

1 SECTION 2: CUSTOMER OPERATIONS/OPERATING COSTS

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3 Q. Reference: NLH-NP-007 and NLH-NP-011

4 In its response to NLH-NP-007, Newfoundland Power noted that technological
5 advances have meant to provide savings; however, Hydro observes that based on
6 Figure 1 in Newfoundland Power's response to NLH-NP-011, costs have remained
7 flat.

- 8 a) Why has there been no reduction in inflation-adjusted operating cost per
9 customer since 2016, given that Newfoundland Power has undertaken the
10 Application Enhancements Project described in the response to NLH-NP-007?
11 b) Why does Newfoundland Power not project any reduction in inflation-adjusted
12 operating cost per customer between 2024 and 2026?

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14 A. a) Newfoundland Power has reduced its operating cost per customer by 0.7% on an
15 inflation-adjusted basis between 2016 and 2023.¹

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17 The Company's annual *Application Enhancement* projects between 2016 and 2023
18 have resulted in: (i) enhanced customer service delivery;² (ii) a reduction in the number
19 of manual tasks and improved accuracy of information;³ and (iii) an overall increase in
20 operating efficiency.

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22 b) Newfoundland Power is forecasting a reduction in its operating cost per customer of
23 0.7% on an inflation-adjusted basis between 2024 and 2026.⁴

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25 The Company has included forecast savings associated with *Application*
26 *Enhancement* projects in its operating forecast.⁵

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28 For further information on Newfoundland Power's operating cost management, see
29 the response to Request for Information PUB-NP-017.

¹ $(\$265 - \$267) / \$267 = -0.7\%$ reduction in inflation-adjusted operating cost per customer.

² For example, the enhancement to the customer website self-service option has allowed customers to access information on their accounts without having to interact directly with a Customer Service Representative.

³ For example, the automation of journal entries in the Company's accounting system reduced the amount of manual data entries which resulted in a reduction in keying errors and duplication of work to record correcting entries.

⁴ $(\$268 - \$270) / \$270 = -0.7\%$ reduction in inflation-adjusted operating cost per customer.

⁵ These projects were proposed in the 2023 *Capital Budget Application* and the 2024 *Capital Budget Application* and approved in Order Nos. P.U. 38 (2022) and P.U. 2 (2024), respectively.