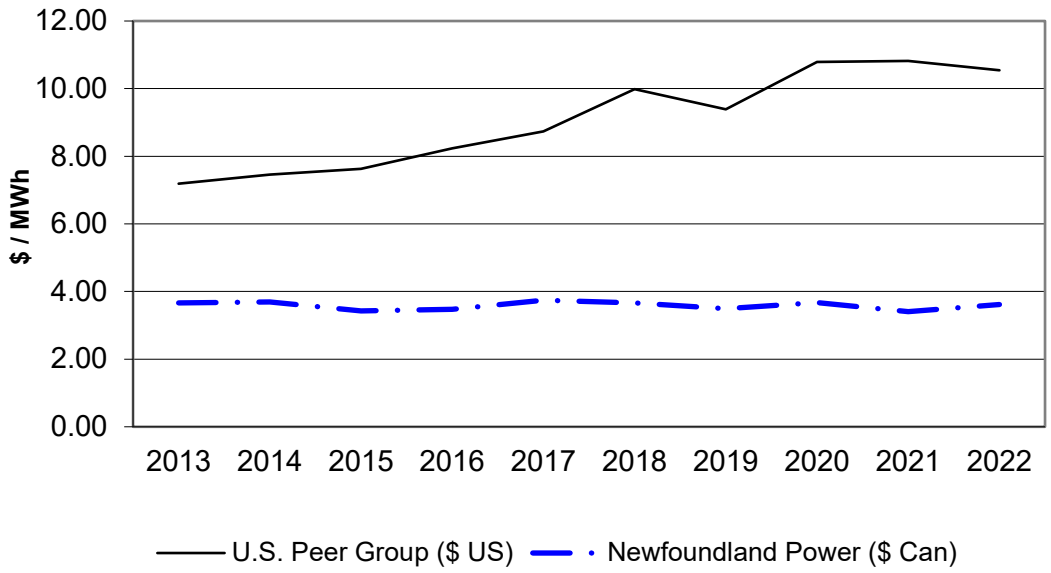
Total Distribution Operating Expense per Customer represents the total cost of operating and maintenance for the distribution function, as defined under the FERC code of accounts, expressed on a per customer account basis and adjusted for inflation. It measures the total direct cost of operating labour 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]

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

While the numbers fluctuate, the U.S. utility data shows the distribution operating cost per customer to be generally increasing over time. The U.S. utilities' individual 2022 measures range from approximately $96 to approximately $413 per customer.

The graph shows a stable trend for Newfoundland Power over the reporting period.

Total Distribution Operating Expense per MWh
(2022$)



Year	U.S. Peer Group Composite	Newfoundland Power
2013	7.19	3.66
2014	7.45	3.69
2015	7.63	3.43
2016	8.24	3.47
2017	8.74	3.74
2018	9.99	3.66
2019	9.39	3.49
2020	10.79	3.68
2021	10.82	3.41
2022	10.54	3.61

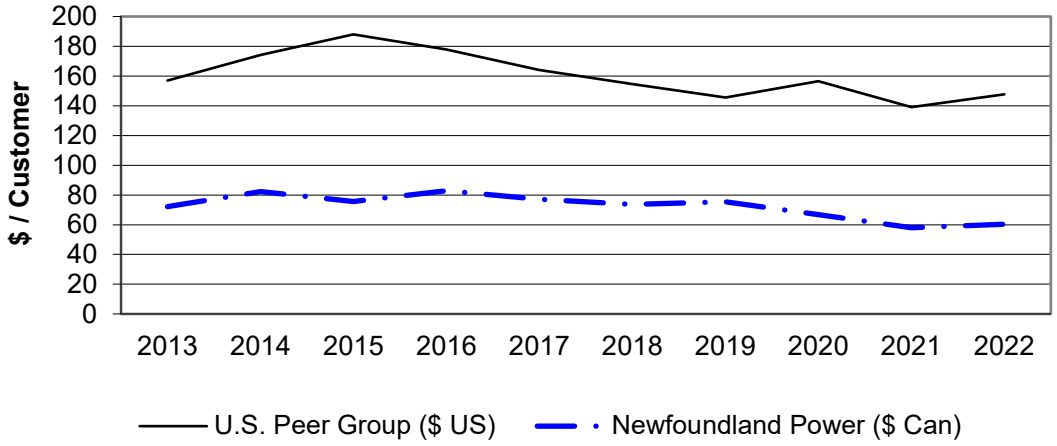
Total Distribution Operating Expense per MWh represents the total cost of operating and maintenance for the distribution function, as defined under the FERC code of accounts, expressed on a per MWh of retail sales basis and adjusted for inflation. It measures the total direct cost of operating labour 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 2022 measures range from approximately $4 to approximately $30 per MWh.

