

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, in the 2024 Capital Budget Application (“CBA”)¹
9 for projects and programs in the Renewal, Service Enhancement and General Plant investment
10 classifications, as required by the provisional CBA Guidelines.² The mitigation value is contained
11 in Appendix G of Schedule 1 in tables titled “Risk Mitigated” and “Risk Mitigated per \$1
12 Million.”³ For those proposals over \$750,000 all information is included in a table titled “Risk
13 Scoring Pre- and Post-Implementation” within each applicable project or program report within
14 Schedule 6. For reference, Appendix G of Hydro’s Capital Budget Overview⁴ contains Hydro’s
15 Capital Risk Rating Matrix used to calculate the risk scoring.

¹ “2024 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. August 18, 2023 (originally filed July 12, 2023).

² “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, December 20, 2021.

³ “2024 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. August 18, 2023 (originally filed July 12, 2023), sch. 1, app. G, pp. G-2–G-3.

⁴ “2024 Capital Budget Application,” Newfoundland and Labrador Hydro, July 12, 2023, sch. 1, app. G, p. G-1.