

1 Q. **Reference: Schedule 1 2024 Capital Budget Overview, Page 6, lines 3–12**

2 Explain the process underway to identify and implement process improvements in Hydro’s asset
3 management system. In the response: (a) identify any process improvements that have been
4 implemented to date or are planned for implementation; (b) include any framework document
5 that outlines the scope of the ongoing review; (c) state whether an expert has been retained to
6 assist with the review; and (d) state the schedule for the review.

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9 A. Newfoundland and Labrador Hydro (“Hydro”) is a complex, vertically integrated utility consisting
10 of regulated and unregulated assets. To better position the organization for long-term growth
11 and stronger asset management and equipment health visibility, Hydro envisions a common
12 asset management system for all regulated and non-regulated assets. Based on consultation
13 with other utilities and industry-learned experience, this journey can take up to ten years,
14 depending on the organization and existing management processes.

15 An embedded asset management culture impacts all components of the organization, with the
16 goal of optimizing value throughout the entire asset life cycle. Hydro believes its existing asset
17 management practices are effective and are aligned with its mandate to provide safe, reliable,
18 and least-cost service in an environmentally responsible manner; however, Hydro recognizes the
19 importance of continuous improvement of its asset management systems to meet the needs of
20 its stakeholders and provide improved long-term vision with a clear focus, managed key
21 performance indicators, and overall consistency across the business.

22 A preliminary report on the outcome of the asset management readiness assessment was issued
23 to Hydro in 2022 by Greeman Asset Management Solutions (“Greeman”). Unfortunately, due to
24 the untimely passing of the lead consultant and subsequent dissolution of the company, this
25 report was not finalized. Since that time, Hydro has made organizational changes to refocus its
26 asset management team. This team has been evaluating the current condition and state of
27 readiness within Hydro. Numerous discussions have already been held with Hydro’s senior
28 management and consultation will increase and continually evolve, including clear ownership

1 and responsibility at executive and senior leadership levels throughout the improvement
2 process.

3 Although the Greeman report was not finalized, Hydro believes that the information provided
4 contains many of the improvements that are required to achieve long-term success and
5 improvement of its asset management systems. Not unlike other North American utilities that
6 are early in the process of asset management improvement, Greeman's assessment indicated
7 that Hydro's asset management system is at an early stage of maturity. Although the report
8 shows areas of opportunity for improvement, a practical approach to implementation is
9 required.

10 Based on industry experience, it is fundamental that a well-functioning computerized
11 maintenance management system and associated asset information/structure is required to
12 enable the success of a holistic and unified asset management system. Without this foundation,
13 many of the improvements required will remain unsupported and impractical to implement.
14 Due to the significant efforts required, as well as lessons learned from other utilities relating to
15 the importance of data management, Hydro is prioritizing this foundational aspect of asset
16 management to have the greatest positive impact at this initial stage. Hydro is developing a
17 multi-year plan to mature its information base. When plans for this phase of improvement are
18 fully developed Hydro will look to other areas of improvement including policy, decision-making,
19 leadership, training, and standardization in all areas of asset management.

20 With a clear focus set on data and maintenance management systems, Hydro is proceeding to
21 develop plans and schedules and intends to provide updates to the Board of Commissioners of
22 Public Utilities in its subsequent capital budget applications.