

1 Q. **Reference: Schedule 1 2024 Capital Budget Overview, Page 5, lines 2–6**

2 Please provide a table that lists each instance where in the 2024 Capital Budget Application
3 Hydro does not comply with the Provisional Guidelines, explain why not and detail the
4 information Hydro has provided instead to meet the spirit and intent of the Provisional
5 Guidelines.

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8 A. In the 2024 Capital Budget Overview,¹ Newfoundland and Labrador Hydro (“Hydro”) describes
9 certain aspects of the Provisional Capital Budget Guidelines (“Provisional Guidelines”)² that
10 Hydro was unable to fully meet in the manner described in the Provisional Guidelines, and the
11 reasons why. Other aspects are noted throughout the 2024 Capital Budget Application (“CBA”)
12 where appropriate. These aspects are referenced in Table 1, which provides a synopsis of where
13 Hydro has not achieved full compliance with the Provisional Guidelines.

14 An example of a proposal where required information was not available and alternate
15 supporting evidence has been provided is the Upgrade Power Transformers (2024–2025)
16 proposal.³ Three distinct asset management activities are described for power transformers,
17 two of which include asset condition category information; however, asset condition category
18 information is not available for all transformer bushings. Hydro has alternatively provided
19 information on the condition or the driving factor of the specific bushings designated for
20 replacement. While Hydro has not provided the age of the specific transformer components
21 designated for refurbishment or replacement, a chart has been provided that presents the
22 distribution of the age of power transformers in Hydro’s fleet. In some cases, such as the
23 Replace Disconnects (2024–2025) proposal,⁴ Hydro does not track outage statistics for the
24 individual assets and therefore has not provided historical reliability trending data. In Hydro’s

¹ “2024 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. August 18, 2023 (originally filed July 12, 2023), sch. 1, sec. 1.1.1.

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

³ “2024 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. August 18, 2023 (originally filed July 12, 2023), sch. 6, prog. 8.

⁴ “2024 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. August 18, 2023 (originally filed July 12, 2023), sch. 6, prog. 15.

1 opinion, the balance of evidence provided is sufficient to evaluate the project justification,
2 particularly in cases where the project is not justified based on historical reliability.

3 Hydro has endeavoured to provide the evidentiary requirements prescribed in the Provisional
4 Guidelines to the best of its ability based on the data available; however, as outlined in the
5 aforementioned example, for some programs or projects, asset data to meet all requirements
6 may not be available. Hydro anticipates that asset data will improve with the continuous
7 improvement of Hydro’s asset management systems and will address Provisional Guideline
8 requirement gaps as asset management practices evolve. As Hydro has previously stated, full
9 compliance will take years to achieve.

10 While Hydro is committed to continuous improvement in this area, and recognizes the value of
11 improved asset management systems and data that will aid in enabling a fulsome review of
12 Hydro’s capital investments by its stakeholders, Hydro believes that a more granular summary
13 of each instance where it has provided alternative information to meet the spirit and intent of
14 the Provisional Guidelines would provide limited value. Rather, it is Hydro’s opinion that it has
15 met the spirit and intent of the Provisional Guidelines for all projects or programs proposed in
16 the 2024 CBA and that the evidence provided in support of this application fully supports
17 proposed investments.

Table 1: Aspects of Hydro’s 2024 CBA Not Fully Meeting Provisional Guidelines

Provisional Guidelines Section	Requirement per Provisional Guidelines	Information Provided and Location	Rationale
Reliability Information	Historical: Past ten years with and without Externally Caused Outages and with and without Major Events.	In Schedule 1, Hydro has provided data on SAIDI ⁵ and SAIFI ⁶ performance with and without Major Events for the past ten years.	As external causes have generally not impacted Hydro’s reliability performance, Hydro does not currently track reliability impacts from external causes.
Reliability Information	Forecast or Target: Next five years without Externally Caused Outages and without Major Events.	In Schedule 1, Hydro has provided a five-year forecast of SAIDI and SAIFI targets, through the development of a five-year average of SAIDI and SAIFI performance.	As external causes have generally not impacted Hydro’s reliability performance, Hydro does not currently forecast reliability impacts from external causes.

⁵ System Average Interruption Duration Index (“SAIDI”).

⁶ System Average Interruption Frequency Index (“SAIFI”).

Provisional Guidelines Section	Requirement per Provisional Guidelines	Information Provided and Location	Rationale
Reliability Information	Benchmarking against similar utilities.	In Schedule 1, Hydro has provided EC ⁷ Region 2 SAIDI and SAIFI averages excluding Significant Events.	EC Region 2 averages inclusive of Significant Events are not available.
Required Information	Asset Condition <ul style="list-style-type: none"> • Project: Quantified asset condition and supporting documentation. • Program: Graph of quantified asset conditions—Condition (X-Axis), Asset Counts (Y-Axis)—and support inspection report(s) or inspection process(es). 	Hydro has provided asset conditions for each project and program to the level of detail available through its current systems, as outlined in the individual proposals within Schedule 6.	Asset data to meet all requirements, such as the quantification of asset condition and asset remaining life, is not always available to the level of detail outlined in the Provisional Guidelines. Hydro anticipates that asset data will improve with the continuous improvement of Hydro’s asset management systems.
Required Information	Historical Reliability <ul style="list-style-type: none"> • Project: Summary of historical outages including frequency, duration, and root cause. • Program: Summary of outage statistics over the past five years (e.g., contributions to SAIDI and SAIFI by root cause) 	Hydro has provided historical reliability for each project and program to the level of detail available through its current systems, as outlined in the individual proposals within Schedule 6.	Asset data to meet all requirements, such as historical reliability information, is not always available to the level of detail outlined in the Provisional Guidelines. Hydro anticipates that asset data will improve with the continuous improvement of Hydro’s asset management systems.
Required Information	Trending <ul style="list-style-type: none"> • Program: Graphs of 5-year historical, current, and 5-year forecast of: <ul style="list-style-type: none"> ○ Number of assets installed, replaced, and/or upgraded per year ○ Average unit cost of asset installation, replacement, and/or upgrades in each year 	Hydro has provided trending data for each program to the level of detail available through its current systems, as outlined in the individual proposals within Schedule 6.	Asset data to meet all requirements, such as the asset trending, is not always available to the level of detail outlined in the Provisional Guidelines. Hydro anticipates that asset data will improve with the continuous improvement of Hydro’s asset management systems.
Risk	Reliability Impact Prioritized: <ul style="list-style-type: none"> • List of Renewal, Service Enhancement and General Plant projects and programs ordered by reliability improvement per dollar spent. Previously approved multi-year projects should be at the top of the list without a reliability improvement value. 	Not applicable	Hydro does not track reliability to the level of individual assets and is therefore unable to provide a prioritization of projects and programs by reliability improvement per dollar spent in its 2024 Capital Budget Application. As Hydro continues to develop its asset management systems, Hydro will assess opportunities to collect and analyze data to facilitate the prioritization of projects and programs in this manner.

⁷ Electricity Canada (“EC”).