

1 **Q. In Order No. P.U. 36(2021)-Reasons for Decision, the Board “*acknowledges the rate***
2 ***pressures which are expected in association with the commissioning of the Muskrat***
3 ***Falls Project. The Board believes that, given the circumstances, both Newfoundland***
4 ***Power and Hydro should renew their efforts to provide evidence which demonstrates***
5 ***that every effort is being made to reduce costs for customers while ensuring the***
6 ***continued provision of reliable service.”***

7 **a) What actions has Newfoundland Power taken to reduce costs for customers since**
8 **publication of that Order?**

9 **b) In particular, what cost reductions has Newfoundland Power identified to help**
10 **address its forecast 2024 revenue shortfall?**

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12 A. a) The Board issued its Reasons for Decision for Order No. P.U. 36 (2021) on
13 January 31, 2022. The following, therefore, focuses on Company initiatives for the
14 2022 through 2024 period. During this time, Newfoundland Power’s operating
15 efficiency has primarily been advanced through the effective deployment of various
16 technologies.

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18 In 2022, the Company enhanced or replaced three software applications to improve
19 the productivity of Newfoundland Power’s operations through the reduction or
20 elimination of manual processes. Combined, the Digital Forms System Enhancement,
21 Technology Service Management Solution Replacement, and Dynamics Great Plains
22 Enhancement provided for a positive net present value for customers of
23 approximately \$0.1 million.¹

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25 Newfoundland Power also replaced its Workforce Management System in 2022 to
26 allow the Company to maintain current levels of productivity for dispatching and
27 monitoring field crews. A net present value analysis determined that replacing the
28 system would reduce costs to customers by approximately \$0.5 million over seven
29 years in comparison to implementing manual workforce management processes.²

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31 Further, the Company expanded its Geographic Information System (“GIS”) in 2022
32 to provide accurate location-related information for electrical system assets, including
33 street lights. Beginning in 2022, street light outages are tracked on a map to ensure
34 accurate and precise analysis of required repairs or replacements. This eliminates
35 approximately 1,000 duplicate reports of street light outages received from customers
36 annually, which allows the Company to optimize its field operations.³

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38 In 2023, the Company enhanced or replaced five software applications. Combined,
39 the Digital Forms Portfolio Enhancement, Virtual Meeting System Replacement, and
40 Environment, Health and Safety System Replacement provided for a positive net

¹ See response to Request for Information CA-NP-018 filed as part of Newfoundland Power’s 2022 *Capital Budget Application*.

² Ibid.

³ Newfoundland Power recorded a total of approximately 4,000 duplicate street light outage reports from 2018 to 2021.

1 present value for customers of approximately \$0.3 million. The GIS Enhancement
2 eliminated annual subscription fees of \$35,000.⁴
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4 In 2024, Newfoundland Power will enhance or replace six software applications to
5 reduce costs to customers or improve customer service delivery. Combined, the
6 Digital Forms Portfolio Enhancement, Workforce Management System
7 Enhancement, Daily Time Entry Application Enhancement, and IT Service
8 Management System Enhancement will provide a positive net present value for
9 customers of approximately \$0.2 million.⁵
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11 In addition to these initiatives, the Company's multi-year work plans provide
12 efficiencies over the long-term, including 2024. These work plans include: (i) the
13 continuation of its LED Street Lighting Replacement Plan, which provides for lower
14 street lighting rates for customers;⁶ (ii) the refurbishment of the Company's hydro
15 plants to provide for the continued provision of low-cost energy to customers; and
16 (iii) the continued promotion of paperless billing ("e-bills") to support the Company
17 in maintaining its customer service efficiency.⁷
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19 b) See part a).

⁴ See response to Request for Information CA-NP-011 filed as part of Newfoundland Power's 2023 *Capital Budget Application*.

⁵ See response to Request for Information CA-NP-010 filed as part of Newfoundland Power's 2024 *Capital Budget Application*.

⁶ When compared to maintaining the status quo, the continuation of this plan will provide for estimated lower operating costs of approximately \$1.1 million and avoided purchased power costs of approximately \$0.4 million in 2024. The status quo would have involved continuing Newfoundland Power's maintenance program for High Pressure Sodium ("HPS") street lights and installing a LED fixture only when a HPS fixture could not be repaired.

⁷ E-bills for customers provides for incremental cost savings of \$36,000 in 2024.