

1    Q.    **Reference: Application**

2            In the Provisional Guidelines it is stated (page 15 of 18) with respect to the assessment of  
3            alternatives *“Defer project and maintain status quo addressing, to the extent possible, the risk of*  
4            *deferral for one or more years, in terms of reliability impact, safety, human resource*  
5            *requirements, and the impact on other capital projects.”* On pages 16 of 18 and 17 of 18 of the  
6            Provisional Guidelines it is stated *“Projects and programs shall be evaluated for risk mitigation in*  
7            *the following categories: 1) Reliability 2) Safety 3) Environment. Risk mitigation shall be*  
8            *calculated as the difference in risk before and after the proposed alternatives were implemented.*  
9            *The calculation of risk shall conform to an internationally recognized standard for calculating*  
10           *risk.”*

11           a) Please provide a table summarizing for each project and program in the 2026 CBA the risk  
12           quantified in terms of reliability impact, safety, human resource requirements, and the  
13           impact on other capital projects.

14           b) If Hydro is unable to quantify the risk in these terms, please explain why it is unable to do so  
15           given that this is the fourth capital budget submitted under the Provisional Guidelines and  
16           that it has been 6 years since the Board initiated its review of the Guidelines in 2019. When  
17           does Hydro expect to be in a position to do so?

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20    A.    Newfoundland and Labrador Hydro’s (“Hydro”) capital risk evaluation provides the risk  
21           mitigation value in the 2026 Capital Budget Application for projects and programs in the  
22           Renewal, Service Enhancement and General Plant investment classifications in the categories of  
23           System Reliability, Safety, or Environmental risk, as required by the provisional Capital Budget  
24           Application Guidelines.<sup>1</sup> System Reliability impacts are further quantitatively defined for various  
25           asset classes, including Generation, Transmission and Terminals, Distribution, and General Plant  
26           and Business Continuity. With regards to the risk of deferral, specifically the risk quantified in

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<sup>1</sup> “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, December 20, 2021.

1 terms of human resource requirements and the impact on other capital projects, these would  
2 be discussed within the deferral alternative, if relevant.

3 The risk mitigation values are contained in Appendix G of Schedule 1 of the application and for  
4 those proposals over \$750,000, risk scores are provided within each applicable project or  
5 program report within Schedule 7 of the application. For reference, Appendix G of Hydro's  
6 Capital Budget Overview contains Hydro's Capital Risk Rating Matrix used to calculate the risk  
7 scoring.