

1 **Q. (Reference Application Schedule B, page iii) It is stated "Newfoundland Power**
 2 **does not currently have the data or software necessary to provide calculations**
 3 **of risk mitigation or reliability improvement."**

4 **a) Why not? Are risk mitigation and reliability valued by customers? How do**
 5 **they rank relative to other customer priorities? Have they always been**
 6 **ranked high by customers?**

7 **b) Please confirm that the risk matrix shown in Figure 1 does not meet the**
 8 **requirements set out in the Provisional Guidelines relating to the calculation**
 9 **of risk mitigation and reliability improvement.**

10 **c) Please identify all changes that have been made to the risk matrix since the**
 11 **2023 CBA.**

12
 13 A. a) Newfoundland Power's core asset management technology has been in service for
 14 approximately two decades. This technology is becoming obsolete and is expected
 15 to reach end of life in 2026.¹ The Company's core asset management technology
 16 does not currently have the data or software necessary to provide calculations of risk
 17 mitigation or reliability improvement.

18
 19 Approximately 1,800 Newfoundland Power customers are surveyed each quarter.
 20 For the past ten years, reliability and price have been the top two issues identified
 21 by customers. For additional information on customer surveys, see the response to
 22 Request for Information CA-NP-016.

23
 24 b) Section V.A.1.b of the Provisional Guidelines states in part, "*Where a utility is not*
 25 *able to provide the required information it shall provide an explanation as to why the*
 26 *information cannot be provided as well as the basis upon which the proposals should*
 27 *be approved in the absence of this information.*"

28
 29 Newfoundland Power's explanation for why risk mitigated per dollar spent and
 30 reliability improvement per dollar spent cannot be provided is outlined in part a) to
 31 this response. Newfoundland Power does not currently have the data or software
 32 necessary to provide calculations of risk mitigation or reliability improvement. This
 33 explanation also appears on page 1 of Appendix C of the *2024 Capital Budget*
 34 *Overview* filed as part of the Company's *2024 Capital Budget Application*. In order
 35 to comply with the spirit and intent of the Provisional Guidelines, the Company
 36 developed a methodology to provide consistency in its assessment of risk across
 37 projects and programs.² The methodology uses a risk matrix where priority is
 38 determined based on assessments of probability and consequence.

39
 40 In providing the above explanation and providing alternative information in the form
 41 of a risk matrix which provides reasonable consistency in communicating the results
 42 of the Company's risk assessments, the Company has complied with the requirement
 43 set out in Section V.A.1.b of the Provisional Guidelines.

¹ See Newfoundland Power's *2024 Capital Budget Application, 2024-2028 Capital Plan*, page 7.

² See correspondence from the Board regarding Provisional Guidelines, dated December 20, 2021 wherein the Board stated, "*While strict adherence to all aspects of the provisional guidelines may not be possible, the Board asks that the stakeholders make best efforts to respect the spirit and intent of the guidelines.*"

Requests for Information

- 1 c) No changes have been made to the risk matrix methodology developed since the
- 2 Company's *2023 Capital Budget Application*.