

1 **Q. (Reference Application Schedule B, page i) It is stated "Newfoundland Power**
 2 **has met the information requirements of the Provisional Guidelines when the**
 3 **required information is available."**

4 **a) Please confirm that this same statement was made in the 2023 and 2024**
 5 **CBA's.**

6 **b) Please provide a table identifying the information that is not available and**
 7 **include an explanation of why it is not available.**

8
 9 A. a) It is confirmed.

10
 11 b) The filing requirements established in the Provisional Guidelines are set out in *Part I.*
 12 *General Context, Part II. Organization, Part III. Required Information and Part IV.*
 13 *Prioritization* as provided in Appendix A of the guidelines.

14
 15 ***A. Part I. General Context and Part II. Organization***

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 17 Section V.A.1.b of the Provisional Guidelines under Filing Requirements, provides in
 18 part:

19
 20 *Where a utility is not able to provide the required information it shall*
 21 *provide an explanation as to why the information cannot be provided as*
 22 *well as the basis upon which the proposals should be approved in the*
 23 *absence of this information.*

24
 25 Attachment A to this Request for Information provides a summary of Newfoundland
 26 Power's *2025 Capital Budget Application's* (the "Application") compliance with the
 27 Provisional Guidelines' filing requirements, which are outlined in detail in Appendix A
 28 of the Provisional Guidelines.

29
 30 ***B. Part III. Required Information and Part IV. Prioritization***

31
 32 In the filing requirements of the Provisional Guidelines, there are three primary areas
 33 in *Appendix A Part III. Required Information* where required information is not
 34 available: *Trending, Asset Condition* and *Risk*. For each of these areas,
 35 Newfoundland Power has provided other information in efforts to meet the spirit and
 36 intent of the requirements.

37
 38 The Company is unable to provide risk calculations and as such cannot provide a
 39 prioritized list of its projects and programs based on those calculations as required
 40 by *Appendix A Part IV. Prioritization* of the Provisional Guidelines.

41
 42 For fulsome information on Newfoundland Power's compliance with *Appendix A Part*
 43 *III. Required Information*, see the Application, Schedule B, pages i to iv.

44
 45 *Trending and Asset Condition.*

46 Newfoundland Power's core asset management technology has been in service for
 47 approximately two decades. The technology does not have the capability of

1 capturing all of the granular data that would be required for strict adherence to all of
2 the filing requirements outlined in Appendix A of the Provisional Guidelines.

3
4 The Provisional Guidelines require trending data for programs, including the number
5 of assets installed or replaced each year, and the average unit cost per installation or
6 replacement. The Provisional Guidelines also require quantitative data regarding
7 asset condition.

8
9 This data is provided in limited cases where it exists. The inconsistent availability of
10 data reflects the fact that many programs involve corrective and preventative
11 maintenance of a wide range of assets, and unit-based information has not
12 historically been tracked.¹ Options for collecting more granular trending data and
13 asset condition data on a go-forward basis are being evaluated as part of the
14 Company's ongoing asset management review.

15
16 In Newfoundland Power's view, trends for individual programs can be reasonably
17 observed in total program costs over time. The *Program Trend* sections therefore
18 provide graphs of five-year historical, current budget year, and five-year forecast
19 expenditures for each program.²

20
21 Where quantitative information is not available regarding asset condition, qualitative
22 assessments based on engineering judgment have been provided. For projects over
23 \$5 million, more detailed information is provided in reports prepared by Professional
24 Engineers or other qualified experts.

25 *Risk and Part IV. Prioritization*

26 The Provisional Guidelines require that projects and programs classified as Renewal,
27 Service Enhancement or General Plant be evaluated for risk mitigation, and that risk
28 mitigation be calculated in conformance with an internationally recognized standard.
29 The Provisional Guidelines also require projects and programs be provided in the
30 form of a prioritized list with prioritization based on calculations of risk mitigation or
31 reliability improvement.

