

1 **Q. (Reference 4.1 - Customer Correspondence Modernization) It is stated (page**
2 **2) "Newfoundland Power conducts regular Customer Satisfaction Surveys to**
3 **gather customer feedback on various service interactions."**
4 **a) Has NP modified its customer survey to gain an understanding of customer**
5 **willingness to pay for reliability improvements (balancing cost and reliability)**
6 **as required in the development of the Strategic Plan directed by the Board in**
7 **P.U. 3(2025), or does NP intend to use the results of Hydro's Digital**
8 **Engagement Process?**
9 **b) Are the Satisfaction Surveys designed and carried out by NP or by a**
10 **consultant hired by NP with input from NP, and is there input from the Board**
11 **or the Consumer Advocate?**
12 **c) Apart from surveys, how many customers per year have contacted NP over**
13 **the past 10 years specifically requesting substantial changes to NP' s bill**
14 **design?**

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16 **A.** a) First, Order No. P.U. 3 (2025) does not require Newfoundland Power to modify its
17 customer surveys. With respect to the Company's reliability, the Board did provide
18 the following in Order No. P.U. 3 (2025):
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20 *Currently, Newfoundland Power's target is to maintain its level of reliability.*
21 *The Board is satisfied that this is reasonable in the circumstances.*
22 *Newfoundland Power's outage frequency is consistent with Canadian*
23 *averages and its outage duration is better. The Board accepts the evidence*
24 *that strong reliability can result in lower overall costs to customers, with*
25 *fewer unplanned events and less costly responses. The Board is satisfied*
26 *that the evidence demonstrates that targeting a reduction in reliability*
27 *would not reduce costs and may increase costs. The Board is also*
28 *concerned that reducing reliability targets below current levels could impact*
29 *Newfoundland Power's ability to maintain current reliability levels,*
30 *particularly given the challenges associated with electrification and climate*
31 *change.¹*

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33 Second, it can be challenging to gauge customer opinions on the value they place on
34 reliable service. For example, the results of Newfoundland and Labrador Hydro's
35 Digital Engagement Initiative were reviewed by the Public Utility Board's consultant,
36 The Liberty Consulting Group ("Liberty"). Liberty found that the initiative did not
37 provide substantial guidance in analyzing tradeoffs between cost and reliability. In its
38 review, Liberty stated:

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40 *Hydro surveyed customers to understand their preferences between*
41 *reliability and cost. The results, while interesting, do not provide substantial*
42 *guidance in analyzing specific tradeoffs between cost and reliability here.²*

¹ Order No. P.U. 3 (2025), page 67, lines 30-38.

² See *Liberty's Review of Newfoundland and Labrador Hydro's Reliability and Resource Adequacy Study*, August 19, 2019, page 13, filed with the Board in relation to Hydro's *Reliability and Resource Adequacy Study* review.

1 Third, Newfoundland Power has a statutory obligation to provide safe, adequate and
2 reliable electrical service to customers at the lowest possible cost.³ The Board has
3 recognized that fully justified capital expenditures contribute to the delivery of least-
4 cost service to customers.⁴ The Company has had adequate customer satisfaction
5 and reliability performance over the last decade.⁵ In 2012, the Alberta Utilities
6 Commission's ("AUC") rejected the Office of the Utilities Consumer Advocate's (the
7 "UCA") proposal for a willingness-to-pay study to set targets given acceptable
8 reliability and customer satisfaction performance by the Alberta distribution
9 companies.⁶

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11 For these reasons, Newfoundland Power has not modified its customer survey to
12 inquire of customers' willingness to pay for reliability improvements.

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14 b) The Company's customer satisfaction survey provides a consistent method of
15 collecting and monitoring customer feedback.⁷ Newfoundland Power uses a third
16 party with expertise in designing and administering surveys and provides input on
17 the surveys as a part of that process. The Company does not gather input from
18 other stakeholders in the design of its customer satisfaction surveys.
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20 c) Newfoundland Power does not track customer contacts specifically requesting
21 changes to billing design. As a result, the requested information cannot be provided.

³ For more information on balancing cost and service, see Newfoundland Power's *2026 Capital Budget Application, Capital Budget Overview*, page 5.

⁴ In Order No. P.U. 7 (2002-2003), the Board stated: "*From a regulatory perspective, efficient operations, fully justified capital expenditures and a low cost capital structure all combine to minimize revenue requirement, and hence provide least cost electricity to ratepayers.*"

⁵ See, for example, Newfoundland Power's *2026 Capital Budget Application, Capital Budget Overview*, pages 5-8 and the *2026-2030 Capital Plan*, page 3.

⁶ In Decision 2012-237 (September 12, 2012), the AUC provided: "*With respect to the willingness-to-pay study proposed by the UCA, the Commission does not consider that such a proposal is necessary. Although a willingness-to-pay study may provide valuable information if the Commission were trying to ascertain whether Alberta distribution companies were providing a socially optimal level of reliability, at this time, the evidence on the record of this proceeding demonstrates that reliability standards are acceptable. Customer satisfaction scores are already provided by the companies on an annual basis as a part of the AUC Rule 002 results. The Commission is of the view that declining customer satisfaction scores will be a timely indicator of problems. For all of these reasons, the Commission rejects the UCA's proposal to use a willingness-to-pay study to set target measures at this time.*" See Decision 2012-237 (September 12, 2012), paragraph 928, page 200.

⁷ Each quarter, approximately 1,800 customers are surveyed. Both commercial and residential customers are included in the survey. This research helps Newfoundland Power understand trends in customer satisfaction and identify areas for improvement and areas of concern to customers, such as the cost and reliability of electricity service.