

1     **Q.     Reference: Application**

2             In the Guidelines it is stated (page 2 of 18) *“The information to be provided in an annual capital*  
3             *budget application and the format for this information is set out in Appendix A. Where a utility is*  
4             *not able to provide the required information it shall provide an explanation as to why the*  
5             *information cannot be provided as well as the basis upon which the proposals should be*  
6             *approved in the absence of this information.”* Please identify each instance in the 2026 CBA  
7             where Hydro was unable to provide the required information.

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10     **A.**     In the 2026 Capital Budget Overview,<sup>1</sup> Newfoundland and Labrador Hydro (“Hydro”) describes  
11             certain aspects of the provisional Capital Budget Guidelines (“Guidelines”)<sup>2</sup> that Hydro was  
12             unable to fully meet in the manner described in the Guidelines, and the reasons why. Other  
13             aspects are noted throughout the 2026 Capital Budget Application (“CBA”) where appropriate.  
14             These aspects are referenced in Table 1, which provides a synopsis of where Hydro has not  
15             achieved full compliance with the Guidelines.

16             An example of a proposal where required information was not available and alternate  
17             supporting evidence has been provided is the Perform Facilities Refurbishments (2026)  
18             proposal. As asset condition assessments are not available for all Hydro facilities at this time,  
19             Hydro has alternatively provided information on the condition or the driving factor of the  
20             specific facilities designated for refurbishment. In some cases, such as the Replace Disconnects  
21             (2026–2028) proposal, Hydro does not track outage statistics for the individual assets and  
22             therefore has not provided historical reliability trending data. In Hydro’s opinion, the balance of  
23             evidence provided is sufficient to evaluate the project justification, particularly in cases where  
24             the project is not justified based on historical reliability.

25             Hydro has endeavored to provide the evidentiary requirements prescribed in the Guidelines to  
26             the best of its ability based on the data available; however, as outlined in the aforementioned

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<sup>1</sup> 2026 Capital Budget Application, Newfoundland and Labrador Hydro, July 15, 2025, Schedule 1.

<sup>2</sup> “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022.

1 example, for some programs or projects, asset data to meet all requirements may not be  
2 available. Hydro anticipates that, where appropriate, asset data will improve with the  
3 continuous improvement of Hydro's asset management systems and will address the Guidelines  
4 requirement gaps as asset management practices evolve. As Hydro has previously stated, full  
5 compliance will take years to achieve.

6 While Hydro is committed to continuous improvement in this area and recognizes the value of  
7 improved asset management systems and data that will aid in enabling a fulsome review of  
8 Hydro's capital investments by its stakeholders, Hydro believes that a more granular summary  
9 of each instance where it has provided alternative information to meet the spirit and intent of  
10 the Guidelines would provide limited value. Rather, it is Hydro's opinion that it has met the spirit  
11 and intent of the Guidelines for all projects or programs proposed in the 2026 CBA and that the  
12 evidence provided in support of this application fully supports proposed investments.

**Table 1: Aspects of Hydro’s 2026 CBA Not Fully Meeting the Guidelines**

| <b>Guidelines Section</b> | <b>Requirement per guidelines</b>   | <b>Information Provided and Location</b>  | <b>Rationale</b>  |
|---------------------------|---|---|---|
| Reliability Information   | Historical: Past ten years with and without Externally Caused Outages and with and without Major Events.  | In Schedule 1, Hydro has provided data on SAIDI <sup>3</sup> and SAIFI <sup>4</sup> performance with and without Major Events for the past ten years.                                     | As external causes have generally not impacted Hydro’s reliability performance, Hydro does not currently track reliability impacts from external causes.  |
| Reliability Information   | Forecast or Target: Next five-years without Externally Caused Outages and without Major Events.   | In Schedule 1, Hydro has provided a five-year forecast of SAIDI and SAIFI targets, through the development of a five-year average of SAIDI and SAIFI performance.                         | As external causes have generally not impacted Hydro’s reliability performance, Hydro does not currently forecast reliability impacts from external causes.   |
| Required Information      | <p>Asset Condition</p> <ul style="list-style-type: none"> <li>• Project: Quantified asset condition and supporting documentation.</li> <li>• Program: Graph of quantified asset conditions—Condition (X-Axis), Asset Counts (Y-Axis)—and support inspection report(s) or inspection process(es).</li> </ul> | Hydro has provided asset conditions for each project and program to the level of detail available through its current systems, as outlined in the individual proposals within Schedule 7. | Asset data to meet all requirements, such as the quantification of asset condition and asset remaining life, is not always available to the level of detail outlined in the Guidelines. Hydro anticipates that, where appropriate, asset data will improve with the continuous improvement of Hydro’s asset management systems. Hydro also notes that not all assets are conducive to quantified condition information, and may rely on |

<sup>3</sup> System Average Interruption Duration Index (“SAIDI”).

<sup>4</sup> System Average Interruption Frequency Index (“SAIFI”).

|                      |  |   |  |
|----------------------|--|---|--|
|                      |  |   | qualitative assessments of asset condition. In such cases, Hydro endeavors to quantify asset condition through its risk evaluation practices.  |
| Required Information | <p>Historical Reliability</p> <ul style="list-style-type: none"> <li>• Project: Summary of historical outages including frequency, duration, and root cause.</li> <li>• Program: Summary of outage statistics over the past five years (e.g., contributions to SAIDI and SAIFI by root cause)</li> </ul>   | Hydro has provided historical reliability for each project and program to the level of detail available through its current systems, as outlined in the individual proposals within Schedule 7. | Asset data to meet all requirements, such as historical reliability information, is not always available to the level of detail outlined in the Guidelines. Hydro anticipates that asset data will improve with the continuous improvement of Hydro's asset management systems. Hydro further notes that some assets are not conducive to tracking of historical reliability; in particular, assets classified as general plant, may not be conducive to such measurement. |
| Required Information | <p>Trending</p> <ul style="list-style-type: none"> <li>• Program: Graphs of 5-year historical, current, and 5-year forecast of: <ul style="list-style-type: none"> <li>○ Number of assets installed, replaced, and/or upgraded per year</li> <li>○ Average unit cost of asset installation, replacement, and/or upgrades in each year</li> </ul> </li> </ul> | Hydro has provided trending data for each program to the level of detail available through its current systems, as outlined in the individual proposals within Schedule 7.                      | Asset data to meet all requirements, such as the asset trending, is not always available to the level of detail outlined in the Guidelines. Hydro anticipates that asset data will improve with the continuous improvement of Hydro's asset management systems.  |
| Risk                 | <p>Reliability Impact Prioritized:</p> <ul style="list-style-type: none"> <li>• List of Renewal, Service Enhancement and General</li> </ul>  | Not applicable  | Hydro does not track reliability to the level of individual assets and   |

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Plant projects and programs ordered by reliability improvement per dollar spent. Previously approved multiyear projects should be at the top of the list without a reliability improvement value.

is therefore unable to provide a prioritization of projects and programs by reliability improvement per dollar spent in its 2026 CBA. Further, assets such as General Plant assets may not have a direct relation to system reliability. As Hydro continues to develop its asset management systems, Hydro will assess opportunities to collect and analyze data to facilitate the prioritization of projects and programs in this manner.

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