

1 Q. **Reference: Application**

2 Please identify all projects in the 2022 CBA where Hydro has quantified the risks and benefits to
3 customers of not proceeding with the projects in 2022. Identify the projects, and provide the
4 risk and benefit quantities in a summary table format.

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7 A. While Newfoundland and Labrador Hydro (“Hydro”) has a formalized asset management policy
8 and framework in place which governs its asset management practices, Hydro’s asset
9 management system does not currently support the quantification of risk associated with not
10 proceeding with projects.¹ Rather, Hydro’s capital budget largely consists of renewal-driven
11 investment to replace or refurbish assets in accordance with industry best practice, original
12 equipment manufacturer’s recommendations, and Hydro’s experience and knowledge of its
13 own assets.

14 While Hydro’s current framework does not support the quantification of risk, Hydro qualitatively
15 assesses risk in developing its project prioritization matrix, provided within the 2022 Capital
16 Budget Application (“CBA”).² Specifically, Hydro’s prioritization ranking considers Hydro’s ability
17 to continue to serve customers, the number of customers impacted, system impacts and
18 intensity, loss type, and loss mitigation.

19 Additionally, as noted in Section 3.0 of Hydro’s 2022 Capital Budget Overview,³ Hydro
20 considered deferral for each project contained in its 2022 CBA and documented the reason(s)
21 for deferral not being the preferred option in each project proposal.

¹ Through the Capital Budget Application Guidelines Review process, Hydro noted it is undertaking a readiness assessment of its current asset management practices to determine whether it might take steps toward further maturing its asset management program. Hydro expects the assessment to be complete by mid- to late 2022.

² “2022 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. September 17, 2021 (originally filed August 2, 2021), vol. I, sch. 1, app. H.

³ “2022 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. September 17, 2021 (originally filed August 2, 2021), vol. I, sch. 1, sec. 3.0.