The graph shows a stable trend for Newfoundland Power over the reporting period.

Total Customer Service Expense per Customer (2022$)



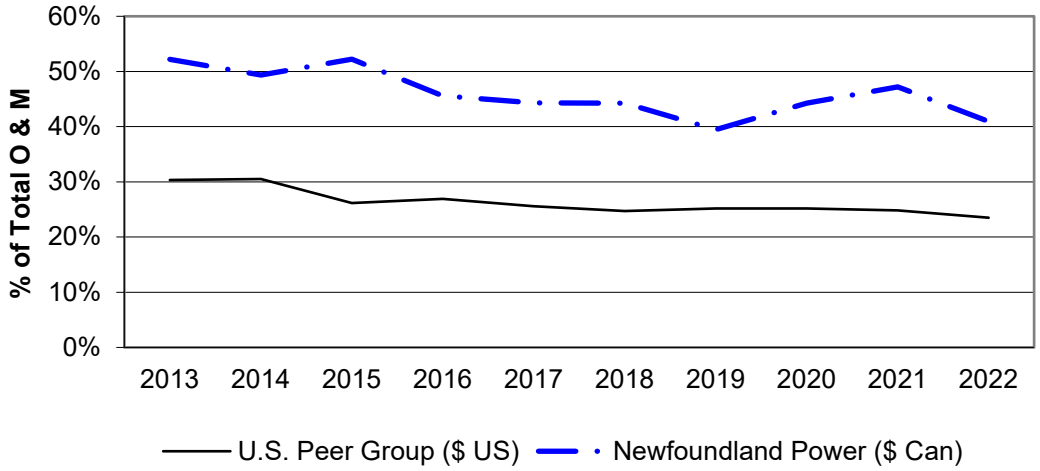
Year	U.S. Peer Group Composite	Newfoundland Power
2013	156.9	72.1
2014	174.2	82.2
2015	188.0	75.5
2016	177.7	82.9
2017	164.0	77.2
2018	154.7	73.6
2019	145.6	75.4
2020	156.5	66.7
2021	139.1	58.0
2022	147.7	60.3

Total Customer Service Expense per Customer 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.

The U.S. peer group composite data shows an increasing trend between 2013 and 2015 followed by a decline until 2019 and increased variability through 2022. The U.S. utilities' individual 2022 measures range from approximately $29 to approximately $351 per customer.

Newfoundland Power's data indicates a relatively stable trend over the reporting period.

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



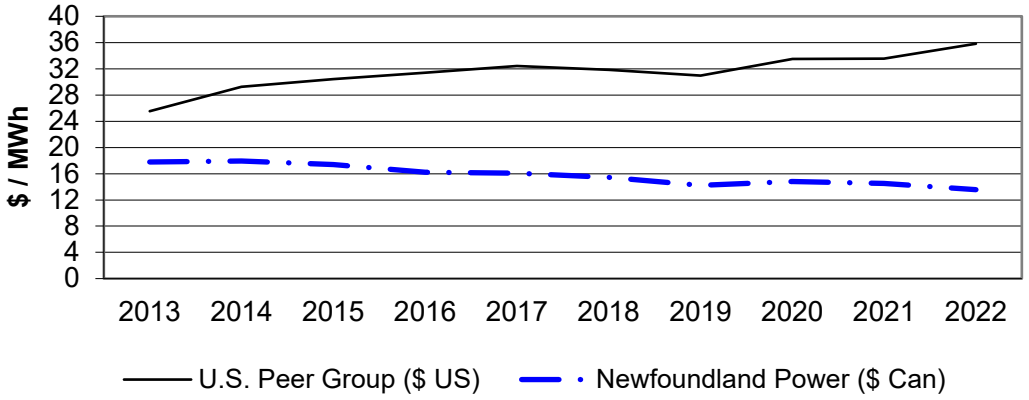
Year	U.S. Peer Group Composite	Newfoundland Power
2013	30.4%	52.2%
2014	30.5%	49.3%
2015	26.2%	52.2%
2016	26.9%	45.6%
2017	25.6%	44.3%
2018	24.7%	44.3%
2019	25.2%	39.5%
2020	25.2%	44.3%
2021	24.9%	47.2%
2022	23.5%	41.0%

Total Administration and Other Operating Expense per Total Operating Expense is a ratio of the total administration and general expense to the overall corporate electrical operating and maintenance ("O & M") expense (excluding fuel and purchased power) as defined by the FERC code of accounts.

The trend line for the U.S. utilities shows a general decline from 2013 to 2018 and a stable trend following that period. The U.S. utilities' individual 2022 measures varied from approximately 7% to 53%.

