

1 **Q. (Reference Application) Please identify all reliability risk metrics used by**
2 **Newfoundland Power in the 2022 Capital Budget Application. What risk mitigation**
3 **value is provided by Newfoundland Power’s asset management program; i.e., the**
4 **difference between baseline risk and residual risk?**
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6 A. Newfoundland Power did not use reliability risk metrics in its *2022 Capital Budget*
7 *Application*. The Company uses a comprehensive capital planning process to determine
8 the necessity, scope and timing of each proposed capital project.¹ This has helped
9 minimize overall costs to customers over the long term, while maintaining acceptable
10 levels of service reliability.²
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12 Newfoundland Power’s asset management program does not provide the reliability risk
13 metrics requested in this Request for Information. As a result, the reliability risk
14 mitigation value associated with the difference between baseline risk and residual risk
15 cannot be provided.
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17 Newfoundland Power’s asset management program was comprehensively reviewed by
18 the Board’s consultant, The Liberty Consulting Group (“Liberty”), in 2014. Liberty
19 observed:
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21 *“Annual capital strategies include measures (Transmission Rebuild*
22 *Strategy, Rebuild Distribution Lines Projects, Distribution Reliability*
23 *Initiative, and Substation Refurbishment and Modernization Strategy) well*
24 *targeted to the needs of its equipment. Asset management strategies have*
25 *promoted improved system reliability since 1998, while keeping annual*
26 *capital T&D expenditures under control.”³*
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28 For additional information on how reliability and risk are considered in
29 Newfoundland Power’s *2022 Capital Budget Application*, see response to Request
30 for Information CA-NP-014.

¹ See the *2022 Capital Budget Application, 2022 Capital Plan, Section 2.0*, for additional details on Newfoundland Power’s capital planning process.

² See response to Request for Information NLH-NP-042 for information on how Newfoundland Power’s approach to capital expenditures results in power being delivered to customers at the lowest possible cost consistent with reliable service.

³ See Liberty’s *Report on Island Interconnected System to Interconnection with Muskrat Falls addressing Newfoundland Power Inc.*, December 17, 2014, page 51.