

1 Q. **Reference: Schedule 1 2025 Capital Budget Overview, page 6.**

2 Hydro states it continues to improve its asset management systems, with an emphasis on the  
3 implementation of processes to improve and expand on asset and maintenance data.

4 a) Please describe how Hydro has incorporated the Technical Report – Asset Management  
5 Needs and Readiness Assessment filed in the response to Request for Information PUB-  
6 NLH-065 of the 2024 Capital Budget Application into the continuous improvement of its  
7 asset management system.

8 b) Does Hydro plan to undertake a third-party asset management maturity assessment of  
9 its asset management system? If yes, when is the asset management maturity  
10 assessment planned to be completed? If not, why not?

11 c) The response to Request for Information PUB-NLH-066 of the 2024 Capital Budget  
12 Application identified 39 recommendations broken down into 6 categories to improve  
13 the maturity of Hydro’s asset management. Please describe efforts taken over the past  
14 year to address these recommendations.

15 d) Please describe Hydro’s approach to employing operational technology to support asset  
16 management.

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19 A. a) The Technical Report – Asset Management Needs and Readiness Assessment (“Report”)<sup>1</sup>  
20 was informative and validated Newfoundland and Labrador Hydro’s (“Hydro”) current  
21 approach. Hydro’s practical approach is very much in line with the Report’s high-level  
22 findings and is aimed at making foundational improvements that will have a lasting impact  
23 on the way Hydro manages its assets and determines the priority of future capital  
24 investment. As maturity improves over time, efforts now will enable many of the  
25 elements/components identified within the Report’s recommendations.

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<sup>1</sup> Filed in response to PUB-NLH-065 of Hydro’s 2024 Capital Budget Application proceeding.  
<http://www.pub.nl.ca/applications/NLH2024Capital/responses/PUB-NLH-065.PDF>.

1           **b)** Hydro does not plan to undertake an additional third-party asset management maturity  
2           assessment at this time as Hydro continues to be in the early stages of asset management  
3           system maturity. Cost prudence and effective utilization of resources will be continually  
4           assessed. Hydro is currently focused on cleaning up data and optimizing the system to build  
5           a stronger asset management foundation. This initial phase is crucial for ensuring that the  
6           Computerized Maintenance Management System (“CMMS”) is well-organized and  
7           strategically aligned.

8           By addressing these foundational elements first, Hydro aims to enhance the system’s  
9           effectiveness and only leverage external expertise, when necessary. This approach allows  
10          Hydro to leverage external expertise more efficiently as needed once the foundational data  
11          is clean and the system is optimized.

12          Hydro previously underwent a third-party asset management maturity assessment, the  
13          Report, in 2021–2022. The findings from this Report highlighted the critical importance of  
14          having robust foundational data within a CMMS, a point that aligns with insights from other  
15          Canadian electrical utilities and external asset management professionals involved in similar  
16          asset management journeys.

17          Although Hydro will not be following the high-level stepped process detailed in the Report,  
18          Hydro will incorporate many of the potential improvements identified.

19          Once the foundational data is thoroughly cleaned and asset management processes are  
20          optimized, Hydro will reevaluate the need for a third-party assessment and consider the  
21          benefits of engaging external consultants to further advance its asset management system.

22          **c)** The asset management improvement activities currently being undertaken by Hydro are  
23          either directly or indirectly related to many of the elements/components identified in the 38  
24          recommendations included in the Report. Specifically, the efforts to increase the precision,  
25          accuracy and completeness of Hydro’s asset portfolio and improvements to the associated  
26          business processes speak directly to the elements/components that are a part of the Asset  
27          Information Management System (“AIMS”). Additionally, improvements to the AIMS is an  
28          enabler to other planned improvement activities related to asset life cycle delivery, asset  
29          management decision-making, strategy and planning, risk and review. Furthermore, intrinsic

1 to Hydro’s approach of utilizing internal resources, Hydro is building awareness of the  
2 importance of accurate and timely asset information.

3 **d)** Hydro’s current approach to employing operational technology (“OT”) has been varied  
4 dependent on the specific OT being discussed. OT used to capture asset telemetry  
5 information is assessed based on asset class, criticality and cost. Asset specialists and  
6 engineers are required to justify deployments to ensure sound decision-making has  
7 occurred; and is often tied to capital submissions. Software used to collect, capture and  
8 analyze telemetry information is often stored in Hydro’s centralized trending application  
9 (PI). In some cases, the original equipment manufacturers have provided software solutions  
10 that resulted in fully integrated solutions.

11 Although no timelines have been developed at this time, Hydro has identified future  
12 developments with respect to our OT approach which will increase the integration of our OT  
13 and CMMS. This will allow more sources of asset information to become easily incorporated  
14 into maintenance management practices, throughout the whole asset life cycle, decreasing  
15 the effort required to achieve a more holistic approach to decision-making.