

- 1 **Q. (Reference Application Schedule B, page ii) It is stated “Where quantitative**  
 2 **information is not available, qualitative assessments based on engineering**  
 3 **judgment have been provided. For projects over \$5 million, more detailed**  
 4 **information is provided in reports prepared by Professional Engineers or**  
 5 **other qualified experts.”**  
 6 **a) Please confirm that this same statement was made in NP’s 2023 and 2024**  
 7 **CBAs.**  
 8 **b) Excluding NP staff, what other qualified experts have prepared reports**  
 9 **associated with the 2025 Capital Budget Application?**  
 10 **c) Are the “professional engineers or other qualified experts” referenced by**  
 11 **NP able to quantify risk? If not, why has NP hired “professional engineers**  
 12 **and other qualified experts” who do not have the expertise to quantify risk**  
 13 **when it is a requirement under the Provisional Guidelines?**

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 15 **A. a) It is confirmed.**  
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 17 **b) As part of the *Asset Management Technology Replacement* project, Newfoundland**  
 18 **Power engaged a third-party consultant, Asset Management Consulting Limited**  
 19 **(“AMCL”), to undertake a review of the Company’s asset management practices. This**  
 20 **review by AMCL included guidance on the replacement of the Company’s asset**  
 21 **management technology. The AMCL Technology Report is included as Appendix A to**  
 22 **report *6.2 Asset Management Technology Replacement*.**  
 23  
 24 **c) Newfoundland Power notes that this Request for Information (“RFI”) is substantively**  
 25 **identical to RFI CA-NP-043 filed in relation to the Company’s *2024 Capital Budget***  
 26 ***Application*. This RFI is also substantively identical to RFI CA-NP-036 filed in relation**  
 27 **to the Company’s *2023 Capital Budget Application*.**

28  
 29 Newfoundland Power’s retention of outside experts is not dependent on their ability  
 30 to quantify risk.

31  
 32 The Provisional Guidelines require that, “Where appropriate, the utility is expected to  
 33 provide additional information such as a report/analysis by a qualified engineer,  
 34 independent consultant, or other appropriate expert.” The Provisional Guidelines  
 35 apply this requirement for capital projects greater than \$5 million, with the option of  
 36 providing such information for expenditures between \$1 million and \$5 million,  
 37 where appropriate.<sup>1</sup>

38  
 39 With the exception of tying the use of independent reports to a project’s materiality,  
 40 the Provisional Guidelines did not introduce any further material change that would  
 41 necessitate a different approach in providing reports in support of proposed  
 42 expenditures. Whether a report is required from a qualified expert outside the  
 43 Company continues to be optional under the Provisional Guidelines. The Company’s  
 44 determination as to whether to retain an outside expert would generally depend on  
 45 the nature of the expertise required and whether that expertise is available within  
 46 the Company.

<sup>1</sup> See the Provisional Guidelines, page 17.

1 Newfoundland Power observes that all methodologies for incorporating risk  
2 assessments into the prioritization of capital investments rely to some degree on  
3 engineering judgment.<sup>2</sup> In compliance with section V.A.1.b of the Provisional  
4 Guidelines, the Company utilizes a risk matrix methodology to provide reasonable  
5 consistency in its communication of its risk assessments.<sup>3</sup> While the risk matrix  
6 methodology relies on scoring guidelines that rely on quantifiable factors to assess  
7 consequences and probabilities, the Company continues to rely on engineering  
8 judgment, including its familiarity and operational experience with its assets, to  
9 inform its capital planning process.

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<sup>2</sup> See the response to RFI CA-NP-043, part f) which is identical to CA-NP-045, part f) filed as part of the Company's *2024 Capital Budget Application*.

<sup>3</sup> See Newfoundland Power's *2025 Capital Budget Application, Schedule B* for project-specific risk assessments. See also Newfoundland Power's *2025 Capital Budget Application, 2025 Capital Budget Overview*, Appendix C for the methodology used to complete risk assessments.