

1 **Q. Section 2: Customer Operations/Capital Expenditures**

2
3 **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**
4 **December 12, 2023, vol. 1, Evidence, p. 2-18/7–8 and sec. 2.3.2, p. 2-20/3–4.**

5 **Page 2-20, lines 3–4 state:**

6 **Since 2013, the average duration of outages experienced by Newfoundland**
7 **Power’s customers has been approximately 40% better than the Canadian**
8 **average under normal operating conditions.**

9 **Page 2-18, lines 7–8 state:**

10 **Comparing Newfoundland Power’s system reliability to the Canadian**
11 **average is a reasonable means through which to assess the Company’s**
12 **performance.**

13 **a) Does Newfoundland Power target to outperform the Electricity Canada (“EC”)**
14 **Region 2 Average for System Average Interruption Duration Index (“SAIDI”)**
15 **and System Average Interruption Frequency Index?**

16 **b) For each year from 2017 to 2023, please quantify the Capital and Operating**
17 **costs associated with maintaining SAIDI ~40% better than the EC Region 2**
18 **Average.**

19 **c) Does Newfoundland Power believe that ratepayers incur incremental costs to**
20 **receive better-than-average reliability compared to that required to achieve**
21 **average Canadian reliability? If not, please explain how Newfoundland Power**
22 **provides improved reliability at no additional cost.**

23
24 **A. a) No, Newfoundland Power does not target to outperform the EC Region 2 Average for**
25 **SAIDI and System Average Interruption Frequency Index (“SAIFI”). For additional**
26 **details on how Newfoundland Power establishes its reliability performance targets,**
27 **see the response to Request for Information PUB-NP-038.**

28
29 **b) Newfoundland Power is unable to provide the data as requested. The question implies**
30 **that good reliability performance is more costly than poor reliability performance. In**
31 **Newfoundland Power’s view, better reliability performance does not directly translate**
32 **to higher costs. Similarly, poor reliability does not mean lower costs. For example, an**
33 **unplanned customer outage resulting from failed equipment can lead to worse**
34 **reliability and higher costs to customers than completing the appropriate equipment**
35 **maintenance or replacement in a planned fashion without the need for a customer to**
36 **experience an outage.**

37
38 **While the Company’s SAIDI performance currently exceeds the Canadian and**
39 **Atlantic Canadian averages, Newfoundland Power observes that its SAIFI**
40 **performance is consistent with the Canadian average of about two customer outages**
41 **per year under normal operating conditions over the past 10 years.¹ In Newfoundland**
42 **Power’s view, SAIFI performance is most reflective of the condition of the electrical**
43 **system. For additional information regarding costs associated with maintaining the**

¹ See the response to Request for Information PUB-NP-041, Figure 2-7a.

1 condition of its electrical system, see the response to Request for Information
2 PUB-NP-040.

- 3
4 c) The service reliability experienced by customers primarily reflects the condition of
5 the electrical system.² Newfoundland Power observes that in the 1990s, both the
6 Company's SAIFI and SAIDI results were worse than the Canadian average.³ In
7 1998, the Board retained a consultant to review and report on the quality of service
8 provided by Newfoundland Power to its customers. The Board's consultant
9 recommended that the Company seek to improve its service reliability.⁴

10
11 Over the following decade or so, Newfoundland Power improved both its SAIFI and
12 SAIDI performance.⁵ During the same time period, the Canadian average worsened.⁶
13 As such, the Company's SAIDI performance exceeding the averages of its
14 comparative groups is partly attributable to the improvement in its own service
15 reliability since the late 1990s. As noted in part a), between 2013 and 2022, the
16 Company invested less per customer in transmission and distributions assets than the
17 average of other Atlantic Canadian utilities.

18 Newfoundland Power's reliability performance over the past 20 years can be
19 attributed to its design and construction standards, asset management practices,
20 including preventative maintenance programs, and operational response.⁷

21
22 Newfoundland Power is focused on maintaining current levels of reliability for its
23 customers in a least cost manner. This requires routine capital expenditures to both
24 maintain the condition of the electrical system and to support the Company's
25 operational response. However, a reliable power system can also be more efficient to
26 operate, with fewer unplanned events that would require a costlier response, and can
27 result in lower overall cost to customers compared to an unreliable system. The
28 Company's capital planning process is a deliberate effort to balance the cost and
29 reliability of service provided to customers. As such, there are no incremental costs to
30 customers to continue receiving current levels of reliability.

² The reliability experienced by customers is also a function of both planned and unplanned outages. Planned outages are typically related to preventative maintenance, while unplanned outages are related to corrective maintenance. Also, outages related to loss of supply and storms are out of Newfoundland Power's control. From year to year, the number of planned and unplanned outages could decrease, resulting in an improved reliability experience for individual customers.

³ See *D.G. Brown, P. Eng., Report on Newfoundland Light and Power Co., Limited Re Quality of Service and Reliability of Supply*, page 7.

⁴ *Ibid.*, page v.

⁵ See the response to Request for Information PUB-NP-041.

⁶ Over the 2003 to 2007 time period, the Canadian average SAIDI performance was between three and five hours as shown in Figure 2-8a in the response to Request for Information PUB-NP-041.

⁷ As an example, national standards require that Newfoundland Power's electrical system be constructed to reflect the harsh weather conditions experienced throughout the Company's service territory. This contributes to Newfoundland Power's reliability performance relative to its Canadian peers.