Q. **Reference: Schedule 1 2024 Capital Budget Overview, Appendix G**

Please describe the process that Hydro follows in applying the Capital Risk Assessment Matrix, including the degree to which objective criteria and judgment both apply in the application of the matrix.

A. Newfoundland and Labrador Hydro's ("Hydro") capital risk assessment process begins at the FEED[1] alignment stage, whereby Hydro's Long-Term Asset Planners ("LTAPs") submit preliminary project data for evaluation and subsequent inclusion in the capital budget application. With this submittal, LTAPs apply the risk matrix to determine a pre- and post-implementation impact and likelihood score. These scores are reviewed and calibrated for consistency by Hydro's Capital Planning and Regulatory Engineering teams, with support from internal subject matter experts where required.

Hydro has designed its impact matrix to minimize subjectivity in assigning impact scores. Impacts are quantitatively defined for various asset classes (e.g., number of customers impacted, availability of redundant equipment, etc.) to allow for objective and consistent impact scores across users.

In assigning likelihood scores, Hydro's LTAPs and engineers utilize their experience and professional judgement in evaluating the likelihood and/or timeframe for a given risk occurring. Likelihood scores are also evaluated by Hydro's Capital Planning and Regulatory Engineering teams to ensure consistency in the application of likelihood scores across various users.

[1] Front-End Engineering Design ("FEED").