

1 Q. **Reference: Application, 2026 Capital Budget Overview, page 1**

2 It is stated *“Hydro conducted a digital engagement process where it asked customers to share*
3 *their thoughts on the costs and reliability of the province’s electrical grid. As part of that process,*
4 *four out of five customers told Hydro they believed the system was reliable, and 87% said they*
5 *did not want to pay more for reliability improvements that led to fewer or shorter outages.*
6 *Customers largely prioritize the lowest impact on electricity rates rather than other factors, and*
7 *Hydro is mindful of this concern as it continues asset management planning.”*

8 a) Does Hydro believe that the digital engagement process applies to all elements of the
9 provision of electricity service including production, transmission and distribution?

10 b) To what extent has Hydro engaged stakeholders and customers to inform its 2026
11 capital budget?

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14 A. a) The language in the 2024 digital engagement was carefully crafted from a customer
15 perspective to speak to a holistic electricity system and the consumer experience. At the
16 household level, the reliability of the system is measured in outages. While customers
17 prioritize lowest impact on electricity rates over having the most reliable or cleanest energy,
18 the engagement also revealed that customers range of tolerance for outages is between 1.3
19 and 2.5 outages annually. While customers recognize Newfoundland Labrador Hydro
20 (“Hydro”) has a highly reliable system, reliability is non-negotiable. Many customers also
21 agreed Hydro needs to prepare for growing electricity needs.

22 b) The 2026 Capital Budget Application (“CBA”) has been informed by the learnings from the
23 2024 engagement—with customer rates and impacts top of mind. Hydro also completed our
24 residential customer surveys in fall 2024, which reinforced the findings of the digital
25 engagement.

1 While there has been no supplemental, province-wide customer engagement specific to the
2 2026 CBA, where applicable and appropriate, Hydro will liaise with local communities when
3 making determinations on potential capital work specific to their area.