

1 **Q. (Reference Application) Please explain and show how customer preferences have been**  
 2 **incorporated in the 2022 Capital Budget Application.**

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 4 **A. A. Customer Preferences Generally**

5  
 6 Newfoundland Power provides electrical service in a manner consistent with customers'  
 7 expectations, or preferences.

8  
 9 Approximately 1,800 Newfoundland Power customers are surveyed each quarter. The  
 10 results of these surveys consistently indicate the two most important issues to customers  
 11 are reliability and price.<sup>1</sup>

12  
 13 Newfoundland Power's capital planning process is a deliberate effort to balance the cost  
 14 and reliability of the service provided to customers.<sup>2</sup> Over the last 2 decades, the  
 15 Company has reduced the duration of customer outages by over 40%.<sup>3</sup> Over the same  
 16 period, the Company also reduced its contribution to customer rates by over 20% on an  
 17 inflation-adjusted basis.<sup>4</sup>

18  
 19 The results of quarterly customer surveys indicate a reasonable level of satisfaction with  
 20 Newfoundland Power's service delivery.<sup>5</sup> The Company is focused on maintaining  
 21 current levels of overall service reliability for its customers.<sup>6</sup>

22  
 23 **B. Customer Preferences in the 2022 Capital Budget Application**

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 25 Newfoundland Power's *2022 Capital Budget Application* proposes capital expenditures  
 26 of approximately \$109.6 million.

27  
 28 Approximately ¼ of capital expenditures proposed for 2022 are driven by the  
 29 requirement to serve new customers and address customers' increasing electrical system  
 30 requirements. These expenditures include capital projects for, as examples, customer  
 31 meters, services and extensions to the electrical system.

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<sup>1</sup> Of 44 quarterly surveys completed over the period 2010 to 2020, the lowest level of customer satisfaction recorded was during the first quarter of 2014. This survey followed widespread customer outages known as #darkNL. Customer satisfaction was 82% during that quarter. This compares to average customer satisfaction of 87% over the period 2010 to 2020.

<sup>2</sup> See the *2022 Capital Budget Application, 2022 Capital Plan, Section 2.1*, for additional details on Newfoundland Power's capital planning process.

<sup>3</sup> See response to Request for Information NLH-NP-042.

<sup>4</sup> Ibid.

<sup>5</sup> Over the period 2010 to 2020, customer satisfaction averaged approximately 87%.

<sup>6</sup> See Newfoundland Power's *2022/2023 General Rate Application, Volume 1, Section 1: Introduction*, page 1-4.

1 These capital projects ensure the Company can provide customers with equitable access  
2 to an adequate supply of power.<sup>7</sup> Newfoundland Power routinely works with its  
3 customers in the execution of these projects to ensure their service expectations are met.<sup>8</sup>  
4

5 Approximately ½ of capital expenditures proposed for 2022 are driven by the need to  
6 replace plant that is deteriorated, deficient, or failed in service. These capital  
7 expenditures ensure the electrical system is maintained in adequate condition.  
8 Maintaining the condition of the electrical system is consistent with maintaining current  
9 levels of service reliability for customers.

10  
11 Newfoundland Power's capital expenditures proposed for 2022 are also consistent with  
12 managing overall costs recovered from customers.  
13

14 As examples, the *LED Street Lighting Replacement* project will provide customers with a  
15 more reliable street lighting service at lower rates.<sup>9</sup> This project received a letter of  
16 support from the largest municipal organization in the province, Municipalities NL.<sup>10</sup>  
17 The *Workforce Management System Replacement* project will ensure the Company  
18 continues to provide an efficient and effective response to customers' requests for field  
19 work.<sup>11</sup> This is consistent with customers' service expectations.<sup>12</sup>  
20

21 Customer preferences were also considered in the capital expenditures proposed as part  
22 of Newfoundland Power's *2021 Electrification, Conservation and Demand Management*  
23 *Application*.<sup>13</sup> Customer adoption of electric vehicles ("EVs") will provide a rate  
24 mitigating benefit for customers over the longer term.<sup>14</sup> Capital expenditures associated  
25 with EV charging stations are aimed at addressing customer concerns regarding the  
26 ability to drive long distances.<sup>15</sup>

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<sup>7</sup> See Section 3(b)(ii) of the *Electrical Power Control Act, 1994*.

<sup>8</sup> For example, when a new subdivision is planned, Newfoundland Power works with the developer and municipality to determine the appropriate distribution plant layout. The plans are ultimately approved by the municipality. In addition, when new customers are connected to the electrical system, Newfoundland Power Technologists routinely meet with customers to ensure their service preferences are understood. This would include, as an example, where to install a service on a customer's premises.

<sup>9</sup> See the *2022 Capital Budget Application, Schedule B*, pages 34 to 35.

<sup>10</sup> See the *2021 Capital Budget Application, Volume 1, LED Street Lighting Replacement Plan*.

<sup>11</sup> See the *2022 Capital Budget Application, Report 7.3 Workforce Management System Replacement*.

<sup>12</sup> Customers have indicated an average satisfaction level of 93% with Newfoundland Power's field response over the last 5 years.

<sup>13</sup> Newfoundland Power filed this application with the Board on December 16, 2020. The application included approximately \$1.5 million in supplemental capital expenditures for 2021 to commence construction of an Electric Vehicle Charging Network.

<sup>14</sup> See Newfoundland Power's *2021 Electrification, Conservation and Demand Management Application, Volume 1, Section 3.3.2* for the economic justification of the Company's customer electrification programs.

<sup>15</sup> See Newfoundland Power's *2021 Electrification, Conservation and Demand Management Application, Volume 2, Schedule C – 2020-2034 Potential Study*, page 132 of 325, and *Schedule D – Electric Vehicle Overview*, page 4 of 5.

1 Overall, the capital expenditures proposed as part of Newfoundland Power's 2022  
2 *Capital Budget Application* are consistent with customers' service expectations and the  
3 Company's obligation to provide reliable service at the lowest possible cost.

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5 For additional examples of capital projects proposed for 2022 that reduce costs to  
6 customers, see response to Request for Information CA-NP-031.