32
33 Limitations associated with Newfoundland Power's legacy asset management
34 technology also factor into the Company's inability to strictly adhere to the filing
35 requirements relating to calculations of risk mitigation and reliability improvement.
36 Options to derive such values will be assessed during the Company's asset
37 management review.³
38

¹ For example, with the *Rebuild Distribution Lines* program, crews do not record labour and materials on a per component basis. Therefore, the unit cost to replace an insulator, cut-out, crossarm or pole is not tracked.

² A Program Trends section is included in each program description in Newfoundland Power's *2025 Capital Budget Application, Schedule B*.

³ Producing quantifiable risk and reliability values to prioritize capital expenditures would require the use of more advanced software.

1 To comply with the spirit and intent of the Provisional Guidelines, Newfoundland
 2 Power developed a methodology to provide consistency in its communication of risk
 3 assessments across projects and programs.⁴ The risk matrix methodology is
 4 designed to assess the risks of not proceeding with capital expenditures identified in
 5 the Renewal, Service Enhancement and General Plant investment classifications.
 6 This, in turn, allows capital expenditures to be presented in the form of a prioritized
 7 list with the level of priority based on the degree of risk mitigation provided.
 8

9 A detailed description of the risk matrix methodology is provided in Appendix C to
 10 the *2025 Capital Budget Overview* filed with the Application.
 11

12 **C. Overall Information Assessment**

13
 14 For areas where data and software limitations do not allow for strict adherence to
 15 the filing requirements of the Provisional Guidelines, Newfoundland Power has
 16 provided other information to meet the spirit and intent of the requirements.⁵
 17 Company has also provided explanations in the Application as to why the information
 18 cannot be provided.⁶ As such, in the Company's view, it has complied with part
 19 V.A.1.b and the Provisional Guidelines as a whole. As part of its asset management
 20 review, the Company will assess what changes to its practices and procedures would
 21 be required, as well as any additional software, to enable the Company to strictly
 22 adhere to the filing requirements as currently set out in Appendix A of the
 23 Provisional Guidelines.
 24

25 Overall, Newfoundland Power submits that the Application includes comprehensive
 26 information that clearly describes the Application's proposals and demonstrates that
 27 all proposed capital expenditures are necessary to provide customers with access to
 28 safe and reliable service at the lowest possible cost in an environmentally
 29 responsible manner.

⁴ Newfoundland Power's risk matrix methodology is similar to that used by other Canadian utilities. For a similar risk matrix methodology see Nova Scotia Power's *2023 ACE Plan*, Appendix F, page 25 through 28.

⁵ Consistent with section V.A.1.b of the Provisional Guidelines, the *Board of Commissioners of Public Utilities Regulations, 1996* also allow for the provision of alternative information in the context of Requests for Information where requested information is not available. Section 15(2)(b) states "*where the party contends that that the information necessary to provide a response is not available, [the party shall] provide a response that sets out the reasons for the unavailability of the information and provide that alternative available information as the party considers would be of assistance to the party requesting the information.*"

⁶ For example, the requirement to provide asset age for in-service items such as insulators used in high volume programs is not possible to provide. These high-volume items are included in stores inventory and released to crews as required. The age of each item released from inventory was not necessarily known. The distribution structure that they were installed upon was also not tracked in that level of detail.

ATTACHMENT A:

Capital Budget Guidelines Compliance Summary

Capital Budget Guidelines Compliance Summary

The Provisional Guidelines provide guidance with respect to the format and content of capital budget applications. This guidance is primarily provided via Appendix A to the Provisional Guidelines, which is divided into four parts: (i) General Context; (ii) Organization; (iii) Required Information; and (iv) Prioritization.

Table 1 summarizes Newfoundland Power’s compliance with *Part I. General Context* of the Provisional Guidelines.

