Q. (Reference PUB-NP-051) It is stated with respect to the Distribution Reliability Initiative "*On average, the project has improved the reliability performance of Newfoundland Power's worst performing feeders by approximately 69%.*"

a) Was there an incremental cost associated with this reliability improvement?

b) It is stated "*the DRI continues to serve as a reasonable approach to ensuring all customers experience an equitable level of service reliability*." Do all customers have an equitable level of service reliability? Please define "equitable".

A. a) The improved reliability performance of approximately 69% was measured for distribution feeders included as part of the *Distribution Reliability Initiative* ("DRI") project five years after completion. The analysis included distribution feeders from DRI projects from 1998, when the project was first initiated, to 2018. The total expenditure for the DRI projects over this period was $22,575,000. It should be noted that while the performance of specific feeders has been improved under the *Distribution Reliability Initiative*, the project has had a minimal impact on overall electrical system reliability.

b) The Merriam-Webster Dictionary defines equitable as "*dealing fairly and equally with all concerned.*" The *Public Utilities Act* (the "Act") requires a public utility to provide service and facilities that are reasonably safe and adequate and just and reasonable.[1] The *Electrical Power Control Act* (the "EPCA") establishes the provincial power policy. The provincial power policy requires, among other provisions, that all sources and facilities for the production, transmission and distribution of power in the province should be managed and operated in a manner that would result in:

(i) The most efficient production, transmission and distribution of power;
(ii) Consumers in the province having equitable access to an adequate supply of power; and
(iii) Power being delivered to consumers in the province at the lowest possible cost, in an environmentally responsible manner, consistent with reliable service.[2]

In the context of Newfoundland Power's electrical system, all customers on the system do not receive the same level of reliability. The System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI") represent the average reliability experienced by customers. As such, there will always be customers that experience worse than average reliability, and customers that experience better than average reliability.

The DRI targets the Company's worst performing feeders and sections of feeders for capital upgrades. Customers served by these feeders experience service reliability that is considerably below the Company's corporate average. As stated above, the DRI has been effective in improving the reliability performance for customers served by

[1] See section 37(1) of the Act.
[2] See section 3(b) of the EPCA.

distribution feeders targeted as part of the DRI since 1998, while it has had a minimal impact on overall electrical system reliability. This demonstrates that the Company's approach to targeting capital investments where customers experience poor reliability to improve their reliability to be consistent with the Company's corporate average serves as a reasonable approach to ensuring all customers experience an *equitable* level of service reliability.