Q. (CA-NP-26, Pre-filed Evidence of Larry Brockman, Testimony on Behalf of Newfoundland Power dated November 1, 2016) On behalf of NP, Mr. Brockman filed testimony with respect to Phase Two of the Board's Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System. On page 23, lines 15 to 18 Mr. Brockman states "Reliability planning involves consideration of the likelihood of outages, the severity of consequences of those outages, and the cost of measures required to mitigate those outages. It also requires the application of judgment to determine the appropriate balance of cost and reliability." Please explain how NP takes these criteria into account in its capital and maintenance programs to ensure the appropriate balance of cost and reliability is struck considering that its reliability measures are considerably better than the Canadian average in a climate that NP claims is more detrimental to reliability than the Canadian average.

A. The *Prefiled Evidence of Larry Brockman, Testimony on Behalf of Newfoundland Power*, dated November 1, 2016 ("Mr. Brockman's Evidence") was filed in relation to the Board's *Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System* (the "Investigation").[1]

Mr. Brockman's Evidence was filed in the context of: (i) large-scale customer outages in 2013, 2014, and 2015 that were attributable to supply shortages and outages on Newfoundland and Labrador Hydro's bulk electrical system; and (ii) the future reliability of the Island Interconnected System leading up to and after interconnection of Nalcor Energy's Muskrat Falls Project.

Mr. Brockman's reliability concepts align with sound public utility practice. These concepts are applied by Newfoundland Power on an individual project basis and in the overall management of its operations.

For example, the Company's Distribution Reliability Initiative is filed as part of the Company's annual capital budget application.[2] The Distribution Reliability Initiative targets the Company's worst-performing feeders, where customers experience more frequent and longer duration outages than average.

This project requires: (i) calculating the reliability performance of each distribution feeder; (ii) identifying the worst-performing feeders and the cause of their poor reliability performance; and (iii) where appropriate, completing engineering assessments to identify opportunities to improve the reliability experienced by customers on those feeders.

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1 The Investigation commenced in January 2014. The Board's Investigation is ongoing and continues to assess the reliability of the Island Interconnected system both leading up to and following the interconnection of the Muskrat Falls generating facility.

2 In Order No. P.U. 37 (2017) the Board approved Newfoundland Power's *2018 Capital Budget Application*. The Application included expenditures of approximately $1.8 million relating to the *Distribution Reliability Initiative.* Details of the project were outlined in *Report 4.1 Distribution Reliability Initiative* of the Application.

Proposed capital expenditures are based on the available data, engineering judgment, and the least-cost option to address the customer outages.[3]

In managing its overall operations, Newfoundland Power balances the cost and reliability of the service it provides to customers. The response to Request for Information PUB-NP-073 shows that, over the period 1997 to 2017, Newfoundland Power has reduced both the frequency and duration of customer outages by 39%. Over the same 20-year period, the Company's contribution to customer rates has decreased by 24% on an inflation-adjusted basis.

Overall, Newfoundland Power's reliability management practices and performance align with sound public utility practice and the concepts explained by Mr. Brockman in 2016.

[3] The 2018 Distribution Reliability project involves work on 3 distribution feeders where customers experience below-average reliability: (i) Kenmount Substation feeder KEN-03; (ii) Summerford Substation feeder SUM-02; and (iii) Trepassey Substation feeder TRP-01. The total budget for this project is approximately $1.8 million in 2018. For more information, see *Report 4.1 Distribution Reliability Initiative*, filed with the Company's *2018 Capital Budget Application*.