

1 **Q. (Reference Application) Please provide the risk mitigation value provided by**
2 **NP' s asset management program (i.e., the difference between baseline risk**
3 **and residual risk) used to develop its 2026 CBA.**
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5 **A.** Newfoundland Power notes that this Request for Information ("RFI") is substantively the
6 same as RFI CA-NP-020 filed in relation to the Company's *2025 Capital Budget*
7 *Application*. Given that Newfoundland Power's asset management practices have not
8 changed significantly in the last year, this response will largely reiterate the content of
9 last year's response.

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11 The Company employs its risk matrix methodology to establish a standardized method
12 of communicating the risk of not proceeding with each proposed capital expenditure in
13 the Renewal, Service Enhancement and General Plant classifications included in the
14 *2026 Capital Budget Application* (the "Application"). The risk assessments for each
15 project and program in these investment classifications are provided in Schedule B to
16 the Application. The methodology used to complete the risk assessments is provided as
17 Appendix C to the *2026 Capital Budget Overview*.¹
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19 Newfoundland Power's risk matrix methodology assesses the consequence of not
20 proceeding with a given project or program and the probability of that consequence
21 occurring. Consequences represent risks to four categories of business objectives:
22 reliability, safety, environment and economic. Within these categories, numerous types
23 of risk are mitigated. For example, capital expenditures associated with information
24 systems often mitigate the risk of a cybersecurity breach. A cybersecurity breach could
25 result in the loss of customer personal information, which could have financial
26 repercussions for customers. It could also have reliability consequences if operations
27 systems were breached.²
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29 As a result of these considerations, Newfoundland Power does not have the capability to
30 calculate a single quantified risk mitigation value for its entire capital budget that is
31 associated with its asset management program.
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33 The overall risk mitigation value of Newfoundland Power's asset management can be
34 observed in the Company's long-term history of providing reliable service to customers
35 at the lowest possible cost. For example, Newfoundland Power's investment in
36 transmission and distribution assets has increased at a rate consistent with the average
37 of other Atlantic Canadian utilities over the last decade. The Company's average outage
38 duration was among the lowest of any Atlantic Canadian utility over this period.³
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40 The Application continues long-term asset management programs that have contributed
41 to this performance for customers.

¹ See Newfoundland Power's *2026 Capital Budget Application*, *2026 Capital Budget Overview*, Appendix C, page 2.

² For example, see the risk assessment of the *System Upgrades* capital project in Newfoundland Power's
2026 Capital Budget Application, *Schedule B*, page 97.

³ See Newfoundland Power's *2026 Capital Budget Application*, *2026 Capital Budget Overview*, pages 7-8.