

1 Q. **Reference: Application, 2026 Capital Budget Overview, Appendix G, page G-2**

2 Please explain why “Procure Accommodations (2026) – Makkovik” has a higher risk mitigated
3 score (17) than “Backup Critical Control Systems (2026) – Holyrood” (15).
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6 A. Newfoundland and Labrador Hydro (“Hydro”) determines the pre- and post-execution risk
7 scores of a project or program based on the impact and likelihood of risks specific to the asset
8 type for the proposed expenditure. Hydro also maintains a risk matrix that attributes impact
9 scores to the risk factors associated with capital execution for each category, which is provided
10 for reference in each capital budget application.¹ The risk mitigated score is the difference
11 between the risk score pre- implementation and post- implementation of the proposed work.

12 Procure Accommodations (2026) – Makkovik has a higher risk mitigated score as the purchase of
13 accommodations is expected to reduce both the risk impact and likelihood associated with a
14 lack of accommodations in the area, while the Backup Critical Control Systems (2026) –
15 Holyrood Project reduces the likelihood of the risk, but not the associated impact. The nature of
16 the risk of each project is also different; Procure Accommodations (2026) – Makkovik is
17 intended to address safety and security risks of employees working in the area, as well as
18 reliability risk associated with being unable to complete maintenance or repairs in Makkovik due
19 to a lack of accommodations for the necessary workers; Backup Critical Control Systems (2026) –
20 Holyrood addresses system reliability risks. Hydro considers many factors in the selection of the
21 projects and programs for inclusion in its budget, including operational risks, ability to execute,
22 total investment, and cumulative risk associated with balancing aging assets while providing
23 least-cost, reliable service in an environmentally responsible manner. Risk mitigated alone is not
24 a determining factor.

¹ For Hydro’s risk matrix, please refer to “2026 Capital Budget Application,” Newfoundland and Labrador Hydro, July 15, 2025, sch. 1, Appendix G, p. G-1.