

1 **Q. (Reference Application) Please explain and show how customer preferences have**  
 2 **been incorporated in the 2021 Capital Budget Application.**

3  
 4 **A. A. Customer Preferences Generally**

5  
 6 Newfoundland Power provides electrical service in a manner consistent with customers'  
 7 expectations, or preferences.

8  
 9 Approximately 1,800 Newfoundland Power customers are surveyed each quarter. These  
 10 surveys provide a broad indication of customers' satisfaction with the Company's service  
 11 delivery. The results of these surveys consistently indicate the 2 most important issues to  
 12 customers are reliability and price.<sup>1</sup>

13  
 14 Newfoundland Power's capital planning balances the cost and reliability of the service  
 15 provided to customers.<sup>2</sup> This is consistent with the Company's statutory obligations  
 16 under the provincial power policy.<sup>3</sup>

17  
 18 In addition to quarterly surveys, Newfoundland Power also seeks to understand  
 19 customers' service preferences through various other forms of engagement, including  
 20 focus groups and consultation sessions. Specific customer engagement completed as part  
 21 of the *2021 Capital Budget Application* is detailed below.

22  
 23 **B. Customer Preferences in the 2021 Capital Budget Application**

24  
 25 Newfoundland Power's *2021 Capital Budget Application* proposes capital expenditures  
 26 totalling approximately \$111 million.

27  
 28 Approximately ¼ of capital expenditures proposed for 2021 are driven by the  
 29 requirement to serve new customers and address customers' increasing electrical system  
 30 requirements. These expenditures include capital projects for, as examples, customer  
 31 meters, services and extensions to the electrical system.

32  
 33 These capital projects ensure the Company can provide customers with equitable access  
 34 to an adequate supply of power. This is a requirement of the provincial power policy and  
 35 is consistent with customers' service expectations.<sup>4</sup> Newfoundland Power routinely

---

<sup>1</sup> Of 44 quarterly surveys completed over the period 2009 to 2019, the lowest level of customer satisfaction recorded was during the first quarter of 2014. This survey followed widespread customer outages known as #darkNL. Customer satisfaction was 82% during that quarter. This compares to average customer satisfaction of 87% over the period 2009 to 2019.

<sup>2</sup> See response to Request for Information PUB-NP-001.

<sup>3</sup> The provincial power policy is contained in Section 3 of the *Electrical Power Control Act, 1994*. Section 3(b)(iii) of this legislation requires that power be delivered to customers at the lowest possible cost consistent with reliable service.

<sup>4</sup> Section 3(b)(ii) of the *Electrical Power Control Act, 1994* requires that customers have equitable access to an adequate supply of power.

1 works with customers in the execution of these projects to ensure their service  
2 expectations are met.<sup>5</sup>

3  
4 Approximately ½ of expenditures proposed for 2021 are driven by the simple  
5 requirement to replace plant that is deteriorated, deficient, or failed in service. These  
6 capital expenditures ensure the electrical system is maintained in adequate condition.  
7 This, in turn, ensures customers receive acceptable levels of service reliability.

8  
9 The results of quarterly surveys indicate customers are currently satisfied with the  
10 reliability of the Company's service delivery.<sup>6</sup> Newfoundland Power is focused on  
11 maintaining current overall levels of service reliability for customers.<sup>7</sup> Projects to  
12 replace deteriorated, deficient and failed plant in 2021 will ensure current levels of  
13 service reliability are maintained for customers.

14  
15 Newfoundland Power completed specific customer engagement initiatives as part of 2  
16 capital projects proposed in its *2021 Capital Budget Application*.

17  
18 Focus groups and surveys were conducted with residential and commercial customers as  
19 part of planning for replacement of Newfoundland Power's 27-year-old Customer  
20 Service System. This customer engagement provided an opportunity to understand  
21 customers' service expectations and opportunities to improve customer service delivery.<sup>8</sup>  
22 The results of this engagement show a modern Customer Information System would  
23 allow Newfoundland Power to keep pace with customers' evolving service expectations  
24 over the next 15 or more years.<sup>9</sup>

25  
26 Customer consultations were also completed as part of Newfoundland Power's *LED*  
27 *Street Lighting Replacement Plan*. Prior to adopting LED technology as its new service  
28 standard in 2019, Newfoundland Power surveyed 266 customers living in close proximity  
29 to the Company's trial LED street light installations. The survey was conducted to better  
30 understand customers' street lighting preferences and to ensure customers were

---

<sup>5</sup> For example, when a new subdivision is planned, Newfoundland Power works with the developer and municipality to determine the appropriate distribution plant layout. The plans are ultimately approved by the municipality. In addition, when new customers are connected to the electrical system, Newfoundland Power Technologists routinely meet with customers to ensure their service preferences are understood. This would include, as an example, where to install a service on a customer's premises.

<sup>6</sup> Over the period 2009 to 2019, customer satisfaction averaged approximately 87%.

<sup>7</sup> In Newfoundland Power's *2010 General Rate Application*, the Company stated it considered then current levels of service reliability to be satisfactory (see Volume 1 (1st Revision), Section 2: Customer Operations, Page 2-8, Line 6). Similarly, the Company has characterized its electrical system performance as reliable in its *2013/2014 General Rate Application* (see Volume 1, Section 1: Introduction, Page 1-3, Line 10), its *2016/2017 General Rate Application* (see Volume 1 (1st Revision), Section 1: Introduction, Page 1-3, Line 11), and its *2019/2020 General Rate Application* (see Volume 1, Section 1: Introduction, Page 1-3, Line 21).

<sup>8</sup> See the *2021 Capital Budget Application, Volume 1, Customer Service Continuity Plan, Attachment B* for the results of the customer focus groups.

<sup>9</sup> See the response to Request for Information CA-NP-094 for additional information relating to the focus groups undertaken as a part of the *Customer Service Continuity Plan*.

1 supportive of Newfoundland Power’s transition to LED technology. Customer feedback  
2 regarding LED street lighting was positive.<sup>10</sup>  
3

4 The vast majority of customers served by Newfoundland Power reside in communities  
5 with street lighting service. In preparing its *2021 Capital Budget Application*, the  
6 Company engaged Municipalities Newfoundland and Labrador (“MNL”) with respect to  
7 the proposed *LED Street Lighting Replacement Plan*.<sup>11</sup> MNL subsequently provided a  
8 letter of support for the plan, stating that it “*fully supports Newfoundland Power’s*  
9 *proposed LED Streetlight Replacement Program and believes it will result in a fair and*  
10 *reasonable deployment of LED streetlights to the municipalities its serves.*”<sup>12</sup>  
11

12 Overall, the capital expenditures proposed as part of Newfoundland Power’s *2021*  
13 *Capital Budget Application* are consistent with customers’ service expectations and the  
14 Company’s obligation to provide reliable service at the lowest possible cost.

---

<sup>10</sup> Of the customers who noticed the LED fixtures in their area: (i) 88% preferred the white light produced by LED fixtures; (ii) 74% indicated LED fixtures were brighter; and (iii) 78% indicated LED fixtures provided improved visibility in the area. Newfoundland Power LED Street and Area Lighting rates were approved by the Board in Order No. P.U. 2 (2019).

<sup>11</sup> MNL’s membership includes 276 municipalities which represent 89% of the provincial population. Municipalities comprise the vast majority of Newfoundland Power’s Street and Area Lighting customers.

<sup>12</sup> See the *2021 Capital Budget Application, Volume 1, LED Street Lighting Replacement Plan, Appendix D*.