

1 Q. **Reference: Application**

2 What risk mitigation value is provided by Hydro’s asset management program; i.e., the
3 difference between baseline risk and residual risk?

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6 A. Newfoundland and Labrador Hydro’s (“Hydro”) capital risk evaluation within its asset
7 management program provides the baseline risk (i.e., pre-implementation), residual risk (i.e.,
8 post-implementation), and the mitigation value, provided in the 2023 Capital Budget
9 Application¹ for projects and programs in the Renewal, Service Enhancement and General Plant
10 investment classifications, as required by the provisional Capital Budget Application Guidelines.²
11 This information is contained in a table titled “Risk Scoring Pre- and Post-Implementation”
12 within each applicable project or program report within Volume II of Hydro’s 2022 Capital
13 Budget Application. For reference, Appendix F of Hydro’s Capital Budget Overview³ contains
14 Hydro’s Capital Risk Rating Matrix used to calculate the risk scoring.

¹ “2023 Capital Budget Application,” Newfoundland and Labrador Hydro, July 13, 2022.

² “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022.

³ “2023 Capital Budget Application,” Newfoundland and Labrador Hydro, July 13, 2022, vol.I, sch. 1, app. F, p. F-1.