

1 **Q. Reference: “2026 Capital Budget Application,” Newfoundland Power Inc.,**  
2 **June 27, 2025, 2026 Capital Budget Overview, Appendix C, p. 1.**

3  
4 **Newfoundland Power does not currently have the software or data**  
5 **necessary to calculate the risk mitigation or reliability improvement**  
6 **values of capital expenditures. Options to derive such values are**  
7 **among the matters being assessed by the Company as part of its**  
8 **ongoing asset management review.**  
9

10 **The Capital Budget Application Guidelines (Provisional) outline the**  
11 **requirement for providing values of the risk mitigated per dollar spent for**  
12 **each project and program. Newfoundland Power has not provided risk**  
13 **mitigated per dollar values in its 2026 Capital Budget Application (“CBA”).**  
14 **Noting this, Newfoundland Power has provided risk mitigated values for**  
15 **proposals based on a risk matrix provided within its CBA.**  
16

17 **For those proposals for which Newfoundland Power has provided a risk**  
18 **mitigated score, please provide a risk mitigated per million dollars spent**  
19 **using the equation of Risk divided by (budget/1,000,000). Please present this**  
20 **data in a Table similar to that of Table C-2 on page 6 of Appendix C, noting**  
21 **the risk mitigated per million for the proposal with provided risk mitigation**  
22 **scores.**  
23

24 **A.** Newfoundland Power does not have the data or software necessary to provide  
25 calculations of risk mitigation values of capital expenditures.<sup>1</sup> To comply with the spirit  
26 and intent of the Provisional Guidelines, Newfoundland Power conducted a review of  
27 Canadian utility practice and subsequently developed a risk matrix methodology. This  
28 risk matrix methodology provides reasonable consistency in the communication of risk  
29 and allows capital expenditures to be presented in the form of a prioritized list with the  
30 level of priority based on the degree of risk mitigation provided.<sup>2</sup>  
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32 Newfoundland Power observes that the information requested can be derived using the  
33 equation provided, together with the Company’s evidence filed in the *2026 Capital*  
34 *Budget Overview*, Appendix C, Table C-2.

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<sup>1</sup> For additional information on Newfoundland Power’s risk matrix methodology, see the *2026 Capital Budget Application, Schedule B*, pages iii-iv and the *2026 Capital Budget Overview*, Appendix C.

<sup>2</sup> *Ibid.*