

1 Q. Please confirm that the results of the Digital Engagement Initiative which shows that customers  
2 are generally satisfied with current levels of reliability and are not willing to pay higher rates for  
3 increased reliability have not influenced Hydro's 2020 Capital Budget and explain why not.

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6 A. Balancing cost and reliability has been a continuous focus of Newfoundland and Labrador  
7 Hydro's ("Hydro") capital budget process. Hydro initiated increased scrutiny of its future five-  
8 year capital spending plan in early 2018 and adjusted its approach to reviewing its capital  
9 budget project plans in an effort to reduce the cost impact for customers while maintaining  
10 reliable service. This adjusted approach was instituted prior to the Digital Engagement initiative  
11 and the 2020 Capital Budget was prepared in line with this adjusted approach. Through its  
12 *Reliability and Resource Adequacy Study*, Hydro undertook a customer engagement initiative to  
13 seek input and feedback on a number of issues, including opinions regarding the appropriate  
14 balance between reliability and the cost of investments. Hydro sought this information, as well  
15 as other feedback, to inform, but not decide, its approach on capital investment. The Digital  
16 Engagement initiative confirmed that Hydro's approach was aligned with the general feedback  
17 of customers.