

1 Q. **Reference: CA-NLH-045a.**

2 It is stated "*the engagement also revealed that customers range of tolerance for outages is*
3 *between 1.3 and 2.5 outages annually.*" What is Hydro doing in response to this information? In
4 particular, what projects/programs in the 2026 CBA are justified on the basis of meeting this
5 tolerance for outages?

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8 A. Newfoundland and Labrador Hydro ("Hydro") utilizes customer feedback on reliability to help
9 inform its investment decisions, in line with its investment strategy, as shown in the Capital
10 Budget Overview.¹ Hydro considers many factors in the selection of the projects and programs
11 for inclusion in its budget, including operational risks, ability to execute, total investment, and
12 cumulative risk associated with balancing aging assets while providing least-cost, reliable service
13 in an environmentally responsible manner. The focus of the 2026 Capital Budget Application is
14 to maintain the expected level of reliability while ensuring prudent and reasonable expenditures
15 reflective of Hydro's capital plan considerations, which represent an achievable level of
16 execution success.

17 Service Enhancement projects or programs justified on the basis of reliability improvement, such
18 as Hydro's Upgrade Worst-Performing Distribution Feeders Program, are targeted investments
19 to address specific reliability issues. In the case of the Worst-Performing Distribution Feeders
20 Program, Hydro is proposing to address the performance of L'Anse-au-Loup Line 1, which
21 experiences more than three outages annually on average.

¹ "2026 Capital Budget Application," Newfoundland and Labrador Hydro, July 15, 2025, vol. 1, sch. 1, sec. 2.0, Figure 2, p. 9.