

1 **Q. (Reference Application) In the Provisional Guidelines it is stated (page 2 of**
2 **18) "The information to be provided in an annual capital budget application**
3 **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**
5 **to why the information cannot be provided as well as the basis upon which**
6 **the proposals should be approved in the absence of this information." Please**
7 **identify each instance in the 2026 CBA where NP is not able to provide the**
8 **required information.**

9
10 **A.** The filing requirements established in the Provisional Guidelines are set out in parts I.
11 General Context, II. Organization, III. Required Information and IV. Prioritization as
12 provided in Appendix A of the Provisional Guidelines.

13
14 **Part I. General Context and Part II. Organization**

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

17
18 *Where a utility is not able to provide the required information it shall*
19 *provide an explanation as to why the information cannot be provided as*
20 *well as the basis upon which the proposals should be approved in the*
21 *absence of this information.*

22
23 Attachment A to this Request for Information provides a summary of Newfoundland
24 Power's *2026 Capital Budget Application's* (the "Application") compliance with the
25 Provisional Guidelines' filing requirements, which are outlined in detail in Appendix A of
26 the Provisional Guidelines.

27
28 **Part III. Required Information and Part IV. Prioritization**

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

35
36 The Company is unable to provide risk calculations and as such cannot provide a
37 prioritized list of its projects and programs based on those calculations as required by
38 part IV. Prioritization of Appendix A.

39
40 For fulsome information on Newfoundland Power's compliance with part III. Required
41 Information of Appendix A, see the Application, Schedule B, pages i to iv.

42
43 ***Trending and Asset Condition***

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

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

3
4 The Provisional Guidelines require trending data for programs, including the number of
5 assets installed or replaced each year, and the average unit cost per installation or
6 replacement. The Provisional Guidelines also require quantitative data regarding asset
7 condition. This data is provided in limited cases where it exists. The inconsistent
8 availability of data reflects the fact that many programs involve corrective and
9 preventative maintenance of a wide range of assets, and unit-based information has not
10 historically been tracked.¹ Options for collecting more granular trending data and asset
11 condition data on a go-forward basis are being evaluated as part of the Company's
12 ongoing asset management review.

13
14 In Newfoundland Power's view, trends for individual programs can be reasonably
15 observed in total program costs over time. The Program Trend sections therefore
16 provide graphs of five-year historical, current budget year and five-year forecast
17 expenditures for each program.²

18
19 Where quantitative information is not available regarding asset condition, qualitative
20 assessments based on engineering judgment have been provided. For projects over
21 \$5 million, detailed information is provided in reports prepared by Professional Engineers
22 or other qualified experts.

23 ***Risk and Part IV. Prioritization***

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25
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. The
29 Provisional Guidelines also require projects and programs be provided in the form of a
30 prioritized list with prioritization based on calculations of risk mitigation or reliability
31 improvement.

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

37
38 To comply with the spirit and intent of the Provisional Guidelines, Newfoundland Power
39 developed a methodology to provide consistency in its communication of risk

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 *2026 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 assessments across projects and programs.⁴ The risk matrix methodology is designed to
2 assess the risks of not proceeding with capital expenditures identified in the Renewal,
3 Service Enhancement and General Plant investment classifications. This, in turn, allows
4 capital expenditures to be presented in the form of a prioritized list with the level of
5 priority based on the degree of risk mitigation provided.

6
7 A detailed description of the risk matrix methodology is provided in Appendix C to the
8 2026 Capital Budget Overview filed with the Application.

9
10 *Overall Information Assessment*

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

21
22 Overall, Newfoundland Power submits that the Application includes comprehensive
23 information that clearly describes the Application's proposals and demonstrates that all
24 proposed capital expenditures are necessary to provide customers with access to safe
25 and reliable service at the lowest possible cost in an environmentally responsible
26 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, pages 25 to 28.

⁵ Consistent with section V.A.1.b of the Provisional Guidelines, the *Board of Commissioners of Public Utilities Regulations, 1996* also allows 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 in 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 Appendix A of the Provisional Guidelines.

Table 1 Provisional Guidelines Compliance Summary Part I. General Context		
Part	Requirement	Reference
I.A. Application Summary	<p>A summary of the capital budget application and a discussion of the major activity drivers in each of the investment classifications.</p> <p>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:</p> <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; and the expenditures which are proposed for the year after having been deferred in a previous year. 	<p>See the 2026 Capital Budget Overview for:</p> <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); and 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	<p>Historic and forecast system reliability trend information including:</p> <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; and a list of the 10 worst performing feeders including relevant outage statistics compared to utility averages for the past 10 years. 	<p>See the 2026 Capital Budget Overview for:</p> <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). <p>See the 2026-2030 Capital Plan (section 2.3) for a discussion of reliability performance targets and system reliability performance including significant events.</p>

Table 1
Provisional Guidelines Compliance Summary
Part I. 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; and 2. Proposed Budget Impact: Revenue requirement impact and indicative electricity rates assuming that the proposed capital budget is approved in full. 	See the 2026 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; and 3. Forecast Capital: Forecast capital budgets for the next five years. 	<p>See the 2026 Capital Budget Overview (section 2.3.2) for historical and proposed capital expenditures.</p> <p>See the 2026-2030 Capital Plan for forecast expenditures over the next five years, including forecast expenditures by asset class and investment classification.</p>
I.E. Five-Year Capital Plan	<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; and 3. the alternative approaches being considered by the utility. 	See the 2026-2030 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 Appendix A of the Provisional Guidelines.

Table 2 Provisional Guidelines Compliance Summary Part II. 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 2026 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 2026 Capital Budget by category, investment classification and materiality (sections 3.3, 3.4 and 3.5).
II.C. Materiality		