Table 1: Provisional Guidelines Compliance Summary Part 1. General Context		
Part	Requirement	Reference
	A summary of the capital budget application and a discussion of the major activity drivers in each of the investment classifications.	
I.A. Application Summary	A discussion of the process followed to determine the expenditures which would be proposed and to confirm that these expenditures could not or should not be modified, re-prioritized or deferred until a future year. This should include an explanation as to: <ol style="list-style-type: none"> The expenditures which had been planned for the year but which were modified, reprioritized or deferred until a future year. The expenditures which are proposed for the year after having been deferred in a previous year. 	See the 2025 Capital Budget Overview for: <ul style="list-style-type: none"> - A summary of the Application and major activity drivers (sections 1.0 and 3.0) - A description of Newfoundland Power’s capital planning process (section 2.2); - A list of the capital expenditures that have been deferred, modified or advanced because of this capital planning process (Appendix B).
I.B Reliability Information	Historic and forecast system reliability trend information including: <ol style="list-style-type: none"> System Average Interruption Duration Index (“SAIDI”) and System Average Interruption Frequency Index (“SAIFI”) graphs and tables for the overall electrical system as a whole and any relevant sub-segments. A list of the 10 worst performing feeders including relevant outage statistics compared to utility averages for the past 10 years. 	See the 2025 Capital Budget Overview for: <ul style="list-style-type: none"> - Historical reliability performance under normal operating conditions and a comparison to the Canadian average (section 2.3.1); - A comparison to the Atlantic Canadian average (section 2.3.4); and - A list of worst performance feeders (Appendix D). - See the 2025-2029 Capital Plan (section 2.3 Operations Outlook) for a discussion of reliability performance targets and system reliability performance including significant events.

Table 1:
Provisional Guidelines Compliance Summary
Part 1. General Context

Part	Requirement	Reference
I.C Rate Impact Summary	<p>Summary of rate impacts including:</p> <ol style="list-style-type: none"> 1. Historical Rates: Actual electricity rates for the past 10 years. 2. Proposed Budget Impact: Revenue requirement impact and indicative electricity rates assuming that the proposed capital budget is approved in full. 	See the 2025 Capital Budget Overview (section 2.3.3).
I.D Capital Expenditure Summary	<p>Summary of capital expenditures and capital budgets including:</p> <ol style="list-style-type: none"> 1. Historic Capital: Actual capital for the past 10 years. 2. Current Capital Budget. 3. Forecast Capital: Forecast capital budgets for the next five years. 	<p>See the 2025 Capital Budget Overview (Section 2.3.2) for historical and proposed capital expenditures.</p> <p>See the 2025-2029 Capital Plan for forecast expenditures over the next five years, including forecast expenditures by asset class and investment classification.</p>
I. E Capital Expenditure Summary	<p>A five-year capital plan which focusses on strategic spending priorities, addressing:</p> <ol style="list-style-type: none"> 1. Shifts in the utilities spending priorities in the coming five years. 2. The circumstances contributing to shifts in priorities. 3. The alternative approaches being considered by the utility. 	See the 2025-2029 Capital plan for forecast expenditures over the next five years and a discussion of investment priorities over that period.

Table 2 summarizes Newfoundland Power’s compliance with *Part II. Organization* of the Provisional Guidelines.

Table 2: Provisional Guidelines Compliance Summary Part 2. Organization		
Part	Requirement	Reference
II.A. Investment Classification	The information included with an annual capital budget application should be organized by investment classification, by category as whether it is a project or program, and by materiality based on the “all in” capital cost.	See Schedule B for the investment classification, category and “all in” capital cost of each proposed capital expenditure.
II.B Projects and Programs		See the 2025 Capital Budget Overview for: <ul style="list-style-type: none"> - A summary of the organization of capital expenditures (Appendix A); and - Breakdowns of the total 2025 Capital Budget by category, investment classification and materiality (Sections 3.3, 3.4 and 3.5)
II.C Materiality		