Newfoundland Power's data indicates an overall declining trend from 2013 to 2019, an increase to 2021 and a decrease in 2022 which primarily reflects changes in pension costs.

Total Operating Expense per Energy Sold
(excluding fuel and purchased power)
(2022$)



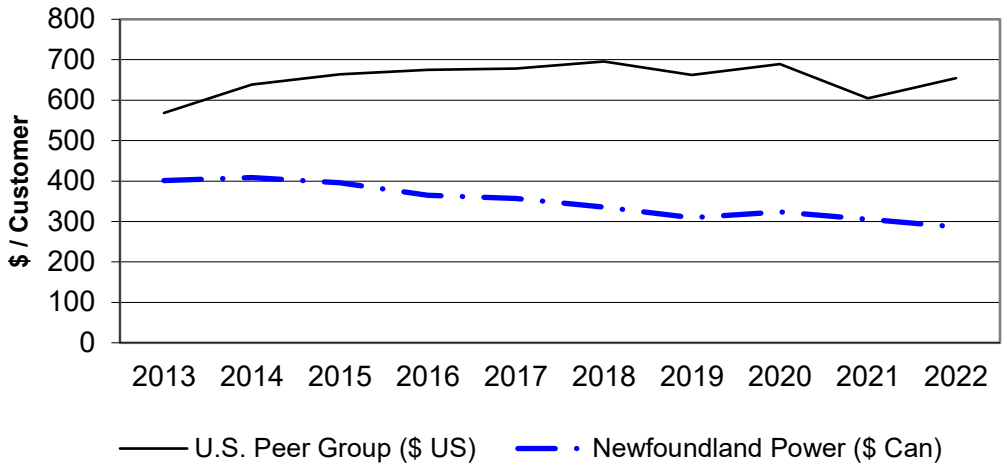
Year	U.S. Peer Group Composite	Newfoundland Power
2013	25.5	17.8
2014	29.2	17.9
2015	30.4	17.4
2016	31.4	16.2
2017	32.4	16.1
2018	31.8	15.4
2019	30.9	14.2
2020	33.5	14.8
2021	33.5	14.5
2022	35.8	13.6

Total Operating Expense per Energy Sold 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 2013 to 2022. The U.S. utilities' individual 2022 measures varied from approximately $9 to $116 per MWh.

The graph shows a relatively stable trend for Newfoundland Power from 2013 to 2015, and a gradual decline following that period.

Total Operating Expense per Customer
(excluding fuel and purchased power)
(2022$)



Year	U.S. Peer Group Composite	Newfoundland Power
2013	568.39	401.46
2014	638.25	408.58
2015	663.91	396.04
2016	674.88	364.65
2017	678.03	356.98
2018	695.68	335.23
2019	662.01	309.06
2020	688.99	323.49
2021	604.45	305.14
2022	654.22	286.61

Total Operating Expense per Customer 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 increasing over the reporting period. The U.S. utilities' individual measures in 2022 varied from approximately $342 to approximately $3,414.

The graph shows a stable trend for Newfoundland Power from 2013 to 2014 and a gradual decline since 2014.

Appendix C

Companies Included in U.S. Utility Peer Group

Companies Included in U.S. Utility Peer Group

(2022 Information)

Company	Number of Customers	Sales (MWh)	% Production of Total O & M	% Transmission of Total O & M
Ameren Illinois Company	1,229,379	9,984,126	13.4%	10.8%
Atlantic City Electric Company	567,212	9,356,071	9.5%	7.2%
Central Hudson Gas & Electric	272,231	2,903.565	2.2%	5.7%
Delmarva Power & Light Company	544,897	12,458,296	8.6%	7.9%
Duke Energy Kentucky, Inc.	148,901	4,469,067	66.1%	12.3%
Duquesne Light Company	609,008	12,467,198	0.1%	5.1%
Green Mountain Power Corporation	271,463	4,713,883	11.5%	48.5%
Jersey Central Power & Light Company	1,155,415	20,453,735	6.0%	11.3%
Kingsport Power Company	48,820	1,866,778	0.0%	5.3%
Madison Gas and Electric Company	163,413	3,626,402	46.4%	20.4%
Metropolitan Edison Company	585,024	14,462,208	0.0%	5.8%
New York State Electric & Gas Corporation	916,521	16,499,193	5.7%	6.9%
Orange and Rockland Utilities, Inc.	240,208	4,211,186	0.2%	8.3%
Rockland Electric Company	74,786	1,532,334	0.0%	4.8%
The Narragansett Electric Company	454,687	4,147,784	0.0%	18.6%
Unitil Energy Systems, Inc.	80,799	777,048	0.5%	50.4%
West Penn Power Company	735,509	19,632,316	0.0%	32.9%
Wheeling Power Company	41,558	5,115,198	25.8%	52.9%