

- 1 **Q. (Reference Application, 6.2 Asset Management Technology Replacement,**  
 2 **page 2) It is stated “Maintaining reliable service for customers is expected to**  
 3 **require increased investments in the planned refurbishment and replacement**  
 4 **of assets going forward. Optimizing the future replacement of these assets in**  
 5 **order to balance performance, cost and risk is a key consideration for**  
 6 **Newfoundland Power’s asset management journey.”**
- 7 **a) Why is maintaining reliable service expected to require increased**  
 8 **investments? Is there an incremental cost associated with maintaining**  
 9 **current levels of reliability?**
- 10 **b) Is the purpose of the asset management technology to increase or**  
 11 **minimize/optimize costs?**
- 12 **c) How will the asset management technology quantify service**  
 13 **improvements and risks associated with the timing of projects?**
- 14 **d) Is upgrading asset management technology a response to the**  
 15 **requirements set out in the Provisional Capital Budget Application**  
 16 **Guidelines?**
- 17 **e) Will alternative 2 enable NP to meet the requirements set out in the**  
 18 **Provisional Capital Budget Application Guidelines, specifically, the**  
 19 **quantification of service improvements and risk?**
- 20
- 21 **A. a)** Newfoundland Power’s investment priorities reflect increased focus on the planned  
 22 refurbishment of assets to extend their useful lives and the replacement of assets  
 23 that become deteriorated or fail in service. A significant portion of the Company’s  
 24 electrical system assets were constructed in the 1960s and 1970s following  
 25 provincial electrification efforts in rural areas. As a result, a large quantity of assets  
 26 with expected useful lives of between 50 and 60 years, such as conductor and  
 27 wooden support structures, are now aging beyond their expected useful service  
 28 lives. Maintaining the safe and reliable operation of the electrical system will  
 29 therefore require increased investments in the planned refurbishment and  
 30 replacement of electrical system assets.
- 31
- 32 In Newfoundland Power’s view, maintaining current levels of service reliability is  
 33 least cost for customers when compared to (i) degrading reliability or (ii) increasing  
 34 reliability. For more information, see the response to Request for Information CA-NP-  
 35 015.
- 36
- 37 **b)** An asset management technology solution is one aspect of a comprehensive asset  
 38 management system. A comprehensive asset management system also includes  
 39 plans and processes and an overall organizational approach. Newfoundland Power  
 40 utilizes its asset management technology to help manage its electrical system assets,  
 41 including informing data-driven decisions for operational and capital expenditures to  
 42 help ensure expenditures are optimally allocated.
- 43
- 44 **c)** The asset management technology replacement will support the Company’s current  
 45 asset management practices with the addition of enhancements that are native to  
 46 modern solutions. Additional functionality for the technology will be considered as  
 47 the Company’s asset management system matures. For more information, see the  
 48 response to Request for Information PUB-NP-040 and PUB-NP-045.

1           d) The Company's current asset management technology will no longer be supported  
2           by the vendor as of January 1<sup>st</sup>, 2027. As a result, the current technology must be  
3           replaced prior to its obsolescence to ensure continuity of the Company's operations  
4           and asset management practices. The requirement to replace the Company's  
5           existing asset management technology was not driven by the information  
6           requirements set out in the Provisional Guidelines.

7  
8           Newfoundland Power has met the information requirements of the Provisional  
9           Guidelines when the required information is available. Consistent with section  
10          V.A.1.b of the Provisional Guidelines, where the Company is not able to provide the  
11          required information, it has provided an explanation as to why the information  
12          cannot be provided as well as the basis upon which the proposals should be  
13          approved in its absence.

14  
15          e) See the response to Request for Information PUB-NP-045.