

1 **Q. (Reference CA-NP-014, lines 21-24) The company references risk-based criteria when**
 2 **undertaking capital projects. Please provide a list of the criteria and a definition of**
 3 **risk as referenced therein.**

4
 5 A. The response to Request for Information CA-NP-014 indicates that risk-based criteria are
 6 applied when assessing the probability that an asset will fail and the potential
 7 consequences on the service provided to customers.¹ The risk-based criteria are specific
 8 to the asset being assessed. For example, the *2022 Capital Budget Application* included
 9 an assessment of the risk of asset failure for the *Sandy Brook Plant Penstock*
 10 *Replacement* and *Transmission Line Rebuild* projects.²

11
 12 For the *Sandy Brook Plant Penstock Replacement* project, the Company engaged
 13 Kleinschmidt Canada Inc. (“Kleinschmidt”) in 2020 to complete a visual inspection and
 14 condition assessment of the Sandy Brook Plant penstock.³ Kleinschmidt determined that
 15 the risk of failure of the penstock is likely due to wood stave collapse and/or loss of
 16 support from the saddles due to excessive cracking in the timbers.⁴ The primary
 17 consequences of penstock failure would be increased costs to customers due to increased
 18 plant downtime, as well as environmental damage and safety concerns.

19
 20 The *2022 Transmission Line Rebuild* project includes 2 projects to rebuild transmission
 21 lines constructed in the 1960s.⁵ Inspections on both lines identified significant
 22 deterioration and non-standard equipment, and both lines are at high risk of failure. Both
 23 lines provide the sole source of supply for customers in their respective locations.⁶ As a
 24 result, the primary consequence of component failure on these transmission lines would
 25 be outages to thousands of customers in Central Newfoundland and on the Avalon
 26 Peninsula, as well as increased costs required to complete emergency repairs.

27
 28 For more information on the risk assessments completed for these 2 capital projects, see
 29 responses to Requests for Information CA-NP-024 and CA-NP-029.

¹ Response to Request for Information CA-NP-014, page 3, lines 2-4.

² Response to Request for Information CA-NP-014, page 3, footnote 16.

³ See the *2022 Capital Budget Application, Report 1.2 Sandy Brook Penstock Replacement*, Appendix B.

⁴ *Ibid.*, page 7.

⁵ Transmission line 124L was originally constructed in 1964. Transmission line 94L was originally constructed in 1969.

⁶ The section of 124L proposed for rebuild in 2022 is part of the looped transmission system in Central Newfoundland and provides the sole source of supply for approximately 3,700 customers in the Glovertown area and Eastport Peninsula. 94L provides the sole source of supply for approximately 2,500 customers from St. Catherine’s to Trepassey on the Avalon Peninsula.