

- 1 **Q. In its October 1, 2020 letter to the Board, NP states (Page 6 of 8) “certain increases**
 2 **in risks facing the system have already materialized and deferring system replacement**
 3 **would expose customers to a high level of risk.”**
 4
- 5 **a) In the assessment undertaken by EY in 2018 was EY expecting the results to**
 6 **be obsolete two years later? How did an independent expert such as EY**
 7 **overlook these risks?**
 8
- 9 **b) Did EY provide Newfoundland Power with a quantified risk assessment in**
 10 **terms of the probability of occurrence multiplied by the impact on**
 11 **consumers? Did Newfoundland Power ask EY to quantify risks?**
 12
- 13 **c) In EY’s experience, what makes these risks unmanageable and too costly to**
 14 **continue operation of the existing CSS?**
 15
- 16 **d) What have other utilities done to mitigate these risks and keep their existing**
 17 **CSS operational, and at what cost?**
 18
- 19 **e) What mitigation measures would enable deferral of the replacement project**
 20 **by another few years beyond 2023 rather than undertaking the project now**
 21 **during this time of global pandemic and severe financial stress in the**
 22 **Province?**
 23
- 24 **f) Specifically, what does EY estimate as the cost of risk mitigation and how**
 25 **does it compare to savings resulting from deferral of the project? Did**
 26 **Newfoundland Power ask EY to develop such an estimate?**
 27
- 28 **A. a) No, in 2018 we neither expected the results to become obsolete in two years nor**
 29 **have they. At the time, we wrote that the risks were likely to increase, which has**
 30 **occurred. Refer to PUB-NP-022 for a description of the risks and factors**
 31 **observed since the 2018 report.**
 32
- 33 **b) Please see our response to RFI CA-NP-177 related to quantification and PUB-NP-**
 34 **021 for a description of the criteria we used in determining levels of risk.**
 35
- 36 **c) In EY’s opinion and as noted in the 2020 assessment and planning report,**
 37 **replacement of the CSS is the only viable option to mitigate the technical and**
 38 **functional risks facing Newfoundland Power. Refer to CA-NP-183 for options**
 39 **assessed and option recommended.**
- 40 **d) As noted into our response to CA-NP-171 part c and PUB-NP-022, the other**
 41 **utilities operating systems similar to CSS (e.g. Customer/1) that we were able to**
 42 **collect updated information on (all but three of the 27 listed in our June 17, 2018**
 43 **report), have all either moved onto a modern system, or are actively pursuing**
 44 **evaluation/implementations projects to move to modern systems.**
 45

- 1 e) We are not aware of any reasonable mitigation measures that would reduce risks
2 to acceptable levels. Refer to PUB-NP-022 for a description of the risks and
3 factors observed since the 2018 report and refer to PUB-NP-023 for costs and
4 risks related to deferral.
5
- 6 f) In our 2020 assessment and planning report, we concluded that the only viable
7 means of mitigating the risks associated with CSS was to replace the system. We
8 estimated the cost of this option as \$31.6 million. We did not estimate the costs
9 of non-viable options. Furthermore, we do not believe Newfoundland Power will
10 incur savings from deferring the project but instead incur additional costs. Refer
11 to PUB-NP-022 for a description of the risks and factors observed since the 2018
12 report and refer to PUB-NP-023 for costs and risks related to deferral.