

1 **Q. (Reference Application) For each project and program in the 2026 CBA:**
2 **a) Please quantify the unit cost associated with improvements in system**
3 **reliability and risk profile resulting from the project and program.**
4 **b) Please quantify the value customers place on the improvements in system**
5 **reliability and risk reduction and compare it to the cost of the project or**
6 **program.**
7 **c) Please provide a comparison of the proposed improvements in system**
8 **reliability and risk reduction compared to other projects and programs being**
9 **proposed and other alternatives that are available.**

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11 **A.** a) Newfoundland Power prepared its *2026 Capital Budget Application* (the
12 "Application") in accordance with the Board's Provisional Guidelines effective January
13 2022. Unit costs associated with improvements in reliability and risk profile,
14 ratepayer valuations of these improvements versus project costs, and reliability and
15 risk profile improvement of alternatives were recommended by Midgard Consulting
16 Incorporated ("Midgard") but not accepted as part of the Provisional Guidelines.¹

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18 The Company has not sought to ensure that the Application conforms to Midgard's
19 commentary or recommendations which were not incorporated into the Provisional
20 Guidelines.² Thus, no analysis was completed to determine unit costs of reliability
21 and risk improvements of proposed projects, considered alternatives, or ratepayer
22 valuations thereof, and the Company cannot provide the requested data.

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24 Newfoundland Power notes that no projects in the Application were justified solely
25 based on improved reliability.

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27 b) See part a).

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29 c) See part a).

¹ See Midgard's *Newfoundland and Labrador Board of Commissioners of Public Utilities, Capital Budget Application Review*, August 24, 2020, page 61.

² See correspondence from the Board *Re: Provisional Capital Budget Application Guidelines*, dated December 20, 2021.