

1 **Reference: 2024-2028 Capital Plan**

2
3 **Q. Page 1. Please provide an update, including work completed to date, on the**
4 **ongoing review of Newfoundland Power’s asset management practices.**

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6 A. Newfoundland Power’s asset management practices were comprehensively reviewed by
7 the Board’s consultant, The Liberty Consulting Group (“Liberty”), in 2014. Liberty found
8 that Newfoundland Power’s asset management practices conform to good utility
9 practices.¹ Liberty also found that the Company’s maintenance and capital programs
10 have been effective in providing reliable service to customers and have appropriately
11 recognized the age of the Company’s assets.²

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13 As described in Newfoundland Power’s *2024-2028 Capital Plan*, a significant portion of
14 the Company’s electrical system was constructed in the 1960s and 1970s following
15 provincial electrification efforts in rural areas.³ A high quantity of assets with expected
16 useful service lives of between 50 and 60 years, such as conductor and wooden support
17 structures, are now aging beyond their expected useful service lives. The Company’s
18 future investment priorities reflect expected increases in requirements to refurbish and
19 replace these electrical system assets.⁴

20
21 At the same time, Newfoundland Power recognizes the evolution of industry trends and
22 best practices. Information technologies have become more advanced, and tools that
23 utilize advanced data analytics to produce quantifiable values for asset condition and risk
24 of failure are now available. Industry standards, such as the ISO 55000 series, have
25 also been developed to guide asset management within organizations.

26
27 Newfoundland Power is undertaking a review of its asset management practices to
28 ensure its practices continue to be adequate, given the age of its electrical system, and
29 remain consistent with industry best practices. The Company has developed a
30 framework for the asset management review, which has been provided as Attachment A
31 in the response to Request for Information PUB-NP-016. The framework is guiding the
32 scope, stages and timelines for the review.

33
34 The review is expected to require two years to complete. This timeline is driven, in part,
35 by the upcoming obsolescence of Newfoundland Power’s core asset management
36 technology. This technology has been in service for approximately two decades and is
37 expected to reach end of life in 2026.⁵ Through this review, the Company is aiming to
38 ensure the next generation of its asset management technology can effectively meet
39 future requirements.

¹ See Liberty’s *Report on Island Interconnected System to Interconnection with Muskrat Falls addressing Newfoundland Power Inc.*, December 17, 2014, page ES-1.

² Ibid., page ES-2.

³ See Newfoundland Power’s *2024 Capital Budget Application, 2024-2028 Capital Plan, Section 2.4 Asset Condition Outlook*, page 6.

⁴ See the response to Request for Information PUB-NP-019.

⁵ Newfoundland Power was notified by the vendor of its asset management technology that the software will no longer be supported as of December 31, 2026.

1 Newfoundland Power's asset management review is divided into three major milestones,
2 which are:

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- 4 (i) **A Current State Assessment** to understand where Newfoundland Power is in
5 its asset management journey, how it currently compares to other utilities, and
6 opportunities to enhance its asset management practices;
7
- 8 (ii) **A Target State Assessment** to assess the costs and customer benefits of
9 opportunities to advance Newfoundland Power's asset management to ensure its
10 practices continue to be adequate and aligned with sound public utility practice;
11 and
- 12
- 13 (iii) **Implementation Planning** to guide the execution of opportunities that are
14 assessed as required to meet the Company's objective of continuing to provide
15 safe and reliable service to customers at the lowest possible cost.
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17 As a part of the Current State Assessment, Newfoundland Power has benchmarked its
18 asset management maturity against clauses of ISO 55001.⁶ This is a standard approach
19 used by utilities to understand the current state of their asset management and provides
20 a tool against which progress can be monitored along their asset management journey.
21 Opportunities for assessment were identified and categorized in three areas:

22 (i) organizational approach; (ii) plans and processes; and (iii) data and technology.
23

24 Newfoundland Power is assessing each of the opportunities identified in the Current
25 State Assessment. The Company has grouped the opportunities into seven milestones
26 to be completed as a part of a target state assessment. To date, four of the seven
27 milestones are substantially complete and continue to inform the ongoing initiatives of
28 the remaining milestones.⁷ Details and timelines of each milestone can be found in the
29 response to Request for Information PUB-NP-016, Attachment A.
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31 Newfoundland Power notes that its asset management review is a long-term initiative.
32 The framework for conducting the review was completed in 2022 and the results of the
33 review are expected to be available in 2024. The timelines associated with
34 implementing any resulting recommendations will depend on the recommendations
35 identified and may require a phased approach over several years.

⁶ ISO 55001 is an internationally recognized standard for asset management practices.

⁷ Initiatives completed in these four milestones include: (i) a library of documentation was compiled which establishes how Newfoundland Power conducts asset management; (ii) internal knowledge capacity was built upon through a five-day Institute of Asset Management training course by an external consultant, after which 20 employees became certified in asset management via this institute; (iii) engagement sessions were held with Newfoundland Power employees across the island, including knowledge transfer from the asset management training course; and (iv) a pilot project was completed which helped to inform the approach to Newfoundland Power's asset management journey.