

1 Q. **Reference: Application, 2023 Capital Budget Overview, page 20**

2 It is stated “Estimates for Hydro’s capital projects and programs are developed primarily by
3 Hydro’s engineering staff, with support from engineering consultants as required.” Does Hydro’s
4 engineering staff and engineering consultants have the ability to quantify risk and impacts on
5 reliability? If not, why wouldn’t Hydro contract engineering consultants who can given that it is a
6 requirement set out in the Provisional Capital Budget Application Guidelines?

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9 A. Newfoundland and Labrador Hydro (“Hydro”) engineering staff and supporting consultants have
10 the necessary skills and abilities to judge the risk and impacts on reliability for the investments
11 proposed as part of the 2023 Capital Budget Application. Hydro employees have experience
12 with the assets in question and use sound engineering judgment to facilitate risk evaluation.
13 Should there be an area where it is felt external opinion and expertise is required to assist in the
14 risk evaluation, qualified consultants are engaged. Hydro has provided pre- and post-
15 implementation risk and risk mitigated for each proposal in the Renewal, Service Enhancement,
16 and General Plant categories, as well as a prioritized list of projects, as set out in the provisional
17 Capital Budget Guidelines.¹

18 Hydro is unable to quantify proposal impacts on reliability as it does not track reliability
19 associated with many of its individual assets and therefore cannot provide the reliability
20 mitigated per dollar spent metric. Hydro also notes that it is not aware of any universal
21 reliability metric that can be used to assess and compare reliability impacts across various asset
22 classifications. However, Hydro notes that reliability is considered in the risk matrix assessment
23 as noted above and is therefore inherently accounted for in Hydro’s prioritization.

24 Further details on the quantification of risk can be found in Hydro’s response to PUB-NLH-004 of
25 this proceeding.

¹ “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022.