

1 **Q. (Reference Application) Please explain and show how customer preferences**  
 2 **have been incorporated in the 2023 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  
 11 customers 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 decade, the  
 15 frequency and duration of customer outages have remained reasonably stable under  
 16 normal operating conditions and have been reasonable in comparison to the Canadian  
 17 average of reliability performance.<sup>3</sup> Over the same time period, the Company's  
 18 contribution to average customer rates decreased by 1% on an inflation-adjusted basis.<sup>4</sup>

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

23  
 24 **B. Customer Preferences in the 2023 Capital Budget Application**

25  
 26 Newfoundland Power's *2023 Capital Budget Application* proposes capital expenditures of  
 27 approximately \$123.5 million.

28  
 29 Approximately one quarter of capital expenditures proposed for 2023 are driven by the  
 30 requirement to serve new customers and address customers' increasing electrical system  
 31 requirements. These expenditures include capital programs for, as examples, customer  
 32 meters, services and extensions to the electrical system. These expenditures ensure the  
 33 Company can provide customers with equitable access to an adequate supply of power.<sup>7</sup>

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<sup>1</sup> Of 48 quarterly surveys completed over the period 2010 to 2021, 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 86% over the period 2012 to 2021.

<sup>2</sup> See the *2023 Capital Budget Application, 2023 Capital Budget Overview, Section 2.2 Capital Planning at Newfoundland Power*.

<sup>3</sup> See the *2023 Capital Budget Application, 2023 Capital Budget Overview*, pages 6 to 8.

<sup>4</sup> See the *2023 Capital Budget Application, 2023 Capital Budget Overview*, page 9.

<sup>5</sup> Over the period 2012 to 2021, customer satisfaction averaged approximately 86%.

<sup>6</sup> See the *2023 Capital Budget Application, Capital Budget Overview*, page 8.

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

1 Newfoundland Power routinely works with its customers in the execution of these  
2 programs and other projects to ensure their service expectations are met.<sup>8</sup> For  
3 example, the proposed *Corner Brook Acute Care Hospital Redundant Supply* project is in  
4 response to a customer request for a redundant source of power for a new hospital  
5 facility.<sup>9</sup>

6  
7 Approximately one half of capital expenditures proposed for 2023 are driven by the need  
8 to replace plant that is deteriorated, deficient, or failed in service. These capital  
9 expenditures ensure the electrical system is maintained in adequate condition.  
10 Maintaining the condition of the electrical system is consistent with maintaining current  
11 levels of service reliability for customers.

12  
13 Newfoundland Power's capital expenditures proposed for 2023 are also consistent with  
14 managing overall costs recovered from customers. For example, the *LED Street Lighting*  
15 *Replacement* project will provide customers with a more reliable street lighting service at  
16 lower rates.<sup>10</sup> This project received a letter of support from the largest municipal  
17 organization in the province, Municipalities NL.<sup>11</sup> The *Application Enhancements* project  
18 to digitize underground wire location services which will improve the efficiency of the  
19 Company's response to customer requests for this service.<sup>12</sup> This is consistent with  
20 customers' service expectations.

21  
22 Customer preferences were also considered in the capital expenditures proposed as part  
23 of Newfoundland Power's *Electric Vehicle Charging Network*. Customer adoption of  
24 electric vehicles will provide a rate mitigating benefit for customers over the longer  
25 term.<sup>13</sup> Capital expenditures associated with electric vehicle charging stations are aimed  
26 at addressing customer concerns regarding the ability to drive long distances.<sup>14</sup>

27  
28 Overall, the capital expenditures proposed as part of Newfoundland Power's  
29 *2023 Capital Budget Application* are consistent with customers' service expectations and  
30 the Company's obligation to provide reliable service at the lowest possible cost.

31  
32 For additional examples of capital projects proposed for 2023 that reduce costs to  
33 customers, see the response to Request for Information CA-NP-011.

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<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 *2023 Capital Budget Application, Schedule B*, page 5.

<sup>10</sup> See the *2023 Capital Budget Application, Schedule B*, pages 2 to 4.

<sup>11</sup> See the *2021 Capital Budget Application, Volume 1, LED Street Lighting Replacement Plan*.

<sup>12</sup> See the *2023 Capital Budget Application*, report 5.1 *Application Enhancements*, page 1.

<sup>13</sup> See the response to Request for Information PUB-NP-011.

<sup>14</sup> Customer surveys consistently indicate that the province's limited access to publicly available charging services is a barrier to electric vehicle adoption. In Order No. P.U. 30 (2021), the Board noted that "*the proposed EV charging stations for 2021 would significantly enhance the geographic coverage of the EV charging stations to allow travel across the Island*" (see page 12).