

1 **Q. (Reference Application) Please confirm that NP has not determined the risk**
2 **mitigation value provided by its asset management program (i.e., the**
3 **difference between baseline risk and residual risk) used in the development of**
4 **the 2024 CBA.**

5
6 A. Newfoundland Power confirms it does not calculate a quantifiable risk mitigation value
7 associated with its asset management program.

8
9 The Company completed risk assessments for each proposed capital expenditure in the
10 Renewal, Service Enhancement and General Plant classifications included in the *2024*
11 *Capital Budget Application*. The individual risk assessments are provided in Schedule B
12 to the Application. The methodology used to complete the risk assessments is provided
13 as Appendix C to the *2024 Capital Budget Overview*.

14
15 The overall risk mitigation value of Newfoundland Power's asset management can be
16 observed in the Company's long-term history of providing reliable service to customers
17 at the lowest possible cost. For example, Newfoundland Power's investment in
18 transmission and distribution assets has increased at a rate consistent with the average
19 of other Atlantic Canadian utilities over the last decade. The Company's average outage
20 duration was among the lowest of any Atlantic Canadian utility over this period.¹

21
22 The *2024 Capital Budget Application* continues long-term asset management programs
23 that have contributed to this performance for customers.

¹ See Newfoundland Power's *2024 Capital Budget Application, Capital Budget Overview*, pages 12 and 13.